

# Speedo marketing strategy



To begin with our organisational orientation lets look at some of the definition about Marketing and Marketing concept.

“ Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (Approved October 2007 – American Marketing Association Board of Directors)”

“ The right product, in the right place, at the right time, at the right price”  
(Adcock)

“ The achievement of corporate goals through meeting and exceeding customer needs better than the competition”. (Jobber)

Speedo is one of the leading brands in swim wear. Founded in 1910, in Australia by a young Scottish entrepreneur Alexander MacRae. Initially known as MacRae Knitting mills, the company was into undergarment business and due to the mounting response from Australian beach comers, MacRae integrated swimwear in his business.

In 1920 swimwear popularity rose quickly because of the inclusion of swimming as a sport and mixed bathing. In 1928 they introduced a new model swimwear called “ Racerback” outfit, which made the swimmers to swim faster. A new slogan was generated “ Speed on in your Speedos” and the catchword became fashionable and finally a new name “ Speedo” was coined.

In 1951 Speedo Knitting Mills (Holdings) Ltd was integrated and turned into a public company (Sydney Stock exchange). Speedo started its operation in

USA in 1959 and made into other international markets. It also moved into Europe by purchasing 30% share of Robert Shaw and Company Ltd. in Nottingham, England. The Japan and South Africa corporations approved licenses to Speedo to set up manufacture and division delivery in 1960. It made a significant deal with China in 1980. Many European Union provided license to the Speedo manufacturing and delivering. In 1980 it became official sponsor for Australia Institute of Sport. The Pentland Group took possession of Speedo in 1990 and finally the modern Speedo was born with new strategies and products. Today the Speedo trademark is protected in 175 countries with an annual turnover of \$550 million.

Since its inception, Speedo had been innovative in the competitive swimsuit market to design suits with the latest technology aimed at enhancing the swimmer's performance. The technology and design of its suits brought Speedo to the forefront in performance swimming as more Olympic medals were won in Speedo than in any other athletic apparel brand.

In 1928, the celebrated Swedish swimmer Arne Borg set a world record by wearing the Speedo swimwear and the brand won hearts of millions. The Speedo's major success story in innovation starts way back in the 1950's when they were the first company to introduce normal wool into their fabric. They created roars in the 1950 Olympics by sponsoring the Australian swimming team in the new Speedo suit which broke records. Speedo had no turn back and was acknowledged as a market leader ever since in performance swimwear till the 2008 Olympics. They are successful to the extent that they command more than 70% of the market share in the US\$200 million performance swimwear market globally.

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The 60's and 70's witnessed the unrivalled reign of Speedo in the performance segment. 49 medals were won in Mexico Olympics held in 1968, in which 22 set a world record by wearing Speedo. Speedo was the first to introduce nylon/elastane into the fabric in 1970 and even today the fabric is famous among the swimmers. More than 50 countries were sporting Speedo in Munich Olympics held in 1972. In 1976 Speedo became the official swimwear brand for the Montreal Olympics. In 1992, 1994 and 1996 Speedo came up with S2000, Endurance and Aquablade which were worn by most record breaking swimmers in Barcelona and Atlanta Olympics.

Speedo launched Fast-skin swimsuit in 2000 Sydney Olympics which is made up of smooth crisp fabric and broke 13 world records. 2003 is a remarkable year for Speedo, as it turned to 75th year. Speedo launched Fast-skin series in 2004, which was worn by Michael Phelps and set a history in Athens Olympics by winning 8 medals. The LZR Racer the most advanced swimsuit launched by Speedo in his 80th year created history as 92% medals in swimming were won in the Speedo suit.

In 1990 Speedo was bought by The Pentland Group and the new Speedo International LTD was born with new strategies and approach. Speedo an established name in the competitive swimwear segment was getting into the wider segment by focusing on commercial products with a sports attitude. Speedo implemented new marketing strategies through AD campaigns which was completely new to the company. Today Speedo is a Multi National Company operating in 175 countries with an annual turnover of \$550 million. Speedo products are sold directly and through brand franchising and are available in departmental stores, speciality stores and sports goods stores.

Speedo owned brand accelerate specially focused commercial wear for men and women sells pants, shirts, bags, caps, footwear etc. Speedo co branded AVP apparels sells beach volley products and accessories. Speedo sports water designed for athletes was launched in 2004 in collaboration with Fuze Beveraged Ltd. Speedo.

Competitive advantage is fundamentally about the value that the customers put on the product assessed by how much they are willing to pay, and the organization that better serves the customers has the differential attribute or dimension to create better customer value (Jobber, D. 2006: p. 53)

### **Competitive Advantage of Speedo**

Speedo has been unique in the market since its inception a century ago. Speedo has a well earned reputation for excellence in quality, efficient in design and unique in its technology. Speedo has evolved themselves to both categories by introducing unique performance products at a higher price and commercial wear products at a normal price. The success of Speedo can be summarised as its competitive edge over other competitors over the last few decades. Speedo had faced fierce competition from multi-national companies known for its smart marketing activities like Nike, Adidas, TYR, Arena, Diana, Mizuno etc but was always in the top in competitive segment with more than 70% share in the \$200 million industry.

Speedo has evolved themselves into the competitive swimwear market and the commercial wear market, but it commands a competitive advantage only in the former. When it comes to Research and Development Speedo has gained a matchless competitive advantage with respect to its competitors.

The main reason for this is Speedo's commitment towards Research and Development. Speedo has always been in the forefront in bringing out the best products with the newest of technologies in the competitive swimwear market. Speedo started this in the 1950's by introducing wool into its fabric and the competitive advantage era of Speedo began. Since then till the year 2008 it had this competitive edge by bringing out the latest technology suit available in the market. They have worked with the best names in technology like the National Aeronautics and Space Administration (NASA), reputed universities and private research agencies to develop its product.

Introduction of the fast skin series, the fastest swimwear in the world in the 2008 Olympics

When it comes to sponsored athletes Speedo has again gained the upper hand among its competitors. Speedo has sponsored most of the top ranking athletes in swimming like Michel Phelps, Natalie Coughlin, Ryan Lochte, Katie Hoff, Libby Trickett, Eamon Sullivan, Rebecca Adlington etc. No other company has such an elite list of sponsored swimmers.

**Threat of entry in a swimming firm's industry:**

A new sports company that enters into the industry brings in the potential to gain a new market share. The existing competitors pose a threat to the newcomers, but in the case of Speedo it has been dominant in the market since its inception. It is a big hurdle for the upcoming companies to gain a considerable market share against the existing company as they are highly popular in the customers' mind with their smart proven strategies.

Access of distribution channels- The distribution channel is well connected and diversified globally. The products are reaching all parts of the world with the highly competitive supply chain management. Sometime this barrier is so high that to surmount it, a new contestant must create its own distribution channels.

Cost disadvantage independent of size- Unless the competitors reduce the price but consistent with the product quality. They might record low sale rate, if they don't upgrade the quality of the product to sustain in the market.

Capital requirements- The net worth of the company is vital for the capital requirement. The capital can be mobilised from various asset produces to bank official. The budget has to be distrusted for the growth of the company in various sectors like inventories, R & D, advertising budget etc.

Recession could be an advantage or demerit to an economy and other firms. Some organisations might see recession as an advantage because it motivates the market to run effectively mostly during long-term. Taking Speedo as an example, the organisation seen recession as an advantage to them because, during recession competition within the swimming industry is less, it causes brings down the cost of swimming. If there is high number of swimming industry, the lesser the information they get about each other performance being an advantage to the firms, and more likely output and prices will be at a competitive level.

Speedo looks at competitive advantage which lies not only in activities but in the way they do relate to each other, to supplier activities, customer

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relationship and to customer activities. That the phrases competitive advantage and sustainable competitive advantage have become commonplace is testimony to the power of individual belief ideas.

The foremost part in the Marketing Mix is the Company's product, since such provides the handy needs to customer past near they looked for in the market. The product widens by the marketing managers into brands is to make a unique position in the market as well as in the customer's needs. The Four P's of marketing mix is the key factor in the market. Most of the organisations depend on the marketing mix elements. They are Product, Price, Promotion and Place.

Product Definition simply refers to anything that can be offered to a market for attention, acquisition, use which may satisfy a want or need of an individual.

Product base approach - Quality is viewed as a precise and measurement variable. Speedo has ranked its product according to the price among of the desired attributed they possess. Because quality reflects the quantity of attributes that a product contains, and because attributes are considered costly to produce, higher quality goods will be more expensive.

i. Conformance- It relates to reliability, as conformance stresses the extent to which our products are designed and match pre-established standards.

Conformance quality is meaningless if it's not satisfactory to the customers.

ii. Durability- how much use does one get from the Speedo product before it wears down and needs to be replaced.



iii. Feature- secondary marketing mix that augment the basic function.

iv. Reliability- the probability of a product breaking down applies particularly to customer durables, such as washing machine and to industry machinery.

There are many verities in performance especially concentrated on swimming which is their major marketing product. After various transformations in the technology they have refined the product in aspect of performance in the sporty game swimming. Initially they started manufacturing with normal wool to silk to nylon and the latest is the Pulse fabric composed with lightweight woven fabric polyurethane panels to reduce drag.

Based on the changes in the material used by Speedo, they have developed a new design for challenging swimmers which is the one that covers most part of the body. Speedo makes a full body suit (showing head, hands, and feet open), jumpers and endurances. The new suits manufactured has advantage, the material is used to reduce the drag which the performer can speed the strokes in the activities. This is approved by FINA and this is a popular product which it beating the new trend.

There are various designs in the performance aspect such as Fastskin LZR Racer, Fastskin LZR Racer Tri-Pro, Fastskin FS Pro, Fastskin FSII, Endurance+ and 2010 FINA Approved suit.

After three years of research and developed by Aqualab (Speedo's global research and development facility) they came with a new product LZR Fast Racer suit specially for swimmers. As a part of their research Aqualab

worked with a number of global partners including NASA, ANSYS, Otago University, and Australian Institute of sport to fabricate an Ultra lightweight, powerful and water repellent material to reduce muscle oscillation, skin vibration through powerful compression and to lower skin friction drag.

The fabric is fast material and is a unique 3D three-piece pattern designed to optimize the shape of the swimmer. Scanning more than 400 bodies the pattern was from 30 to 3 piece pattern. The swimsuit is fully bonded and ultrasonically welded bonded seams to create a perfectly smooth and flexible streamlined surface finish. The Hydro form compression scheme is to compress fabric as per body shape with complete flexibility and optimum economy. The skin friction drag seams are bonded to lower sewn by 6% and the drag in LZR pulse is 8% lower than Fast Skin. This is approved by FINA 2010 especially for swimming, which is major marketing product.

The LZR Racer Tri-Pro is Speedo Aqualab's R&D expertise in understanding human activities and they have designed this product which is multi usage product used for swimming, biking and running which is a Triathlon product. The material used in LZR Racer the same is used in LZR Racer Tri-Pro which suits human body with respective to the environment. This suit dries up twice faster than a normal suit, which easily optimizes the body shape with good flexibility and with a fine smooth finish. This suit cover the body from shoulders to the laps, leaving the other parts like shoulders, arms and legs from laps to expose.

The next advancement in swimwear technology was the FASTSKIN FS-Pro; made from the same material as the LZR Racer, it dried twice as fast and

lightweight. World class swimmers were consulted in developing this suit which again turned out to be a huge success.

This was AQUALAB one of the most sophisticated product. The material for this suit was developed through biomimetrics (design based on nature) imitating the skin of certain aquatic animals especially shark. The material was highly stretchy with a colour and design similar to aquatic conditions and was imitating the shark, the fastest aquatic creature. The suit allows more oxygen to the swimmer adsorbs vibrations from the body and gives rigid support with less drag. The material used is super stretchy fabric, which allows moving freely with great comfort.

This is an old product which every swimmer has to use in the early stages of learning which helps to retain a correct posture in swim. Endurance+ is 100% chlorine resistant, designed to last longer, dries more quickly and is 20 times more fade resistance than the commercial swimwear.

The completer LZR Range of products is FINA approved as per 2010 rules. The products had created good demand due to the advanced, light weight, powerful material designed to opt shape of body flexible with a smooth finish by absorbing the body vibrations generated from the body and strengthens swimming power. The suit absorbs oxygen to the body by giving additional energy to the body; with a fast dry technology which is all applicable to FINA 2010 new rules.

This is a whole range of safety precaution products from Speedo.

Concentrated mainly on beginners, which includes swim vests, armbands, kickboards etc. Swim vest and arm bands allows the beginners to float above

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water without sinking. Kickboard is a product made of undrownable material which is held to stay above water and start peddling.

Designed especially for women by women to identify the comfort in fitting by compress the stomach region and lifts up the breast which gives a good female structure.

Speedo has a variety of equipments ranging from goggles, caps, MP3, Scuba gear, training aids, footwear etc each specially designed for aquatic activities. Goggles provide clarity vision in water and are UV protective, anti-fog, mirror lens with a rubber double head strap to fit in head perfectly and also safeguards eyes in chlorine water. Underwater MP3 can be used upto 3 metres under water, easy to operate, easy to charge via laptops which last for nine hours. Bio fuse footwear is designed to keep the surface wet by immediate exit of water from pores with good grip on wet floors and is ideal choose in beaches and pools.

Speedo uses a tool called economic value to increase perception of value. It is regarded as an appropriate pricing method for this particular market. The terms used in this approach are defined as follows.

- a. Incremental or improvement value- This will represent the potential incremental satisfaction or profit that Speedo customer can expect from a product over other reference product.
- b. Reference product- It refers to any product that is accomplishing the same function as the product whose economic value is looked into by the customer.

In Speedo, sensitivity pricing is regarded as a key element in the conceptualization of price. It not only assists in developing a marketing strategy but also helps to identify segments with different price sensitivity and the range within which price should be set.

i. Price quality effect: Buyers are less sensitive to product price to the extent that higher price signals better quality.

ii. Unique value effect: Buyers are more or less sensitive to product price; the more they value any unique attributes that differentiate from the competitors products.

iii. Difficult comparison effect: Buyers may seek loyalty with approved supplies or established brand names.

Pricing a product in a company has many formulas and strategies in order to come out with the best price. Pricing imitate the supply and demand bond. To understand the pricing strategies in simple, lets us look at the pricing strategies matrix.

Premium pricing is about the goods or service where there is uniqueness in high price. This method is used when significant competitive reward exists. In Speedo the LZR Racer, Fast Skin FS Pro, Fast Skin FSII is positioned as their premium priced brand due to its uniqueness in the market. It is uncompromisingly priced around £210-£550.

### **Economy Pricing:**

The selling price of the product is kept low, targeting a specific range of low and middle class customers in the market. This strategy is also used in

penetration pricing also in order to gain market share in the first place.

Speedo fits in some of these products like goggles and caps at economy price to widen its customer base. Goggles range from £3-£22 and caps from £5-£17.

Charging a higher rate for a product at its initial stage due to its uniqueness or demand and then reducing the price once the demand is over or a similar product is launched in the market. Speedo introduced LZR Racer swimwear and charged a higher rate due to the uniqueness and demand in the market. After a few months, competitors like TYR and Arena replicated the same product and produced at a low cost. Speedo skimmed their price to get in pace with the competition.

### **Product Line Pricing:**

Bundling different products to sell it in a profitable rate to the customer is known as product line pricing. Speedo bundles caps, goggles, and jammer. For example the cap could be £5, goggles £3 and jammer £60, but the whole package only costs £68.

### **Promotional Pricing:**

Promotional Pricing is where the commodities are marked below margin price in the shop for the time being to attract the customer, anticipating that they will buy more products. Speedo has a lot of special offers to make the customer buy more goods. For example Speedo offers direct online the Men's Skitty T-shirt is £15, but the margin price for the T-shirt £20.

These are the wide range of products displayed in the quadrant manner. For example product such as FASTSKIN LZR Racer, LZR PRO, FS PRO, FS II are grouped into one phase.

### **Geographical Pricing:**

Companies adapt to different pricing strategies according to the geography. Operating in 175 countries having customers with various outlook and economic structure, geographical pricing is very important for Speedo. For example Speedo introduces a product with a high price in developed countries, whereas it will introduce low price or medium products in underdeveloped countries. Another example of international pricing of Speedo is LZR Racer Elite Jammer which cost £130 in Europe, where as it cost \$260 in USA.

### **Factors affecting price decisions:**

#### **Promotions:**

Promotion is the third factor in marketing mix. It caters elements such as advertising, direct marketing, digital marketing, public relations and sales promotion.

Speedo has been in the forefront in advertising and branding strategy. One of the important criterions in promotional mix is to influence end users to buy the product by integrating marketing communications. The message should reach the customers in such a way that it covers all aspects of distribution in the market.

Speedo, marketing has worked with an aim of favouring the end users with reliability and contentment of the product. Speedo's initiated there first

promotional event in branding by sponsoring the Australian team in Speedo swimwear during the 1956 Olympics held in Melbourne. It turned out to be a tremendous success when the team won 8 gold medals boosting the brand value of Speedo.

Speedo's global market growth took place in the 60's where it witnessed stunning performances by athletes gaining 27 gold medals sporting Speedo suits. The campaigns done during the 1970's and 80's were more focussed in establishing fresh ventures by signing deals with Canada and China. By then Speedo gained the market in Europe and parts of Asia.

**Target Market:** Speedo focuses more in Research & Development where it produces advanced high performance designs for targeting right from the child who wants to learn swimming till the Olympic Gold Medallists. Their motto is to satisfy the goals of the swimmer with speed, contentment and flexibility.

**Communication Objectives:** In business being a well established brand means it has to maintain its reputation by coming out with best of products in the market. These objectives are channelled to the consumers through media and other communication channels like websites, outdoor campaigns, online media, television, pamphlets, sponsorships etc.

**Promotional Methods:**

This includes various strategies to generate sales by getting into the public through various activities like:



**Sales Promotions:**

Discount offers, Price slashes, sales vouchers, clubbed offers with other products, combo offers like the purchase of Caps and goggles with a discount in price.

**Digital marketing**

Digital marketing has turned out to be the next big thing of the new millennium. It utilizes the digital mediums like internet, mobile, televisions and other interactive channels. Speedo has recently evolved to global online presence and digital marketing through social media space, fan pages, blogs and social media applications. Schemes like Free delivery with orders over 40£, options like standard delivery and express delivery, sales are generated in volumes. Special offers like price discounts with Speedo coupons and online vouchers are also available.

Advertising has been a key strategy of Speedo but with high selectivity. The million dollar campaign before the 2008 Olympics was the recent one which created a brand image that no brand has gained in the Olympics. The brand image is to such an extent that in India when you ask for a branded swimsuit then you will end up in getting Speedo. This is the effectiveness of Speedo's advertising campaign even though done rarely.

"The Olympic Games are so integral to our brand strength," said Craig Brommers, VP-marketing. "We want to use the Olympics as a springboard to talk about other parts of our business that are increasingly important. Speedo owns more than 70% market share of the performance and sport swimwear category, but that is a smaller part of our business as we expand."

Publication: Brandweek, Date: Monday, March 8 2004

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Effectiveness of advertising depends mainly on timing, trustworthiness, performance play, branding etc. Speedo has perfectly designed all these elements with perfect balance and that makes Speedo once again unique in the market. Speedo has famous athletes like Michael Phelps, Hannah Stockbauer and Kosuke Kitajima in their ad campaigns which increases their brand image further in the market

### **Public Relation**

The PR department of Speedo works out rigorously as there are a number of product launches from Speedo international. It ensures that the company is maintaining the decorum of the products, media buzz, word of mouth and new product launches. The PR department well managed the crisis during the controversy about the swimsuit LZR Racer which took place during the Beijing Olympics held in 2008. Negativity sprouted up when some people want it banned during the competitions, since the levels of buoyancy are at unprecedented levels which they felt an unfair advantage for swimmers in the form of technological doping. But FINA (International Swimming Federation) disproved the false aspects imposed on Speedo and approved the LZR racer swimsuit. The PR department was at its best as they coordinated well with the media in solving the issues.

### **ENDORSEMENTS & SPONSORSHIPS:**

Olympic Games has been an integral part of Speedo's endorsements and sponsorships.

2008 was the most remarkable year as the Speedo sponsored athlete Phelps created waves in the Olympics when he bagged 8 gold medals with world record which is the best by any athlete in Olympic history. Speedo recently <https://assignbuster.com/speedo-marketing-strategy/>

announced the extension of the sponsorship deal with the swimming legend Michael Phelps till 2013.

Place is a key factor in marketing mix, as the produced goods has to be stored in suitable locations so that it can be channelled into proper distributions. Satisfying customer needs is not only the sole criterion for a manufacturer, but the calculation of the exact product requirement should also be met through proper channel intermediaries.

In the case of Speedo, the key strategy remains focused in most of the Olympic event sponsorships. So, that the brand reaches the mass face value thereby gaining customer loyalty. The trading system for Speedo is more focused on marketing mix. The shelving of products in stores portrays a clean appearance, so that the sales would improve and traders would be benefited.

The gap between the manufacturer and end user is filled by the marketing intermediaries such as (brokers, commission agents, retailers).

The main function of the channel intermediaries is to resolve the difference between the buyer and seller where the seller produces large volumes with a limited goods range, whereas the buyer will require only limited goods with diversified range of products. In the case of Speedo the breaking bulk factor seems to work out well in the retailing sector where there is wide buying range of options for the customers to chose from. For example in goggles the Speedo brand has its products lined up for each purpose such as Racing, Training, Optical, Essential and Children.

Minimising the number of transactions during the distribution will improve the efficiency of the business performance. By creating the hub the manufacturers will optimize the transactions which ultimately reduce the selling cost of the product. For Speedo the entry of digital marketing has reduced the distribution through commission agent which proves to be more efficient.

The location and time are vital for any global business. In the case of Speedo it has diversified in the international markets and acquired a large clientele base irrespective of the geographic locations. Online purchases and free home delivery offers by the Speedo eases the customers purchase by saving their time gap.

### **Channel Scheme factors:**

The channel decisions grip selection of the most efficient allocation channel.

There are channel factors which influence the marketing channel integration.

1. Market factors 2. Producer factors 3. Product factors 4. Competitive factors

### **1. Market factors:**

The buying behaviour proves to be a challenge while considering the consumer expectation relating to the product. The customer tends to buy through direct outlets or retailer depending on their convenience. As in the case of Speedo majority of the customer either purchase online or through outlets. The strength of Speedo's marketing lay with the proper distribution channel and network.

**2. Producer factors:**

The deficient factor that the producer faces is the lacking of enough resources to coordinate its channel functions. The strategy of the channel might have its effects during the product mix that the producer initiates. In the case of Speedo the direct distribution proves to be price effective as it has different range of products.

**3. Product factors:**

Speedo has a mix of intermediaries which ranges from direct online sales, agent, direct outlet, and direct distribution to the retailers. Since the life of the Speedo product is subject to long-term the direct distribution by the distributors will deny storing the products in large volume if the existing goods have not been sold.

**4. Competitive factors:**

Speedo not only utilises the traditional distribution channels to sell its products but also has evolved themselves to the newly emerging distribution techniques like digital marketing which involves online sales etc. For example Speedo has spent millions “ Sheffield based agency; Quba has delivered a banner campaign for Speedo, following its success in the Olympics with swimmers Michael Phelps and Stephanie Rice.

This is the first digital campaign for Speedo which was targeting young adults and teenagers. The agency also produced an interactive rich media banner featuring video of the athletes and the opportunity to enter the competition by submitting details into a form embedded into the banner itself. 34 variants of the banners were produced by the agency for overseas market in a ‘ very tight’ turnaround time”.

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**SWOT Analysis:**

SWOT analysis is the main instrument for the company to audit the strengths, weakness, opportunities and threats (SWOT). The strengths and weakness are internal factors. Opportunities and threats are the external factors. SWOT analysis is very helpful for the managers to plan at the first stage, since it shows the key factors of the organisation.

**SWOT Analysis**

The Marketing managers should know the SWOT analysis, so that they know the company mances and chance. The analysis is to make an impact in the growth of the organisation.

**1. (S)trengths:**

- The main strength for Speedo is the innovative of new product in the market. The latest new product of Speedo Shapeline – Swimwear. The R&D of Speedo resea