

# Case Study **Private and Public Companies**

*Packaging Strategy /  
Carbonated Soft Drinks*

## Optimizing the Package Strategy of Carbonated Soft Drinks (CSD) in China



### BACKGROUND

In 2012, the Chinese CSD market was facing pressures whereby inflation in the cost of raw materials and manpower was increasing at an alarming rate. In addition, CSD volume was shrinking on a yearly basis for five years in a row, while the market was getting inundated with competitors' innovations and launches of new packages.

Unlocking growth potential and optimizing prices per given package were becoming key challenges for CSD brands in China. Finding areas for revenue-growth opportunities on current packages while identifying and prioritizing innovative packaging opportunities became crucial for the competitiveness of CSD manufacturers in China.

### EXECUTIVE SUMMARY

#### Client Challenges

- Unlocking growth potential in the Chinese market
- Optimizing prices for each package (current and new)
- Overcoming purchase barriers by channel and store type

#### Our Solution

##### For Existing Packages

- Identify the revenue-growth opportunity on existing packages through optimal price points by pack and by channel
- Identify key communication targets and selling points on core packages by channel so as to strengthen in-store communication and purchase-conversion ratio

##### Detection of Most Important Types of Menu Information

- Identify needs gap by consumption and purchase occasions
- Uncover the directions and range for possible package types, formats and sizes
- Size up new package potential, and specify per package
  - Direction of market proposition
  - Channel focus
  - Price range
  - Target consumer

#### Our Intervention's Impact

To help the client focus on the lucrative and profitable segments in China, a full SKU mix-portfolio strategy by consumption occasion was developed alongside implementation details by channel and store type.

***A leading CSD manufacturer in China was able to acquire areas for revenue-growth opportunities on current packages***

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## **IN FOCUS**

### **Key Client Challenge**

Our client, a leading CSD global brand, had the following portfolio of mixed-strategy challenges:

- Optimize existing package performance
- Identify optimal price range
- Find out areas for revenue-growth opportunities on packages
- Understand each pack's proposition so as to strengthen communication to shoppers and increase the purchase conversion

### **Our Solution**

Through two nationwide studies (seasonal; winter and summer), an in-depth, focused analysis was conducted through the lens of both consumption and purchasing patterns. Through the identification and mapping by season of key consumption occasions, and cross-analyzing them with optimum pricing by SKU, we presented the client with solutions on the following key deliverables:

- CSD existing packages: the role of each current package, areas of improvement, ideal price proposition, and in-store and focused-channel opportunities
- Innovative package: mapping versus existing packs; identify and prioritize innovative package opportunities; identify opportunities in new package size, format and price point per package; set the potential market size and price proposition

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