

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 <https://assignbuster.com/developing-a-general-market-overview-of-the-swimming-pool-and-spa-cleaning/>

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

Category	Factors
Political	<ul style="list-style-type: none">* Confidencein currentFederalgovernmentlow - NSWstateelectionmassivechange invotingpatterncreatingunrest anduncertainty*GovernmentConfidenceplunged 17points to itslowest everrecordedfigure 101(44. 5% ofpeople

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 twelve
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

*

Demographi

c

* 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

consumeris

m 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

*

Environment

al cost of

increased

electricity

use. NAEEEC

2004

*

Environment

al concerns

second most

important for

Australians

* Noise

pollution

from pool

pumps