
Strategic Marketing Plan

Drinkworks: Home Bar by Keurig

1. *Perform a strategic analysis of Home Bar in the beverage market taking into consideration of a) segmentation, b) consumer change, c) competitive responses and d) prioritisation of limited resources.*

s

The 'Drinkworks: Home Bar by Keurig' case study, demonstrates the importance of strategic analysis in order to penetrate and orient the business's intended target market with the launch of a their new product, the Home Bar. Their first issue is emphasised in their market segmentation. With Drinkworks hasty desire to broadly appeal to such a large, 'multi-category' market, despite the distinct pricing and motivation of the product, their distribution channels and marketing plans are not as effective as if they were to focus on a more concentrated segment. Their product is based around a more luxury item, designed and advertised to make your life easier and costs approximately \$250 per unit purely to manufacture. Due to this strong pricing emphasis, they must consider the first principle of marketing strategy which is that 'all customers differ'. There is an opportunity here to focus the marketing of this product as a luxury good for those with a higher level of income and those who are more likely to spend money on showing off something which makes their life easier with their friends, rather than trying to persuade those with a lower disposable income that 'convenience' is more important than \$299 in their bank account. This is clearly articulated in their survey responses and provides an opportunity to target their value proposition more towards ease, convenience and prestige.

At the conclusion of the 2018 experiment conducted by Davis, the Home Bar product shows a possible weakness or therefore opportunity in its ability to grow and change with the customer. The majority of this case focuses on the more immediate future of the Home Bar product and fails to consider the idea that people and customers change over time. They move from being first time buyers, to hopefully loyal customers. As mentioned in the case study, 'durable goods have a very slow development process' which minimises the ability for the physical mechanism itself to be updated or changed regularly without a long lead time so relies on the pods to be updated or improved efficiently to gain further traction and to grow and change as their target customers do. By engaging in both alcoholic pod options as well as non-alcoholic mixers at the same time, does this decrease the product's ability to grow with the consumer? Is there an opportunity to gradually release these to the market to measure their individual effectiveness and market engagement? This would also allow for the promotional material of the product to shift in order to spread awareness of the product over a longer period of time.

The food & beverage market is a crowded market, with the successful needing to gain a sustainable advantage over your competitor through differentiation. There's no point in purely focusing on the success of your product, while failing to consider the movements around you. In this case study, RTD's, which involve pre-mixed alcoholic beverages are a key competitor to the Home Bar however gives Keurig the ability to differentiate and market their product as more environmentally friendly due to their more waste free elements of the product. The RTD's in a can also present a less luxurious and entertaining feel to drinks, which could also open up the opportunity to design a set of glasses which fit the machine perfectly and add another element to the product for high earning income earners to invest in. Again, a strong promotional awareness is required here. It is however imperative that Drinkworks priorities the resources towards a higher luxury brand at first before developing into a wider product line as it's not feasible to attempt to resource such a large market segment as previously mentioned. By having a product implementation plan, resources can be distributed effectively.

2. Using frameworks from the unit, and being specific regarding use of the 4Ps, what strategy would you recommend for Drinkworks - Home Bar?

The VRIO framework would be a highly efficient strategy in order to offer Drinkworks with a long-term competitive advantage based around the price point and promotion of their product. As I believe it would be effective to position the product in a way that it is seen as a luxurious and an item that is showed off within a more lavish household, Drinkworks could capitalise on this mentality in avenues like their distribution channels. Currently, their options are mainstream liquor stores, traditional retail stores and e-commerce. Instead, the business could strategize to sell their product in more high end boutiques and stores to distinguish an element of rarity that competitors don't have. This would however require a strong focus on promotion in order to develop awareness, but would enable Drinkworks to keep a higher price point. Here, you would also need to take into consideration, the process of delivering the product to your customers. Drinkworks must invest in a have an effective sale funnel and a high level of customer relationships management in order to provide an all-around luxury experience.

In addition to this, the Ansoff matrix would be beneficial when developing the companies growth and future developments. I previously made mention to a more prolonged introduction of products to the pod range, starting with the non-alcoholic pods in order to attract a larger number of customers as this is the most trusted product seen within the survey results.

After rolling out all of the pods, and utilising a strong promotional marketing plan to muster awareness, the Ansoff matrix would allow the business to cater to a different market via similar products or begin designing add ons. This could also introduce a more inexpensive product, which costs less to develop but could engage with a younger or family based every-day appliance. This would also offer a wide range of places in which Drinkworks products would be distributed, including global expansion.

The overall growth of the product does however emphasise the importance of market orientation. There are several mentions of strategized growth within this discussion, which is not possible if Drinkworks fails to focus on market orientation and aim to prolong a long term product career.