

APPENDIX 1 Marketing Plan

The Marketing Plan: An Introduction

As a marketer, you will need a good marketing plan to provide direction and focus for your brand, product, or company. With a detailed plan, any business will be better prepared to launch a new product or build sales for existing products. Nonprofit organizations also use marketing plans to guide their fundraising and outreach efforts. Even government agencies put together marketing plans for initiatives such as building public awareness of proper nutrition and stimulating area tourism.

The Purpose and Content of a Marketing Plan

Unlike a business plan, which offers a broad overview of the entire organization's mission, objectives, strategy, and resource allocation, a marketing plan has a more limited scope. It serves to document how the organization's strategic objectives will be achieved through specific marketing strategies and tactics, with the customer as the starting point. It is also linked to the plans of other departments within the organization. Suppose, for example, a marketing plan calls for selling 200,000 units annually. The production department must gear up to make that many units, the finance department must arrange funding to cover the expenses, the human resources department must be ready to hire and train staff, and so on. Without the appropriate level of organizational support and resources, no marketing plan can succeed.

Although the exact length and layout will vary from company to company, a marketing plan usually contains the sections described in Chapter 2. Smaller businesses may create shorter or less formal marketing plans, whereas corporations frequently require highly structured marketing plans. To guide implementation effectively, every part of the plan must be described in considerable detail. Sometimes a company will post its marketing plans on an intranet site, which allows managers and employees in different locations to consult specific sections and collaborate on additions or changes.

The Role of Research

Marketing plans are not created in a vacuum. To develop successful strategies and action programs, marketers need up-to-date information about the environment, the competition, and the market segments to be served. Often, analysis of internal data is the starting point for assessing the current marketing situation, supplemented by marketing intelligence and research investigating the overall market, the competition, key issues, and threats and opportunities. As the plan is put into effect, marketers use a variety of research techniques to measure progress toward objectives and identify areas for improvement if results fall short of projections.

Finally, marketing research helps marketers learn more about their customers' requirements, expectations, perceptions, and satisfaction levels. This deeper understanding provides a foundation for building competitive advantage through well-informed segmenting, targeting, differentiating, and positioning decisions. Thus, the marketing plan should outline what marketing research will be conducted and how the findings will be applied.

The Role of Relationships

The marketing plan shows how the company will establish and maintain profitable customer relationships. In the process, however, it also shapes a number of internal and external relationships. First, it affects how marketing personnel work with each other and

with other departments to deliver value and satisfy customers. Second, it affects how the company works with suppliers, distributors, and strategic alliance partners to achieve the objectives listed in the plan. Third, it influences the company's dealings with other stakeholders, including government regulators, the media, and the community at large. All of these relationships are important to the organization's success, so they should be considered when a marketing plan is being developed.

From Marketing Plan to Marketing Action

Companies generally create yearly marketing plans, although some plans cover a longer period. Marketers start planning well in advance of the implementation date to allow time for marketing research, thorough analysis, management review, and coordination between departments. Then, after each action program begins, marketers monitor ongoing results, compare them with projections, analyze any differences, and take corrective steps as needed. Some marketers also prepare contingency plans for implementation if certain conditions emerge. Because of inevitable and sometimes unpredictable environmental changes, marketers must be ready to update and adapt marketing plans at any time.

For effective implementation and control, the marketing plan should define how progress toward objectives will be measured. Managers typically use budgets, schedules, and performance standards for monitoring and evaluating results. With budgets, they can compare planned expenditures with actual expenditures for a given week, month, or other period. Schedules allow management to see when tasks were supposed to be completed—and when they were actually completed. Performance standards track the outcomes of marketing programs to see whether the company is moving toward its objectives. Some examples of performance standards are market share, sales volume, product profitability, and customer satisfaction.

Sample Marketing Plan: Chill Beverage Company

Executive Summary

The Chill Beverage Company is preparing to launch a new line of vitamin-enhanced water called NutriWater. Although the bottled water market is maturing, the functional water category—and more specifically the vitamin-enhanced water category—is still growing. NutriWater will be positioned by the slogan “Expect more”—indicating that the brand offers more in the way of desirable product features and benefits at a competitive price. Chill Beverage is taking advantage of its existing experience and brand equity among its loyal current customer base of millennials who consume its Chill Soda soft drink. NutriWater will target similar millennials who are maturing and looking for an alternative to soft drinks and high-calorie sugared beverages.

The primary marketing objective is to achieve first-year U.S. sales of \$50 million, roughly 2 percent of the functional water market. Based on this market share goal, the company expects to sell more than 26 million units the first year and break even in the final quarter of the year.

Current Marketing Situation

The Chill Beverage Company—founded in 2010—markets niche and emerging products in the beverage industry. Rather than directly challenging established beverage giants like the Coca-Cola Company and PepsiCo, the Chill Beverage Company has focused on the fringes of the industry. Its Chill Soda soft drink brand hit the market with six unique flavors in glass bottles. The company now markets dozens of Chill Soda flavors, many unique to the brand. Over the past few years, Chill has successfully introduced new lines including energy drinks, natural juice drinks, and iced teas. Chill Beverage has grown its business every year since it was founded. In the most recent year, it achieved \$230 million in revenue and net profits of \$18.6 million. As part of its future growth strategy, Chill Beverage has plans to introduce new lines of beverages to continue to take advantage of emerging trends in the industry. Currently, it is preparing to launch a line of vitamin-enhanced waters.

For years, U.S. consumers have imbibed more carbonated soft drinks than any other bottled beverage. But concerns over health and obesity have taken the fizz out of the soda

market—sales have declined for the past 11 years in a row. Meanwhile, bottled water consumption is on a growth trajectory that shows no sign of slowing down. Currently, the average person in the United States consumes more than 36.5 gallons of bottled water every year (compared with 42 gallons for carbonated soft drinks), a 7 percent year-over-year increase and more than double the figure just 15 years ago. A \$15 billion market, bottled water sales in the U.S. are expected to increase by 35 percent over the next four years. Already ahead of milk, beer, and coffee, experts predict that bottled water sales will surpass carbonated soft drink sales within the next year.

Competition is more intense now than ever as the industry consolidates and new types of bottled water emerge. The U.S. market is dominated by three global corporations. With a global portfolio of more than 50 brands (including Poland Spring, Nestlé Pure Life, Arrowhead, Deer Park, and Ice Mountain), Nestlé leads the market for “plain” bottled water. However, when all subcategories of bottled water are included (sparkling, functional water, flavored water, and so on), Coca-Cola leads the U.S. market with a 22.9 percent share. Nestlé is number two at 21.5 percent of the total bottled water market followed by PepsiCo with 16.2 percent.

While bottled water as a whole is strong, the market for the subcategory of functional waters is even stronger, growing by 12 percent for the most recent year. In the current market environment, functional waters have thrived based on the promise of incremental benefits for health-conscious consumers based on the infusion of ingredients such as vitamins, minerals (including electrolytes), herbs, and other additives. Functional waters, therefore, carry the standard benefits of taste and convenience with an increased appeal to lifestyle and well-being. Most functional waters are sweetened and flavored and are distinguished from sports drinks that have the primary purpose of maximizing hydration by replenishing electrolytes.

To break into this market, dominated by huge global corporations and littered with dozens of other small players, Chill Beverage must carefully target specific segments with features and benefits valued by those segments.

Market Description

The bottled water market consists of many different types of water. Varieties of plain water include spring, purified, mineral, and distilled. Although these different types of water are sold as consumer products, they also serve as the core ingredient for the various types of functional waters. The flexibility of bottled water as a category seems to be endless.

Although some consumers may not perceive much of a difference between brands, others are drawn to specific product features and benefits provided by different brands. For example, some consumers may perceive spring water as healthier than other types of water. Some may look for water that is optimized for hydration. Others seek additional nutritional benefits claimed by bottlers that enhance their brands with vitamins, minerals, herbs, and other additives. Still other consumers make selections based on flavor. The industry as a whole has positioned bottled water of all kinds as a low-calorie, healthy alternative to soft drinks, sports drinks, energy drinks, and other types of beverages.

Bottled water brands also distinguish themselves by size and type of container, multipacks, and refrigeration at point of sale. Chill Beverage’s market for NutriWater consists of consumers of single-serving-sized bottled beverages who are looking for a healthy yet flavorful alternative. *Healthy* in this context means both low-calorie and enhanced nutritional content. This market includes traditional soft drink consumers who want to improve their health as well as non-soft drink consumers who want an option other than plain bottled water. Specific segments that Chill Beverage will target during the first year include athletes, the health conscious, the socially responsible, and millennials who favor independent corporations. The Chill Soda brand has established a strong base of loyal customers, primarily among millennials. This generational segment is becoming a prime target as it matures and seeks alternatives to full-calorie soft drinks.  **Table A1.1** shows how NutriWater addresses the needs of targeted consumer segments.

Product Review

Chill Beverage’s new line of NutriWater vitamin-enhanced water offers the following features:

- Six new-age flavors: peach mango, berry pomegranate, kiwi dragonfruit, mandarin orange, blueberry grape, and Key lime.
- Single-serving size, 20-ounce, PET-recyclable bottles.

Table A1.1 | Segment Needs and Corresponding Features/Benefits of NutriWater

Targeted Segment	Customer Need	Corresponding Features/Benefits
Athletes	- Hydration and replenishment of essential minerals - Energy to maximize performance	- Electrolytes and carbohydrates - B vitamins, carbohydrates
Health conscious	- Maintain optimum weight - Optimize nutrition levels - Avoid harmful chemicals and additives - Desire to consume a tastier beverage than water	- Half the calories of fully sugared beverages - Higher levels of vitamins A, B, C, E, zinc, chromium, and folic acid than other products; vitamins unavailable in other products - All natural ingredients - Six new-age flavors
Socially conscious	Support causes that help solve world's social problems	25-cent donation from each purchase to Vitamin Angels
Millennials	- Aversion to mass-media advertising/technologically savvy - Counterculture attitude - Diet enhancement due to fast-paced lifestyle	- Less-invasive online and social networking promotional tactics - Small, privately held company - Full RDA levels of essential vitamins and minerals

- Formulated for wellness, replenishment, and optimum energy.
- Full recommended daily allowance (RDA) of essential vitamins and minerals (including electrolytes).
- Higher vitamin concentration—vitamin levels are 2 to 10 times higher than market-leading products, with more vitamins and minerals than any other brand.
- Additional vitamins—vitamins include A, E, and B₂ as well as folic acid—none of which are contained in the market-leading products.
- All natural—no artificial flavors, colors, or preservatives.
- Sweetened with pure cane sugar and Stevia, a natural zero-calorie sweetener.
- Twenty-five cents from each purchase will be donated to Vitamin Angels, a nonprofit organization with a mission to prevent vitamin deficiency in at-risk children.

Competitive Review

As sales of bottled waters entered a strong growth phase in the 1990s, the category began to expand. In addition to the various types of plain water, new categories emerged. These included flavored waters—such as Aquafina's Flavorsplash—as well as functional waters. Functional waters emerged to bridge the gap between soft drinks and waters, appealing to people who knew they should drink more water and less soft drinks but still wanted flavor. Initially, development of brands for this product variation occurred in start-up and boutique beverage companies like SoBe and Glacéau, creator of Vitaminwater. In the 2000s, major beverage corporations acquired the most successful smaller brands, providing the bigger firms with a solid market position in this category and diversification in bottled waters in general. Backed by the marketing expertise and budgets of the leading beverage companies, functional water grew at a rate exceeding that of plain water.

At one point, Coca-Cola's Vitaminwater was the fourth-largest bottled water brand, behind Nestlé Pure Life, Coca-Cola's Dasani, and Pepsi's Aquafina. After taking a hit in the press for the low amount of vitamins and high amount of sugar contained in most brands of vitamin-enhanced waters, sales for vitamin water brands temporarily slipped. But Coca-Cola lost no ground as sales for Smartwater—Vitaminwater's non-flavored sibling—rose to the fourth largest brand. Currently, functional water sales account for approximately 20 percent of the total bottled water market, and industry insiders expect sales to outpace nonfunctional waters in the coming years.

The fragmentation of this category, combined with domination by the market leaders, has created a severely competitive environment. Although there is indirect competition posed by all types of bottled waters and even other types of beverages (soft drinks, energy drinks, juices, teas, and flavor drops), this competitive analysis focuses on direct competition from leading functional water brands. Functional water brands are either sweetened and flavored, just flavored, or neither sweetened nor flavored. Sweetened varieties blend traditional sugars with zero-calorie sweeteners. The types of sweeteners used create a point of differentiation. The result is a range of sugar content, carbohydrates, and calories as high as half that of regular soft drinks and other sweetened beverages and as low as zero.

Pricing for this product is consistent across brands and varies by type of retail outlet, with convenience stores typically charging more than grocery stores. The price for a 20-ounce bottle ranges from \$1.00 to \$1.89, with some niche brands costing slightly more. While Smartwater is the leading functional water brand, it is a plain still water enhanced with electrolytes. Chill Beverage's NutriWater will focus on competition posed by flavored and enhanced water brands, include the following:

- *Vitaminwater*: Created in 2000 as a new product for Energy Brands' Glacéau, which was also the developer of Smartwater (distilled water with electrolytes). Coca-Cola purchased Energy Brands for \$4.1 billion in 2007. Vitaminwater is sold in regular and zero-calorie versions. With 18 bottled varieties—9 regular and 9 zero-calorie—as well as availability in fountain form and drops, Vitaminwater offers more options than any brand on the market. Whereas Vitaminwater varieties are distinguished by flavor, they are named to invoke perceptions of benefits such as Refresh, Power-C, Focus, and Revive. The brand's current slogan is "Hydrate the Hustle." Vitaminwater is vapor distilled, de-ionized, and/or filtered and is sweetened with crystalline fructose (corn syrup) and cane sugar or erythritol and stevia. Vitaminwater exceeds \$700 million in annual sales and commands 34 percent of the functional water market.
- *Propel*: Gatorade created Propel in 2000, just one year prior to PepsiCo's purchase of this leading sports drink marketer. Marketed as "The Workout Water," Propel was originally available in regular and zero-calorie varieties. However, it is now available only as a zero-calorie beverage. Propel comes in 10 varieties, each containing the same blend of B vitamins, vitamin C, vitamin E, antioxidants, and electrolytes. It is sweetened with sucralose. Propel is available in a wide variety of sizes, with 16.9-, 20-, and 24-ounce PET bottles and multipacks. Propel is also marketed in powder form and as a liquid enhancer to be added to bottled water. With \$183 million in revenues, Propel is the number-three functional water brand with approximately 9 percent of the functional water market.
- *SoBe Lifewater*: PepsiCo bought SoBe in 2000. SoBe introduced Lifewater in 2008 with a hit Super Bowl ad as an answer to Coca-Cola's Vitaminwater. The Lifewater line includes six zero-calorie varieties. Each variety is infused with a formulation of vitamins, minerals, and herbs designed to provide a claimed benefit. Sweetened with Stevia-based PureVia, Lifewater makes the claim to be "all natural." It contains no artificial flavors or colors. Lifewater is sold in 20-ounce PET bottles and multipacks. With \$144 million in annual revenues, Lifewater is the fourth-largest functional water brand with a 7 percent share.
- *Niche brands*: The market for functional waters includes companies that market their wares on a small scale through independent retailers: Assure, Ex Aqua Vitamins, Ayala Herbal Water, and Skinny Water. Some brands feature exotic additives and/or artistic glass bottles.

Despite the strong competition, NutriWater believes it can create a relevant brand image and gain recognition among the targeted segments. The brand offers strong points of differentiation with higher and unique vitamin content, all-natural ingredients, and support for a relevant social cause. With other strategic assets, Chill Beverage is confident that it can establish a competitive advantage that will allow NutriWater to grow in the market.

● **Table A1.2** shows a sample of competing products.

Channels and Logistics Review

With the three main brands now owned by Coca-Cola and PepsiCo, there is a huge hole in the independent distributor system. NutriWater will be distributed through an independent distributor to a network of retailers in the United States. This strategy will avoid some of the head-on competition for shelf space with the Coca-Cola and PepsiCo brands and will also directly target likely NutriWater customers. As with the rollout of the core Chill Soda

Table A1.2 | Sample of Competitive Products

Competitor	Brand	Features
Coca-Cola	Vitaminwater	Regular and zero-calorie versions; 18 varieties; each flavor provides a different function based on blend of vitamins and minerals; vapor distilled, de-ionized, and/or filtered; sweetened with crystalline fructose and cane sugar; 20-ounce single-serve or multipack, fountain, and drops.
PepsiCo	Propel	Zero-calorie only; 10 flavors; fitness positioning based on “Replenish + Energize + Protect”; B vitamins, vitamin C, vitamin E, antioxidants, and electrolytes; sweetened with sucralose; 16.9-ounce, 20-ounce PET bottles and multipacks; powdered packets; liquid enhancer.
PepsiCo	SoBe Lifewater	Six zero-calorie versions; vitamins, minerals, and herbs; Pure—mildly flavored, sweetened with Stevia; “all natural”; 20-ounce single-serve and multipacks.

brand, this strategy will focus on placing coolers in retail locations that will exclusively hold NutriWater. These retailers include:

- *Grocery chains:* Regional grocery chains such as HyVee in the Midwest, Wegman’s in the East, and WinCo in the West.
- *Health and natural food stores:* Chains such as Whole Foods as well as local health food co-ops.
- *Fitness centers:* National fitness center chains such as 24 Hour Fitness, Gold’s Gym, and other regional chains.

As the brand gains acceptance, channels will expand into larger grocery chains, convenience stores, and unique locations relevant to the target customer segment.

Strengths, Weaknesses, Opportunities, and Threat Analysis

NutriWater has several powerful strengths on which to build, but its major weakness is lack of brand awareness and image. Major opportunities include a growing market and consumer trends targeted by NutriWater’s product traits. Threats include barriers to entry posed by limited retail space, as well as image issues for the bottled water industry. Table A1.3 summarizes NutriWater’s main strengths, weaknesses, opportunities, and threats.

Table A1.3 | NutriWater’s Strengths, Weaknesses, Opportunities, and Threats

Strengths	Weaknesses
• Superior quality • Expertise in alternative beverage marketing • Social responsibility • Antiestablishment image	• Lack of brand awareness • Limited budget
Opportunities	Threats
• Market growth • Gap in the distribution network • Health trends • Antiestablishment image	• Limited shelf space • Image of enhanced waters • Environmental issues

Copyright © 2017, Pearson Education, Limited. All rights reserved.

Strengths

NutriWater can rely on the following important strengths:

1. *Superior quality:* NutriWater boasts the highest levels of added vitamins of any enhanced water, including full RDA levels of many vitamins. It is all natural with no artificial flavors, colors, or preservatives. It is sweetened with both pure cane sugar and the natural zero-calorie sweetener Stevia.
2. *Expertise in alternative beverage marketing:* The Chill Soda brand went from nothing to a successful and rapidly growing soft drink brand with fiercely loyal customers in a matter of only one decade. This success was achieved by starting small and focusing on gaps in the marketplace.
3. *Social responsibility:* Every customer will have the added benefit of helping malnourished children throughout the world. Although the price of NutriWater is in line with other competitors, low promotional costs allow for the substantial charitable donation of 25 cents per bottle while maintaining profitability.
4. *Antiestablishment image:* The big brands have decent products and strong distribution relationships. But they also carry the image of the large, corporate establishments. Chill Beverage has achieved success with an underdog image while remaining privately held. Vitaminwater, Propel, and SoBe were built on this same image but are now owned by major multinational corporations.

Weaknesses

1. *Lack of brand awareness:* As an entirely new brand, NutriWater will enter the market with limited or no brand awareness. The affiliation with Chill Soda will be kept at a minimum in order to prevent associations between NutriWater and soft drinks. This issue will be addressed through promotion and distribution strategies.
2. *Limited budget:* As a smaller company, Chill Beverage has much smaller funds available for promotional and research activities.

Opportunities

1. *Market growth:* Functional water as a category is growing at a rate of about 12 percent annually. Of the top six beverage categories, soft drinks, beer, milk, and fruit drinks experienced declines. The growth for coffee was less than 1 percent.
2. *Gap in the distribution network:* The market leaders distribute directly to retailers. This gives them an advantage in large national chains. However, no major enhanced water brands are currently being sold through independent distributors.
3. *Health trends:* Weight and nutrition continue to be issues for consumers in the United States. The country has the highest obesity rate for developed countries at 34 percent, with well over 60 percent of the population officially “overweight.” Those numbers continue to rise. Additionally, Americans get 21 percent of their daily calories from beverages, a number that has tripled in the past three decades. Consumers still desire flavored beverages but look for lower-calorie alternatives.
4. *Antiestablishment image.* Millennials (born between 1977 and 2000) maintain a higher aversion to mass marketing messages and global corporations than do Gen Xers and baby boomers.

Threats

1. *Limited shelf space:* Whereas competition is generally a threat for any type of product, competition in retail beverages is particularly high because of limited retail space. Carrying a new beverage product requires retailers to reduce shelf or cooler space already occupied by other brands.
2. *Image of enhanced waters:* The image of enhanced waters took a hit as Coca-Cola recently fought a class-action lawsuit accusing it of violating FDA regulations by promoting the health benefits of Vitaminwater. The lawsuit exposed the number-one functional water brand as basically sugar water with minimal nutritional value. Each of the major brands is strengthening its zero-calorie lines. They no longer promote health benefits on the labels. While this is potentially a threat, it is also an opportunity for Chill to exploit.
3. *Environmental issues:* Environmental groups continue to educate the public on the environmental costs of bottled water, including landfill waste, carbon emissions from production and transportation, and harmful effects of chemicals in plastics.

Objectives and Issues

Chill Beverage has set aggressive but achievable objectives for NutriWater for the first and second years of market entry.

First-Year Objectives

During the initial year on the market, Chill Beverage aims for NutriWater to achieve a 2 percent share of the functional water market, or approximately \$50 million in sales, with break-even achieved in the final quarter of the year. With an average retail price of \$1.89, that equates with a sales goal of 26,455,026 bottles.

Second-Year Objectives

During the second year, Chill Beverage will unveil additional NutriWater flavors, including zero-calorie varieties. The second-year objective is to double sales from the first year, to \$100 million.

Issues

In launching this new brand, the main issue is the ability to establish brand awareness and a meaningful brand image based on positioning that is relevant to target customer segments. Chill Beverage will invest in nontraditional means of promotion to accomplish these goals and to spark word of mouth. Establishing distributor and retailer relationships will also be critical in order to make the product available and provide point-of-purchase communications. Brand awareness and knowledge will be measured in order to adjust marketing efforts as necessary.

Marketing Strategy

NutriWater's marketing strategy will involve developing a "more for the same" positioning based on extra benefits for the price. The brand will also establish channel differentiation, as it will be available in locations where major competing brands are not. NutriWater will focus on a primary target segment of millennials, specifically young adults aged 16 to 39. Subsets of this generational segment include athletes, the health conscious, and the socially responsible.

Positioning

NutriWater will be positioned on an "Expect more" value proposition. This will allow for differentiating the brand based on product features (expect more vitamin content and all natural ingredients), desirable benefits (expect greater nutritional benefits), and values (do more for a social cause). Marketing will focus on conveying that NutriWater is more than just a beverage: It gives customers much more for their money in a variety of ways.

Product Strategy

NutriWater will be sold with all the features described in the Product Review section. As awareness takes hold and retail availability increases, more varieties will be made available. A zero-calorie version will be added to the product line, providing a solid fit with the health benefits sought by consumers. Chill Beverage's considerable experience in brand building will be applied as an integral part of the product strategy for NutriWater. All aspects of the marketing mix will be consistent with the brand.

Pricing

There is little price variation in the enhanced waters category, particularly among leading brands. For this reason, NutriWater will follow a competition-based pricing strategy. Given that NutriWater claims superior quality, it must be careful not to position itself as a lower-cost alternative. Manufacturers do not quote list prices on this type of beverage, and prices vary considerably based on type of retail outlet and whether the product is refrigerated. Regular prices for single 20-ounce bottles of competing products are as low as \$1.00 in discount-retailer stores and as high as \$1.89 in convenience stores. Because NutriWater will not be targeting discount retailers and convenience stores initially, this will allow Chill Beverage to set prices at the average to higher end of the range for similar products in the

same outlets. For grocery chains, this should be approximately \$1.59 per bottle, with that price rising to \$1.99 at health food stores and fitness centers, where prices tend to be higher.

Distribution Strategy

NutriWater will employ a selective distribution strategy with well-known regional grocers, health and natural food stores, and fitness centers. This distribution strategy will be executed through a network of independent beverage distributors, as there are no other major brands of enhanced water following this strategy. Chill Beverage gained success for its core Chill Soda soft drink line using this method. It also placed coolers with the brand logo in truly unique venues such as skate, surf, and snowboarding shops; tattoo and piercing parlors; fashion stores; and music stores—places that would expose the brand to target customers. Then the soft drink brand expanded by getting contracts with retailers such as Panera, Barnes & Noble, Target, and Starbucks. This same approach will be taken with NutriWater by starting small, then expanding into larger chains. NutriWater will not target all the same stores used originally by Chill Soda, as many of those outlets were unique to the positioning and target customer for the Chill Soda soft drink brand.

Marketing Communication Strategy

As with the core Chill Soda brand, the marketing communication strategy for NutriWater will not follow a strategy based on traditional mass-communication advertising. Initially, there will be no broadcast or print advertising. Promotional resources for NutriWater will focus on three areas:

- *Online and mobile marketing:* The typical target customer for NutriWater spends more time online than with traditional media channels. A core component for this strategy will be building web and mobile brand sites and driving traffic to those sites by creating a presence on social networks, including Facebook, Twitter, Instagram, and Snapchat. The NutriWater brand will also incorporate location-based services by Foursquare and Facebook to help drive traffic to retail locations. A mobile phone ad campaign will provide additional support to the online efforts.
- *Trade promotions:* Like the core Chill Soda brand, NutriWater's success will rely on relationships with retailers to create product availability. Primary incentives to retailers will include point-of-purchase displays, branded coolers, and volume incentives and contests. This push marketing strategy will combine with the other pull strategies.
- *Event marketing:* NutriWater will deploy teams in brand-labeled RVs to distribute product samples at events such as skiing and snowboarding competitions, golf tournaments, and concerts.

Marketing Research

To remain consistent with the online promotional approach, as well as using research methods that will effectively reach target customers, Chill Beverage will monitor online discussions. In this manner, the company will gauge customer perceptions of the brand, the products, and general satisfaction. For future development of the product and new distribution outlets, crowdsourcing methods will be utilized.

Action Programs

NutriWater will be introduced in February. The following are summaries of action programs that will be used during the first six months of the year to achieve the stated objectives.

January: Chill Beverage representatives will work with both independent distributors and retailers to educate them on the trade promotional campaign, incentives, and advantages for selling NutriWater. Representatives will also ensure that distributors and retailers are educated on product features and benefits as well as instructions for displaying point-of-purchase materials and coolers. The brand website and other sites such as Facebook will present teaser information about the product as well as availability dates and locations. Buzz will be enhanced by providing product samples to selected product reviewers, opinion leaders, influential bloggers, and celebrities.

February: On the date of availability, product coolers and point-of-purchase displays will be placed in retail locations. The full brand website and social network campaign will launch with full efforts on Facebook, Twitter, Instagram, and Snapchat. This campaign will drive the “Expect more” slogan as well as illustrate the ways that NutriWater delivers more than expected on product features, desirable benefits, and values by donating to Vitamin Angels and the social cause of battling vitamin deficiency in children.

March: To enhance the online and social marketing campaign, location-based services Foursquare and Facebook Location Services will be employed to drive traffic to retailers. Point-of-purchase displays and signage will be updated to support these efforts and to continue supporting retailers. The message of this campaign will focus on all aspects of “Expect more.”

April: A mobile ad campaign will provide additional support, driving traffic to the brand website and social network sites as well as driving traffic to retailers.

May: A trade sales contest will offer additional incentives and prizes to the distributors and retailers that sell the most NutriWater during a four-week period.

June: An event marketing campaign will mobilize a team of NutriWater representatives in NutriWater RVs to concerts and sports events. This will provide additional visibility for the brand as well as giving customers and potential customers the opportunity to sample products.

Budgets

Chill Beverage has set a first-year retail sales goal of \$50 million with a projected average retail price of \$1.89 per unit for a total of 26,455,026 units sold. With an average wholesale price of 95 cents per unit, this provides revenues of \$25.1 million. Chill Beverage expects to break even during the final quarter of the first year. A break-even analysis assumes per-unit wholesale revenue of 95 cents per unit, a variable cost per unit of 22 cents, and estimated first-year fixed costs of \$12,500,000. Based on these assumptions, the break-even calculation is:

$$\frac{\$12,500,000}{\$0.95/\text{unit} - \$0.22/\text{unit}} = 17,123,287$$

Controls

Chill Beverage is planning tight control measures to closely monitor product quality, brand awareness, brand image, and customer satisfaction. This will enable the company to react quickly in correcting any problems that may occur. Other early warning signals that will be monitored for signs of deviation from the plan include monthly sales (by segment and channel) and monthly expenses. Given the market’s volatility, contingency plans are also in place to address fast-moving environmental changes such as shifting consumer preferences, new products, and new competition.

Sources: Hadley Malcolm, “Bottled Water about to Beat Soda as Most Consumed Beverage,” *USA Today*, June 8, 2016, www.usatoday.com/story/money/2016/06/08/americans-cut-calories-drinking-more-bottled-water/85554612/; Elizabeth Crawford, “Functional and Sparkling Bottled Water Sales Are ‘Very Hot in the US,’ Analyst Says,” *Food Navigator-USA*, May 23, 2016, www.foodnavigator-usa.com/Manufacturers/Functional-sparking-bottled-water-sales-are-very-hot-in-the-US/; “Channel Check,” *Bevnet*, June 2016, p. 26; “2016 State of the Industry: Bottle Water Market Has Potential to Surpass CSDs,” *Beverage Industry*, July 11, 2016, www.bevindustry.com/articles/89424-state-of-the-industry-bottled-water-market-has-potential-to-surpass-csds; “U.S. Bottled Water Market Grows by 6.4 Percent in 2015,” *Beverage Industry*, February 26, 2016, www.bevindustry.com/articles/89123-us-bottled-water-market-grows-64-percent-in-2015; and product and market information obtained from www.sobe.com, www.vitaminwater.com, www.propelwater.com, and www.nestle-waters.com, accessed July 2016.