

Marketing analysis case study: la shampoo analysis



Additionally, the advertising agency tried to develop new look campaign but many customers did not notice the change. This solution did nothing on La Shampoo sale and customers. In year 1989, La shampoo's line had begun very slow descent, decrease sale and market share but the company hadn't address it. Caroline who is brand manager of the company want a new market plan to boost sale and increase market share, not just to keep a product remain on retailer's shelves. Then, Caroline made a meeting with Eric Wolf, product sales manager and Beth Hanson, a representative of advertising agency that held the La Shampoo account.

Eric and Beth gave Caroline recommendation but both of two recommendations are totally different. Eric recommended that La Shampoo need a price cut for saving major account that in danger. But Beth didn't agree with Eric and also recommended that La Shampoo need a strong brand campaign, create new advertising campaign. He suggested to reposition La Shampoo on customers minds. 1 OFF campaign, getting into billboard and event sponsorship. The tension grows in the meeting as Caroline weighs the options. Which marketing plan should Caroline choose to save the brand?

Problem identification In 1989 La Shampoo had begun a very slow descent, but the company hadn't really addressed the problem until two years ago, when it named Caroline brand manager. La Shampoo faced the problems of had lost its relevance to the market, and as a result customer loyalty was declining. Moreover, La Shampoo failed to comply with the principle component of brand sustainability and growth. The product is obsolete and perceived by some customers as low-quality because it lacks floral and

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herbal extracts and the sales have kept going down leading to a decrease in market share.

Analysis In analysis part, I use the SOOT analysis as the tools to analyze La Shampoo as the following table below;

| Strength | Weakness | Well establish |
|--------------------------------------|--|--|
| brand name Consumers trust brand | Strong image | High end product with no value such as herbal, floral extracts |
| No competitive strategy | No innovation | No sufficient value for the price |
| Opportunity | Threat | Huge market segment |
| Some customer still loyalty to brand | Many competitors in the market, high competition | New products enter into the market as competing products. |

Many product offered with lower price in the market. Increase tendency to switch to other brand After finding strengths and weaknesses, opportunities and threats which La Shampoo faced. The next part will discuss about solutions of two recommendations from Eric, Product Sale Manager and Beth, representative of advertising agency. Recommendation According to La Shampoo problem, there are two marketing plans for La Shampoo to implement. 1. Erie's solution , complete on price Erie's solution is to reduce price for stabilized the account.

He need to act very quickly as possible before the brand will died. Reduce price is very helpful solution in supporting sale representative and increase sales volume. If Caroline select this solution, La Shampoo can increase sales volume at least short time to save brand from account that in danger. It can provide the incentive for price sensitive customers to benefit from the price reduction and encourage purchase of La Shampoo products. But price

cutting is not good in building brand and increasing the brand market share for many reasons.

First, it is dangerous because if La Shampoo will be in the same situation. Moreover, if the competitor brands offered infinite which La Shampoo cannot provide such as herb, natural source or flora extract, La shampoos customers will switch to competitors brands. Second, price- driven customers are not loyal. It means that they will go to another brand if the price is cheaper. Third, it will damage to brand image. As mention above, La shampoo had a stylish image. If the product is very cheap, it will change the brand in the customer's mind.

The customer will think that the company also reduce the quality of La Shampoo. Fourth, La Shampoo cannot reverse price reduction and increase price n the future as this may lead to loss of continuous sale. Last, the price change may in fact attract customers from a different market segments to try the brand and La Shampoo but those customers are not the true target and original market so it doesn't work in long run. 2. Beet's solution, strong brand campaign Beet's solution is to create new advertising campaign.

He suggested to reposition La Shampoo on customers' minds. This solution seems to be better than the first solution but there is still no specific change. The new advertising campaign will increase sale both in short term and long term. This solution will not damage brand image and also will create stronger image of La Shampoo. There are many way to create new campaign such as increasing magazine advertising, rolling new television campaign, getting into billboard or using event sponsorship.

In this point create more opportunities to La Shampoo. It will help the company to encourage new customers who had never use La Shampoo. In my opinion, I think that Caroline should use the second solution; create new campaign. It's necessary to think about long term more Han short term. And the brand image is very important for La Shampoo as a stylist image. If the company drop the price, it won't have a brand left to build up. I have additional recommendation for La Shampoo.

This solution is very good if the marketing research of the company found out the cause of the sale decline. Then, they can know which campaign La Shampoo should implement to solve problem. Then, the new advertising campaign should focus in repairing La Shampoo image and correcting the mistake. So, to obtain this solution marketing research should use racketing survey, know the market trend, customer's perception about La Shampoo and analyze the company situation by using SOOT analysis.