

Marketing research for drawstring trash bags in brazil



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Ad- Lider Embalagens, SA was founded in 1970. The company headquartered in the town of Tres Rios, Rio de Janeiro is one of Brazil's largest manufacturers of plastic bags and packaging. A commercial office is located in the city of Rio de Janeiro. The company controls Ad- lider transportation, a trucking firm that distributes its products. The firm sells direct to large accounts and uses 43 specialized distributors to cover other accounts throughout Brazil.

This company had three divisions: commercial product, consumer products and industrial products. In 2001 Ad- lider Packaging Inc felt the need to launch a new product that was different, modern, and offered the market a more favorable cost/benefit relationship than products that was currently available on the market. It believed that its current AD- lider product mix would not bring satisfactory profits in the long term. The company came up with the product named " Climp Fecha Facil" (Easy close).

Product launch is an important decision for any company. Therefore, Lazlo Sved and his new partner, Emilo Figer (Executives) were trying to pull information about customer preferences, consumer habits and perceived competitive advantages that would impact pricing, product size, and distribution decisions. They tried to obtain all these information from a marketing research. In Nov 1999, Ad-lider commissioned Sinergia, a well reputed market research firm to conduct focus group discussion relating to launch of " Climp Easy Close Garbage bag".

The focus groups were conducted on Nov 24- 25, 1999 in the cities of Rio- de Janeiro and Sao Paulo. A total of three focus groups were conducted, two in

Sao Paula and one in Rio de Janeiro. Participants were selected from the A and B social classes. All participants were involved with household responsibilities including supermarket shopping for family, and all used plastic bags for garbage disposal. The main objective of this research was * To evaluate the acceptance of the new easy close garbage bag

* To learn about packaging preferences To determine how the easy close feature was perceived by garbage bag users From the FGD it was clear that price, practicality and quality were fundamental attributes for the housewives and understood quality as * That which works * That one is good and efficient * That is the product that does what it really promises The market research showed that Climp Fecha Facil matched the attributes of ideal product in terms of color, strength, packing and resilience.

Methodology The methodologies of the market research used by Ad-Lider were focus groups and intercept interviews.

There were three separate focus groups which were conducted. Two of these groups were carried out in Sao Paulo, while the other was in Rio de Janeiro. In Sao Paulo, one group consisted of housewives living in apartments, while the other was housewives living in houses. In Rio, the group consisted of housewives living in apartments. The profile of Sao Paulo women living in houses were married, had children, ages 28-40, and had a high school education. The Sao Paulo women living in apartments were either married or single, ages 28-39, and had professional careers.

The Rio participants consisted of women who were either single or divorced, ages 32-42, with or without children, and had a high school education.

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Purchase intercept Interviews were also conducted in 29 Sendas Supermarkets in Rio de Janeiro. A total of 528 interviews were conducted, of which 495 were considered valid. Problem Ad-Lider Embalagens, SA want to launch a new product bag named Climp Fecha Facil (Easy Close) - a drawstring trash. They want to understand impact of marketing mix, habits and consumer preference to launch the product and to find the right strategy to initiate the new product.

The SWOT analysis for Ad-lider Company is presented below: Strength Ad-lider Embalagens is already the market leader with its Limp-o-Lixo brand of garbage bags. It covers 48.12% of the market share. The company also has extensive distribution advantage as it has its own Ad-lider transportation, a trucking firm that distributes its products. Moreover, it has strong and efficient drawstring closing feature with handle which differentiate the product from its competitors.

The average time between the purchase of Ad-lider bags(Limp-o-Lixo) was 25.2 days which was lower than its major competitors. Thus the frequency of purchase of Ad-lider bags were comparatively higher. Weaknesses The Ad-lider company is not advertising its products and rather focusing on the interview with focused groups. This is one of the major weaknesses of the company. Advertising can be used to inform, persuade, build brands, encourage purchase and remind customers about product and so on. Since Ad-lider is not advertising about its product so the company is not being able to build the brand of the company or its product in the market.

Opportunities From the perspective of the market size for garbage bags in Brazil, the research found that there were 1.3 billion bags with a total value of US\$129 million being sold in 1997. Thus this shows demand for the garbage bag in Brazil is high. So there is a good opportunity for the company to introduce the new garbage bag as per the need and preference of the households to increase its market share. After a long period of inflation, Brazilian economic stabilization plan restored the purchasing power of the low-income of the population.

This allowed many Brazilians to purchase consumers good which was inaccessible to them before the recession. Threats The Ad-Lider Embalagens faces tough competition from other national brand of garbage bag roll like Fort Roll and Colmag. Among these two, Fort Roll being the manufacturer of Dover Roll is the strongest competitor. Moreover supermarket chains worked with only one leader brand so it might be problem for the company to sell its new product "Climp Fecha Facil" to the supermarket in existence of other leading brands.

Supermarket chains like Sendas, Bom Preco and having their own trash bag brands has increase the competition even more. Thus the market is saturated with considerable number of manufacturers from national level as well as regional and local supermarket level so this increases the threat of losing market share in coming years. In retail stores, trash bags were located in the household cleaning product section. These bags were located in the bottom shelf so consumers did not use to pay much attention to these bags.

The company should use its strength to tackle with the threats present in the environment and to grasp the opportunities. Competitive analysis The three major national brands were Ad-lider, Fort-Roll, and Colmag. In addition to national brands, there were regional brands and many supermarkets carried their own brands. Fort- Roll produces two types of bags namely Dover roll and Dover roll with handle. Similarly, Colmag produces Koleta brand plastic bags. Other brands were Sendas, Extra, Bom Preco and so on and these brands were produced by supermarket chains.