



**Marketing 494**  
**Case Study**  
**Crush**

Julianne Page  
Faye Gloriani  
Renee Boonchoo  
Derek Zellmer

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## **Target Market**

- Orange Crush was invented by J.M. Thompson in 1906 and perfected in 1916 by C.J. Howell.
  - First flavor introduced by the “Crush” company.
- Cadbury Schweppes PLC acquired Crush from P&G in 1989.
- Continued to excel through consistent marketing investments and brand name extensions.
  - Tonic, ginger ale, club soda, seltzer.
  - Acquired Canada Dry, Sunkist, Gini, Crush, and additional soft drink brands in Spain, Portugal.
- Orange Crush is currently marketed through Texas-based Cadbury Schweppes Americas Beverages.
  - The largest non-cola enterprise in America.
  - Largest beverage subsidiary to be based out of London’s Cadbury Schweppes PLC. Is now the world’s third largest soft drink marketer behind Coca-Cola and PepsiCo.

## Market/Competitive Analysis

- Crush’s main U.S. competitors
  - Coca-Cola
    - World’s largest beverage manufacturer.
    - Offers 400 brands in 200 countries.
    - Manages Minute Maid Orange brand
      - Emphasized “orange” flavor.
      - Targeted young adults and households without any children.

- PepsiCo
  - Also manages Frito-Lay, Quaker Oats, Tropicana, Gatorade, and SoBe.
  - Formed partnerships with Starbucks, Ben & Jerry's, Dole, and Lipton Original Iced Tea.
  - Manages Mandarin Orange Slice
    - Like Coca-Cola, PepsiCo targeted young adults and households without any children.
- Cadbury Beverages, Inc.
  - Along with owning Crush, the company is also the successor to Dr. Pepper/7up, Mott, and Snapple.
  - Manages Sunkist
    - Targeted teens and focused on their lifestyle.
- SWOT
  - Strengths:
    - High quality product.
    - Unique bottling/packaging methods.
    - Very strong brand presence.
    - Good values and reputation.
    - Extensive brand line, which includes Lemon Crush and Lime Crush.
  - Weaknesses:
    - Limited availability.
    - New generation not familiar with product.
    - Overshadowed by strong competitors in the soft drink industry.

- Priced higher than its competitors.
- Opportunities:
  - Reinvent and re-launch the Crush brand to fit with today's market.
  - Opportunity for growth.
  - Reach Generation X and Y (already familiar with brand), and expand into Generation me.
- Threats:
  - Competition from more established and successful companies.
  - Competing with other companies with much lower prices.

#### Define market

- Demographics
  - Age range:
    - Regular soda: Teens, 13-29 years old
    - Diet soda: 25 years and up
  - Education: Middle School and High School graduates
  - Household income: \$40,000-\$180,000
  - Marital Status: Married with children
  - Family size: 3+
  - Geographic location: Suburban households, East South Central states (had the highest per capita consumption rate), and major metropolitan cities.
  - Gender: Male and Female

- Behavior profile
  - Our consumers are social, outgoing, and prefer quality to price. Our users will be ex-users, potential users, and first-time users, which will eventually turn into regular users of the Crush brand.
  - Crush is seeking medium to heavy users, hard-core loyals, and spilt loyals.

## Segmentation

- Concentrated Strategy
  - Because Crush is a smaller brand compared to its competitors, it will concentrate on marketing to its core target of teens.
  - Crush hopes to be the leading brand in the teen market, thus achieving a strong presence in the lifestyle with its fun and edgy branding.
  - Crush will be able to specialize in promotions by age and lifestyle.
    - Internet ads differ in age range.
    - Billboards and television ads will be family-friendly.
- Attack Strategy
  - Guerilla Warfare
    - In order to secure permanent foothold, Crush will implement guerilla warfare.
      - Different promotional techniques as well as unique branding and higher price point.
      - Participate in unique (monster truck rallies) and local events (sports and charities).
  - VALS

- Crush targets the Achievers, Experiencers, and Strivers in the VALS Segmentation System.
  - Achievers: Focus on family and often choose premium products.
    - Compared to other orange soft drinks, Crush is of better quality and is extremely family-friendly.
  - Experiencers: Young and adventurous who seek excitement in life.
    - With its edgy and fun branding, Crush will definitely appeal to the Experiencers.
  - Strivers: Trendy and likes to emulate the purchases of those who are wealthier than them.
    - Because Crush is re-launching their brand, the Strivers will be the first to jump onto the “new trend” of drinking Crush.

#### Market potential

- To obtain their potential market, Crush will continue to exert quality and exemplify its edgy, adventurous, and fun loving nature. By reaching out to its new market of Generation me and reminding Generation X and Y why Crush is still successful today will definitely create the opportunity for Crush to become bigger and better than before.

#### Market Share in the Orange Soda Industry

- Crush’s market share
  - 7.5%
- Main U.S. competitors
  - Orange Slice (marketed by PepsiCo, also the category leader)

- Market share of 20.8%
  - Minute Maid Orange (marketed by Coca-Cola)
    - Market share of 14%
  - Sunkist (Cadbury's own brand)
    - Market share of 14.4%
  - Other brands
    - Market share of 43.3%.
- The major competitors sold both regular and diet varieties of orange-flavored drinks.
  - Like Cadbury Schweppes, each company also manages a slew of other competitive brands as well.

## **Product strategies**

### Product classification

- Orange Crush is an orange-flavored soft drink that has become popular and widely available throughout the US, making it a consumer good.

### Differentiation

- Competitive taste superiority
  - 10% real juice included in Orange Crush

### Positioning

- Points-of-parity (POPs)
- Attract more of the diet segment of orange soda drinkers
- Re-introduce it to those who may have forgotten about it

### Packaging

- Make soda available in bottles and cans of various sizes



- Bottles: 20 and 24 fluid oz.
- Cans: 8 and 12 fluid oz.
  - Different sizes will appeal to more people and satisfy everyone's different levels of thirst
- For bottles, go back to the 1959 bottle shape
  - Its unique shape will stand out from the other bottled sodas, capturing the attention of consumers

#### Logos/trademarks/slogans

- Stick with current Crush logo
  - Vibrant colors already stand out from competitors
  - Sticking with the original logo with the re-launch will help refresh consumers' memories about the product
  - Update orange slice trademark
  - Place holograms in the orange slices to create a fun feel towards the product
- Slogan
  - "Crush Your Thirst"
    - Correlates with the logo, brand name, and product
    - Gives the product a thirst-quenching image

#### Line strategies

- Look into establishing tropical fruit flavored beverages
  - Follow the trend

- Having more flavors available will help consumers become more familiar with the brand, increasing brand awareness

#### Brand strategies

- Make sure Orange Crush does not directly compete with Sunkist
  - Be sure to position it so Orange Crush captures the larger market share of orange soda drinkers
- Keeping the product premium
  - A higher price implies a higher quality product

#### Product/market strategies

- Product
  - Its great taste and thirst-quenching benefits will appeal to those who value quality in their product
  - Unique packaging will improve the overall impression of Orange Crush
- Price
  - List Orange Crush's price just above the competitors
  - A higher price will lead to a perception in higher quality
  - Channel discounts
    - Cash discount
    - Quantity discount
    - Functional discount
    - Seasonal discount
    - Allowance

- Place
  - Make Orange Crush available through grocery and liquor stores, wholesalers, specialty drink markets, and general stores
  - Have it displayed on shelves at stores so consumers can see it and become familiar with the brand once again
  - Usage of vertical channels
- Promotion
  - Channel promotions
    - Radio
    - Print ads
    - Coupons
    - Internet
  - Direct marketing
    - Coupons
    - Crush magnets
  - Public relations
  - Personal selling

#### Product life cycle and strategies

- Product re-launch
  - Introduction stage
    - Focus on those who are most ready to buy
    - Build product awareness by increasing advertising through:
      - Radio

- Magazine
- Internet
- Billboards
- Television ads

## **Price strategies**

### Price objectives

- Product-quality leadership
- Perceived value pricing strategy
- Position Crush's price just above the competition
- Keep the price high enough, but not out of the consumers reach
- Use the Crush brand as a product quality leader, while using the Sunkist brand to maximize product share.

### Price range/price point:

- Crush will be positioned above the competitors
- A higher price point will result in a perception of quality in the brand
- Crush will be positioned above its sister brand Sunkist
  - Position Crush above its competitors:
  - Crush has a premium brand name, therefore; it is wise to position Crush as a product quality leader rather than a market leader.
  - Sunkist, Crush's sister brand will take the role of competing through market share

- Since Cadbury Beverages owns both brands, Sunkist and Crush they need to position Crush separately from Sunkist. Doing this will enable Cadbury beverages to utilize both brands, without cannibalizing the Crush brand.

Factors affecting price:

- Packaging
- Perceived value
- Product quality
- Price sensitivity
- Fix cost/overhead
  - Variable costs
  - Total costs
  - Average cost
- The pricing structure:
  - Geographic demand and costs
  - Market segment requirements
  - Purchased timing
  - Or levels
  - Delivery frequency
  - Guarantees
  - Service contracts

Elasticity of demand/breakeven:

- The soft drink market is fairly inelastic, therefore; Crush will be able to price its product slightly above the competition
- If crushed prices its product to high, then there is a noticeable difference in the market and the market becomes more elastic
- Crush wants to be a product quality leader, so they must price their product just above the competition rather than on the lower end of the range
- If Crush was on the lower end of the range, they would be implementing a value pricing strategy rather than a perceived value pricing strategy
- Breakeven:
  - Approximately 126 million cases of orange flavored soft drinks are sold nearly
  - Crushed currently holds 7.5% market share
  - This would make crushes annual sales approximately 9.45 million cases assuming crush has a fixed cost of \$2.5 million
  - Crushes breakeven point would be approximately 3.5 million cases

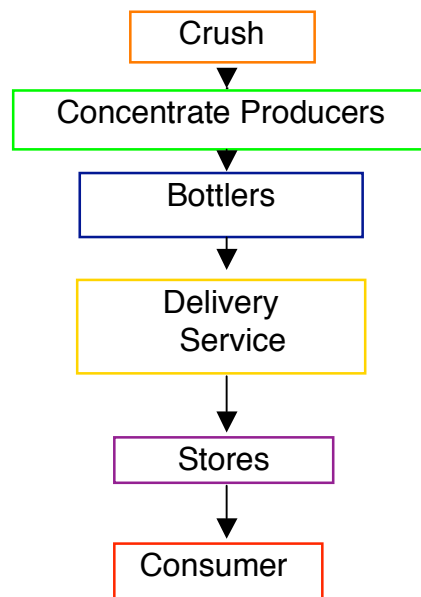
#### Channel Discounts:

- Cash Discount: crush can offer a price reduction to buyers pay those probably, for example, “2/10, net 30.”
- Quantity discount: Crush can offer a price reduction to those who by in large volumes, for example, “\$10 per unit for less discount of 100 units; \$9 per unit for 100 or more units.”
- Functional discount: will be given to retailers to will support the crush brand and duping store promotions.

- Seasonal discount: Crush can offer a seasonal discount to buyers in the slow season like winter.
- Allowance: Promotional allowance can be given to the dealer for supporting advertising and sales programs for Crush.

## **Distribution Strategies**

- Channel Definition
  - To push Crush through the network of concentrate producers to the bottlers and then acquiring sales at the store level to get Crush on the shelves



Types of Channels:

- Grocery stores
- Liquor stores

- Wholesalers
- Specialty drink markets
- General stores

Channel Criteria:

- There are many choices for channels that Crush can pick to send its product through
- Since Crush is going for the product quality leadership, the store end would be best
- Crush would like to make this their premium product
- Crush soda will be readily available to the customer through the grocery stores, liquor stores, specialty drink market, and wholesalers
- Making crush readily available at the stores will enable Crush to be seen and become a popular soda again

- Channel Members

- Grocery Stores/Drug Stores:

- Ralph's
- Albertsons
- Pavilions, Vons, Safeway
- Stater Bros.
- Sav-On
- Longs Drugs
- CVS
- Walgreens

- Wholesalers:

- Costco



- Sam's Club
- Specialty Markets:
  - Bev-Mo
  - General stores
- Liquor Stores/Convenience Stores:
  - 7-11
  - AM/PM
  - Corner mom and pop markets

Degree of Distribution:

- Intensive strategy would work well for Crush
- Crush needs to get its products on the shelf of the stores so the consumers can see it
- Send the product to the stores that already carry Cadbury products
- This will make the Crush name more competitive
- If the product is too hard to find people can buy it

Supply Chain:

- Cadbury Beverages will work with its bottlers to make the Crush brand readily available
- Work with concentrate producers to make sure that the product is produced efficiently and effectively
- If needed addition of more concentrate producers and regional bottlers to make the trip from the warehouse to the market shorter
- Working with the delivery services to get the Crush brand on trucks with existing Cadbury products

- Build relationships with the concentrate producers, bottlers, delivery services, and stores to make sure that the product is arriving on time in the desired quantity
- Controlling the supply chain will make Crush a reliable and trustworthy brand

Channel integration:

- Crush will have to create a smooth transition from the concentrate producers to the bottlers to getting the product on the shelves
- An integration of these channels are critical to making sales
- Convincing the buyers that the product will sell and will be readily available to the customers at any given time
- Use vertical channels to move the product smoothly and efficiently
- Use existing accounts to confirm the validity of the channel and support the re-launch of the Crush brand

### **Promotion Strategies**

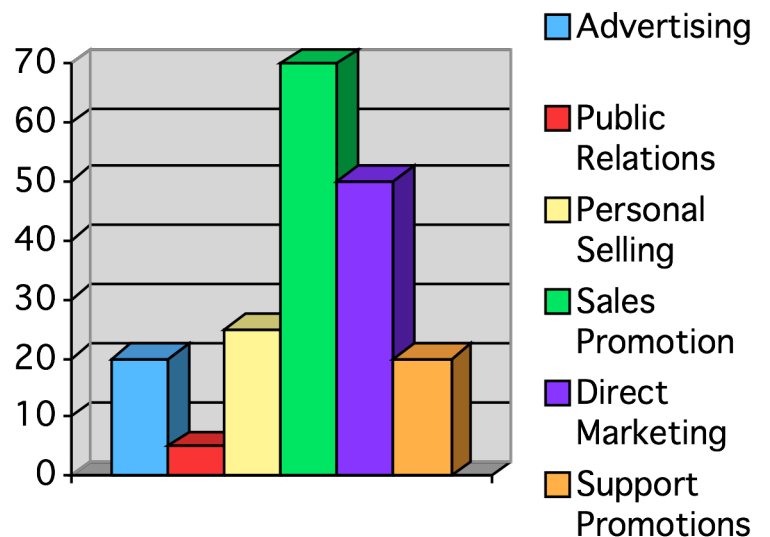
Promotional Mix:

- Advertising- 20%
- Public Relations-5%
- Personal Selling-25%
- Sales Promotion- 70%
  - Direct Marketing- 50%
  - Support promotions- 20%

Twenty percent of the promotional mix budget is allocated to advertising to begin rebuilding brand equity. The Crush image will be further supported by the budget with 5% in public relations, and 20% in Support Promotions. Personal selling comprises of an additional

25% to encourage retailers to push our convenience product at consumers, making it a product that is more noticeable and accessible. Sales Promotion consists of the remaining 70% of the promotions budget. Fifty percent of direct marketing is necessary to compete against other substitute products in our homogeneous market.

Advertising	20%
Public Relations	5%
Personal Selling	25%
Sales Promotion	70%
Direct Marketing	50%
Support Promotions	20%



#### Promotional Objectives:

- Stimulate short term rises in purchases and profits.
- Create long term brand equity.
- Increase brand loyalty from 46% to 70% on year 2008.
- Want to increase sales of cans from 41% to 45%
- Want to increase bottler involvement by 15%

#### Channel Promotion:

- Radio
  - At some point every day more than 7 million Americans are listening to Internet radio (Savenetradio.org). Crush can advertise its support for the Internet radio with

short YouTube clips that can be played when entering/transitioning between stations.  
Crush will help the cause (saving customized internet radio stations).

- Print Ads
  - Few print ads will be made due to the growing cost, and lowering efficiency. Crush will focus on publicizing itself through more family-oriented point-of-sale magazines: Life, Oprah, Reader's Digest
- Coupons
  - Put links to online coupons in print ads, billboards, and homepage. The coupons will be attached to short ad clips, exemplifying the Crush brand image. The coupon codes will be good for up to one week after seeing the advertisement and printing the code; after that, the customer would have to watch another ad, and reprint the coupon. This will be marketing directly to our consumers, and reinforce our brand image to our loyalists, to hopefully also spur W.O.M, and pull the consumers into the store.
- Internet
  - Have games separated by age/experience with the computer- All of the levels will have different levels of prizes: coupons, free drinks, free cross-promotions of other Cadbury foods, gift baskets of Cadbury merchandise to serve as an incentive for customers to continue playing and interacting with Crush.
  - Ages 13-16: action-oriented activities such as having a Crush bottle literally crushing competition (non-brand bottles).
  - Ages 17-19: intellectual stimulation with action such as needing to learn key attributes of the Crush environment (“Orangeliscious”), new ways to defeat

competition (run, drench, gulp, crush, collide), and levels that increase with intensity at every level

- Ages 20-24: games such as quizzes, cross-word puzzles, and Connect-Four that will ask questions regarding fads and trends of the time (Where are the next Olympics games going to be held? What two chemicals combine to form what we call water?)
- Ages 25-29: games such as Memory, and Clue to engage the adults in learning that is more interesting to them (Oranges were used to prevent scurvy on what great voyage?)
- Fun Facts/Comments about Crush
- allow consumers to leave public (proofed) comments of Crush, and the role/reaction it had on events (families)
- Billboards
  - Advertise the intensity of the drink, co-brand with upcoming family movies/activities, and broadcast the site for consumers to log in to play Crush games and learn more about Crush (promotions/activities, donations, co-branding advertisements).

### Creative Appeal

- Rational Appeal: Crush is intense, fun, and has a way of telling consumers that they are recognized; Crush is something spectacularly different from other drinks: it delivers a more caring message to others.

- Objective Appeal: Crush is widely accepted, easy to acquire, and has high quality (tastes great, and is better for you because it is sugar-free and made with real juice) for a low cost.
  - Headline- “Crush; it’s a good thing”– delivers emotion, identification with the consumer, and a development of the idea of giving a crush as a form of a good deed.
  - Color- eye-catching and wild: a combination of orange, green and a vibrant yellow (to keep from edging away from any color-sensitive consumers)
    - orange- loud, energetic, in-your-face
    - green- friendly, pro-nature, alive, vibrantly healthy
    - Yellow- accentuates orange; a good color balance between green and orange, ties in old brand image with the new. Keeps Crush recognizable to older consumers.

#### Media Schedule

- please see figure 1-A

#### Advertising

- Action-oriented advertisements; co-sponsors/brands with other activity-oriented brands (action family movies such as the Fantastic Four, or activities Big Bear Camping trips may also include showing recycling/donations/educational classes.
- This is to start Crush’s family/environmentally conscious brand identity, as well as give consumers more ties to remember the Crush brand, and objective reasons to buy Crush (like Under the Sea Tuna-dolphin safe)
- Radio

- Target top radio stations around the U.S. (Southern Californian region would be 102.7 KIIS fm, and 98.7 Star fm.) When the music trend changes by regions the stations will adapt, and the advertisements will be adapted to fit that region.
  - By hitting this top radio stations such as KIIS fm Crush will be able to hit the majority of its market with one channel.
- Magazines
  - These magazines are also the type of magazines people pick up on the way out, a habit Crush is looking for in many of its newly acquired consumers.
  - Top family-oriented magazines, and young adult magazines
- Internet
  - Games will be tied to sites that kids and young adults frequent often: yahoo mail, Google searches, YouTube, MySpace, Facebook, Second Life, Life (magazine) homepage.
- Billboards
  - Placement on high-traffic areas such as freeways, preferably near to activity family sites (Boomers, Ice Skating Rinks, bumper cars/ going around the tracks)
- Television Ads
  - Appear as sponsors to other family activities such as movies, theme parks, and environmentally conscious activities such as “Clean the beach” day, “recycle” “School is Cool” “Anti-drug ads”

#### Sales Promotions:

Gain short term sales response, tempt non-loyals to prefer our brand, reward loyals, with the hopes of gaining some long-term consumers.

- Consumer Promotion
  - Coupons are available online for up to 50% off marked value of cases of Crush (regular price), to free sample 14 oz bottles of Crush.
  - Have a contest for which teams of consumers can register to get a free mannequin to decorate/dress as the embodiment of what Crush does for them. The mannequins will be posted online, voted on by Crush official judges (each of whom wrote excerpts of “about me” blogs), and the general public. The top winners will have a commercial made, featuring their mannequins. All proceeds are donated to a good cause.
- Trade Promotion
  - Coolers are given to stock Crush in; free promo. collectable magnets can be put on the outside of the machine for consumers to take, as an incentive to go back to those particular retailers of Crush (most-likely smaller stores).

#### Personal Selling

- Focus on B2B as far as pushing the sale of Crush
- Focus on B2C to pull the consumer to the product through advertising
- Coupons help acquire new brand-switching customers, to make people more likely to buy Crush in the future.
- Prizes (vacations for a sales person’s family (max. of 4 people) are given to the top sellers of Crush.
- For every 1% increase in store sales, there will be a .01% off selling price. This should help encourage bottlers to risk short term loss for long term gain in production. The retailers will be pressured to keep Crush well-stocked, and Crush’s sales will go up, which increases overall profits, covering the discounted price. Everyone benefits.



## Public Relations

Crush will try to minimize money spent, and rely mostly on word-of-mouth, and free media advertising (news reports)

- Product publicity
  - Crush representatives go to activity centers to hand out free cans of Crush
    - parks: skate, grass, playgrounds, beach
  - Videos of “real life” Crush consumers/active families and people are put on our Internet home page- to exemplify the Crush lifestyle, gain support, and acceptance through non-paid media.

## Direct Marketing

- Coupons are distributed through the Sunday paper, with small ads.
- Crush magnets, and updates on local Crush sponsored events will be posted
  - Try to work through the sponsored groups, to mention Crush in print in exchange for Crush’s support
- Crush can help plan requested family events for active groups

## Support Promotion

- Sponsor local teams (go-carts, bike, swim, etc)
- Monster truck competitions
- Local competitions (for good causes): cancer, leukemia, education, special needs

## Budget:

- Total expenditures on advertising for Broadcast and Print Media in 1989: 1,853,600 (Regular and Diet versions).
  - allocate percentages to each division of current promotion expenditures

Advertising	20%	\$ 370,720
Public Relations	5%	\$ 92,680
Personal Selling	25%	\$ 463,400
Sales Promotion	70%	\$ 1,297,520
Direct Marketing	50%	\$ 926,800

**Media Schedule**  
**Crush**  
**Fig. 1-A**

	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Advertising</b>												
Radio		■		■		■		■		■		■
Magazines	■	■			■				■			
Internet	■											
Billboards	■				■				■			
Television			■				■					■
<b>Promotions</b>												
Consumer Promo. (coupons)			■				■					■
Trade Promo. (trade discounts)	■											
Support Promo. (donations)	■											
Public Relations	■											