

# Marketing case study ii: aqualisa quartz flashcard



## Marketing Case Study II: Aqualisa Quartz Introduction and Problem

Statement Aqualisa, a premium British shower manufacturer, is experiencing teething problems with its new line of electronic mixed shower products – Quartz.

Despite being hailed as “ a breakthrough in shower technology” (Case p. 6), early sales were dismal. Plumbers, the main channel of Aqualisa’s products, have developed an ‘ electronic phobia’ since the late 1980s when early electronic showers failed, hurting Quartz by association. Furthermore, the company is also concerned of cannibalization that could occur to Aqualisa’s existing products should Quartz become successful, especially to Aquavalve, Aqualisa’s current flagship. Alternatives and Analysis 1)Whether to target the plumbers 73% of consumer decision is derived from plumbers’ advice .

Moreover, independent plumbers installed 54% of mixer showers in the U.

K. shower market . Therefore, plumbers become an extremely vital channel of distribution for promoting Quartz as a mainstream brand. Despite their resistance to electric showers, most plumbers found the Quartz installation easy and timely.

This paves the way to persuading plumbers to change their attitudes towards electric showers. 2)Whether to target the other channels of distribution Trade Shops: Quartz models accounted for the highest profit margin in dollar sales (Appendix 1), as trade shops could get at least €400 per unit of Quartz sold, vis-a-vis €335 from Aquavalve 609 (with the best margins). In view of this, it would be in the interests of the trade shops to adopt Quartz, forming a major selling point. Developers: As property

developers are price sensitive, cheaper shower models such as “ Aquavalve Value” should be promoted to increase sales for Aqualisa. However, in the case of luxury builders, Quartz should be sold as a premium product, which is aesthetically-pleasing and promises to deliver high performance at the same time. D.

I. Y: With 84% of the D. I. Y market segment purchasing low-cost electric showers, it can be seen that the D.

I. Y sheds tend to attract value shoppers. Consumers would be confused if Aqualisa’s premium product enters the D. I. Y market and they will perceive Quartz to be mass market and of low quality. Hence Quartz should be excluded from the D.

I. Y. market. Direct consumer: Although only 27% of installations are made independent of plumbers’ advice, Aqualisa must not neglect the fact that an advertising campaign is necessary to create market awareness and interest for a new product in the market. The advertisement on Exhibit 9 might not be able to achieve the intended results as it is too focused on the technical specifications of Quartz. )Issue of cannibalization Based on the BCG Growth-Share Matrix definition, Aquavalve is arguably Aqualisa’s cash cow.

As Quartz’s superiority becomes apparent, Aquavalve could be at risk of being relegated to a dog’s position. However, this fundamental shift is a necessary evil, especially in the light of competition - take the chance of losing a cash cow (Aquavalve) in exchange of a question mark (Quartz) becoming a star, rather than lose the cash cow to a competitor’s new-born star (Appendix 4). Recommendations and ConclusionThe objective for Quartz

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is to create product awareness and customer experience while generating sales momentum without affecting Aqualisa's brand image. Aqualisa should eventually target an additional 20,000 unit sales for the fiscal year of 2001. In order to achieve this objective, the current marketing channels should be limited to showrooms and tradeshops (plumbers), leaving DIY shops out.

In redressing the communication issues, the Objective-and-Task Method should be adopted to determine the promotion budget. The tasks are separated into the two-pronged 'push' and 'pull' strategies, estimated to cost €2-4million in total, which can be covered by additional Quartz sales of ~6,500 - ~13,000 units per year (Appendix 2). As part of the 'push' strategy (Appendix 5), the primary purchase decision makers - plumbers should be the primary focus of Quartz's marketing efforts. On an additional budget of €1-2million, the plumbers ought to be enticed by the following: 1.

Intensify the 'ease of installation' selling point by distributing Quartz installation guides to our plumber accounts; Emphasize 'highest dollar margin' selling point to our trade shops, forming an effective 'push' to plumbers (their customers). 2. Giving discounts for the first ten Quartz systems installed, allowing plumbers to absorb a bigger commission which encourages product handling. 3. Establishing a redemption program that rewards plumbers who promote and install a certain number of Quartz systems successfully, thereby encouraging diffusion of Quartz innovativeness into the mainstream market. .

Providing a 3 year warranty, which not only instills consumer confidence, but gives plumbers the incentive to install Quartz since any cost incurred for

second visitations would be reimbursed by Aqualisa. For the 'pull' efforts (Appendix 5), Aqualisa should take on an advertising campaign targeting consumers within a €1-2million budget to boost their buyer readiness stage towards the level of 'liking', so as to induce more plumbers to try Quartz on their customers' prompting. With reference to Exhibit 9, advertisements should not be centered on the functionality of Quartz, but on the intangible benefits such as the ease of use and safety, i. e.

the "perfect shower experience". The value proposition of Quartz to consumers is precise temperature control, steady output, and the ease of use. Aqualisa should continue to skim the early adopters' market with Quartz's premium price, while lengthening Aquavalve's Cash Cow status. Once this premium market segment is satisfied, Aqualisa should consider introducing Quartz technology into Gainsborough to capture the middle-income market segment. In conclusion, Quartz 'breakthrough' status could herald in a new age for Aqualisa. Despite the real risks that could affect the firm's existing products, Aqualisa should capitalize on its first-mover advantage to secure a dominant position in the evolving shower industry, alongside its existing products via a hybrid marketing system (Appendix 6), contributing to its future survival and success.