



EVOCA CASE

Strategy and marketing Project

Academic year (2022-2023)

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Agenda

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- View on vending Industry
- EVOCA Group
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02 Market Analysis

- STEEP analysis.
- Porter 5 forces.
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03 Case and Proposals

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- Marketing mix.
- Proposals

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- conclusion.
- Other suggestions for future.



2021 Impact:

- Significant recovery in consumption and in sales of new machines by manufacturer, but still below 2019.
- More significant price rises than 2020.
- Continued investment in digitalization .
- Ongoing supply chain challenges.
- Inflation started in Q4 of 2021.

Key players:

FAS, Bianchi vending, La Rhea, Azkoyen, Crane, Jofemar, Vendo, Sielaff, Gerhardt.



EVOCA GROUP

- EVOCA Group is an Italian world-leading manufacturer operating in the professional coffee machines sector and a major player in the Vending sector.
- The group has been expanding through M&As since 2000, leading to the creation of a house of brands composed by ten brands.
- Evoca's offer serves customers all over the world, but the largest and most important market is Italy.
- Key features: 9 MANUFACTURING SITES, 6 R&D CENTRES, PRODUCTS SOLD IN 140+ COUNTRIES, 600+ REGISTERED PATENTS.

1. Introduction

- *The global vending machine* market size was valued at USD 51.91 billion in 2021 and is expected to register a compound annual growth rate (CAGR) of 10.7% from 2022 to 2030.
- The European OCS & Vending landscape continues to be dominated in terms of machines and vends by France, Germany, Italy, Netherlands, Spain and the UK.



Target brand and product

1. NECTA:

- leading brand for the Vending sector, with a complete range of Coffee and impulse.

2. Important features:

- Recognised performance
- Management efficiency
- Common spare parts
- Distinctive and easily customisable solutions
- Common technical learning extended to all models.



3. Problems to consider:

- The design of the vending machines is not particularly appreciated by the final consumers.
- Low levels of cleanliness due to B2B clients failure in providing the expected levels of maintenance.
- the difficulty in collecting direct feedbacks from the final consumers.

Other brands:

EVOCA offers products for smart payments (NEWIS),
Horeca and OCS, such as GAGGIA DUCALE, SAECO, etc.



2. MARKET ANALYSIS



Social

- the hectic lifestyles of consumers is boosting product sales through vending machines.
- growing consumer awareness regarding healthy food and beverage options.



STEEP

Political

- Sustainability policies: renewable energy and materials.
- Government policies: R&D incentives from the government can help the industry grow and contribute to technology development.
- European Union regulations: favoring domestic production over imports.

Technological

- Implementation of digital technology for all the core processes and automation even in marketing such as E-Commerce.
- AI, machine learning and big data analytics to empower the capacity to meet the customers.
- Cutting-edge technologies and materials allow for significant cost reductions while also improving quality.



Economical

- Global Recession: As a result, the demand for products drops.
- Vaccination rate growth allowed international trade do pick up.
- Purchasing power has risen in recent years
- Exchange rates stability and inflation rates rises.



Environmental

- Environmental protection laws: Laws regulating environmental pollution.
- Renewable energy attitudes



Porter Five Forces:

Internal rivalry:

STRONG: All the competitors are somewhat similar in terms of offer, high exist barriers and the market has low demand variation and growth rates.

Threats of new entrants:

LOW: high entry barriers such as capital needed, patents and technologies, network of distributors and dealers and economies of scale.

Threats of substitute:

AVERAGE: drive through, self-service and canned iced drinks increase the convenience of popular cafes. Also, homemade coffee is becoming easier and more creative.

Buyer bargaining power:

HIGH: there's a trend of concentration in clients, the clients has more information about products, moderate switching cost and low product differentiation,

Supplier's bargaining power:

AVERAGE: body material and electronic components are not uncommon or unique.

Competitors:

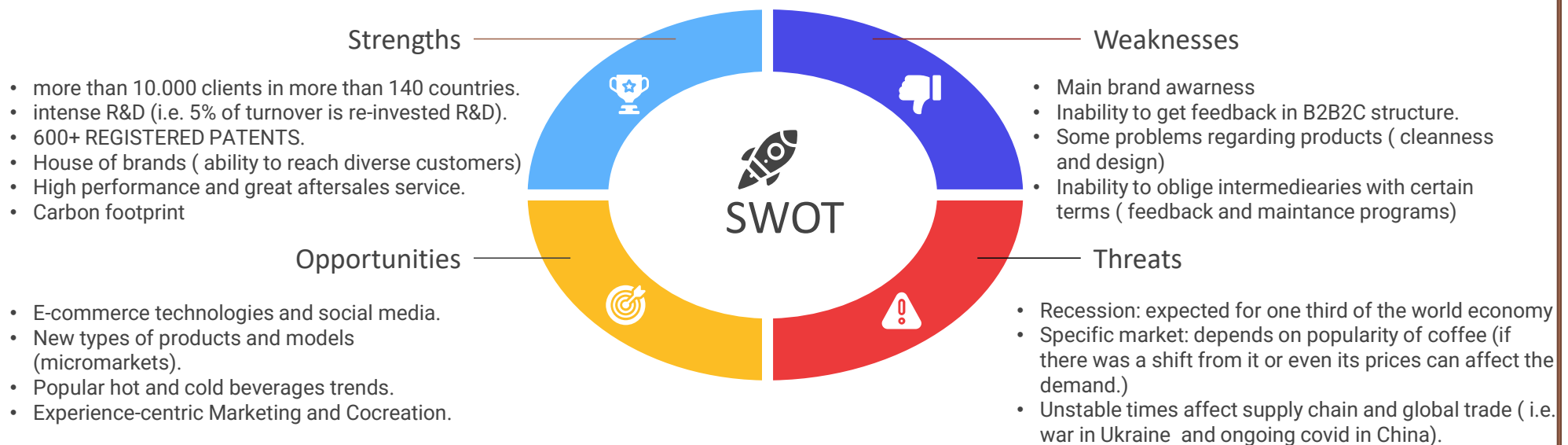
EVOCA's competitors varies in terms of their offering conditions, for example"

- FAS vending offers hot and cold combo vending machines and a product line for recycling " short circular economy".
- La Rhea offers a sophisticated app, user recognition feature for the machines and a customization service for its products.
- Bianchi spend a lot in digital and software solutions, flexible products " easily modified configuration" and a coffee machine that offer 350 combinations of drinks and aromas.
- Bulk vending focus more on the service, they offer operating service, maintenance, vending supplies " wholesale" and even refurbishing old machines.
- Azokyen and Joefemar offer more than coffee and cold and snacks machines, such as tobacco and auto retail options





SWOT Analysis

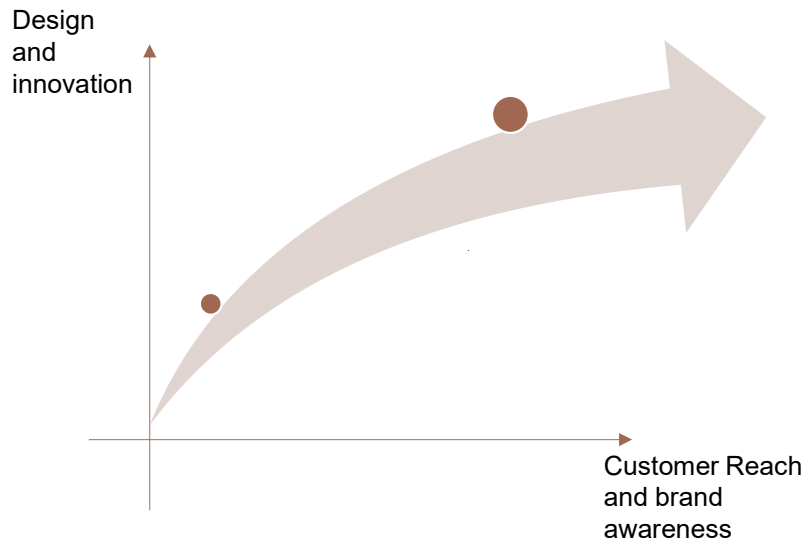


3. CASE AND PROPSALS

Positioning

How NECTA needs to be perceived by the market?

- High quality and reliability.
- Elegant design and digital development.
- Strong brand image and reach with final customers.



Even though NECTA products are generally characterized with elegant design and high quality, there is a feedback that the design is not appreciated. Also, there is a strong need to open a channel with final customers.

Possible requirement to make this transition

1. Conversation: use social media platforms to contact final customers gaining feedback for design and getting tips about trends.
2. Innovation: use technologies such as AI and clustering to analyze collected data in order to improve the design and overall customer experience.
3. Advertising: campaigns, Organized events (direct contact, i.e. Coffee day, vending events)



MARKETING MIX



Improve Breasy app

While the app is simple and convenient, it has more potential to exploit and enhance user experience without compromising its functionality.



Explore new options

New ideas and concepts such as Micromarkets and smart fridges are emerging, which means its necessary to add more products to the catalog.

Currently marketing is more experience centric, and the channels used is somewhat different with influencers and social media are becoming important.



Our main focus will be in using those tools in creating a society to enhance experience and involve the final customer in creating, reviewing and using our products. Hence, we will focus in two aspects of the mix.

Advertisement

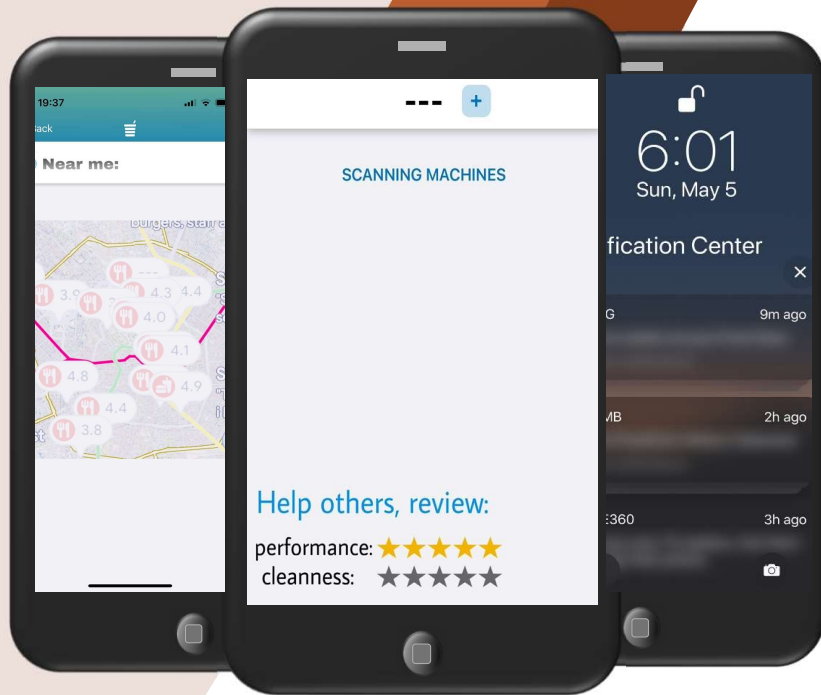
Platforms that use short videos model such as YouTube shorts, TikTok and even the old ones are now using this form, which could be an important tool for marketing.



Content Creation

Creating articles, short videos and even small events about new concepts and products to get early feedback and further improve the offering.

Product: Breasy APP



Here are some suggestions to improve the app, which are expected to fit well with the overall plan:

Notifications:

Make use of AI and Data clustering to track customers habit and interact with customers more proactively.

- “Its time for coffee!”, based on time the user usually buys products.
- “did you know..”, promote content that will be created in an interesting way.
- “What is new in market”, in case of application of MicroMarket.
- etc.

Near me:

Make use of location services and share locations of MicroMarkets and public vending machines with customers.

Review:

Ask the user to rate his experience based on detrimental factors such as cleanness and absence of faulty performance, which will force the intermediaries to tend to the machines.

The ratings could be shared in app or in locations function.

Collect Statistics:

Its big data era, analyze collected information about consumption and other metrics to get early sign about changes in trends.

Tailored experience:

Users choices could be saved to make the app more convenient. Also, this feature could be used for Loyalty programs.

Product: new options



New ideas:

nonconventional vending machines to reduce the risk of a specific market, such as:

- fresh bread vending machines.
- reverse vending machines RVM (could allow access to Sustainability/Green bonds).
- Beauty products vending machines
- Many other novel machines that worth consideration could be found by attending events such as VENDEX, Expo Antad & Alimentaria, Enada Primavera.



Iced drinks, Tea drinks and more:

- Even though espresso is still the most popular drink, Cold brew, iced mocha and nitro and more are certainly a trend. Starbucks claims that 75% of sales are cold beverages. Its even available in more convenient canned form, but it's somewhat expensive (2-3\$ per can).
- Also, Tea could be explored more as an alternative to coffee. Flavors such as mint, matcha and citrus in both hot and cold options are becoming popular.
- People are craving creative twists or variations on the flavors that they know and love.



MicroMarkets:

By increasing the catalog of products alongside the improvement in Breasy app, this model could be implemented. Also, Collaborations could be used instead of homemade machines.



Promotion: Advertisement

- Our focus will be on 20-40 age group, Since relatively young demographics are more likely to have on the go coffee and use vending machines.
- Social media and streaming services are more relevant for the selected group instead of TV and newsletters.
- Other platforms could be considered: Twitter, Netflix, Snapchat and Pinterest and Hulu.
- Influencers, Celebrities and content creators are to be collaborated with. (i.e. YouTubers, etc.)



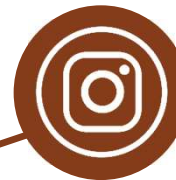
YouTube

- Second Most Popular Social Media after Facebook.
- There Are 2.56 Billion Monthly Active YouTube Users Worldwide.
- YouTube Shorts Has 1.5 Billion Monthly Active Users
- The average YouTube ad cost per view (CPV) is \$0.010–\$0.030, depending on the ad format, placement, and industry. It can cost around \$2,000 to reach 100,000 viewers on average.



TikTok

- The app reached one billion active users and is growing fast.
- It's the Sixth Most Popular Social Media Platform
- TikTok is Most Popular With Younger Generations
- Average TikTok Ads CPC – \$1



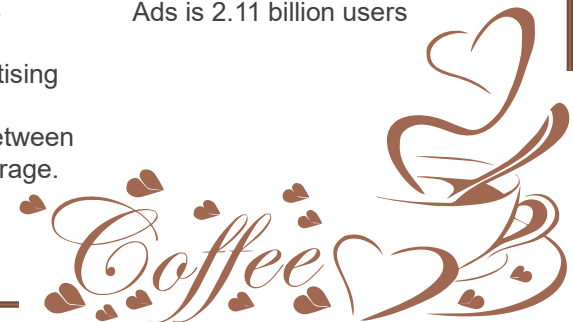
INSTAGRAM

- There are 1 Billion Instagram Users Worldwide
- Most of its Users Are Between 18-34 Years Old
- Brand Stories Have an 86% Completion Rate
- Instagram's Potential Advertising Reach is 1.16 Billion Users
- The cost for I ads hovers between \$0.70 to \$1 per click on average.



FACEBOOK

- There are 2.95 Billion Monthly Active Users on Facebook
- 93% of Social Media Marketers use Facebook Ads
- The Average CPC (cost per click) of Facebook Ads across all industries is £1.31.
- The potential reach of Facebook Ads is 2.11 billion users



Promotion: Content Creation

- Video marketing is the process of creating an engaging video and uploading it to a marketing channel.
- The COVID-19 pandemic resulted in 96% of consumers watching more videos than before.
- Steps to consider in creating content:
 - ✓ Calendar of trending and engaging topic ideas
 - ✓ A script that's formatted to be short and valuable
 - ✓ Featuring the influencers people follow.
 - ✓ Distribution plan to ensure maximum reach.
- brand building requires consistency. The more a person sees your logo, brand name, or content, the higher the odds of them remembering you.
- E.g.: publishing a video on company's mission or stance on injustices, environmental issues, and other important topics helps building credibility with audience.
- Influencers endorsement, explainer videos, product demos, viral videos, short films and customer testimonials.

plan



create



distribute



analyze



Customer pains

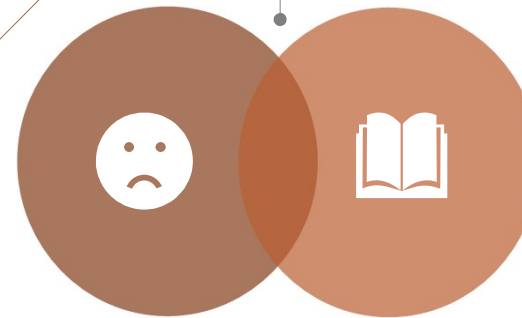
People lifestyle is becoming hectic, inflation rates are going up and many events that disrupt the cost of living, etc.

Content material

It is important to make the material engaging and interesting. Most of the forms of content became short such as short videos and articles, because people attention span became short. Hence, your content should be able to hook them up in seconds.

Knowledge

There is increasing concern about topics such as health, environment, sustainability, novel concepts and technologies such as VR, AR and AI.



Promotion: Direct Contact



Events:

Simply by participating in/Organizing events such coffee days, expo exhibitions, or even holidays (for example opening a temporary MikroMarket in a public square during a holiday)



Ads:

Traditional advertising, such as TV, mails, magazines, billboards, flyers, merchandises, campaigns and posters in metro.. etc.



Students:

Just like our case, more projects could be offered for students “even technological”, since they are in the targeted audience. This would increase the word of mouth, improve public image and would provide helpful insights about next generation.

Bottomline:

While Digital means are more prominent and relevant, we can not ignore having direct contact in order to have a complete plan.



Plan: 2 years

First year:

1. Improve Breasy app (development costs around 40K-60K).
 2. Build digital marketing team or explore collaborations with agencies to help in planning distributions and create and produce content.
 3. Set a budget for a target of 100k audience in Italy across the targeted platforms and increase it accordingly to increase coverage. (costs 3-10\$ per 1K impression)
 4. Promote the new app functions and increase its usage. (fully produced video 2K-5K)
 5. Increase direct marketing to help in pushing the digital one for a better reach. (reasonable costs because it is complementary)
 6. After reaching a considerable audience, start testing new products ideas and designs with customers.
 7. Adopt means such as popularity polls for design, drinks
- (considering 10 quality videos, app development, digital marketing for 100k audience, team costs, direct marketing cost and other costs) ~ 1 M euros + cost of increasing digital reach.



**Overall Budget
starts at 2M €**

~1.3M€

Second year:

1. Continue to expand Targeted audience and further improve the brand image.
 2. Promote new ideas for vending machines (product demos and videos)
 3. Organize/ Participate in events to showcase prototypes to get a feel of its attractiveness.
 4. Consider the admission of the new products
 5. Plan to enter MikroMarket field with either full homegrown machines or with alliances and collaborations.
- (its hard to estimate cost of developing new products, but the groundwork for increasing brand awareness and loyalty was done in the first year, so the spending in that aspect should be lower) ~ 500K euros

~500K€



Conclusion

These days, Digital Marketing and Co-Creation are vital tools in innovative and creative processes. After analyzing EVOCA's strengths and weaknesses, the solution was made by focusing on three of the required pillars and using the outcome to touch on further two pillars. The aspect of final user relationship and engagement was addressed by improving the app functionality, while advertising and Omnichannel strategy were addressed by digital marketing and the other activities mentioned in the plan.

We believe that EVOCA needs to be well connected with final users in order to achieve the required positioning, thus opening channels of communication was our top priority taking most of the budget, since suggesting new products or models might not align with customers needs or EVOCA corporate strategy. The implementation of this solution will provide groundwork and tools to work in product innovation and improving user experience.

A woman's profile is shown in a dark, moody setting, looking out a window. The light from the window illuminates her face and the words 'Grazie!' written in a gold, cursive script across her shoulder. The background is a blurred view of a city street with buildings and trees.

Grazie!