

Memorandum

To: Mr. Chris N. Charge
From: A.B. Student
Subject: Happy Bunny Energy Juice Marketing Concerns
Date: March 18, 2020

To dramatically increase profit margins, it is imperative that our company target all available demographics- including preteens and teenagers. There is no reasonable argument against marketing our products to this new age group. This promising age group is already full of regular customers of popular coffee shop chains- there is not significant backlash at their companies, and there will not be for ours either. This untapped demographic will yield large profit margins as well as long term customers- younger customers will develop a positive association with our brand and consume our drinks for years to come. Our company must proceed with this new campaign before we risk losing potential profits.

Teens already consume lots of caffeine

There have been concerns expressed by a vocal minority related to the consumption of caffeine and its effect on young adults, but these concerns are mostly unfounded and hypocritical. These concerns ignore the caffeine consumption parents seem completely fine with- coffee shops, and they should be just as fine with their children consuming our drinks as well.

- **Caffeine is a staple:** In a 2017 *Business Insider* article titled “Teens have a new favorite restaurant — and it’s not Starbucks” noted that until recently “Starbucks has won the No. 1 spot among teens in almost every semi-annual Piper Jaffray survey for the last seven years” (<https://www.businessinsider.com/how-teens-are-spending-money-2017-4>).
- **Soda is also a concern:** Those who voice concerns about the caffeine consumption by teens often ignore the caffeine in many colas such as popular Pepsi and Coca-Cola products simply because they are not listed as “energy drinks”. This leads many to understand the concerns are mostly superficial and illegitimate.
- **Our drinks are as safe as coffee:** The amount of caffeine in our energy drinks (as with many other brands) is comparable to the caffeine content in an average cup of coffee.

Getting customers at a young age will improve long term customer loyalty

Though our current marketing aims at young adults ages 18-34, just as our competitors do on average, we must aim at a younger demographic to ensure brand loyalty and consistent profits into the future. If we start a marketing campaign targeting the youth, we could see great profit margins from this untapped demographic for years to come.

- **Develop brand loyalty early:** Our company must strike first and attract younger consumers to our brand before other companies have a chance to develop a good relationship with them.

- Increased buying power: A 2019 *FONA International* article titled “Consumer Insight: Purchase Power of Today’s Teens” reported that ages 10-17 demographic is “responsible for up to \$143 billion of direct spending” (<https://www.fona.com/purchase-power-of-todays-teens/>). This buying power could bring in well over the previously estimated \$30 million our company expects from this business venture.

There is no moral dilemma

There is no ethical concern related to selling our products to a younger demographic. Any concerns are only minor decisions between the variety of drinks we offer such as flavors or zero calorie options, (not whether it is safe to drink). To ensure all legal responsibility related to any potential health risks (no matter how small) is on the shoulders of the consumer or their parent/guardian, we can print a small warning on cans to advise for moderate consumption of caffeine- but I assure you, this step is not necessary.

- Correlation, but not causation: A 2016 study titled “Demographics, Health, and Risk Behaviors of Young Adults Who Drink Energy Drinks and Coffee Beverages ” concluded that just as with energy drink consumers, “the high-end coffee drink population also tended to have a higher prevalence of mental illness diagnosis” (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4892198/>). This is a far cry from a dramatic moral concern, and at most would put our company’s products on-par with coffee, not worse.
- Sugar is the concern: Parents are more concerned with sugar than with caffeine content. We can capitalize on this by producing energy drinks with zero sugar content. Increased sugar intake will lead to a series of medical concerns such as unwanted weight gain, blood sugar problems, and an increased risk of cardiovascular disease.
- We are already regulated: As a producer of a beverage, the FDA already regulates us. The only risk considered by them is the relationship between caffeine intake and anxiety, and as Joyce A. Generali points out in her 2013 study “Energy Drinks: Food, Dietary Supplement, or Drug?”, “the role of co-ingredients as risk factors or confounders has not been established” (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3839443/>). This would also be true of the many coffee chains and parents who have no real qualms with allowing their children to drink their brew.

We are a business and must focus on profits first and foremost. Happy Bunny Energy Juice must not waver when facing a small group that shows unfounded concerns. The idea that we should simultaneously be a successful business and morally sound is a fine aspiration. The combination of these two ideas is the balance we must strike to maintain increased profits and a degree of good consumer satisfaction. However, to be concerned about the ethics of marketing to a younger age group would be a waste of energy, as it is both an illogical concern (based on our current competition and consumer statistics), as well as a tremendous missed opportunity for previously unseen profits. I urge you to move forward with the plans to begin our new marketing campaign with a younger demographic.