



# SPRITE - AN INNOVATIVE PRODUCT LAUNCH

## INTRODUCTION

With sales of 17m litres in 2001, Sprite is one of Ireland's leading soft drinks. Yet, as recently as 1999 Sprite was almost undetectable on the Irish market and only available in a very limited geographical area.

While Sprite had officially been initially launched in the Republic of Ireland in the early 1990s, due to contractual issues, the brand was only available in the West of Ireland and in some quick service restaurants such as McDonald's. For this reason, marketing activities had remained at a low level, resulting in sales less than 1m litres per annum.

However, in 2000 all franchise contractual issues were resolved and the decision was taken to launch Sprite nationally with full marketing support.

This proved to be an overwhelming success. This success was made possible by the creation of an innovative marketing strategy based on the results of extensive market research.

## IRISH SOFT DRINKS MARKET

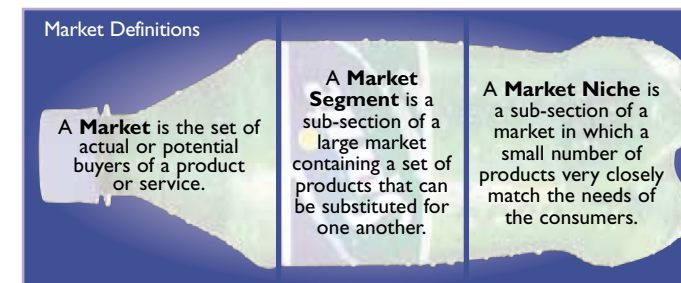
The Irish are among the world's leading consumers of commercial beverages, drinking an average of 75l litres per person per year. Within this market, the soft drinks segment has grown significantly in the last ten years and now represents almost 30% of all beverage consumption.



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Thirst is everything  
Obey your thirst

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A **market segment** is a part of a larger market with similar features. In effect these smaller segments contain a set of products that can be substituted for one another. For example, someone who wishes to purchase a Lemon-Lime flavoured soft drink may prefer Sprite, but if that brand is unavailable they can readily **substitute** it with another similar soft drink.



With the strength of other brands in the Lemon-Lime segment of the soft drinks market it suggests that new entrants would find it very difficult to gain a significant **market share**. However, preliminary research conducted by Sprite found that the current lemon-lime brands in the market did not have deep appeal to teenagers, or 'teens', as they tended to target families. However, teens represented a large percentage of the Irish population, with increased spending power, created by a strong economy that saw many young consumers with part time jobs.

Sprite's global positioning is that of a soft drink for teens. Therefore, it was identified that both a volume opportunity for sales existed and that a profitable market niche within the lemon-lime segment could be created. If Sprite could target their soft drink at this sector, a profitable **market niche** within this segment could be created. A market niche is a sub-section of a market in which a small number of products very closely match the needs of consumers. As a result of this, Sprite initiated a process of market research in order to better understand Irish teens and their needs.

## MARKET RESEARCH

Market research is a process that links consumers to a company through information and data gathering. The market research process consists of four steps:



### 1. DEFINING THE RESEARCH OBJECTIVES

Defining the objective is often the most difficult step in the research process. A poorly defined objective can lead to inappropriate research and a waste of valuable time and money. Exploratory or preliminary research is often required to help define the issue to be investigated. In the case of Sprite, sales figures from other markets indicated that their brand would appeal to young people if the right marketing messages

were created. The objective for Sprite in Ireland was to establish if this would hold true for the Irish youth market and, if so, what would be the best way to communicate with that market.

### 2. DEVELOPING THE RESEARCH PLAN

Having defined the objective, Sprite then created a research plan to help gather the information management needed. Market research information comes in the forms of Primary and Secondary Data.

- Primary Data is new information collected by a researcher specifically for the project in hand. This data is often very expensive to gather and may vary in terms of quality.
- Secondary Data is information that already exists somewhere else, whether that is inside the company or in an external source e.g. newspapers, magazines, the internet etc. Secondary data is very useful for providing background knowledge to a problem and is used by most companies as a starting point in a research process.

#### Innovative Focus Groups

For the purposes of Sprite, management decided that the information required about Irish teens could best be gathered by conducting new primary research.

#### Figure: Common Research Methods

|                        |   |
|------------------------|---|
| Observational Research | The gathering of data by observing relevant people, actions and situations.                 |
| Contact Research       | The gathering of data by interacting with people and asking them to complete certain tasks. |

When choosing a research method, Sprite marketing management was aware that an inappropriate choice of research setting would dissuade some teenagers from getting involved. The target group might feel intimidated or uncooperative if invited to a formal research setting such as an office or hotel conference room. As a result it was decided to create a new and innovative research environment. The aim was to design an informal atmosphere where teens would feel comfortable, speak honestly and have fun. The setting also had to enable the researchers to gather all the opinions and data they needed through both observations and contact research.

The advantage of this approach was that it allowed great flexibility in interviewing technique. It would also allow a very large amount of information to be collected at one go. The main disadvantage was the cost of hosting these sessions and the fact that the sample groups had to remain small to be manageable.



\*Sprite is a registered trademark of the Coca-Cola Company.

### 3. IMPLEMENTING THE RESEARCH PLAN

Having decided on an approach, the researchers then invited a number of teens to come and talk with them. This sample of teens had to be chosen in such a way as to represent the wider Irish teen population. In particular, the Sprite researchers were eager to understand the attitude of 'Leading Edge Teens'. **'Leading Edge Teens'** are young people who are regarded as trend setters by their peers. These individuals are innovators and are among the first to adopt new fashions and styles. As such, it was important that Sprite understood how to target this group.

The teenagers were asked to bring along some of their personal items, for example, CDs, books or videos, and to talk about them. They were also encouraged to chat about life as a teenager in Ireland. The purpose of these sessions was to allow these young people to 'get deep' and to reveal the values most important to them. In this way the researchers attained a very revealing insight into what makes Irish teenagers tick.

### 4. REPORTING ON THE RESULTS

Reporting is a standard business practice and can cover many areas, for example, financial reporting, health and safety reporting and production reporting. The aim when reporting research results is to identify the most important findings that have arisen. The research conducted by Sprite proved extremely important for isolating the attributes and values of young Irish people.

These results, together with findings from other research, could then be used in the creation of an innovative new marketing strategy for the re-launch of Sprite.

## MARKETING STRATEGY

A **marketing strategy** is the logic behind achieving objectives for a brand. The principal objective identified for Sprite was:

**"To be among the top 5 'deadly' teen brands in Ireland by the end of 2003".**

The other 'deadly' brands identified in the research were Adidas, Nike, Tommy Hilfiger, Levis and Diesel. The challenge for Sprite was to formulate a strategy that would encourage Irish teenagers to purchase the product in preference to the main market rival. The implementation of this strategy would then take place by dedicating resources through the Marketing Mix.

## THE MARKETING MIX

The Marketing Mix is defined as a set of tools that a firm can 'mix' in order to produce the response they want in the market. This covers everything from creating new TV advertising through to designing new packaging. All these options can be gathered together into four groups known as the '4Ps'. The '4Ps' are:



While each of the 4Ps individually has significant power to influence consumer demand - it is only by creating an effective 'mix' that great marketing campaigns can be created. In this regard, it was the innovative choice of Marketing Mix made by Sprite that helped determine the success of their product launch.

### THE SPRITE MARKETING MIX: PRODUCT

'Product' is defined as anything offered to a market that might satisfy a need or a want. It includes physical objects and services, as well as persons, places and ideas. The Sprite product consists of a totality of its attributes - everything from the taste of the drink, through to the shape and size of the bottle. It was found that the soft drink to be sold in Ireland did not need to differ from that which had been developed for other markets, except in terms of minor packaging changes. As such, no time was needed before the product launch for research and development - production from an existing standard could begin immediately.

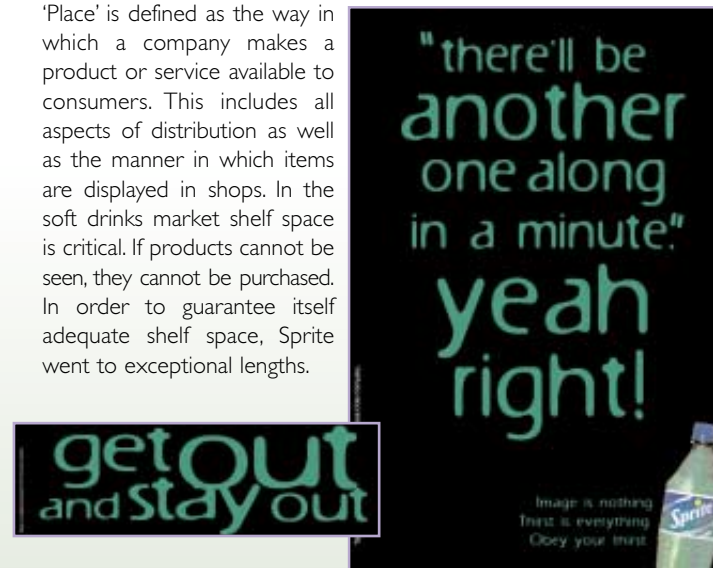
In terms of packaging, Sprite had a proprietary shaped pack called the 'dimple bottle'. This uniquely shaped bottle had proven very successful, both in other markets and amongst the Irish research groups.

### THE SPRITE MARKETING MIX: PRICE

'Price' is what consumers pay to acquire a product. The main factor that would determine the price of Sprite in Ireland was the price of the main competing brands, as well as Sprite's own cost base. This strategy made the new product attractive to consumers, as well as ensuring an adequate return on production and distribution costs. In the supermarket channel where larger pack sizes are sold, such as 2 litre bottles, various special deals were offered during the initial launch phase. These deals are a common feature of product launches and such a strategy is referred to as Penetration Pricing. The aim of **Penetration Pricing** is to win as many customers as possible before the competition has time to react. However in the case of Sprite, it was decided to concentrate on teen specific packs such as 500ml bottles and 330ml cans during the launch phase.

### THE SPRITE MARKETING MIX: PLACE

'Place' is defined as the way in which a company makes a product or service available to consumers. This includes all aspects of distribution as well as the manner in which items are displayed in shops. In the soft drinks market shelf space is critical. If products cannot be seen, they cannot be purchased. In order to guarantee itself adequate shelf space, Sprite went to exceptional lengths.



## THE MARKET IMPACT TEAM

A Market Impact Team (MIT) was formed of 120 leading managers from Sprite's Irish Bottler's parent company, Coca-Cola Hellenic Bottling Company. This team was flown into Ireland from all over Europe and Africa and in just 10 days managed to stock Sprite in over 14,000 display units across 5,200 different retail outlets. However, the benefits of the MIT went beyond simply putting new product on shelves. As experienced sales and marketing managers, members of the MIT could provide retailers with valuable advice on how to display and promote Sprite within their stores.

### THE SPRITE MARKETING MIX: PROMOTION

Among the most innovative aspects of the marketing mix created for the launch of Sprite was that of promotion. Promotion includes all activities that communicate information about a product and its merits to a target audience, and persuades them to buy. The most important consideration for Sprite in this regard was to create an integrated communications strategy across different mediums, as shown in the diagram, that would direct a standard message at the youth market from across a range of media.

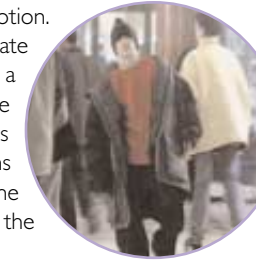


Figure: Advertising Media

| Medium      | Advantages                                 | Limitations                                   |
|-------------|--|---|
| Newspapers  | Flexible<br>Local market coverage          | Short life<br>Poor reproduction               |
| Television  | Good mass coverage<br>Appealing to senses  | High costs<br>Short term exposure             |
| Direct Mail | Highly selective<br>Allows personalisation | High cost per delivery<br>'Junk mail' image   |
| Internet    | Low cost<br>Interactive capabilities       | Low impact<br>Audience control                |
| Outdoor     | Flexible<br>Low cost                       | No audience selection<br>Creative limitations |

This strategy translated into a campaign that focused on attitude and honesty rather than on emotional appeals. Sprite had learned that Irish teens are very media-literate and would ignore any advertising that sought to persuade or patronise them. The tag line **"Image is Nothing - Thirst is Everything - Obey Your Thirst"** was created globally in support of this notion. The promotional campaign for Sprite included television and magazine advertising, outdoor advertising, in-store promotion and advertising.

When creating its campaign Sprite also had to be mindful of Advertising Standards legislation. This legislation, which is contained in the Consumer Information Act 1978, seeks to prevent the spread of false or misleading claims about products. The Office of the Director of Consumer Affairs and Fair Trade is also heavily involved in this area and can review any advertisements that have been referred to it by members of the public.

## MEASURING SUCCESS

The success of the Sprite promotional campaign was assessed through the collection of feedback. This involved asking members of the target audience if they could remember the advertising message and whether it influenced their purchasing behaviour. The Sprite campaign achieved significant success in this area. 34% of teens could spontaneously recall the Sprite TV ads compared to a usual average of 25%. Whereas, there was a 58% spontaneous recall of **outdoor advertising** which is 20% above normal.

The main measure of success for a product launch is whether sales and market penetration targets have been achieved. In this regard the Sprite launch achieved outstanding success. Sprite sold more than double the number of bottles than had initially been budgeted. While, in the lemon-lime market segment Sprite won 15 percentage share points from key competitors. In addition the strength of demand from both consumers and retailers meant that Sprite launched larger packs, such as 2 litre, more than 6 months ahead of the original time table.

## CONCLUSION

The story of Sprite shows that successful product launches are built on the twin foundations of market research and creative promotional campaigns.

## GLOSSARY OF TERMS

**Market Segment** - this is the division of a market into distinct groups of buyers with different needs, characteristics or behaviours.

**Substitute Products** - These are goods that are perceived to satisfy the same need and can be considered by the buyer as an alternative. Tea may be seen as an alternative to coffee.

**Market Niche** - Adapting a company's product to more closely match the needs of one of more sub-segments where there is often little competition.

**Focus Groups** - A small sample of typical consumers under the direction of a group leader who elicits their reaction to a stimulus such as a product or brand.

## TASKS AND ACTIVITIES

1. Explain the difference between the terms, segmentation and targeting.
2. Define the following terms
  - a. Substitute Product
  - b. Market Niche
  - c. Market Share
  - d. Penetration Pricing.
3. The Sprite marketing team formulated a strategy to encourage teenagers to purchase the soft drink over its main rival. Explain five issues this marketing team had to consider to ensure success.
4. In your opinion what was the crucial factor that led to the success of the re-launch of Sprite?
5. You are a marketing executive with Sprite. Your objective is to increase the consumption of Sprite among first year students in your school.
  - a. What research would you conduct to assess the attitudes and interests of this target market?
  - b. Select five brand values you think should reflect the product.
  - c. How would you communicate your selected brand values to this target market?
  - d. Could you identify a profitable niche market within this target audience? How might this niche be profitable?



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