

Competitive Analysis of Mountain View

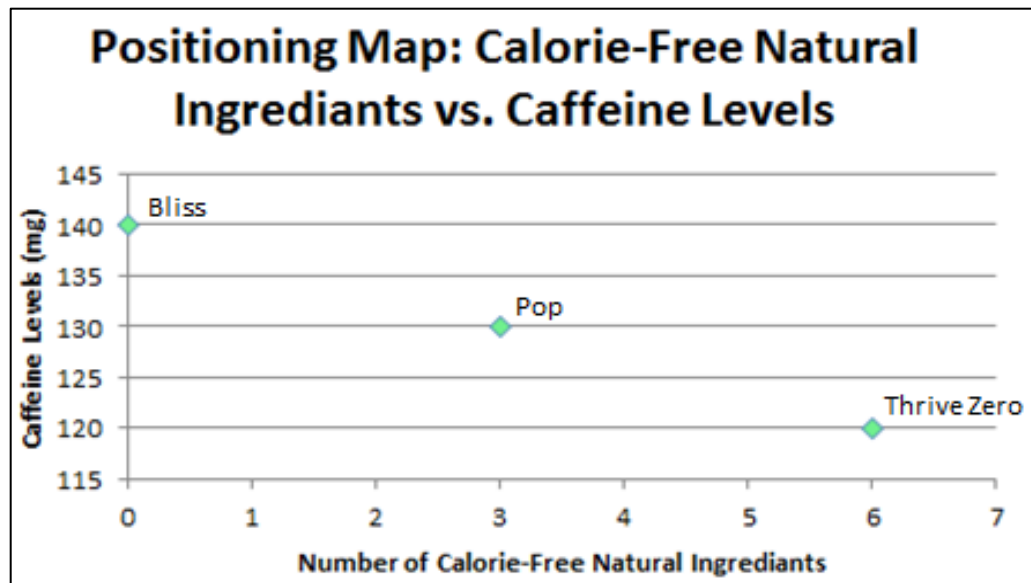
Within the organic high-energy segment of the soft-drink industry, Thrive Zero is competing primarily against three firms: Pop, Bliss, and Excel. Provided in the tables in Appendix A is the relative market share growth of Thrive along with the relative share comprised of each company for years 2006 through 2011.

Thrive's relative market share has progressively increased each year portraying the company's popularity within the market. Pop acquires a larger market share than Thrive, but realized a peak in 2009 with falling numbers in 2010 and 2011. This trend shows that Pop is becoming less of a competitive threat. Lastly, the data shows that Excel started with a high market share but has steadily declined each year. If this trend continues, Excel will prove to be a small to medium threat in terms of future market share. Bliss, however, started with a higher relative market share than Thrive in 2006 and has seen a quicker increase in their numbers over the years, making them Thrive's largest competitor.

After analyzing the competition, Mountain View may want to look further into the marketing efforts of Bliss. This would create a better understanding of Bliss' methods, helping Thrive forecast its competitors next move and enable Thrive to better compete. This type of information is very valuable when it comes to creating a higher consumer perceived value of Mountain View products.

Positioning of Thrive Zero

Figure M1



With recent health concerns related to energy drinks, consumers are now in search for beverages with a reduced amount of calories and more natural, time-proven ingredients. The positioning map above illustrates how Thrive Zero, Bliss, and Pop compete in the attributes of caffeine levels and calorie-free natural ingredients. With three more said ingredients than Pop and six more than Bliss, Thrive Zero holds a large competitive advantage in the health aspect of organic energy beverages. The positioning map also illustrates Thrive Zero's lower caffeine level, compared to both Pop and Bliss. This is a result of replacing some caffeine for the sweetener, stevia. Stevia is a calorie-free natural ingredient and with a health conscious target market, this switch to an alternative source of energy will be seen as a step in the right direction. All things considered, Team 25 has put together the following positioning statement:

Thrive Zero is an organic energy drink that provides health fanatics the energy boost they desire using more calorie-free natural ingredients than competing beverages.

Setting Retail Prices

Thrive in the past has been pursuing a “more-for-more” value proposition. It offers more health benefits for a premium price, selling for \$0.15 more than Bliss and \$0.31 more than Pop. Also by having a “more-for-more” value proposition, Thrive’s quality product can offer consumers prestige and stature.

After running a regression analysis on the test-market data for Thrive Zero, the lower price of \$2.69 showed to be the best predictor of sales. Illustrating in Appendix B, the lower price of \$2.69 generates higher sales revenue than the price of \$2.87, regardless of the IMC level. Furthermore, this price creates higher sales revenue when using 200 IMC than when using only 50 IMC.

In terms of this predictor for Thrive Zero, it would be wisest to pursue a product line pricing strategy among Mountain View’s high-energy drinks. By including the additional ingredient, stevia, Thrive Zero demands a higher price (\$2.69) relative to Thrive’s retail price (\$2.50), allowing Mountain View to attain consumers at different price sensitivity levels. Also, the product line pricing strategy helps establish a clear difference between the two products, leading to a higher consumer perceived value for Thrive Zero.

In order for Thrive Zero to generate initial sales in the first few months, Mountain View must pursue a form of penetration strategy. Though our price is higher than competitors, it still lies below consumers’ perceived value of the organic drink. As mentioned before, Thrive Zero will charge \$2.69, which was the lower option for potential pricing. Team 25 believes this penetration strategy is completely feasible if Mountain View utilizes intensive distribution for the new product. Higher sales that derive from the use of intensive distribution will allow the product to receive lower profit margins. Thus, using this form of penetration strategy will

benefit Thrive Zero in the short term by creating a consumer interest buzz and in the long term by having a low retail price and healthy ingredients, generating customer loyalty.

Developing the IMC Plan

In order to develop the best possible IMC plan, Mountain View should implement a strong and cohesive promotional mix. The three vital promotional tools to use for Thrive Zero will be advertising, public relations, and direct marketing in the form of social media.

In the test market discussed earlier, Miller had used different types of advertising such as local newspapers, cable operators, and special magazines, labeling them as IMC levels. After analyzing the results, it was proven that spending more on advertising directly resulted in higher sales revenue. Using a mass marketing technique, Thrive Zero should pursue advertising methods that reach a wide audience including television commercials, health magazines, and advertisements through companies like Google, Pandora, and DirecTV. These mediums aim towards the health conscious market Thrive Zero wants to acquire.

A second source of IMC that will be important for Thrive Zero is the use of public relations. Unlike advertising, public relations will reach consumers by giving them reasons to relate to the product. Thrive Zero can do this through the use of athletic ambassadors, reality YouTube series', and informative press releases. An example of an ideal athletic ambassador would be Arian Foster, star running back for the Houston Texans, who is a vegan and very health minded. We could sponsor Foster to display our drink in athletic events. He could also be used in the kick-off video for Thrive Zero's YouTube series. The series could include a multitude of athletes using Thrive Zero to boost their athletic performance as well as their daily lives. Because other drinks have been known to cause numerous health concerns, Thrive Zero should

put out press releases explaining the nutritional value of the beverage. The press releases will emphasize the natural energy of the beverage and explain how it does not sacrifice the health and well-being of consumers.

Direct marketing in the form of social media will play a large role in expanding the interaction between Thrive Zero and its targeted consumers. Through the use of Facebook, Twitter, YouTube promotional campaigns, and website interaction, Thrive Zero will be able to thoroughly network with its consumer base.

The last promotional tool that Thrive Zero can utilize is short-term sales promotion. Although frequent discounts could help Thrive Zero in the short-term, it could also hurt the long-term brand equity. Mountain View should consider having occasional discounts in conjunction with different athletic and health events. For example, Thrive Zero could offer discounts during the Olympics if a sponsored athlete won a medal. These promotions give Thrive Zero more visibility to people interested in health related events while maintaining a premium image.

Lastly, the tool of business-to-business personal selling may be very effective which we will discuss later on. Personal selling directly to consumers, however, will be less important in Thrive Zero's case. This new product needs to reach a vast audience in a short amount of time, which makes this an unreasonable option.

In the past, the key to Mountain View's success has been their products' focus on consumer health. The ingredient, stevia, is Thrive Zero's source of differentiation and should be the highlight of advertisements. Because this beverage is unlike any of its competitors, it should not look or sound like any competitor.

This being said, a recommendation for the design of the can would be a white container with light green accents. These are fresh and earthy tones, colors typically associated with

health. Using this design will allow Mountain View to be seen as a cleaner and healthier drink compared to the “extreme” looking cans made by competitors, while also allowing the company to transition from a clear bottle to a can. The website, discussed later, can follow this layout using white and light green consistently. All other advertisements should apply these colors to keep the brand layout consistent while reinforcing the clean and fresh message of the product.

In consistency with the natural and earthy feel of the product, all product packaging can include a recommendation to be recycled. This feature would not only add to the consistency of the brand message, but could also improve the company’s perception of being socially responsible.

Another recommendation is to alter the name from Thrive Zero to Thrive Free. Thrive Zero could be perceived as a copy, considering many products, already prospering in the soft-drink industry, use “Zero” in their name. Having a similar name could present the brand as unoriginal. Because Mountain View prides itself on being unique and distinctive, a name change could be a key component of differentiation and success. Another point to consider with the name Thrive Zero is the negative connotations that come along with the word “zero” and being healthy. With the rising issue of eating disorders and low self-esteem, it may not be the right time to use a word equivalent to being very small or thin in the title of a healthy beverage. Although not everyone associates the word “Zero” to a size zero body type, steering in a direction of caution prevents any misunderstandings, creating a more accepted brand image.

“Thrive Free” is an alternative choice that relates closely to the products’ identity, as it directly correlates to the words natural, limitless, and inexhaustible. The name “Thrive Free” also allows for a catchy word hook or slogan. Examples include “Thrive on... Thrive Free”, “Be all you can be... Naturally”, “Expect the Best”, etcetera. The word hook, “Thrive on... Thrive

Free” for instance, is representative of the product’s natural energy boost and allows consumers to become familiar with the product name. This is an option for Mountain View to consider, but at this time, Team 25 will continue to refer to the product as Thrive Zero.

A suggested advertising element would be the use of a repeatable theme. For example, each advertisement could portray a different young adult in a low-energy mood at a high-energy event. After drinking Thrive Zero, the character is able to achieve his or her goal (such as finishing a marathon, reaching the top of a mountain, etcetera). A repeatable theme allows consumers to enjoy unique situations containing similar anticipatory punch lines. The repeated punch line constantly reinforces the product’s use and purpose, building a memorable brand and increased brand equity.

Another advertising element that Thrive Zero could utilize is a character hook. A single athletic ambassador or personality could serve this purpose. Thrive Zero could also use a fictional character to fill this position, an example of this being Mother Nature’s son, Brother Nature. In each advertisement, Brother Nature would be the main character and representation of the product. A character hook like this represents the healthy image of the beverage while giving the public an additional way to remember the product.

Figure M2

A Thrive Zero

B Thrive Zero About Mountain View Company Natural Ingredients Opinions Contact Us

C expect.the.best. **D**

E

To Those Who Wish to Lead a Health Conscious Lifestyle, **F**
Thrive Zero is an organic high-energy drink that gives a natural boost using calorie free natural ingredients,
made.for.you.

H Arian Foster Interview- What You Should Drink

G I appreciate the natural ingredients. Someone finally did it right! :)
So healthy! I love the design of the bottle!
THRIVE ZERO IS AMAZING!!!
Post to Facebook Posting as Hannah Bolton (Change) Comment

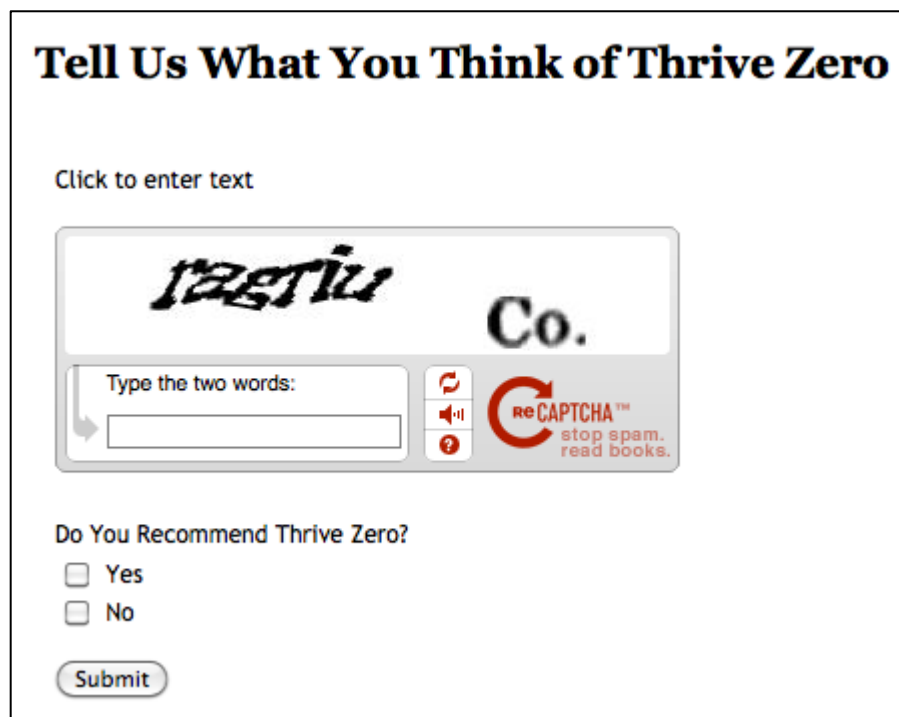
I be all you can be... naturally. **J**

Thrive Zero About Mountain View Company Natural Ingredients Opinions Contact Us

Illustrated in Figure M2 is a possible web page layout in which many of the described IMC tools are labeled. The product name should appear at the top of the web page, located in Section A. Located in Section B is the menu bar containing links to separate pages of the website. These pages include the current page, otherwise known as the home page, titled with the product’s name. The next link on the tab takes the viewer directly to Mountain View’s website. The following link titled “Natural Ingredients” is a page explaining the nutritional

value and benefits of the beverage. Similar to Mountain View’s company website, this page will include information about the use of vitamins and antioxidants and explains the benefits of organic energy drinks. Thrive Zero can further this message by including information about the new ingredient, stevia. The “Opinions” page is the next link on the tab, directing viewers to an area displayed in Figure M3 where they can submit comments and concerns about the product.

Figure M3



Tell Us What You Think of Thrive Zero

Click to enter text

THRIVE Co.

Type the two words:

reCAPTCHA™ stop spam. read books.

Do You Recommend Thrive Zero?

Yes

No

Submit

In addition to adding personal input, viewers can see the responses of others to receive a thorough customer review of the product. The next tab, labeled “Contact Us”, provides a place for consumers as well as businesses to communicate with Mountain View. Using this page to Thrive Zero’s advantage is very important. Allowing consumers to directly contact Mountain View is just the first step. Mountain View must also display excellent customer service by

responding to the consumers in a quick and effective manner. The next section, Section C, on the web layout is a possible location for the product slogan or word hook. The product logo can be placed in Section D. Section E represents an area where Mountain View can visually showcase the new product as well as the target market. Information about the product and its benefits can be placed in Section F. In Section G, there is room to include the product's social media efforts by displaying a Facebook feed and/or twitter feed. This feed will display the most recent comments made by both Thrive Zero accounts as well as anyone mentioning Thrive Zero. In Section H, we placed an example YouTube video of our earlier example, Arian Foster. Other brand ambassadors can be placed in this area, along with recent advertisements. Section I is an additional area to place the product word hook. At the very bottom of the page, Section J displays an additional menu tab with the same page link options as mentioned above.

All of the IMC techniques help achieve Thrive Zero's specific positioning by presenting and highlighting the healthy aspects of the new drink to the targeted market. Using many mediums of communication gives the new product a chance to reach consumers outside of Thrive's already loyal customer base. Public relation devices such as brand ambassadors and press releases work differently by allowing consumers to rely and relate to the product, an important aspect of the final sale. Social media and website interaction gives Mountain View a wide reach in networking with its specified consumer base. Using promotional tools such as a character hook, a repeatable theme, a consistent brand layout, and a word hook in advertising and promotions will help reinforce the product's name and purpose while building a memorable brand.

Evaluating a Value Chain

Mountain View should take advantage of all opportunities to move Thrive Zero into stores. Combining the use of sales representatives, independent agents, and websites has proven to be effective for Thrive in the past. With the launch of Thrive Zero, Mountain View will be able to take necessary steps to pursue an intensive distribution strategy and create more business relationships to help the growth of the company as a whole.

In-house sales representatives will communicate with Thrive Zero's retailers. This will be beneficial because these representatives are official Mountain View employees, and have a stake in the company. They will also be the best at selling and informing retailers about the benefits of stevia and other calorie-free natural ingredients since they will be receiving first-hand knowledge. Sales representatives will be responsible for learning new ways to do business and reaching out to different types of retailers due to Mountain View's switch to an intensive distribution strategy. However, this will be a disadvantage for the sales representatives at the start of the launch because of the learning curve they will face.

Mountain View should also utilize the contacts and widespread connections offered through independent sales agents. Independent sales agents (ISA) have successfully sold beverages for other companies and have established relationships with customers not yet reached by Mountain View products. Since Mountain View has not had any products in a grocery store, finding an ISA with grocer experience would be beneficial. This would be a good opportunity to learn more about grocery stores as well as train sales representatives so Mountain View can develop its own personal selling. Although Mountain View does gain an advantage from independent sales agents, it does run the risk of losing proprietary information because ISA sells other for companies' as well.

The website can also become an effective device for expanding retail exposure. Thrive Zero's social media can display customer satisfaction which encourages retailers to put the product on its shelves. The website also provides the "Contact Us" tab, where retailers can have the opportunity to begin conversations with sales representatives about how to attain Thrive Zero. The nutritional information and ingredient list on the website can also be used for retailers needing to evaluate whether Thrive Zero should belong in its store. Unfortunately because of the nature of a website, Thrive Zero is forced to wait for retailers to make the initial contact.

Because Thrive Zero is pursuing an intensive distribution strategy, it will be necessary to reach many retail outlets. Mountain View has been successful in locally owned cafes and eating establishments and should continue to put Thrive Zero in locations where the firm has established loyal relationships. This will help create a demand for Thrive Zero to be placed in local health food grocery stores like Whole Foods, Trader Joe's and in convenience stores like gas stations. In recent years, convenience stores have been trying to alter their "grab-and-go food" and "trucker man" image into a cleaner environment appeal with more freshly prepared food. This is an ideal retail environment for Mountain View's new product. Thrive Zero can also start to compete in a bigger market with regional supermarkets like Kroger and Marsh. Typically, supermarkets offer more flexibility than superstores to companies because large superstores like Wal-Mart Supercenter often squeeze out suppliers to cut costs and pass on the savings to customers. Thrive Zero being a premium priced, second-tier beverage cannot afford to actively seek shelving space at these locations. Mountain View can even create business partnerships with workout facilities to put Thrive Zero in their vending machines or gym cafes. This new product could also be promoted at athletic events to uphold the healthy identity of the beverage. There is even the option of looking toward the currently flourishing health related

specialty stores, such as frozen yogurt shops and vitamin shops. Specialty retail stores have a great use of market segmentation and would be a beneficial relationship for Mountain View creating more access to its targeted market.

Developing the Future

When Thrive Zero becomes successful, Mountain View will want to evaluate different expansion methods. It should continue with product expansion rather than market expansion. The reality of being in the second tier of the soft drink industry is that there is a limited amount of resources available. Thrive Zero should not feel pressured to act as if it were a top tier company. Top tier companies attain a larger market share and have more access to international assets. However, there is still market share available within the U.S. that Mountain View can strive to acquire.

The wide success of Mountain View's original Thrive and later Thrive Zero shows the potential of adding different flavors and calorie-free natural ingredients to the product line, along with different packaging for these products. Mountain View could also expand its product mix by diversification, entering into more healthy businesses such as the bottled water industry. Once Mountain View has reached a top tier status with a higher market share, it can then consider global expansion.

If Mountain View does decide to move into the international market, it will need to consider how the target country views Mountain View. The firm must research and develop a strategy for integrating into the country's unique culture and decide whether the product or promotion must be adapted.

Demographic characteristics such as age composition will determine which countries are

more feasible for entry. Firms typically want to enter areas that contain its target age segment. Mountain View will also want to enter countries that have the sociocultural factors that allow for an easy transition such as a culture that values health. It may be necessary to change product advertisements to appeal to the culture, however, maintaining the Mountain View's heritage is important. The firm will also have to consider the local target segment's specific athletic interest. For example, American football is not as popular in countries outside the United States. If the firm wanted to move into Europe or South America, Mountain View would want to quickly learn about soccer (or football as those countries call it). Mountain View should approach a soccer celebrity, as opposed to an American football player, to endorse Thrive Zero or any other product in the line. Naturally, geographic characteristics must be considered, taking into account the transportation structure and market accessibility. Mountain View will also need to anticipate which political governments will be the most open to foreign companies operating within the country's borders. Finally, Mountain View must consider the economic factors of a new marketplace. Thrive Zero is a high-quality product sold for a premium price that should be placed in economies that can support and afford the firm's price. If the firm chooses to expand into a low-income market, only lower priced products should be placed in that market, such as Thrive or other future products. Regardless of Mountain View's strategy, it must not sacrifice its reputation.

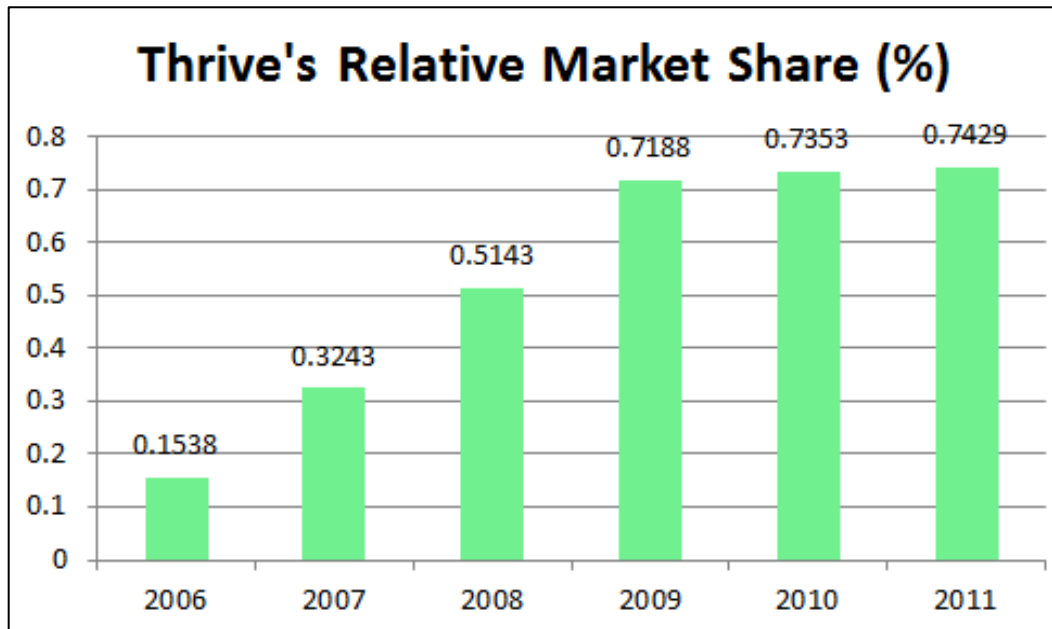
Once Mountain View has determined a specific country, region, or even continent, the next step is to evaluate the global consumer segments: global citizens, global dreamers, anti-globals, and global agnostics. Global citizens often focus on how companies behave in the realms of consumer health and the environment. They are interested in exactly what Mountain View has to offer, organic natural calorie-free ingredient beverages. Global dreamers seek

quality in the products they purchase. Mountain View's commitment to quality in all aspects of its products will be a good fit with this global consumer segment. Anti-globals may be difficult to reach out to, but it is not impossible. If Mountain View treats them as disgruntled customers, it may be able to earn anti-globalists' trust. Global agnostics often judge local and transnational products on the same quality criteria. Mountain View's products will have an effortless advantage at this aspect because of the firm's commitment to premium products. Although it can be a difficult task to earn credibility across the globe, it can be achieved through different dimensions of Mountain View's global brand.

Global companies are expected to address social problems and must do so in order to gain the trust and respect of foreign consumers. Mountain View could have a good start on this if it had chosen to label the products with information about recycling the can, as recommended earlier. Mountain View could further its socially responsible reputation by addressing environmental issues around the world. An example of this could be the implementation of a compost program where the firm's biodegradable waste is turned into mulch or fertilizer. This type of eco-friendly project is consistent with Mountain View's overall message as it is based around both nature and health.

As of now, Mountain View should strive to implement a differentiated and unique IMC plan. If Thrive Zero becomes successful, Mountain View should initially focus on product expansion.

Appendix A



Relative Market Share - Organic High-Energy Drinks

	2006	2007	2008	2009	2010	2011
Bliss	0.2564	0.4865	0.7143	0.9375	1.0968	1.1667
Pop	0.6418	0.7838	0.8857	1.0323	0.9118	0.8571
Excel	1.5600	1.2759	1.1290	0.9688	0.9118	0.8286
Thrive	0.1538	0.3243	0.5143	0.7188	0.7353	0.7429

Appendix B

