

ANALYSIS OF FUNCTION DRINK BRAND RECOGNITION

Presented to the
Faculty of the Agribusiness Department
California Polytechnic State University

In Partial Fulfillment
of the Requirements for the Degree
Bachelor of Science

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ABSTRACT

The beverage industry has been rapidly expanding over the last century, and currently includes a variety of smaller beverage markets. Functional Beverages have been the newest addition to the beverage industry and Function Drinks is only one of the major companies operating in this market segment. The objective of this study is to assess the current level of brand recognition for Function Drinks among college consumers. The main focus behind this research is to assist the company increase the level of consumer's brand identification for their company and products through various forms of marketing, advertising, and promotional strategies. It is in the best interest of the company to analyze the data collected and offer insight that will not only increase the level of brand identification, but inadvertently increase the profitability of their company.

TABLE OF CONTENTS

	Page
List of Tables	v
Chapter	
I. INTRODUCTION	
Statement of the Problem	3
Hypothesis	3
Objectives of the Study	3
Justification of the Study	3
II. REVIEW OF THE LITERATURE	
Trends in the Beverage Industry	5
Consumer Purchasing Habits	7
Social Media Networks	8
Surveys for Data Collection	8
Market Segmentation	9
III. METHODOLOGY	
Procedures for Data Collection	11
Procedures for Data Analysis	15
Assumptions and Limitations	20
IV. DATA ANALYSIS	
Advertising Effect on Consumers	22
Demographics	23
Beverage Consumer Results	25
Desirability ratings for Beverage Attributes	26
Frequency of Marketing Tools Viewed by Consumers	27
Effective Advertisement Strategy to Reach Consumers	28
Brand Recognition and Purchasing History	29
Consumer Purchasing in Relation to Promotion	31
Channels of Brand Recognition	32
Consumer Acceptance for New Products	33
Social Media Visitation	34
Celebrity Endorsements	34
Health Considerations	35
V. SUMMARY, CONCLUSIONS, AND RECOMMENDATION	
Summary and Conclusions	37
Recommendations	40

LIST OF TABLES

Table	Page
1. Number of Surveys Administered Through Each Method	14
2. Effectiveness of Advertisements on Consumers	23
3. Demographics	24
4. Beverage Variety Purchases	26
5. Desirability Ratings of Beverage Products Purchased by Consumers	27
6. Frequency of Marketing Tools	28
7. Advertisement Seen vs. Purchase	29
8. Recognized Beverage Brands	30
9. Beverage Brands Purchased	31
10. Purchased Product after Promotion	32
11. Channels of Brand Recognition	32
12. Willingness to Try New Products	3
13. Social Media Website Popularity	34
14. Preferred Celebrity Endorsements	35
15. Health Conscious Shopper	35
16. Exercise Considerations of Target Market	35

Chapter 1

INTRODUCTION

The beverage industry has undergone rapid expansion over the last decade. The industry began in mid 1900's with leading companies like Pepsi Co. and Coca Cola controlling the beverage business sector with sweetened soft drinks and carbonated soda water. American audiences attached excitement and convenience to these popular drinks, and a variety of soft drink brands began to originate such as Dr. Pepper, Sprite, etc.

The only obstacle for these beverage companies was the high number of calories and sugar levels their drinks contained; a drawback for health-conscious consumers. As consumers became more health educated and aware of their nutritional intake, large beverage companies acted quickly with the creation of the "diet", no-calorie soda in 1959 (Bellis). The diet, or "light" soft drinks kept American audiences content for a number of years because they offered what was thought to be a healthier alternative to soft drinks with the same great taste. More recently, however, consumers have become aware that even these "diet" drinks contain unnatural and unhealthy nutritional ingredients. For the last decade, industry leaders have been forced to switch their focus from sweetened soft drinks and calorie-free diet drinks to healthier, natural beverages. Health conscious consumers have lost interest in beverages with unnatural ingredients and have begun focusing on beverages that offer more than just hydration.

The latest trend in the beverage market is functional, healthy drinks. Industry leaders have introduced vitamin-enhanced waters, sports beverages, energy drinks, and functional beverages. All of these beverages offer healthy alternatives to soft drinks, with the added bonus of incorporating specific ingredients targeted for different functions. Energy drinks have high levels of caffeine and Vitamin C to keep consumers alert and awake, while offering different varieties such as caffeine-free and zero-sugar added. Vitamin-enhanced waters give consumers the same hydration as water, with added vitamins. Sports drinks and functional beverages both work similarly to the vitamin waters, with particular vitamins, antioxidants and other ingredients specified for athletics and other functions.

A relatively new functional beverage company is Function Drinks, located in Redondo Beach, California. Function distributes their products through MD Drinks, Inc. The company began in 2004, with an orthopedic surgeon Dr. Alex Hughes, a graduate from UCLA Medical School. While in school, Hughes realized that many of the powerful, all-natural ingredients used to treat patients in medical facilities were available to the public, yet not widely recognized or known-about. Soon after his epiphany, Hughes began working on a company that would incorporate these ingredients into beverages that could be available to the public. The company instantly gained a strong following of people, full of active and health-conscious consumers.

Function Drinks offers a line of eight beverages, each with a unique function and flavor. The line includes: Urban Detox, Shock Sports, Braniac, Alternative Energy, Night Life, Vacation and Light Weight. The strongest seller is Urban Detox, which comes in Prickly Pear or Goji Berry flavors, incorporates a combination of “prickly pear extract and the “smog-scrubbing” super-antioxidant N-Acetyl Cysteine” in order to “support healthy lungs and sinuses in the face of particulate airborne pollution. These same ingredients support the liver’s efforts in combating hangovers” as well (Functiondrinks.com). Another prominent seller is Light Weight, available in Blueberry Raspberry, Pink Grapefruit, and Acai Pomegranate. This specific drink functions to speed up the body’s natural metabolism, with ingredients Polygonum Cusidatum and EGCG from green tea specified to support the body’s natural calorie burning engine (Functiondrinks.com).

As this beverages market increases, the competition among industry producers will also rise. Industry leaders have grown to their market and size because of their unique products and aggressive marketing skills. They have successfully achieved brand recognition among target consumers through a variety of promotional strategies and advertising methods, including television commercials, celebrity sponsorship, promotion through in-store displays, demonstrations, and through social media websites.

Problem Statement

Is there a more effective way to promote Function Drinks in order to establish positive brand recognition between the consumer and the brand than is already being practiced?

Hypothesis

In order to reach their desired level of brand recognition with their target market, it is necessary for Function Drinks to promote their product in a more efficient way. Utilizing different advertising techniques, such as television commercials, [social media websites](#), sponsorship and in-store displays, the company can adequately meet ~~it's~~ target market and achieve positive brand recognition.

Objectives

To determine the level of brand identification of Function Drinks among college consumers.

To establish a relationship between brand recognition and product promotion.

To find the most effective way to market Function Drinks in order to establish positive brand recognition among college consumers.

Justification

The main beneficiary from this study is Function Drinks. This research will specifically assist the company with successful marketing methods and promotional strategies in order to maximize recognition of their brand among consumers. With knowledge of these new and improved marketing techniques, the company will be able to form positive relationships with their target consumer through their beverage

products. Function drinks employs 35-40 individuals full time; all of which will have a better understanding of the customer's wants and needs after reviewing this research. Therefore, they will be able to adjust their work style and improve the way they connect with the customer. This will assist Function Drinks reach positive brand identification among target audiences.

Additionally, consumers currently unfamiliar with Function Drinks will benefit from this marketing plan. More effective advertising and marketing strategies will attract customers that otherwise would not have known about Function's beverage line or their interest in it. In the end, consumer needs will be more satisfied with the brand and by the products they offer.

Finally, competing beverage companies are able to benefit from the research done in this study. The information presented in this marketing plan may be applied to any growing beverage company, and is not limited to Function drinks specifically. Although the marketing methods and promotional strategies found were directed toward Function, other beverages that utilize the information may benefit as well by increasing their brand recognition among target consumers.

Chapter 2

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Agb 460, Prof. MacDougal

REVIEW OF THE LITERATURE

Trends in the Beverage Industry

The health beverage industry has been expanding rapidly over the last decade. Within this expanding segment, a variety of beverage markets are emerging, such as health beverages, sport beverages, energy drinks, and most recently, functional beverages.

Comment [Cafes1]: My first question is- what is a functional beverage, might want to explain it earlier so your reader does not go looking for it

For years, the only beverages that seemed to interest consumers were soft drinks, such as Coca Cola, ~~PepsiCo~~ Pepsi Cola and other variations. Recently, ~~however~~, purchasing trends demonstrate that consumers have become increasingly health conscious; they've begun to worry about obesity problems and have started watching the ingredients in the food and beverages they consume. Existing beverage companies, such as Pepsi, Coke, Snapple and others, caught wind of these trends and switched focus from their sugar-filled drinks to ones with more ~~of a~~ nutritious value. New beverage markets have emerged, and have introduced more health-conscious drinks onto the market, ~~such as~~ such as -vitamin-enhanced waters Life Water by SoBe and Vitamin Water by Glacéau (owned by Coca Cola). These vitamin-enhanced waters are usually naturally sweetened with low calorie sweeteners and have specific vitamins and antioxidants in each drink.

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Another health-conscious market that has been introduced is sport drinks. Leaders in this beverage segment are Gatorade, owned by PepsiCo, and PowerAde, owned by Coca Cola. Sport beverages are specifically targeted to athletic and active consumers. The main focus of these drinks is to keep the consumer hydrated while they're exercising, while they also offer as well as some nutritional content. Gatorade incorporates electrolytes into their beverages, to replace those that escape the body through sweat. Some specific forms of these drinks also include specific vitamins that to-affect the parts

Comment [Cafes3]: This is a great example, can you expand with at least one more example?

of the brain associated with ~~concentration~~ concentration, while allowing energy levels to remain high and to keep energy levels high. Other sport drink variations include high levels of sodium for athletes while exercising to prevent muscle cramping and dehydration.

Most likely due to the take-off of the Coffee industry and the high demand of caffeine, companies responded to these consumer demands by introducing another type of beverage: the energy drink. The first major energy drink was introduced in 1997 as Red Bull, which gave a specific formula designed to give consumers energy for a number of hours (Rebull.com). Since then, many companies have caught onto this trend and hundreds of different energy drink products have been produced, such as Rockstar, Monster, and Full Throttle. This sector of the beverage industry is still relatively new, but very successful and growing rapidly. Companies are still working to introduce specific formulas targeted for different consumer markets, such as energy drinks for college students, those for people in the work force, etc. The newest addition to this beverage sector is the “energy shot”: usually a two-ounce drink that can be consumed quickly and conveniently by consumers and has the same long lasting effects as other energy drinks. These drinks have become extremely specialized, with different options offered such as zero-sugar added, caffeine-free, and a variety of flavors.

Most recently, functional drinks have been introduced to the market. This type of beverage has just recently been introduced and is starting to attract many consumer followers, as well as catching the eye of other beverage companies. The first major functional beverage company is Function Drinks, distributed by MD Drinks, Inc. Each variety of their drink has a different purpose, with each one incorporating medical ingredients to fulfill a different function. These functional beverages overlap somewhat with other drink types from different sectors of the beverage industry. For example, Function drinks have a “Shock Sports” beverage made to consume while exercising similarly to Gatorade. This specific drink is infused with electrolytes and Devil’s Claw Extract, a strong antioxidant to replenish sore muscles. Function also has an “Alternative Energy” drink: a natural alternative substitute to other energy

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Comment [NM8]: How is it that you have not cited any references so far?

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Comment [Cafes10]: For example, Function Drinks has created a beverage similar to Gatorade, but is enhanced with....

drinks that lasts for several hours longer than Rockstar, Red Bull, and other leading brands (Functiondrinks.com).

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Consumer Purchasing Habits

Previous research has been done in the field of brand recognition and marketing that gives insight as to what advertising and promotional strategies work successfully to increase brand identification among consumers. Research suggests that spending large quantities of money on advertising significantly increases brand recognition as well as brand loyalty. It has also been found that companies who devote a large portion of their profits to advertising have the competitive advantage in product quality and innovation, integrating marketing communication strategies” (Ling and Chuang, 2009). Nevertheless, research has also proven that there are other ways to achieve success without spending large sums of money on advertising. Product promotion also effectively strengthens brand recognition among consumers, with in-store displays and favorable shelf placement in retail grocery stores (Ling and Chuang 2009).

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Advertising research suggests that consumers ultimately create personal relationships with brands, consciously and unconsciously. There are a variety of aspects that affect the relationship that the shopper builds with a specific product and company. These aspects include the product itself, the shopping experience, the service experience, and their consumption experience (Sinha 2008). All of these aspects are significant for the consumer-brand relationship because they contribute to their overall experience. The shoppers association with that product will continue to shape their image of the brand and will influence their future purchasing decisions with those products.

Shoppers connect with each product through a variety of inputs that influence their purchasing decisions and their overall attitude towards the product and its company. They rate products on by intellectual, behavioral, affective and sensory levels. All of these dimensions have a significant effect on

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the customer's sensations, feelings, cognitions, and behavioral response towards the product in general (Sinha 2008). The customer's experience is ultimately defined by their satisfaction with the product, and that has a significant effect on the level of brand loyalty achieved.

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Social Media Networks

In August of 2008, data shows Facebook had 39 million visitors, with the average time spent in each visit as an hour and 38 minutes (Mashable.com). This was a huge increase from August of 2007 with only 18 million visitors. In 2009, the numbers have continued to increase rapidly to 89.3 billion viewers in June alone, making Facebook the number one social media website. Currently, Facebook has over 130 million active users, with 65 million users activating the website from their mobile phones. The website is international, with more than 70 language translations available and 70% of Facebook users are from outside of the U.S. There are more than 700,000 local businesses with activated Facebook pages as well (Facebook.com).

Surveys for Data Collection

Using surveys for data collection can be a very useful and informative way to collect information from the public or of a specific niche in the market. However, there are specific limitations the researcher must consider before beginning the survey process. These restrictions include financial limitations, length of the survey, the location the survey is being conducted at, and presentation of the surveyor.

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Financial limitations must not be overlooked when using surveys to collect data. Printing surveys can be very costly, with cost usually dependent on several aspects. These factors include the sample size needed for the survey, printing, how the survey will reach the correspondents, and incentives. If the survey is being mailed, the researcher will have to consider including a cover letter, purchasing a mailing list, purchasing envelopes, postage costs, and also include printing costs. If the survey is being done in

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person, these fiscal costs can be eliminated and printing becomes the main financial consideration. It is also important to consider having incentives for consumers to participate in the survey, which may be costly for the surveyor to produce.

When creating a survey, it is important to keep length and detail into consideration. Consumers are likely to be less willing to participate in the survey if it appears long and time consuming. It is important for the survey to include only what questions are absolutely necessary, and having a clear, simple layout. Long, complicated surveys are likely to intimidate the consumer and cause them to refuse their participation. _____

_____ Location is also another important aspect to remember when conducting a survey. Different types of people usually spend their time at different locations, and it's important to remember this when trying to get a specific sample pool. When looking for data from a specific gender, nationality, or age demographic, it is important to move to locations where there those people are typically found. -

Lastly, the presentation of the surveyor may have a significant effect on the amount of people that would participate in the survey. A charismatic, energetic surveyor is more likely to draw in more participants than someone who does not engage with them at all. Their presentation may also reflect the product or company in the survey, so it is important for the surveyor to be presentable and friendly with participants. It is also beneficial for an incentive to be offered to shoppers to increase the likelihood that they will participate in the survey. The incentive will most likely be samples of Function Drinks beverages for shoppers to try after filling out the survey.

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Market Segmentation

It is important for Function Drinks to focus the surveys on those consumers that fit within their

target market. The target market is the group of individuals most likely to consume their product, or who they are trying to target with their product and services.

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Market Segmentation is the concept that consumers can be separated into different groups according to an attribute they have in common with one another. These attributes might include characteristics such as age, lifestyle, gender, and more. Grouping consumers together allows for firms and businesses to have some prediction on customer purchasing trends and to maximize their profits, companies have to accommodate their marketing strategies to appeal to specific groups.

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Chapter 3

METHODOLOGY

Procedures for Data Collection

In order to assist Function Drinks in achieving positive brand recognition, it was necessary to collect primary data on the subject. Collecting data aided in distinguishing if there was a relationship between specific marketing methods and brand recognition among consumers. The collected data reflected various topics concerning brand recognition, including which advertising strategies (television commercials, magazine advertisements, etc.) and promotional tactics (in-store displays, price cuts, free samples and product demonstrations) have the largest effect on the customer. This information helped determine the effect these marketing strategies have on the consumer's purchasing patterns and their recognition of specific brand names. Additionally, the data gave insight as to which marketing methods would be the most likely to help build a personal relationship between consumers and Function Drink products.

The research tool that was used was a survey that was formulated by an agricultural business student from California Polytechnic State University and approved by Function Drinks regional manager Joseph Madden. The survey acted as the primary tool used to gather data on brand recognition among consumers, in order to be of assistance to Function Drinks. The survey was presented to San Luis Obispo County residents, which included the company's target market of young females ages 18-30, young professionals, and college students. The survey consists of eighteen questions about product promotion and advertising, brand identification and beverage consumption trends. These questions covered demographics, category behavior and positioning, and they are all classified as nominal, ordinal, ratio or interval data.

The first set of questions covered category behavior among participants. Most of these questions were intended to help understand the consumer's habits and to distinguish among any noticeable purchasing patterns. These questions asked the consumer about their previous experience with various advertising and marketing techniques, and which ones they have been most effected by. These advertising methods included television commercials, magazine ads, billboards, newspaper ads, social media websites, celebrity endorsements and others. The purpose for these questions was to acquire a deeper understanding as to what marketing strategies have been most influential for consumers, and to see any correlation between purchasing habits and specific advertising methods.

In order to gain a deeper understanding, there were also survey questions concerning less expensive and more hands-on marketing approaches, such as in-store displays, demonstrations, sampling and price cuts. This data helped distinguish which of the promotional strategies were most valuable for Function Drinks to engage in. Due to the downturn of the economy and companies trying to cut back on spending, this information was more valuable to Function Drinks because it provided a less expensive marketing approach. As a whole, the category behavior questions helped determine which advertising method would be most worthwhile for Function Drinks to employ to increase brand recognition among their target consumers.

To gain insight about the public's current beverage preferences, the survey also contained several positioning questions concerning Function Drinks and competing brands. Positioning questions are ones where the product has a certain place in the customer's mind relative to other competing products. These questions asked what kind of beverages the consumer purchases regularly, which brands they recognized and consumed (including Function Drinks), how they became familiar with the recognized brands, and which beverage attributes were most important to them. This information gave the company clarity concerning the public's familiarity with Function among other brands, as well as which competing brands were most commonly recognized and consumed.

The last sets of questions were there to gather demographic data about the surveyors. The majority of surveyors were college students, so the only relevant questions included the age and sex of the participant. These questions gave insight to purchasing trends among segmented markets. Market Segmentation demonstrated that consumers can be separated into different groups according to an attribute they have in common with one another. These attributes might include characteristics such as age, lifestyle, gender, and more. Market segmentation reveals unapparent interests and patterns to become evident, which subsequently allows Function Drinks to appeal to their target market and maximize their profits.

The best time to collect data from consumers was in the fall of 2009. This conclusion was based on the higher population density of San Luis Obispo during the fall than during summer. Two hundred copies of the survey were administered between September 30th and October 27th. This allowed for a sufficient amount of time for the surveys to be conducted, allowing for any mishaps and taking into considering that a ~~few number of~~ surveys had to be thrown out for various reasons. Of course, the more surveys that were taken allowed for more data to be collected; however the research was performed alone and it proved too difficult to survey more than 200 consumers in the amount of time given. Two hundred surveys provided enough data to analyze which marketing methods and promotional tactics were most effective, and gave insight to brand recognition among Function Drinks and competing beverage companies.

The ~~researcher has decided that the~~ survey was conducted through two means: half of the surveys were distributed among students at California Polytechnic State University to gather data from one of the company's main target markets (i.e.: college students). The second half of the surveys was given electronically to California-based college students through the survey software website Survey Monkey. The surveys were only distributed among college students to keep the information somewhat consistent with the Cal Poly student survey data. The information about the number of surveys that were distributed is described in Table 1.

Comment [Cafes25]: Could use a more technical word

Table 1. Number of Surveys Administered Through Each Method

Data Collection Method	Number of Brand Recognition Survey administered
Surveys given to Cal Poly students	100
Surveys administered through Survey Monkey	100
Total	200

When the surveys were given to Cal Poly students, three Cal Poly professors were asked for their permission to take a few minutes of their class time to pass out the survey: Professor Slayter's upper division accounting class in the agribusiness department, Professor Niku's lower division Nutrition 250 class in the Nutrition department, and Professor Adan's Art 112 class in the Art department. These professors were specifically chosen from different colleges within the University as to make the survey sample more random. All three professors had significantly large classes so the most students could be reached at one time. —Permission was granted from each professor, and a time was reached as to which class period would be interrupted and when the surveys would be passed out. A brief introduction was given about the survey and then the surveys were passed out among the students. While the surveys were being passed out, the class was informed that it was not required for the students to participate, but optional and would be appreciated. optional for the students to participate in taking the survey After the surveys had been collected, the teacher and the students were thanked for their time and left to continue their class discussion.

There were also 100 copies of the survey administered through the survey software website Survey Monkey. In order to receive a large number of these surveys from a variety of colleges, a group was created on the advertise the survey on the social media website Facebook, and students were invited to join. This website, as detailed in the literature review, is very popular among college students and has

over 350 million active viewers (facebook.com). The group message board contained details about the purpose of the survey and how it was related to the senior project at hand. Once a decent number of students had joined, they were messaged and ~~and ask members~~ asked to follow the Survey Monkey URL link provided, and to take the survey. After getting the number of surveys desired, another message was sent to all members thanking them for participating in the survey.

Procedures for Data Analysis

All survey data was analyzed through the statistical software SPSS. SPSS is computer software that intakes raw numerical data and results in statistical values. This program was available on the California Polytechnic State University campus in the Agriculture computer lab or in the Kennedy Library computer labs. In the Kennedy Library on the Cal Poly campus, the researcher manually inputted the data from the survey into SPSS and classified each survey question as nominal, ordinal, interval, or ratio data.

The majority of survey questions were qualified as nominal data. Nominal data is data when the number holds a place for a name. Nominal questions on the survey included numbers 1, 2, 3, 4, 7, 9, 10, 11, 12, and 14, as demonstrated on pages 26-29. For nominal questions, means were meaningless, which allowed the researcher to exclude any possibility of using t-tests or one-way ANOVA statistical tests. Therefore, in order to analyze this data, Frequency, Descriptive and Crosstab tests were used on SPSS. When the survey question allowed for differences, Chi Square tests were used to test for independence between two groups.

Once the researcher had run the Chi Square test, she looked at the P value to measure significance, given at the .05 level. These numbers were significant or insignificant based on original Ho

and Ha hypothesis. The Ho hypothesis demonstrated that the subjects were independent of each other, the same as each other, or equal to one another. The Ha hypothesis represented the numbers that were related to one another, different, or unequal to each other. If the P-value was above .05, the Ho hypothesis was accepted and the two subjects were independent of one another. If the P-value was below or equal to .05, the research rejected the Ho hypothesis, and acknowledged that there was a relationship or a difference between the two subjects.

Questions 5, 8, 13, 15, 16, 17, and 18 on the survey were classified as ordinal data. Ordinal data is when the number holds a place for a rank or order. Number 5 was a categorical question that concerned the likelihood that a customer tried new products without previous exposure to them. Question 8 determined the likelihood of consumers purchasing a product because of a celebrity endorsement, and question 13 was whether the shopper believed him or herself to be a health-conscious shopper. Questions 15 through 18 were demographic questions concerning age, education and income. In order for ordinal data to be analyzed, either Frequency or Crosstab statistical tests had to be run on SPSS. Similarly to nominal data, Chi Square tests were used when looking for differences. The P-values were looked at for the Chi-Square tests as with the nominal data, and the Ho hypothesis were again accepted or rejected at the .05 level. Additionally, means were insignificant for ordinal data and therefore t-tests and one-way ANOVA tests were not used.

Interval data was classified as each number being an equal distance from the next. One cannot take a ratio of this type of data, and there is no true zero. The survey only contained one interval question, number 6, which asked the surveyor to rank product attributes on a rating scale of one to five: five being extremely desirable and one being not at all desirable. When drawing information from interval data on SPSS, the means were analyzed and either an Independent Sample T-test or One-way ANOVA test was used. T-tests determined the differences in means between two independent groups (nominal or ordinal data) which made up the entire population, while One-way ANOVA tests looked for differences in the means between more than two groups.

When Independent Sample t-test for interval or ratio data was used, the P-value must be looked at once again to determine if the Ho hypothesis can be rejected or accepted. The Ho hypothesis represented that the mean of the first group was equal to that of the second, while the Ha hypothesis stood for inequality between the groups. First, the data on the Levene's test for Equality of Variances was looked at. If the P-value was above .05, the Levene's value was used, but if the P-value was equal to or below .05, equal variances were not assumed, and the sig (2-tailed) t-test value was used. Similarly to the Chi Square test, if the P-value was greater than .05, the Ho was accepted and determined no difference between the groups. If the P-value is less than or equal to .05, the Ho was not accepted and there was a relationship present.

If there were more than two groups that made up the entire population, the general difference was analyzed by using the One-way Analysis of Variance test on SPSS. The dependent variable had to be ratio or interval data, while the other independent groups must have been nominal, ordinal or interval data. The Ho hypothesis, similarly to the Independent Sample t-test, represented that the mean of the first group was equal to that of the second, third, fourth and so on. The Ha hypothesis demonstrated the opposite: the mean of the first group was not equal to the mean of the second, which was not equal to the mean of the third, etc. Just as before, if the P-value was less than or equal to .05, the researcher would reject the Ho hypothesis and determine a relationship between the subjects, while if the P-value was above the .05 level, she accepted the Ho hypothesis and verified independence.

If the difference between two groups that didn't make up the entire population had to be analyzed, the One-Way ANOVA tests with a Post-hoc were used. In this case, Ho represented that the mean of the first group was equal to a second group, and the Ha hypothesis demonstrated that the two groups were not equal. Once again, the P-value was tested for significance at the .05 level; the Ho was rejected if the P-value was equal to or below the .05 levels and accepted if the Ho was above .05.

The last form of data was ratio data, which was not present on the survey. However, in ratio data, each number has an equal distance between the next. The data has a true zero, and it is possible to take a

ratio. The majority of ratio survey questions come in “fill in the blank” form, where a number is usually written in by the participant. When this type of data is tested on SPSS, the means must be looked at and T-Tests would be used for differences if there were two groups. If there were more than two groups, One-way ANOVA tests were to be used.

The final statistical numbers allowed the researcher to make concrete decisions about the survey questions and the demographics of the populations sampled. The results of the survey identified effective strategies to achieve positive brand identification among consumers, and gave a general idea about the amount of consumers who are familiar with the Function Drinks and competing brands. The questions were specifically targeted to cover various aspects associated with brand recognition and marketing methods.

Numbers 4, 5, 6, 8, 9, and 12 were very important when analyzing data because they were associated with different advertising, promotion, and marketing techniques. For example, number 4 asked the participant if they had ever purchased a product because of an in-store demonstration, price-cut, free samples, or an in-store display. This information is valuable to Function Drinks because these hands-on approaches are significantly cheaper to administer as opposed to television commercials or other expensive advertising techniques. If these methods reach customers effectively, it may reduce the amount of revenue the company chooses to spend on commercial advertising. If, for example, free samples, stood out among the others as a reason shoppers have purchased a product, than Function Drinks may consider spending more revenue on samples than in-store displays because it reaches consumers more effectively.

Questions 10, 11, and 12 were also very important to the study because they identified information about the growing beverage market and the populations that have been reached. Question 11 was possibly the most informative question on the survey about product recognition, of Function Drinks and of competing brands. It asked the shopper which brands he or she recognized and had purchased. This gave insight as to what kind of people have purchased Function Drinks as well as competing brands,

and also helped to determine if brand recognition for Function was strong or weak among the sampled population.

Additionally, it gave some information about the beverage market as whole, and how Function Drinks was performing marketing-wise compared to other brands. If many people had purchased competing beverage products but not Function Drinks, the company could at least know that the market appealed to the population at hand. If the customer recognized the product and had not purchased it, Function may need to work on marketing the benefits of their product. If the survey showed that shoppers did not recognize Function Drinks products, then the company knows that they need to focus their efforts on increasing their advertising in order to reach larger populations. Leaders in the beverage market also become apparent, in which additional research could be done to understand the marketing strategies of those companies.

Number 2 on the survey was very important because it asked whether the consumer had ever purchased a product because of an advertisement he or she had seen for it. This data was crucial because it helped narrow down the target market that Function Drinks can successfully market to. It must be understood that this question left some room for speculation, in the case that some of the surveyors did not want to acknowledge that they had ever purchased a product because of an advertisement, and may have answered “no” when they actually had. Question 3 that followed asked where the customer saw the advertisement that led them to purchase the product. This helped find the most effective way to market and advertise to their target market. Media advertisement, especially commercial, is very expensive and it would be of great interest to Function to be able to trust that their money is being spent wisely and effectively.

Overall, the survey gave information about existing brand recognition levels for Function Drinks, as well as ~~that some general information about competing brands for their competitors~~. If the brand identification levels for other companies were higher than for Function, ~~it showed that~~ they needed to improve their marketing strategies. Information about ways that these strategies could be improved were

given through the product promotion and advertising questions, which allowed for more insight on the ways that the brand could form relationships with their target market. This data also allowed Function Drinks to compare those strategies to their own-present marketing methods. The company may choose to apply specific marketing strategies for their own company, and watch for improvements in brandpositive recognition of their product and brand in association with their products.

Assumptions

The goal of this research was to determine the strength of brand recognition for Function Drinks. With that said, the initial and primary reason for this study was because it has been assumed that the consumer's brand identification for the Function Drinks brand was currently weak. It was also assumed that the characteristics of the company itself had not changed significantly during the course of this research, such as their existing promotional and marketing strategies, advertising budget, and the number of employees working for the firm. It was also assumed that the surveyors answered all survey questions truthfully and consistently.

Limitations

This study was conducted in San Luis Obispo, ~~and~~ Although gathering information about students from other California college campuses, it did not take into account brand recognition with consumers in other areas of the country. San Luis Obispo has a relatively small population compared to other cities in California, so Function Drinks may not invest as much time and money in this area.

Surveys are a very effective way to gather data, although one negative for this data tool is that some surveyors may not tell the truth when answering all questions. This may be caused by a variety of reasons. There are some surveyors that simply fill in random answers, but there are questions on the survey in place to catch those types of errors. Additionally, there is not much the researcher can do to determine if the participant answered completely truthfully. Therefore, the results of the survey may be off by a small percentage range. Even so, the majority of the data from the survey was most likely accurate and truthful, and can be relied upon for its original purpose.

Chapter 4

DATA ANALYSIS

Data from the brand recognition and promotion survey was analyzed to assist Function Drinks increase their product identification among consumers. The different tests used on SPSS to determine relevance among survey questions were Chi Squared tests, Frequencies, Descriptives, and Paired Sample T-Tests. First, frequencies were run on nominal and ordinal questions in order to analyze the total sample data. Frequencies allow the percentage of surveyors that answered each option for each question to be determined. Chi-Square calculations were also performed in order to determine whether the two subjects being compared were independent of each other for nominal and ordinal data (Sanders and Smidt). Descriptive were run on nominal questions in order to determine the amount of surveyors that selected each answer option, in descending order. Additionally, Descriptive tests were used before running Paired Sample T-tests to assess the desirability ratings of beverage product attributes. T-tests are used to examine if there is a difference between the means of two independent groups of nominal and ratio data that make up the entire population (Sheppard).

Advertising Effect on Consumers

In order to assist Function Drinks with their product identification among college consumers, it was necessary to determine the percentage of the surveyed population that had been effected by one or more advertising practices in the past. This established the likelihood that the consumers would be reachable through different advertisement and product promotion strategies. Question 2 on the survey asked the participant if he or she had ever purchased a product because of an advertisement. The results, as shown in Table 1 below, conclude that 91.6% of surveyors answered “yes” to this question, and 8.4%

answered “no.” Consumers that answered “yes,” acknowledged that they had purchased a product due to a specific advertisement, and are therefore the target group for this study. Consumers that answered “no” to this question are the non-target group.

Table 2. Effectiveness of Advertisements on Consumers

	Yes	No	Total
Consumer has purchased product due to an advertisement	91.6%	8.4%	100%

Demographics

Table 2 demonstrates the demographic similarities and differences for the target group and the non-target group. Due to the general demographic being surveyed, the only demographic survey questions asked concerned age and gender. Even though the majority of survey participants were college students, Question 16 on the survey asked for age, and question 17 asked for gender.

Education level wasn’t necessary to include due to the general demographic of the participants. Half of the participants were surveyed at California Polytechnic State University at San Luis Obispo, and it can be assumed that all of these surveyors had completed at least some college-level education. This is also true for the surveys that were sent electronically through Survey Monkey, because the survey was also sent to students that were enrolled in colleges for their undergraduate degree only. Students who come directly from high school to college are most likely to be within the age range of 18-23, although there are exceptions. Many people, especially in recent years due to the downturn of the economy, have gone back to school at an older age.

For both groups, those who had purchased (target) and not purchased an item (non-target) because of an advertisement, the majority were 21-25 years old. The second leading age segment for both

the target and non-target groups was 18 to 20 year olds. When analyzing this data, it is necessary to keep in mind that only college students were surveyed, so high percentages in these age groups may be expected.

For those surveyors who had purchased an item because of an advertisement they'd seen, the percentages were fairly even between males and females. However, within the group that claimed that they had not purchased a product because of an advertisement they'd seen, the majority were female.

Table 3. Demographics

	Purchased because of advertisement (N=163)	Didn't purchase because of advertisement (N=15)	P-Value
<i>Age</i>			.098*
18-20	12.9%	6.7%	
21-25	82.2%	86.7%	
26-30	0.00	6.7%	
31-35	1.2%	0.00	
36-40	.6%	0.00	
41-44	0.00	0.00	
46-50	.6%	0.00	
51-55	1.8%	0.00	
56-60	.6%	0.00	
<i>Gender</i>			.151
Male	50.9%	33.3%	
Female	49.1%	66.7%	

*significance at the .1 level **significance at the .05 level

Beverage Consumer Results

In order to distinguish the popularity of commercial beverages, the survey questioned which consumers were familiar with the different beverages: sports drinks, vitamin-enhanced beverages, energy drinks, functional beverages, etc. This was critical in order to determine if these consumers recognized the brand Function Drinks and if so, if they purchased the beverage regularly or not. With this information, several hypotheses were able to be made concerning the brand and its marketing approach. First, if the consumer is familiar with most beverage specialty-brands such as Vitamin Water, Gatorade, etc. and not so with Function, that may suggest that there is a concern with Function's promotional and marketing strategies. If the consumer is unfamiliar with any of the other competing brands, than it can be less expected that he or she would be a Function Drinks consumer because he or she may be a brand-loyal consumer or only interested in specific beverage types. Additionally, if the consumer is familiar with all brands but does not consume specific ones, the reason behind this may be acknowledged through the support of other questions on the survey.

Question 10 on the survey asked the participant which of the following he or she had purchased in the last three months: sports drinks, vitamin-enhanced beverages, energy drinks, functional beverages, and bottled water. Table 4 demonstrates the percentage of the target and non-target group that have purchased each of these beverage varieties within the last 3 months. Bottled water was the leading purchase among surveyed consumers with 80.8%. This high statistic was somewhat expected, as water is most consumed substance by people nationally and has been marketed much longer than new beverage varieties.

The second highest was sports drinks with 53.2%. These beverages include Gatorade, PowerAde, and others that are made and marketed specifically to athletic individuals. This is consistent with the results: 70.7% of those sports drinks consumers said they considered themselves to be "somewhat healthy" and 85.4% of those who purchased them exercised at least 1-2 times per week.

Functional beverages were the least purchased drink by college consumers with 33.38%, which may be caused by several factors. First, functional beverages are very new to the market, with the first one being introduced in 2004 by Function Drinks. In more recent years (2008-2009), other beverage companies such as Vitamin Water and Life Water have converted their once general vitamin-enhanced beverages to being vitamin and antioxidant specific for a certain function. Function Drinks having the least amount of purchases could also be attributed to its marketing strategies and problems with brand recognition among consumers.

Table 4. Beverage Variety Purchases

Beverage Variety	Target (N=163)
Bottled Water	80.8
Sports Drinks	53.2
Vitamin-enhanced Beverages	42.1
Energy Drinks	39.5
Functional Beverages	33.8

Desirability Ratings for Beverage Product Attributes

Participants were asked about six different product attributes they consider when purchasing beverage products. They were asked to rate these attributes on a five-point scale: 5: Extremely Desirable, 4: Very Desirable, 3: Somewhat Desirable, 2: Not Very Desirable and 1: Not at All Desirable. Table 5 indicates that compared to the other five attributes, a reasonable price is the most highly desirable characteristic consumers look for when purchasing a beverage product. Moderately desirable qualities include friendly environment, good service, and that the product is easy to find the store. Low desirability qualities included natural ingredients and if they could purchase the product in bulk.

The most desirable attribute when purchasing an item in a store was that the product was “reasonably priced,” with 91.3 percent. The moderately desirable attributes, which were significantly lower, were (in descending order): friendly environment, good service, and that the product was easy to find in the store. The attributes of lower desirability, although not significantly lower than the moderately desirable attributes, were that the product contained natural ingredients, and that the product may be purchased in bulk.

Table 5. Desirability Ratings of Beverage Products Purchased by Consumers

	Mean Rating Based on a 5 Point Scale	P Value
<i>Highly Desirable</i>		
Reasonably Priced	91.3	
<i>Moderately Desirable</i>		
Friendly Environment	68.9	.029**
Good service	66.6	.806
Easy to find in store	65.8	.000**
<i>Low Desirability</i>		
Natural ingredients	59.2	.000**
Can purchase product in bulk	53.3	.000**

*significance at the .1 level **significance at the .05 level

Frequency of Marketing Tools Viewed by Consumers

In order to understand which advertising tools reach viewers effectively, it is important to understand what tool is viewed most frequently by consumers. The more frequently someone watches television, for example, the more likely they are to see an advertisement for a specific product and service. Question 1 on the survey asked surveyors which advertising tool they used or viewed regularly: television, the internet, social media websites, the newspaper and magazines. A higher percentage of target consumers were familiar with all marketing tools than that of non-target consumers. The tool most

frequently used by both the target and non-target group was the internet, followed by visitation of social media websites. Consumers for both groups were least familiar with the newspaper.

Interestingly, many companies reach their audiences through television commercials because of the wide numbers and varieties of consumers watching. Within both the target and non-target groups, watching television ranked third, with 80.4% of target consumers and only 46.7% of non-target consumers.

Table 6. Frequency of Marketing Tools

	Target (N=163)	Non-target (N=15)	P-Value
Use the Internet	98.8%	73.3%	.000**
Don't Use the Internet	1.2%	26.7%	
Visit Social Media Websites	89.6%	46.7%	.000**
Don't visit social Media Websites	10.4%	53.3%	
Watch TV	80.4%	6.7%	.000**
Don't Watch TV	19.6%	93.3%	
Read Magazines	41.1%	13.3%	.028**
Don't Read Magazines	58.9%	86.7%	
Read Newspaper	38.7%	0.00	.001**
Don't Read Newspaper	61.3%	100%	

*significance at the .1 level **significance at the .05 level

Effective Advertisement Strategy to Reach Consumers

Question 2 asked consumers whether he or she has purchased a product because of an advertisement he or she had seen. The following question, number 3 on the survey, asked consumers whether they saw the advertisement on TV, the internet, a social media website, in the newspaper, a magazine or other tool. The majority of the target consumers saw the advertisement on TV with 81%,

and in magazines with 52.1%. The lowest percentage, excluding the “other” category, was that consumers saw the advertisement in the newspaper.

Table 7 Advertisement Seen vs. Purchase

	Target (N=163)	P-Value
Saw ad on TV	81.0%	.000**
Read Magazines	52.1%	.000**
Use the Internet	50.3%	.000**
Saw ad on Social Media Website	11.0%	.188
Saw ad in Newspaper	16.7%	.075*
Saw ad in other	14.1%	.114

*significance at the .1 level **significance at the .05 level

Brand Recognition and Purchasing History

In order to gain some knowledge about Function Drinks’ brand recognition, survey participants were asked to identify which beverage brands they were familiar with, and which they have purchased. The brand choices listed in questions 11 and 11a were the following: Vitamin Water, Red Bull Energy Drink, PowerAde, Gatorade, Life Water, and Rockstar. The data from this question allowed the researcher to become more familiar with Function Drinks’ market position in comparison to other beverage brands among the target and non-target groups.

Among the brands listed, Vitamin Water was the most highly recognized beverage among the target group with 98.2% (as seen in table 8). Even so, Gatorade, Rockstar, Red Bull and PowerAde followed closely behind with 97.5%, 93.8%, 93.3% and 93.3% respectively. Overall, the majority of target consumers recognized Vitamin Water, Gatorade, Rockstar, Red Bull, PowerAde and Life Water. Function Drinks was the exception to this pattern, with a high majority who were not familiar with the brand. Somewhat consistently, Vitamin Water, Gatorade, Rockstar, Red Bull, and Life Water were recognized by the majority of non-target consumers. Function Drinks and PowerAde brands were not

highly recognized by non-target consumers. Among non-target consumers, Life Water was the most highly recognized with 93.3%, followed by Vitamin Water with 86.6%.

Table 8 Recognized Beverage Brands

	Target (N=163)	Non Target (N=15)	P-Value
<i>Vitamin Water</i>			.010**
Recognized	98.2%	86.7%	
Didn't recognize	1.8%	13.3%	
<i>Gatorade</i>			.000**
Recognized	97.5%	73.3%	
Didn't recognize	2.5%	26.7%	
<i>Rockstar</i>			.000**
Recognized	93.8%	66.7%	
Didn't recognize	6.2%	33.3%	
<i>Red Bull</i>			.008**
Recognized	93.3%	73.3%	
Didn't recognize	6.7%	26.7%	
<i>PowerAde</i>			.000**
Recognized	93.3%	20.0%	
Didn't recognize	6.7%	80.0%	
<i>Life Water</i>			.000**
Recognized	76.1%	93.3%	
Didn't recognize	23.9%	6.7%	
<i>Function Drinks</i>			.032**
Recognized	25.2%	10.0%	
Didn't recognize	74.8%	90.0%	

*significance at the .1 level **significance at the .05 level

Consumers were asked in Question 11a to acknowledge which brands they had purchased in the past. Of the following brands, Gatorade was the most highly purchased among target consumers with 87.7%, followed by Vitamin Water with 75.5% (as seen in table 9). These two brands, along with Red Bull, and Rockstar Energy Drinks were purchased by the majority of the target group. Among this non-target group, Gatorade, Vitamin Water, Rockstar and PowerAde all tied as the highest purchased brands, but with only 6.7% of the group. Function Drinks and Life Water were not purchased by the majority of

target and non-target groups. The non-target group had leading numbers for never purchasing any of the seven brands given compared to having purchased one or more in the past.

Table 9 Beverages Brands Purchased

	Target (N=163)	Non Target (N=15)	P-Value
<i>Gatorade</i>			.000**
Purchased	87.7%	6.7%	
Never purchased	12.3%	93.3%	
<i>Vitamin Water</i>			.000**
Purchased	75.5%	6.7%	
Never purchased	24.5%	93.3%	
<i>PowerAde</i>			.000**
Purchased	58.4%	6.7%	
Never purchased	41.6%	93.3%	
<i>Red Bull</i>			.000**
Purchased	57.7%	0.00%	
Never purchased	42.3%	100%	
<i>Rockstar</i>			.000**
Purchased	57.1%	6.7%	
Never purchased	42.9%	93.3%	
<i>Life Water</i>			.017**
Purchased	28.2%	0.00%	
Never purchased	71.8%	100%	
<i>Function Drinks</i>			.102
Purchased	15.3%	0.00%	
Never purchased	84.7%	100%	

*significance at the .1 level **significance at the .05 level

Consumer Purchasing in Relation to Promotion

A less expensive method of advertising to consumers is through promotional tactics. Question 4 on the survey asked consumers whether they had ever purchased an item because of one of the following promotional strategies: in-store demonstration, because the item was on sale, free samples, and in-store displays. Of target consumers, 95.7% had purchased a product because it was on sale, and 66.3% had purchased because of free samples (as shown in Table 10 below). 52.8% of the target group had

purchased because on an in-store display and only 33.1% had purchased an item because of an in-store demonstration.

Table 10. Purchased Product after Promotion

	Target (N=163)	Non-target (N=15)	P-Value
Item on sale	95.7%	46.7%	.000**
Free samples	66.3%	13.3%	.000**
In-store display	52.8%	0.00	.000**
In-store demonstration	33.1%	6.7%	.025**

*significance at the .1 level **significance at the .05 level

Channels of Brand Recognition

Of the beverage brands above, the following question (question #12) asked consumers how they became familiar with the recognized brands. The main stretch channels include, among others: friends recommendations of a product, noticing product in stores, seeing a product advertisement on the TV, reading about new and/or existing products online, and noticing the product because of a sale. As demonstrated in Table 11, the way most target consumers became familiar with recognized products was by noticing them in stores with 72.6%, followed by seeing an advertisement for the product on TV with 64.9%. The least frequent method in which the surveyors had become familiar with products was by reading about them online.

Table 11 Channels of Brand Recognition

	Target (N=163)	P-Value
<i>Noticed in stores</i>	72.6%	.330
Didn't	27.4%	
<i>Saw an advertisement on TV</i>	64.9%	.678

Didn't	35.1%	
<i>Friends recommended them</i>	53.4%	.894
Didn't	46.6%	
<i>On sale in store</i>	31.1%	.797
Didn't	68.9%	
<i>In-store demonstration</i>	17.6%	.358
Didn't	82.4%	
<i>Other</i>	12.2%	.330
Didn't	87.8%	
<i>Read about it online</i>	9.5%	.013**
Didn't	90.5%	

*significance at the .1 level **significance at the .05 level

Consumer Acceptance for New Products

Participants were asked about to consider how likely they would be to try a product they had never tried before. They were asked to choose the best answer to fit themselves on a scale of 1 to 4: 4: Very likely, 3: Somewhat likely, 2: Not very likely and 1: Not at all likely. Table 9 indicates that among all four options, target consumers are “somewhat likely” to try a product they have never tried before, with 69.3%. This was in contrast to the non-target group, in which the majority (73.3%) of participants said they were not very likely to try an unfamiliar product.

Table 12 Willingness to Try New Products

	Target (N=163)	Non Target (N=15)	P-Value
<i>Likeliness to try new products</i>			.000**
Very likely	22.7%	20.0%	
Somewhat likely	69.3%	6.7%	
Not very likely	7.4%	73.3%	
Not at all likely	.6%	0.0%	

*significance at the .1 level **significance at the .05 level

Social Media Visitation

Question 7 on the consumer survey asked which of the following social media sites they have visited in the last three months. Understanding which social media websites are most popular among the target consumer will assist Function Drinks in their website choice if the company chooses to market to consumers through one of these sites. The most frequently visited site among target consumers was Facebook with 93.8% and YouTube with 49.7%. The least-used social media website was LinkedIn, with only 8% of target consumers.

Table 13 Social Media Website Popularity

	Target (N=163)	Non-target (N=15)	P-Value
Use Facebook	93.8%	86.7%	.269
<i>Don't use Facebook</i>	6.2%	13.3%	
Use YouTube	49.7%	73.3%	.068*
<i>Don't use YouTube</i>	50.3%	26.7%	
Use Twitter	12.9%	6.7%	.421
<i>Don't use Twitter</i>	87.1%	93.3%	
Use MySpace	12.9%	0.00	.140
<i>Don't use MySpace</i>	87.1%	100.0%	
Use LinkedIn	8.0%	0.00	.305
<i>Don't use LinkedIn</i>	92.0%	100.0%	

*significance at the .1 level **significance at the .05 level

Celebrity Endorsements

Celebrity endorsements are a way to effectively reach consumers. Question 9 on the survey asked consumers which of the following celebrity types they would respond positively to for product endorsements. Of the target group, 31.5% noted that they would be more likely to purchase a product if it was endorsed by a sports celebrity, than by an actor, singer/musician, political figure or other. The same

percentage said they would have no preference as to what kind of celebrity endorsed the product they were buying.

Table 14 Preferred Celebrity Endorsements

	Target (N=163)	P-Value
Sports Celebrity	31.5%	.249
No preference	31.5%	
Actor	13.7%	
Singer/Musician	16.4%	
Political Figure	4.1%	
Other	2.7%	

*significance at the .1 level **significance at the .05 level

Health Considerations

Function Drinks considers healthy individuals to be part of their target market. It is important for the researcher to understand the health perception and exercise trends of the survey participants. Question 13 on the survey, demonstrated in table 13, asked if the participant if he or she considered him or herself to be a health-conscious shopper. 66.2% of the target market considered themselves to be “somewhat healthy,” while 18.9% considered themselves to be “extremely healthy.”

Table 15. Health-Conscious Shopper

	Target (N=78)	P-Value
<i>Self-health Consideration</i>		.362
Extremely healthy	18.9%	
Somewhat healthy	66.2%	
Not really healthy	13.5%	
Not at all healthy	1.4%	

*significance at the .1 level **significance at the .05 level

Question 15 on the survey asked surveyors the number of times per week they exercise. The data collected from this question for the target market are displayed in table 14 below. The largest portion of participants exercised 3-5 times per week with 41.1%, following with 1-2 times with 35.6%. Only a small amount of the target group, 15.1%, exercised daily.

Table 16. Exercise Considerations of Target Market

	Target (N=78)	P-Value
<i>Number of times per week</i>		.134
0 times	8.2%	
1-2 times	35.6%	
3-5 times	41.1%	
daily	15.1%	

*significance at the .1 level **significance at the .05 level

Chapter 5

SUMMARY AND CONCLUSIONS

The objectives of this research were to determine the level of brand identification of Function Drinks among college consumers, to establish a relationship between brand recognition and product promotion, and to find the most effective way to market Function Drinks in order to establish positive brand identification among college consumers. College campuses were the test market for this study with an emphasis on California Polytechnic University in San Luis Obispo, where almost half of the surveys were taken. San Luis Obispo has been acknowledged as the nation's best test market, with an accuracy level of 78.22% (Jackoway). Surveys were administered through various distribution channels including to on-campus classes and via Facebook and Survey Monkey. Survey data was analyzed through the statistical program SPSS and conclusions were drawn relative to the initial research objectives.

The target group in this study was college consumers who had previously purchased a product because of an advertisement they had seen. Non-target consumers were those college consumers who had not. The data demonstrated that 91.6% of the surveyed participants made up the target group, and only 8.4% were in the non-target group. The researched showed that the target group was made up of an almost equal ratio between males and females, with males skewed slightly higher. The non-target group, however, consisted mainly of females (66.7%). Both the target and non-target groups had the majority of consumers between the ages of 18 and 25. Gender was found to have no statistical significance.

In order to establish where Function beverages stood in comparison to other beverage markets, data was collected about recognition and purchasing trends of beverage types, and specifically of Function and competing brands. Of those consumers who had purchased a product due to an advertisement (the target group), the majority had purchased bottled water in the last three months, and

nearly half had purchased sports drinks in the same time span. In comparison to the previous two beverage types, vitamin-enhanced drinks and energy drinks, functional beverages were the least purchased type of beverage among the target consumers.

More specifically, data was analyzed to see the existing level of brand recognition for Function Drinks as well as that of competing brands: Vitamin Water, Red Bull Energy Drink, PowerAde, Gatorade, Life Water, and Rockstar. Of consumers who had purchased an item because of an advertisement, Vitamin Water was the most highly recognized and Function Drinks was the least recognized. Gatorade, Rockstar, Red Bull and PowerAde were still all highly recognized brands by this consumer group. Among the participants who had not purchased an item because of an advertisement, the most highly recognized brand was Vitamin Water. Of this group, PowerAde and Function Drinks were the least recognized brands.

Of the brands recognized, it was important to see which ones were most frequently purchased by consumers who had purchased a product because of an advertisement. The research indicated that of the beverage brands listed above, the most frequently purchased beverage was Gatorade, among the target group. Among those consumers who had not purchased a product because of advertisement, Gatorade, Vitamin Water, Rockstar and PowerAde were all tied as the highest purchased brands, although with each one having a fairly low purchasing score. Function Drinks and Life Water were the least purchased beverage brands by those consumers who had bought an item because of an advertisement, and of those who had not.

The data demonstrates that the majority of these consumers recognized the brands familiar to them by seeing them in stores, as well as viewing an advertisement for the product on TV. Only a small percentage of the target consumer group that had purchased a product because of an advertisement had become familiar with the products by reading about them online.

It is important to understand the external factors are related to product purchasing and satisfaction. Research indicated that the mostly highly desirable attribute when purchasing a product was that it was reasonably priced, with 91.3% of the target consumer group. Moderately valued attributes among this group were defined as a friendly environment, good customer service, and that the product was easy to find in the store. The least valued attributes when purchasing an item by this group was that the product was made from natural ingredients, and that it could be purchased in bulk.

Of the group of participants who had purchased an item because of an advertisement, 81% of them had viewed the advertisement on TV, and 52.1% had seen something in a magazine. Of this group, the advertisement was least often seen in a newspaper. Nevertheless, between watching TV, using the internet and social media websites, and reading magazines and newspapers, the most frequently exercised tool by target consumers was the using the internet and visiting social media websites. Still, 80 percent of the participants who had purchased an item because of an advertisement watched TV regularly. Consistent with the data found previously, both consumers that had and had not purchased a product because of an advertisement read the newspaper most infrequently. In addition, the majority of consumers in the target group were familiar with all of these marketing tools compared to those in the non-target group.

Even though many consumers had purchased an item because of an advertisement, many promotional tactics are often closely affective to reaching customers. The analyzed showed that 95.7% of consumers who had purchased an item because of advertisement had also purchased a product because it was on sale, which coincides with a low price being the most highly desirable attribute when buying a product. Free samples were another successful promotional tool, which has reached 66.3% of the target participants. The data indicated that only 33.1% of this group had purchased an item because of an in-store demonstration. In addition, the majority of consumers that had purchased a product because of an advertisement said they were somewhat likely to try a product they'd never tried before, which is

associated with free samples and store demonstrations. Of those consumers who hadn't purchased an item because of an advertisement, the majority said they were not very likely to try a new product.

Function Drinks has established that their target market includes healthy individuals. Of those participants who were part of the target group in this research, 66.2% considered themselves to be somewhat healthy, and a smaller majority considered themselves as extremely healthy. In addition, almost half of participants exercised 3-5 times per week, and 35.6% exercised 1-2 times per week. A small niche in this survey, 15.1%, exercises daily.

RECOMMENDATIONS

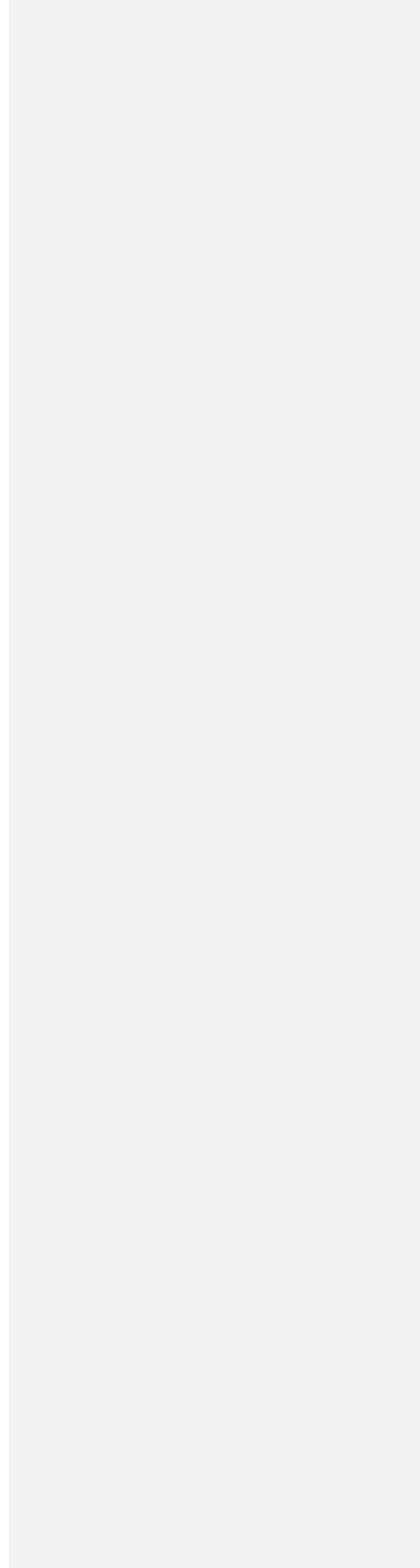
The research indicates that the brand recognition of Function Drinks in itself and in relation to competing brands is very low. Of those consumers who did recognize Function Drinks, 61.0% had purchased the beverage recently. This suggests that of those consumers who are familiar with the brand, the majority of them drink the beverage somewhat regularly.

Currently, Function Drinks promotes their products through free samples during in-store demonstrations across the country. This has been successful for word-of-mouth marketing, but it may be important to consider other forms of promotions such as price discounting and sales. Sales were the primary reason consumers gave for purchasing products and price was the most desirable factor when choosing which product to buy.

In order to increase brand recognition among consumers, the best method would be to invest in advertising through either television commercials or online advertisements. The company could highly benefit from marketing through social media websites, especially because they are much less expensive than commercials or print advertisements. The most popular social media site was Facebook; with 93%

of the target consumers said they used it regularly. Advertising through Facebook would allow Function Drinks to reach 4 million people worldwide as well as keep track of the number of visitors to the site and their specific demographics. Data shows that having a sports celebrity endorse their products would most likely reach the most college consumers who have purchased a product because of an advertisement. Nevertheless, celebrity endorsements don't show any significant impact when connecting with consumers.

APPENDIX 1



Product Promotion and Informational Survey

1. Which of the following do you do on a regular basis? (Circle all that apply)

- | | |
|---|---|
| a. Watch television | 1 |
| b. Use the internet | 2 |
| c. Visit social media websites (ex: Facebook, MySpace, Twitter) | 3 |
| d. Read the newspaper | 4 |
| e. Read magazines | 5 |

2. Have you ever purchased a product because of an advertisement you've seen? (Circle one)

Yes No

3. If you answered "yes," to the question above, where did you see the advertisement? (Circle all that apply)

- | | |
|--------------------------|---|
| a. Television commercial | 1 |
| b. Internet | 2 |
| c. Social Media Website | 3 |
| d. Newspaper | 4 |
| e. Magazine | 5 |
| f. Other | 6 |

4. Have you ever bought an item because of... (Circle all that apply)

- | | |
|---|---|
| a. An in-store demonstration | 1 |
| b. The item was on sale/price reduction | 2 |
| c. Free samples | 3 |
| d. An in-store display | 4 |

5. How likely are you to **try** a product that you've never tried before? (Circle one)

Very Likely	Somewhat likely	Not very likely	Not at all likely
1	2	3	4

6. Please rate the following attributes on a scale of importance when purchasing a product (rate each letter once, please).

	Extremely Desirable	Very Desirable	Somewhat Desirable	Slightly Desirable	Not at all Desirable
a. Reasonably Priced	5	4	3	2	1
b. Easy to find in store	5	4	3	2	1
c. Good service/help	5	4	3	2	1
d. Friendly environment	5	4	3	2	1

- e. Can purchase in bulk 5 4 3 2 1
- f. Natural ingredients 5 4 3 2 1

7. Which of the following social media websites do you visit regularly? (Circle all that apply)

- a. Facebook 1
- b. MySpace 2
- c. Twitter 3
- d. LinkedIn 4
- e. YouTube 5
- f. None of the above 6

8. How likely would you be to purchase a product because of a celebrity endorsement? (Circle one)

- | | | | |
|-------------|-----------------|-----------------|-------------------|
| Very Likely | Somewhat likely | Not very likely | Not at all likely |
| 1 | 2 | 3 | 4 |

9. If a beverage company did endorse a celebrity, which would you prefer? (Circle one)

- a. Sports Celebrity 1
- b. Singer/Band/Musician 2
- c. Actress/Actor 3
- d. Political Figure 4
- e. Other
- f. No preference 5

10. Which of the following beverages have you purchased in the last 3 months? (circle all that apply)

- a. Sports drinks 1
- b. Vitamin-enhanced beverages 2
- c. Energy drinks 3
- d. Functional beverages 4
- e. Bottled water 5

11. **Column A.** Which of the following brands do you recognize? (circle all that apply)

Column B. Which of the following brands have you purchased? (circle all that apply)

- | | A | B |
|--------------------|----------|----------|
| a. Vitamin Water | 1 | 1 |
| b. Gatorade | 2 | 2 |
| c. Function Drinks | 3 | 3 |

- d. Rockstar 4 4
- e. Life Water 5 5
- f. Red Bull 6 6
- g. PowerAde 7 7

12. If you recognize any of the brands above, how did you become familiar with them? (Circle all that apply)

- a. Friends recommended them to me 1
- b. Noticed them in stores 2
- c. Saw an advertisement for it on TV 3
- d. Read about it online 4
- e. In-store demonstration 5
- f. On sale in store 6
- g. Other 7

13. Do you consider yourself a health-conscious shopper? (Circle one)

- | | | | |
|-----------|----------|------------|------------|
| Extremely | Somewhat | Not really | Not at all |
| 1 | 2 | 3 | 4 |

14. Are you... (Circle one) Male Female

15. How many times a week do you exercise? (Circle all that apply)

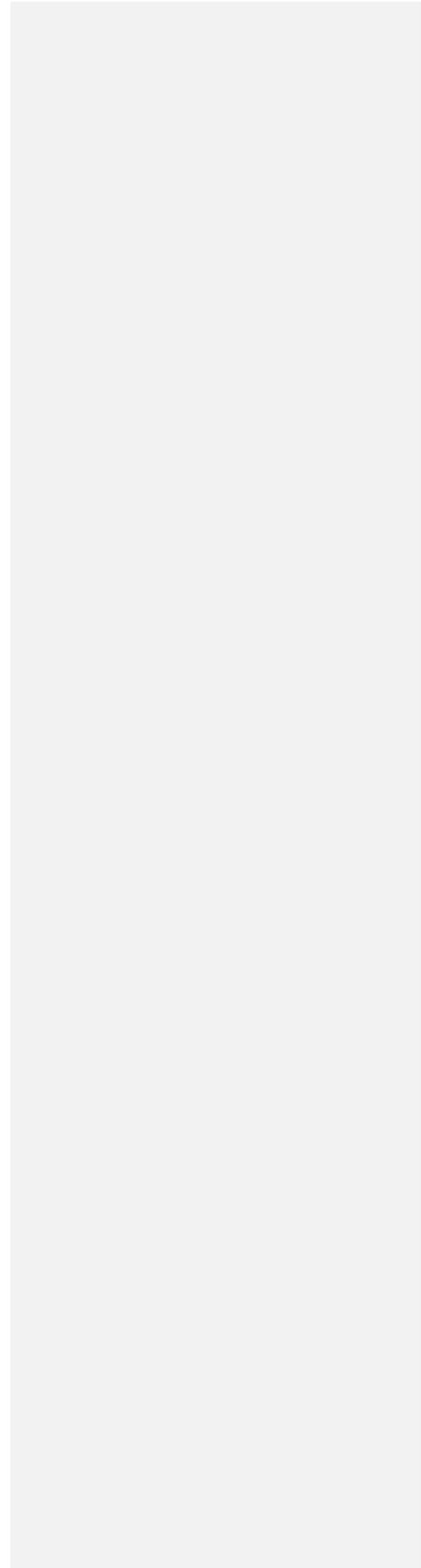
- a. 0 times 1
- b. 1-2 times 2
- c. 3-5 times 3
- d. Daily 4

16. Which of the following describes your age? (Circle only one)

- 18 to 20.....1
- 21 to 25.....2
- 26 to 30.....3
- 31 to 35.....4
- 36 to 40.....5
- 41 to 45.....6
- 46 to 50.....7
- 51 to 55.....8
- 56 to 60.....9

61+ years.....10

Thank you for your participation, it was greatly appreciated!



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