

Marketing plan for hi-fi system to australia assignment

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Executive Summary This report is to provide a marketing plan and analysis of entering a new market (Australia) for the marketing and sale of our product. The name of the product is called Mini-X, a Hi-Fi Audio Speaker System targeted primarily at the teenage segment. The uniqueness of the product in terms of sound reproduction and portability will be its unique marketing and selling point.

This report explores and considers the various factors which impacts our product in terms of entering this market. It delves into the economic, cultural, political and legal environments of both Singapore and Australia and how it affects all decisions such as market selection and entry decisions. It directs the market research processes, product internationalization, pricing, distribution and promotional strategies of the product with added emphasis on risk assessments and potential opportunities.

Factors such as trade barriers, economic trends, cultural elements, governmental policies and stability, modes of entry, data collection, branding, distribution channels and available promotional activities are fully explored for the formulation and assessment of market viability for our product. As with all new products and new markets, all factors have to be considered and given equal weight in exploring these possibilities with due diligence. The product and all its strategies have to be lent the ability to adapt quickly and contingencies planned as far as possible due to the current fluid global environment we operate in.

Introduction Purpose The purpose of this report is to develop a marketing plan for an international market, namely, Australia. As the product will be

designed and manufactured in Singapore, the marketing of this product will have to be adapted to suit the target market and audience. The intention is to use a combination of marketing mix in order to develop an understanding of the targeted market and audience, plan an approach and then capture the target market with our product. Product Details and Brand Name

We are developing and manufacturing a Hi-Fi Audio System for teenagers. With recent advancements, we are able to create the world's smallest portable speakers that is suitable for a wide range of multimedia players such as the Apple iPod, various mobile phones, portable game consoles, PCs, Laptops, etc. The product is a revolutionary innovation weighing in at 50g and is the world's first pocket-sized speaker with built-in bass support and rechargeable batteries, allowing for up to 10 hours of continuous play without being plugged into a power source.

Pioneering this patented technology, the product can be extended upwards like an accordion. This expandable vacuum mimics the resonance of a sub-woofer lending it a crisp, high-fidelity and full-bodied sound and volume delivery. The speakers have been dubbed “ hamburger speakers” due to this unique feature. Thus, with those features in mind, this product has been named Mini-X; meaning Miniature in size yet eXtreme in performance.

Industry Background

Today the speaker market is flooded with both MNC and local brands. Besides the clear market leaders, there are local OEM players in the market who source their products from Taiwan and sell them under their own brand. As the speaker market is constantly evolving, the vendors give a rough idea

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about their market share. Creative and Altec Lansing have the strongest branding for mid-end speakers. However, players like Philips, Bose and JBL are popular only with high-end homes and very large corporates.

Meanwhile at the entry level where Mini-X is placed, Intex, iSound and Frontech have strong footholds. As a matter of fact, today most vendors and distributors are seeing a fast revenue source in the speaker market, so they are not only launching new products but are also positioning their various brands to cater to different needs in the market. We intend to corner the teenage marketplace in Australia with the proliferation of various multimedia players and their increase in sales over the last few years. Present Trends in International Trade

According to Keegan and Green (2003), the most significant change in the global economy in the last five decades is the emergence of border-less markets and international competitors who have replace local competitors. This change has brought about changes in tariffs and non-tariff barriers traditionally adopted by countries such as Australia due to the desire to protect domestic industries from foreign competition. This shift in traditionalist protectionism is due to several factors, namely: Capital movements are the driving force of the global economy)Production is no longer linked with employment due to automation and technological advances 2)The global economy has more impact on economic outcomes within a country than the nation state. 3)No more contest between capitalism and socialism. Socialist countries are becoming more market oriented. 4)The growth of e-commerce diminishes the importance of trade

barriers. Barriers to Trade In the last decade, many, if not most, countries have reduced their barriers to trade to provide for increased competitiveness in the global trade environment.

Many have replaced tariff barriers with non-tariff ones, while others have completely abolished any form of barrier through agreements like the FTA (Free Trade Agreements). Typically, tariff barriers include import & export duties, revenue tariffs, tariff surcharge, ad valorem duties, value added taxes, etc. Non-tariff barriers may consist of customs and entry requirements, government intervention through subsidies, product requirements like safety & licenses, import & export quotas, financial control and performance requirements. Economic Integration

There has been a move towards economic integration since the 1950s. The purpose of this integration is to bring about a close economic relationship among participating members through better movement of goods and services, capital and labour, the coordination of economic, financial and fiscal policies as well as providing an infrastructure for information sharing. Typically there are four stages of integration: i) Preferential trading arrangements: The member countries of such an arrangement will reduce certain tariffs and non tariff barriers amongst themselves but maintain barriers with non-participating countries. ii) Free-trade areas (FTA): Free-trade agreements are a more formal version of the preferential trading agreements. In these areas where the agreements are in effect, the members remove the both the tariffs and non-tariff barriers, although there are exceptions in certain products or services. Some examples of existing

FTAs are ASEAN FTA, European FTA and the North American FTA. iii) Customs Unions: Customs unions are similar to FTAs with the dismantling of all barriers to trade in goods and services amongst themselves. A common policy may be where all imports are subject to the same tariff entering the member country. v) Economic Unions: Economic unions are similar to customs unions with the exception that the members additionally endeavour to harmonize monetary policies, taxation and government spending. This could lead to a common currency and fixed exchange rates which we see with the European Union (EU). International Cultural Environment The role of culture in international marketing is one of the deciding factors on the success of any product or service entering the new market. Culture is defined as a system of values, attitudes, beliefs and behavioural patterns which distinguish one society from another.

All cultures have certain defining characteristics which are important in understanding the key relationships between specific cultures and global corporate organizations. As culture is acquired, shared, inter-related and adaptive, it provides for the relatively fluid situation whereby understanding the differences and similarities of the target country and international company is utmost in fully exploiting all possibilities to increase the success of the product. a) Material Culture: this consists of technology and economics (Fletcher and Brown, 2005).

Technology relates to the techniques used to produce material goods. As both the originating country and target country are at high levels, there are no issues with disparity. Economic culture relates to the level of demand and

associated infrastructure needs. As mentioned, since there are little to no disparity, adoption and uptake of the product should be assisted by the lack of differences and the existence of many similarities. b) Aesthetics: Art folklore, music, drama and dance all have a role in interpreting symbolic meanings in each culture.

These manifestations point up the uniqueness of a culture and need to be incorporated in marketing approaches to customers in that culture so as to enhance the appeal of and identification with the message. As our target country is a market where aesthetics play an important part of daily life, from hosting various art festivals to actively supporting and developing creativity within their environment, it has been ingrained into their aesthetic culture which has indirectly influenced their way of life (i. e. art equals to affluence/status).

With our product focused on both form and functionality, it will prove to be an important element in its success. c) Language: Language is a major component of culture because of a society's culture finds its way into the spoken language. Knowing the language of a society can become the key to understanding its culture. Fortunately, with Singapore being a country where English is a first language , this will not prove to be a stumbling block but rather an asset to the marketing of the product with no worries on translation or misinterpretation of the product or it's message.) Social Institutions: These institutions link the individual to the group. They include family, education, political and social organizations. This is connected to how people related to each other, perceive each other, harmonize with each

other etc. This is critical in the essential elements in marketing in a different country, environment and culture. As many of the social institutions in Australia have similar counterparts in Singapore, it will not take too much effort in understanding their social network and situations thus leading to the ease of marketing our product.) Values and attitudes: Values are the principles and standards accepted by members of a society. Attitudes that result from a society's values have three components; thoughts, feelings and actions. Cultural values stem from beliefs about the individual's position in relation to their deity, family and social hierarchy. Australia may have many different values and attitudes to Singapore, we believe we are able to adapt quickly to their systems to create a successful product due to our exposure to international markets and cultures. Political and Legal Environment

The role of any government is to create, develop and maintain political and legal policies accordance to the its type. There are basically two types of national governments; parliamentary and absolutist. Parliamentary governments consults with citizens at periodic intervals to ascertain their wishes and preferences. Policies are intended to reflect the desires of the majority and opportunity is provided for the population to take an active role in the formation of these policies. Absolutist governments, on the other hand, dictate policies without considering citizens needs or opinions.

Both Singapore and Australia are parliamentary governments with very similar laws and policies due to the fact that both countries were once part of the British empire as well as current members of the Commonwealth Nations. Both countries have very stable political situations and have regular

polls and elections in keeping with their respective constitutions which are widely accepted by the global community. Political risks would be measured by two ways; the Delphi techniques and the Quantitative method.

The Delphi technique requires a group of experts on the country sharing opinions by scoring on the various aspects of potential political risk. Then based on the score, the statistical distribution of opinions is then produced which is used in the decision making process on the target country's political risk. The quantitative method involves gathering of different types of data and expert interpretation to develop a mathematical relationship between a series of factors. The relationship is then used to predict the risk factor of the country. Market selection and entry decisions

There are two factors which influence the market opportunity assessment process, namely, country screening and market segmentation. Country screening is to assess the suitability of the country under consideration for entry. Factors such as political and economic situation, risk factors and cultural assessment is vital to understanding the opportunities and risks associated with product entry. Market segmentation involves breaking down the market into groups with particular characteristics useful for the success of the product like geographic locations, age, income, employment rates, education and literacy rates etc. This is to help identify the group range most likely to purchase the product. The reasoning behind internationalizing the product is to mainly gain a wider audience thereby a bigger market for sales, increase awareness outside of the local environment, escape local market saturation provide for traction and a potential infrastructure for further

expansion in future. Three modes of market entry have been identified as possibilities for our product while preserving our initial intentions of aggressively marketing our product.

Franchising: Franchising is an agreement whereby the franchisor agrees to sell the franchisee the right to use the franchisor's intellectual property for a specified period of time in return for an agreed fee or royalty. We would suggest that two additional terms be included in the agreement whereby the licensee has to purchase a certain amount of our product every month and that reasonable marketing has been explored and executed to ensure success for both the licensor and licensee in sales of the product.

Exporting: As exporting is low cost with low control and low returns, we suggest flooding the target market with our products in hopes of gaining traction for our product once it is seen everywhere. **Joint Venture:** A joint venture is a form of foreign direct investment where two or more firms agree to create a jointly owned entity for the purpose of promoting their mutual economic interests. We suggest utilizing a large electronics distributor as our partner to leverage on their existing infrastructure and marketing and sales expertise to help push our product.

International Market Research Market research is the gathering of information of the target market to be analysed and used as metrics to determine and assess the possible advantages and disadvantages in executing international marketing strategies. The research is of vital importance to explore all pitfalls in marketing a new product in a different

country. It assists in any adaptations and adjustments required in contributing to the success of the product as a whole.

It also identifies the process on how the potential customers go about fulfilling their needs and desires (Maslow's Hierarchy of Needs). Australia is experiencing a fast economic growth rate and rising purchasing power with greater consumer awareness and a robust logistics infrastructure. These factors are glued together by the consumers need to own the latest and greatest technological gadgets (as it is seen as a status symbol amongst other reasons). There are several sources of information available to us for evaluation.

There are international agencies, the target country's governmental agencies and consulting firms, databases, and miscellaneous sources such as business libraries and brokerage houses. Evaluation of the data gathered have to be specific to the product and target market as not all data is useful for our purpose. The techniques used for data gathering would be through observation and surveys. Observation can shed light on issues not previously understood or practices not previously encounters. It can be unobtrusive and provides for a good counterpoint to the following technique of surveying.

Surveys aggregates the views of a number of experts who are not able to come together physically. These participants are asked to identify major issues relating to our topic and theirs, thereby allowing us to have metrics in measuring and gathering of data. There are two ways of gathering data either through primary data or secondary data. Observation and surveys can be considered primary data due to the direct nature of gathering.

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International agencies and consulting firms are secondary forms of data as they are collected through a medium organization or individual.

Internationalizing products Our product has to be standardized to lower production costs and generate higher efficiency for both markets as well as provision for future expansion into other countries and regions. However, there must be the ability for adaptation due to different requirements and needs in each country (e. g. different wattage, plug shapes etc). Strong branding has to be achieved on the onset of the product entering the market to help create awareness and differentiation from other competing products.

The packaging and labelling of the product warrants special attention as it serves several purposes, most of all which is for protection of the product, help promote the product and for the convenience of the customer in carrying or shifting the product. There are several stages in developing a new product for the overseas market. They are generally broken down into 6 stages: 1)Generating ideas 2)Screening ideas 3)Business evaluation 4)Product development 5)Test marketing 6)Product introduction

International Pricing Many factors influence price setting in international markets.

These factors include distributors' consideration, trade buyers; considerations, supplier marketing strategies, competitive activities and market environment. It is essential to set pricing strategies within a framework consisting of these factors: a) Firm-level factors b) Product specific factors c) Market specific factors d) Environmental factors As these are two different countries and currencies, we would have to minimise

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foreign exchange risks and fluctuations through minimising transactional exposure, financial translation exposure and international economic exposure.

Transfer pricing can be used to maximize profitability through reducing the prices of the product shipped from a subsidiary in the high tax country (Singapore) to a lower tax country (Australia). International Distribution International distribution is the physical transportation of products from where they are manufactured to the place where it is sold. There are three possible transportation modes; air, sea and land. Each has its advantages and disadvantages depending on situation. There are 3 channels of distribution available for our product.

All the distribution channels will go through an import agent whereby 1)it is distributed directly to the end customer 2)it is distributed to the end customer through a retailer or, 3)it is distributed to the end customer through a wholesaler who sells to a retailer. Of all three designs, the wholesaler is the longest in terms of length. There are several criterion which is used to select the channel members as well as the appropriate channel.

They are: ? Number of years in the same business ? Other product lines carried ? Growth and profit record ? solvency ? Cooperativeness ? Reputation

Other sources needed to evaluate the members once selected would be: ?

Sales quota and achievement rate ? Average inventory levels ? Customer delivery time ? Management of damaged and lost products ? Cooperation in promotional and training programs ? Quality level of services to the

customers There are certain transportation issues with delivering our product

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to Australia. Through ocean shipping, there might be port capacity limitations and delays due to other factors. Although there are fewer of such issues with air shipping, cost is a prohibitive factor especially with escalating fuel prices and airport taxes.

International Promotion Mix There are 4 types of promotions we can utilize to generate awareness and help market our product. a) Advertising: A non personal presentation and most public mode of communications for our product. b) Sales promotion: A more personalised presentation of our product through a less public form of communication (e. g. trade shows) c) Personal selling: The most personal form of presentation and is based on personal contacts. It involves the use of sales and trade representatives in the target country. d) Public relations: A form of presentation through credible sources outside of direct advertising (e. g. the news or special features). This is to build credibility and based on mutual understanding between the company and general public. Recommendations and Conclusion With all mentioned facts and metrics available to us, we strongly believe that the product would be a success in the Australian market when approached with calculated intentions. Current trends in economic, financial, culture and fashion will ultimately provide for easy adoption and uptake of the product. With successes in competing non-homogeneous products in recent years, it has paved the way for ease of creating awareness of a new product entering a new market.

However, with all ventures, it must be approached with cautious optimism, without complacency and planned contingencies to assist in any sudden

changes as the current fluid global situation requires great ability to adapt quickly. On top of the explored factors in marketing a new product and entering a new market, a strong incentives and rewards program to recognize the wholesalers, retailers and end consumer should be put in place for their loyalty to the product once it has gained traction within that market. This would ensure long term profitability for all involved.