

Anlec hi calcium milk



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Anlec Hi-Calcium Milk Executive Summary

The case at hand is indicative of what will happen to a brand if the marketer failed to do diligent market segmentation. Clearly, the brand manager of Andec missed the opportunity with a product of such an enormous potential . He priced his brand 15% higher banking on its high calcium content and its good flavor. He failed to understand that parents decide on what to buy for their children base on what their money can afford, which is why Nido brand is very successful.

He look at where to place his brand based only on the scale of the market segment. Obviously in this case, since full cream milk market is the largest segment in the milk industry, this could precipitated the marketer to place Anlec in this segment. The picture could have been different if Anlec was priced 15% lower than Nido and use its high calcium content and taste as differentiators and as a competitive advantages. Another consideration that should have been taken is the the fact that Nido has been in the market for so long and has already become a household name.

To arrest the declining sales of Andec , to recover the loses of P60M, to regain its composure in the milk industry and to maximize profitability, identification of the appropriate market segment and repositioning of the brand should be done immediately with high accuracy and great precision.

Background Of The Case Andec, the first high-calcium full cream milk powder with vanilla flavor for kids in the Philippines, with the highest calcium content among all the brands in the growing up milk category was launched in the Philippines in 1998.

Campaigns on the need for calcium for prevention of osteoporosis and other calcium deficiency illnesses created a trend of introducing calcium-associated products in the market, such as Anlene and Anmum. The nutritional content of full cream milk shown in Exhibit 3 shows that compared to Nido, which is the leading brand in the full cream milk category, Andec has nutrient content of thiamen, Riboflavin and folate which are not found in Nido and Birch Tree.

Nido is number 1 in the full cream milk category with 70% market share followed by anchor, a sister brand of andec, with 25% market share and the remaining 5% is shared by andec and other brands. The average local sales for all milk brands was approximately \$55M. Anlene got 60% share in the milk for women category while Anmum got 75% share in the pregnant market category. Both brands are sister brands of Andec. Andec has two variant targeting 4 to 8 years old and 9 year old and above market group. 60M was already spent on marketing campaigns such as taste test on children, television ads and promotional activities during product launching. out of 10 children chose Andec because of its highly palatable taste. Andecs continued decline in sales despite massive marketing campaigns opted the company to stop its marketing activities pending good and highly viable marketing strategies. Listing of Problems The failure of Andec to create a strong market niche was due to Wrong Consumer market segmentation. The brand failed to create value for targeted customers simply because it missed to select the appropriate customers to serve and to decide on what value proposition to use and capitalize on, which resulted in: wrong targeting

- less competitive pricing compared to Nido, the leading brand in the category
- Inappropriate promotional campaign and advertising
- Poor product positioning Alternative Course Of Action Since Andec has 2 variants, both variant should be sold in 2 different market categories:
- The 1st variant should be promoted to women 25 years and above group capitalizing on its high calcium content for protection against osteoporosis.

Here the opportunity for growth is huge because 40% of the market is still enjoyed by the competitor. The 2nd variant should be targeting pregnant group capitalizing on the nutritional content of andec as shown in Exhibit 3 indicating that Andec has high content of Vitamin B1, B2 and B9 also known as Thiamin, Riboflavin and Folate respectively, which is three of the most basic nutritional requirements for pregnant women. The issue is ' will marketing Andec jeopardizes the marketing effort and the market share of Annum which is also a sister brand'? It's noteworthy that Annum has 75% market share in this category and the rest is shared by other brands.

Andec need not eat a share of Annum, instead, simply capture the remaining 25% and try to explore or develop new market in the same category. In reality not all pregnant women, especially those in the C, D, & E economic status, drink annum and other pregnant milk due to price. Hence, marketing should be focused on creating more added value for the C, D & E market segment which comprised more than 80% of all pregnant women in the Philippines as shown in the latest SWS survey.

Recommendations

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Objective: To capture the remaining 25% and 40% market share in the 25 years and above women and pregnant categories respectively by creating increased awareness and offering Anlec as the best product for the category, with more benefits to offer. Market Segmentation: Class C, D & E 25 years and above women and pregnant women

Positioning Statement:

- “ To reduce the risk of osteoporosis at more affordable price” (Variant 1)
- “ Superior quality at lower cost” (Variant1 & 2)
- “ Ensuring healthy pregnancy is now made more affordable for all” (Variant 2)

Customer Satisfaction Strategy:

For variant 1 Anlec, ethical promotion to OB-Gynecologist and GP Doctors will be undertaken. Maximize the use of the existing sales force of the company to promote Anlec to OB-GYN and GP to convince them to prescribe the brand in their C, D, & E patients. This means huge savings on salaries and other operational expense without hurting Anlene and Anmum, which generally targets A, B, and higher C market. To create a need for the brand and enhance brand recall, continuous medical education program must be conducted such as; medical symposium, round table discussions and annually sponsored conventions.

For Variant 2 Anlec, multi-media marketing will be conducted such as;

- TV and Radio advertisements using celebrity and other women's protection advocates group endorsements.
- Use of fliers, literatures, fillers, billboards and other possible source of information to effectively reached the targeted market segment.

Preferred Brand Strategy:

- Change the packaging of variant 1 for easier identification
- Lower the price by 15% against the leading brand in each category
- Proper product training for the sales representatives and other product handlers.
- Reliable endorsers. Contingency Plan: Performance Evaluation will be done every month
- Success will be measured by the percentage of programs being implemented within the first three months and by the number of repeat orders and new users on the fourth month onwards.
- If the sales growth from fourth to sixth month is not upward and the desired sales volume is not achieved, re-evaluation and assessment of all programs implemented will be urgently conducted.

Programs that produced positive results will be intensified and new strategies will immediately take into toll for the less effective programs.

Budget: P50M for one year

Expected Result: As stated in the case the total sales generated in the milk industry was \$55M. In peso it is P2, 365, 000, 000. 00 at 43 pesos per dollar exchange. Assuming that women above 25 category got 20% and pregnant women got 25% or combined sales of P1. 06B. Andec should be able to get

at least 15% of the combined market share which accounts to P150M in sales.

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