

Company overview and market analysis of halfords



**ASSIGN
BUSTER**

Halfords has been around in bicycle market for many decades now, with a sound financial position and growing market, it is regarded as a renowned brand in UK. Halfords has attained significant achievements in their journey, like it is the number one brand in bicycles capturing one third of bicycle market in UK (Halfords annual report 2010), without doubt it is a very strong brand in this part of the world. So it is comparatively easy for the Halfords management to continue the good work and retain the brand value in Hull town between June to September 2010. The foremost strategy is to invest our money and effort to attract and convert. For this SWOT will be prepared, then need and preferences of customers will be looked upon to set a target market. With exact picture in our mind marketing plans will be framed, focusing on the 4 P's of marketing mix – Product, Price, Promotion and Place to get the desired results. When the whole plan gets ready Budget and Implementation will give shape to our efforts in the form of success.

Target market

The approach which Halfords would be using to target customers will be 'Differentiated Marketing'. In this type of tactic we first recognize different target groups in the market and then make a different plan for each segment. The design of the plans is prepared according to the needs and preference of the different target group (Lancaster and Massingham, Marketing Management). Though this can be a complicated way to deal things, but the percentage of profit increase is also high. After taking into consideration the age, income, gender, preferences, past records and our marketing objective, the target group is divided into two categories -:

Group 1 – 8 to 18 years

Group 2 – 19 to 35 years

There are many reasons to choose these two groups as our target market. When we talk about first group then , our focus is on kids and youth , they comprise our prime market as the maximum bicycles are sold to this segment. So obviously any kind of compromise with this group can lead us to failures. Other significant reason for selecting this group is that from 22nd July to 6th September schools will remain close in hull (<http://www.hullcc.gov.uk>) and that is when school going children have time for recreational activities. Children would have lots of free time in their hand, so we expect that the sale for bicycles in this time of year would go up.

Fortunately hull is one of the few towns that has very high percentage of working age people (<http://www.hullcc.gov.uk>) , which is the reason we targeted people in this bracket. Generally health conscious people , sportsperson and sports lovers people fall in this category. In this group adults below 35 years are focused upon. In the age between 19 to 35 we see people who are into sports professionally , who don't mind spending good sum of money in purchasing the stuff which are used in their sports. So the aim would to target these people for our high end models of bicycles. For our low range and mid range bicycles we will target mainly college going students, as in hull university the number of international students is high, and most of these students find conveyance problem very hard to deal with , because travelling on bus is a bit expensive and buying a vehicle needs license . So Bicycles have advantages over them , hence Halfords feel that

this would be a nice plan to boost up the sales. September could be a month where sales can go up as more international students would come in Hull as the new session begins(<http://www2.hull.ac.uk>).

Marketing mix

Products- Halfords should be very clear in its approach in this segment, because product is the heart of marketing plan. Product makes an organization know whether they have understood the needs of customers(Brassington. F and Pettitt. F) Principles of Marketing). So it is very important for Halfords to follow generic need definition of market , which means that customer's perspective should be taken into consideration first and the approach should be to think like customers, and analyze what they want from us rather than thinking what our organization gives to them. (Levitt . T Marketing Myopia).

In the research our targeted customers rely mainly on kids bikes , Bmx bikes , Road bikes and Mountain bikes. Where Kids and Bmx bikes are for the first group and Road and Mountain bikes is for second group. No new product or brand is being added because the needs of the targeted market can be fulfilled with the these products itself. Four brands have been selected to cater the customers need for the time period between June to July , these are:-

Apollo

X Rated

Carrera

Boardman

Apollo , Boardman and Carrera will be going for kids , students and athletes , where Apollo is manufacturing low range to mid range bicycles and Carrera will be focusing on high end bicycles for kids and Boardman is known as a elite brand so would only be focusing on athletes . X Rated bicycles would be targeting youth customers . With already established and renowned brands , there is very little to make changes as such.

Packaging will also play a vital role not only in serving the financial needs of Halfords, but also communicating product details and brand character to customers. In the plan, the approach is to use less material , using toxic free substances with recyclable material . Smaller packaging will also be used mainly to minimize environmental impact and secondary motive is to bring down the cost of packaging. Apple company has done extremely good following this method([http://www. apple. com/environment/](http://www.apple.com/environment/)). We were inspired by Apple company to adopt this technique as it is our social responsibility to keep a check on our carbon footprint. This is ‘ Open Innovation’ , which means to adopt the best idea wherever they come from. With online shopping increment by 250 %([http://www. salmon. com/CustomerHalfords. aspx](http://www.salmon.com/CustomerHalfords.aspx)) packaging department is pressurized to work diligently to give optimum satisfaction to customers, by working on the quality, durability and design of packaging. Taking the perception of customers ergonomic and visual appeal of a product would be developed. Like for the first group it would be colorful presentation with full of spunk and for second group style and information will be the priority.

After-sale service is a tool which not only makes the product successful but also helps in maintaining the confidence of customers in the product offered. Unfortunately from the reviews it is found that the after -sale service hasn't been up to the mark(<http://www.reviewcentre.com/reviews10825.html> and http://www.ciao.co.uk/Reviews/Halfords_com__5097834). The reviews point out that staff is inexperienced , lacks professional knowledge and are somewhat ignorant. So a special thought is given about what is actually going wrong. To fix the problems few strategies are made, like:-

Rewarding policy – every employee would be given 5 % share of any sale.

Goal setting – certain goals would be given to every employee, if they succeed the performance will be appreciated by at least 5% hike in salaries.

One on one meeting with each employee to know their problems and discussing the solutions, and also appreciating their good work.

With all these steps we expect our employees to keep few things in mind like: –

Dealing with customers politely with a smile.

Attend the calls before four rings.

Giving right details and knowledge.

In case of online deliveries clear cut date should be mentioned.

Complains should be taken seriously and quick action should be taken

Follow up email should be must after the purchase is complete.

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Remind them about new products and schemes.

Free delivery.

Promotion- Promotion is a direct way by which an organization communicate with the target audience. So for the success of the campaign Halfords, would invest extensively on promotional activities. The plan is to apply innovative and well sort out methods to attract both our targeted groups. This campaign would be spending a big part of the budget on promotional activities, so have to be careful in choosing different promotional tools.

First group (8- 18) – Road shows would be organized where Halfords professionals will be doing stunts and various activities to attract youth and kids. As the school will remain closed between July to September (http://www.hullcc.gov.uk/portal/page?_pageid=221,52659&_dad=portal&_schema=PORTAL) good number of audience is expected. In the event Bmx bicycles will be used to perform stunts , there would be sample bicycles which will be given for test rides to people to get the real feel. Special contest and games would be held for the kids and youth , and special prizes would be given to the winners like, T- shirts, caps , wrist band, booklets etc, all displaying company name and logo.

“ Average child spends nearly 5 hours and 18 minutes a day sitting in front of television computer or videogame”(http://www.timesonline.co.uk/tol/life_and_style/education/article5555797.ece). That is a real threat for us , so to change this mindset of children , the demerits of spending so much time indoors will be highlighted , telling how can it harm kids and youth. For

this flyers would be printed and posted on school libraries between June to July as in these months schools are open, and on bulletin boards.

Second Group (19 – 35) – This group will be approached in a different way. We will use rather indirect promotional modes for this group. As the people in this category are mainly athletes , students, sports lovers etc, so the focus would be on places where these people normally go. All the sports and leisure centers would be targeted including K C stadium by our Rolling Billboards , promoting the health related advantages of bicycling. Secondly special calendars will be mailed to present and potential customers , which will mention all the sports events that will be there in Hull. The calendar will be designed with Halfords logo. Furthermore the growing pollution and environmental issues will be highlighted at the back of calendar , like an average UK citizen spends 3000 pounds on transportation , in which 1500 pounds are spent on fuel and services alone([http://www. statistics. gov. uk/cci/nugget. asp? id= 284](http://www.statistics.gov.uk/cci/nugget.asp?id=284)). So with bicycles these expense are removed, the promotional line would be " Ride me for an year and save yourself and 1500 pounds".

A special 15 days" Autumn sale" would be held in the month of September in which flat 15% sale would be allowed. The internet marketing is a very big sector for Halfords , so a recast of strategies is must. First of all website is the main focus in the campaign, although our website is very efficient and user friendly , but we should stress on " the power of less ", which explains that website should be clean and congestion free. For example Google is more successful because of this reason, whereas its competitor Yahoo is not

that successful as there are so many other things on its website which makes it a bit confusing to use.

Price – Pricing is a very tactical and stressful job for marketers and there is a big relationship between pricing, business and marketing objectives(Oxenfeldt , A. R). In pricing policy we are following “ Customer value based pricing”, which means that the perceived value of the product to customers is judged and then the prices are set. Customers usually measure the cost of the product to its benefits, so our aim is to set those prices which are reasonable, satisfactory and has wide range. The bicycles which we would offer will start from a price tag of 80 pounds to 1600 pounds. Carrera and Boardman are offering high range bicycles and X Rated and Apollo bicycles fall under mid and lower range. The prices of Boardman bicycles will remain same and there will be no discount in autumn sale in these products , reason being the prices of these bicycles are judged on its great quality , if we reduce the price customer could suspect the quality of product . Whereas for kids and youth bicycles there will be discount in autumn sale, as mostly new customers approach for these bicycles , if we are able to provide our product at a low price than our competitors, it would help Halfords in turning a new client to a loyal and long term client. Special students discounts would be given to university going students as most of them would be international students and they are our one of the main targeted customers. Halfords is already very good at maintaining “ psychological pricing” (Lancaster and Massingham page 225) , for example prices are set to end with 99 digits like 79. 99 pounds. By this way customers see product falling in low price

category. And it is quite clear in our approach that no shipping or delivery fees would be charged.

Marketing Objectives

Our marketing objectives are simple, we are expecting as much as 20 % increase in sales and 15% increase in profits within four months (June to September 2011). This would be done following a customer based mission, as customers are our main priority and their needs and perception are very precious to give shape to our mission and also maintaining our brand image is also our objective. Unique promotional methods will come into play to make this mission a success story. Other important objective is to improve the service we provide to win the trust of our clients. So in short our goal is to create, communicate and deliver value to our target market with profits.

Brand positioning

Efficient branding gives a business an upper hand in the market. Brand is a way by which an organization promises customers about various features of product. And it is a proven formula that to sustain growth and demand brand loyalty is a must. Halfords is a very old and experienced company in manufacturing of bicycles, so the brand value of Halfords is high all over UK. Before purchasing a product there are many things which customers think for a brand like, price, quality, innovation, service, prestige, etc. Halfords has offered most of them:-

Quality – The brands like Boardman and Carrera are known for their quality of the bicycles.

Price – Price of brands like X Rated and Apollo are very competitive .

Innovation – innovation can be judged by the number of unique bicycles manufactured for every kind of customers.

4 – Prestige – Apollo is biggest selling bicycle brand UK(<http://www.globalopportunities.co.uk/company.htm>) that is enough for a brand to gain prestige.

5 – Service – Though in this sector the image of our brand needs big improvement . Our mission is to turn this demerit to merit and give no chance to our competitors to take advantage. So Halfords would be position itself as a brand of first class service provider.

We will make sure that quality, price and innovation is maintained and service becomes better. So our motive is that the whole feel of the brand should be energetic , young and reliable.