

# [Squalid quartz: case study](https://assignbuster.com/squalid-quartz-case-study/)

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What is the Quartz value proposition to plumbers? What is Squalid Quartz ‘ alee proposition to consumers? The value proposition of Squalid Quartz to plumbers is that it is easy to install; it is more profitable because they are able to do more installations. Because the installation process is less complicated, it takes less time to install (only half a day compared to 2 days previously).

This gives plumbers the opportunity to install more units and capture some of the historical 6-month Matting list for plumbing Jobs.

Due to a less complex installation process, even apprentices are able to do installations, instead of only certified plumbers. The Squalid Quartz product also delivers excellent results, which gives the plumbers Increased credibility with consumers for installing a superior product with less malfunctions. The value proposition of Squalid Quartz to consumers is that it had efficient and reliable water pressure and temperature. It is safe to use for kids and elderly people. It has a one touch control with a red light indicator which allowed consumers to know when the water reaches the desired temperature.

Once the temperature is set, consumers only need to push the one touch control and wait for the light. It is much easier to install for the DID sector of consumers since it does not require excavation of the wall to reach plumbing. The Squalid Quartz also has excellent design and aesthetics. The control box could now be placed in any space close too water source and electrical outlet – even in out of sight locations. 2. Why is the Quartz shower not selling? Sales of the Quartz shower are significantly below expectations.

There are a few contributing factors. Slow Adoption Processes. Most plumbers are wary of new technology and do not trust it, especially in light of previous electronic control failures. In addition, plumbers establish a comfort level with a particular brand and see changing their preferred product as an unnecessary cost. The uncertainty of its performance, which may result in having to do repair work, plus the time to learn a new product, is seen as a hindrance.

They seem to adhere to the rule, “ If it anti broke, don’t fix it. Although there has not been much adoption with the product, plumbers also may pose a potential challenge with the structure of their fee schedule. If a labor cost of 40 to 80 pounds per hour was reduced by 75% because of the ease of installation, a plumber may have to schedule almost three times as many shower Jobs to make up the potential loss in labor revenue or use the time to deliver other services. Sales Targeting and Centralization. With the sales force spending of their time on existing accounts, there is inadequate focus on trade shops – Inch target plumbers.

It also creates the threat of centralization of the other product lines. Typically, new products should be introduced to existing customers to either capture new revenue or replace aging products. Another approach is to introduce the products to new customers. In this case, the product poses direct competition and the sales team seems unsure of how to proceed when adding the Quartz to their typical sales process. The solution is for companies to refocus the sales team to target new customers or segment a portion to the sales torte to specialize in a particular product line. Product Testing versus Market Research.

The research and development team at Squalid seem to do a good Job of obtaining feedback from the users and to determine what would make the best user experience. However, there does not appear to be any feedback gathered from its primary customer base on what problems they are facing, how this new product may solve them, and ultimately how it may benefit the plumbers. The approach assumes plumbers will catch on because it was simply a better shower. However, that is not the current situation. 3.

Squalid spent three years and 5. 8 million developing the Quartz. Was the product worth the investment?

Is Quartz a niche product or a mainstream product? The Quartz line product is worth the time and money that Squalid spent developing it. The company has been able to create an innovative, break-through product in an extremely mature industry. Given the current pricing model, Squalid can break even on its investment by selling slightly over 18, 700 units : assuming a 50/50 split between the two models offered). There were 550, 000 power shower class units sold in the United Kingdom in 2000, so selling Just fewer than 20, 000 of such a superior product should be an achievable goal.

The Quartz is a mainstream product that appeals to anyone who can afford it. While the Quartz may have failed to post strong initial sales numbers there is clearly a demand in the United Kingdom (and probably the rest of Europe) for a product that fixes all of the problems associated with the old plumbing infrastructure that exists in this part of the world. When there is strong demand and only one supplier that adequately addresses all the consumer needs the only missing ingredient is a proper marketing campaign, which is clearly lacking.

If Squalid can effectively convey the benefits of the Quartz units to both plumbers and consumers adequately there is no reason Quartz cannot fuel Quality’s growth for the next several years. 4.

Squalid currently has three brands: Squalid, Johannesburg, and Shower. What is the rationale behind this multiple brand strategy? Does it make sense? The act of managing multiple brands is a thin tight rope walk that can help elevate a brand yet almost Just as easily diminish it. Squalid has recognized distinct markets within the overall market of showers.

An excellent example of multiple brands can be drawn from the brief anecdote at the beginning of the paper with the mentioning of theMarriottthat Mr.

. Rawlins was a guest of. Marriott has a multitude of brands within their brand. Consumers come in any and every form, from those who seek quality iris and have the means to pay the price for the best to those who look at the price tag first and compromise on quality and everywhere in between. Marriott consists of the Courtyard, The Fairfield Inn, Marriott Resorts, and Residence Inn, Just to name a few.

The goal is to isolate the needs and demands of specific types of consumers and utilize each brand to specialize and cater to that type of consumer.

They have broken down their branding into an architecture defining the brands categories as; iconic luxury, luxury, lifestyle, signature, modern essentials, extended stay and destination entertainment. More than Just creating these branches they have focused on distinctly establishing a separate identity for each brand while still embodying the overall total brand’s mission.

This is a difficult Juggling act in multiple brand management, teetering to find the perfect balance between separation and unification. The extended stay category consists to those rooms including kitchens, and other amenities to cater more too long term guests for example. Any market is filled with a myriad of different consumers so to generalize them with one brand as a one size fits all’ service would be foolish. Marriott has spent a great sum of advertising and marketing dollars and effort to research the market and gain insight Into the demands of the consumer.

This has also been accomplished by varying pricing points, among other factors, in order to break down the target market into multiple targets. This allows the brand to better serve each demographics specific needs more efficiently and effectively. Squalid recognizes the same trend within the shower market. As stated in the case study, the United Kingdom’s buyers tend to fall into three pricing segments: premium, standard, and value. Squalid has developed three brands respectively: Squattest, Johannesburg, and Shower, to penetrate these markets.

Not only are consumers concerned with price but also ease of use, Installation and performance.

These various factors translate to different types of end users. They consist of the DID consumers, plumbers, developers and contractors, and the retail consumer. These varying users each need to be reached through distinctive means. Trademarks are the best place to reach plumbers and developers Nile options like hardware stores and showrooms are best for DID and retail consumers. In a market such as the shower market in the I-J, there needs to be several strategies and methods of market penetration.

In order to best cater to these different strategies, Squalid must customize and tailor fit a product line designed for each market segment.

This example is a quintessential instance where multiple branding is the best option. Just making one brand in this case would most definitely pigeon-hole their operation and typecast them as Just being a product for only one or two types of consumers. A singular brand would in turn ostracize the needs of other ‘ arioso types of demand within the market.

The sheer fact that there are commercial and residential applications support the fact that multiple product brands are required. Promoting a universal message and ideal for your brands that encompasses all product lines and bridges their differences is imperative; Squalid has chosen a wise strategy in pursuing multiple brands.

5. What should Rawlins do to generate sales momentum for the Quartz product? Should he change his marketing strategy to target consumers directly, target the DID market, or target developers? Should he lower the price of the Quartz?

Or should he do something different altogether? Although the Quartz is truly ground breaking and innovative in terms of function and design, many consumers and industry professionals alike are not fully aware of its features and benefits. Squalid should commit to an aggressive marketing and advertising campaign targeted towards the consumer and DID markets respectively. Targeting consumers directly will increase brand recognition, provide product differentiation, and in turn allow customers to make informed decisions.

Armed with information from customized advertising and marketing strategies, customers are in a unique position to reduce the leverage plumbers have rotationally had in selecting installation brands.

The price point for the Quartz should not be lowered because it is a new revolutionary product with essentially no market competition. However, Squalid should develop methods to effectively mitigate the immediate and continuing impact of centralization as they strive to Increase Quartz’s sales. Squalid could also benefit trot developing a marketing scheme to target plumbers and or industry professionals.

Plumbers are influencing 73% of all shower purchase decisions, so getting there buy-in is crucial. Additionally, he overall lifetime value of a single plumber could be well into the tens of thousands of euros (where as the lifetime value of a consumer is a few hundred). The organization acknowledges the challenges it faces with products boasting technological advancements due to industry skepticism.

This reluctance has undoubtedly been responsible for the lack luster demand as evidenced by product availability within trade shops.

As part of this strategy the company could offer a series of workshops, trade, or industry shows designed solely for plumbers to showcase the Quartz features, reliability, and installation ease. In regards to distribution, Squalid needs to do a better Job of getting their products into the market. Squalid currently has only a 40% presence in trade shops and 25% in show rooms. In order to truly make a difference in sales, the product needs to be available n more outlets for purchasing.

Distribution must be expanded.

With the aforementioned strategies, an increased presence is needed in trade shops, show rooms, DID chains and general consumer stores to increase brand awareness and recognition. A lower pricing structure would not be a good strategy for the long term because it will reduce profit margin. There is some room to lower the price of the Quartz to match the profit margins on the other Squalid products. Currently the Quartz line is close to a 32% profit margin, in comparison to the other Squalid products which range from 22% to 32%.