

Coca Cola PESTEL

Political - Government calorie reduction, VAT increase from 17.5% to 20%

Economic - Increase in soft drink consumption, cost of raw materials increase

Social - More awareness of health effects of soft drinks, consumption by males in London

Technological - New factories have the ability to produce cans of Coca-Cola at a faster rate than a machine gun can fire bullets.

Environmental - Carbon dioxide high, need to reduce footprint. Also minimise water impact and wastage. PET good lightweight recyclable packaging, glass also and maintains taste

Legal - Front of pack labelling scheme for nutrition

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Servqual measures the scale of quality in services through 10 elements

1. Reliability
2. Responsiveness
3. Competence
4. Access
5. Courtesy
6. Communication
7. Credibility
8. Security
9. Understanding consumer
10. Tangibles

Service sector is fastest growing sector world wide

Operational Excellence

Is a way in which services can achieve strategic success. It is concerned with

1. **Streamlining**
2. **Cost Cutting**
3. **Creative Strategic Alliances**
4. **Internal culture creation and enhancement**

Cost Cutting tends to be a result of increasing competition, slow industry growth projections, increasing equality across providers and increasing levels of customer expectations

Metters and Vargas (2000) argue that for services to streamline and improve efficiencies, they must redesign the jobs of the personnel involved in the service delivery process

Available technology can help to cut costs while improving the service such as apps

However when technology is available management should consider decoupling service tasks to gain efficiency. By becoming a:

- Cost leader
- Cheap convenience
- Dedicated service
- Premium service

Creative strategic alliances involves partnering between different service providers in order to strengthen brands and cut costs.

This can be done by Brand sharing alliances or Asset sharing alliances or outsourcing

Internal employee culture creation and enhancement is to reduce employee turnover, keeping them happier and more productive. Make them feel valued and important

The service experience

Strategists must know the experience consumers want from the service

Five dimensions of quality are (Zeithaml et al 1990):

- Reliability
- Responsiveness
- Empathy
- Assurance
- Tangibles

Perception of service quality leads to customer satisfaction, which leads to positive purchase intentions, in turn leads to sales and profits. (Heskett et al 1997)

Competitive advantage for service firms lies in continually exceeding customer expectations (Ford et al, 2001)

- Successful segmentation
 - Identify attractive customers
 - Restructure business to cater to their needs
 - Create sustainable perceptual differentiation
 - Stay focused on customer satisfaction

Not only meet customer expectations, exceed them

Service can be seen as a drama (Grove and Fisk 1983) with a stage actors and an audience

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Lecture 9 - Pricing and Communications Strategy

Price is the marketing mix tool that produces revenue and must be treated as part of the overall brand strategy

The concepts of price are the

- **Customers** and their ability to afford and willingness to pay
- **Competitors** and their pricing strategies
- **Costs** of production

The objectives of pricing is:

- Maximising profitability
- Return on investments
- Increase *cash flow*
- Grow *market share*
- Optimise *production capacity*
- Product perception
- *Barrier* to entry

Pricing decisions are determined by both internal and external factors.

Internal factors consist of:

- Marketing objectives
- Costs, brand image
- Target market
- Marketing mix

External factors would be the

- nature of the market,
- price elasticity of demand,
- competition and
- other environmental factors

Pricing approaches can either be a **premium pricing** strategy, where *price is high to signify highest quality*

or **Economy pricing** *low and affordable prices*

The key elements to pricing are:

Value - perceived value to customers

Variable - whether prices can change over time or in terms of payment

Variety - can be set at different levels, such as bundling

Visible - they may be open and visible or hidden and confusing

Virtual

Pricing decisions for new products can either choose to be:

Market skimming: High initial prices before being reduced due to demand

Market penetrating: Low initial prices before being raised. Used to attract clients and new customers