

Case analysis: marketing management

[Business](#), [Marketing](#)



The price of premium golf of the competitors like Premiere and Meridian are significantly less than Alts which is giving them an edge over Altruist as Altruist premium brand "vertex TX" was the most expensive ball in the market. Altruist was largely built on the golf balls where 85% of their profits are from the golf balls and they are less focused on the Golf clubs whereas manufacturers like Primmer, Bantam and Carlsbad are deriving most of their revenues from golf clubs and the golf ball category was a secondary business plan for them.

The gross margin for retailers offered by Lotus's competitors was slightly higher than that offered by Altos which attracted the retailers to stock more of their products than Lotus's. Due to an economic slowdown, there was a cut down on expenditure on luxurious items. Golf balls were one of them. Hence the existing customers of Altruist were not making repeat purchases leading to a declining revenue. The competitors made the sport more accessible to new and recreational golfers by introducing the customized marketing campaigns which attracted new customers.

This increased the market share of the competitors. If Altruist maintains status quo and continues to target only the premium customers (already existing customers), then its revenues will deplete. It could be the ageing of its customers. Most of Altruist's customers were high end customers and professional golfers. Due to their increasing age, they could possibly stop playing golf altogether. Or, due to the ongoing recession, they could cut down budget for golf balls. Altruist gets its revenues and profits mostly from the golf balls while the competitors are more concentrated in the golf clubs.

In future, there is a possibility that the competitors too will aggressively market their golf balls which will rather decrease the market share of Altruist. Altruist's objectives: In what ways can Altruist shape its strategy to regain its original market share in the face of current recessionary environment and also tap into the emerging markets of casual or recreational golfers who will gradually migrate into the company's flagship products.

Trade-offs it must manage: By entering the newer market of new & casual golfers who look for affordable golf balls, even at the expense of lesser quality, Altruist wanted to be more accessible, with lesser association with professional tours. This move can have few strong loyalists to move away from the brand, which was strongly known for adherence to Professional Standards of manufacturing. The major trade off for Altruist using Elevate Strategy will be seen in the shift of market share of the company in both "off-course" and "on-course" channels.

The new move, will substantially increase Altruist dollar sales share in off-course segment due to strong interest shown by retailers in affordable products. Also retailers gross margin was to be increased from previous 15% to 20%, by the company. So, at the expense of lesser profit margins to the company in this channel the current market in off-course standing at 45.5% will grow in future. The core competency of the company from sales in on-course channels will not be disturbed due to the launch these new products in Elevate.

But the market for premium golf balls purchase as a whole declined and this trend is to be further continued due to more consumer preference shifting

towards Elevate category products. Hence, the current share standing at 67.5% in on-course channel will show a slight dip over time. The rationales for introducing the Elevate strategy are as follows: The segmentation variables- Demographic, Cryptographic, and Behavioral support the decision to proceed with Elevate. Under the demographic variable, the group's age and income are favorable for implementing the Elevate strategy.

As the case mentions, if Altruist doesn't do anything, they will be stagnated in a maturing market where their core customer is ageing. So they have to come up with a new strategy that involves participation in the game by the children, recreational players and the youths alike. Also, USGS initiated a program that focused on making the game easier and more fun. Because of these factors, children and youths can have inclination towards the game and Altruist can seize the market opportunity in this segment.

As Altruist's premium product primarily targeted on the high-income group people, by implementing Elevate, they will be able to cover the other lower and middle income people. The current product line imposes a certain limitation on the cryptographic variable in a sense that only ambitious personalities, e. G. Professional golfers made use of the premium products. Going for elevate would remove the restriction by roping in the recreational players. Considering the behavioral segmentation variable, the consumers' preference is towards the economic product and benefits.

Bringing the Elevate product will meet this behavioral aspect of the consumer. Due to recession, the golfers are compelled to spend on just two things - greens fees and golf balls. Since the Elevate strategy target on the

low price products, players would definitely opt for the golf balls which are relatively low priced. Manufacturing cost for Elevate is very low, \$7.75 per dozen. Their operation cost will also be minimized. So they would not incur much overhead in producing this new product.

Going with the Elevate strategy would help the retailers in gaining 20% gross margin. So the retailers will have more incentive in having high SKU of Elevate product. This would further enhance the sales of Altruist. A market research data revealed that customers were willing to try a non-confirming ball. So the fear of diminishing brand image of Altruist by bringing in Elevate product should not be a concern as customers themselves are willing to compromise on the USGS standards.