

Duckback marketing plan



Executive Summary Set up in 1920, Bengal Waterproof Ltd (BWL) has the distinction of being India's first waterproof products company. BWL is famous for its " Duckback" brand, the company is a leader in the domestic market for protective wear and rubberised consumer durables. Besides millions of households, its customers also include government institutions and defence establishments. Ironically, its strong brand equity was also the reason for the company's lacklustre marketing initiatives. Meanwhile, consumer preferences have changed. Now, the company has had to re-engineer processes and introduce new products in the market.

An investment of Rs 40 crore is on the anvil on manufacturing processes and on marketing initiatives. The company now proposes to set aside a sizable chunk of the proceeds from sales for brand-building and advertising initiatives. Duckback basically has two major segments- the luggage segment and the rain wear segment. Here we analyse the basic strengths, weaknesses, opportunities and threats to the company, followed by Porter's five forces analysis.

We proceed to find out its major competitors, substitute products, target markets and product lines in both the segments. And then we move on to propose a marketing strategy to improve its market share. Introduction Duckback was founded by Surendra Mohan Bose, who was a freedom fighter and in this connection he was also arrested in 1914. In 1919, he started Bengal Waterproof Works along with his three brothers in Kolkata. Initially, it only manufactured raincoats under the Brand Name ' Duckback'.

The name Duckback was conceived from the idiom ‘ Like Water Off a Duck’s Back (water does not stay on a duck’s feathers and hence the name was perfect for a waterproofing solution). In 1938, Mr. Bose purchased the closed Dicon Rubber factory and in the same year, its entire manufacturing operations were shifted from Kolkata to Panihati in the 24 Parganas (North) district in West Bengal. In 1940, Bengal Waterproof Works was converted into a limited company and renamed Bengal Waterproof Ltd. ? S. W.

O. T Analysis Strengths: •India’s first waterproof products company 88-year-old company with a very strong brand recall •The company is a leader in the domestic market for protective wear and rubberized consumer durables •Customers like government institutions and defense establishments •Excellent distribution channels and quality standards •Catering to markets like the UK, Germany, the US and Canada. •Best known for its traditional products such as hot bags, ice bags, rainwear and gumboots •Low and affordable cost structure Weakness •It has been in the soft luggage segment since 1986 although it has not enjoyed good shelf-space till now. Armchair Marketing – lacklustre marketing initiatives. Opportunities •New product offerings can help reposition the Duckback brand in the retail market.

•Large school bags market, mostly catered by local players till date. •Tie up with some major multinational brands. •South is a major market for the company – Scope for market expansion in other regions of India. Threats •Rainwear is a seasonal business – Major contributor to revenues.

•Weak brand name in the premium segment. Porter’s 5 Forces Model: The threat of substitute products: The existence of close substitute products

increases the propensity of customers to switch to alternatives in response to price increases (high elasticity of demand). •Duckback faces a very major threat for its rainwear product in the form of Umbrella. •Buyer propensity to consume is low in luggage and rainwear segment. •Buyer switching costs is very small.

- Perceived level of product differentiation is not much as far as hospital and rainwear industry is concerned. The threat of the entry of new competitors Profitable markets that yield high returns will draw firms. This results in many new entrants, which will effectively decrease profitability. Unless the entry of new firms can be blocked by incumbents, the profit rate will fall towards a competitive level (perfect competition).

- Barriers To Entry - Rainwear industry largely being unorganized and involving very low cost for set up, barriers to entry are very low. On the other hand, for hospital equipments considerable amount of barriers to entry exist on account of high set up costs and requirement of high quality standardized products. In case of luggage industry it can be said that though low barriers to entry exist in the lower segment, high amount sophistication required in the premium segment make entry difficult for new entrants in this segment.

- Access to Distribution Channels: Incase of distribution channels for rainwear and luggage, the access to channels is easy.

Hence new competitors can very easily enter into these segments. Though, distribution channels will be difficult to capture for the hospital equipment industry as this industry requires direct selling and contact with hospital administrations. Intensity of Competitive Rivalry For most industries, this is

the major determinant of the competitiveness of the industry. Sometimes rivals compete aggressively and sometimes rivals compete in non-price dimensions such as innovation, marketing, etc. •Number of competitors: For all the product lines of Duck Back, the number of competitors competing is very high, more in the unorganized sector than in the organized sector.

•Rate of industry growth: In case of Rainwear Industry, the rate of industrial growth is very minimal, making it highly unattractive for competition.

Diversity of competitors: High diversity of competitors exist for the various product lines of the company. •Level of advertising expense: Advertising expense in the rainwear and hospital equipment industry is minimal or almost nil, whereas in case of luggage industry as there are few major players catering to a major chunk of the market, a high advertising expense is incurred by the companies to show the differentiated features of the product. The bargaining power of customers This force refers to the ability of customers to put the firm under pressure and it also affects the customer's sensitivity to price changes. Buyer concentration ratio: As buyer

concentration ratio is very low for all the product lines, customers do not enjoy any major power on suppliers in terms of price or type of products.

•Firm Concentration ratio: In case of luggage premium segment, a high concentration ratio exists which gives customers a very low bargaining power as not many options are available for the customers.

•Buyer switching costs relative to firm switching costs: Buyer switching cost are very low. Thus giving rise to high competition. Buyer price sensitivity:

Low price sensitivity exist for the various products as all the products constitute very low proportion of the income of the consumers. The

bargaining power of suppliers Also described as market of inputs. Suppliers of raw materials, components, and services (such as expertise) to the firm can be a source of power over the firm. Suppliers may refuse to work with the firm, or e.

g. charge excessively high prices for unique resources. •Presence of substitute inputs – There are number of substitute inputs available as firm can use Nylon, PVC, and other substitutes for manufacturing its products. Supplier concentration to firm concentration ratio – Supplier concentration ratio is high as compared to firm concentration ratio, bargaining power of suppliers is high. Cost of inputs relative to selling price of the product – Cost of inputs is low relative to selling price of the product.

Products and Corresponding Target Markets The product range of Bengal Waterproof Limited, sold under the Duckback trade name can be divided into the following segments: 1. Clothing – waterproof and weatherproof 2. Footwear – industrial, protective and special purpose 3. Rubber products for industrial use 4.

Rubber products for medical and laboratory use 5. Inflatable structures and goods 6. Soft luggage A detailed description of the target market based on different demographic parameters, industry and societal trends, and customer needs is analyzed and given below. 1. Clothing – waterproof and weatherproof The product line under this segment is as follows: a) Raincoats: The product line depth under this category includes the conventional single piece raincoats, raincoats with leggings and hood, designer raincoats, feather weight raincoats. Target Market: i.

Based on Geographic location The aim would be to target customers all over the country with special emphasis on the rainfall intensive regions - namely the western coastal region covering the states of Karnataka, Kerala, Maharashtra and Goa and the eastern states of West Bengal, Orissa and Bihar. A potential market in the north-eastern region is not being exploited at the moment due to the prevalent unsuitable conditions which pose a difficulty in operationalizing the marketing plans. Any stabilizing in the future would present an opportunity to enter these markets. i. Based on profession The marketing efforts are to be concentrated on two segments - school children and the working class. This is because of the perception of raincoats as being 'so-not-cool' amongst the youth.

For these two segments, the utility factor matters more than the appeal. Designer raincoats Raincoat : leggings and hood The designer raincoats and the feather weight raincoats would focus on school children; and the conventional single piece raincoats and the raincoats with leggings and hood would focus on the working class. These would cater to their need of travelling on a two wheeler or while commuting from their residence to the place of work via public transport, when it is raining. b)Umbrellas: Conventional black, designer umbrellas, travel umbrellas. The conventional black umbrellas are targeted at the consumers who need to carry an umbrella and maintain a formal look about them or for those who prefer the traditional looking umbrellas to the designer ones.

Designer Umbrella The designer umbrellas are targeted at school children, the youth and women. These provide an opportunity to make a style statement while retaining the idea of an umbrella. Travel umbrellas focus on

the need of customers to carry umbrellas in their bags. With an increase in the percentage of working women, it provides them with a convenient option of carrying an umbrella in their travel bags and purses.

c) Wind cheaters: Derby super comfort jackets, all weather jackets

Windcheaters This segment particularly focuses on the youth who need to make a style statement along with fulfilling the need of weather protection.

The Derby Super Comfort jackets focuses on all weather protection, targeting the youth with its unique styling. The all weather jackets are designed

keeping in mind the requirements of the general population who look to protect their clothing from rain and dust while travelling. 2 Footwear –

industrial, protective and special purpose The different products in this

category include: a) Safety and work footwear : The following industries are the ones which require footwear designed for specific purposes.

i. Mining ii. Steel iii. Glass iv.

Cement v. Electrical Within this category, Boot and shoe lining soles are also

included. These products will not require much of a capital investment to produce nor do they require a high operational cost. However, for the

industries which use them they form a critical component as worker safety is a primary concern for them. As such, we will be catering to a niche market

where our advantage of being an experienced manufacturer will stand us in good stead, and higher profit margins can be expected as there are not

many other competitors in this category. b) Dielectric and conductive

footwear : These form an integral part in the operations of the semiconductor manufacturing industry and the electronics industry.

The manufacture of special components requires that latex based products for insulating purposes. The high involvement of such equipment provides a viable economic opportunity for the company to invest in a larger scale of operations for this type of specialized footwear. Dielectric footwear Gumboots c)Special purpose footwear: These include footwear such as Gumboots, Super gumboots and snow ankle boots. The defence services also require boots for different terrains. Our aim would be to build the footwear which would be consistent with the production facilities and would not entail a huge investment. Duckback already has a relationship with the Indian Navy and the Indian Army because of its inflatable structures being used by these institutions.

We would try to leverage this relationship to establish a foothold into the special purpose footwear. 4. Inflatable structures and goods: The primary market for these structures is the Defence Forces. The company makes a range of inflatable boats, assault boats and life jackets for the Indian Navy and the Army.

With the Defence Services going for an upgrade in their equipment, there is a possibility of bulk purchase tenders coming in the market. Our focus would be to use the goodwill and experience gained in the previous transactions with them and to continue as a supplier to them and try to capture a larger share of the pie. Another niche market is making inflatable boats for recreational activities like adventure sports and whitewater rafting. With people becoming more aware of adventure sports and having a higher disposable income, this sector is expected to achieve a high growth and our aim would be to emerge as a major supplier for this sector. As a part of a

promotional campaign, we can associate the Duckback brand name with a few adventure activities to achieve recognition amongst the organizers of such events, who are going to influence the buying process. In order to cater to the servicing requirement of inflatable boats and life rafts the Company should set up service stations in the dock areas.

Inflatable Boats 5. Rubber products for medical and laboratory use One of the main reasons for which we suggest that BWL foray into this Industry are the high rate of growth coupled with the previous experience of the company in making the hospital equipment. With a large number of hospitals and healthcare centers being opened across the country, there lies a huge potential market for these products, on a large scale. The emphasis here is to identify the major players in the market and to establish a relationship with them on a long term basis. This means that BWL would focus on strengthening its relationship with the existing business consumers and try to forge a relationship with new n emergent players, on a B2B platform. There are various factors, which govern the growth of the medical and healthcare industry.

Some of the key factors are: •Continuous investments in research & development has resulted in increased productivity and better quality of drugs, medicines, medical instruments, hospital equipment, and other medical supplies used in medical industry. •Provides employment to large chunk of human population. •Increased costs in the medical treatment in the developed nations have driven patients to migrate to Asian countries and India provides a cost-effective solution. Rise in ailments among the ageing population both in developed and developing nations has led to the increase

in demand of variety of drugs or medicines. • Innovative techniques of drug discovery and drug development, new cures and treatments, gene testing for insurance, genetic predictions of disease and related issue, human cloning and reproductive technologies are the other key drivers of the medical industry.

SHARE OF MEDICAL EQUIPMENT & SUPPLIES IN 2006 The division of the rubber equipment in the medical industry is indicated by the pie chart shown above : The products in this category which lie in our region of interest include: CORRUGATED DRAINAGE SHEETS HOT WATER BOTTLES ICE BAGS AIR CUSHIONS MACKINTOSH SHEETING 6. Soft Luggage PART 1 Major Competitors: Samsonite VIP Future Prospects The future prospects for any Company in the Luggage Industry look good majorly on account of high growth in the travel and tourism industry. The current industry size of the luggage industry is close to Rs. 00 crores and is expected to experience a growth rate of 15-20% in the current times. Another major point to be noted here is that the major growth that is expected to happen is in the premium segment of the luggage industry which is expected to grow at the rate of 30%.

Target Customers Duckback can divide its target customers into various segments viz. Lower segment customers, middle segment customers and upper segment customers. Based on the demand analysis of the industry, it can be said that Duckback need to focus on the upper segment customers on account of high demand in this segment. Duckback can also focus on the middle and lower segment of the market as this segment is still untapped by any major player and has been dominated by only the unorganized sector.

Duckback can build its image in this segment and target customers looking for a durable but an inexpensive brand. Target market demographics Upper Segment: The target segment for this segment would be the upper middle class where people like to travel alot, abroad as well as in India and they look for convenient luggage which is easy to handle, safe and also looks attractive. Middle Segment: In the middle segment, one of the major target customer group are the sales persons that travel frequently and require bags that are durable, safe and easy to handle. This group does not much focus upon the aesthetics. Lower Segment: Duckback should try and withdraw itself from this segment altogether as this segment is dominated by the unorganized sector and catering to this sector would not go along with the image that is to be projected for Duckback. Product's Positioning: Duckback has to focus on premium segment of the luggage industry with major stress upon four attributes viz convenience, variety, aesthetics and safety.

The products offered in the various segments of the luggage industry will be positioned in different manner in the eyes of the consumer. Presently the image of Duckback is that of a product which is inexpensive, affordable and easily maintainable and which caters mostly to the lower class segment. Its competitors like VIP and Samsonite feel that though Duckback is a very reliable product, it would not prove to be much of a competitor especially in the premium segment. So, we should position Duck back as a lifestyle brand and not just any other bag. General Strategies: Presently, Duckback enjoys a good position in the eyes of the customers of the lower segment. So it should continue the same strategies and also work increasing its penetration in the lower segment.

At the same time, it should also concentrate on embarking into the premium segment. It should position itself as a lifestyle brand and not just as any other bag. So for this, it should change its image into a much more trendy and suave baggage company. They can have luggage designed for the upscale market: with special features such as imported leather etc. They can come up with luggage made of floral upholstery fabric to appeal to the feminine buyer and impart a sense of aesthetics.

The biggest challenge for them is to design luggage that looks sophisticated but at the same time is durable, withstands manhandling by dozens of baggage jockeys. So they can come up with suave designs to look good, and also include tougher ballistic nylon, retractable handles and wheels to ensure easy utility and durability. Soft Luggage: The product line of Duckback should include the soft luggage segment. The reason for this is that customers are now giving more emphasis on the convenience and the aesthetics attributes of the luggage. Hence they are preferring the soft luggage.

All the major players are also shifting their focus to the soft luggage segment. Another reason that can be attributed to this is increase in the cost (approx. by 22% in last 1 month and almost by 100% in past 1 year) of the polypropylene, a raw material (contributing to approximately 75% of the material) used for making of hard luggage. As a result, the hard luggage industry has in fact shown a negative growth of 15% in the past while soft luggage industry growing at a rate of in excess of 40%. Pricing Strategy: As Duckback has a huge section of its customer base in the lower income segment, its prices should not be too high compared to its competitors. As of <https://assignbuster.com/duckback-marketing-plan/>

now Duckback is considered to be a very affordable brand by its customers, so it should continue with these pricing strategy.

And maybe it can come up with some discount schemes and gift incentives to increase its penetration in the lower income segment. And for the premium segment, if we price the premium item too low, customers will not believe the quality is good enough. Distribution Channels: Premium Segment: For the premium segment, the Company can have exclusive outlets at prominent malls, shopping centres etc. for its products as this will help Duckback distribute its products in the right kind of ambience along with showcasing of all its range together. This will promote in the strengthening of the image of the Company.

Medium Segment: For the medium segment, besides exclusive outlets, use of local distribution channels will be more beneficial as it will increase the reach of the products to the entire middle class which generally picks up luggage off the streets. Direct B2B Selling: Another channel that can be used to widen the market of the products is the direct B2B Selling. Duckback can try and have direct tie ups with companies, schools, colleges, airlines, etc that give bags to their employees or as reward to their customers. This will help Duckback to reach a wide range of customers and be a known name. Promotional ActivitiesAdvertisement: Innovative Advertising using banners at airports, railway stations, metro stations etc should be used where the visibility of the brand is high amongst the target consumers. Television: Till now, Duckback has not tried to connect itself with the consumers directly.

It has not advertising as a promotional tool. Its marketing strategy has concentrated more on B2B selling. But with its foray into the soft luggage segment, it needs to forge a relationship with the consumer and the first step towards this relationship building is to use a visual medium to connect to the minds of the consumer. Promotion: Various promotional strategies can be used by the company.

Company can have stalls at International Trade Meets such International Conventions, Trade Meets etc, which display new product range of the company along with certain kinds of loyalty coupons given to the target customers. Road shows: Another way to increase the visibility of the product is to organize road shows at various prominent locations in various parts of the cities and showcase consumer centric products of the company such as luggage, rain wear etc. This will increase brand recognition among the consumers and thus would encourage repeat purchase. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION A continuous process should be carried out to improve the present technology for the existing products and also to introduce new products. The endeavor should be to increase the amount of R & D involved in various projects and to introduce new technology to improve upon the current methods of production. Benefits derived as a result of the above efforts are expected to be : •Reduction in cost.

Higher production efficiency. •Improvement in quality. •Increased customer satisfaction. Also, the Company has not imported any technology during the last five years reckoned from the beginning of the financial year. This is an

impediment to the growth of the company as the company is lagging behind in this aspect.

A formidable threat the company faces is from the international market, especially China which can flood the markets with their low cost products. Technology import will impart us the ability to produce low cost products without compromising on quality.