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Title : “Jianchi” (NEW strong energy drink) Marketing Proposal

Author(s): Benson Chen, Mavis Wu, Linda Lin, Chanthal Salazar,
Catherine Wang

Class: 2nd year of Bachelor of International Business Administration

Student ID: D9726003, D9726094, D9726110, D9745591, D9726153

Course: Marketing management

Instructor: WU, KUANG-WEN

Department: Bachelor of International Business Administration

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Executive summary

Coca-Cola Company now offers the Chinese philosophy in a bottle. The multinational company wants to introduce to Taiwan Jianchi, a drink made with fruits and flowers, the slogan reads "drink based on ancient wisdom", which is proposed to combat the daily stress and above all to find the mental and physical balance. Nowadays people is getting more concerned about the environment and also about their health, that's why with this product we are targeting consumers on a diet (more attentive to the line, to health and wellness), those who practice sports (Tai-Chi, Kung fu, etc.), and those who want a boost of energy, because they feel tired, stressed or just because they need to feel better. The marketing objective is to introduce this new drink to Taiwanese consumers using a very effective campaign, and our primary financial objectives are to achieve in our first fiscal period, which runs from February 1, 2010 to January 31, 2011, total sales revenue of at least \$1,200,000 NTD, keep the first-year losses to less than \$3 million Taiwanese Dollars and break even early in the second year.

Keyword: Jianchi, Marketing



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CURRENT MARKETING SITUATION

JIANCHI is guided by the principles of ancient Chinese wisdom. According to this philosophy, external factors can alter the natural harmony of body, mind and spirit. When this fails, you can restore it with gentle daily practices based on 5000 years of ancient wisdom.

JIANCHI is a drink suitable for people who are now in a continuous rising trend, develop good habits from the Eastern world, or is still looking for an overall balance in the stress of modern life. Coca-Cola Company now offers the Chinese philosophy in a bottle. A partnership between The Coca-Cola Company and Jenny Ng, a Hongkongese woman that offer consumers fresh juices, soups, teas and herbs that combine the principles of ancient Chinese wisdom with the needs of 'environment and style of contemporary life. This has enabled the expansion of this concept immediately ready to drink beverages in Italy and now in Taiwan.

Product review:

According to ancient Chinese wisdom, all things in life can be classified according to some theories, including that of Yin and Yang and the Wu Xing (the 5 elements: earth, fire, water, metal and wood).

All foods and herbs have specific characteristics that reflect these theories. When combined properly can help you regain the equilibrium lost due to external factors such as season. JIANCHI is a line of delicious fruit-based beverages, tea and herbal extracts carefully blended according to the principles of ancient Chinese wisdom to bring harmony to body, mind and spirit. JIANCHI beverages come in three different flavors and contain no preservatives or colorings, the three different flavors are:

JIANCHI MILLENNARY TRANSPARENCY: is a combination of green tea, plum, kumquat, orange and lemon. Green tea is widely used throughout Asia for its ability to help find freshness and the overall balance. The kumquat is known in China for its ability to regulate the Qi (inner energy), with balanced properties of the Yin and Yang, is combined with orange and lemon to give freshness and light taste. **JIANCHI MILLENNARY SERENITY:** combination of pear, litchi, lemon, jasmine, osmanthus. The jasmine flower was used in ancient China to lift the spirit. The osmanthus flower was cultivated for the first time during the Qing Dynasty for its strong taste and warm property in kind, symbolizes the focus, purity and honor in China. The plan of litchi was popular as a thirst quencher in ancient China. **JIANCHI MILLENNARY FORCE:** a selection of ginger, ginseng and kumquats balanced with apple juice, should be able to support the inner energy, help to clear your head and raise spirit from the stresses of everyday life. According to ancient Chinese wisdom, ginseng nourishes Yin energy, the excess of Yang in the body and strengthening the Qi. Ginger was used to stimulate the flow of inner energy (Qi). The kumquat, known for its ability to regulate the Qi has

properties of balanced Yang and Yin.

Competitive review:

Being Jianchi a combination of energetic and nutritional drink it faces a good quantity of competition in today’s market, especially in Taiwan where the culture is similar to this product principles. But being Coca-Cola a big company, the actual competition is against the products from big companies as well.

One of the biggest competitions that face Jianchi in Taiwan is the competition from strong Taiwanese companies with a great variety of beverages, where most of the products are sport and tea based drinks. Some examples are:

- Vitalon Foods company
- Uni-president

Other big competition is the one that comes from the biggest Coca-Cola Company rival, and also consider one of the biggest companies of beverages in the world, PepsiCo, which will make a very hard competition to Jianchi, because they usually use their brand recognition and product differentiation against coca-cola Company.

SWOT ANALYSIS

Strengths

1. Brand impression: The Coca-Cola Company has already a good brand impression in the world and Asia as well, so when they launch a new product, people will want to try it, because we know the quality of products that Coca-Cola have, lately Coca-Cola launch Schweppes in Taiwan , but this product already exists in us since 1870. However, until now this company brings it here, and because their good brand impression, and some good promotion and marketing strategy, now is popular in Taiwan.
2. Innovative: this drink combines fruits and herbs, these two features together give our consumers the new concept that the drink can be nutritious and delicious simultaneously. The way is made combine the principles of ancient Chinese wisdom with the needs of the environment and style of contemporary life. This concept will attract a variety of people from different backgrounds.
3. Value pricing: if you have been to pharmacy recently, you will know that nutrition drinks actually are really expensive, for example: electrolyze water. Our price set at \$30 NTD is a good investment because is not like a common drink that you just drink and feel refresh for a while, our product will give consumer the extra value of the principles

ancient wisdom.

Weaknesses

1. Brand impression: The Coca-Cola Company own brand impression can be a good thing, and also can be a bad thing, because for some parents according to the media coke and drinks related to this one can be harmful to people’s health, so people may react a little defensive to this new product even though is more related to stimulate the Qi energy, vital force that the body expresses.

Opportunities

1. Lower cost: because this product was launched in Italy, Europe, first, ingredients that are use to elaborate this product will be needed to be found in Taiwan, a country relatively cheaper than Italy, and this will mean a lower production cost.

2. Globalization: Our product will be available only in Italy and Taiwan, but for The Coca-Cola Company will be a great advantage bringing it to Taiwan, because Taiwan’s location is in the middle of Asia, which means that if it is a huge success in here, Coca-Cola can easily go to other Asian country and promote this product.

Treats

1. The recycle cost increase: Since the policy changed in 87 that in Taiwan every company need to afford the recycle cost for their products. In Coca-Cola this they have a variety of materials to make their bottles like aluminum, iron and so on. Which mean the whole process will cost more when they produce this new product in Taiwan.

2. Substitute: Our product may have less competition in European drink market, but in Taiwan we have lots of vendors that sell this kind of drink, herbs juices, which mean that if our consumers don’t walk in our retailer’s stores our selling opportunity will decrease.

3. Economic is in a slump: Nowadays in Taiwan the economy is getting worst, which means that not every customer can afford pay a little bit higher than the normal price (other energetic drinks are around \$20-\$25 NTD). So our market could be influence by this, letting to a decrease in the amount of people buying it.

MARKETING STRATEGY

Coca-Cola’s marketing strategy is based on a positioning of product differentiation. Our primary consumer target is consumers who want a boost of energy. Jianchi means “strong inner energy” in Chinese. Our new product is proposed as an ally to combat the daily stress and above all to find the mental and physical balance. When our customers drink a bottle of our beverage, he or she can enjoy the taste and enhance their inner balance at the same time. The secondary consumer is consumers on a diet, and those who practice sports. Because our product have three different flavors, that included many nutritional ingredients.

Positioning

Using product differentiation, we are positioning Jianchi as the most fresh, pleasant, and innovative product for people on a diet and people pursuing balance inside their body. Our marketing focus on it is a new drink inspired by the ancient principles of traditional Chinese wisdom by telling people that our beverage is a taste of “5,000 years of wisdom in a bottle.” Consumers can experience Jianchi in an atmosphere geared toward enhancing inner balance.

Product Strategy

Jianchi, including our three different flavors Jianchi Millenary Force, Jianchi Millenary Serenity and Jianchi Millenary Transparency, will launch in Taiwan at the beginning of February, 2010. The logo of Jianchi is a graph of the Chinese sport Tai-Chi. This logo matches the spirit of our product, which means that each of our new drinks has a combination of factors to stimulate the Yin and Yang that are complementary and opposite forces that exist in nature. That is exactly the meaning and purpose of the Chinese sport Ta-Chi. Our drink is sampled in a natural and relaxed atmosphere where the emphasis is on balancing yin and yang.

Pricing Strategy

Jianchi will be introduced at a price of \$30 NTD for each bottle. For now, Jianchi is cheaper in Italy, because it is more difficult to let western people to accept a drink that they do not understand very well. So that is why it is cheaper in Italy, to attract more consumers to try it. In Taiwan, because is easier to consumers to accept this idea of Chinese culture, consumers will be willing to pay this value for the drink.

Distribution Strategy

Our channel strategy is to use selective distribution, such as well-known retailers, like Carrefour, and convenient stores in Taiwan. And because our new products are not just a

normal beverage, our drink made with fruit juices and plant extracts, they are drinks between functional drink and normal beverage. So in addition to convenient stores we are also going to sell our products in pharmacies and herbal shops to let our products be well-known in the Taiwanese market.

Marketing Communication Strategy

Our new products are created by Jenny Ng, who has created a series of stores that sells soups, teas and fresh juices in Hong Kong 25 years ago. This kind of alliance between the west, in this case Coca-cola, and east, Jenny Ng, is the main point of our drink, the combination of two cultures. So we will have many commercials on TV that will highlight this combination of cultures. Furthermore, we will emphasis on Chinese sports as Tai-Chi in the commercials, and also we will talk about inner balance inside the body to emphasize the stimulation of the Qi of Yin and Yang.

Marketing Research

Using research, we can know what consumers think about this innovative drink and also if they can accept it easily, we will also create a website for feedback, where consumers can write their own experience of drinking our new products, they can comment on what they felt after they drink it and how was the atmosphere after, if it was a more relax or calmed. And even consumers can discuss the Chinese sports like we said before Tai-Chi, they can talk about the benefit of this sport, and it can let Chinese culture more and more be well-known.

Marketing Organization

The Coca-Cola Company chief marketing officer, Linda Lin, holds overall responsibility for all of the company’s marketing activities.

ACTION PROGRAMS

Jianchi will be introduced in three different flavors (Transparency Millennial, Force Millennial, and Serena millennial) on February 1 in all biggest cities of Taiwan, and our actions programs to get to our marketing and financial objectives, using a budget of three million new Taiwan dollars (3,000,000 NTD), that we will use in the first 6 months including January will be the following.

January: we will set a 500,000 NTD promotion campaign in order to attract different possible distribution channels, the promotion campaign expenses will advertise our products in mayor Taiwan cities giving samples to possible owners of companies that in the future could be interested in resealing our products.

Banners (for night markets and streets): People will want to hang out with their friends and relax after a heavy and stressful workday. Most people will go out for shopping and eating. So putting banners in night markets and streets can catch people’s eye easily. And because our product is talking about combating the daily stress and find the mental and physical balance. It is exactly what people, who being through a whole heavy and annoying day, wants to feel inside balance and get their energy back.

Poster and flyer: Poster and Flyer are the mostly strategy using for marketing. The poster and flyer for our new product, Jianchi, will be very impressive. It can remind people that the value of this product and the value of our company, Coca-Cola. It will remind people that we are the best and the most innovative product ever. And the posters and flyers will exhibit in MRT stations, sides of public bus and the convenient stores selling our product. For wholesalers, we will emphasize on selling in Carrefour and Save & Safe (I Mart).

Because based on data bank, there are 61 stores of Carrefour and 24 stores of Save & Safe in Taiwan. For retailers and pharmacies, APEX Page 10 .we will emphasize on Watsons and Cosmed. Based on data bank, there are 398 stores of Watsons and 320 stores of Cosmed.

We will also go around Taiwan educating all of the establishments that will offer our products with the all the facts they need to know about our product, like the product health advantages, all the nutrition facts we offer, and also one of the most important things, how the concept of inner energy is applied in this training we will have a 30,000NTD budget.

February: we will set a 1,000,000 budget to promote Jianchi in all the communication media possible, first we will have TV commercials focusing in the advantages of consuming our product, we decide have two separate parts in the TV commercial, the first one is, that we are going to extract scenes from the movie to make a commercial to present the product, in the second part we are going to make a funny commercial to symbolize we are not just a normal drink, we also have a function to make people be slender or be healthier. According to two types of commercial, we can attract different kind of customer, for example: from different age.

In the first one we are going to use the movie “Kung fu panda,” the reason that we want to use this movie, is because basically this movie is constructed by ancient china’s kung fu and lots of element related to tai chi . Based on this, we can see lots of connection between them, so we think that to use this movie to converse an advertisement really can

impress our customer and also it will be easier to bring the impression we want to deliver to our customer, and also this movie is a comedy produce by Dreamworks, this means that we don't need to worry about the impression for our product, because is design for elder people, and simultaneously attracts lots of teenager fans.

We will also announce in big radio stations, Chinese ones and also English ones; also we will put a fancy advertisement on magazines. We will choose those magazines talking about sports and health. Because we are targeting consumers on a diet, practice sports, and want a boost of energy. Most people will absorb information that they are interested from professional magazines. So the advertisement on magazines will be the most direct access to communicate with our consumers.

least but not last we will also promote in the internet in the biggest search engines as ads that you can link and direct go to our website, some of the internet places we will use will be: Yahoo and Facebook.

March: as our media advertising keeps growing we will have campaigns for the health and we will have little exhibitions with stands around Taiwan offering samples of our products for people willing to try our new and innovative product, we will also give for free tissue paper as a way of advertisement and give something extra to the future consume, and also offer games and interactive activities for people to get involved with the product and want to buy it in the future again and again, in this we will have a budget of 200,000 NTD.

April: we will create a raffle using our product, the raffle consist in collecting 5 of our product bottle caps and send it to our office with the person's information to be able to compete with other consumers for a half year supply of Jianchi. We will advertise this raffle by all the communication media as well and we will use celebrities as models, for this we expect to spend around 500,000 NTD.

May: we will hold a sales contest that will last for 6 months with our salespersons and retailers offering very good prices and limited edition of special key-chains that will be for free and can give as an extra value to the end consumer, the winner of the contest will be the one that can sell more quantities of our product. We are expected to spend 370,000 NTD.

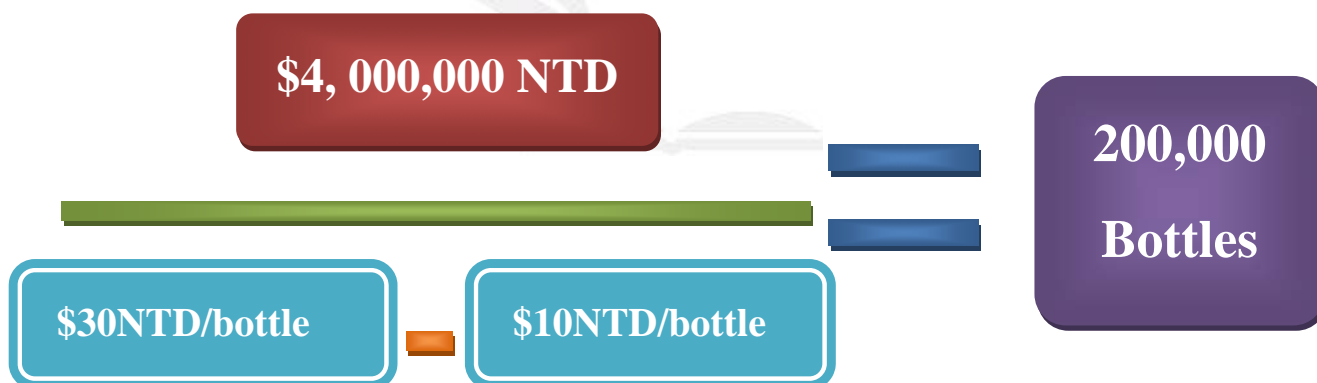
June: We will have a budget of 400,000 NTD join the FOOD TAIPEI, one of Asia's most important food shows and had celebrated its 19th birthday in 2009. The show itself has been the most popular platform for industry players to launch their products into the hottest Taiwan and overseas markets; this will bring us even more business opportunities. By this time we will have brand new advertising, we will create different TV commercials using people that are using our product at the moment, and we will have them expressing

their experience after they start drinking our new energy beverage. These people will be from different backgrounds, sport people, people on diet, or just housewives. We will post in our web page also these people experiences.

BREAK EVEN POINT

Total first fiscal period, which runs from February 1, 2010 to January 31, 2011, sales revenue for the Coca-Cola Company, is projected at \$2,700,000 NTD, with an average wholesale price of \$30 NTD per unit and a variable cost per unit of \$10 NTD for unit sales volume of 90,000 bottles. We anticipate a first-year loss of up to \$1,300,000 NTD on the Jianchi energy drink. Break-even calculations indicate that the Jianchi energy drink will become profitable after the sales volume exceeds 200,000 sold bottles, early in the product’s second year.

Our break-even analysis of the Jianchi energy drink assumes per-bottle wholesale revenue of \$30NTD per bottle, variable cost of \$10 NTD per bottle, and estimated first-year fixed cost of \$4,000,000NTD, that includes \$3,000,000NTD from the marketing budget, and \$1,000,000NTD production and miscellaneous costs. Break-Even calculation will be:



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