

# Callaway golf case study

Business



From the facts in the case, what were the trends and changes taking place in the market and environment that the Galloway Golf Company operates in? In undertaking this analysis, consider trends and changes in the areas of competition, market demand and product life cycle, consumer behavior, and distribution channels. 2) Given these changes, does the Galloway Golf Company need a new strategy? If your answer is YES, then make recommendations for its overall strategy and accompanying marketing mix tactics.

Sac's biggest challenge was to have its product differentiated not only from competitor's products, but from its own as well. Sales will start to decline if a product has been in the pipeline too long, therefore newer versions were constantly necessary. The new product needed to be an improvement from its predecessor and often came along with a higher market price.

This price increase needed to reflect the increase in quality of the driver, but in 1996, the introduction of the Biggest Big earth was overpriced at \$600 (verses \$500 for the great big Bertha).

Perhaps they relied too much on word-of-mouth. Even though it is said to be the most accepted form of advertising by golfers, competitors may have had a large scale advertising/ sponsoring campaign which could drown out the advertising of CGI. Ninth the decline in avid golfers and a rise in active golfers, demand for expensive clubs may have decreased, as active golfers don't always need the best of the best every year, many are happy to continue using their older clubs for numerous years as the thought of getting a whole new set.

Avid golfers spend on average double what active golfers spend on golf related purchases in a year.

Even though CGI targets the active golfers rather than the pros and avid golfers, their clubs may have been lilled as too expensive/market for those who are less serious; therefore, with competition increasing, active golfers would have sought a more inexpensive product n probably similar performance value, as competitors in the ‘ oversized head’ range. SOOT analysis there NAS been an increase in Strengths- Sac’s technologically advanced clubs

Insaneness- Relatively new company, Relying heavily on R&D Opportunities- Increasing number of active golfers, expenditure on golf increasing Threats- Relatively easy product to copy, ‘ if CGI can succeed we can succeed. ‘ Decreasing number of avid golfers Possible problems: selling too many clubs too quickly Word of Mouth may have declined as their clubs were not as revolutionary as their first big Bertha. -The market was saturated -By 1998, 18 types of ‘ oversized head’ clubs from 13 manufactures shared the market that CGI created in 1991.