

# [Developing a general market overview of the swimming pool and spa cleaning](https://assignbuster.com/developing-a-general-market-overview-of-the-swimming-pool-and-spa-cleaning/)

### Introduction

This report focuses on developing a general market overview of the swimming pool and spa cleaning and maintenance industry in preparation for developing a draft marketing plan for a new product, a solar powered robotic pool skimmer, for the Australian and New Zealand market.

The report follows the form of a marketing audit using secondary research to provide a comprehensive, systematic, independent study of both the external and internal environments likely to impact on the marketing plan for the new product (Kotler P et al., 2004).

The market situation will be assessed using an environmental scan of the demographic, natural, economic, technological, political and legal and sociocultural environments (Summers et al., 2009). To analyse the macro environmental factors the PESTLE analysis tool (Appendix 1) will be used for understanding market growth or decline, business position, potential and directions for marketing (Hoffman KD et al., 2005).

### Current Marketing Situation

The growth and focus on healthy lifestyle, sport and exercise now play a greater role in people’s lives in Australian and New Zealand society as a whole (Moore P, 2004).

The backyard swimming pool has been a mainstay of the great Aussie dream of home ownership for over a century. According to Australian Bureau of Statistics figures, the proportion of households with swimming pools in Australia increased slightly to 11. 7% in 2007, up from 11. 3% in 2004 and 10. 0% in 2001. In-ground pools made up the majority of Australian pools and of the 944, 600 households with swimming pools, 90% were filtered and required regular cleaning. The proportion of pools being both chemically treated and filtered has increased by 4. 2 percentage points from 41. 9% in 2001 (Australian Bureau of Statistics, 2007).

The new solar powered robotic pool skimmer addresses both the need to filter the swimming pool water and distribute slow release chlorine chemical cleaning tablets with significant savings in power consumption and environmental impact.

### Macro-environment

There are a number of significant changes in macro environmental trends developing in both Australia and New Zealand which will impact on the marketing of the solar robotic pool skimmer. As the household swimming pool is an essential requisite for marketing the new product it is essential to focus on the consumer and the environment in which they live, work and socialise to ensure we don’t succumb to marketing myopia (Levitt T, 1975). Abraham Maslow’s Hierarchy of Needs helps situate the motivations of the consumer into a framework to aid in analysing their motivations and buying behaviours (Maslow, 1943).

### Demographic

The most significant changes to demographics relate to the changing character of families and the ageing of the population. The traditional nuclear family structure represents less than a quarter of Australian and New Zealand families today. This has resulted in changes to the family life cycle and resultant changes to buying habits with more variety in the dynamics of consumer’s motivations for choice and change. Roy Morgan Research developed a values segments marketing tool to help identify nine groups of adult consumers representing a more accurate and meaningful insight into the newer family groupings (Levine, 2011a). Of particular interest is their traditional family life and conventional family life segments which cover a significant proportion of middle Australian and New Zealand consumers. These are the consumers who have high home ownership with swimming pools (Appendix 2) and have the desire to maintain their lifestyle. Australia and New Zealand both enjoy over 70% home ownership rates in a worldwide comparison (Appendix 3) and the tenure of a household is strongly related to life cycle stages, generally following a pattern of renting in early adulthood, moving to home purchase and mortgages as partnerships are formed and children are born, and owning a home outright in older age (Australian Bureau of Statistics, 2009).

From a marketing perspective this home ownership correlates positively with the ageing of the Australian and New Zealand populations. The median age of the Australian population has increased by 4. 8 years over the last two decades. In the decade from 1990 to June 2010 the proportion of people aged 65 years and over has increased from 11. 1 % to 13. 6%. The proportion of the population aged 85 years and over has doubled from 0. 9% to 1. 8%. In Australia the number of people aged 65 years and over is projected to exceed the number of children aged 0-14 years around the year 2025. New Zealand has very similar figures with 13% over 65 compared to Australia’s 13. 6% (Australian Bureau of Statistics, 2010b).

### Natural

The estimate of total energy used in maintaining and cleaning swimming pools and spa pools is surprisingly high – about 3. 3% of residential sector electricity. On this estimate, swimming pools and spa pools would use as much electricity as dishwashers, clothes washers and clothes dryers combined. About 76% of the electricity used is for cleaning pumps. It is estimated that home swimming pool and spa pool energy use accounts for about 1. 85 million tonnes of CO2-e emissions per annum (National Appliance and Equipment Energy Efficiency Committee (NAEEEC), 2004).

There is an increased awareness amongst Australian consumers and by inference, New Zealand consumers, of the impact on climate change of overuse and demand for electricity and its supply via coal fired power plants (Australian Bureau of Statistics, 2007).

### Economic

Australia and New Zealand have emerged as consumption societies since the boom economies of the 80s and this has not lessened with the recent resources boom fuelling the economy. Full time adult earnings rose by 3. 6% for males and 4. 7% for females in the twelve months to Nov 2010 (Australian Bureau of Statistics, 2010a). Upward redistribution of incomes is reinforcing the buying power of the older generation (Quester PG et al., 2004).

Australia and, to a lesser extent New Zealand, have weathered the effects of the Global Financial Crisis in 2008 with a relatively quick recovery phase leading to signs of inflation which has caused a rate rise regime from the Reserve Bank of Australia.

The net wealth of the over 55 population in both Australia and New Zealand is rising, with more discretionary income available and they now represent more than 17% of the work force (Levine, 2011b).

### Technological

Technology now provides a very efficient and effective means of communicating the marketing message through social networking media such as Facebook, You Tube, Twitter, and Skype. In 2010 52% of Australians visited a community or messaging Internet site; over 3. 5% used Twitter and more than 42% used Facebook (Australian Bureau of Statistics, 2010b).

### Political/legal

There are no specific government or parliamentary ACTs, Regulations or standards impacting on robotic pool skimmers but a number do have an impact on swimming pool ownership and maintenance particularly with regard to pool safety and fencing given the high risk of drowning. Australian Standards 1926. 3-2003. 4, Swimming Pool Safety Act 2004, NSW Public Health (Swimming Pools and Spa Pools) Regulation 2000, Health (Aquatic Facilities) Regulations 2007, NZ Fencing of Swimming Pools Act 1987, Standards NZS 8500: 2006

ACCC and Trade Practices ACT impose ethical and legal restrictions on advertising and product claims with focus on ethical behaviours.

### Socio cultural

The most significant influence on the sociocultural environment is the impact of the ageing of the baby boomer (born 1946-65) segment of the population and the growing influence of the Gen X (born 1965-81) . Entering the new millennium the baby boomers are facing retirement or a significantly reduced work life and the Gen X are becoming more affluent and being materialistic. One benefit for marketing the robotic pool skimmer is the growing interest in using robotic devices to replace manual cleaning work allowing the consumer to achieve better use of their more limited time (Wintergreen Research, 2010). Other factors aligning with the changes in sociocultural conditions are the increased focus from these consumers on safety concerns, product innovation and energy efficiency gains underpinned by the growth in influence of the worldwide green movement. Longer working hours mean more focus on time saving devices and products.

Micro-environment

The micro environment is concerned with the organisations internal marketing and all the forces and actors which can affect its ability to meet or serve its customer’s needs.

### Product

Solar-Breeze Solar Powered Robotic Pool Skimmer from Solar Pool Technologies Inc. The pool skimmer helps pool owners save time, energy and money. Most pool cleaning systems are designed to clean the pool from the bottom after organic material; debris and dust have become water logged and sink. The pool skimmer removes 90-95% of all debris, including leaves, pollen, and dust from the surface of the pool before it sinks to the bottom. It helps reduce carbon footprint which is very topical at the moment (Solar Pool Technologies Inc., 2010).

### Product category

The Solar Powered Robotic Pool Skimmer is classified as a cleaning aid for domestic swimming pools. There is no single industry association representing the Australian swimming pool and spa industry. There are independent Swimming Pool and Spa Associations in Queensland, NSW, Victoria and WA. The associations represent the interests of pool and spa constructors as well as equipment suppliers. They tend to work together on national and regulatory issues, although their technical resources are limited.

### Market size and growth

According to Australian Bureau of Statistics figures, the proportion of households with swimming pools in Australia is approximately 12% or 944, 600 households (Australian Bureau of Statistics, 2007). Australia builds more domestic swimming pools (per capita) than any other country in the world given the favourable climate and lifestyle this trend is expected to continue (BIS Shrapnel Pty Ltd, 2005). There were 48 in ground swimming pools built with domestic dwellings in one month in Victoria in 2004 (Cordell Construction Projects, 2011).

Replacement of pool cleaning equipment is more frequent than new installations – if 10% of Australia’s 650, 000 or so pools in 2004 needed repair or replacement cleaning equipment, the annual market would be 65, 000 replacement units compared with 20, 000 new installations (National Appliance and Equipment Energy Efficiency Committee (NAEEEC), 2004).

### Competition

In Australia there are currently three common types of automatic pool cleaners used in domestic pools; suction cleaners, pressure cleaners and robotic cleaners. The direct competition for the Solar Powered Robotic Pool Skimmer is the robotic cleaners. Indirect competition is the traditional pool cleaners which operate from the pool pump and hose recirculating system. These are substantially more expensive to operate and don’t have the attractiveness of eco-friendly operation.

### Distribution

The swimming pool and spa industry has a well-established traditional supply chain via authorised distributors and franchised pool shops offering both cleaning chemical supplies and pool cleaning accessories. There is opportunity to sell direct to the customer via online Internet based methods given the defined market segment. This would offer a more specialised and customised marketing and sales environment given that the traditional shop front offers many competing products and a very wide range of products.

### Appendix

Appendix 1 PESTLE Analysis

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| --- | --- |
| Category | Factors |
| Political | \* Confidence in current Federal government low – NSW state election massive change in voting pattern creating unrest and uncertainty  \* Government Confidence plunged 17 points to its lowest ever recorded figure 101 (44. 5% of people saying the country is heading in the right direction and 43. 5% saying the wrong direction).  \* Significant growth in popularity in both Australian and NZ of Green party and environmental concerns. Greens in Australian at the 2010 Federal election the Greens received a four percent swing to finish with 13 percent of the vote (more than 1. 6 million votes) in the Senate, a first for any Australian minor party. The Greens won a seat in each of the six states at the election, again a first for any Australian minor party, bringing the party to a total of nine Senators from July 2011, and will hold the sole balance of power in the Senate |
| Economic | \* Full time adult earnings rose by 3. 6% for males and 4. 7% for females in tweleve months to Nov 2010  \* Consumer concerns over economy after GFC and slowdown and rising interest rates  \* Treasury concerns over inflation and need to control via interest rate rises  \* Higher dollar value increasing attractiveness of imports  \* Change in fundamental buying patterns and increased e-business via Internet  \* With credit card debt being at an all-time high, debit card usage being higher than credit card usage, and household savings in Australia being higher than they have been in the past 20 years, the trend is towards more conservative spending habits  \* More than 60% of those aged over 14 are employed  \* The net wealth of over 55s is rising – more discretionary income  \* Over 55s represent more than 17% of the work force.  \* The proportion of households in Australia with swimming pools increased slightly to 11. 7% in 2007. In ground pools made up the majority of pools with 9. 8% of households  \* Of the 944, 600 households with pools 90% were filtered  \* “ The issue of the environment has moved beyond “ a motherhood” conversation into an economic one – When do we need to act? Where will the costs lie? Who will pay?”  \* Indeed the Carbon Tax is truly where the issue of the environment meets the issue of the economy.  \* Consumer confidence has also dropped since the elections to a low of 114. 0 (its lowest since July 2009) |
| Social | \* Demographic  \* Ageing population ABS median age has increased by 4. 8 % over past two decades  \* Trend for next decades is impact of ageing population on health, labour force participation, housing  \* In Australia the number of people aged 65 years and over is projected to exceed the number of children aged 0-14 years by 2025  \* New Zealand has very similar figures with 13% over 65 compared to Australia’s 13. 6%  \* Leisure activities becoming more focused on personal and family well-being and health. Lifestyle choices more relevant than previous decades  \* Family life cycle changes impacting buying trends  \* Sport and exercise now play a greater role in people’s lives in Australia and New Zealand  \* Safety concerns drive consumer expectations along with product innovation  \* Energy efficiency gains traction with green movement  \* Longer working hours mean more focus on time saving devices and products  \* High consumerism developed in 80s with baby boomers and baby busters (Gen X) not slacking off |
| Technological | \* 36% of Australians believe technology enhances their lives  \* More than half the Australian population use the Internet daily and over half of them have purchase goods and services from the Internet  \* Access to the Internet has significantly increased consumers ability to source information and services for buying and purchasing decisions |
| Legal | \* No specific ACT, Regulations or standards impacting on pool skimmers but have impact on swimming pool ownership and maintenance. Aust Standards 1926. 3-2003. 4, Swimming Pool Safety Act 2004, NSW Public Health (Swimming Pools and Spa Pools) Regulation 2000, Health (Aquatic Facilities) Regulations 2007, NZ Fencing of Swimming Pools Act 1987, Standards NZS 8500: 2006  \* ACCC and Trade Practices ACT impose ethical and legal restrictions on advertising and product claims with focus on ethical behaviours |
| Environmental | \* Impact of green power-greens as a growing political force 13% of vote in federal election 1. 6 million voters in Australia The Green party in NZ is now the 3rd largest  \* Increasing awareness of climate change and new carbon tax proposals.  \* Impact of ongoing swimming pool maintenance and use of electricity resources  \* Need to conserve water as a resource and impact on swimming pool use  \* Environmental cost of increased electricity use. NAEEEC 2004  \* Environmental concerns second most important for Australians  \* Noise pollution from pool pumps |