

The marketing of sugary drinks

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BUSINESS SCHOOL

What's in store

- What is marketing?
- How are sugary drinks marketed?
- How are the key components of marketing used?
- Key points
- ASA guidelines

What is marketing?

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have **value** for **customers**, clients, partners, and society at large.
(AMA, 2015)

How are sugary drinks marketed?







- Low road = Price



- High road = Brand



Most valuable brands (2015)

	Rank	Brand	Brand Value	1-Yr Value Change	Brand Revenue	Company Advertising
	#1	Apple	\$145.3 B	17%	\$182.3 B	\$1.2 B
	#2	Microsoft	\$69.3 B	10%	\$93.3 B	\$2.3 B
	#3	Google	\$65.6 B	16%	\$61.8 B	\$3 B
	#4	Coca-Cola	\$56 B	0%	\$23.1 B	\$3.5 B
	#5	IBM	\$49.8 B	4%	\$92.8 B	\$1.3 B
	#6	McDonald's	\$39.5 B	-1%	\$87.8 B	\$808 M

Coca Cola NZ (2013)

- Revenue: Over half a billion dollars
- Profit: \$60.8 million
- Selling and marketing cost: \$81 million (twice the cost of warehousing and distribution)

How are the key components of marketing used?

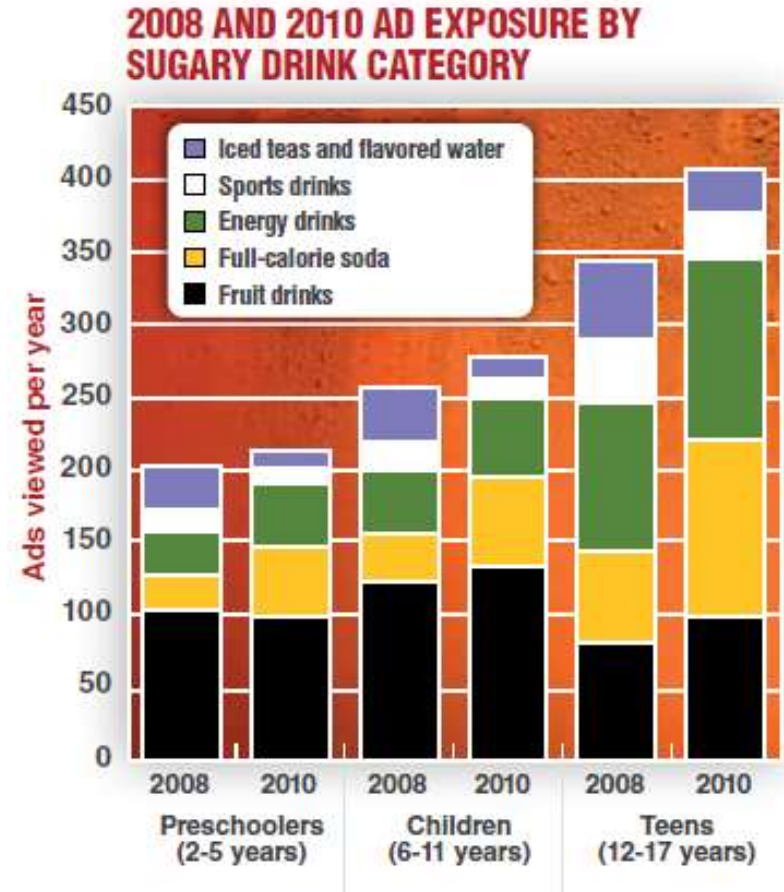


Product

- New products **highly** researched
- Key aims: superior taste and lower cost
- Aimed at a particular target market
- Example: New Coke (1985) based on **200,000 taste tests**
- Product line extensions, e.g.:
 - Coke Zero (2006)
 - Coke Life (2015)

Promotion

- Multi-faceted comms strategy
- Highly effective advertising, product packaging, websites, games and activities, social media, sports stars, celebrities, etc
- *“We're using a raft of messages to convey the key product benefits and also to surprise people with contextual messages. So, for example, you might see a bench by the Auckland ferry terminal with the call to action what are you waiting for? Try Coca-Cola Life.” (Coca Cola executive)*



Price

- **High road:** Coca Cola Coke, 2.25l, \$3.99 = **\$0.18/100ml**
- **Low road:** Homebrand Soft Drink, 1.25l, \$0.97 = **\$0.08/100ml**
- **Water:** Waiwera Sparkling Water = **\$0.38/100ML**
- **Many soft drinks are cheaper than water**

Place

- **Extensive distribution – “At arms reach”**
- Number of outlets
- Shelf space
- Shelf position
- Co-branding
 - Supermarkets
 - Fast food outlets



Key points

- **Pervasive and persuasive**
 - Availability
 - Advertising and promotion
 - Brand power
 - Price
- Normalised behaviour
- High variability in consumption

- NZ ASA guidelines voluntary
- Evidence (Lancet Report, WHO): regulation

Resources

ASA – children's food

<http://www.asa.co.nz/codes/codes/childrens-code-for-advertising-food/>

ASA – children

<http://www.asa.co.nz/codes/codes/code-for-advertising-to-children/>



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Thank you

Comments?