

Marketing research and external factors essay sample



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Appendix B suggests findings that highlight the target audience for the trainers to be mainly within the socio-economic groups A, B, and C. This is a fairly broad range from senior managers and professionals to lower supervisory staff and technical staff. The benefit of targeting this audience is shown in the figures for a reasonable price as a larger percent of the three social groups are prepared to pay £30-£40. The data also implies a correlation between income and potential consumer of the trainers. Fewer people in the unskilled manual worker category with low wages will buy the product and the senior managers and professionals are more inclined to buy and pay a premium price despite with their high income and probable interest in innovation and technology.

The aim of a wide target market to attract more potential consumers is a viable option with the Gazelle trainer, due to the use of new technology and a healthy brand image. It appeals both to men and women as shown in appendix B, but the fact that both wish to buy the product in different numbers, thus indicating that gender has a bearing on price and desire to buy. A percentage of people from outside the targeted social groups would form a potential customer base.

People that want to buy the shoe = 32.5 %

The market research carried out by Panther LTD identifies the social groups that may buy the product highlighting that there is demand and a market for the product. However more market research is needed to ensure a products success and other external factors need to be taken in to account. Market research carried out in 2003 on the sports clothing and footwear industry will

be of use to the company to evaluate the markets strength and give insight into possible market strategy.

In 2002, UK consumers spent £4.05bn on sportswear - £2.9bn on clothing and £1.15bn on footwear - which represented 10.3% of the total clothing and footwear market. Sports shoes have a 25% share of the total market in footwear compared to sports clothing, which represents 8.3% of total clothing. While the trainer has become the classic leisure shoe for most age groups, clothing is more susceptible to the vagaries of fashion. From this research the future for Panther and the Gazelle product looks good as the research states that the market for footwear is the most stable and least susceptible to variances. This means that factors concerning consumer demands and fashion do not have a large effect on sports footwear as they do in most other clothing and footwear sectors.

Since the 1980s, it has been almost impossible to separate purchases that are for active sports participation from items that are purely for fashion wear. Estimates have been made that only 20% of sportswear bought in the UK is for actual sport or exercise. This means that the design of the shoe and the need for the technological advance of the pedometer do in fact play a vital role in ensuring that the market for the trainer is as wide as possible. However in a 1.15b industry 20% is still a large proportion of revenue and potential profit for the company.

The question here is whether the business should market the trainer to a wide audience to maximise potential appeal for the product or limit its market initially and target a specific audience to capture the 20% successfully with a

focused market strategy. This is a market worth 2.3m according to market research that has huge potential for expansion due to the crossover from sports shoes to fashion items.

In my opinion the business should start off small and focus on the area of sport and the key USP of the pedometer feature to launch and sell the shoe regionally. This would allow the demand for the product to be measured and evaluated. Depending on the results regionally the next stage would be to initiate a national launch and test the market. This process would work out the market share and highlight problems of competition and either validate the market researches indicators for success or allow problems to be identified.

Assuming that low inflation continues, forecasts that consumer spending on sportswear will grow by a modest 17.6% over the next 5 years, reaching £5bn by 2007 gives hope for the market and the products success.

However, fashions in participation and spectator sports do have an influence on demand, giving rises to successive fashion waves of sportswear designed for running, football, outdoor pursuits or board sports.

Nike, adidas and Reebok are the world's 'big three' sportswear companies, with the top positions in the US and in the UK market. Generally, sportswear is a globalised industry, with production centred in the Far East, even for the lesser brands. Leading sport-specialised brands in the UK include Speedo (swimwear), Umbro (football) and Asics (running). Some brands occupy a dual position in sport and in fashionable casuals, particularly Italian brands such as Ellesse and Fila.

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Sportswear benefits from the substantial retailing sector that developed in the 1990s now consolidated into several major multiple operators: JJB Sports, Blacks Leisure and JD Sports being the largest. In 2002, a fast-growing discount retailer, Sports Soccer Ltd, bought the most famous British sports retailer, Lillywhites.

The early 2000s have generally been a period of consolidation for the sportswear industry. Renewed rapid growth seems unlikely to occur, while young people prefer 'tribal' styles - hippy, board wear, denim or leather, etc. - and reject the sporting look because their parents wear it. Specialist manufacturers are also suffering because of the move from competitive sports, to exercising in the gym or jogging, which require less dedicated clothing. However this trend is the market at which our product will be entering, so this development in society should be ideal.

Overall there seems to be good prospects for the development of a new trainer based on physical activity and fitness, while the trends of fashion and dedicated sports ware are in a low/stable period. The benefit of establishing a trainer in the relatively new market of a sports shoe not solely designed for a specific sport, but designed for general sports activity and fitness are clear. The establishment of a product could also lead to expansion into the more specific sports genre or into the fashion sector. The growing trends of healthy eating and fitness in society with the evidence of increasing numbers of gyms also indicates promise for such a product.