MARKETING STRATEGY OF AN ALCOHOLIC RTD

Module: Marketing Strategy
Form: Academic essay
Author: Alex Mattakathu
Submission: 12th December 2011, 12pm
Word count: 2992 (from introduction to conclusion [incl.]; fig. excl.)

n.b.: (1) app. with abbr. and acronyms; (2) The evenly matching referencing system to Harvard Referencing on the computer of the author is APA, which is why latter has been used for convenience purposes.

Abstract

This essay is concerned about the marketing of an alcoholic beverage named Dark Sun, an alcoholic Ready-to-drink (RTD), and establishes its core market penetration strategy. This is based on an existent marketing strategy presentation as introduced by the Group I initially engaged in its virtual launch. Therefore this essay reviews what the author believes to be the heart of the previous marketing strategy, carries out a more in-depth analysis on segmentation and positioning, and also critiques the previous marketing strategy in offering the most attractive value proposition for its prospective clients.

INTRODUCTION

In order for a company to thrive after its set-up it has to acquire and retain customers. Weinstein (2002, p. 266) emphasized that this is top priority and thus marketers shall seek to realize this at all costs. But a good marketing plan goes beyond the 4Ps and further includes - next to correct targeting and positioning, suitable communication methods, also cost-effective considerations, so as to provide the best value to all stakeholders.

THE ALCOHOLIC BEVERAGE MARKET

Both Flavoured Alcoholic beverages (FAB) and alcoholic Ready-to-drink (RTD) have experienced heavy decline since the late 90s; especially after having been the
scapegoat for a decade long accusations of binge drinking and underage drinking. Therefore, FABs (sweet, relatively low alcohol content beverage) have literally crumpled over the past 5 years since it was particularly targeted at young “entry-level” consumers; The RTD sector is subject to reinvention and it is expected to grow (Fig. 1) on the Ready-to-serve (RTS) cocktail showground (MINTEL, 2009, p. 1). The more traditional RTDs, or alcopops, after their fall, are giving way to an era of new-breed sophisticated pre-mixed RTDs, evoking consumers’ imagination. Despite law enforcements on labelling of alcoholic beverages, increased VAT on alcoholic beverages, and marketing restrictions, the RTS spirits with mixers are recently being focused on – even – by known spirit manufacturers, e.g. Jack Daniel’s and Coke or Bacardi Classic Mojito (Forsyth, 2011). The boom in this particular industry is on account of the increasing number of people drinking at home, people who seek more sophisticated drinking alternatives, and because of the broad spectrum of industry participants such as wineries, breweries, and spirit producers, enabling innovative inter-sector investment opportunities (Smith, 2010, p. 3). And out of a cost-profit perspective, the RTSs are subject to less tax, e.g. tax comprises 46% of the retail price of a litre bottle Smirnoff Red compared to just 23% for Smirnoff Cocktail Mojito, compared to the pure spirits because of lower Alcohol-by-volume (ABV) (Forsyth, White Spirits and RTDs - UK, 2011).

Fig. 1: Volume & Value Sales for RTDs, 2005-2015. Source: (Forsyth, White Spirits and RTDs - UK, 2011)
MARKET TRENDS

Generally alcoholic drinks consumption in the UK has been decreasing for as long as ten years, from 78% to 73% (MINTEL, 2009). Considering that Dark Sun has been introduced as a blend of energy drink and vodka, it is essential to state that after a decade of growth, sales volume and penetration of vodka is on decline as well (Forsyth, White Spirits and RTDs - UK, 2011).

At current state only one in seven British consume RTDs, however the reinvention popularized these drinks and a vast majority of consumers would undertake a repurchase, especially the key 18-24-year-old vodka-drinking audience is expected to cannibalize sales of “mere” vodka in the coming five years. Premium price has become the asylum for spirits as vodka. It has now has to rely on greater ‘premiumisation’ to merely continue, since boosting profit with sales volume does not cope with current market demands anymore (Forsyth, White Spirits and RTDs - UK, 2011). On the other hand, consumers are willing to buy more sophisticated, more premium, and thus more “expensive” products, while doing this less frequently and being more sensitive to promotions such as bundle deals, buy-one-get-one-free offers and regular discounting by as much as 50% (Euromonitor, 2010).

CONCLUSION

In conclusion, the new RTD is a growing marketplace, and although alcohol consumption in general is shrinking and curbed through regulations on alcoholic beverages, drinking at home in all age-categories for these more affordable cocktails has potential.
MARKETING STRATEGY of an ALCOHOLIC RTD

DARK SUN STRATEGY – A CONSUMER MARKET PERSPECTIVE

The Dark Sun marketing strategy incorporates an understanding of market climate, and at its core, an analysis of strengths and weaknesses of the marketing techniques used.

SEGMENTATION & MARKETING STRATEGY

The initial marketing strategy was interested in creating an alcoholic beverage brand suitable for young people, which were available in bars and clubs and supermarket shelves. But the emerging trend of in-home drinking can, come what may, not to be ignored.

With the in-home drinking market in 2011 having risen 17% since 2006, the market is accountable to further growth. Tax increases, raised VAT and inflation in 2008, and an increase in prices of raw ingredients in 2011, have substantially contributed to the dramatically increased alcohol price, and the recent value growth of in-home drinking over the past few years. 76% of consumers agree that drinking at home is considerably cheaper and a noticeable 35% expressed the convenience aspect of not having to go to a bar and the intimacy, for an occasion as “when relaxing of an evening”. On the one hand there are the benefits as a means of indulgence, and financially attractive catering on the other. So does the majority of 18-24 years aged consumers drink to socialize or when socializing with friends, mostly using the celebration of a “special” occasion as an excuse for such an event to take place in the very first place. They also Latest research has further shown that 73% of consumers “when socializing with friends” drink cocktails that are made from scratch. (Lloyd, 2011)

At a similar period, the energy drink market has seen inventions in excess. In 2006 alone a 500 drinks (Johnson, 2006), and still since 2008, a 100 drinks have entered the energy/sports drinks market (Forsyth, Sports and Energy Drinks - UK,
MARKETING STRATEGY of an ALCOHOLIC RTD

A series of mixing variations with the likes of herbs, fruity flavours, other popular drinks such as cola or tea, and alcohol (Malinauskas, Aeby, Overton, Carpenter-Aeby, & Barber-Heidal, 2007), have emerged under this reverberation. Furthermore, in respond to the current trend of counting the calories, a discrete but worthwhile focus on low-calorie cans has surfaced (Forsyth, Sports and Energy Drinks - UK, 2011).

With much of the energy from drinking an “energy drink” deriving from a placebo effect compounding the actual effects of the chemicals inside the drink, majorly caffeine, energy drinks as such could be substituted by cold coffee (Woojae, 2003). But because of its taste, ‘mixability’ with other cold drinks, and “energy” boosting effect, it gained popularity in clubs even denminating – now widespread consumed – cocktails (Jackson, Hastings, Wheeler, Eadie, & Mackintosh, 2000).

Though vodka is on decline, it has far more mainstream appeal than other white spirits, especially than gin. Latter is perceived as rather conservative and old-fangled, oriented at consumers over 55; vodka however is a celebrated spirit suitable for mixing (Forsyth, White Spirits and RTDs - UK, 2011).

A ‘new’ culture of intoxication has come forth involving young people; youth and young adults across a broad social spectrum in UK are very much engaged in binge drinking (Measham & Brain, 2005). And since the age group of 18-24 consumes more mixable alcoholic drinks than all other age groups taken together (Mintel, 2010), it is no surprise that most energy drink manufacturers, aware of the increasing popularity of their product being mixed with alcoholic beverages (O’Brien M. M., 2008), make use of this – even scientifically proven - interrelation between the use of caffeine and that of alcohol (Istvan & Matarazzo, 1984) and target it to the younger audience, especially men seeking psychoactive, performance-enhancing and stimulant drug effects (Reissig, Strain, & Griffiths, 2009). Research has further produced evidence that ca. one in four college student has mixed alcohol with an energy drink solely during the past 30 days (O’Brien M. M., 2008); an average 34% of all 18-24 years old being regular consumers of these caffeinated cocktails.
So a brushed up demographic and geographic segmentation strategy would include the targeting at an age group of 18-24, male and female, primarily college students but also others, and UK. Behavioural and usage segmentation would consider actual and potential alcoholic beverage, cocktail, and energy drink consumers, primarily in-home drinkers but also out-home drinkers, club and bar visitors. And as psychographic and benefit segmentation is concerned, the segmentation strategy targets people with a partying and drinking-when-socializing lifestyle, mid to slightly lower economic social classes (a proxy for college students or low-income), with a personality tendency towards Generation-X, and, last but not least, those who value the convenience attribute of pre-mixed cocktails.

**POSITIONING & MARKETING STRATEGY**

The positioning statement may be as follows: "Dark Sun, a vodka-infused energy drink, positions itself to 18-24 year old, male and female, who seek for an opportunity to socialize in due course to stimulate through alcohol and necessitate to stay up for late hours. Dark Sun cans come premixed, in different variations, increasing handiness and variety with reference to the actual drink, and convenience, in regard to that the beverages could be delivered to any business or home, all inclusive in a party package; unlike the more expensive options as going to a club or bar, Dark Sun brings size and purpose-fit enjoyment straight to you".

Pre-mixed alcoholic energy drinks upon introduction were susceptible to the public apprehension of its amplified effect in support of frequent and heavier inebriation (O’Brien M. M., 2008). That is why last year many states in the United States have introduced regulatory restrictions on caffeinated alcoholic beverages (Montague-Jones, 2010; Goodnough, 2010; Coldberg, 2010). There are severe health considerations to be taken into account when consuming a product like Dark Sun. Not only does mixing caffeine with alcohol lead to dehydration of the body, but it also tampers with the perception of inebriation, whereas typically the actual level of inebriation is considerably higher and control over motorics and balance considerably lower (Euromonitor, 2006; Marczinski & Fillmore, 2006). Although energy drinks
have been proven beneficial for sleepy drivers (Horne & Reyner, 2001, p. 83), nonetheless in combination with alcohol it has not proven to be much more performance accelerating or arousing; in other words, having no effects much different as from alcohol alone (Ferreira, De Mello, Rossi, & Souza-Formigoni, 2004). So mixed with alcohol, the drinks not only suppresses the perception of the level of control over motorics, but further incur in injuries or hurting another person, taking advantage of or to be taken advantage of whether sexually or not, riding a vehicle under the influence of alcohol, etc. (O’Brien M. M., 2008). This is why Dark Sun is to communicate the dangers of consuming caffeinated alcoholic beverages in their advertising (see app. 2), rather than trying to go around it and get into “bigger” trouble thereafter.

*Dark Sun* has therefore to educate consumers before any damage can be caused. Such an undertaking is easier said than done. Turns out, in order to be more educative, with prevention in mind if intended to instruct properly, a marketing that goes against the values that such an education approach tries to put up, is a no-go; per se at least it is not ought to. What then the “actual” marketing does, is to give the consumer what they want in a manner that elevates the perceived benefits of the product, inducing in higher prices. This can happen on many levels, but most effectively through emotional, symbolic and experiential means of a brand image construct (Park, Jaworski, & Maclnnis, 1986, p. 136). An educative approach could limit the placebo effect enhancing the impact of the chemicals to a higher level of inebriation, by rather lowering the motivation to actually get drunk. This is to say, that if the desire for an energy boost and inebriation is at hand and also very high, even a non-alcoholic and non-caffeinated drink could cause by– even if only to a lower degree – the effect leveraged by a placebo effect that is (Irmak, Block, & Fitzsimons, 2005, p. 408). For this purpose the critique section will elaborate on what the initial *Dark Sun* strategy did not consider bringing up.

For a beverage like the *Dark Sun* to sell, the product in all its dimensions has to appeal to the target segment; so does the name. Many energy drinks do use “taboo” drink names such as *Daredevil, WhoopAss, or Cocaine*, to evoke an impression of possessing access to somewhat extraordinary, or empowering ones abilities (O’Brien,
McCoy, Rhodes, Wagoner, & Wolfson, 2008). The Dark in Dark Sun stands on the one side for the attribute of “a dark side”, and on the other in combination with Sun for “obscurity” or “night”. The Sun in Dark Sun stands for “energy”, “illumination” or “supremacy”, and in combination with Dark for “an eclipse” or “revelation”. The name shall give the consumer an association with the attributes that can be attained upon consumption of this particular product, attributes that are not necessarily inherent to the product itself.

One of Dark Sun’s major strength relies in the distribution and promotional strategies. Dark Sun will host events; first a few leadoff parties, followed by “secret” parties for exclusive members only, then by “secret” parties, much like the ones held by Facebook (Voong & Beale, 2008) or Victoria Secret (Gollayan, 2011) with gigs by mainstream and underground artists or (fashion-) shows. In another step, it shall be available in clubs on selected “secret” occasions, through in-club promotions with brand “ambassadors” serving the beverages at hand, along with arranged performers carrying the Dark Sun logo.

As if this was not enough, in a further step a sophisticated home delivery will be launched. One cannot quite yet get the enjoyment out of the supermarket shelf, or at a club at the bar, but get it delivered Just In Time for one’s party at home with one’s choice - of a maximum of two - delivery-boys or girls, both categories of attractive manner, in one’s outfit of preference. This could be especially appealing, since Dark Sun does offer the “For Him” and “For Her” drinks, now probably being served by the opposite sex. Marketers are well aware of the power of “sex”, especially towards Generation-X consumers (Pritchard & Morgan, 1996), which is why one can dress up a “dream come true”. Delivery-personnel will be further required to ask for identification of the ordering party, to oblige to national law. Once the brand has gained awareness, in a third step Dark Sun shall be available to the broader public at supermarkets, and other grocery outlets. There are no popular competitive brands having - this rather unconventional - approach of distribution implemented on a broader spectrum, which is why Dark Sun will have a competitive edge and eventually lead the way with somewhat that Red Bull has pioneered in (Woojae, 2003). Indirect competition will remain non-premixed beverages and event or party-
organizing bodies.

No matter how one regards the marketing strategy of such disputed products, in the eyes of competitors, non-users, rebellious consumers, or even regulatory bodies habitually, will seem immoral. But marketing never shall be an altruistic concept (Firat, Dholakia, & Bagozzi, 1987). It is rather modelled to be rational, instrumental, and serving the purpose of thriving sales, especially in a period of conceptualisation in order to increase knowledge on the interior and awareness on the exterior, when perturbed with the launch of products (Souchon, Cadogan, Procter, & Dewsnap, 2004). And according to Bryce & Dyer (2007, p. 87), if a new entrant leverages one’s existing assets with that of partner’s, reconfigure value chains and attract customers of fringe markets, most barriers, except lawful ones, can be circumvented.

CRITIQUING THE MARKETING STRATEGY

The first impression the whole marketing plan leaves, its health-related concerns, making any marketer doubt its chances of success. Although the market prospects are promising, fact is that the track record of initial launches of similar products did imprint negative associations into the minds of people.

Product Attributes
Lowering the ABV to safer measures around that of beer (ca. 3.6% to 4.9%), instead of the foreseen 6.8% to 7.2% per 200ml can could omit, or at least reduce potential health issues. Another option is the exclusion of caffeine from Dark Sun by retaining the mere taste of energy drinks, and hence the marketing of energy ‘barely’ through subliminal methods (Moore, 1982, p. 40).

Product Offerings
An expansion of the palette of flavours and mixers would appeal to a wider range of consumers and drive sales.

And offering the home-delivery service within a “guaranteed delivered” time of ca. 45
minutes could satisfy impulsive consumers and evoke professionalism.

The cocktail making process, from scratch, seems to have gathered wide attention among in-home drinkers (Lloyd, 2011). Product offering could include a set that contains a smaller repository of alcohol, a mixer and tailored quantities of different garnishes e.g. mint, lemon, cherry, a cinnamon stick etc. or specialist ingredients e.g. tomato juice, marshmallows etc., all in a suitable pack with a cocktail shaker as the “dot on the I”.

Corporate Social Responsibility and PR

Putting focus on education, especially into the dangers of consuming caffeinated alcoholic beverages, and other controversial beverages such as energy drinks, FABs, RTDs, white and dark spirits, and products related to the consumption of the former such as tobacco, drugs could be promoted through a health-focused campaign; this is very effective PR as well (Price, Gioia, & Corley, 2008, p. 179).

Competition or Product Expansion

Not to ignore are developments in new areas. The talk is of new-arrival drinks like “relaxation drinks” that are at the same time competitors on the RTD market, setting a potential contra-trend if anything (Stacy, 2011); a cooperation might be plausible.

A RETROSPECT

The market outlook for RTDs is as promising as such a market at this phase of market development and economic disruptions can be. Competition is fierce, but with a distinctive distribution and penetration strategy Dark Sun is open for success. Health considerations are to be taken serious and should be rather transformed to a strong point rather than a threat. Prospects for a long-term tenacity is given, but only through flavour, mixer other than energy drinks, and spirit variations, and with product expansions on the non-alcoholic market.
It is difficult to forecast whether a product as Dark Sun will cherish the blossoms of tough and fresh marketing approaches. For as we know, if there one thing that a marketer believes in, it is that there is - almost - nothing that cannot be marketed, nothing certain until it has reached the minds of consumer.
Reference List


Smith, A. (2010). *Global ready-to-drink (RTD) and ready-to-serve (RTS) market review*. Worcestershire: Aroq Limited and The IWSR.


Appendix 1

Abbreviations and Acronyms

abbr. abbreviated, abbreviation
app. appendix
ca. circa, about, approximately
cf. confer, compare
ed. edition, editor, edited by
e.g. exempli gratia, for example
esp. especially
et al. et alii or et alia, and others
etc. et cetera, and so forth
ex. Example
excl. exclusively
FAB flavoured alcoholic beverage
fig. figure
ff. and following
ibid. ibidem, in the same place
i.e. id est, that is
incl. inclusively
l. (pl. ll.) line
n.b. nota bene, take careful note
n.d. no date
no. Number
p. page
p.r.t. pro rata temporis, over time
PR Public Relations
PS postscriptum, postscript
RTD ready to drink
RTS ready to serve
sup. supra, above
UK United Kingdom
URL uniform resource locator
vol. volume
vs. versus
Appendix 2

Print ads

Appealing to an imaginative audience, for as the words can be read in as many as 6 different ways; The different Dark Sun versions are on display in combination with the nightlife of a vibrant city (Taipei) a probably attractive female. © by Alex Mattakathu

For the socialiser and party-seeker. Copyright for pictures (except Cans) not held by Alex Mattakathu.