

Strategies that the proponents plan to execute marketing essay



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This chapter will include a clear discussion on the marketing strategies that the proponents plan to execute for the first 5 years of business operation in Singapore. Specific marketing strategies that include SMART objectives will be used to acquire the desired market share. It will also include the specific target market and positioning statement of the proposed product.

Specific Target Market

The proponents have decided to target the age group of male and female 18 years old and above in the whole country of Singapore. Based on our GMID research, this age group accounts for more than 3.6 million of the total population in year 2010 and it is forecasted to increase to more than 4 million in year 2015. Singaporeans give much importance to their health. They become increasingly health-conscious, as expenditure in health sector remain strong the more this sector is viewed with high importance. Aside from ageing population of Singaporeans, it is also becoming a trend to the young generation (18 years old and above) to practice living healthily through taking health supplements and doing other health and wellness activities. The age group (18 yrs old and above) lives a busy lifestyle. They are active in different activities and are more prone in acquiring diseases.

Trends in taking health supplements are now shifting to bigger target consumers. Children are now also advised by their parents to take food supplements especially those who are entering the real world industry. This is due to the fact that parents worry that their children are not getting enough nutrients because of the hectic lifestyle today.

Competitive Review

Cerebos Pacific Ltd

Due to the company's dominance in vitamins and dietary supplements, Cerebos Pacific Ltd was ranked first with a value share of 5% in 2009 within overall consumer healthcare. This was mainly because the brand name became the first choice of the consumers. The market started to purchase their product because the company was able to establish good reputation among their consumers in providing quality products. In addition, its wide range of products catering to consumers from the young to the elderly contributed to its success in vitamins and dietary supplements.

Cerebos Pacific Ltd positions itself in the high-end of the product categories. The establishment of its brands ensures that consumers remain willing to purchase their products.

Strategies:

Product Line & Innovation

Cerebos Pacific Ltd continues allot time and money to introduce innovative products to meet consumers' demands. The company has research and development laboratory located in Singapore for product innovation purposes. In mid 2009, the company introduces Brand's InnerShine Prune Essence to provide consumers with a liquid supplement that has both beauty and digestive benefits.

Due to expansion of product line and product development, the company was able to gain more profit. They were able to cater bigger market and able

to meet the demands of the consumers. This strategy was very effective because it gave positive outcomes in terms of profits and market.

Extensive Advertising

Cerebos Pacific Asia Ltd relied heavily on extensive advertising. The company does not target only the elderly but the young generation as well. To appeal to the younger generation, the company made MTV video jockey. The company also revamped the packaging of its child-specific vitamins and dietary supplements and renamed it to Brand's AlphaMynd. The company believes this will enable them capture the taste of young generation because of its appealing packaging.

Ricola Asia Pacific Ltd

RAP is a well-known company because they produce products that are made from 100% natural herbs. The company uses the finest natural ingredients and is well known for soothing, refreshing and good tasting properties. Ricola is paying great attention to the selection of where and how the herbs for its products are to be grown. The company promotes natural cultivation in Swiss mountain areas, in good distance from major roads and agglomerations.

Source: [http://www.ricola.com/index.cfm?](http://www.ricola.com/index.cfm?420FE8BA7A614BCA820514D4818D1042)

420FE8BA7A614BCA820514D4818D1042

Strategies:

Good Taste

Ricola Asia Pacific Ltd is well-known for producing herbal products that are refreshing and good in taste. The company in fact won the “ Best Taste Award” in 2008 which proves that Ricola herbal products are unique and good in flavor. For after nearly 70 years, Ricola’s Original Herb Candies have remained unchanged, as good as they always were: hard and slightly rough on the outside, wonderfully mild and delicious inside. Ricola has been blending 13 precious medicinal herbs from Switzerland with the same delicious recipe. The mix is particularly effective for colds, coughs and hoarseness, always refreshing and has that fabulous, unique flavour.

Focus on health

Ricola Asia Pacific Ltd is known for producing herbal products that are made from 100% natural ingredients. For the past 70 years, the company has emphasized all natural and good health in its marketing campaigns. Ricola emphasized to their consumers that the company uses only herbs that comes from natural cultivation and healthy to human body.

Comes in convenient packs

Ricola offer their products in convenient packs. The company wanted to promote herbal products to be a daily use to the consumers. The company introduced the convenient click-shut box pack that fits any pocket and is ideal for travelling. With this strategy, the company emphasized in their marketing campaign “ Never be without your favourite Ricola candies again and enjoy the smooth, soothing flavour of natural mountain herbs in a variety of selected flavours wherever you are”.

Positioning Statement

Tagline : ZILI Plus: Spice your life, the healthy way!

Catchy taglines act as an edgy marketing tool in defining the business and product. The proponents have decided to use “ ZILI Plus: Spice your life, the healthy way” as the tagline for the proposed product. This gives the target market the idea that our product is all about health. ZILI Plus is a food supplement made from all natural cayenne pepper. Cayenne pepper is one of the most powerful herbs in the world because of its benefit to human body. It is made out of vegetable capsules which has the highest concentration of Capsaicin among other pepper herbs. Capsaicin found in cayenne pepper contains Vitamins A, B, C and K. It stimulates blood circulation and digestion and contributes significantly to a healthy heart and strong peripheral circulation.

Market Positioning: Health and dietary supplements with 3 powerful health benefits in one capsule

The market positioning statement states how the proponents want the public to perceive the proposed product. In this case, we want the public particularly Singaporeans to view our product as a health and dietary supplement which differs from other products due to the three benefits that it offers – healthy heart, stimulates digestion and healthy blood circulation.

Marketing Objectives and Strategies

FIRST YEAR OPERATION: 2012

Product Strategy

Objective

To be able to introduce and launch ZILI Plus in Singapore in the first term of year 2012

To create brand awareness among majority of our target market which are male and female ages 18 and above in Singapore by the end of year 2012

Product Description:

ZILI Plus is made from all natural cayenne peppers. Cayenne peppers contain capsaicin compound which is used to stimulate blood circulation and digestion. The proposed product serves as a food supplement which can be used to prevent diseases related to heart, digestive and circulatory system. It contains highly concentrated capsaicin found in no other herbal products; Used in cleansing the digestive tract and helps peripheral blood circulation.

Unique Selling Proposition:

Three health benefits in just one capsule - For healthy heart, stimulates digestion and healthy circulation

Strategy:

ZILI Plus is not just ordinary food supplement. It is 100% herbal product. It is made from all natural grounded cayenne pepper. This product is not just designed for adults but also for young ones who also seeks to live a healthier lifestyle. Proponents want to change the thinking of people that herbal food

supplements are only for by adults. Now, food supplements are taken not only by the adults but also by the teens.

Joining the trade fairs

The proponents will introduce ZILI Plus in Singapore through joining trade fairs in 2011, the year before the product will be launched. This will be able to help the company create brand awareness among majority of the potential customers in Singapore by the end of the year 2012. There are several trade fairs held in Singapore year after year and it includes health related fairs.

Distribute flyers to the general public

The proponents will instruct our potential distributors in Singapore to distribute the flyers to the public in the major streets and roads in Singapore. This will be able to increase brand awareness and let the public know that the proposed product is now available in the Singaporean market.

Pricing Strategy

Objective

To be able to sell ZILI PLUS at a price of SGD 15 in Singapore

Strategy:

The proponents decided to use comparative pricing strategy during the first year operation in Singapore. Comparative pricing is a strategy where in the seller takes into account competitor's pricing. For our case, the average price of 60 capsule health supplement bottle is sold at an average price of

\$15. Through this strategy, the competitors would be able to directly compete with the existing food supplements available in Singapore. Based from research, Singaporeans are quality based purchasers. They consider the quality and benefits that they will get from the product. They weigh the benefits offered by a certain product with another product before buying it.

Export Sale

Export Sale

(PHP)

(SGD)

Factory price

163. 2

4. 8

FOB Manila cost

54. 74

1. 61

subtotal

217. 94

6. 41

Exporter mark up 50%

108. 97

3. 21

subtotal

326. 91

9. 62

Importer mark up (30%)

183. 07

5. 38

Final selling price

509. 98 PHP

15. 00 SGD

Exchange Rate: As of March 6, 2011

1 SGD = 34 PHP

Factory Price of product

PHP

SGD

Direct Materials

40. 8

1. 2

Direct Labor

51

1. 5

Factory Overhead

71. 4

2. 1

Product Cost

163. 2

4. 8

Place/Distribution Strategy

Objective:

To be able to maximize the availability of ZILI Plus in major health stores in Singapore from 2012 onwards

Strategy:

Terms of Distribution

The proponents have decided to use indirect selling in distributing our product in the market. ZILI Plus will be exported to Singapore via Ship and FOB shipping point. The proposed product will be distributed to largest retailing stores in Singapore who will be selling it to market. This will able to create brand awareness to our target consumers thus expanding our market and increase sales.

Illustration 6. 1

Distribution Channels in Singapore

Source: Trade Sources and Market Observations

Small shops illustrated in the diagrams include family owned and operated organic food and health food businesses; some are single site operations, while others have multiple outlets. It also involves large chains of health food shops, pharmacies, personal care shops and specialist nutrition retailers. Pharmacies and health food shops located on the premises of Singapore's hospitals are also classified under the small shops.

GNC as distributor of ZILI Plus in Singapore

Global Active Limited (GNC / General Nutrition Center)

Global Active Limited is the leading retailer of Health and Nutritional Supplements in Singapore. The company strives to provide a complete range of nutritional products to its customers

The popular brands that Global Active Limited offer includes LAC, NURTURE, EAS, Muscletech, Optimum Nutrition, GU Energy Gel, Nutrition Now, BSN, Cytosport, Pacific Health, Solaray, Lily of the Desert, Rainbow Light, MHP and Natural Balance.

Global Active Limited has the widest selections under categories such as Vitamins & Minerals, Lifestyle Formulas, Weight Watchers, Food Supplements, Sports Nutrition, Herbal and Beauty Care.

The company is the sole franchisee for GNC in Singapore. GNC is the world's largest chain of health food and has 7, 000 GNC stores worldwide.

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Have a total of 55 outlets currently operating in Singapore.

Importer-Distributor-End User

The proponents would like to use the importer-distributor/retailer-end user method of distribution during the first year of operation. The importer and distributor will serve as the intermediary between the proponents and the end user in Singapore. The proponents chose Global Active Limited to be the importer and distributor of our product to the end users. It is already assumed that these intermediaries will surely place a margin over the original price of the product.

The proponents prefer to have Global Active Limited - GNC to be the retailer of our product during our first year operation because of its long existence in the market. The company already established a name in the market and have gained the trust of the public. It is important for choose a retailer with good reputation because they will be the representation of what the product is all about. The company is known for selling only quality products at an affordable price.

LIST OF GNC OUTLETS IN SINGAPORE

313@Somerset

City Link

Anchor Point Shopping Centre

Centrepont

Ang Mo Kio Hub

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Chinatown point

Arcade

City Square Mall

Bedok Central

Clementi Central

Bugis Junction

Compass Point

Bukit Merah Central

Fuan IT Mall

Bukit Panjang Plaza

Great World City

Bukit Timah Plaza

Harbour Front Centre

Chevron House

Forum

Hougang Mall

IMM

ION Orchard

Guthria House

Junction 8

Holland Viillage

Jurong Point

Guthrie House

Liang Court

Internationla Plaza

Lot 1

Millenia Walk

Nex Mall

Novena Square

NorthPoint

Paragon

Marina Square

Parkway Parade

Raffles City

Suntec City

Tampines Mall

Takashimaya

Tanglin Mall

Tao Payoh

Vivocity

West Mall

White Sand

West Coast Plaza

TRANSPORT TIME (MANILA PORT – SINGAPORE PORT)

Port of Loading : Manila, PH

Port of Discharge : Singapore, SG

Transport Time : 4 days and 2 hours

Distance : 1373 nautical miles

Vessel Speed : 14 knots

Source: <http://www.searates.com/reference/portdistance/?fcity1=11602&fcity2=12117&speed=14&ccode=9030>

Promotion Strategy

Objective:

To be able to acquire 0.5% of the total market share at the end of December 2012

Strategy:

The proponents decided to use push strategy in promoting the proposed product to the distributors/retailers in Singapore. Distributors/retailers will then be the ones who will market our product to the end consumers. In our first year operation, GNC will be the distributor of ZILI Plus.

Retailers/ Distributors, the medium to reach consumers/ end users are very important factor in distribution. Proponents must be able to convince them that the product will be a great opportunity for them to increase their profit. Once proponents are able to convince retailers/distributors that ZILI Plus will be beneficial for them, it will now be sold in their stores and it can reach the end users.

Good reputation of GNC

GNC has been existing in the market for quite some time. They are known for selling only quality health related products. They were able to gain the trust of the public through maintaining a good reputation and ensuring the public that all their merchandises are safe and of quality standard. The proponents are taking the opportunity and use this to gain the trust of the public. Since GNC will be our distributor, it basically sends the message to the public that ZILI Plus is safe and made from quality ingredients.

Online advertisements:

Proponents will be utilizing the power of the internet to reach to a wide target audience. A company website will be created to give knowledge to the public that such company exists. It will contain all the basic information about the company and the product lines the company is selling. The website will be submitted to major search engines like the Google and Yahoo. This will enable the company to reach the target market easier. Online advertisement is a means to create brand awareness. If people want to know more about the product all they have to do is just type it in their local search engines and click it.

Trade fairs

The proponents plan to join trade fairs which mainly focus on health to further promote the product. It will create brand awareness among retailers in Singapore and at the same time promote it to the locals.

Other promotions will include flyers and brochures for the proposed product. This will highlight the three main benefits of the product namely a healthy hearts, stimulates digestion and healthy blood circulation. These advertisements must be captivating to ensure that the market will be attracted to it. Green will be the colour for main colour to be used in the proposed product because it represents nature and it also says healthy. We want our product to be known for its all natural ingredients and benefits for the body.

Contingency Plan 2012:

In any case that the marketing plan set up for year 2012 may fail due to unfortunate events that may occur, the proponents prepared a backup plan that should be executed immediately. The only problem that may occur is that the public might not respond well to the product due to the fact that the brand is new in the market. It can be assumed that promotional strategies may not be enough for the market to see the benefits of the product. So to resolve this problem, additional promotional strategies may be asked from the potential distributor - GNC. Proponents will negotiate with GNC that further promotion may need to be executed like putting an ad in their local newspaper or coming up with more flyers.

SECOND AND THIRD YEAR OPERATION: 2013-2014

Product Strategy

Objective

To be able to acquire 1.4% of the total market share in Singapore by the end of December 2014

Strategy:

During the second and third year of operation, the proponents would like to increase the market share in Singapore as stated above. Apparently, before the proponents can be successful in increasing the market share, brand awareness should also be increased. Assuming that the first year operation was successful, the proponents plan to continue what has been done during the first year and make some improvements. We will ensure that the production will be efficient and yet meeting the quality standards. Quality is

the most important asset of the proposed product. The consumers will choose our product over the others due to its quality. To accommodate the increasing potential consumers, production will be doubled from 2100 bottles per day to 4200 bottles per day.

Pricing Strategy

Objective

To be able to maintain the retail price of ZILI Plus at S \$15

Strategy:

The proponents will still stick to the pricing strategy used during the first year operation which is comparative pricing. Since the product is still new in the market, it is not yet advisable to increase the price of ZILI Plus. We will still maintain the price of SGD 15 per bottle. Assuming that we are profitable during the first year operation, we are confident that profit will increase as brand awareness continues to arise.

Place/Distribution Strategy

Objective

To be able to maximize the availability of ZILI Plus in major health stores in Singapore from 2012 onwards

Strategy:

The proponents again will use the traditional importer-distributor/retailer-end user method of distribution. During this 2013-2014 operation, the proponents are planning to make the product available in more stores through having additional distributor which is the Unity NTUC Healthcare.

Unity NTUC Healthcare is also one of the top retailers of health supplements in Singapore. In this case, Unity will also be the importer. Numerous people visit their stores everyday to purchase health supplements. There are more than 25 Unity NTUC Healthcare stores in Singapore today, so basically they can help promote our product. More people will be exposed to the proposed product because of the availability of it in several stores. It can also result to increase in brand awareness.

Trade discounts will also be offered to our potential distributors to be able to convince them to sell ZILI Plus. Through this, distributors may tend to purchase/order more because trade discounts will be offered when the distributors are willing to purchase more. It will also be a way to convince these retailers to market the product for us in Singapore.

Unity NTUC Healthcare as Distributor

Unity NTUC Healthcare is the largest healthcare cooperative in Singapore.

Currently operates 48 Unity pharmacies across Singapore

Unity NTUC Healthcare delivers superior range of health and wellness products and services, served by warm and professional staff, pharmacists, physicians, therapists and dentists.

Unity NTUC Healthcare range of merchandise focuses on ' stay well' along with ' get well' aspect of health.

LIST OF UNITY NTUC HEALTHCARE IN SINGAPORE

Ang Mo Kio Hub

Plaza Singapura

Bedok

Punggool Plaza

Bishan

Raffles city

Bukit Batok

RivervalePlaza

Bukit Merah Central

Serangoon Central

Bukit Panjang Plaza

Singapore Post Centre

Bukit Timah Plaza

Suntec City

Clementi

Tanpines Mall

Dawson Place

Tamplines One

Eastpoint Mall

Thomson Plaza

Fortune Centre

Tiong Bahru Plaza

Great World City

Tao Payah Lorong 4

Harbour Front Centre

Tampines Street 83

Hiugang

Tanglin Mall

Hougang Point

Tao Payoh Lorong 4

Jurong East & West

West Coast Plaza

Jurong Point

White Sands Shopping Centre

Lot 1 Shoppers' Mall

Woodlands Civic Centre

Marine Parade

Yew Tee Point

New Upper Changi

Yishun

Sources : [https://www.ntuclink.com.](https://www.ntuclink.com.sg/linkpoints/merchants/merchant_subdetail.aspx?id=78)

[sg/linkpoints/merchants/merchant_subdetail.aspx?id=78](https://www.ntuclink.com.sg/linkpoints/merchants/merchant_subdetail.aspx?id=78)

Promotion Strategy

Objective

To be able to increase profit by 5% during the end of December 2014

Strategy:

The proponents will continue to use the push strategy in which proponents will market the product to the distributors/retailers. We believed that this strategy will be able to help us increase our sales and boost product awareness.

Since it is apparent that using push strategy is successful, the proponents are now taking the next step through adapting to another strategy which is the pull strategy. Pull strategy involves motivating customers to seek out your brand in an active process. Of course to make this strategy successful, participation from distributors will be needed. The proponents will ask the distributors to make our product more visible to the public through making

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their sale displays attractive especially for our product. On the other hand, we are confident that a distributor like GNC will sell our product is because the brand doesn't offer a product like ours. Their products are more on specialized like food supplements for a healthy heart but nothing can directly compete with our ZILI Plus.

Online advertisements will still be utilized to further increase the brand awareness and information can be accessible to everyone. The website will also include other promotion strategies which will be used to further promote the product. The company will continue to join trade fairs in Singapore to which will promote overall well-being and health.

During this year the proponents are planning to sponsor seminars which will highlight the importance of health or health related. Through this, brand awareness will be created hence giving the company an edge in the market. The company can also establish a good reputation in Singapore by exercising social responsibility and showing that the company cares for the overall well-being of the people and not just about profits.

Contingency Plan:

In case that marketing plan for year 2013-2014 is not a success, the proponents will have to make certain adjustments. Like instead of comparative pricing, the product will now be sold at a lower price using the market penetration strategy. This will probably help the proponents to increase profit. The market may not respond well to the product due to its still early and brand recognition is not yet widespread. Also, proponents may have additional promotion strategies like giving promos like buy one take

one or handing out sample products. Through this, consumers can try how effective ZILI Plus can be and the benefits they can get from it. Sometimes giving out freebies results to brand awareness or brand recognition.

Practically because people gets attracted to free stuffs.

FOURTH AND FIFTH YEAR OPERATION: 2015-2016

Product Strategy

Objective:

To be able to increase the market share up to 3% by the end of December 2016

Strategy:

During this time, the company have already established a name and the product is already known to the locals in Singapore. This will lead to increase in demand hence the company is now operating full-time. Machines will run for 24 hours a day with 3 shifts of employees.

Comes in convenient packs

Now that the company is on its 4th and 5th year operation, products will now be offered in blister packs to further answer the needs of the market. Seeing how well the market responded o the product, proponents want to offer the product in bottle or in blister packs. This will give the consumers convenience in carrying around with them the ZILI Plus capsules. Whether going to work or just having relaxing day outside of their homes, it is still necessary to look out for their health and take ZILI Plus.

Pricing Strategy

Objective:

To be able to increase profit by 5% by the end of December 2016

Strategy:

During the 4th and 5th year of operation, the proponents plan to price the product a little bit higher compared to the competitors. Using premium pricing will be able to highlight the unique features of the product. It will also reflect how well the market is responding to the product. Premium pricing will be able to emphasize that the product is differentiated from the others due to its 3 in 1 benefits. Proponents want to give emphasis to the fact that though the product is priced a little bit higher; every cent is worth it due to the added value they will be receiving. Health is wealth as they say and it's not a practical thing to bargain for it.

Based from the GMID Euromonitor, Singaporeans doesn't really mind if the price is high as long as benefits are met and exceeded. Quality of the product is important especially when it comes to health goods because it is their health we are talking about here. They want to make sure that manufacturer can be trusted that's why proponents chosen to use distributors with good public reputation.

Place/Distribution Strategy

Objective:

To be able to maximize the availability of ZILI Plus in major health stores in Singapore from 2012 onwards

Strategy:

During the fourth and fifth year of operation, proponents decided to have another distributor in Singapore which is the Nature's Farm. This company is known for retailing local and foreign brands food supplements. Like GNC, they also have their own brands for health supplements. Hundreds of people visit their stores because of the convenience they provide. They are known to offer a wide variety of health supplements in capsules or in tablets. The proponents are confident that Nature's Farm would be able increase our sales through being one of our distributors. Just like with the previous distributors, Nature's Farm will also be offered trade discounts to persuade them to have bulk orders.

Nature's Farm as Distributor

Nature's Farm is the first specialty health supplement retail chain in Singapore that offers comprehensive range of quality health supplements suitable for modern Asians at great convenience.

Nature's Farm has successfully positioned itself in the market as a leading modern, Asian health food store supplier of quality natural health food at reasonable prices.

The retail company is committed to deliver the highest quality nutritional and health food supplements at the best value to customers.

The company's range of health products includes vitamins and minerals, diabetic and organic food and health supplements.

Nature's Farm has 27 small shops operating in Singapore.

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LIST OF NATURE'S FARM OUTLETS IN SINGAPORE

CENTRAL REGION

EAST / NORTH EAST REGION

Bugis Junction

Compass Point

Ngee Ann City

Tampines Mall

Junction 8

Parkway Parade

Centrepont Shopping Centre

Nex Serangoon

Great World City

WEST REGION

United Square

IMM Building

Toa Payoh Central

West Mall

Marina Bay Sands

Jurong Point Shopping Centre

NORTH REGION

Bukit Timah Plaza

Thomson Plaza

SOUTH REGION

Ang Mo Kio Hub

Chinatown Point

Causeway Point

Marina Square

Northpoint Shopping Centre

The Arcade

International Plaza

Suntec City Mall

Promotion Strategy

Objective:

To be able to increase the market share up to 3% by the end of December 2016

Strategy:

Extensive Advertising

The proponents are now on its 4th and 5th year operation. Brand awareness among majority of the potential customers in Singapore is acquired and the brand is now known all over Singapore. Assumin