

Introduction achieving
sustainable growth
and increasing
market share



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Introduction

Achieving sustainable growth and increasing market share is fundamental in our organisation, in order to maintain and sustain a competitive advantage. Our job is to identify competitors and fight back with innovations which will position us at the top of the game. The fashion market is like a battlefield which needs to be monitored all the time, as trends vary rapidly. By following the New Product development and Product life cycle stages we shall forecast the future of a newly born product.

Executive Summary

This report shall be focusing on the clothing industry; particularly the brand Zara. It is important to stand out in the market by being agile, flexible and always keeping up to date with the seasonal nature of fashion trends which changes rapidly. Lingerie is getting popular by being exhibited more in fashion shows and also movies. (Victoria Secret Shanghai 2017, Fifty Shades of Grey, Fifty shades Darker). People get influenced quickly and it is important that while brainstorming for new products (NPD, Idea Generation), we consider products which in our perspective will be according to the customer's hypes and trends. The lingerie is being proposed because Zara produces a vast range of products. From clothing to perfumes. By adding this product it will transform Zara into a one stop shop.

Content

The New product development is formed by eight components which are carried out to ensure marketability will happen in less time, and to be more accurate. The components are:

Idea Generation

Idea Screening

Concept testing

Marketing strategy

Business Analysis

Product Development

Test Marketing

Commercialization

We start by generating different ideas. Here we put forward suggested products and innovations which we believe will be a strategic weapon to gain potential market share. The team takes a gander at the SWOT (Strengths, weaknesses, opportunities and threats) analysis. When generating ideas internal idea sources are achieved through research and brainstorming whilst external idea sources are gained through a method employed by Zara, which is to gather customer trends and customer demands. Employees working in customer service are best trained to observe and monitor customers and their purchasing habits. At the end of the day, store managers report customers' perception to headquarters, which is key in

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building the ideal product. The task of the marketing team would be to imagine themselves as clients, and from that perspective see what, as clients, would make them remain loyal and even seek out to purchase from Zara. In this step, a road map for the product is created. While screening different ideas, which were of an abundant number concluded with the product which matches mainly all the criteria which include the product, targeted competitor, (in our case will be Yamamay), the production costs and the market potential. Whilst imagining ourselves as clients, we were mindful of the fact that as a clothing line Zara caters for basically everything. That led us to ask the question " What if we added lingerie?" That way you can find everything under the same roof! Lingerie is also becoming a trend and it can be another investment to our brand. Different styles were suggested as customers seek style and variety. With this proposal we aim to target women, whom can't afford brands like Victoria Secret and Ann Summers, by catering with prices not exceeding €50 so as to create competitive advantage using less price but high quality strategy.

We as a company see ourselves offering this type of product for various reasons. Several lingerie collections are too expensive to purchase and some may not afford it. We are developing a product which in our perception will be targeting a segment in the niche market. Those who have a flair for fashion. This concept will be tested by featuring the lingerie designs in a small runway in our Zara shop in Sliema, where customers will be able to experience the fashion scenario and after they will have the opportunity to judge the product from their own perspective. In this way we are

endeavouring feedback and from this information we can enhance the weaknesses of the product.

The product which in our case is Lingerie, will be designed as to satisfy the target audience. Pricing, is an important decision, as certain audience are veigled to buy the product because of reasonable prices and quality.

Promotion; by introducing it to the target audience through exhibitions during events which gives an opportunity to the consumer to be part of the product and gain an intellectual insight of the product before purchasing.

Finally, a note on placement. Zara, Malta is situated in Sliema. It is in our favour to have a significant amount of foot traffic which is made up of mixed demographics. Proposing actual numbers enables to see whether the product will be profitable enough for the company to move further. Initial investment will be €100, 000 which includes all the expenses to create the product. (Fabric, production, market launch etc.) Looking at a portion of the target market, in 2016 there were 3034 registered marriages according to the NSO statistics (NSO 1995-2016 statistics). By taking a ratio of 3: 1- 3 women per marriage. This leads to a market potential of 9102 women yearly.

Therefore if we take the value of average price of lingerie to be €20, calculating the potential market it will lead us to €182, 040 annually .

Worldwide, 1596 million units of lingerie are sold yearly. So that in Malta would be approximately 20, 000 units are sold yearly, so by calculating the market share equation, it is likely that our lingerie will occupy 2% of the market share with a profit of €82, 040.

The lingerie isn't ready to be launched yet. Although the product was tested in the Concept testing stage, it doesn't mean that the product is now flaw-
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less. Therefore Beta tests are done by including a limited number of feminine audience in order to test our lingerie product in present life. In this process the product is tested from A to Z. This means that the lingerie line, positioning strategy, pricing, branding, packaging and budget levels are tested in order to make sure that the investment is worth the shot.

Every detail was tested and approved, so it will assigned to the technical and marketing development stage. The production will start to fabricate limited number of lingerie prototypes. By applying this method, tangibility will be created during consumer testing and therefore feedback regarding design and packaging can be discussed.

Timing is best since Wedding season is about to commence and there's no better place to shop rather than in Sliema, our introduction place. The lingerie line is now ready to be commercialized. The product will be introduced to the target market. The data which was gathered throughout the previous stages, is the key to implement the final product in order to enter aggressively within the appropriate channel.

Another concept which is important is the product life cycle. This is applied because the company has to monitor the cycle of the product, because majority of the products have life-span and therefore by combining the new product Development and Product life cycle will lead growth in the business.

Product life cycle is based on four stages which include;

Introduction stage

Growth stage

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Maturity stage

Decline stage

When introducing a new product, it's a struggle. Will the product get along in the market? The product starts at a small position in the market, this means that few sales are made and it is important to keep focusing on marketing the product as to face competitive advantage in the most delicate period. In the growth stage the product is recognized and enters the game more intensely as advertisement and distribution are intensive. Sales are increased and the cost starts decreasing. When the product reaches the maturity stage a target is reached. The product gained acceptance in the market. The current role is to guard the product in the market and to emphasise on modification so it will attract more clients and keep its position in the game. When the company starts to notice that the product reached the decline stage and starts losing its position and profit isn't made, a decision has to be taken. In rough circumstances products are removed from the market, as it may be inevitable and it's not worth investing in it anymore.

Conclusion

Zara is a brand which throughout the years achieved brand loyalty by giving the best products and the best service a client could ask for. It isn't easy to enter certain markets because you will face competitive advantage and audience can vary from 'innovator' (seeks new products and variety of shops) to 'laggard' (a person who makes slow progress and buys from the same shop). It is important to mix all the necessary components (NPD and PLC) so that the product will shine.

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