





GSK operates principally in two industry segments:

- Pharmaceuticals: (prescription medicines)
- Consumer Healthcare: (over the counter medicines, oral care and nutritional healthcare).

One of the major factors in GSK's success has been its development and support of globally successful brands. This case focuses on one of its most successful brands within the Consumer Healthcare segment: Lucozade Sport.

## Lucozade Sport brand

Building on the reputation of the internationally successful Lucozade brand, Lucozade Sport was launched in 1990 to meet the particular energy needs of athletes competing at the highest level. Since then, Lucozade Sport has become Ireland and the UK's favourite sports drink, catering for athletes' needs during sport and training. In addition, the brand has been extended to include a wider range of products, such as sports carbohydrate gels, recovery drinks and energy bars, which address more serious or professional athletes' needs before and after training.

The Lucozade brand is now an **umbrella brand** for the following sports products:

- Lucozade Sport** - To replenish lost energy and rehydrate during sport.
- Lucozade Hydro Active** - A fitness water which contains essential salts, selected vitamins and has a light fruit flavour to encourage consumption during exercise.
- Lucozade Sport Nutrition** - The Lucozade Sports Bar and Carbo Energy Gel products have been formulated to deliver an optimum diet for athletes in a convenient, portable format.

When developing an extended product range like Lucozade Sport, a company must build on a well defined market segmentation strategy.

## Market segmentation

Market segmentation means dividing the market into groups of consumers who share certain needs and characteristics, and who can be differentiated from others. For example at an international football match, fans are primarily segmented by nationality. A segment is also

defined by the fact that all "members" of a segment are likely to respond to the same marketing mix.

### How to segment markets

There are four main bases for segmentation:

- Demographic:** This information relates to age, gender, income, etc.
- Geographic:** Divides consumers by location at regional, national and/or international level.
- Behavioural:** Divides consumers according to buying patterns. These can be: *occasion*, like business travel versus holidays; *timing*, like eating cereal as a snack in the evening; *benefit* for example Clearasil skin products.
- Psychographic:** This measures consumers' lifestyles. It segments the market according to social class, life-style, personality or attitudes. This can be used by political parties to target consumers who are concerned about particular issues like the health service.

## Success factors

Since its launch in 1990 the Lucozade Sport brand has become the leading sports drink in the Irish and UK markets. The philosophy behind the Lucozade Sport brand is to provide a complete product range to address the nutritional needs of athletes of all abilities for preparation, performance and recovery within sporting activities. The ultimate benefit of Lucozade Sport is to improve sporting performance.

The success of Lucozade Sport can be largely attributed to strong market growth rates, particularly over the last three years. This in turn is due to three main factors:

1. **Macro environmental** trends
2. Scientific development
3. Brand investment

### 1. Macro environmental trends

Since the mid-90s Ireland has witnessed not just unparalleled economic growth – which contributes to a higher standard of living – but also an increase in the population with the return of many emigrants and growing numbers of immigrants, necessary to fuel the growing economy.

This trend has greatly benefited many consumer brands including Lucozade Sport. Young professionals in particular are aware of the benefits of exercise in keeping stress at bay. Across the country – and across all major sport forms – numbers of participants and supporters have grown. A growing affluent population led to this changing attitude to sports, further reflecting major social and lifestyle change in Ireland.

### 2. Scientific development

The Lucozade Sport brand has also benefited from over 30 years of research into sports science and nutrition. At the Lucozade Sport Science Academy (LSSA) in the UK, the foremost sports scientists carry out extensive testing of real athletes by recreating real sporting situations. Similar testing is done at the National Coaching and Training Centre in Limerick. The impact of the Lucozade Sports range on athletes' performance can then be carefully monitored. Research is carried out continuously to improve Lucozade Sport and to develop new products to meet the demanding needs of competitive and everyday athletes at all fitness levels.

## LUCOZADE SPORT

Marketing communications fuelling performance

### 3. Brand investment

Successful international brands require major investment: firstly in the research and development process required to ensure quality; secondly in marketing costs to create awareness and maintain or grow market share.

GSK is aware of the beneficial market trends and has invested heavily in the Lucozade Sport brand to ensure that it stays the number one sports drink in Ireland and the UK.

Another key element in the success of Lucozade Sport has been investment in the marketing mix for the brand.

#### Marketing Mix

Marketing consists of a blend of key marketing tools to implement marketing strategy. The mix, also commonly known as the 4 Ps, consists of four major elements:

- Product
- Price
- Place (Distribution)
- Promotion (Marketing Communications)

The principal target markets and relevant marketing activities for Lucozade Sport are:

Target Market	Marketing Activity
Mass market: consumers who participate in sport and those who are passionate about sport.	Endorsement by GAA, rugby and soccer stars in poster and TV campaigns. On-pack and in-store promotions.
Elite sports	Official Sponsor of FAI, GAA county teams and Munster rugby team and individual players. Development of specialist products for elite athletes available online.
Specialist Sports (e.g. marathons)	Athlete workshops in clubs to promote the "24 hour athlete" philosophy. Product sampling. Specialist press coverage.
Female Athletes	Official sponsor of Ladies Gaelic Football Association. Sponsorship of individual athletes - Cora Staunton. Lucozade Sport Hydro aimed particularly at women - rehydration without the calories.
Coaches	National Coaching Forum and workshops. National Coaching Training Centre in Limerick. Coaching Northern Ireland.

## Communicating the message: 360° marketing

The marketing mix for Lucozade Sport is complex, however it is largely centred on its marketing communications strategy. This focuses on two major areas:

**Rational Communication:** Getting the brand benefit across to the consumer.

**Emotional Communication:** This involves sponsoring popular well known sporting heroes like Damien Duff and Ronan O'Gara to endorse the brand.

The marketing strategy for Lucozade Sport is built on identifying "brand touchpoints" with the consumer. These are occasions and opportunities to connect directly with target consumers. Brand touchpoints emerge from market segmentation and enable marketers to identify suitable target markets for their products.

In competitive consumer markets, marketing managers must deliver a message to consumers to draw attention to their products and to remind buyers of the benefit their products provide. The marketing communications mix provides marketers with the tools to achieve this. The main methods or channels of communication include TV, radio and print advertising; outdoor advertising including on-pitch signage and bottles on the pitch; sales promotions in shops or on pack; and public relations.

360° marketing is also known as integrated marketing communications. This concept means that marketers use as many channels as possible to communicate with consumers, and most important, that the marketing message is always the same. By doing this, marketing managers ensure that consumers get one clear message about a product and understand the benefit they will get from that product.

In the case of Lucozade Sport the message has been consistent: "Lucozade Sport keeps top athletes going 33% longer." This message is communicated by sponsoring top athletes to endorse the product. Damien Duff, Ronan O'Gara, and GAA stars like Oisín McConville amongst a host of other Irish sports stars were filmed training together for a TV campaign which carried the powerful strapline "Hunger has a Thirst". This demonstrates that the highest sporting ambitions can be supported – and performance improved – by drinking Lucozade Sport before a match to prevent dehydration of the body. Taken afterwards Lucozade Sport aids speedy recovery by efficiently rehydrating the body. For the rest of us it's clear – if it's good enough for the best of the best, it can help sports people at all levels to be more competitive.



## TV campaign: Hunger has a Thirst

In a series of TV spots, a variety of sports stars trained together on a rainy day to demonstrate their skills and to have fun. Damien Duff is seen walloping balls in the rain and also trying his hand at hurling – without much success! Ronan O’Gara, hero of the triumphant Munster team of 2006, tries out Gaelic football only to be told by the amused Gaelic players that rugby is definitely his game!

While entertaining and amusing, this ad also succeeds in communicating that top performance takes great commitment and preparation, and teamwork. Other TV spots in the campaign show Cora Staunton, female GAA star and also the work of the National Coaching Training Centre in Limerick, a key partner in the ongoing scientific development of Lucozade Sport.

## Outdoor advertising

The integrated nature of the marketing campaign for Lucozade Sport is carried through with billboards (and print ads) featuring key stars again, and highlighting the “Hunger has a Thirst” message.

## The challenges of sports marketing

Sports marketing carries particular challenges for marketers mainly due to the fact that results cannot be predicted! As official sponsors of the FAI and Ladies Gaelic Football Association amongst others, Lucozade Sport is ensured of exposure at all matches and events.

However, when results are not achieved, i.e. the failure of the Irish football team to qualify for the World Cup 2006, that brings a particular marketing campaign to a quick end!



On the other hand, the success of the Munster Rugby Team in the Heineken Cup 2006 is positive for Lucozade Sport who sponsored the team and also Ronan O’Gara and Peter Stringer as individuals.

## Think global, act local

This famous expression was coined in 1967 by the American writer Marshal McLuhan, who was one of the first theorists to appreciate the globalisation of the world economy and media that was even then beginning to become apparent. Today the terms “global” and “globalisation” are part of our daily vocabulary, and most household brands are owned by global companies.

GSK is also a truly global company. However, the company also acts according to McLuhan’s wisdom: globally they benefit from the knowledge, experience and sales which result from operating at this level. However, they also act locally, particularly where marketing is concerned. Lucozade Sport benefits from this. In Ireland for example, we are also aware of the British football premiership and so brand ambassadors such as Liverpool player Steven Gerrard are also familiar here. However using Irish sports stars like Damien Duff and Cora

Staunton really contributes to giving the Lucozade Sport brand an Irish dimension which has helped to make it the number one sports drink in this country.

## Conclusion

The success of the Lucozade Sport brand in Ireland and the UK is based on two main foundations: ongoing scientific development and effective and consistent marketing communications. These in turn build on a solid market segmentation strategy to identify the major target markets for this product.

## Glossary

**Macro Environment:** All external environmental forces which can affect how a company operates but which are beyond its control. These include: demographics, the economy, natural forces, social and cultural forces and government regulations.

**Merger:** This is the combining together of two or more firms into a single business on a basis that it is mutually agreed by the firms’ managements and approved by their shareholders. It is an important form of external growth and market entry for firms.

**Umbrella Brand:** A brand name which covers a range of products.

## Activity

Divide the class into groups of five. You have been asked to develop a new sports drink which would appeal to the youth market. Complete the following tasks:

- 1) Carry out research to identify the main market demand for a sports drink.
- 2) Segment the market according to the four bases:
  - a. Demographic
  - b. Geographic
  - c. Behavioural
  - d. Psychographic
- 3) Select and define one major target market for your sports drink.
- 4) Create a brand name and define the key product benefit for your sports drink.
- 5) Devise a marketing communications campaign to launch the drink in your community.
- 6) Prepare a presentation to the company to pitch your brand and campaign.

## Find out more

Visit: [www.lucozadesport.com](http://www.lucozadesport.com)

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