Title

 Student’s Name

 Institutional Affiliation

**Part A**

**Question 1**

**Introduction**

In situations of free markets, competition is a usual norm and the level of competition in free market influences the limit of the competing companies’ latitudes of pricing. With time, the experience will temper such beginner instincts. The companies must search for the most effective ways of reacting to competitive price moves to avoid future losses. The appropriate response to competitive price pressure is outlined by the Wiglaf Competitive Price Reaction Matrix.

The competitive advantage and pricing power can help companies to intervene in the case of price pressures. For a firm to win, it has to earn higher profits compared to its competitors. The firm that has pricing power will be able to maintain or increase an attractive price differential for its goods and services because consumers will perceive the company’s products to be having more benefits than the competitor’s  ("3.6. Price competitiveness: export prices relative to all competitors," n.d., p. 55). Furthermore, a firm may use its competitive advantage to attack the customers of the competitors or defend the base of his clients by offering goods at somewhat reduced prices that are more profitable than the competitor’s offers during price war situations.

The firms usually ignore direct price competition in case it earns stronger profits from the customers affected and at the same time such customers perceive the company’s offer to be more attractive. The firm, therefore, maintains the price as well as the profit margins due to the perception that reducing price will lead to losses and market share.

The firm can also keep the same price but add some value to its offers which are perceived to be less expensive than a price reduction, and also it operates at fairly lower margins (Kotler & Armstrong, 2012, p. 109). Consequently, the firm can reduce the prices of its offers to match the prices of the competitors due to the feeling that it will lose market share because consumers can migrate to firms with low prices. Rebuilding market share after losing it is costly.

The managers may decide to increase their prices and enhance the quality of their products through the introduction of new offers in the market. The consumers will perceive the new brand to be more beneficial than the ones with reduced prices. Furthermore, the firm can launch a lower-price brand to counter competition.

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**Question 2**

**Channel Images and Brand Images**

**Introduction**

In normal circumstances in marketing, brand images and channel images play a significant role in influencing the success of an individual product or brand. The image of a brand refers to the perception and features that consumer associates with a certain brand. Consequently, the image of the channel involves the characteristics and feelings that customers associate with a certain channel of distribution for example wholesalers. The two have the distinct relationship but differ because they are established upon two different things. When making a decision concerning the creation of effective strategies for marketing, the two concepts need to be appropriately considered by the marketers (Rindell, Korkman, & Gummerus, 2011, p. 184). The primary concern is the decision whether the image of the channel should be consistent with the image of the brand. This does not necessarily guarantee the establishment of a distribution channel through vertical integration by a certain brand.

Vertical integration is necessary in situations whereby the brand image is more appealing and strong. In case the brand image is poor, vertical integration would however not be appropriate. Concerning consistency in the sense of utilizing the channel brand having universal qualities as the brand or the product but not vertically integrated, consistency does not become necessary. The significance of coherence only applies when the channel image complements or improves the image of the brand. In case a marketer is using multiple channels, he should evade dilution of the brand image. In whatever way, if at all the image of the channel is weaker than the image of the brand, the brand image will be impacted in negatively.

The image of a particular channel brand is not important in selling the products, but rather, the main issue is that the right customers purchase from a certain channel and that the display of the product is done in an appropriate manner. The manufacturer may use varying channels to distribute its products. The primary concern is selling the product and enhancing the market share. Customers have different perceptions about a product. Many consumers prefer doing shopping in the shopping centers, and they spend enough time searching for goods that will satisfy their needs, and they don’t mind the channel they use for shopping. Furthermore, it’s the product that usually makes an impact on the consumers and rather not the brand image. The manufacturer only need to understand the interests of the customers and develop their brands depending on such interests ("DON'T THINK...... JUST DO IT ............: Marketing: Brand Image," n.d.). They then need to distribute using channels that will enhance the market share for the products of the consumers’ interests. The consumers become used to the brands that are most famous, and image of the channel used to distribute the product doesn’t influence the mind of the consumers concerning a particular brand image.

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**Question 3**

**Introduction**

Tesla is an electric-vehicle firm that was co-founded by Elon Musk. The company has a budget of $0 for marketing. It sells its products through the 35 stores it has across the United States, Asia and Europe and as well as the internet. It only has few employees for the web management and few workers across the 35 stores ("For Tesla, the buzz flies on a marketing shoestring," n.d.).

The company may be reluctant to invest in marketing because consumers of its products have remained loyal to the Tesla brand due to some reasons. The brand of the vehicles from Tesla Company are unique and have a very high competitive advantage in the market. They do not need to advertise for them. The cause of the uniqueness of the brand may be due to the high technology employed by the company. The technology of Tesla Company is good and competitors rely on its technology. The company has received several awards regarding its products, and this acts to retain customers hence no need for advertisement.

The good timing it has in securing resources also makes it more famous among other competitors. In 2010 Tesla Company secured a loan of $465 million from the department of energy in the US. The funds were used to gain the market share which has increased today. Consumers believe Tesla products are more beneficial than the competitors.

The company may be having an outstanding team of workers who work in harmony to ensure outstanding products. Maintaining the quality products over the years is not easy and requires employees who are hard working. The spirit of the team can be maintained or enhanced through motivation.

The distribution channels used by Tesla may be so effective. Most companies do not take distribution as a serious factor in marketing. Tesla owns a distribution chain that it uses to reach the customers. It has Tesla service centers and Tesla stores increasing its up-front costs as compared to other automakers. It controls the experience of the customers which has also helped in strengthening its brands and as well saves money. The company also displays some form of monopoly because it dominates the market. It does not necessarily need to market its products because there are no serious competitors in the market.

The Tesla’s products are attractive and tend to protect the environment. Aesthetics usually have a lot of impact in consumer electronics, automotive and fashion which Tesla has used to increase market segment. The company does not need to market its products because of the high competitive advantage and uniqueness of its brands.

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**Question 4**

**Marketing Intermediaries**

**Definition**

Refers to a firm or an individual such retailer, distributor, agent or wholesaler that is responsible for linking the manufacturers to an ultimate consumer or other intermediaries. Their roles become more significant in the distribution of goods and services in the chain of distribution. They are also known as the middlemen and are imperative in the distribution channel of the company’s products. In the absence of the intermediaries, the firms may not be able to function effectively.

**Agents**

These are individuals or firms that perform the duties of manufacturing companies. They have the primary role of representing the manufacturer to the ultimate buyer of the product or service. Agents also search for the potential buyers of the company’s good and services and convince them to buy the products (Ghosh, 2013, p. 106). As much as they do not own the product directly, they possess the product along the channel of distribution. They provide the companies with vital feedback about the performance of their products in the market. The producers can therefore take a stunt action depending on the feedback to increase the market share and remain competitive in the market.

**Wholesalers**

They own the title of the goods and services and relieve the producers of the worries concerning the sale of their products through taking the ownership of the product. The producers’ products are independently owned by the wholesaler. They buy the producers goods in bulk hence help in relieving them in storage and distribution cost. They also store a broad range of products that the consumers can choose from (Smedlund, 2006, p. 83).

**Distributors**

They also help in taking the ownership of the products they sell. They break the bulk of the products as they sell to the retailers. They also contribute to maintaining the link of communication between the producers and markets.

**Retailers**

They purchase products from other intermediaries and offer them to the ultimate customers at a profit. They also help in breaking bulk hence offering the products at fairly low prices. They also help in the establishment of the communication link between the producers and consumers.

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**Part B**

**SWEET COFFEE COMPANY**

**MARKETING PLAN**

**1. EXECUTIVE SUMMARY**

Sweet Coffee is a new company that is concerned with the production of customer packaged café of various versions. Extensive researches have led to the introduction of the new coffee producing company that will be able to meet all the requirement of research. The research conducted by The Sweet Coffee Company was mean to determine the gap that exists in the market for coffee. After the evaluation of the consumer trends by a group of individuals, the idea of Sweet Coffee Company was fully implemented to fully satisfy the needs of the consumers. Since the company is fully consumer-based, its primary purpose is to produce leading, unique brand in the sector of cold packaged coffee. For the company to achieve the intended purpose, it will involve in the continuous follow up of the consumer trends based on the needs of the customers. It is imperative to understand that consumers are the most important factor for the success of the new company hence the company must focus on consumer lifetime value, the database of the consumers and offer to the consumers an added value coffee brands to enhance the brand loyalty (Westwood, 2016, p. 104). The Sweet Coffee Company is also aimed at practicing green production to protect the environment. All recyclable products must be effectively recycled, and the non-biodegradable wastes are disposed of appropriately. The company is also concerned with the social responsibility of the community.

**Vision/Mission Statement**

Mission: To offer a healthier coffee that is ready to drink

Vision: To be the most outstanding producer of the best coffee of high quality that meets the needs of the consumers

**2. ENVIRONMENTAL ANALYSIS**

a**. The Environment of Marketing**

i. Competitive forces- The Sweet Coffee includes a cold coffee having various selections. The company product has various direct and indirect competitors. Competitors include; Nescafe and Nestle. The fact that Nescafe has the outstanding infrastructure, its position and brand image is not good. It does not have wide varieties that consumers can choose from. The other close and stiff competitor, Nestle also lacks varieties that customers can choose to satisfy their varying needs. The indirect competitors include Caffe Nero which have cold coffee selections

ii. Economic Forces- the Sweet Coffee always tend to follow the changes in the economic status of the country and adapt to it. The company also invests high in marketing to increase the market segment and also to add value to the products to meet the demands of the consumers.

iii. Political and Legal Forces- Sweet Coffee is a non-alcoholic beverage and has adhered to the procedures and standards set by the ministry of health. The entire production process conforms to the rules and regulations set by the government.

iv. Socio-cultural forces- the creation of product promotional strategies depend upon the consumer's cultural differences. The company tries a lot not to be accused of bias and the management also tries to reach the various ethnic groups in the whole country.

b**. The Target Market**

Depending on the geographic and demographic factors, the company is segmented (Bly & Recorded Books, Inc, 2015, p. 209). Because Sweet Coffee is naturally organic, the company targets individuals of the upper class.

The Target customers;

i. Age range: 18-45 years

ii. Males and females

iii. City inhabitants

iv. Relatively high-income

v. Those individuals who are up-to-date with the global trends

**Product Differentiation**

The Company has a wide range of product selection and produces 100% healthy products hence striving to the most outstanding cold coffee producer in the market. The company is aimed at producing eco-friendly product packaging. The company intends to highlight its products to be healthier and fresh. The company has strategies put in place to reach out the potential customers and help the community through social responsibility.

**Positioning**

The company is attempting to reflect the needs of the consumers through putting the current consumer trends into practice. The most known consumer trends are healthy living ("Marketing plan," n.d., p. 42). The consumers of coffee can now choose from the varieties of coffee being offered by the company that can meet their health needs. The wide research that the company did before deciding to manufacture the product helps them in producing the products that highly consumed. The products are of high quality, environmentally friendly packaged and easily accessible in the market. The products are sugar-free, preservative-free and also lacks concentrate making them healthier for the consumers. The company’s brand provides fresh, healthier and honest facts to the customers. The primary goal of the company is to produce healthier products. The company is as well organic and eco-friendly positioning. The products are environmental friendly. Furthermore, the products are fully organic because they are preservative free.

**MARKETING STRATEGIES**

**Strategies for Growth**

Because coffee is a ready drink, it will gain a wide market. Establishing vending machines can also help in increasing the rates of sale. The company uses the low cost with high impact strategies through the use of word of mouth to reach the potential customers. Other strategies include;

i. The branding of ingredients with Pinar Milk

ii. Eco-friendly packaging techniques

iii. Considerations of the consumer trends and choice

iv. Well-developed channels of distribution

v. Creation of new and submarkets

vi. Niche Product category formation.

**PRICING STRATEGY**

The pricing strategy is developed depending on the demands of the consumer, availability of potential substitutes and the life-cycle of the product. Penetration method is used by the company to determine the prices of its products.

**PROMOTIONAL STRATEGY**

The gain of the market share by the company depends on the awareness of the consumers. The primary aim of the company is to ensure customers are fully satisfied. To achieve the aim, the company developed effective communication. The company depends on repetitive ads, PR methods and giving rebates and free samples. The company is currently implementing emerging promotional techniques to enhance large market share. The advertising techniques employed by the firm includes radio ads, newspapers, and TV

**PLACE STRATEGY**

The channel of distribution used by the company has four levels

Producer----------Distributor----------Retailer----------Consumer

The distributor ensures that he visits the retailer frequently to get feedback about the product

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