



POWERADE®

Take Your Power Back

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Executive Summary

Powerade is a well-recognized brand name, and, with our marketing campaign, we can create an even stronger brand. Our objective is to increase Powerade's sales by a minimum of 5% by penetrating our target market of high school athletes. To do this, we will improve upon our product, determine competitive pricing, expand distribution, and increase promotion. We will strengthen the product image of Powerade as a nutritional and effective sports beverage. Because high school students are more financially dependent, prices that are lower and more suitable for their financial states would give us a competitive edge. Powerade will practice intensive distribution in order to make our product as available to the target market as possible. Regarding promotion of our product, we plan to execute a number of different advertisements and storyboards. There is also a public relations event in store so that students would be encouraged to participate in athletics and friendly competition. By targeting the high school athletic market, Powerade will gain lifetime consumers at a younger age. This will greatly help in competing against Powerade's big-time competitors, especially our rival, Gatorade.

Company description

Powerade was introduced in 1988 by the Coca-Cola Company to compete with PepsiCo's Gatorade. Powerade has grown to be one of the leading sports drink brands in the world consuming 21.7% of the United States sports drink **market share**. In 2009 Powerade was relaunched as Powerade ION4 because the drink formulation now contains four key electrolytes in the same ratio that is typically lost in sweat. Powerade offers three different varieties of drinks (Powerade, Powerade Zero, and Powerade Zero Drops) and 11 different flavors (Mountain berry blast, orange, fruit punch, grape, etc.) While Powerade is only the second largest sports drink **manufacturer**, there is a lot of room for growth and our marketing team has a plan to increase Powerade market share substantially.

Objectives/Strategies/Tactics

Our objective is to increase sales of Powerade by 5% in 2014.

1. **Product** - Increase quality
 - 1.1 Examine current product 1/30/14
 - 1.2 Analyze the needs of the consumer 1/30/14
 - 1.3 Meet to brainstorm 2/2/14
 - 1.4 Create improved product 2/8/14
 - 1.5 Examine product feedback 2/18/14
 - 1.6 Meet to brainstorm 2/20/14

- 1.7 Determine if change increases quality 2/20/14
2. **Price** - Examine price
 - 2.1 Examine current price 2/25/14
 - 2.2 Analyze sales 2/26/14
 - 2.3 Examine competitors price 2/26/14
 - 2.4 Analyze sales of competitors 2/26/14
 - 2.5 Meet to determine price 2/27/14
 - 2.6 Create a formal plan 3/2/14
 - 2.7 Present price modification 3/3/14
3. **Distribution** - Increase distribution
 - 3.1 Examine and list existing distribution 3/5/14
 - 3.2 Examine and list competition distribution 3/5/14
 - 3.3 Analyze cost of competition stores 3/6/14
 - 3.4 Analyze possibility of store brand 3/6/14
 - 3.5 Meet to brainstorm 3/7/14
 - 3.6 Create formal plan for proposal 3/10/14
 - 3.7 Present to top management 3/15/14
4. **Promotion** - Increase promotion
 - 4.1 Examine current promotions 3/20/14
 - 4.2 Examine competitors promotions 3/22/14
 - 4.3 Meet to Brainstorm 3/25/14
 - 4.4 Create a target market 3/25/14
 - 4.5 Analyze target market 3/25/14
 - 4.6 Establish plan for promotion 3/28/14
 - 4.7 Finalize the promotion plan 4/4/14

Core Competencies

- Achieves competitive global marketing by being partners with great sporting associations such as the Olympic Games and FIFA
- Has first-rate **marketing/brand management** by being a brand of Coca-Cola, a dominant force in the world soft-drink market
- Effective hydration with innovative ION4 sports drink formula

Situation Analysis

Zmuda, Natalie, "Gator Baiter: Powerade Jabs at Powerhouse," Advertising Age, (Mar 23, 2009) 3,39.

I. Introduction

A. In Natalie Zmunda's article, she focuses on the marketing strategies of the Coca-Cola Company's Powerade in their attempt to peg their rival, PepsiCo's Gatorade, as an "incomplete sports drink." Coca-Cola does so by a billboard with a bottle of Gatorade with one side of the drink missing. The missing side shows the lacking ingredients and nutrients Gatorade does not provide. Powerade shows product development when they reformulated its sports drink to include more electrolytes. In addition, they diversified their market by partnering with ESPN to appear on the cover of ESPN The Magazine and create an online campaign with short videos appearing on ESPN.com. Additionally, Powerade revamped its website and created an outreach to children. As the first major marketing campaign in over 10 years, Powerade's partnership with ESPN shows a larger commitment to market the brand. Overall, sports drinks are on the decline in sales, but due to the new addition of Powerade Zero, volume is up for the brand.

B.

1. **Market positioning (53)** - how the company portrays themselves (a complete sports drink)
2. **Marketing concept (10)** - long term success by looking at the wants and needs of consumer and deliver it better than the competition.
3. **Product development (48)** - a growth strategy offering new or modified products to existing market segmentations.
4. **Brand equity (49)** - differential (value) effect, how people respond to the product.

C. In the article, Powerade's **market positioning (53)** is to portray themselves as a complete sports drink. The positioning is very important for Powerade to outcompete Gatorade as the market leader. Powerade developed this **marketing concept (10)** by looking at the wants and needs of the consumer. Recognizing that Gatorade was lacking electrolytes, Powerade responded by improving their product and by doing better than the competition. The **brand equity (49)** and how people respond to their product are essential to lead the market. From the marketing on ESPN, if people can see Powerade as a complete sports drink, then they will have a higher brand value. The whole article focuses on Powerade's **product development (48)**. Their modified sports drink is targeted for the

existing market, and, through new partnership with ESPN, a larger market segment is being reached.

II. Environment

- A. **Competitive Environment-** Powerade exposes how Gatorade is an inferior method of hydration. By positioning Powerade as the “complete sports drink,” it provides a greater customer value than the competition.
- B. **Political Environment-** Powerade lists the new ingredients added, sodium, potassium, calcium, and magnesium. Four electrolytes necessary for rehydration.
- C. **Economic Environment-** In the third period of 2008 sports drinks declined 7% and then 4% in the fourth quarter. This decline is due to consumers switching to cheaper label brands and tap water. Due to Powerade’s addition of Powerade Zero, volume is up for the brand.
- D. **Technology-** The use of the internet to advertise has become a practical and affordable way to expand the market of the product. Powerade launched an online campaign on ESPN.com as well as revamping their website to create a larger outreach.
- E. **Social Cultural-** As more people are becoming health conscious and drinking more water, Powerade has responded to that by creating Powerade Zero to target that segment of the population.

III. Marketing Mix

- A. **Target Market-** Powerade is targeting the customers of Gatorade and reaching out to the fans of ESPN.
- B. **Product-** Reformulated sports drink that provides the proper rehydration and a complete sports drink.
- C. **Price-** Priced lower than Gatorade, Powerade is creating a greater competitive advantage. Once consumers realize Powerade contains more essential electrolytes, they will opt for the cheaper but higher value brand.
- D. **Promotion-** Powerade utilizes online marketing on ESPN.com and the cover of ESPN magazine to promote their product. Revamping Powerade’s website creates more traffic and attention to the website. Additionally the outreach to children creates a new target market and in quest to create lifelong consumers.
- E. **Distribution-** With the major marketing investment for the brand, there will be a larger quantity of drinks sent to distributors anticipating a greater demand for the product.

Competition

Gatorade - This is Powerade's primary competitor. There is a double rivalry between Gatorade and Powerade because Gatorade is owned by PepsiCo, Coca-Cola's leading competitor. After creating its first line of sports beverages in 1965, Gatorade grew to be one of the world's leading sports-themed beverage and food products manufacturers. In order to attack this "Goliath," we have to have high schoolers as our **target market**. Then, we will set ourselves apart by **penetrating the market with low pricing** that appeals to our target market.

VitaminWater - Owned by the Coca-Cola Company, VitaminWater seeks to dominate the enhanced water industry. Even though the beverage is categorized as "enhanced water," it does compete with leading sports drinks as an alternative for rehydration. We must reinforce the image of the sports drink and portray it as the only way to the best hydration for athletes.

Zico - Zico is a manufacturer of coconut water. The beverage rose into popular culture with the support from health fanatics proclaiming its natural benefits. Coconut water has less sugar than many sports drinks and juices, and it gives effective hydration to the body. To compete, Powerade has to continue to present itself as a healthy option for rehydration.

Target Marketing

Demographics: A composition of a particular human population like age, gender, race, occupation, and income.

Target market: set of buyers who share common needs or characteristics that the company decided to serve.

Powerade's **target market** consists of boys and girls ages 14-18 in high school who are athletic and fit. Our **geographic** focus will be high schools country wide. The **psychographic** target market we are focusing on is the healthy lifestyle of the middle class. Since the lifestyle we are targeting is healthy, we will focus on the athletic media outlets. There will be a print ad that will be featured in sports magazines such as Sports Illustrated, ESPN, and Sports Weekly. Additionally series of commercials will be aired on ESPN, MTV, and Comedy Central to highlight the television market. High school students rely on their parents for money, so keeping the price lower, we accommodate the needs of the consumer. Therefore, they are able to buy Powerade often for every game and practice.

Integrated Marketing Mix Overview

Powerade is branded as a high quality sports drink in which you can take your power back. The main goal for Powerade's **marketing mix** is to appeal to the **target consumer** of active high schoolers. This will be executed by rejuvenating the brand and making Powerade younger and more fun. For pricing, Powerade will be setting a lower price to facilitate the needs of a young consumer. In order to make Powerade's products stand out, we are placing an emphasis on the nutritional value that Powerade has for the young and active consumer. We are highlighting what benefits Powerade has and illustrating how it trumps our competitors.

Furthermore, to best appeal to the different needs of our consumers we are promoting the different products we have which can satisfy the needs of various consumers. For distribution, Powerade will be intensively distributed this way the consumer can have access to Powerade at their nearest convenience. Powerade will be making a larger effort to distribute heavily in schools and popular surrounding areas in order to enhance our presence. To have the largest impact promotionally, we will be utilizing an array of outlets to maximize Powerades reach. Powerade will use our revamped advertising in our target markets popular entertainment sources including print and digital sources. Powerade will also be using a lot more **grassroots marketing** to form a more intimate relationship with the target consumer. This will be done through hosting events, higher distribution around and in schools and specialized local advertising.

Pricing

Powerade will be following a **market penetration pricing strategy**. The marketing penetration pricing strategy starts by setting a low initial price in order to quickly penetrate the target market and attract a large number of buyers and once the product has gained a larger market share the price will be raised. By initially setting the price lower, it will differentiate Powerade from our competitors and be more accommodating to our target consumer. This strategy is crucial for the target market of high schoolers because at this age the consumer is largely dependent on their parents as a source of income so it is important to be able to satisfy that type of budget. This is especially true for Powerades active and fit consumer because typically those that are involved with athletics in high school do not have the spare time to work a job as well and have their own income. Powerade will also have **product line pricing** which is setting the price steps between various products in a product line based on cost differences between the products, customer evaluations of different features and competitors prices. This will be executed to best set a price for the different products we carry under our line including Powerade Zero and Powerade Zero Drops. Our retail price is meant to be competitive with the **market leader** which is Gatorade. Since the average price of a 20 fl oz Gatorade bottle is about \$1.50 our price will start at a competitive \$1.25. In this sense as well as setting a market penetration price, we are also setting a **competition based price**. Powerades pricing for distributors will be discounted with the larger quantities that are purchased. Powerade will also offer promotions and discounts to distributors that are sending Powerade products to schools or athletic events.

Product

Powerade offers 3 varieties of sports drinks in a total of 11 different flavors. Each drink is specially formulated to provide athletes with the four important electrolytes lost in sweat, as well as, a 6% carbohydrate solution to provide energy to working muscles, and vitamins B3, B6, and B12. Should a consumer buy a Powerade drink they will be gaining not only hydration, but the

nutrients necessary to keep them actively performing at their highest possible level. Powerade ION4 is considered to be the base product. It contains all of the benefits stated above. Additionally, Powerade offers Powerade Zero. Powerade Zero provides all of the benefits of ION4, but it is calorie free. Powerade Zero is designed for lighter intensity fitness sessions lasting 60 minutes or less. Both Powerade ION4 and Powerade Zero come in a sleek, cleanly designed 32 fluid oz. bottle. The third and final product variation is Powerade Zero Drops. Powerade Zero Drops comes in an 8 oz. deodorant shaped container filled with Powerade solution. With a few drops of Powerade Zero Drops you can turn any bottle of water into a bottle of Powerade Zero. Powerade is a brand of **convenience products**. This, in turn, means that consumers will buy them with minimum comparison and little buying effort. Therefore, it is extremely important that the Powerade brand stands out in the minds of the consumer. Powerade is a brand that has been around for over 20 years. The product is in the **maturity phase** of its **life cycle**. This effectively means that while growth is slow, sales can still be increased through a combination of **promotion** and **research and development**.

Distribution

Our **distribution channel** consists of **indirect marketing channels** since we don't do direct business on the Powerade website. The product will go directly from the producer to a number of retailers such as Jewel Osco, Sam's Club, Costco, and CVS. We will also distribute the product to high schools so that they can sell them to students via vending machines and the cafeteria. To distribute, we will transport the products by trucks, rail, water, and air. Using a **horizontal marketing system**, we will also partner up with other companies like McDonald's, reaching into a new market of the fast food industry, and Amazon, utilizing the ease of the internet. In this way, we are able to reach new markets and further promote our brand. What we want for our target consumers to have with Powerade is accessibility, and the one way to do that is **intensive distribution**, to put our products in as many outlets as possible. We don't want for high schoolers to not buy Powerade simply because it wasn't available where they are. Thus, we will make it very available.

Promotion

Our comprehensive marketing strategy involves several different forms of advertising and promotion to bring Powerade to the top of the sports drink market.

Advertising: Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

There are several advertisements across several different types of media that Powerade will run to reach its high school targeted audience. There will be a print ad that will be featured in sports magazines such as Sports Illustrated, ESPN, and Sports Weekly. The ad will be a two page spread. One page will be dedicated to high achieving high school athletes from across the country. The page will give the athletes name, age, school, and noteworthy accomplishments.

There will also be a quote from the athlete on why they use Powerade. The second page will contain the product and product features along with the the campaign slogan “Take your power back!”. Powerade’s current commercials are of a more serious tone. Even when trying to use lighthearted humor, the company falls short. This is a problem trying to appeal to high school kids, because most high school kids are not serious. For this reason a more light hearted series of commercials will be aired on stations such as MTV, ESPN, and Comedy Central. The ads will feature high school athletes in different sports situations that collapse from dehydration. A voice from the sky will tell them to take their power back and they will be struck with the power of Powerade allowing them to get back up and take their game to the next level. The ad will end showing the product with a voiceover detailing some of the features.

Public Relations: Building good relations with the company’s various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.

The biggest way Powerade will be building positive public relations is through the new interactive web page/app and the Golden Athlete event. On Powerade’s web page there will be an informational page that allows visitors to click on different parts of the body to learn how Powerade interacts with the body and benefits those body parts during physical activity. The website will also contain a game that will be available on mobile as an app as well. The game will show a player conducting an intense physical workout with four electrolyte buttons on each corner of the screen. When a button turns red it indicates that an electrolyte is needed to be replenished and that electrolyte button must be pressed as fast as possible. If the correct button is not pressed within a short limit of time or the wrong button is pressed the player fails. Successful button presses are recorded to keep track of high scores. Reaching a certain predetermined score will allow the player to receive a coupon for one free Powerade. The game will be challenging which will allow for only a small amount of free Powerade coupons to be released. This interactive web page and game will allow customers to learn about Powerade and its benefits, as well as, possibly allowing customers to earn free product. The Golden Athlete event will be held on weekends at select high schools across the country. The event will be limited to high school students to participate in the competition, but anyone can attend. Students will compete in Olympic-like challenges such as ping pong, tennis, the 800 meter dash, high jump, and hammer throw. Scores from each event will be tallied up and the contestant with the most point will be declared the golden athlete. That contest will be given a 400 oz gold bar. 2nd and 3rd place contestants will receive one year’s supply of Powerade. Direct mail flyers for the event will be mailed out to addresses in the respective area of each Golden Athlete competition.

Personal Selling: The personal presentation by the firm’s sales force for the purpose of making sales and building customer relationships.

Powerade is looking to penetrate the high school market. To do this Powerade will use personal selling to sell Powerade vending machines to high schools across the country. The sales team will be given the sales sheet below to work off of.

Powerade Sales Sheet

Current Situation: Across the country schools are being pressured into providing healthier alternatives for students to eat and drink. For many schools this means eliminating vending machines that traditionally sold unhealthy drinks and junk food. However, by removing these vending machines, schools are losing a large chunk of profit.

Market Fact: A city's school district can stand to earn an average of \$3.25 to \$3.75 million in vending machine revenue. This is a huge loss of profit if vending machines were eliminated entirely from schools.

Idea: Vending machines do not have to be eliminated from schools. They just have to be stocked with healthy products that kids will actually buy and eat/drink.

How It Works: Three Powerade vending machines will be placed within schools. One will be placed in the teacher's lounge, one will be placed in the cafeteria, and yet another will be put into a hallway. The vending Machines will be stocked and Maintained by Powerade.

Benefits: The school will incur no cost for putting in the vending machines and the school will receive \$.20 for every bottle of Powerade that is purchased. Additionally, kids and teachers will be consuming drinks that are both thirst quenching and healthy. It is a true win-win scenario.

Evaluation

We will evaluate the plan to increase sales by 5% on a quarterly basis. We will look at our objectives, strategies, and tactics on an ongoing basis to ensure we can achieve our goal.

Conclusion

In conclusion, Powerade is already well recognized brand name with a strong market presence, but we believe we can make that presence even stronger. With the targeted marketing campaign outlined above Powerade is sure to increase its market share by a minimum of 5%. In targeting the untapped high school athletic market with aggressive advertising and promotions, enhanced distribution, and competitive pricing Powerade can win over consumers at a younger age. In essence, should the marketing campaign be given the green light it will work wonders for the Powerade brand and the Coca-Cola Company.

Appendix