Cadbury Beverages' Crush Brand Case Analysis

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Executive summary

Cadbury Beverages, Inc., faces the challenge of re-launching Crush fruit-flavored carbonated beverages, a product recently acquired from Proctor & Gamble. Given the multitude of competitors, not only in the soft drink market but specifically in the fruit-flavored soft drink market, Cadbury has to determine the best plan for making Crush a viable competitor in this market.

While Crush has been on the market since 1954 and is a familiar brand name, the Cadbury marketing executives face several key issues. First, with the switch from P&G to Cadbury, the Crush soft drink brand needs a revitalized bottling network within Cadbury's system and steps need to be taken to make the distribution channels clear and efficient. Second, the marketing team has to find the ideal position for Crush on the market amongst all the similar, competing products. With major competition from PepsiCo's Mandarin Orange Slice and Coca-Cola's Minute Maid Orange, it's not enough to re-enter the market as just another orange soda. Finally, an advertising campaign must be created to promote Crush's new position and get the product into the appropriate media channels. The positioning of Crush, presents a sizeable challenge as it has been through 14 positioning iterations since its inception in 1954. Determining a new, fresh approach is both a matter of considering what has succeeded or failed in the past as well as envisioning what could work more effectively going forward.

Situation Analysis

INDUSTRY ANALYSIS

The soft drink industry is complicated in that the products are not merely made and distributed by one manufacturer, but are rather the result of three participants working in tandem, often taking on overlapping roles.

The process begins with the concentrate producers who make the basic flavors that will become "soft drinks" once the carbonation is added. In the case of diet soft drinks, concentrate manufacturers also add the artificial sweeteners, though this does not hold true for the regular varieties. The major concentrate producers in order of market share are Coca-Cola, PepsiCo, Dr. Pepper/Seven Up and Cadbury Beverages, Inc. And while there are 40 total producers in the United States, these top four producers make up 82% of the market.

After producing the concentrates, producers sell them to the bottlers who not only add the carbonated water to the concentrates, but also add sweeteners to the non-diet sodas. While there are approximately 1,000 bottling plants in the United States, the bottlers are either owned outright by the concentrate manufacturers or franchised to independent operators who sell the manufacturers' products. While these franchisees are not allowed to sell competing brands of soft drinks, they are permitted to sell non-competing brands. For instance, a bottler who sells Dr Pepper (Dr Pepper/Seven Up) is not permitted to also market Mr. Pibb (Coca-Cola), but is free to promote and sell Fanta, an alternate, non-competing Coca-Cola product.

Retailers represent the third major participant in the soda sales market. The major outlets for soda are supermarkets (which make up 40% of industry sales), convenience stores, vending machines, fountain service and other small retailers such as restaurants.

Interestingly, all three key players in soft drink production and distribution play distinctive roles in the marketing and selling of soft drinks. While the concentrate producers take on the tasks of market research and product development, they also develop the ideas for national promotion and large-scale advertising campaigns. The bottlers are involved at another level: they are responsible for working out promotional programs with the retailers to whom they sell and provide service. Retailers, usually in exchange for coupons, promotions and deals for their customers, make arrangements with bottlers to create in-store promotions and end-of-aisle displays, which the bottlers are responsible for maintaining.

Soft drinks represent a huge industry in the United States. In 1989, Americans consumed more soda than tap water, averaging 46.7 gallons per person per year. This staggering number combined with soaring population growth led to $43 billion in retail sales that year. The industry has always relied heavily on advertising to bottlers and through bottlers to retailers. There's also huge pressure to innovate, creating new flavors, new looks and new appeals to the consumer (think Pepsi Clear, Mountain Dew Red Alert, multiple flavors of diet versions of old favorites and caffeine-free options). In terms of popularity, Colas account for almost two-thirds of total soft drink sales, followed by Lemon-Lime (Seven Up, Mello Yello, Sprite) and Orange. There has been an increasing rate of consumption of diet beverages over the years and diet sodas account for a distinct portion of overall growth of sales. In 1989, diet soft drinks represented 31% of sales. Significantly, that same year 4 of the 10 most popular brands of soda were diet brands. It would benefit Cadbury to consider these trends while moving forward with their re-launch of Crush. In order for a soft drink company to market a product as something new, they have to position it in a unique way, because there are competing products in every category of flavor, packaging and price. It is virtually impossible to create something new: the goal is to present the standard product in a "new" light.

Consumer Analysis

Soft drink purchases are, as noted by industry analysts, often unplanned. While Americans consume a vast amount of soda—126,000,000 cases of Orange-flavored sodas in supermarkets alone were sold in 1989—they have not been shown to be consistently loyal to one particular brand when presented with bargains. Point-of-sale promotions as well as end-of-aisle displays and other in-store enticements are often enough to sway consumers to purchase a particular brand, essentially locking out 60% of other brands in the store. Soft drink buying is marginally higher in the summer months when people seek cold beverages, and there is greater consumption of soft drinks in the East, South, & Central states. Kentucky, Tennessee, Alabama and Mississippi are the highest consumers of soft drinks, with people drinking, on average, nearly 8 gallons more per person per year than the national average. The lowest consumption is in states in the Mountain Time zone— Montana, Idaho, Wyoming, Arizona, Colorado, Utah, Nevada, and New Mexico.—and perhaps not coincidentally, these states are known for having healthier, more physically active populations.

Married women with children under 18 living at home are the typical supermarket purchasers of soda. This isn't surprising given that mothers often do the bulk of grocery shopping for the home, but it does suggest that a significant portion of the major consumers of soft drinks are children and teens under 18, unless we are to assume that parents are buying it for themselves. Of the top 10 brand varieties of soft drinks, Coco-Cola Classic, Pepsi-Cola, Dr. Pepper, Sprite, Seven Up, and Mountain Dew represent 52.7%

of the market share. However, while people under 18 typically consume regular soft drinks, it is those over the age of 25 that are most likely to consume diet sodas. Yet this only accounts for 14.6% of the market share, hardly the same amount of consumption as regular soda.

General Competitive Environment

Competition was tough with four major brands capturing the majority of orange-flavored soft drink sales in 1989. Mandarin Orange by PepsiCo was the leader with a market share of 20.8 percent. Sunkist by Cadbury Beverages and Minute Maid Orange by Coca-Cola had 14.4 percent and 14 percent, respectively. Finally, Orange Crush had a market share of 7.5 percent. Other smaller brands and labels accounted for 43.3 percent of sales.

The major competitors sold both regular and diet varieties of their orange-flavored drinks; however, slightly over 70 percent of sales in this category were regular soft drinks. The major competitors also differed in terms of market coverage. For example, Sunkist was available in markets that represented 91 percent of total orange category sales, while Orange Crush was available only in markets that represented 61 percent. Mandarin Orange Slice and Minute Maid Orange were available in 81 percent of the market.

Furthermore, slightly over $26 million was spent on advertising by the four major brands. Mandarin Orange and Minute Maid Orange accounted for 84 percent of all advertising expenditures in the orange category. While Minute Maid appeared to emphasize its orange flavor, Sunkist focused on teen lifestyle. Also, Mandarin Orange and Minute Maid Orange were targeted towards young adults and households without children. Although both brands, Minute Maid and Mandarin Orange, were advertised on network and cable television, they different in other respects. For example, while Minute Maid Orange used billboards and radio, Mandarin Orange used magazines and newspapers.

Finally, concentrate pricing among the four major competitors differed very little. Also, the price difference between regular and diet concentrate was virtually the same across competitors. The similarity in pricing and raw materials costs resulted in similar gross profit margins across competitors.

Company Analysis

In the United States, Cadbury was fourth behind major competitors Coca-Cola, PepsiCo, and Dr. Pepper/Seven Up. Cadbury Beverages, Inc. is a global soft drink and confectionery marketer with product sales in more than 110 countries. The headquarters of Cadbury Schweppes PLC, located in London, is the world's first soft drink maker, beginning with Jacob Schweppes' creation of artificial mineral water in 1783. In America, its worldwide headquarters are located in Stamford, Connecticut. Cadbury Schweppes PLC is one of the largest multinational firms and the world's third largest soft drink marketer.

In 1989, beverages accounted for 60% of Schweppes' worldwide sales and 53% of its operating income. Cadbury offered a variety of beverage products, including carbonates, waters, and juices as shown in Exhibit 1. One of their carbonated drinks, the Crush brand, was acquired from Procter & Gamble for $220 million in October 1989. The company has acquired many brands all over the world, which have established customer franchises. These strong brands along with Cadbury's willingness to expand and innovate have helped the company achieve great success. Additionally, the brand's consistent marketing investment in the Schweppes brand name and extensions into different beverage products have also helped the brand remain successful in the market.

Furthermore, Cadbury Schweppes was the fourth-largest soft drink marketer in 1989 with 3.4% market share. It is worth noting that the company's brands were often the market leader in their specific categories. For example, the combined sales of Sunkist and Crush (both Cadbury products) lead the orange-flavored carbonated soft drink category with the brands accounting for 22% and 20% of U.S. sales respectively.

Overall, Cadbury Beverages, Inc. is a large business with a long history and many leading brands in their product portfolio; however, it has to confront the challenge from powerful competitors in the United States—Coca-Cola, PepsiCo, and Dr. Pepper/Seven Up—in order to remain successful.

PRODUCT ANALYSIS

The Crush brand of fruit-flavored carbonated beverages was acquired by Cadbury Beverages from Proctor & Gamble in 1989. When it was acquired by Cadbury Beverages, there were three main prominent issues. First, the bottling network for the Crush soft drink brand needed to be rejuvenated immediately. Second, they needed to figure out what the Crush brand equity was, how the brand was built, and what base positioning could be developed. Finally, a new advertising and promotion program for Crush had to be developed.

Define the Problem

PROBLEM STATEMENT

The primary problem that Cadbury Beverages, Inc. is facing in regards to its Crush Brand of soft drinks is that it is currently facing a steep challenge to gain more market share in the orange soft drink category due to tough competition from major brands, Coca-Cola and PepsiCo's product offerings in the category. Currently, the brand only has a market share of 7.5%, while Cadbury's other product in the orange category, Sunkist, held 14% of the market share. As mentioned previously, Cadbury acquired the rights to the Crush Brand from Proctor & Gamble with the intention of successfully re-launching the soft drink; therefore, in order to effectively re-launch the brand, Cadbury must address the problem of developing an effective product positioning for the brand that will help with the initial re-launch of the product. Coupled with this, Cadbury will need to develop an appropriate and effective advertising and marketing campaign that will not only avoid cannibalizing the sales of the Sunkist brand, but also help Crush gain market share from the likes of PepsiCo and Coca-Cola, while addressing potential challenges with bottlers, pricing, production, and promotions.

Summary of SWOT Analysis

<table>
<tr><th>Strengths</th><th>Weaknesses</th></tr>
<tr><td>1. Current supermarket case volume has increased year-over-year, which shows a strong market for the brand
2. Current target market is growing target that could be reached over an extended period of time
3. Crush also has high brand awareness in markets served by existing and new bottlers. It also had the highest brand awareness in the orange category in Seattle, San Francisco, New York, Miami, Los Angeles, Chicago, and Boston.</td><td>1. Crush currently does not have a defined positioning statement to differentiate it from competitors
2. Crush is available in markets that only represented 62% of orange category sales
3. Current advertising spend is very low in comparison to competitors in the market
4. Crush only used a limited number of media outlets—spot television, newspaper, and outdoor signage—but competitors use a more diverse media spend
5. Crush's bottler network was eroded over time due to P&G's decision to distribute the drink through warehouses, instead of bottlers</td></tr>
<tr><th>Opportunities</th><th>Threats</th></tr>
<tr><td>1. Current supermarket case volume has increased year-over-year, which shows a strong market for the brand
2. Cadbury could reposition the product to be included in markets that represent a higher percentage of orange category sales
3. The brand's advertising could be expanded to include a higher variety of media outlets
4. The brand could also reestablish trade relations with new and existing bottlers to help expand the product's reach
5. Crush currently has a respectable level of brand loyalty, that could be increased over time with more advertising and promotions</td><td>1. Cadbury must be careful of cannibalizing sales from its Sunkist brand
2. Steep competition from major brands by Coca-Cola and PepsiCo could make it difficult to gain market share
3. Cadbury could encounter an issue with franchise bottlers in the market who the brand may not be able to work with due to previous relationships
4. Advertising spend is decreasing, so careful attention must be paid to effectively market the product</td></tr>
</table>

Marketing Plan

<u>Alternative One</u>

Re-position Crush as a tasty beverage that won't completely compromise a person's desire to be healthy. Crush, while still a soft drink, is a better choice for your family since the drink contains lower levels of sugar than the competing products and also has fewer calories. For this particular positioning, the target consumer would be families, primarily those with young parents and children.

<u>Potential Positives of the Alternative</u>

1. *It does not contradict with the current target*

Crush's current target audience are consumers in the 13-29 age range; however, the brand should focus more intently on families more than individuals. Exhibit 8 shows that the two-liter package sales is the highest among competitors, at 64 percent. The large packages are usually purchased by families for large gatherings, such as family reunions. Therefore, although the current target is teens, the relatively larger households and the higher two-liter package sales indicate that families with children are a more desirable reasonable target.

2. *The change of target consumers may stop the decreasing market share in recent years*

As shown in Exhibit 13, from 1980 to 1985, Crush targeted consumers in the 13-39 age range; however, the brand began to narrow its scope and targeted teens between 12-17 and 13-29 after 1985, and the market share declined year-over-year from 1985 as a result. It is possible that targeting teens is one of the reasons that led to the decline of market. It is also a market full of competition from Coca-Cola and PepsiCo. Targeting families, however, could reach a greater number of potential customers, avoid cannibalization of the Sunkist brand, and avoid the steep competition from Coca-Cola and PepsiCo.

3. *It helps to attract more consumers who are health-conscious*

The 'shift-in-consumption' trend indicates that consumers are striving for a healthier lifestyle. More and more U.S. consumers know sugar-sweetened beverages are associated with negative health outcomes; therefore, highlighting the fact that the brand uses less sugar and fewer calories will satisfy their needs for a healthy lifestyle.

4. *The decision-maker can be motivated with this position*

For soft drinks, parents—often times, mothers—make the decision on when and how often these drinks will be purchased. During the purchasing process, parents tend to take into account the potential health benefits and pitfalls of each product; especially, since soda has been traditionally labeled as unhealthy. Thus, it is important to persuade them to view Crush as a "treat" for their children that can be used as a reward, without the excessive amounts of sugar that the competitors use in their products.

<u>Potential Downfalls of the Alternative:</u>

1. Since soft drinks typically do not have any health benefits, this potential selling point could be seen as somewhat deceitful, if not marketed correctly.
2. It is relatively easy to be imitated by competitors, since some of the competitors are increasing their proportion of diet products
3. It is not strong enough to resist the attack from other "healthy drinks," like 100% orange juice

ALTERNATIVE TWO

Another option for Cadbury Beverages, is to introduce a new line of natural, orange-flavored vitamin water. The vitamin water comes with a fresh orange taste, less sugar, and fewer calories. Additionally, it is an energizing drink for younger generations who lead an active lifestyle. Furthermore, it is healthier than soft drinks that parents prefer their children to drink; thus, targeting families with children and teens is a great option. It is consistent with it the current target market; however, it is risky to add a new product line.

According to the supplemental material, some companies develop new product lines on flavored water and enhanced water. It tastes better than plain water, but it is healthier than regular beverages. But sales of most branded enhanced water were down in the first half of 2013. Only Nestlé and bottlers like Niagara, which carry lower prices, saw sharp increases in volume sales of their enhanced waters. This market for flavored/enhanced water is still new and unpredictable. Without enough market information, it is risky to approach this field. Furthermore, Crush has accumulated brand awareness within the orange flavored carbonated beverage market. If Crush added a newline of flavored water, the different products under the brand name of Crush could confuse customers and harm the consistency of brand image.

Marketing Strategy for Alternative One

POSITIONING AND TARGET

Re-position Crush as a tasty beverage that won't completely compromise a person's desire to be healthy. Crush, while still a soft drink, is a better choice for your family since the drink contains lower levels of sugar than the competing products and also has fewer calories. For this particular positioning, the target consumer would be families, primarily those with young parents and children.

ADVERTISING STRATEGIES

- *Put emphasis on the balance between the needs of good taste and health*

The "shift-in-consumption" trend indicates that consumers are striving for a healthier lifestyle. More and more U.S. consumers know sugar-sweetened beverages are associated with negative health outcomes. Particularly, when the parents purchase the beverages for the family, they care much about whether the product is good and healthy for their children. However, it is impossible to position Crush as a total healthy beverage, because it is a weak argument when compared to other, real healthy drinks, such as 100% juice and bottled water. The advertising strategies of Crush aims to differentiate Crush from other carbonated drinks rather than from all of the drinks. So the marketer needs to emphasize that Crush is healthier than the competitors—other Orange flavor soda brands— and contains less sugar and fewer calories. The advertisements speak to young parents who make purchase decisions for their families. The advertisements will persuade parents with healthy values and also provide their children with hedonistic values of great taste. This advertising strategy can help parents balance the different needs and feel that they make the best choices for their families.

- *Increase advertising spending*

The relationship between Market Voice and Market Share indicates that Crush did not spend enough money on advertising and should increase the share of voice.

MARKET SHARE AND SHARE OF VOICE

Calculation: Among top four brands, Crush market share/top four market share =
7.5%/(7.5%+14.4%+14%+20.8%)=13.23%
Crush share of voice/top four share of voice =
$1853.6/($1853.6+$11338.1+$2301.9+$10463.1)=7.13%

The category leader, Mandarin Orange Slice's share of voice is 43.7%. Obviously, Crush's Share of Voice is too low compared to its competitors, so it should increase advertising expenditures.

PRODUCTION STRATEGIES

In order to convince consumers that Crush is a reasonable carbonated beverage, Crush needs to control the sugar and caloric percentages in its production process in order to ensure it is lower than the leading brands, including Mandarin Orange Slice, Sunkist and Minute Maid Orange.

Second, Crush should increase the percentage of diet products and decrease the percentage of regular beverages. Based on consumption trends, consumer desire for diet beverages will increase. This can be seen in that sales of diet drinks accounted for a large portion of the overall growth of carbonated soft drink sales in the 1980s. Among the top 10 soft drink brands in the U.S. in 1989, 4 out of 10 were diet beverage brands (Exhibit 4). The increasing sales of bottled water in recent years indicates that there are more and more health conscious consumers. The growing awareness of possible detrimental health effects of sugar-heavy beverages may discourage consumption these types of products. Additionally, for the concentrate producer, the cash profit of diet beverages is higher than the cash profit of regular beverages, with 30% profit margin per diet case and 16% profit margin per regular case, so companies can make more money from diet products. Also, Mandarin Orange Slice is the leader in the orange category with the largest market share. Its case volume was almost evenly split between regular and diet drinks. This production structure may contribute its large sales and Crush can learn from the category leader's experience. Based on the above four reasons, Crush should adjust the ratio between regular products and diet products to 1:1.

ADVERTISING CHANNELS AND PROMOTION STRATEGIES

Cadbury Beverages, Inc. should use its advertising budget to explore multiple media channels. One of the most important of these will be in-store displays and executions, which will be the focus of the creative materials presented in Appendix 1. Supermarkets retain 40% of soft drink sales ahead of convenience stores, restaurants and vending machines, and, as noted before, industry analysts suggest that if a soda bottler can arrange for an end-of-aisle promotional display in the supermarket, they can effectively block out 60% of the competing soda brands. Given this knowledge, it's important that Cadbury focus some significant portion of its media budget to in-store advertising such as point-of-purchase displays featuring promotions, such as "Get an Extra 10% off with the Purchase of an Additional Case." This promotion could be used at the beginning of summer vacation, since soda consumption is higher in the summer and parents may purchase the beverage for their children during these months. Cadbury should also consider shopping cart or basket placements, since the shopping cart is an outlet visible to virtually every customer who enters the store.

In keeping with the idea that in-store promotions should represent a large portion of the media budget, Cadbury marketers should create a direct mail campaign to target the approximately 77,200,000 million households with children in the United States. Advertising in Penny Savers or through direct mail circulars can inform local customers about deals in the store or offer them promotions in the form of coupons.

Appendix 3 contains a budget breakdown of all the suggested media outlets Cadbury needs to explore. National television will be necessary to promote a brand with the 4th-largest market share (and the 3rd most popular orange soda product). A mixture of national television to create widespread visibility for the rebranding and local ads to inform consumers of local retailers' promotional offers is this team's recommendation. The same should follow for radio. Mothers, the primary shoppers for households, spend a significant amount of time in the car during drive times. A mixture of national and local radio during drive times and on weekends is another way for Crush to announce its re-launch and offer local deals to shopping mothers. This could similarly apply to Internet radio, where consumers would be held captive by the ad on an hourly basis.

Another option are pre-rolls on YouTube or Hulu. Short videos promoting the newly re-launched Crush line could be produced with relatively little expense and generate visibility of the product through the Google Display Network. The average click-through rate of an ad on the Google Display Network is 0.4% —four times as high as the average banner ad in the US and almost ten times as high as a Facebook ad. Businesses make an average of $2 in revenue for every $1 they spend on AdWords. The budget can be as high or as low as is deemed effective after a certain amount of experimentation. It Cadbury spends $100,000 in Google AdWords posts, they have the potential to double this amount and increase website visibility. It is clear that children and teens spend a significant amount of time on both YouTube and Hulu, as well as on the Internet in general, so this channel is a savvy way to make a connection with the target market.

Finally, Cadbury should consider investing in out-of-home channels. Bus wraps can be a simple way to get a lot of exposure, merely due to the ubiquity of busses as well as the fact that they tend to cover a good amount of area in towns large enough to have mass transit. In terms of billboards, it could be useful to execute them in massively trafficked areas in the 10 largest cities in the United States: New York City, Los Angeles, Chicago, Houston, Philadelphia, Phoenix, San Antonio, San Diego, Dallas, and San Jose. Billboards are of little use in small towns, but can be a great way to achieve visibility in large cities (think Times Square, Wrigley Field, or the Sunset Strip). A large amount of exposure in heavily trafficked areas will help announce to the world that Orange Crush is back.

COMMUNICATION PLAN

Each ad should be clean, to the point, and resonate a message that speaks to families as a whole. The headline and tagline speak to the fact that Orange Crush, while still a soda, is a much better option than the competitors based on its lower sugar content. It speaks to the consumer in a way to position Orange Crush as a viable option when giving children, or even themselves, a treat every now and then. The body copy explains how, while soda could not be classified as a healthy beverage, it is okay to have a cheat every now and then. Parents struggle to feed their kids the "right things" 99% of the time. Once and a while, it's nice to cut loose and have a special treat. The choice to make the ads clean, and clutter free was done to simply help take away all distractions from the main message that is being delivered. Being clean and simple also allows each advertisement to be bold and eye catching with the text and imagery. The colorful nature of the ads will catch the eyes of children and teens while the clean execution may appeal to adults. Given the media channels Crush will be pursuing, a bold, simple message that is easily read and digested is imperative to the overall success of the ads. By placing a clear, eye-catching, and colorful ad in supermarkets, where a majority of sodas are sold (40% of industry sales), on billboards, busses, and print materials, we can assure maximum recognition and noticeability.

Campaign Idea

A Delicious Compromise. Your kids run around all day. It's okay to give them a treat and let them be kids.

Advertising Copy:
Headline: Let Kids Be Kids

Body Copy: You feed your kids healthy foods and encourage them to be active. But every now and then kids just need something special. Crush is a tasty treat that can make any day a special occasion. And because it has less sugar than the leading brands, you can feel good about it, too.

Tagline: Crush. A Delicious Compromise.

Appendix 1: Creative Mockups

Crush Grocery Aisle-end Design

Appendix 1: Creative Mockups

Crush Grocery Cart Design 2

Appendix 1: Creative Mockups

Crush Grocery Cart Design 2

Appendix 1: Creative Mockups

Crush Print Design

Appendix 2: Calculations

Calculation:
According to Exhibit 3, for concentrate producers, the contribution margin is 16% (regular) and 30% (diet) for each case.

According to Exhibit 5, Crush has 7.5% market share, 126 million*7.5%= 9.45 million cases. The sales of orange-flavored carbonated soft drinks should be $43 billion/2.5 (the sales of carbonated soft drink industry through supermarket)*3.9% = $0.6708 billion = $6,708 million

The sales of Crush = $6,708 million*7.5%=503.1 million

The price per case = 503.1 million/9.45 million cases = $53.24/case
To balance the market share and SOV, Cadbury should improve advertising expense by X dollars, ($1,853.6 Thousands+X)/($26,006.7+X)=13.23%, X= $1,829,000, so the new advertising expenditure = $1,854,000+$1,829=$3,683,000 (about $3.7 million)

To cover the increased advertising cost without other promotions, the break-even volume = $1,829,000/16%=11,432,000 cases (regular), or $1,829,000/30%=6,097,000 cases (diet). These would be the least increase in sales.

Appendix 3: Media Budget Outline

	DESCRIPTION	COST	NOTES
Advertising			
Television	National, Non-primetime or special event	$100,000/ 30 second spot	In summer (90 days, 1 spot per day) $100,000*90=$9,000,000
	National, Primetime	$20,000-326,000/ 30 second spot	In summer (90 days, 1 spot per day) $173,000 (average)*90=$15,570,000
	Local		
Radio	National, drive times	$1,800/per 15 second spot	In summer (90 days, 2 spot per day) $1800 *2*90=$324,000
	National, non-drive times	NOT USING	
	Regional		
	Spotify	Starts at $10,000 for one of 7 different platforms	Includes options for banner ads, homepage takeovers and branded playlists
	Local	NOT USING	
Direct Mailing	77,000,000 households	Cost is approximately $0.48 per piece of mail	In summer, one mail/week/household $0.48*77,000,000*12=$443,520,000
Bill Boards	In the 10 largest cities in the US NYC, LA, Chicago, Houston, Philly, Phoenix, San Antonio, San Diego, Dallas, San Jose	Approximately $2,500 per billboard per month based on an average	In summer (3 months, 20 boards/city) $2,500*20*10*3=$1,500,000
Bus Wraps	These could also be executed in large US cities	Average of $4,500 per wrap for a 3 month period	In summer (3 months, 10 buses/city, 10 cities) $4,500*10*10=$450,000
Pre-Roll Ads	15 - 30 second spots created for YouTube, or any other video based site	Cost will change month to month. Start with $50,000 and adjust based on return	ROI on AdWords is on average very high. No cap on spending is recommended as long as the return is exceeding what you spend. The whole year $50,000*12=$600,000
Promotion: Special offers	Extra 10% off with the purchase of an additional Case		During summer
Total			$470,964,000

Appendix 4: Projected revenues and expenses

Total Media Cost: $470,964,000

The average contribution margin=23%

Break-even volume=media cost/contribution margin=$470,964,000/23%=2048,000,000 cases

So, the selling objective is 2048,000,000 cases

The estimated market share should balance with the share of voice.

Since the whole industry is increasing advertising expenses, we need more information to estimate the share of voice. However, according to the data of 1989, Crush should have a market share which at least doubles the share of voice.