

vitaminwater Collegiate Case Competition

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Executive Summary

vitaminwater has been a revolutionary beverage product ever since J. Darius Bikoff decided he needed a pick-me-up before his yoga class. Unsatisfied with having to take his vitamin C and drink his mineral water separately, Bikoff changed the beverage industry forever. He developed one of the first vitamin enhanced waters, which has grown into gaceau's **vitaminwater** brand ("vitaminwater Canada").

While the **vitaminwater** brand has grown in size and strength over the years, the newest challenge the brand is tackling is penetrating the 18 to 24 year-old age market. While **vitaminwater** is currently performing well in marketing to 30 to 39 year-olds, the brand does not generate enough interest among the younger generation. The challenge **vitaminwater** faces is to engage the 18 to 24 year-old market in order to drive brand awareness and sales, while making sure not to lose the support of any loyal 30 to 39 year-old fans. In order to accomplish this, we suggest that **vitaminwater** continue to execute its current marketing strategy for the 30 to 39 year-old market, and focus on the newest addition to the **vitaminwater** family, **vitaminwater energy**, for the 18 to 24 year-old market.

We believe that **vitaminwater energy** is a step toward the future of the **vitaminwater** brand. It is an on-the-go and healthy solution to fulfill anyone's energy needs, but it may particularly resonate with 18 to 24 year-olds. They represent a large market for this beverage, because whether working or studying, this age group is always on the go and in need of an energy boost to fuel their active lifestyles. Young adults are concerned with conveniently getting the energy they need throughout the day, while at the same time not compromising their health, which **vitaminwater** can provide.

The first step in the plan to penetrating the younger market is to change the packaging design for the **vitaminwater energy** beverages, in order to promote a healthier image. Another big change in packaging is the addition of charitable causes. **vitaminwater energy** will be donating 10 percent of their proceeds to a cause, and this will be highlighted on their packaging. **vitaminwater energy** beverages will be donating a portion of its sales to support parent company Coca-Cola's causes: women, water, well-being, and education. **vitaminwater** will be able to incorporate their fun, quirky style into descriptions when describing the charity they will be donating to. The cans will promote this, giving customers incentive to buy the product, as they are not only buying themselves energy, but also helping those in need.

The distribution methods **vitaminwater** currently utilizes will also be receiving major overhaul. We plan on targeting college students directly, through the use of vehicles that would distribute the energy cans, partnering with large marketing companies that are experienced in the college market like Fluent, and getting as many people to taste the energy beverages as possible. This strategy will spread the brand name across college campuses, something the brand currently lacks. Following this initial distribution

strategy, **vitaminwater** will need to be easily accessible to students. **vitaminwater** energy needs to be available to students easily as convenience is often a determining factor if college students make purchases or not. Other options are to have the beverages available through order, where they would be bought through subscription, and **vitaminwater** energy in vending machines. The goal is to highly increase the level of availability of the beverages themselves.

We believe that **vitaminwater** should also take steps to get its name attached to large events that have mass appeal to consumers in the 18 to 24 year-old demographic. An example of this is sponsoring a spring break trip. The excitement of spring break would be a perfect way to highlight the energy beverage **vitaminwater** offers, as part of the joy that comes with the experience of spring break, staying up much too late and making every minute count.

In addition to the spring break promotion, other marketing promotions should be used by **vitaminwater** to promote its new energy beverage. The brand **vitaminwater** should make an effort to raise awareness of its products through media that college students are currently consuming. For instance, online news sites such as Her Campus. Other promotions, such as concerts focused specifically on the energy beverage, and new hashtags should be employed to focus on the energy beverage, and the new hashtags should bring focus to the philanthropic aspect of the energy cans as well as what energy can make.

The biggest reasons for changes in prices are due to the fact that **vitaminwater** will now be giving back a share of profits for each can sold. The bottles will still remain competitive in the market, but there will be a small increase in price in order to assure that **vitaminwater** energy can still maintain its profit margin, while at the same time not alienating current customers. We also plan on offering promotional pricing while the energy beverage is still relatively new, so more people, especially college students who lack large disposable incomes, will be willing to purchase the beverage to try it.

Overall through these strategies, changes, and promotions, **vitaminwater** will be able to become a staple beverage for college students across America. While making sure not to alienate the current target market, **vitaminwater** should expand its new energy beverage to capture the 18 to 24 year-old demographic, adding a new major source of revenue stream to the **vitaminwater** brand.

Consumer Segmentation

At this point in time, **vitaminwater** caters its products towards two American demographics: the 18 to 24 year-olds, and the 30 to 39 year-olds. The 18 to 24 year-old segment consists of teenagers and young adults, and catering to them will be especially important to keep them as long-term customers. By building loyalty at a young age, sales will continue for many years. The 30 to 39 year-old age group currently consists of

the loyal consumers who were introduced to **vitaminwater** in their youth, yet are also important because they represent a large portion of our current customer base.

Furthermore, to increase brand relevance and preference among young adults while still satisfying the needs of the older customers, **vitaminwater** will now be directed towards both age brackets' joint need for retained focus. For the targeted individuals in the noted specified ages, the main concern is either with education or work, and both require a high amount of focus and energy; **vitaminwater** energy provides a healthy solution to this need. Although consumer needs and preferences may evolve, the focus and energy that is required for education and work will always be a necessity. So, we will work towards targeting both age groups, but specifically the ones currently working and/or in academia. Our reason for targeting these fields in particular is because there is currently a lack of attention directed at them specifically. Most energy beverages are advertised for energy purposes, and use athletic activities as the motivator. Conversely, **vitaminwater** energy will be advertised for energy and focus purposes, while advertising our product with the assistance of relatable people. More on this will be discussed in the marketing strategies.

Now, our process of segmenting and narrowing down to a specific target market will be discussed (Figure 1 in Appendices). As aforementioned, our target market consists of people between the ages of 18 to 24 and 30 to 39 that are working and/or are in academia and are also located in the United States. People within these age brackets that we want to attract, although we are not limited to them, are college students, and employees that work for companies that are based around fluctuating hours, such as law firms and technology companies. These individuals that have heavy workloads at arbitrary hours and have resulting fluctuating sleeping patterns use substances and beverages to help their body cope and remain focused. However, these caffeinated beverages, such as coffee and Red Bull, are simply known to give energy boosts and are not meant for overconsumption and keeping the body awake for extended periods. **vitaminwater** can be the product that assumes this position.

With the target market being defined, the estimated population can be determined. In order to do so, statistics will be used, such as the population of each age bracket in the United States, the employment-population ratio for the United States, and the amount of American people in academia. According to the United States Census Bureau, as of 2010, there are 30,672,088 people between the ages of 18 and 24, and there are 40,141,741 Americans between the ages of 30 and 39 (Howden, Age and Sex Composition: 2010). This means that **vitaminwater**'s segments represent a population of roughly 71 million people. Although all of these people can be targeted, we have narrowed down to the individuals that are working and/or in academia. Correspondingly, it is worthy to note that, as stated by the United States Department of Labor, the Employment-Population Ratio for Americans over the age of 16 is 59.2% of the American population, which represents about 187 million American people (Bureau of Labor Statistics Databases). Moreover, according to the United States Census Bureau, roughly 80 million people, who represent a fifth of the entire American population, are

currently in academia (School Enrollment). With the use of all of these statistics, including the fact that there are more than 309 million people in the United States as of 2010, the estimated population of our target market is 61 million people (Howden, Age and Sex Composition: 2010). So, keeping in mind that **vitaminwater** energy is a relatively new beverage and its popularity is stagnant at the moment, we estimate that we will reach about 8 million unique users from our target market in the first year.

In sum, **vitaminwater** energy will be targeting the need for retained focus among the individuals in the two age brackets that we will target in the United States. If people need to pull all-nighters or simply need more focus, **vitaminwater** energy can be the premium caffeinated beverage to satisfy this need. It will be a natural energy beverage that can be used daily, and will give people the healthy boost their bodies can take.

Product Positioning

The **vitaminwater** brand has been a staple in the beverage industry since the early 2000s due to its positioning in the marketplace. The product has appealed to a large number of consumers, but currently finds itself at a loss for how to communicate with the 18 to 24 year-old customer. This is partially due to the current state of the **vitaminwater** brand.

The original core **vitaminwater** customer was maturing into adulthood when the brand initially began to find its footing. **vitaminwater** was able to fluctuate and be fluid with the brand's identity, because it was so different from everything on the market at the time. The product went from a water alternative in its inception, to a sports beverage, with its use of athlete spokespersons, to the product that exists now; a healthy way to hydrate a consumer's busy lifestyle.

The brand's history of positioning the beverage as a healthy, life-enhancing beverage is now fueling the fire behind critics who claim **vitaminwater's** marketing misleads consumers. In a focus group our team held with college students, subjects commonly expressed that they did not believe **vitaminwater** to be a healthy beverage. This disconnect is causing distance between the brand and its ideal customer.

The brand is currently positioned in a way that, though aimed at a younger market, is not really connecting with the target demographic. Because of the breadth of products included in the **vitaminwater** product mix, it is difficult to keep all product positioning in line with the brand. The new marketing strategy of **vitaminwater** has transitioned its focus from the healthy aspects of the beverage towards the benefits of drinking the beverage. Kevin Hart can be seen drinking a bottle of **vitaminwater** while he moves from task to task, hydrating his hustle. Now, drinking a **vitaminwater** beverage does not mean you are trying to live a healthy lifestyle, but rather that **vitaminwater** is helping you in your own exciting, busy life.

It seems that in recent years, the brand has also made attempts to become a trendier product. This can be seen in the new “pod”-shaped bottles, healthier ingredients, and introduction of an energy beverage into the product mix. However, it has yet to be seen how responsive customers are to these changes. Outcry poured out over social media when **vitaminwater** changed their formula to include stevia, rather than traditional sugars. Within months, **vitaminwater** assured customers that the beverage would return to its original formula.

This situation was a classic case of a brand thinking it knew what its customer needs were, but turned out to be very wrong. Customers did not like the new version of **vitaminwater** because it lacked a taste they were accustomed to. The natural sugars changed the way the product tasted to the extent that customers planned to never buy **vitaminwater** again. In an effort to please consumers with a healthier beverage, they sacrificed an important aspect of the appeal of the drink; the taste. There is a constant struggle within the **vitaminwater** brand between keeping with tradition or breaking away from the past.

In its infancy, **vitaminwater** packaging included witty copy about the drink, specific to the flavor. Even the beverage flavors themselves were more creative than the average drink. Instead of strawberry-lime flavor, or peach flavor, **vitaminwater** branded their beverages with names like “endurance,” “balance,” and the most popular “XXX”. Many of our focus group recalled this as one of the most memorable aspects of the product when it first gained popularity. They mentioned remembering **vitaminwater** as a status symbol, that people who drank it were drinking it because of the “cool” factor. The brand has now moved away from its inherent quirkiness and tongue-in-cheek messaging to be more professional and polished. The positioning has evolved from an eccentric beverage bought and consumed to serve as a social status marker, to a beverage with the main goal to fuel its drinker

The use of Kevin Hart as a celebrity endorser shows that the brand is committed to gaining slightly younger customers. Hart has over 40 million followers across his Twitter, Facebook, and Instagram accounts, and his fan base seems to skew towards a young adult demographic. Hart is known to show up at random places frequented by his fans. Though he is not known for being controversial, he certainly shares his opinions as he sees fit. With over 23 thousand tweets, he is a vocal spokesperson who values his influence over his fanbase. During the recent Sony hack, emails were released sent from Sony executives criticizing Hart’s request for additional payment to support one of his films on social media outside of the amount he was already being paid for the film. After the leak, Hart posted an Instagram photo showing that he supported his request for more money to promote the film on his social media accounts. Hart’s personal brand is his top priority. **vitaminwater**’s selection of Hart for their spokesperson was a daring choice. As a black male comedian, some **vitaminwater** drinkers may be confused about Hart’s association and connection with the brand. Our survey results showed that most people believed the most appropriate spokesperson for **vitaminwater** would be either an athlete or a fitness guru. Hart is neither of these. However, his well known

work ethic perfectly frames him a **vitaminwater** drinker. His personal hashtag #hustlehart even aligns itself with **vitaminwater**'s own hashtag #hydrateyourhustle. **vitaminwater**'s ads utilizing Hart attempt to show off his hustle, showing Hart moving from job to job while drinking **vitaminwater**. This association of Hart drinking **vitaminwater** while he goes about his day is the perfect exemplification of how to differentiate **vitaminwater** from other products in the Coca-Cola product mix.

The conflict that arises as a result of **vitaminwater**'s drastic rebranding is its role within the Coca-Cola brand group. This group is full of classic products, such as Coke, Barq's Root Beer, Sprite, and hundreds more. Coca-Cola is the quintessential "American" brand. It is connotated with tradition, honesty, and family values. Consumers accept and desire many products in the Coca-Cola product mix, regardless of their nutritional value. **vitaminwater** is an interesting addition to this mix because although it was originally marketed as a healthy water alternative, now the product is positioned has changed to focus on the other, non-health related benefits of the beverage.

Fortunately, until the recent legal action against the beverage's packaging, **vitaminwater** has held positive, healthy connotations for most of the public. A flavored water beverage is commonplace in today's market, and **vitaminwater** has been around for long enough that it is trusted by the large majority of consumers, and recognized by all. In a survey our group conducted, 100% of respondents had heard of **vitaminwater**.

Through our research, we discovered that most consumers are not aware who **vitaminwater**'s parent company is. We believe this is to **vitaminwater**'s advantage. The **vitaminwater** brand can be daring in their marketing, and try revolutionary ideas in an attempt to entice the young consumer, without risk of tarnishing the Coca-Cola name.

Obviously, the goals of the Coca-Cola brand differ from those of the **vitaminwater**. It is a major concern that **vitaminwater**'s products are somewhat similar to others in the Coca-Cola product mix. Powerade and **smartwater** were both identified as top competitors of **vitaminwater** in a survey our group conducted. The original positioning of **vitaminwater** as a sports beverage and use of athletes as its spokespeople have led to an athletic connotation for the **vitaminwater** brand that continues today. Gatorade was thought to be the biggest competitor of **vitaminwater**, according to survey respondents. This shows a real disconnect between how Coca-Cola is positioning **vitaminwater**, and the actual opinion the average consumer. As part of the **vitaminwater** rebranding, the beverage needs to be positioned in a way that establishes **vitaminwater** is not meant to be drank while performing athletic activities.

If **vitaminwater** brands itself as a sports beverage, it runs the risk of cannibalizing sales from Coca Cola's Powerade and **smartwater**. This is an unfavorable possibility for Coca-Cola. By having similar drinks in its product mix, Coke navigates this issue day in and day out. It is important **vitaminwater** move away from the athletic connotations it currently holds. The brand should strategically avoid any allusions to sports in its marketing strategy. Selecting a spokesperson that is known for their active, but not

necessarily athletic lifestyle would help move the brand in this direction. Kevin Hart was a strong pick to kick off the rebranding because of his existing connection with “the hustle”, but as the brand matures and moves away from the use of “hustle”, another spokesperson with a wider mass appeal would be the wiser choice.

This need for appeal to a mass audience extends past the brand’s choice of spokesperson. Currently, the social media accounts of **vitaminwater** all seem to focus on #uncapped events, emerging musical artists, and an overall attempt to associate **vitaminwater** with “the next big thing”. Though this tactic does a good job of increasing interest in **vitaminwater** amongst the 18-24 year old crowd, it also alienates a large part of this audience. The brand must walk a fine line between seeming cool, and seeming too cool. Consumers are used to associating products with well-known figures and celebrities. Product placements and endorsements are part of daily life. Consumers are not used to relatively unknown artists being representative of a brand that has been popular for over a decade.

Competitive Analysis

In research found through Compete.com, a competitive website data tool, it was found that out of its main competitors in its current designated category of “ingredient-enhanced water beverages” (competitors including SoBe, Sparkling Ice, and Propel), **vitaminwater** is generally in the middle of the pack, as there is a lot of fluctuation in volume of visits among the competition. However, in the scheme of things, this market is not attracting large volumes of visitors, with the largest being just over 50,000 unique visitors last October by SoBe. In terms of creating brand value and following online, especially with a younger, college-age demographic, attracting a larger volume of visitors may be based around brand image.

Demographic data for most of these competitors is not available, due to small sample size, however, we did find that SoBe does have a higher percentage of their audience in the target age range in which **vitaminwater** intends to expand its business (18 to 24 year-olds), with 33.1 percent of their total users belonging to this demographic, versus 19.4 percent of **vitaminwater** users. When instead comparing **vitaminwater** to energy drinks, like Redbull and Monster, Monster had nearly 10 times more traffic than **vitaminwater**, and Redbull had more than 80 times the traffic of **vitaminwater**. This is key, because the volume of visitors shows that they have a large share of voice in **vitaminwater**’s intended market. Moving forward, adopting similar site structure, key words, and marketing strategies to these companies would allow **vitaminwater** to grow into this space and attract more of a college-age demographic, and a larger volume of visitors.

Sysomos, a social listening tool, showed insights into the amount of social mentions, their sentiment, and the demographic of the mentioners. In comparing Red Bull and **vitaminwater**, Red Bull got more than 1.3 million mentions across blogs, forums, Twitter, and news over the past 3 months, as compared to around 30,000 for

vitaminwater. The demographics of the mentioners pointed more towards a younger, male demographic for Red Bull, and slightly less Twitter-centric (93 percent of mentions for **vitaminwater** were on Twitter versus 83 percent for Red Bull). **vitaminwater** did however see one percent more positive sentiment.

Product

The product that we wish to focus our marketing efforts on is **vitaminwater**'s current energy beverage line, **vitaminwater** energy. We believe that focusing on **vitaminwater**'s energy beverage line is the best strategy for **vitaminwater** to take in order to target the 18 to 24 year-old demographic, as results from the survey Food Service Network took showed that 30 percent of adolescents said they drink energy beverages, with 8 percent of young people drinking at least one beverage per week (Zuraw). Using research gathered on college students and their relationship with caffeine, we also determined that there is a demand among college students for caffeinated beverages, a demand that **vitaminwater** could help fill. According to a study published in the U.S. National Library of Medicine, more than 60 percent of students ages 17 to 25 do not get enough sleep (Lund). There is a demand for caffeinated beverages, as according to a study published through Nutrition Journal, 51 percent of college students report using coffee or caffeinated beverages to help them in test preparation (Malinauskas). Caffeine is used in test preparation as it increases attention and consolidation of verbal memory, according to John Wiley and Sons (Adan).

We believe that **vitaminwater** will have the edge in this market due to the fact that energy beverages are generally seen as unhealthy (McNamee). **vitaminwater** will be able to capture the market of young adults that are looking for a more health-conscious way to consume caffeine. In today's world, people are not as willing to settle. They want not only energy, but healthy options as well. Young adults today are unwilling to compromise their health for their caffeine, and are looking for a way to have both.

We also plan on introducing a new flavor for the energy line: XXX (açai, blueberry, and pomegranate flavor), the current favorite of the **vitaminwater** and **vitaminwater** zero line. Currently 25 percent of sales for the XXX flavor for both the regular and zero product lines consist holds 25 percent of total sales for all beverages in each category. In addition, **vitaminwater** XXX, **vitaminwater** revive and **vitaminwater** zero squeezed are featured in the **vitaminwater** dispensers (**vitaminwater**® Dispenses). We believe that introducing an already popular flavor onto a relatively new energy line will convince people who already enjoy the flavor to try a new way to experience it. By adding some familiarity to a newer line, we would be able to catch some current consumers who love the flavor, while also expanding their horizons to the new energy beverage they might be equally as interested in.

Packaging

The first major change we will make with the packaging is the base color. Instead of having a different bright color associated with each flavor, a white background will be instated, with colors used as only an accent (APPENDIX citation needed to show concept). We believe white as a background will help correlate with the idea of a healthier option for energy. White will for starters stand out amongst the other energy cans, as popular brands like Monster Energy and Red Bull have darker cans. White is generally associated with light, goodness, and purity. White is also generally associated with doctors, hospitals, and sterility, so it is used when suggesting the safety of medical products. Black on the other hand has a negative connotation: death, evil, and pollution. It is also more aggressive when used in advertising, focusing more on the energy and less on the health (Color Wheel Pro).

We also want to change the tab on the cans. For each of the cans, the color associated with the beverage will be featured on the tab as well. For example, for the flavor berry punch, the accent color would be purple. Therefore the tab would also be purple. We believe this will help make the **vitaminwater** energy products stand out, as such a small thing can make so much of a difference. This will cohesively tie the color theme together, as **vitaminwater** has been associated with splashes of colors.

A big change that we intend to make with **vitaminwater** energy is to associate each of the flavors with a charity, in order to associate a more positive image with the **vitaminwater** brand. We plan on associating each of the four cans (the three current ones plus the new XXX flavor) with one of the charitable causes to which parent company Coca-Cola donates. The main three causes of Coca-Cola are women, water, and well-being, with education being a close fourth (The Coca-Cola Foundation). The goal is not to have a specific non-profit organization associated with each can, but rather a global problem that needs solving so that **vitaminwater** can change the specific non-profit it donates to as needed. We believe that to start, **vitaminwater**'s organizations it donates to should be ones that Coca-Cola donates to already, such as JA Worldwide, which was granted \$1,090,000 in 2013, or the Coca-Cola Africa Foundation, The Global Environment & Technology Foundation, which granted \$6,750,000 in 2013 (The Coca-Cola Foundation).

Consumers are driven by the thought, "What's in it for me." Every time someone spends money they must be doing it with a purpose in order to get some sort of item or satisfaction in return. If customers see that when they buy **vitaminwater** energy, not only are they receiving vitamins and energy, but they are also helping out the less fortunate, we believe people will be more likely to buy it. By incorporating a more direct showing of giving back, **vitaminwater** will be able to reflect a more positive image than what they have been in recent years, and people will not only feel physically good about buying **vitaminwater** energy, but also emotionally.

We also believe that in order to highlight the fact that **vitaminwater** is giving back to a different organization for each different flavor, each can should have its cause mentioned on the packaging in the **vitaminwater** style seen in years previous.

vitaminwater is known for its funny labels, such as the flavor revive saying “if you woke up with a headache, on a Ferris wheel, wearing a toga, you probably need answers,” or the flavor essential saying “maybe if mum were heavily medicated, in which case, we would not condone operating a stove or any electrical appliance” (Why I Love **vitaminwater**). We therefore intend to combine the two parts in order to emphasize not only the youthful and funny **vitaminwater** brand, but also how it is giving back to the world around it. The saying will have to do with the charity **vitaminwater** will be donating to at the moment. As the charity the specific can is donating to changes, so too will the saying. This will keep the cans constantly current, so people will be more willing to check to see whether or not the cans say something new and interesting. Overall, by emphasizing the charitable organization, while at the same time being humorous, **vitaminwater** will be able to show the new consumer base that it is youthful, while still recognizing its ability to give back.

The can’s new packaging can be seen in the appendix section of this report. The new can will have the white background, highlighted by a colored strip that represents the flavor of the can. The old can was a colored background highlighted by a black strip. We will continue to use color accents (orange, lime, pink, and purple) on the can. For starters, the word “energy” in the **vitaminwater** energy logo will be the color associated with the flavor. We feel as though the color against the white stands out much more than the white on the color as on the current packaging, which will increase awareness about the new energy line that **vitaminwater** has developed. The flavor’s name will also be highlighted in the color, to build a connection between the color and the flavor. This is replacing the plain black text on the previous cans. As previously mentioned, the tab will also be the color to make **vitaminwater** energy stand out even more. Another addition we will be making to **vitaminwater** energy’s packaging is an image of the fruits represented. We feel as though adding an image (of an orange for the orange mango beverage for example) will make the consumer feel as though they are purchasing a healthier alternative than the competing beverages, which have an artificial look to them. Overall, we are changing the packaging to have a cleaner, healthier, and more energetic look for the **vitaminwater** energy line.

Distribution

The current target market for **vitaminwater** is for people ages 30 to 39 years old, and our job is to not only come up with a way to position the brand towards people ages 18 to 24 without alienating the 30 to 39 year old demographic, but to also find the most effective way to distribute the brand to this market.

Currently **vitaminwater** is distributed through almost all of Coca-Cola’s existing channels and partnerships, which we fully plan on keeping in our new marketing plan. People of all ages know **vitaminwater** as a household brand, but getting more and more people to still buy the beverage is the challenge.

Through research we saw a few problems with what **vitaminwater** is doing with current distribution. First of all, we really want to promote the new **vitaminwater** energy brand which I did not even know existed until beginning this case competition. If **vitaminwater** wants to appeal to the younger demographic, then they must start marketing and distributing to that demographic.

During our research, it required trips to four different locations for us to find even one flavor of the new **vitaminwater** energy line. If college-age students are to be buying this product, not only does it need to be readily available to students, but also promoted to them so they are aware of what they are missing out on. Taking all of this information into consideration we formulated many ideas.

Our plan is for **vitaminwater** to attack the college market, and 18 to 24 year-olds as a whole, in a three-step plan. First, get the product to as many people as possible. Second, make the product extremely available to the market as they will want to buy after sampling it. Finally, we will add cool **vitaminwater**-sponsored events and trips to drive home the **vitaminwater** brand.

We found through research that college students are always in need of energy, which is why we are choosing the market **vitaminwater** energy. So how do we get this product to the masses? After doing research on other successful companies in the college market we decided to take a page from the books of both Red Bull and Kind bars. While this is not a necessary step, Red Bull (along with many other companies) have partnered with the largest college marketing firm in the country, Fluent ("Fluent Group"). They already have massive outreach and brand loyalty across the country and do all of the marketing for hundreds of college campuses. Our idea for **vitaminwater**, with Fluent or not, is to get large sampling cars like those of Red Bull. Whether it is a food truck or a small van, the branding on the vehicle is what is important - not just with the **vitaminwater** logo, but really promoting the new **vitaminwater** energy brand. Working in these vans will be all college students from their respective universities. We found that people are much more likely to buy things from people that they know, rather than random people trying to sell them something. There is so much content and advertisements constantly being shoved in our faces that meeting someone the same age, who goes to the same school, giving you a product for free, is much more enticing.

After surveying over 70 college students on what two major things they are always looking for, the top two answers were energy and free things. What better way to get the word out about **vitaminwater** energy than to give it out for free? These vans and ambassadors would be strategically placed where the most traffic comes through and also at times of the day where students need the most energy (late morning, 11am, 3pm, late night), which can be adjusted based on how students take to the times of day. After all of this exposure to the new product that they will love for the great flavor and energy, the students will begin to look for where they can get more of this **vitaminwater** energy.

Here enters part two of the distribution plan. **vitaminwater** energy has to be available to the market whenever they need it, somewhere very accessible, that does not require a lot of effort. We thought of multiple ways to attack this part of the plan. Number one would be to have **vitaminwater** energy in every convenience and grocery store on campus, as our research showed that most students preferred to buy beverages at the convenient store. Students love the convenience of these locations but what is more convenient than **vitaminwater** energy brought straight to their door? Online and through the college ambassadors, subscriptions could be sold to the students, where because they are committing to a bulk order they can buy the beverages at a discounted rate.

Instead of having to go out and buy this beverage (which they may be too lazy to do and **vitaminwater** loses out on that revenue), the beverage will continue to be delivered right to their door giving them the energy to go out and take on the day. Convenience is clearly important to these students, but what happens if you get all the way to class and are just so tired you cannot stay awake at all? Is your only option to go by some **vitaminwater** energy at the convenience store? Do you have any extra at home that will take twenty minutes to go get? Our solution to this problem and a quick grab and go for many students will be to put **vitaminwater** energy in vending machines. We have seen multiple Coca-Cola vending machines around campus, but we also found that most students do not recognize **vitaminwater** as a Coca-Cola brand and would walk by such a vending machine if they were looking for any **vitaminwater** beverage. After doing research we found a great new business called LeanBox. It is a business that distributes vending machines to colleges and small businesses, and we think **vitaminwater** energy would be a great fit for this machine, as LeanBox currently has beverages similar to vitainwater, but nothing with caffeine like vitaminwater energy does ("Beverages"). Whether it is LeanBox, a Coca-Cola machine, or any other kind of miscellaneous vending machine, our strategy is to get **vitaminwater** energy into as many locations as possible so it is easy accessible by the students who really need the energy.

Now that more and more people will be drinking **vitaminwater** energy, the final part of our plan is to drive the brand home and make **vitaminwater** energy a college market success. Something we think **vitaminwater** could explore in the future is possibly sponsoring college spring break and running events down at the hottest locations. JetBlue has partnered with other companies such as Mavrck, where they give exclusive deals to college students promoted by their brand. This as a great opportunity to get college students to associate the **vitaminwater** brand with their own demographic. It will be worth the cost in partnering with a travel or transportation company such as JetBlue as all college kids would love to visit an exotic location for spring break but not everyone can afford it. If there were more affordable options, or even contests on the bottles to get free trips, this would not only increase the number of customers for **vitaminwater** but also be a great way to gain valuable lifetime customers. Once students arrive to their spring break destinations, **vitaminwater** can continue to promote their brand by hosting different DJ's, having the new energy beverage line in the kids rooms, and finding other ways to brand the product to the college market. Spring break trips usually

do not contain a lot of sleeping so **vitaminwater** energy could be the fuel behind all college students at spring break, the official beverage. In each student's going away gift could be a coupon to buy more **vitaminwater** energy in order to create even more lifetime customers.

Marketing Promotion

The new **vitaminwater** energy beverage line has not had its fair share of promotion, with TV spots showing primarily XXX **vitaminwater** and the traditional line of **vitaminwater**. Our market insights show us that the 18 to 24 year-old demographic is more likely to drink energy beverages than the rest of the population. Therefore, we propose that a **vitaminwater** energy campaign become a strategy to increase popularity of the **vitaminwater** brand among young adults ages 18 to 24.

In order to better target the 18 to 24 year-old age bracket, **vitaminwater** marketing should span all forms, with a majority of funds allocated to social media engagement, inbound marketing, digital strategies (including email and web/mobile ads), and experiential marketing opportunities.

College Humor, Her Campus, BuzzFeed, parody Twitter feeds, and other entertainment content sites popular among or geared toward young adults and college students are ideal channels for reaching the desired demographic when they are most receptive to the **vitaminwater** brand. For example, Her Campus is a well-read online magazine aimed at college-aged women. It features school-specific content representing approximately 240 universities, and has national content with an even larger following. Some brands with beverage products that have recently advertised or branded content with Her Campus include neuro, Zico, Crystal Lite, Svelte, and Pepsi (Her Campus).

The quirky brand voice of **vitaminwater** aligns well with that of these content providers, which also happen to be among the most popular source of entertainment in this age demographic. On average, young adult survey respondents were neutral toward the statement "I think it's cool" when describing why they drink **vitaminwater**, while they agreed with the statements "I like the taste" and "I think it's a healthier choice than soda." This indicates that interesting, fun content relevant to young adults might be the way to go.

More branded content, like Life+Times' The Vision video series and the #uncapped concert series, specifically geared toward promoting the energy line to college students would be ideal, but some changes will be needed. The word "uncapped" is problematic in itself as it excludes the energy line from the focus (the energy beverages come in cans, which lack caps), even though energy beverages are part of the beverage sampling available. By including **vitaminwater** energy, or focusing a specific campaign on the energy beverages specifically, **vitaminwater** can be assured that they are not missing out of a potentially lucrative market.

While **vitaminwater** is not currently marketed as a sports beverage, 52 percent of survey respondents ages 18 to 24 believed the best celebrity endorsement for **vitaminwater** would come from a professional athlete or fitness guru, while only 21 percent believed the celebrity endorser should be a comedian. This indicates a potential disconnect between branding efforts done by Coca-Cola and brand perception by these consumers. We therefore believe that the spokesperson of **vitaminwater**, and specifically of **vitaminwater** energy should be modified in order to be a reflection of what the public believes the beverage to be.

Current hashtags #hydratethehustle and #uncapped seem to be successfully driving engagement on Twitter for vitaminwater as a whole, but these particular hashtags are not a great fit for promoting **vitaminwater**'s energy line. The energy line's focus should be less on hydrating and more on energizing. The current hashtag #howihustle is a better fit, and should work well with promoting the energy line, but we suggest also making energy-specific hashtags, as detailed later.

We recommend that **vitaminwater** pursue the sponsorship of spring break through a social media sweepstakes with a week-long giveaway trip to one of the most desirable spring break destinations (e.g. Cancun, Mexico) for one sorority chapter pledge class and one fraternity chapter pledge class that generates the most Facebook engagement. Greek organizations have the clout, drive, and organizational skills needed to be heard on their campuses and Facebook feeds. Partnering with a well-liked airline, such as JetBlue, would make this contest easy and not too costly. At the spring break destination, **vitaminwater** energy will be able to drive home the message with sampling, sponsored concerts and club nights, and memorable beach activities such as **vitaminwater** energy Super Soakers and dunk tanks, where the **vitaminwater** energy line will shine. Not only do students seek beverages in the hot climates that are commonly spring break destinations, they seek beverages that will give them the energy to make the best of their limited vacation time, making **vitaminwater** energy a perfect fit. When they transition back to classes, **vitaminwater** energy will become a must-have in students' weekday and weekend hydrating and energizing routines.

Event-based marketing also has the opportunity to expand to electronic dance music (EDM) concert sponsorship. The typical EDM fan is between 18 to 24 years old (Nielsen). EDM events like Electric Zoo in New York City draw crowds from all over the country. Sponsorship of Electric Zoo in particular will allow **vitaminwater** to stay true to its NYC roots, while branching into promoting alongside music genres with which it has not previously ventured.

There are also endless opportunities for augmented reality marketing with **vitaminwater** that can be pursued, which could incorporate the use of **vitaminwater**'s real-life packaging in conjunction with a mobile app. Games and features in the mobile app could be targeted toward both in-store consumers and those who have already made a purchase. Admittedly, investing in augmented reality is expensive. However, the opportunities for personalization within the marketing spectrum are huge. Augmented

reality could lead to gamification, and further integration between the social media accounts of consumers and **vitaminwater**. Augmented marketing is a relatively new vehicle, but if **vitaminwater** could find a way to separate themselves from other beverages in the category, they could launch an augmented reality campaign that would be sure to drive positive word of mouth and purchases. Pepsi used augmented reality early in 2014 to drive engagement with their brand. They transformed a bus stop wall to make it appear that something ludicrous was happening on the street outside. Pepsi was promoting their campaign for Pepsi Max, called “Unbelievable” and was looking to shock the unsuspecting bus riders. The campaign led to more than 4 million hits across social media, and connected consumers to the Pepsi brand in a way that had never been done before (Mobile Marketer). **vitaminwater** could use augmented reality as a way to separate themselves from other flavored water beverages and entice consumers to purchase **vitaminwater**.

The core campaign launching the **vitaminwater** energy line is two part. The first asks “What will your energy create?” while the second focuses on social impact, asking, “What cause will you energize?” The corresponding hashtags for the campaign are #createdbyenergy and #causedbyenergy.

The first part of the campaign seeks to emphasize the benefit of the additional energy provided by **vitaminwater** energy. With enough energy, lots of effort and a little luck, you can create and accomplish your dreams, and **vitaminwater** may be able to help with the energy portion of that formula to success.

The second part of the campaign, with its focus on social impact, draws on the having a percentage of each sale being given to charitable causes aligned with Coca-Cola’s core nonprofit initiatives: core causes of water, women, wellbeing, and education. One of these causes would be associated with each flavor, and contests could be held to determine that year’s specific nonprofit that would be funded. This campaign will place attention on the new charitable measures in which **vitaminwater** energy is participating. The large percentage of sales

Beyond simply encouraging people to purchase specially marked cans of **vitaminwater** energy that donate a portion of proceeds to a nonprofit organization, the campaign would encourage people to share stories on social media of good deeds they have done in their communities. These stories can be promoted across **vitaminwater**’s social sites, in press releases, in advertisements, and in future packaging materials. By having stories of consumers using **vitaminwater** products when doing good for their communities, **vitaminwater** will be able to promote a newer image that resonates more with giving back.

Spotify, Deezer, iTunes Radio, and Pandora can be more successful in reaching the younger demographic than traditional FM radio commercials. Paid ads (both audio, static visual, and video) and sponsored content (such as celebrity-curated playlists) can be targeted based on knowledge of the user and their taste in music.

Product placement and sponsored content on YouTube channels, online streaming of TV shows on sites like Hulu, and in podcasts series (such as Psychobabble with Tyler Oakley, Not Too Deep with Grace Helbig, and Jake Hurwitz and Amir Blumenfeld's If I Were You Show) are better equipped to reach the young demographic that watches less and less traditional television.

Pricing Strategy

In order to determine what the new **vitaminwater** energy cans should be priced at, we went to the store to see what they and other brands' energy beverages were selling at. Currently, a 16 fl oz bottle of **vitaminwater** energy costs \$2.49 (at the retailer Wollastons in Boston, MA). The beverage is priced above the comparable energy beverages from Monster Energy and Rockstar, which are priced at \$2.00 and \$2.19 respectively, but priced below a can of Red Bull, which is priced at \$3.99. With our pricing strategy we will continue to keep the price at a rate between the major competitors. However, we plan to raise the price of a **vitaminwater** energy can so that the brand is able to donate 10 percent of profits to a charitable organization without decreasing its profit margin. The price will increase, but by no more than \$0.25. Assuming **vitaminwater** energy has a profit margin of 25 percent of the retail price, the profit margin is 62 cents and we would have to raise the price by at least \$0.07 for charitable donations. Thus, the beverage's price should be raised to \$2.59, which will still have the price of a can fall between the prices of its competitors, as it does already. Pricing promotions will be similar to recent promotions.

In order to attract new customers, we propose using additional promotional pricing. We believe that promotions are necessary, as an article in The Guardian quoted a figure that said that "94% [of people surveyed] expect companies to provide special offers to students" (Eder). The current demographic of 18 to 24 year olds are also becoming more concerned about their spending habits, as 39 percent of 18 to 24 year olds surveyed say that the amount of money they have is their primary concern (Synovate). In order to attract this new demographic then, promotions are essential. We believe that we should introduce promotions that lower the price of **vitaminwater** energy, which would place the price of the beverage below competitors and induce new customers to try the newer energy beverage. After a customer is convinced to buy **vitaminwater** energy and learns that it provides just as much energy as competitors while also being the more health conscious choice, customers are increasingly more likely to return. Promotions that lower the price of **vitaminwater** energy is especially important in reaching customers in the 18-24 demographic, who typically have less income than other age demographics. A recent study of British young adults showed that the average individual between the ages of 18 and 24 had only £174.20 in disposable income, which is 22 percent less than the average British citizen ("One in 11").

Recently, Walgreens offered **vitaminwater** energy for the reduced price of \$1.50, and 7-Eleven offered two cans of **vitaminwater** energy for \$3.00. We propose offering

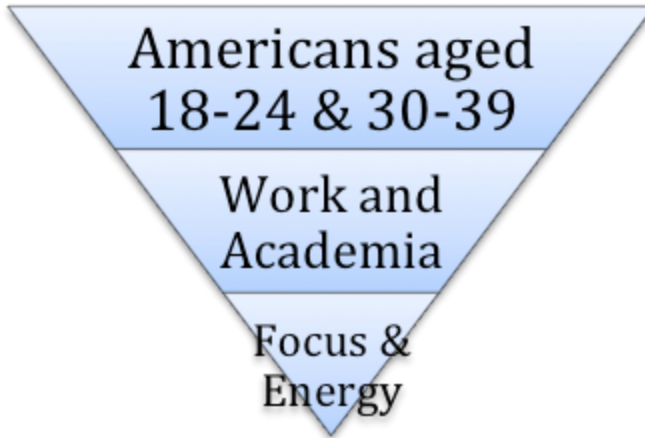
promotions during the times of year when customers are most frequently buying energy beverages, as this will allow the promotional strategy to reach the highest number of potential customers. The Monster 2012 Annual Report indicated that their energy beverages are somewhat seasonal, with the period from April to September accounting for the largest volume of sales (Monster Beverage). Other times that promotions may reach customers in our targeted demographic include the end of college semesters, when many college students look to energy beverages to help them stay up to work on final papers and study for final exams.

Appendices

Appendix I: Research Methodology

In determining what course of action to take in order to make **vitaminwater** appeal to a younger demographic, we first had to know who drank the brand as well as what associations people had with the brand. We developed a survey that was intended to answer some of the most important questions about what people thought of **vitaminwater**. We sent the survey out to our peers, students, in the target age range. We were able to get a total of 74 responses to the questions regarding what kind of qualities they sought in a non-alcoholic, non-caffeinated beverage and their routines and habits of when they would choose such a beverage, where they would purchase it, and how often as well as their thoughts and associations with the brand. We determined that taste and flavor were the two qualities people considered most important in a non-alcoholic, non-caffeinated beverage. Although nutritional value was rated third most important, it had significantly fewer votes. As such, we determined that positioning **vitaminwater** as a healthy, nutritional, vitamin-packed beverage would not be the best way to persuade our younger audience. Moreover, the majority of respondents were most likely to drink such a beverage as an alternative to water or when they were thirsty. Furthermore, the majority of respondents purchased such a beverage in convenience stores. Thus, that is where it would be necessary to sell the drink. All of the respondents have heard of the **vitaminwater** brand. This helped us determine that our promotion strategy objective would not be to increase brand awareness, but rather to reposition the brand. We would need to showcase all of what the brand has to offer. Specifically, we would need to focus on **vitaminwater** energy.

Appendix II: Target Market



Appendix III: Survey Results – Data (Tables/Excel) **NEEDED**

Appendix IV: Survey Results – Insights and Visuals **NEEDED**

Appendix V: Interview Results **NEEDED**

Appendix VI: Packaging Design Concept



Appendix VII: Packaging Copy Concept **NEEDED**

Appendix VIII: Social Media Example Graphics

introducing the new vitaminwater energy



introducing the new vitaminwater energy



#createdbyenergy

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