Nespresso, what else?

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Marketing Plan

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Executive Summary

Nespresso, “to create the perfect cup of espresso coffee – just like a skilled barista” the luxurious coffee is brought to you in 1986 from Switzerland straight to your house, it is one of Nestle’s brands. It’s easy to use and adaptable, you simply need to be a coffee lover to start with. A coffee machine that comes with it’s own capsules, that comes in many flavors, sessional, and limited edition flavors.

Nespresso focuses on the key points which are

- Creating the highest quality Grand Cru coffees for our consumers and Club Members
- Creating long-lasting consumer relationships
- Creating sustainable business growth

As coffee lovers ourselves, you are always looking for the best quality with a reasonable price. The provide that

Situation Analysis

Coffee is part of our tradition, and lifestyle. Nowadays coffee drinks tripled in the UAE by 85%, and UAE is becoming the fastest growing market by volume for coffee in the world. So, people are coffee experts and providing a cheap, low quality coffee isn't going to work. Nespresso’s provides high quality coffee with a low price compared to the competitors. Nespresso’s method is you need to buy their coffee machine, and you can only use their coffee capsules, and any accessories would only be for a Nespresso user. They are trying to give you the luxurious taste to your doorstep.
Demographic

UAE is very dynamic, you have people from all over the world, even places you've never heard about, that been said 3/4 are coffee drinkers. Coffee drinkers in the UAE are between the ages (18-56) young adults trying to drink coffee.

Note: 73.9% of the population in the 15-64 age group is non-national (2010 est.) wikipedia

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**Socioculture**

based on article by The National, UAE consume the highest rate of coffee drinkers in the GCC, making them double the drinkers, by the way UAE’s population is 9.346 million (2013). So having a busy life and always on the run, represents UAE. The country that keeps evolving and ahead of everything. That is not easy and demands a lot of minimum sleep, wither your a student, lawyer, teacher, salesman, you are constantly moving. You can’t help it, there is a need for caffeine. As female ladies ourselves, the best place to hang out and enjoy the talk is in a coffee shop. Guest in my house? coffee is the 1st thing to be severed, coffee is a huge part in the arab world, so this is a deal breaker.

**Economic:**

People in the UAE have high incomes, which makes it easy for customers to be able to pay, and purchase, anything to satisfy their needs. Also, UAE is one of the most powerful countries in the field of economy, the country’s free trade zone, attracts a lot of foreign investors. There are several economy factors that attract companies to promote their products in the UAE.

As an advantage teenagers in the UAE tend to spend more money than global average consumer

**Political:**

UAE is a country which politically stable and that will make it easy for investors and companies to promote their products and services in it. Plus the export and import regulations are not complicated. There are regulations that save companies and customer’s rights and both of them are committed to the rules. This will attract more customers as well.

**Technology:**

Technology, is an advantage for every company no matter where they are, Nespresso finds technology and internet a way to communicate to

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their customers, by searching for their advertisements on YouTube, the most we’ve seen is they engaged by asking you like an online survey to rate the business, and will try to improve the business through technology. Since UAE keeps evolving to be surprised of seeing a 3D advertisement on your way to work, Nespresso would want to be the 1st.

**Natural:**
Although it’s hot, sunny, your head is burning from the heat, but yet you’re holding a hot cup of coffee. People adapted the weather, and it’s not an obstacle that will stop them from drinking their morning coffee.
SWOT Analysis
As we know swot analysis is an important method to evaluate the strength, weakness, opportunities, and threats... SWOT analysis important for evaluating the overall strategic position of any business and it’s environment and it’s useful for define the objectives of the nespresso.

Strengths
- The leader in the UAE and the world
- Top of mind
- Consumer loyalty
- Luxury and elegance
- High Quality
- Unique flavors and variety of flavors which attract more customers with different preferences
- elegant designs
- strong brand name with positive and clear image
- technological innovation

Weaknesses
- Limited distribution channels
- Customer are sensitive to pricing
- Capsules are single-use
- Low market shares because of limited stores in Dubai
- Capsule system is not ecological

**Opportunities**

- Majority of UAE population are non-national, that means that they have different preferences and nespresso can satisfy them
- Most of the UAE population are among the youth and mid generation who like to try the new products
- Change in customer needs and passion for new products
- Coffee industry in the UAE is an attractive industry
- Growth in capsule market
- Online trading channel
- Coffee become one of the most popular drinks in the world

**Threats**

- Well-known competitors from the same market operates in the UAE
- Cheaper competitors
- Possibility of entry of new competitors in the future

**Competition**

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Competitors’ analysis is very important to marketers. It leads them to understand and study each competitor and how they will add competitive advantages in order to add value to their products, avoid direct competition in the market with other competitors and reach a high level of customers’ satisfaction and to have a good positioned being different than the other. We scanned the market and studied the competitors and customers’ behaviors and the below are the major findings from this study:

We have noticed from the competitors’ analysis that most of the distribution points of our competitors are strong, which will higher their market share and sales. In addition, the only store that we have is in Dubai mall while the other competitors have many stores in Dubai.
Nespresso focus on promotion in order to create awareness and attract a large number of customers they use many ways in promoting such as website, social media, TV commercials (use a celebrity in their commercial who’s George cloni), and they have a channel in YouTube which present only their video commercials. Nespresso have a competitive advantage which is “order online” for customers who don’t have enough time to go to their store, they will deliver to them whatever they order.

Nespresso have elegant packing designs which attract customers and differentiate them from other competitors.

Nespresso is known with their high quality products and that’s what customers want.

They have a variety of flavors which meet different customers preferences.
<table>
<thead>
<tr>
<th></th>
<th>nespresso</th>
<th>lavazza</th>
<th>Nescafe (dolce gusto)</th>
<th>LA ‘Rome (espresso)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand</strong></td>
<td>Well-known</td>
<td>Well-known</td>
<td>Well-known</td>
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<td></td>
<td>international</td>
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<td></td>
<td>brand</td>
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<td>brand</td>
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<tr>
<td><strong>Price</strong></td>
<td>moderate</td>
<td>high</td>
<td>low</td>
<td>moderate</td>
</tr>
<tr>
<td><strong>Product Variety</strong></td>
<td>Variety of</td>
<td>average</td>
<td>average</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>unique products and flavors</td>
<td></td>
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<tr>
<td><strong>Ingredients Differentiation</strong></td>
<td>Natural and ingredients</td>
<td>Natural ingredients</td>
<td>Natural ingredients</td>
<td>Natural ingredients</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>Dubai mall Order online</td>
<td>Many stores in Dubai</td>
<td>Many stores in Dubai</td>
<td>Many stores in Dubai</td>
</tr>
<tr>
<td><strong>Promotion</strong></td>
<td>Website, social networking, mass communication such as TV commercials, YouTube channel</td>
<td>Website Social media</td>
<td>Website Social media Mass communication (TV commercials)</td>
<td>Website Social media</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td>High Quality</td>
<td>High Quality</td>
<td>Average Quality</td>
<td>Average quality</td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td>Elegant packing designs</td>
<td>good packing designs</td>
<td>good packing designs</td>
<td>Good packing designs</td>
</tr>
</tbody>
</table>
Mission statement
In nespresso, they provide the best products with best quality to their customers. They keep listening to customers and provide them with products that satisfy their needs, wants, and demands. They aim to offer the best quality and luxury coffee using natural ingredients. They view themselves as partners with their customers. Their first concern is their customers and they always aim to be the best company internationally and a leader in the market.

Marketing Objectives:

• Creating top quality grand cru coffees, and managing every aspect of production from farmer to consumer.
• Promote the attributes of the brand and why having it will increase the consumer's quality of life.
• Creating long-lasting relationships with the consumer, Nespresso created a global community of Nespresso drinkers.
• Creating a strong business that will be able maintain it's market share in a sustainable way in which they respect the environment and safeguard resources for future generations.
• Increase brand awareness and equity.
• Market expansion, moving into new areas but still focusing on the targeted segments.

Segmentation:
Nespresso segment the market based on coffee drinkers and their ages. They segment the market based on lifestyle, since the act of drinking coffee comes from a certain lifestyle.
They segmented the market to different types of coffee drinkers. Such as:
• Roasted coffee.
• Single-cup coffee.
• Instant coffee.
• Ready to drink coffee.

The differentiation of Nespresso is that it is a high-quality product, that is easy to access at home. Premium coffee at your convenience.

Targeting:

Nespresso is strictly a consumer targeted brand. It mainly targets wealthy clientele between the ages of 35-49 who have a high income, high buying power, and high social classes. 60 percent of their target consumers are women, 40 percent are men.

Differentiation and Positioning

Another key positioning of Nespresso’s exclusivity approach is its route to market, Machines are widely available through a network of retailers a network of 215 high-end boutiques and 100 Customer Service Centers.
The brand emphasizes that it offers a whole lifestyle with its products. Consumers believe that buying Nespresso products makes them members of an exclusive club of like-minded “café connoisseurs”. what makes Nespresso different is the consistency in the relationship with the customers to maintain the positive relationship that consumers have with Nespresso. Anyone who buys a Nespresso is automatically a member of the 7 million strong “Nespresso Club”, the product is available seven days a week, 24 hours a day, by mail, e-mail, internet, fax, or telephone. “Club members can phone a coffee specialist, with whom they can discuss and ask questions. We find that Club members appreciate the personal contact.” Nespresso even developed an iphone app for members to access the Club to order capsules.
**Marketing mix:**

![Diagram showing the 4P's of marketing: Product, Price, Place, Promotion]

**Products:**
Nespresso is provides wide range of machines coffee pods and services. Same product range all over the world. Machines are elegant and triggers the feel of luxury, design awarded, innovative, user friendly and convenient Gemini, ES + 8 Grand Crus + Accessories & Aguila Nespresso Business Club Essenza, Pixie, Citiz, Lattissima + 16 Grand Crus + Limited Editions + Accessories + Confectionary & sugar Nespresso Club and their accessories like the spoons and cups.

Espresso machine emphasis the quality simplicity through the external simplicity and ease of use of their machines consistent quality is delivered regardless of the user’s skills, making it an easier option to fresh home espresso machines.

**Price:**
Nespresso is premium band: the price policy has to follow that tend but their prices still reasonable and affordable luxury compared to their compotators. Nespresso machine costs 300-500 dhr, the Capsules 25
dhr each box, the Accessories 59-400 dhr and confectionary & Sugar 50-80.

Growth life-cycle Value based pricing method luxury sector profit margins Low threat of substitution However, Nespresso currently they are maintain the same price of its products which are achieving average growth rates. Nespresso provides on the machine = vender lock in the effect.

**Place:**

Nespresso owned its own distribution that gives them the power. They have 190 Boutiques in 50 countries Distribution of coffee. In Dubai their boutiques located in mall of the emirates, Dubai mall and Mirdif city center.

Online Nespresso was one of the first to make use of the internet, launching Their online boutique in 1998. They maintain a consistent look and feel across channels, even the design and experience of their official webpage is luxurious. Nespresso protects its brand name on Google: Although the official sites rank highly on the search results pages.

**Promotion:**

Nespresso promote their brand through huge communication plan as promotion print and TV participative Ad campaign Nespresso Magazine Social Media Very little promotional and direct marketing activities Sponsorship. They keep advertising the same mass media as it has been highly effective in brand awareness. Nespresso advertise heavily on online ordering because it considered as a cheapest and most effective tool to satisfy the lack of awareness that will lead to customer purchase. They keep emphasis on celebrity endorsement Ads using the power his or her image to convince customer to purchase. They lunched its new advertising campaign featuring George Clooney and Jean Dujardin, and focused on the question 'How far would you go for a Nespresso?'

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To conclude this report, Coffee addicts are everywhere, the more the better, especially in the cities. Also it being part of the tradition is a huge advantage as well that will never change.
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