

Allstar brands is a us based consumer marketing essay



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Allstar Brands is a U. S. - based consumer products company that produces and sells ethical (prescription) pharmaceuticals, OTC (over-the-counter or nonprescription) drugs, and consumer products. It is a \$8. 9 billion firm that was formed in 1924 and competes with a variety of larger and smaller firms, depending on the product market. It has a number of leading brands in various product categories, including (in the OTC division) The consumer products division includes various types of packaged goods: hand and beauty soaps, laundry detergent, shampoo, toothpaste, shaving cream, etc. Over the years, it has expanded its product category width through internal new product development and acquisition of brands and companies.

The company had been historically organized into three divisions (Ethical Pharmaceuticals, Consumer Products, and International), but recently reorganized into a global product management structure with three major divisions (Ethical Drugs, Consumer Healthcare, and Consumer Products).

Going Global

The company discovers that some foreign markets present higher profit opportunities than the domestic market

The company needs a larger customer base to achieve economies of scale

The company's customers are going abroad and require international servicing

The company wants to reduce its dependence on anyone market

Company and market locations

Effective year one, Allstar Brands will be entering the Latin American market. Specifically, Allstar will enter the markets of Brazil, Argentina, and Chile, offering its product line of Allsmile brand toothpaste. Production facilities will be completed by the end of year one, allowing for reduced distribution costs throughout the trilateral market. Importation from US facilities will augment market entry until this year end point.

Carefully analyzing of target market and segment needs, as well as purchasing ability, has been considered in order to align the correct product within the Brazilian, Argentinean, and Chilean markets. The sales of our competitors have also been analyzed to determine if the market exists, and to what extent there may be potential for profit. Currently, Allsmile brand has a 13% world market share.

In our trilateral Latin American market there are four main competitors. Although there are local and regional competitors, Allstar has given most analysis to those large enough to compete in terms of economies of scale and scope, with whom we will most heavily compete in the first five years. Allstar's Allsmile brand currently has a 13% world market sales share. Below is a summary of competitive market shares:

Latin America offers the greatest opportunity because of its large population and growth rate. For decades market entry has been deterred due to political risk and foreign perception of consumers' low purchasing power. However, recently with the lowering of trade barriers and democratization of the general region, great opportunity for market growth has been realized.

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Market Entry Analysis

Allstar Brands recognizes great potential in entering the Latin American oral health care markets, more specifically Brazil, Argentina, and Chile. The Allsmile toothpaste product line will be extended to Latin America to augment the existing global market share. We will subsequently offer products at a low competitive price. Allstar recognizes market price sensitivity. Entry here will therefore reflect this, gaining competitive advantage through low price differentiation.

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Target Markets

Brazil. Although still somewhat immersed in political and financial crises, Brazil is undoubtedly the engine of South America. Brazil is the largest and most valuable market in Latin America due in part to its significant and growing population, much of which is relatively young. Per capita purchasing power (PPP) remains relatively high, with a consumer price index (CPI) comparable to Allstar's Argentinean and Chilean markets.

High purchasing power and large population, coupled with a young and increasing population, will allow for long term profitability. Brazilian GDP is an impressive US \$1.4 trillion, but still with political turmoil it unfortunately experiences a real growth rate of -2.2% annually. The

overall potential of the market in terms of population and GDP size reveals that increased political and financial stability will produce an economy and labor force in line with the emerging Asian Tigers. Because of this, we at Allstar see great potential in this market. With Europe and the US as an economic big brother, Brazil is doing its best to put the best foot forward, and Allstar's Allsmile is there to provide them with a product that will increase the overall health in an inexpensive way.

Argentina. Argentina has a total population of 40 million, growing at 1% annually. Although economic health was shockingly horrific during 2001 and 2003, in 2003 the country began to recover. Since then Argentina has reduced its national debt, unemployment rate, and inflation, which we believe will continue to be the trend in the years to come. This reveals further potential similar to that of Brazil.

Chile. Chile has also experienced an economic down turn. However, during the last eight years the economy has turned around, and is today on the road to recovery. Per capita purchasing power parity remains high at US \$9,900, with 3.3% annual growth in total GDP. Unemployment is low at only 8.5%. The currency has been appreciating relative to the US dollar successively over the past 5 years. These signals evidence a strengthening economy, and have justified Allstar's future market entry. Allstar expects a strong consumer base for launch of its product line.

Competitive Comparison

1. B & B Healthcare: Britesmile toothpaste, Bencav toothpaste. These two products correspond to our Allsmile Whitening and Allsmile Original. Market Share: World 15%; Argentina 21. 2 %; Chile 12. 1%
2. Caremore Company: Clean & White toothpaste, Caregate toothpaste. These two correspond to Allsmile Whitening and Allsmile Tartar Control. Market Share: World 21%; Brazil 24. 7%
3. Driscoll Corp: Dentacare toothpaste. Dentacare corresponds to Allsmile Tartar Control. Market Share: World 10%; Argentina 11. 4%; Brazil 22. 9%
4. Evers Consumer: Eversmile toothpaste. Evers Eversmile is similar to Allsmile Whitening toothpaste. Market Share: World 7%; Brazil 9. 6%; Chile 20. 3%

Market Entry Summary

1. Enter Brazilian market
2. Have plant completed in Brazil by year end
3. Expand from Brazil to Argentina
4. Expand market share by entering Chile
5. Extend Allsmile product line annually in Brazil, Argentina, and Chile