

Marketing and branding team assignment

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Pharmasim Simulation Rough Draft Marketing 301-003, Professor Jamir Savla

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Mission Statement: Allstar Brands' over-the-counter cold and allergy remedy Allround will continue to be a leader in the market for over-the-counter cold medicines, and will remain competitive in stock price among our other companies within a ten year span of operations. This goal will be accomplished through the careful surveillance of our top competitors, as well as through strategic planning to evolve our product to suit the desires and needs of consumers.

The branding team will control the financial growth of our product by implementing cautious pricing and promotion strategies, while increasing our distribution to where our consumers will be most likely to purchase it.

Marketing Strategies: ??? Objective #1: Increase the stock price by 5% each year until 100% overall increase o Through effective advertising and promotions the consulting group desires to increase the stock price annually. ??? Objective #2: Increase loyal customers by 15% Through promotions and allowances it is desired to gain the loyalty of customers who have not yet made Allround purchases. Reminder advertising will be used to maintain the loyalty of consumers who have used the Allround brand in the past. ??? Objective #3: Increase sales by 50% by focusing on targeting a diverse consumer base o Target different audiences through the use of different advertising agencies. The management team believes that if it can diversify the market, the firm would receive more recognition from the public as a whole and therefore would have an advantage profitable for Allstar. Objective #4: To have greatest market share by 40% in the next 5 years o Through introducing and maintaining new products within 5 years. o If risk appears too great, budget left over for product introduction will be re-directed to the budget for promotion. ??? Objective #5: Keep up with changing environment of the market for the duration of the ten year period o Keeping up with the changing environment and competition so that product becomes the only inexpensive cure to its consumers. (e. g. nflation- change in price) ??? Objective #6: Increase brand awareness from 45 ??? 60 % in the next 2 ??? 3 years o Increase advertising and promotional allowances for the new products of the firm as well as decreasing advertising for past products and getting resources for the most efficient and practical medicine for the most common diseases. ??? Objective #7: To parallel changes in price to percentage changes rise of the rate of inflation o Prevent a price hike so as to stay relatively cheaper than our competitors without losing profit. Create <https://assignbuster.com/marketing-and-branding-team-assignment/>

an image of affordability for all consumers so as to attract members of various household incomes. ??? Objective #8: Maintain at least \$1, 000, 000 in the budget at the conclusion of every fiscal year o Since profit is typically negative or nonexistent throughout a product's introduction, after this phase is complete cash on hand is crucial for having funds available to pay off any debt that may be incurred Strengths: Allstar is a well-known and nationally recognized company for pharmaceutical drugs. Allstar's brand, Allround, is also a dominant force in the market as an over-the-counter cold and allergy medication.

The cough serum is known for its ability to provide fast-acting relief with minimal side effects, such as drowsiness. While consumers seemed satisfied with the product overall, a major strength of the company was the knowledge that even though as leader in terms of market share, without continuous modification of the product this success would not continue. And so, through careful implementation on a marketing mix focused on product improvement, gradual rises in price, direction profits towards increased promotion, and changes in distribution channels as the market dictated, Allstar's brand Allround remained a top competitor.

All decisions made within the company by management were consumer-driven and thus feedback was utilized as efficiently and accurately as possible on a regular basis by purchasing the appropriate surveys. When considering any changes towards the chemical makeup on the product, the customer's best interest was taken into account and this led to an early decision in the second year to remove alcohol as a main ingredient. In light that consumer feedback was a major component in the decision-making <https://assignbuster.com/marketing-and-branding-team-assignment/>

process, these results helped to guide the way throughout the entire experience.

The management team was proven correct in the assumption that in the long run a strong attention to feedback was critical because our stock price continuously placed Allstar's brand Allround as third among a lengthy list of competitors. In addition to consumer feedback, consumer patterns were carefully monitored. The product's price was adjusted according to the varying inflation rate as the market and the consumers evolved. Allstar purchased pricing surveys at the beginning of every fiscal year entitled "Trade Offs" so that the branding team could see where the price fell, as compared to those of its competitors, versus the rate of inflation.

As inflation shot up through the years, until its rapid decline from 8.5% to 6.7% in the seventh year, the price increased steadily in increments between 2-7%. This cautious approach placed Allstar as one of the most affordable brands, thus strengthening sales on an annual basis. Promotion, as the most important focus of operations, was always appropriated the most funds from the annual budget. Even though most companies chose to reduce expenses by taking their business to a cheaper advertising agency, Allstar did not do so.

The branding team never left Brewster to become a client of a less experienced and less expensive agency because it was clear that only the best in the field could provide the image that Allstar needed to remain competitive. The firm felt that this expense would pay itself off in sales because profitability in the long run was more important than saving money

in the short run. A strength of the distribution plan established by the branding team mainly involved a shift to give deeper discounts and more inventory to grocery stores, and fewer discounts and less products to Independent and Chain Drugstores.

These stores consistently decreased in sales where grocery stores remained fairly stable, even throughout the worst times on inflation. These choices helped the firm to maneuver its way through only those distribution channels which would perform best economically in the long run, rather than the short run. Weaknesses: A major weakness at Allstar was the rise in competition for market share that heated up just as the new branding team assembled itself.

Rising competition from other brands kept created a constant battle to increase stock price without losing ethical grounds to unfair competition practices, as some companies engage in when threatened. Our biggest competitor, BestHelp, trailed us in market share after the first year; however, their company's share was growing at a faster rate than Allstar's soon thereafter. The firm's goal was to not only expand at a faster rate than BestHelp, but to control a majority of the market by the end of the ten year decision-making process. Thus, the drive to dominate the competition so intensely caused management to lose focus at times which brought about weaknesses in our marketing mix, excluding any issues with the product itself. Our pricing at times could have been higher even though it was this low price which the consulting group believed that aided our sales. As it turns out, Allstar could still have remained the lowest and brought in good sales had it entered into the \$6.00 category sooner, as was done by the competition. Yet, the price did not hit that mark until the fifth year where it

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transitioned up 5% from \$5.72 to \$6.0, whereas the competitors had moved past that range by the third year. Even though Allstar did not experience a great loss, this could have prevented the firm from attaining the highest stock price. Another possibility could have been that management did not move swiftly enough in the transitions between the stages of the product life cycle. In spite of the fact that we did move from Primary to Benefit to Comparison to Reminder stages according to where our product was in terms of profit and maturity, there was a stalling period between years 4 and 5.

In the third year, the branding team moved 10% of the funds from both Comparison and Reminder to both Primary and Benefit in order to stay focused on the Introductory phase; we then remained stagnant until the sixth year. At that time, Primary advertising decreased by 10% and Reminder by 20% so that Benefit advertising encompassed 50% of the entire budget. Despite this being the correct move during a Cash Cow phase, as according to the BCG Matrix used as a model, this should have been done a year earlier.

Allstar was already nearing the period where it would begin to decline, yet marketing decisions were temporarily not up to date to reflect this fact in terms of advertising budget allocation. Relative Market Share (cash generation) HighLow | | | Stars | Question Marks | [[pic] [pic] | | Growth ??? (Benefit) | Introduction ??? (Primary) | | | Cash Cow | Dog | [[pic] [pic] | | | [[pic] | | Maturity ??? (Comparison) | | | Decline ??? (Reminder) | Figure 1 illustrates the Boston Consulting Group Matrix which discusses the product life cycle. A weakness in the distribution plan was that aside from the astute <https://assignbuster.com/marketing-and-branding-team-assignment/>

assumption to emphasize grocery store sales, the branding team often neglected shifting funds from other areas such as from indirect supporters like wholesalers.

The team could have left less money in the final budget and given a deeper discount to wholesalers and merchandisers, yet there was a prevalent fear that showing less cash on hand would affect stockholders' confidence. Looking back this seems to be an error, since no cash was used towards any other product. Had Allstar launched another product during the seventh year, the accumulated savings would have been justified, yet this did not occur and so that money was not fully utilized. Nevertheless, all weaknesses having been said and analyzed, our branding team does not believe that ultimately these mistakes cost the firm too greatly in comparison to the success it experienced.

Opportunities: As a leading competitor in the pharmaceutical market, there were many opportunities for Allstar to best market its brand Allround. At Allstar, the consultants considered any chance to meet demands not only as an opportunity, but a personal duty to the consumers. There was a strong demand for a quick relief cough serum, non-drowsy formulas, and pleasant after-taste. Due to the demand for a quick relief cough serum so many other competitors penetrated the market in such a short period of time. As time progressed and scientific discoveries became more developed, consumers expected the cold and allergy market to provide more advanced formulas.

It is true that better technology and more highly educated scientists became available to Allstar throughout this period of time. Hence, the firm took

advantage of the growth in its knowledge pool and re-developed the formula to act as quickly as possible. The firm's advertising Agency, Brewster, then used this edge to market Allround as an over-the-counter scientific breakthrough. In addition to quick relief, consumers also demanded cough serums that were non-drowsy since they felt that this would have an adverse affect on their daily lives. Reformulating our cough serum by dropping alcohol as an ingredient decreased drowsiness, and so we took this opportunity to shed positive light on our efforts to be a concerned friend of the consumers.

Brewster noted to management that this was the best route to take because consumers are wary of big business in general, and so they must be approached warmly. By accommodating the consumers and developing the demanded non-drowsy formula, Allstar's stock price rose to the third highest at the conclusion of that year. Another opportunity was satisfying the demand for quick relief, yet without our medication leaving behind an unpleasant taste. Thus, introducing a capsule that performs just as a cough serum would be equally effective, yet without the unpleasant taste. This advantage was something that the branding team had hoped to develop right away since most other companies had decided to, yet Allround's success on the shelves as a serum prevented us from launching additional products.

The consultants reasoned that spending the money on a potentially successful medication did seem logical when the same medication in its liquid form was so well received by the public. Threats: Allstar's brand Allround was constantly presented threats to its financial success. Allstar
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made every effort possible to reduce threats by focusing on strengths, while at the same time improving weaknesses and capitalizing on rational and defensible opportunities. Yet, inevitably particular issues in the daily and annual operations needed to be faced. One threat was consumer dissatisfaction with the unhealthy contents of cold and allergy products. The consumer concern about the ingredients of the cough serum posed a huge threat to Allstar's success.

The branding team placed a lot of stock into consumer feedback, which led to extensive research to improve the quality of the cough serum without affecting the product's effectiveness. Allstar's scientists reassured management that eliminating alcohol would not weaken the product's abilities and so to appease consumers we acted upon this suggestion. Another on-going threat was the level of control Allstar's competitors had over the market share. The only way to alleviate this threat was to carefully consider each decision. One issue that persistently arose was whether or not to introduce a new product to our line. The branding team became apprehensive that other companies were having success due to income from multiple products.

However, because the firm was consumer-driven, management trusted that as long as consumer demands were met, sales and market share would improve by focusing all attention on only one superior product. After all, it did not seem economically sound to sell many inferior medications as opposed to one that could be recognized as the consumer's preference in that market. Marketing Activities: In order to achieve the first marketing objective of raising and maintaining a high stock price, Allstar followed the <https://assignbuster.com/marketing-and-branding-team-assignment/>

product life cycle and expended the appropriate amount of the budget to advertising and promotions of that product. For example, the first few years of the product's life, the product was in the Introduction period and because of this most of the promotions and advertising budget went towards the Primary stage.

The second stage of the product's life was the Growth stage and so the budget was shifted in this stage to Benefit advertising in order to reflect growth. Hence, very little of the budget was placed in the Comparison portion, as well as the Reminder stage we had not yet reached. The third stage was the Maturity stage and during this stage all money was taken from the Primary part of promotion as well as a sharp decrease from Benefit advertising. The majority of the budget was focused on Comparison during the most profitable stage, and thus the firm continued to place no extra fund towards Reminder. The final stage of the product life cycle is the Decline stage. During the eighth year the firm shifted to build up the Reminder portion of advertising and eventually had all of the funds within that category. The branding team shifted funds this way so that our many competitors would not distract consumers away from the Allround product. In order to achieve marketing objective 2, to increase customer loyalty, Allstar maintained a high quality product at an affordable price in the introduction period. The consultants then priced the product according to the market and inflation rates to ensure that the customers were getting the best product for a fair price. By adhering to the customer first, and looking out the firm's their best interest, Allstar gained loyal customers and continued to gain new customers as well.

In order to achieve marketing objective 3, to increase sales by focusing on growth of a diversified consumer base, Allstar had planned on changing advertising agencies. However, considering that Allround was in the top three in stock pricing the first seven years of operation, Allround's management decided that the current marketing agency was doing a superb job in reaching a diversified crowd of consumers. Therefore, it was formulated that by remaining a loyal customer of Brewster Advertising Agency, the public would remain loyal customers of Allstar. This being said, the company expanded on its own due to strong and continuous customer support in sales.

In order to achieve marketing objective 4, to control the greatest portion of market share, as previously stated Allstar remained a strong leader by minimizing risks. The firm did not make any rash decisions which would cause consumers to feel that they have been neglected. There were no moves to hike prices simply because the market was suffering overall. There were also no moves to create any new products so that Allstar would not lose touch with its keystone product, Allround. The branding team did not follow the introduction of new products, because of the sentiment that ultimately this would not increase overall profitability. Even though within ten years some companies are expected roll out new product, more successful ones do not.

We benchmarked success giants within our field such as Tylenol?? to model how they stayed competitive. Even though the Tylenol?? brand serves many purposes, in their specific cold and allergy market they have reformulated the same exact medicine over several years. It is still cold and allergy

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medication, however they improved ingredients to become non-drowsy, nasal decongestant, multi-symptom, etc. And so even though it is still Tylenol?? Allergy Complete, it is one product that they modified until it became perfected by their standards. As a common practice, benchmarking has allowed many companies to model themselves after successful companies within their respective field.

In the end the observations Allstar made, such as the one just described, provided insight that weak sales in many areas do not necessarily outperform strong sales in just one area. In order to achieve marketing objective 5, keeping up with the changing environment, Allstar had to monitor the competition's marketing mix as intensely as it did its own. When competitors increased their prices too drastically in comparison to the inflation rate, the firm remained more moderate. When competitors introduced more products into the market even though they had yet to dominate the market with their first product, Allstar opted to focus on only one product. During shifts in advertising tactics and agencies among the competition, the company remained steady in its relationship with Brewster.

These examples of our behavior pattern as a company illustrated to our consumers that we are very secure. During insecure financial times, this made a huge difference in consumer perception and so Allround became a trusted product. [pic] Figure 2 illustrates the pricing pattern Allstar for the Allround product for a period of ten years. The outgoing branding consultants would strongly advise the next team to diligently monitor the inflation rate, the prices of similar products on the market, budget allocation patterns of other companies, and to above all remain focused on the long run when <https://assignbuster.com/marketing-and-branding-team-assignment/>

looking at short run return on investment. This will ensure that Allstar is serving the consumer's needs at all times while still taking in profits.

In order to achieve marketing objective 6, to increase brand awareness 45-60% by the third year at the latest, Allstar adjusted the advertising budget. Advertising was spent according to the stage that the product was in (introduction, growth, maturity, and decline) as modeled from the BCG Matrix, and also was proportional to the allotted budget for the year. As expenses and profits fluctuated, the numbers were adjusted accordingly without increasing or decreasing more than \$5, 000, 000 in any given year. Furthermore, brand awareness was perpetuated by increasing inventory and discounts in the stores that were selling the most of the Allround product. [pic] Figure 3 illustrates the fluctuation of funds used by Allstar to promote the Allround product.

In order to achieve marketing objective 7, to parallel price changes by the percentage change of the rate of inflation, Allstar remained consistent in its pursuit to remain slightly above inflation. Management's investment in pricing surveys allowed the branding team to ensure that Allround's price was moving just above the rate of inflation. The firm's competitors were shown to increase their prices far above the percentage change between annual inflation increases and decreases. Allstar did not see this as a financially responsible practice. By doing so, Allstar would not only lose its affordable appeal to consumers, but it would also jeopardize sales by posing such sudden increases.

It became important to remember that while the rate of inflation could fluctuate throughout time, the price set at each decision meeting would be in effect for the entire year. From the eyes of the consumers, the branding team saw that people would have negative reactions to paying an entire dollar more one day for our product than they spent just the previous day. Since the inflation rate was at its peak from years four through seven, these decisions consisted of higher percentage increases in price than at other times. Typically the firm only increased annual price by 2%, however it jumped to a 5% increase for years four and five, and a 6% increase for year six. After a 2% year seven, to counteract the unordinary high increase of 7% from year six, inflation dropped.

Eventually, in year nine inflation was predicted to be only 2%, which is an all-time low since the beginning of this project, and so a 2% price increase was decided. Another reason that this change was particularly small was so that the outgoing branding team could see its affect on the \$54. 50 stock price before handing down the project to another team. By allowing inflation to help dictate price changes, Allstar remained competitive without loss of profits and maintained a strong and steady stock price between the low to mid \$50 range. The branding team recognizes that this is lower than the top competitor's stock price of low to mid \$80 range. Nonetheless, the firm did not experience dramatic increases and decreases in stock price, which can be seen as unstable to stock holders.

The firm felt that it would be more securing to Allstar's future if the stock price did not appear to radically change so that stock holders would not divest, even if this meant that it was not the highest. In order to achieve <https://assignbuster.com/marketing-and-branding-team-assignment/>

marketing objective 8, to always maintain at least \$1, 000, 000 in the budget, Allstar restricted spending in various areas. Costs were controlled by rarely discounting stores who did not receive at least 2, 500 units of the product, by never increasing the advertising budget by a total of \$10 million for the duration of ten years, and by limiting spending on indirect advertising such as trial sizes. The consultants felt that since distribution was centered around grocery stores and other mass merchandisers, then they were the ones who deserved a discount.

Smaller distributors such as convenience stores did not have large stocks of Allround and its competitors, and their business was not focused on those sales; and so it was not necessary to provide extra incentive. During the rare times when they did receive any discounts, they were kept at a minimum between \$500, 000 and \$1, 000, 000. In terms of the advertising budget increases, Allstar did acknowledge that promotion was key in generating sales. Thus, this element of Allstar's marketing mix for the medication Allround was given the most money in increases every fiscal year. After the largest jump, \$4, 500, 000 from \$20, 500, 000 to \$25, 000, 000 in year two, increases remained consistent of \$1, 000, 000 a year and higher. Through this allotment Allstar was able to afford the most expensive advertising agency, Brewster, without spending all of the cash on hand.

A final way in which Allstar retained a small amount of cash for the budget was by not overly promoting trial sizes and point of purchase versions of Allround. These were seen as commonplace in places such as convenience stores, yet those distributors do not represent areas where most sales are made. For this reason the branding team merely shifted money that was <https://assignbuster.com/marketing-and-branding-team-assignment/>

already in that budget so that trial sizes would receive the most of the allowance at \$1, 500, 000. Other than that, this area did not seem vital and allowed small portions of cash to be saved for the small amount of budget of approximately \$1, 000, 000 that Allstar held on to every year. Lessons Learned:

Our team has learned that not making significant changes on a yearly basis can hurt the overall performance of the company in the end. We monitored our competitors too closely and were basing most of our significant decisions on pricing parallel to their prices. This damaged our profits at the beginning of the third year when we incurred more financial responsibilities, but were not taking in more profits from our product than the year before. One particularly clever decision we made to counter this problem was to then raise the price and modify our product to remove alcohol. Consumer feedback informed us that this ingredient displeased consumers when using a cold medicine and so our sensitivity to their feedback improved our consumer relations.

The branding team at Allstar defines consumer relations in terms of sales, and so the increase of goods sold indicated to this firm that consumers were please with our actions. Furthermore, our team expanded our distribution with the grocery store chains carrying our product. Given that they sold the greatest amounts of our product, we deducted our cost to them in bulk. As the consultants monitored the decrease in sales by minor vendors, such as convenience stores and independent drug stores, the reliance on grocery stores became greater. This proved to be a good choice since inflation rates were at all time highs during the product's most profitable stage; and so <https://assignbuster.com/marketing-and-branding-team-assignment/>

consumers purchased most of their products at grocery stores where they knew the products would cost less.

Although it may have been beneficial had we marketed more point of purchase versions, we believe that our profits would not have greatly increased from the minor income that would have resulted from such small revenue. Also, we did not want to deviate from marketing the form that most grocery stores sold, which is in the original package and with the original size. Our promotion pattern increased on a fairly regularly basis during each annual analysis. We knew that the more publicity that the Allround product received, the more commonplace the name and look of the medicine would be. We followed in suit of the BCG Matrix and moved funds from Primary to Benefit to Comparison to Reminder according to where we were in the product's life cycle. Professionally, we practiced very safe increases here, and discontinued increasing after year nine.

Allround's stock price declined nearly 17% that year and so only conservative spending was done in the last year of operations. The stock price then bounced back nearly 20% and so the group learned that over spending does not guarantee good sales. Unlike our competitors, we only had one product to support. This was regularly debated by all members of the branding team until the time passed in which a product could even be introduced. We have all learned that in order for major group decisions to work, that all members of the group must have equal input and must put in equal effort. At times, some members of the branding team focused only on one aspect of the marketing mix while the others focused on a completely different factor.

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It would have been best for all members to move through each step together, as a cohesive unit, so that everyone would feel pleased about the direction of the company. However, due to time constraints and personal interests, this is not what happened and there was brief tension over the issue that a new product was not rolled out. Therefore, more was learned by the group the actual emotional experience than from the financial setbacks. This too is also very important overall when marketing a product because the firm was not only marketing Allround, but it was marketing itself, Allstar. As the outgoing branding team, we understand the importance of an open line of communication to aid the new team in their transition. Ideally, we would like to always be available to these individuals.

However, in reality this is not always possible and is especially not feasible in an industry that is expected to see rapid growth and change in products in the coming years. Thus, this places the effort into the hands of the new team. Upon our departure, we will orally convey to them our willingness to remain accessible to them, and we will provide typed copies of all pertinent contact information to every new member. In summation, we now know that the next team to take over this project should be aware that while it is always wise to monitor your competitors, it is never practical to duplicate their actions. This proved to be particularly true as companies moved out of the top three ranking while we remained consistent in our performance. In addition, we learned that taking too many risks is also not wise and so a steady pattern of decisions will best serve the interests of Allstar's Brand Allround in the future. As a final note, the incoming branding team should begin the introduction of a new product as soon as they are comfortable in

their roles. This is crucial for the firm's place as a leader in the cold and allergy market, in light that the Allround product is now on the decline. It was this key area that kept the current branding team from accomplishing the Mission Statement in its entirety. All success and failures considered, the experience has been very enlightening and will be good experience for anyone who takes it on after our retirement. ————— Market Growth Rate (cash usage)