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Vimto Business Report Example

Vimto Business Report Table of Content **EXECUTIVE SUMMARY** 3 **1. CURRENT MARKET POSITION** 4 1.1 Brand 1.2 Target Market Analysis **2. MARKET OVERVIEW** 5-6 2.1 PEST 2.2 Current business trends **3. TOWS ANALYSIS** 7-8 3.1 Key Issues 3.2 Key Opportunities **4. STRATEGY** 8-9 4.1 Brand Development Strategy 4.2 Pricing Strategy 4.3 Advertising Strategy 4.4 Distribution Strategy **5. SUMMARY** 9 **6. REFERENCES** 10 **Executive Summary** This report is written to present an analysis of the marketing environment of Vimto with the aim of providing strategic input on how to improve their chances of success. Vimto is in the soft drinks business and is owned by Nichols plc. Vimto grew 4.3% and since it's the core brand of the group, significant attention has to be allocated to assure its continued success. Reading this report will highlight what strategies, obstacles, trends, threats and marketing/communication tools are needed to make sure this product become successful. The report contains a market analysis, different recommendations and an outline on the future potentials for the products.

1. CURRENT MARKET POSITION

1.1 Brand Nichols is the UK based company that is engaged in producing soft drinks and other beverages. The company distributes its products to the retail, wholesale, vending, catering, licensed, and leisure industries. The

company has operations in the UK, Middle East, China and Africa. The company's brand portfolio includes Vimto, which is sold in over 65. The company offers still and carbonates drinks. The company offers soft drinks on dispense market. (MarketLine, 2013) 1.2. Target Market Analysis Supermarkets / hypermarkets form the leading distribution channel in the United Kingdom carbonated soft drinks market, accounting for a 35.2% share of the total market's volume. On-trade accounts for a further 25.9% of the market.

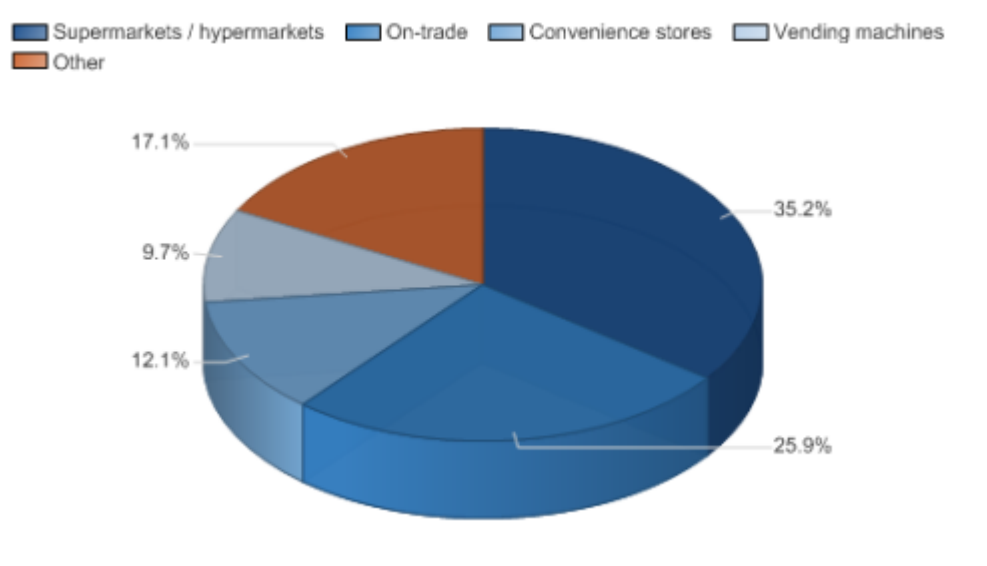


Figure 1: United Kingdom

carbonated soft drinks market distribution: % share, by volume, 2012 (source: MarketLine)

2. MARKET OVERVIEW

1. PESTLE

Political Political factors impact on the way business operates. The statutory minimum wage affects all businesses, as do consumer and health and safety laws. The political decision as to whether or not the UK signs up to have the Single European Currency is having an impact on UK businesses, which includes Vimto. Economical All

businesses are affected by economical factors nationally and globally. Interest rate policies and fiscal policies will have to be set accordingly. Within the UK the climate of the economy dictates how consumer may behave within society. Whether an economy is in a boom, recession or recovery will also affect consumer confidence and behaviour. This has an impact on most businesses including Vimto. An economy which is in a recession is characterized by high unemployment, and low confidence. Because of high unemployment spending is low; confidence about job security is also low. Consumers will be more inclined to reduce their spending because of their low revenues. This leads businesses to try to reduce their operation cost to save money. The market is seeing a growth so we can assume that the impact on Vimto will be currently minimal. (Marketline, 2013) Social The social factors affecting Vimto include the demographic changes, cultural aspect and consumers habits. These factors affect customer needs and the size of potential markets. Vimto being sweet and fruity will appeal to the younger demographic. It has also introduced energy drink in its portfolio that will entice sporty and diet aware people. (Just-drinks, 2013) Technological Technological factors are vital for competitive advantage, and are a major driver of change and efficiency. With the advent of social media allowing for a wide range of consumer to be targeted, it simply cannot be neglected anymore and those who invest in that area will have a significant advantage. (Brand Republic, 2009) Laws & regulation Environmental Like any other drinks brand, Vimto experiences many environmental threats to both production and brand awareness. They have to ensure that their packaging and brand is not affecting the environment or they could receive a backlash from consumers and activists. (Loulla-Mae Eleftheriou-Smith, 2011)

2. Current business trends

The performance of the market is forecast to accelerate, with an anticipated CAGR of 4.4% for the five-year period 2012 - 2017, which is expected to drive the market to a value of \$16,063.6m by the end of 2017. Comparatively, the French and German markets will grow with CAGRs of 1% and 1.6% respectively, over the same period, to reach respective values of \$4,827.6m and \$11,274.2m in 2017. (MarketLine, 2013)

3. TOWS ANALYSIS

Tows analysis for vimto.

Weaknesses

- outsourcing production = higher costs
- Expensive labour in the UK.
- Hardly use the internet to advertise (despite target market being 10-25 year olds).

Strengths

- Cheap ingredients sourced locally.
- New electronic documenting system (saving A£50,000 a year)
- Joint venture with weight watchers to try to improve brand image.

Threats

- Competitors- Ribena with large financial backing
- Unhealthy product as high in sugar etc.
- Poor weather an effect the harvesting of berries essential to making Vimto.

- Not outsourcing means they will save money and therefore Vimto will be able to be more competitive against competitors such as Ribena who have a large financial backing.
- Weather in the UK does sometimes effect the harvest of crop (eg. The flooding recently) therefore by moving abroad Vimto can take advantage of both cheap labour and a more stable climate for growing berries.

- Although Vimto is unhealthy they have recently entered into a joint venture with weight watchers in order to improve their brand name, this is due to a social shift towards healthy food and drink.
- If Vimto do decided to move abroad they will lose the cheap transport costs for their raw materials as well as the right to advertise that they produce Vimto in the UK from UK berries.

Opportunities

- Automated production (in order to cheaply mass produce)
- Marketing via phone apps (Ribena sponsors apps why doesn't Vimto).
- Use of cyber marketing via websites such as fb.
- Instead of outsourcing, if Vimto where to produce there product internally they could invest in an automated production line saving them money in the long run due to small labour costs and improved efficiency.
- Opportunity to use Facebook and phone apps to advertise to target market (10-25 year olds) who are the main users of the internet. (this is something that Ribena defiantly do better than Vimto)
- Advertise that Vimto source there ingredients from the UK keeping UK citizens employed – links in with new advertisements via internet and apps.
- Opportunity to widely advertise recycled bottles (due to a more socially conscious consumer)

Figure 2. – TOWS analysis table. 4.1 Key issues From the TOWS, the important issues to consider are: high costs resulting from using UK labour and not outsourcing. Lack of Internet of coverage and presence as social medias (i.e. Facebook) aren't well or not exploited at all. 4.2 Key opportunities From the TOWS, the key opportunities

include: The energy sector remains the fastest growing category in soft drinks at 7% per annum (Nichols, 2014) so mergers with well-known brand (recently with Weightwatchers) are a good option. Wide advertisement of its green position. Use of cyber marketing by using social medias to target a broader range of consumers.

4. STRATEGY

4.1 Brand Development strategy The brand image is already in place. Vimto must simply supply evidence to the consumers that their brand image is accurate and worthwhile. Vimto provide proof of their quality products and services by advertising that they're locally produced following a strict CSR code. 4.2 Pricing strategy As the company generated good numbers despite the anticipated reduction, an alteration of the price isn't critical. 4.3 Advertising strategy It should be focused more on the range of exposure through multiple media sources (i.e social medias). 4.4 Distribution strategy Progress continues to be made in Nichols Dispense business, with consolidation of the independent distributor base. This also involved the full integration of Festival Soft Drinks Limited, based on the south coast of England, into Nichols Dispense during 2013. 4.5 Marketing strategy The marketing strategy of Vimto will be to: Increase awareness of the brand finding innovative way to use the multimedia tools (i.e. Facebook etc.). Build strategic partnerships to make sure that you will be able to take advantage of their brand recognition and infrastructures. Differentiate themselves from competitors through introduction of new products consumer targeting specific type (i.e. sport drinks with flashy PET bottle to attract sportmen). Continued advertisement of 'green' resolutions adoption and CSR policies.

5. SUMMARY

The target Market could be sometimes hard to reach due to the fact that most of them are not well exposed to the brand compared to the competition such as Coca-Cola. This marketing and promotion could be overcome by selecting a wider range of marketing and communication tools. New products introduced offer a number a choices to consumers and widen its base. Additionally, corporate responsibility position makes it look respectable and appealing. The strong market position Vimto has in the global market gives its products a high change of success. Vimto has a well established market position in the soft drinks industry, which gives it a large scale of

new opportunities by the bias of mergers. If the implement of those new ways to attract consumers (i.e social media) is done, it will gives them a competitive advantage.

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