

# Black decker case marketing assignment

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Case Analysis Black & Decker Background Black & Decker Corporation Is one of the largest manufacturers of power tools and accessories, residential security hardware, outdoor tools and numerous other products. The two largest product groups of B&D are power tools & accessories and household products representing 29% and 15% respectively, in terms of sales. During the ass the portable power tool market accounted for 1. 5 Billion and Is segmented In 3 major groups, Professional-Industrial Tools, Professional-Tradesmen Tools and Consumer tools.

The Professional-Tradesmen segment is the smallest, at \$420 million, but growing at a faster rate of 9% compared to the 7% Consumer tools maintain and no growth for Professional Industrial division. Black & Decker's Professional-Tradesmen segment shows a substantial low market share. This situation is intolerable because without the success of this segment, B goal of being market leader could never be reached. Problem Identification For Long Term Strategy Black & Decker needs to address the negative perception the Professional-Tradesmen tools have.

Being known as a consumer brand, does not necessarily help the repressions-T segment. The perception that all B tools are for house shores and the misuses of the consumer tools in the Job site, are really taking a toll on the company. Low prices in contrast to major competitors reinforce customer perception of the correlation between low prices and low quality. The Professional tool users want to be observed with equipment considered to be sharp and of high quality. Therefore, this low quality perception needs to be addressed.

According to the data from the case. The distribution channels are another issue. The distribution of the Professional-Tradesmen tools have been inefficient and its distribution channels are very limited. Black & Decker has decided not to use major distribution channels Like the discount oriented membership clubs that its largest competitor, Making has. The Two-step, Home centers and Membership clubs account for 75% of Professional-T sales segment and B has less than 10% share in each distribution channel.

The company needs to enhance their distributor's relationship, as well as open up to more distribution channels. 1 OFF The Professional-Tradesmen segment is targeted to electricians, plumbers, carpenters and general contractors, overall people that use these power tools to earn living. These tradesmen buying decisions are based in buying sharp and high quality tools, as well as taking in consideration its differentiation from consumer tools. Due to the perception of B&D being low quality and as a matter of “ pride” these users prefer to pay Milwaukee and Making's premiums of 10% and 5% respectively.

These tradesmen would be a laughing stock, if they were seen with “ home” tools in the Job site, they would not receive respect from their peers.

Situational Analysis (SOOT) The situation Analysis of the present concern can be seen in Table 1 . The weaknesses re the biggest concern due to the fact that the brand is being associated with the consumer segment. The tradesmen consider B as low quality because of the same problem, lack of differentiation. However, the strengths are wide; B has a very good brand awareness overall.

Besides the wrongful perception their products are high quality and the perception of their good service is intact. Furthermore, Making's decreasing customer satisfaction is an opportunity that B&D needs to take advantage of. Competition (Positioning) Exhibit 1 shows a perceptual map of market share vs.. Brand awareness. It is very clear that besides the large brand awareness, Black & Decker has failed in obtaining higher market share. Furthermore, Exhibit 2 map illustrates the market share vs.. Product quality, shows the current position of B&D and its target positioning, as well as the customer perception of their tools.

Alternatives Evaluation 1 . Harvest Professional-Tradesmen Channels This is the fastest growing segment and harvesting will be a really bad decision, because this would only give advantages to the competitors to overtake that segment market with their great brand perception. Competitors would immediately take infinite from the ineffective Black & Decker distribution approaches. After a lot of thought this decision would cause substantial losses and this may also affect the Professional-Industrial Segment, as well as the Consumer tools segment.

The fact that the perception of consumer tools segment can be influenced by what the professional segments buy, may give the competitors an advantage. Black & Decker brand strategy is producing high quality tools and the failure to access such segment would trigger doubts and uncertainty. This would not be a viable option. 2. Get Behind Black & Decker Name With Sub-Branding name in the Professional-T segment have failed. This strategy is very risky, due to the fact that the outcome is unpredictable

and very costly. Furthermore, the negative perception the B&D professional-T segment has is very damaging.

The users are professionals that make their living off these products and the perception of being low quality and low durability affects its willingness to obtain such B&D tools. However, B&D sub-branding program has been done in the past. Also, it succeeded with a similar strategy to substitute saw blades. Consumers associate Black & Decker with great customer service and great warranty on its tools, which is very advantageous and valuable. This option may or not be viable. Since the risk is too high, as well as cost and time, it would not be favorable at this moment. 3.

**Drop The Black & Decker Name From The Professional-Tradesmen Segment**  
This option is the one that has the most advantages; this strategy is free from any negative perception or association. For re-branding purposes Dealt is perfect because it has a great awareness and buying interest. The new brand will facilitate product repositioning associated with price, color and quality. This main strategy consists in a new high quality product with a new name at a competitive price; this will help with the problems of differentiation and perception that B&D Professional-T segment has.

Such market perceptions are made from customer conversations, therefore, launching a new brand will have them talking. 4. Other Alternative (Enhance retailers and distributors relationship and generate differentiation by replacing the color of the tools from charcoal to Industrial Yellow) Changing the color will potentially generate a product differentiation; replacing the Harold color for industrial yellow, will distinct the consumers segment from

the professional-T segment. Furthermore, enhancing the distribution channel will make easier customer access.

Also, B&D needs to improve the relationship with their retailers and take advantage of the strained relationship Making has with theirs. This will allow B&D to increase its market share. Recommendations Based on Data A fusion of alternatives 3 and 4 would be perfect to Black & Decker long-term strategy. The re-branding should take place with Dealt along with the B&D warranty and customer service. The new products of Dealt brand will be Industrial Yellow because is extremely visible and is associated with security and safety.

The prices of Dealt should be competitive and on par with Making to avoid misconception of low prices low quality. Center distribution channels, which accounts for 65% of sales in the Professional-T segment. The new brand products should be primarily those that passed the high quality test, such as the Saws and Drills. If the distribution and promotion problems are handled proficiently and cost-effectively, the 3-year financial goal Black & Decker as could be reached. Table 1. Strengths 1. High product quality in most of B&D tools. 2.