Case Study

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Cholula hot sauce has gained popularity with the help of its marketing strategies using social media platforms, and word-of-mouth program. This has successfully managed to compete and grow its overall market and share its profits in the United States hot sauce market. Based on the profitability analysis by using Porter’s Five Forces that include industrial competitors, new market entrants, suppliers, substitutes, and the bargaining power of the buyers this paper will be analyzing the challenges. This paper will also include a discussion about the factors involved in the effectiveness of Cholula.

# Porter’s Five Forces

**Competitors**

When it comes to the business, it is a well-known fact that there will be competitors too. Hot sauce industry is based on the different segments of the market that includes condiments, retailers and all of the sauces. Companies are responsible for the distribution, manufacturing, and production purposes (Limański et al., 2018).

**Substitutes**

The global market is not limited to only one and there are the other sauces that are introduced in the market. Cholula with its quality and refined sauces has been competing with the other sauces with the help of its effective marketing. It can be said that marketing strategies are the main factors for better performances by Cholula.

## Competitors in the market

The market is not limited to a single company or a brand, there is a huge number of brands and production companies (Bruijl, 2018). In the case of Cholula, based on my analysis, I believe that there are no such competitors in the market because of the huge success of Cholula.

## Bargaining power of Suppliers

Suppliers are the sources to supply the products in the market. The bargaining power of the suppliers in the market determines the price patterns. The bargaining power of Cholula suppliers is one of the sources to determine and set a pricing strategy in the market. This also includes the number of suppliers of the sauces in the market.

## Bargaining power of the buyers

Any product that is introduced to the market is consumed by the customers. The bargaining power of the buyers of Cholula includes the total number of the customers, pricing strategies, and willingness to pay for the product of Cholula.

# Assessment

This part of the paper discusses the assessment of the Cholula market that is based on the different market segments, demographics, competition, needs of the costumers, and targeted market. Demography and segmentation of Cholula are based on Latin Americans, millennials, and Asians living in the United States. These are also based on age distribution such as millennials. This provides an advantageous competition to the other market segments and offers attract new customers including Millennials.

Cholula is demanded by a huge number of indigenous people, and this is the segment on which Cholula wants to focus (Ferdman, 2014.). To attract many customers in the market, Cholula has to introduce new and quality products so that they may be able to experience and buy its products. In the market, some of the products may be observed including ketchup, Mayonnaises, BBQ sauce, and mustard. These products can be considered as the competitor for Cholula whereas, after the year 2000, this has gained a market place by competing with the other market segments and competitors (SEGRAN, 2015). Market sizing is more important for the sustainability of the company and business on the global business level (Aaker & Moorman, 2017). This will help Cholula to determine the main potentials in the market and major market competitors that may be a threat to them. Market sizing for Cholula includes the profile of the targeted customers. Outside sources may include the customers and new market places that may be helpful to grow the business and market of sauces.

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