

# Iga marketing plan assignment

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Execute Summary The purpose for this document is to describe, and provide a framework for an optimized marketing plan for IGA Australia entering into Chinese market in the period May 2010 to May 2013. The report offers a structure for developing, implementing and controlling IGA China marketing program for the international IGA brand, in order to achieve focal objectives as followed in this plan.

The Competitive Analysis points out the fact that the Retail Industry is dominated by 3 major competitors including Wal-Mart, Trust Mart and Carrefour in China. The SWOT Analysis included, helps develop the following Marketing Objectives: ??? First year in May 2010-May 2011, aim at \$100, 000 sales income ??? Achieve 2012 sales target (3-7% increase from 2011 sales results) ??? Increase market share by 5% ??? Increase brand preference by 3% 6000 customers to visit Community IGA per month in each location ??? Reach 60 customers traffic in IGA X-press per day; achieve 5% increase in sales every season ??? Establish a loyalty program and acquire 3, 000 new members per month in each city The plan also states that the target market for aged 25-40 elite workforce who professionally employed and pursuit high quality lifestyle, living in economic booming cities in China. The plan also lists the marketing objectives which help achieve effective outcomes.

These result in developing communication activities which include Advertising, Sales promotion, Digital marketing, Events and Public relations. Finally, it is mentioned that through Internal reporting, Survey, Website Visitor Trackers, Market Research, and Retail Measurement Reports, the Monitoring and Evaluation can be conducted. 1. Introduction IGA organization is owned by Metcash in Australia, a South African-based retailer <https://assignbuster.com/iga-marketing-plan-assignment/>

and wholesaler. The company supplies groceries, promotional materials and other things to a large number of locally owned Australian supermarkets, and a few smaller chains.

IGA has three distribution channels: IGA Supa, IGA, and IGA X-press, which remained strong in the face of growing chain competition. IGA has mature and strong distributions to invest into a new country. 2. Segmentation IGA operates as a retailer successfully in USA, Canada, and Australia. Chinese market is considered as a new opportunity to expand its realm in Asia countries. Unique culture and different customer behaviors in China will be emphasized in differentiating target market. Different from home countries' strategies, some new attempts will apply in Chinese market. . 1 Competitive analysis Supermarket Industry in China is dominated a few players with concentrated market share. Source: Euromonitor Report- Supermarkets ??? China ??? June - 2009 As the chart illustrated, there are many strong foreign retailers have tapped into Chinese market, such as Wal-Mart, Trust Mart, Carrefour, Metro, and Tesco. In particular, Wal-Mart occupied 47. 6% of the market in 2009, dominating the retail industry by strong suppliers and its global brand awareness. 11. 5% of the total market was made up by Trust Mart in 2009. Carrefour represented 9. 9% in 2009.

Both Metro and Tesco accounted for 7. 1% of the Chinese market. 16. 7% of the market share was constituted by other grocery stores. Discount retailers (e. g. Trust Mart) offer consumers a narrow merchandise selection in a bid to contain costs and present competitive pricing. Larger operators (Wal-Mart and Carrefour) are the dominance in the industry as they stock an extensive range of merchandise. These supermarkets have successfully competed on <https://assignbuster.com/iga-marketing-plan-assignment/>

prices, but the disadvantage is the location for these giant shopping malls normally out of the town. (IBIS, 2010)

## 2. 2 Buyers Behavior

Factors effecting purchase behavior include the global trend toward health food and the economic downturn. Consumers are increasingly choosing healthier or low sugar products. (Euromonitor, 2008) Additionally, the emergence of the ethical consumer signifies a shift toward a knowledgeable shopper who considers product origin and sustainable methods of production with equitable trading conditions in their purchase decisions ??? a target for manufacturers of organic and fair-trade retail products. (IBISWorld, 2009) In China, consumers can be divided into four classes.

As the chart shown below, there are 5% of people who are affluent (above 20, 000 RMB per month). In addition, 15% of the people who earn 6000-10, 000RMB are considered as IGA's potential consumers-' the New Wealth Class'. Consumers at this level are mostly well-educated. They require higher quality of the life and easily accept the new things without considering the prices. (China Daily, 2009) They are the symbol of new wealth generation who aged 25-40 with high income and strong purchasing power. They appreciate the life of LOHO (lifestyles of health and sustainability) and SOHO.

Source: Euromonitor Report- Income report in China, June 2009

## 2. 3 Position

IGA positions itself in Chinese market as a medium size supermarket operating in the upscale community, providing high quality products, adopting the new technology, and fostering customers in choosing a new lifestyle.

## 2. 4 Geo-demographic Segmentation

Geo-demographic segmentation is a concept that combines the geographic data and

demographic data in order to describe the consumers and neighborhoods specifically (Kotler & Keller & Burton, 2009).

In China, Xiamen, Nanjing, Wuhan, Dongguan, Hangzhou, Ningbo, will be the first five cities IGA intend to enter. These five cities are picked up because of its physical size and the representative of economic booming areas.

Although the metropolitan cities like Beijing and Shanghai have more potential purchasing power, competitions are overwhelming intensive. It is difficult for IGA to enter as a fresher in China. IGA is not a huge enterprise that has enough capital to operate in metropolitan cities. Thus, the middle size cities are the best choices for IGA's first move.

Furthermore, IGA has the experience operated in other countries also in middle size cities. Take Australia as an example, IGA chose the secondary city like Brisbane as the target market, and operates business in the suburb community. The core competitive advantage of IGA is convenience.

Housewives can buy high quality goods nearby their houses. Additionally, people live in suburb are highly affluent, well insured. They have good economic foundation. IGA will run its business confidently in China due to its empirical experience.

Simultaneously, IGA chooses the young- middle aged workforce with high income (6000-10000 RMB per month) living in the upscale community as its main target market. 2. 5 Target markets IGA's target market consists of elite workforce aged 25-40 who live in the increasing economic middle size cities in China. The target market can be further defined using the values and lifestyle (VALS???) typology ??? they are ' Achievers' who have goal-oriented

lifestyles and are committed to their careers and their families. Work offers them material rewards and prestige. (Schiffman et al, 2008).

IGA defines its target audience as the workforce who receives middle-high income (6000-10000 RMB per month). 3. Market Objectives The marketing objectives detailed below specify goals for next three years from May, 2010 to May 2013. ? Specific: Invest approximately \$3. 5 million in target cities for starting three community-friendly grocery stores- IGA and 10 IGA X-press convenient stores. Create IGA brand awareness to 40% in target market and increase preference by 3% each month gradually. Business in the first year (May2010-May 2011), market aim income for sales achieves \$100, 000.

Sales income will increase 3%-7% sales result each year. Community-Friendly grocery stores- IGA; IGA X-press convenient stores ? Measurable: occupy 5% market share by comparing to major competitors in China, and achieve sales target to \$100, 000 by the end of May 2011. ? Attainable: Become the first choice of retailers for customers who live in residential areas by establishing community-friendly IGA distributions and creating a convenient network of IGA X-press convenient shops in central areas.

Relevant: create a high efficiency service group by training staff with IGA Global management, and build up strong loyalty program with technology innovation on sales and online shopping system for employees and customers ? Time-bound: Achieve sales target in three years period from May 2010 to May 2013. 4. Marketing Mix 4. 1 Product Refer to the product differentiation, as a new entrant; style factor is our focal point to attract new customers as well. Comparing with dominant players, Wal-Mart and Carrefour have strong brand reputation on prices.

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Therefore, in the short term, IGA will make difference by cooperating with local fresh farm and high quality suppliers and create its own IGA label. Product will be divided into different ranges, covering fresh goods to ready-to-eat food and household products. Regarded as sustainable, shopper relevant and differentiated from similar goods on the market, the introduction of private labels has offered retailers access to greater margins. In addition to increased profitability, private labels have enabled retailers to gain a better understanding of the manufacturing cost involved and better manage their margins. (IBIS, 2010) Growing consumer demand for organic goods has also been an influential factor in the product range on offer by supermarkets. In addition, new technology shopping trolley will be introduced instead of in-store consultants, which has controlled digital pad telling products' exact location and relevant products information. The application of intellectualized instruments will be key attractiveness to target consumers. For long term observation, how to maintain new technology shopping trolley to be a "weapon" to stand in this market is very important.

We need to improve service and technology maintenance, such as employees training and software update. Time period Product (service )  
Strategy of IGA Short term May 2010- May 2011??? Cooperation with local fresh farm as suppliers, apply IGA label ??? Introduce new technology digital Pad trolley Medium term October 2010-May 2012??? Build up trust network with more suppliers in regional areas (east, south, north, southeast food suppliers) Long term May 2010- May 2013??? Improve service and technology innovation (Website maintenance, Online shopping) Long term relationship with customers by digital VIP card

selling or franchising, members in a voluntary chain still holds the property rights of their assets and have their own independent financial system.

(IGA, 2010) As a voluntary chain retailer, IGA has benefited from their cooperation on procurement, distribution and operation, which brings advantages on purchasing, information sharing and brand building. As a new entrant, IGA may not have enough experience to compete with quantity and price, but with confidence on high quality goods and services.

Meanwhile, determining demand from customer is important, the higher the price, the lower the demand (Kotler, 2009). Production-Quality leadership is suitable for IGA price positioning. In order to meet customer's demand and mindset, surveys is necessary to analyze modest prices among competitors. In connection with target market of IGA, people who live in high class community keen on healthy and quality lifestyle rather than price chasing. IGA will endeavor to build up brand reputation in community. Seasonal discount for relevant high quality products only provides to customers who own digital VIP card.

Hence, brand-conscious consumers have continued to shop at stores where they are able to purchase merchandise they have become accustomed to.

(IBIS, 2010) Time period Price strategy of IGA Short run??? Prestige pricing: considered location and unique customer service can justify higher prices.

Retailers that stock high-quality merchandise that isn't available at any other location may be quite successful in pricing their products above competitors.

Medium run??? Competitive price: Consumers have many choices and are generally willing to shop around to receive the best price.

IGA considering a competitive pricing strategy will need to provide outstanding customer service to stand above the competition. Long run???

Markup and Markdown prices seasonally

#### 4. 3 Distribution

The entry mode of IGA would be introduced as voluntary chain. These organizations will achieve economies of scale, greater purchasing power, wider brand recognition and better-trained employees than independent stores. (Kolter, 2009) The appropriate level of market coverage is situation-specific, depending on product, characteristics, and on customers' buying behavior.

Base on our segmentation analysis, customers are targeted as aged 25-40 elite workforce and young family who live in Nan jing; Xia men; Dong guan; Wuhan; Ning bo; Hang zhou.

#### Time period

#### Distribution Strategy of IGA

Introduction period May 2010-May 2011 ??? Specialty shelf sections on healthy and organic food, ??? High service with technological innovation in community-friendly shops

Growth period May 2011- May 2012???? IGA X-press shops in central city; ??? IGA community-friendly markets: expanded to more high class communities and cities

Maturity period May 2012-2013????

Mass Merchants Co-operate with local restaurants, supply organic products

#### 4. 4 Promotion

Retailers need high levels of traffic to keep merchandise moving. In China, IGA will develop consistent promotional campaigns to build up relationship with customers. Substantially improve the healthy and advanced image of IGA in customers' lifestyle circle. ? Cooperation with Real Estate

According to distributions, IGA can cooperate with real estate companies to achieve mutual benefit. The convenience of shopping and high quality surrounding environment is attractive to people willing to invest or live in this area. ? Digital VIP Card

Provide personal digital VIP card to cultivate brand loyalty and create prestige of customers. Digital card can also apply to trolley pad saving credits by next season discount. Retailer's credit customers more store loyal and purchase on larger quantities making them an excellent target for promotions ? Website of IGA Company website of IGA will increase brand awareness, also customers can experience through online shop.

Functionality allowing customers to download receipt and vouchers online, to check products information and discounts and synchronize the customers' shopping credit ? Word-of-mouth Marketing

Build up IGA's brand awareness. Brand-conscious consumers have continued to shop at stores where they are able to purchase merchandise they have become accustomed to. (IBIS, 2010) As the better services and goods we provided, the more people heard from others and want to experience in IGA. It saves money on promotional budget so that cost of products can be lowered. ? Advertising in media As a new grocery store in middle cities, IGA will choose print media rather than broadcasting media in the first year. In order to access mass target customers, weekly paper in community and local magazines will be chosen to promote healthy image of IGA.

Also, outdoor advertisement posters will be placed in community area and stations near around to attract households. In the future time, TV ad will be used to expand more customers in the whole city. Reference Euromonitor International. (2009, February 26). Consumer lifestyles ??? Australia.

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