Scope case study

Education

STRATEGIC MARKETING Mid-Semester Exam Spring, 2009 Name: Erika Woodhouse 1. Evaluate the changes that have occurred in the Canadian mouthwash market in the past three years and their impact of Scope. Be specific. (20) In 1987 the growth rate for the mouthwash market experienced a 26 percent increase due to the introduction of new flavors. Brands were adding unique customization to attract consumers to their brand, and as a result the market as a whole grew. Since then the growth rate has declined to a level of 5 percent. 2. Management believes that the status quo is the best strategy.

The team has been asked to make the case for and against this position, including in their discussion an evaluation of the positions of all or almost all members of the team. (20) a. _ Status quo_ b. _ Against status quo_ Scope should take action anddo something to compete with Plax and Listerine's new claims. Proctor & Gamble states in their statement of purpose and strategy, " We will continuously stay ahead of competition while aggressively defending our established profitable business against major competitive challenges despite short term profit consequences. Therefore doing nothing is simple not an option. The market had an increase of 5 percent last year, while Scope suffered from a . 7 percent loss. Plax as a new competitor to the marked was able to achieve a 10 percent market share in over only three years, and will continue to grow and could take from our share if nothing is done. If we created a ' better tasking pre-brush rinse' we can also compare this to Scope when entered the market.

Scope had all the same attributes of Listerine but offered a better taste, and was able to penetrate the market and be successful with a 12 percent market share in one year. 3. Management has wondered what impact the line extension strategy (using the Scope name) would have on overall profits of the Division if the price were held constant and if the price were increased 10 percent, assuming current volume. Accounting has provided the following information to assist in your analysis: Current variable cost: 20. 2/unit Variable cost likely increase with the line extension: 13% Total fixed cost: $2. 5 million + advertising, promotion, and general office costs. Scope should not introduce a line extension to compete. A line extension with the scope name would be likely to confuse its current customers. Also if the product fails it could reflect poorly on Scope. They also don’t have the ability to make a superior product; therefore they could hurt the brand image of providing quality and value.