

# Marketing analysis of thunderstix



**ASSIGN  
BUSTER**

Marketing executives that work for sports teams typically have a difficult time trying to choose a promotional item to hand out at their freebee nights. After careful review of the latest and greatest gimmicks presented to them, the choice often comes down to one of the old standbys. Recently there has been a new item on the market that has made these decisions for marketing executives a no-brainer and it has created quite a “ bang” at their sporting events. These new products are called Cheerstix(r) and are also known as Thunderstix(r).

The new wonder product is actually a twist on a familiar promotional item, balloons. The bangers are blown up like balloons into a cylinder-like shape about two feet in length, although they are made from flexible polyethylene. Polyethylene is the same type of plastic used for grocery bags, as opposed to latex which is used to make balloons (Pryweller, 2002). Polyethylene is less expensive to manufacture than latex and it gives the bangers a more rigid structure than latex. It is this more rigid structure that gives the Cheerstix(r) and Thunderstix(r) their characteristic bang when two of these balloon-like cylinders are clapped together.

Although Cheerstix(r) and Thunderstix(r) are relatively new to sporting events in the U. S., they have actually been around for 11 years now. The bangers were originally created in Korea back in 1992 under the name Logo Bangers(tm) and were used as giveaways to fans attending the LG Twins [Korean] baseball games (Blumenthal, 2002). While attending one of the games, expatriate entrepreneur Jim Lundberg noticed how popular they were and immediately went to work to find a way to manufacture them for less and market them to more customers (Huus, 2001).

Lundberg's search landed him in Beijing, China where he chose a state-run plastic bag factory to manufacture Cheerstix(r) (Huus, 2001). He felt the benefits this facility offered, cheap labor and low-priced raw materials, outweighed its drawbacks such as production processes that needed to be beefed up and the quality controls that needed work. To promote Cheerstix(r) he created a website that is also used as a direct distribution channel. The website describes the product, illustrates how to use the bangers as fundraising tools, defines what types of events they would be most appropriate for and it lists pricing and availability.

Lundberg knew that Cheerstix(r) would virtually sell themselves so he sent 5,000 samples to Nike. The very next day Nike called with an order for 25,000 pairs to be sent to the 1997 U. S. Men's National World Cup playoff game against Costa Rica, in Portland, Oregon (Rovell, 2003). This was the first introduction for the Cheerstix(r) to an American fan base but it definitely wasn't the last. Soon orders came pouring in from the teams in the Arena Football League, NBA, WNBA, NFL, MLB, as well as collegiate sports teams.

This growth spurt attracted the attention of Vonco Products Inc., a manufacturer that specializes in plastic bags for medical, retail and industrial applications that is headquartered in Lake Villa, Illinois (Vonco, 2003). In addition to these product offerings, Vonco also produces promotional items such as large foam hands, which signify a team's No. 1 position, specially shaped plastic axes (for the Cleveland Indians and Atlanta Braves baseball teams), horseshoes (for the Indianapolis Colts football team) and puppets (Pryweller, 2002). Vonco quickly jumped on the Cheerstix(r) bandwagon, or should I say bangwagon, introducing its own form of noisemaker known as <https://assignbuster.com/marketing-analysis-of-thunderstix/>

Thunderstix(r). Since Vonco is already in the plastics business and with the recent rash of demand for the bangers, it made sense for them to add Thunderstix(r) to their product offerings.

The two companies have differentiated their products by the means of inflation. Cheerstix(r) uses a straw and Thunderstix(r) has a patented one-way valve technology that allows them to be blown up by mouth like you would a balloon (Pryweller, 2002). Beyond this, Cheerstix(r) are packed in pairs making it much easier to distribute them to frenzied fans as compared to the bulk packaging that Thunderstix(r) are shipped in (Gameops, 2003). According to both companies, their product is far more resilient than the others although an independent study indicates that Thunderstix(r) are more susceptible to punctures than its Chinese counterpart (Chaffin, 2002).

Ever since the Korean company that initially created the product went out of business, Thunderstix(r) and Cheerstix(r) have essentially composed the entire market for the bangers (Pryweller, 2002). As a result, the two have been in stiff competition over the remaining market share since 1998 when Vonco launched the Thunderstix(r) product line. Preliminary results indicate that Cheerstix(r) is ahead for the time being, with a commanding lead of 80% of the market (Pollard-Terry, 2003).

An interesting thing has occurred though; most people refer to any banger they see as Thunderstix(r) even if the product they are actually referring to are Cheerstix(r). This has most likely occurred because of the 2002 American League Championship Series (ALCS) between the Los Angeles Angels and the Minnesota Twins. During the race for the American League pennant, Angel's

fans initially received Thunderstix(r) to cheer their team on to victory. Sports announcers were in awe at the crowd's enthusiasm, which seemed to be fueled by the bangers.

There was so much hype around the rah-rah sticks that Angels officials were left wondering who had received more attention – the Thunderstix(r) or the team's surprise playoff run. As a result, the announcers continuously referred to the bangers as Thunderstix(r) throughout the series which was shown to a national audience, even though half of the games played had the noisemakers provided by Cheerstix(r) (Hartman, 2002). While Thunderstix(r) is the name most often used in reference to the bangers, Cheerstix(r) knows it's more important for the sports team's marketing executives and sponsors to know who to go to for the popular promotional item.

There are many reasons for the Cheerstix(r) current market domination. First, Cheerstix(r) cost around 60 cents per pair including shipping, whereas Thunderstix(r) cost about 80 cents per pair not including shipping expenses (Pollard-Terry, 2003). The 20-cent difference between the two becomes critical when a sports team is looking to hand them out as freebies to an entire stadium of attendants. For example, the Angels franchise saved approximately \$30, 000 when they decided to use Cheerstix(r) over Thunderstix(r) as their giveaway in their final games of the 2002 season.

Second, the lead time is typically longer when an order is placed for Vonco's Thunderstix(r) as compared to Cheerstix(r). Lead time becomes important when a spur-of-the-moment event comes up and only a few days are available from when an order is placed to the time that they are needed. In

in addition to a cost savings, Cheerstix(r) landed the contract with the Angels to supply the bangers for the ALCS because they were able to guarantee delivery of 135, 000 rah-rah sticks within two days of the order being placed (Hartman, 2002).

Cheerstix(r) has the capability to deliver on such short notices because the bangers are sold directly to the customer and the rah-rah sticks are virtually the only product the company offers. Vonco on the other hand has to schedule production time around the numerous other products it manufactures and the coordination of the sale has to go through a distributor. Plus the Cheerstix(r) are often hand delivered by the owner of the company, Jim Lundberg, when an order must make it to its' destination on time (Sandomir, 2002).

Finally, and in my mind most significant, Cheerstix(r) was the first to enter the U. S. market with the bangers in 1997 (Rovell, 2003). By the time Vonco launched its' version a year later, Cheerstix(r) had already built a strong reputation with several sports teams and their associated sponsors. As a result, the strongest marketing tool Vonco has is that their promotional items are manufactured in the U. S.

Some are quick to classify Cheerstix(r) and Thunderstix(r) products as a fad that will soon be dismissed. If the bangers do turn out to be another pet rock, I would say that Lundberg has done an excellent job in maximizing the available profits from selling the noisemakers. In view of the fact that he set up shop to manufacture the bangers at a pre-existing plastics plant in Beijing, his committed capital investments were minimal. As a result, he was

able to get the most out of his initial returns. This is very important considering the short life cycle associated with a fad.

He also had very little money set up in marketing the product, basically just the cost of sending out samples to sports teams and sponsors and the expense of setting up a website. He knew that the sponsors would be an easy sell because there is ample space on the banger to put some type corporate logo on it and include a catchphrase on the other side similar to “ Yes we can,” as was done with the ones supplied to the Angels during the 2002 ALCS.

He also understood that sports teams’ marketing executives would buy into the product because of the energy and enthusiasm the bangers bring to a stadium. Additionally, the bangers are relatively harmless if thrown and they cost much less than other giveaways such as “ Bobbleheads” or “ Rally Towels” which are usually priced somewhere in the \$2 range (Gameops, 2003). Once a few games were shown on television where the fans were supplied with Cheerstix(r), the orders came pouring in because a stadium full of fans clapping the bangers together in unison gives the image of a fun, energetic atmosphere and they worked as 40, 000 billboards to advertise for the corporation that sponsored the event.

By the Fall of 2002, Cheerstix(r) encountered a brief setback in their upward sales trend. This was due to the Pacific-10 conference’s prohibition on the use of the noisemakers at their football and basketball sporting events. The ban was put in place because the rah-rah sticks “ ear-popping clatter” was determined to give the home team an unfair advantage (Hartman, 2002).

This is understandable given the fact that Cheerstix(r) have a higher decibel rating than that of a chainsaw (Hiestand, 2002) You would have expected Lundberg to be disappointed with the decision, but he was actually quite pleased asserting “ If that statement isn’t great for business, I dunno what is” (Lanser, 2002). It turns out this was true because Cheerstix(r) received a lot of free publicity out of the ordeal and it motivated others to buy his noisemakers to incite home crowds. This drive up sales to an all time high of 3.5 million pairs by the end of 2002, which was seven times the amount he sold in 1998 (Hiestand, 2002).

By the end of 2002, Lundberg began focusing his attention on a market he use to ignore, high school sports. In the past he use to turn away consumers connected with high school athletics because he saw this segment as being insignificant. Today he fully understands the insatiable appetite a boosters club can have for selling the Cheerstix(r) as a fundraising tool. In fact, 60% of the company’s revenue is now generated from sales to high school groups which has increased Cheerstix(r) sales estimates to approximately 5 million pairs for 2003 (Hiestand, 2002).

For Cheerstix(r) and Thunderstix(r) to grow beyond fad status, they will have to change some of their marketing strategies. For example, new market segments, similar to the high school sport groups, need to be discovered and exploited to their fullest. The noisemakers should also have a slight design change to lower their decibel level. This will prevent the loss of customers like those in the Pac-10 conference. Another alternative is to offer a second product line that incorporates the design changes; thereby retaining the existing fan base that enjoys the incredible din of the original bangers and

<https://assignbuster.com/marketing-analysis-of-thunderstix/>



catering to those that enjoy a more subdued atmosphere. One thing's for sure, the noisemakers are a hot item today and with some creative marketing they could very well be a “ bang-up” product for years to come.