

# Marketing analysis essay



**ASSIGN  
BUSTER**

Easily identified by its distinctive logo, Axe oil has created a strong brand positioning in its consumer's mind. The brand offers a range of products that includes Axe brand universal oil, Axe brand red flower oil and Axe brand inhaler and Gold metal medicated oil. Each product is designed and produced for a specific purpose. For instance, the core product, Axe brand universal oil is made using a unique blend of eucalyptus, menthol, camphor and other essential oils drawn from a variety of flora to cure giddiness, headache, travel sickness, stomach-ache, insect bites and other minor ailments.

In this report, a new proposed marketing plan for Axe oil is designed to reach out to younger potential consumers such as the Generation Y through the new product line, AAU De Tranquiller. The marketing plan will reveal the detailed analysis and objectives of the new product line with careful considerations of every aspect. 2. 0 Situational Analysis 2. 1 Market Summary Axe brand universal oil; a subsidiary brand of Lung Kaki Book Group that produces and markets several of their iconic medicated products and was one of the first Singapore medicated oil producer to obtain ISO-9002 certification (Lung Kaki Book

Medical Company, 2012). The products are distributed over 40 countries around the world and sold in various Chinese medicated hall and convenience stores that help in marketing the brand in both the international and local market. Demographic Users of Axe brand universal oil are mostly the baby boomers and generation Jones and later generation X adults. This is so as it is a popular external application treatment for people with illness such as headache, stomach-ache, giddiness, insect bites and other minor

ailments. Adults would use the product on children who suffer from related ailments.

Chirography's Axe brand universal oil targets on consumers who are survivors. This group is generally concerned with safety and security and they tend to be brand loyal and purchase discounted products. Makers, known to purchase basic products are another target group of Axe oil. 2. 2 Market Analysis Throughout out the years, Axe oil has been based on a marketing plan that believes in keeping a small profit margin but focusing on market growth. In the recent years, Axe oil does foresees a growing market in countries such as Vietnam, Manner, South Africa, Sir Lankan, Cambodia, Philippines and Turkey.

At the same time, it was identified that Singapore has the excellent opportunity to become the leading Research showed that across the board elite Asians like to shop and they don't mind paying more for something special, but this is especially true for the younger elites aged 25 to 34 (ABS-CAB News, 2010). Therefore, Axe oil would like to seize the opportunity by launching a new product line that caters to this group of potential consumers. Axe oil would consider the needs, purchasing decision and incorporate into the new product line. 2. Competition Analysis It is a necessary precursor to the task of competitor analysis, and the starting point or analyzing the dynamics of competitive strategy (Smith et al. , 1992). Axe oil in the recent years, introduced and added several new products to its product line in the market. These include the Axe Brand Inhaler, the Axe Brand Red Flower Oil and the Axe Brand Medicated Plaster. However (Singapore Enfiladed, 2012), not much marketing promotion was done, as <https://assignbuster.com/marketing-analysis-essay-essay-samples/>

Axe oil believes that the brand name has already created the positioning of these products being affordable with effective value of natural therapy.

Axe oil uses penetration-pricing strategy and Mr.. Leone Mum Sum, he managing director of the company, emphasized that Axe Brand products are suitable for people of all ages (Asinine, 2012), despite the stereotype that they are used only by the older generation. With its distribution in more than fifty countries, international consumers may purchase Axe oil products through online stores such as EBay and Amazon. Com. Its competitors are at the same time are also launching new products and using new marketing strategies to reach out to its target consumers.

The chief competitor is Tiger balm. When a brand like “ Tiger Balm” is mentioned, it is no longer your grandparents are thought to be associated with. The brand is now a renowned brand in Hollywood and celebrities such as pop singer Lady Gaga uses it and also tweeted a picture of the product in January last year, while she was on her United States tour. Through wider access to the Internet and intrusive media people worldwide are highly updated on the latest trends in Hollywood, or the latest launches and scandals in the music industry.

This has definitely increased the potential of Tiger Balm attracting more public to purchase their products. Tiger balm with a history of more than 100 years had evolved with time. It has balanced the best of age-old tradition with modern innovation (Tiger alma, 2012). Throughout the years, Tiger Balm has been actively promoting its products through various media platform for instance; advertising on television, print ads on newspaper,

magazines and using Internet online platform to reach out to their consumers.

It has also created a good relationship with its consumers by asking them to give feedback or share their experience through their official website. With the wide range of its brand products and using product-line pricing strategy, Tiger Balm indeed succeed in positioning itself as a “ one product for all,” in their consumer mind (Tiger Balm, 2012) Another primary competitor, Eagle brand medicated oil has positioned itself as a premium-grade medicated oil and successfully built its branding and achieved consumer brand loyalty in countries around the world, thus, enjoying market leader status in many countries (Borden Eagle, 2012).

Using branding image in their consumer mind and a good relationship with their customers by allowing them to give feedback through filling up the feedback form found in the customer service tab on their website. Eagle brand medicated oil uses competition pricing strategy to compete with its industry competitors. . 4 Product Offering Generally, Axe brand universal oil products are made from medicines that come from the Earth – essential oils drawn from flowers and grasses, trees and leaves (Lung Kaki Book Medical Company, 2012).

The products include Axe brand universal oil being the core product and products such as Axe brand inhaler, Axe brand red flower oil, Axe brand medicated plaster and Gold medal medicated oil. These products are manufactured in factories own by Axe oil located in Singapore, Malaysia and China. The core product, Axe brand universal oil is mild yet suitable for use

by both adults and children for relief of dizziness, headaches, travel sickness, stomach-ache, insect bites, rheumatic pain, muscular pain, blocked nose and cold.

Axe brand inhaler on the other hand is more catered for people who seek to relieve blocked nose and the red flower caters to ease muscular pain. Medicated plasters provide fast relief from discomforts such as backache and last but not least, the gold medal medicated oil on the other hand has similar treatment effect as the Axe brand universal oil. Axe oil products are made specifically for its treatment purpose and the unique blend of the tauter ingredients it uses, made it a popular choice for mostly the older generation to use as ailment relief. . 5 SOOT Analysts Axe Brand Universal Oil is a manufactured by Lung Kaki Book Medical Company. The brand has successfully penetrated the market in Singapore, Malaysia, Thailand, Indonesia and many other countries in Asia and Africa. The paper is dedicated in carrying out the SOOT analysis for the brand. It will focus on the strengths, weakness, opportunity and threats related to the product.

**Strengths** The strengths of the Axe brand oil are attributable mainly to the management system managed by Lung Yuan Ache.

It was revealed that the turnover for the company was estimated to be about \$50 Million a year (Asinine, 2009). Mr.. Lung has the entrepreneurial spirit as well as key strategic techniques that have enabled him promote the product throughout the whole of Singapore. He, in collaboration with other management team, has created positive relations with other countries such as Middle East, Panama, Australia, Greece, Kenya, Pakistan and the United State of America. Throughout the years, the company has established strong

branding by its recognition and winning the following awards. 004 Singapore, Hong Kong, China Superabundant Awards 004 Asia 1 , OHO Top Brands Awards 2006 Coitus items-SABA 2006 Regional Brand Award Uniqueness of the product is another strength that has enabled the product assumes the worldwide success. Axe Brand Medicated Oil is made from a combination of a few natural ingredients. One of the main ingredients found in the medicated oil is Methyl silicate. It is an aspirin-related compound that has analgesic properties and helps in pain relieving.

With that, axe oil helps in easing several conditions such as headaches and cold with its unique formula of ingredients. This has provided the product with added advantage over its rivals. Weakness One of the Axe oil weaknesses is the misconception that it has created among the younger generation that the brand's products are only used by older people. Thus, the younger working adults or students may not think of using the medicated oil of axe oil when suffering from headaches, stomach-ache or cold due to its smell and the perception they have on the brand.

The next weakness of the brand is not keeping up with the technology interactive platforms for e. G. ; Backbone, twitter and online store. Internet is a good social and interactive platform for people to get hold of information and engage with one another. This may decrease the popularity of the brand as the new and modern generation relies a lot on these social platform to find out on product's information and etc. Opportunities The company has been able to map out the world by working with associates from all round the world and that has enabled it to penetrate into new markets.

Internet has a huge potential as a shopping channel, since it allows interaction with consumers offering them a totally different shopping experience to traditional shopping (Rogue et al. 2003; Sahara and Sheet 2004). By creating an online store in its current Bessie, it facilitates an easy access for the new and existing customers that are willing to buy the products from anywhere in the world. The online store will help the brand to reach all of its customers more efficiently, especially when it is new products. The websites shows the product description.

It also shows how to purchase. This convenient for customers to access and buy the products easily. The introduction of new flavored fragrant medicated oil, for example, peppermint, chamomile and lavender will add medicinal value to the product and hence increasing its therapeutic scope and giving the user a whole new fragrant of the dedicated oil. These new ingredients will enable the company to come up with new medicated oil with more therapeutic advantages and better fragrances to cater to the younger demographic market.

Statistics shows that most youths in Singapore suffer from study and stress related headaches Therefore by targeting younger adults who are stressed at work or studies will help to boost the brand's market as the oil to use when in need of easing travel sickness, stomach-ache, rheumatic pain, muscular pain, blocked nose and cold. Consequently, the ability of the product will enable it to acquire into wider and ready market. The major threat to the company is the competition from rivals companies located in and out of Singapore.

Such companies prevent Lung Kaki Book Medical Company from penetrating easily into new markets outside Singapore. Locally in Singapore, there are 2 main competitors of Axe Brand Medicated Oil; one of them is Eagle Brand Medicated Oil. It has been an established brand since its formulation in 1935. Although it is not as well known, older folks who have been using the same product for many years have favored it. (Borden Company) The properties of Tiger Balm products are similar to that of axe oil. Besides, they have more variety and they have recently launched a new range for athletes called "ACTIVE". Haw Par Corp. Ltd, HEAP Singapore) Tiger Balm has done extensive advertising, such as sponsoring races for Standard Chartered Marathons, The Yellow Prison Run, and has provided a complimentary "massage service" after the race. The marketing efforts has gained public interest and appeals to the younger generation, whereas Axe Brand has not been active in advertising and sponsoring events and this may lead to weak brand recognition when it comes to the younger generation. (Tiger Balm) The following wreath is that many people may attempt to take oral medications compared to using medicated oil when suffering from headaches.

Research showed that many people believed that western medicine such as Paramedical are faster solutions to minor health problems. The total world market for Paramedical bulk drug is estimated to be about tones per annum, and it is growing at an average growth rate of 5-6% per annum (Department for Scientific and Industrial Research India: Paramedical) and Panola has many different type of products to cater to different needs such as Panola Menstrual for Menstrual Cramps and Panola for Cold Relief.

Adam, Czarina 2012) Besides Western medicine, more consumers are in favor of holistic treatments such as aromatherapy. According to the 2003 Health and Wellness Trends Report, aromatherapy is used by an average of 34.4% of the total population, with 46.9% under the age of 35, suggesting some serious growth opportunities for the aromatherapy industry as the population ages. (Mason, Sara 2003) Market Research shows that aromatherapy is getting popular in the recent years.

Consumers may use scents from Peppermint or Lavender essence to treat their headaches, as opposed to using axe brand oil. (Tribune, Brenda You 1994) . 6 Keys to Success Launching a new product line When a company launches a new product and market under the umbrella a well-known brand name, failure rates and marketing costs are reduced (Keller, 1993). Keller (1993) states that more than 80 per cent of firms resort to brand extensions as a way of marketing goods and services. Therefore, Axe oil would be launching a new product line that would attract the younger generation working adults.

This new product line would consist of a range of new flavored medicated oil that would differ greatly from the original Axe oil in its scent and packaging. Targeting a new market segment There is no doubt that generation Y market is becoming more impacting in terms of influencing family buying decisions. Voices from this generation are affecting the purchasing decision in close to everything. With that, Axe oil would like to venture into this market by offering them a new range of products that would satisfy their need.

This strategy would allow Axe oil to reach out to younger people that have high potential for increasing the company's sales and brand popularity.

Improving market strategies The company will conduct market survey frequently in all the targeted market in order to obtain customers' views, attitude and preferences (Nazi, Ghana & Aziza, 2012, p. 307). By doing so, it will allow Axe oil's managers to know the appropriate methods to advertise their products in order to reach their customers more effectively.

On top of it, the information will help the company to formulate the new product line through putting into consideration feedbacks from their customers. Promotion needs also to be carried in the local media in such as radio, television and magazines in order to reach customers who cannot be reached through other means (Reno, Caustic ; Abutting, 2011, p. 376). The advertisement methods will also include advertising on Internet social platforms such as Backbone, Twitter and sponsoring local TV variety shows and last but not least offering free gifts on promotion days at selected outlets.

2. Critical Issues The critical issues for Axe oil are to:

- \* Enhance the brand image as a young and trendy ailment treatment with the creation of the new product line.
- \* Increase customer satisfaction by considering their needs and implementing into the new product line
- \* Fostering good relationship with both the existing customers and the potential customers

3. 0 Market Strategy

3. 1 Mission Lung Kaki Book Medical Company currently does not have an official mission, but the company has always been emphasizing on natural therapy to heal soothe, and stimulate our forefathers for centuries (Lung Kaki Book Medical Company, 2012).

In order to formalize Lung Kaki Book's mission, we propose the following mission of slightly modifying the current company's emphasis to steer our direction to be as aligned as possible with our new proposed product. Lung Kaki Book's mission will be " Maintaining our dedication to create the finest products for our consumers' wellbeing and passing down from generation to generation". We are still dedicating ourselves to the long-standing beliefs of the organization to retain values passed down. Finest products" means using superior quality ingredients to enhance the value of our products in order to target higher end and younger users. 3. 2 Marketing objectives customers. However, besides maintaining a strong and wide customer base, it is essential to continue expanding our customer base. Below are some of Lung Kaki Book Medical Company's marketing objectives. 1 . Retaining current consumers, which are the Makers and Survivors as mentioned in the Chirography's by relationship marketing 2.

Gaining significant market share in the next 5 years by penetrating into new markets for young working adults through changing brand perception which has not been ventured into by the competitors. 3. Launching a bypass attack at the competitors by introducing a new product line that removes the negative connotations of the product. 4. To strategically collaborate with credible retailers through selective retail coverage to maximize effective distribution 5. Introduce a premium price range to capture the higher end consumers by matching their perceived value in align with the new product's exclusive value added properties. . Building brand awareness and changing brand perception through effective promotion strategies. 3. 3 Financial objectives Studies have shown that there is more demand for natural

therapy and aches related to stress. Using these factors as a basis for our target markets, the following financial objectives are what Lung Kaki Book Medical Company hopes to achieve through these target markets. 1.

Increase more than 20% of revenue through the rising demand of new and current products in 3 to 5 years' time 2.

Maintaining positive cash flow for future expansions and smooth operations .

4 Target Market In the SOOT analysis earlier on, it was identified that there is a misconception of the current Axe oil product to be more for the older groups of people. Therefore our first target market is the young working adults mainly the generation X ; Y. People ages 18 - 34 makes up the generation Y people, it was analyses that the generation Y people are big spenders and are usually into luxury brands. Generation Yes are known to have free-spending habits and are open to new brands.

On the other hand, the generations X are also big spenders though prudent in their spending habits, but hey are willing to pay more for superior quality goods (Han, 2012). According to the Department of Statistics Singapore, majority of the people making up the Singapore Population is between the ages of 25 - 45. Hence the reasons for expanding our target market to these groups of people. Another market we are targeting is the young working adults; Statistics has shown that more working adults 6 in 10 are suffering from work stress.

Stress leads to other health problems and aches in the long run, our product is catered to tackle these aches and provide relief. Our attractive bottle with its medicinal properties in assortment of different scents, which can act as a

lightly scented perfume will be marketed to these target markets. (Singapore Business Review, 2012) Lung Kaki Book Medical Company has always been emphasizing on natural therapy, we will continue to position ourselves as a preferred brand for natural healing and therapy by shifting our attention especially to the young adults to be the essential item to have for every successful young executive.

As our current brand and products are perceived to be more associated with the older generation, our product will position itself as a trendy item to a fashionable item or accessory with its holistic reattempt properties, which they can conveniently carry to wherever they go through its handy design. By doing so, it will greatly change public's perception of medicated oil and in hopes it brings a change from a negative demand to a full demand. In order to move itself to this desired position, Lung Kaki Book Medical Company will continue to deliver quality and finest products to consumers. . 6 Strategies In order to achieve our marketing objectives, the first marketing strategy is to create brand awareness amongst the young adults to gain more market share. Another treated will be to use the flank attack towards our competitors like Tiger Balm by targeting its blind spots. Though Tiger Balm has similar properties to the Axe brand medicated oil and aims to target the same market as Axe oil, however currently the company does not have an aromatherapy concept like what Lung Kaki Book Medical Company is proposing.

Tiger balm has been concentrating on developing their existing products but does not explore infuse scents. Finally, Lung Kaki Book Medical Company will use a bypass attack as a strategy to by diversifying the product into markets

neglected by competitors. Currently, there is no such medicinal product young adults' associate himself or herself with. 3. 7 Marketing Mix Product ELK has decided to stretch upwards and will be introducing a new product line of medicated oil called “ AAU De Tranquiller”.

The key feature of this range is that 3 separate types of essential oil replace the medicinal scent of the existing medicated oil. There will be 3 scents available, Lavender, Lemongrass and Vanilla. All of them will come with an aesthetically pleasing perfume-like bottle. Each plastic bottle contains ml, which weighs no more than 100 grams is just the right size to be nonviolently carried around. AAU De Tranquiller Range by ELK Each of the scented medicated oil will be infused with essential oil for added benefits.

It works with a roll-on applicator for easy application. To apply, consumers have to place a few drops on their pulse points. 1. Luscious Lavender – Contains calming properties as well as to relieve stress, depression, anxiety and insomnia. It is also known to improve memory. 2. Calming Lemongrass – It alleviates depression symptoms and relieves gas and acidity. 3. Sweet Vanilla – It is an anti-depressant and improves the immune system. While still containing the existing benefits of the by adding the beneficial health properties of essential oil.

Besides that, the product can be used as a stress-reliever as well as a light-scented perfume. Unlike its previous axe brand medicated oil, AAU De Tranquiller aromatherapy medicated oil is a health, beauty and life style product. Price To cater to our new target market, ELK will be using differential pricing and introduce a premium price for the AAU De Tranquiller

range. The existing price of the medicated oil is \$3.25 for ml. The new range will cost \$9.90 per bottle of ml. The value-added properties as well as the size of the bottle are able to justify the price of this new range.

Though it is slightly more expensive than our existing product, it is still cheaper than other essential oil products in the market, which can cost up to \$40. Our target market will be less price-sensitive as the new product is distinctive with its multiple functions. It also aligns with our customers' perceived value that our products have more value than our competitors in terms of attractive packaging, scent and health benefits. Customers can also choose to buy three bottles packed in an attractive make up bag, each containing three bottles of different scents).

Each packaging cost \$27, which is \$2.70 cheaper than the usual price. Unlike the existing product, the AAU De Tranquiller range will not be available in supermarkets as the new products are priced much higher and the place is not associated with our new-targeted consumers. They will be sold in pharmaceutical outlets and cosmetics stores instead. As mentioned in the marketing objectives, the AAU De Tranquiller product line will be using selective retail coverage strategy to provide adequate coverage and at the same time, encouraging them to endorse the brand with promotional opportunities.

By distributing the products at the two major beauty and cosmetics stores, Sass Cosmetic (S) Pet Ltd and Seaport, it can enable the consumers to perceive the AAU De Tranquiller range as a health and lifestyle product. There are twenty Sass outlets island-wide and Seaport stores are located in

six premium shopping malls in Singapore. Watson store will be the only pharmaceutical outlet that will be collaborating with Elks AAU De Tranquiller range. Through this collaboration, it will also create exclusive promotion opportunities through Watson extensive number of memberships.