

Aussie pooch case study (marketing) flashcard



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Aussie Pooch Mobile Executive Summary Aussie Pooch Mobile was founded is a continuously growing company since the foundation in 1991. Dog washing with the accessory value added services lift Aussie up to be a dominant company on the market. The introduction of the franchise system increased profitability quickly and the company continued to follow the successful franchise strategy. Aussie Pooch Mobile was considering being a more international company and expands internationally. Different issues need to be considered in the expanding process: where, when and in what from should the company expand? What products and services are needed for being successful in the future as well? Increasing competition can influence all the decisions of Aussie, so they have to be aware of the demand and their possibilities in different countries, before expanding internationally.

Situation Analysis Aussie Pooch Mobile is Australia's largest mobile dog wash and care company, that offers such a service which is taken to the customers homes directly. Their image in the market is so great with this mobile service plus adding additional services free to customers about the dog's diet, health care and skin problems. According to the technology they use special hydro bath equipment that enables the operators to clean the dogs more thoroughly than it is possible in a basic home garden. They experienced that such a special bath could reduce and eliminate the fleas and ticks, improve its skin condition and clean its coat and alienate smells.

Their goal is to niche the dog bathing industry and trying to going international. From the Australia's population of 19. 387 million (2001) 40% which is 7. 4 million households owned at least one dog. There were about four million domestic dogs in the country.

This percentage is relatively high and it means that almost at every second household hold at least one dog. Their aim is to attract new customers but retain the existing ones as well. They use a brightly colored trailer which helped to promote the service many times. Once they could ask the satisfied customers to recommend the service to their neighbor or on the other hand could encourage the owners to increase the frequency of the service was another way to build business.

They segmented those people who were busy and could afford \$15-\$30 amount of money. They used different allowances like they did 2 or 3 dogs much cheaper or they always offered valuable and supporting information about the dogs which were the motivational factors of the business towards the customers. According to the frequency of the use of the service, the whole company bathed more than 20, 000 dogs each month which gave them a \$3 million annual turnover. But there were two significant competitors the Jim's Dogwash and Hydrodog.

Jim's strategy was to create smaller territories and working with relatively low prices recruiting new franchisees. Both competitors did not use any kinds of special offers except Hydrodog sold food products. So we can say that APM uses a prominent strategy by providing several master franchisees that allows attaining large a territory and sell franchises within it. To maximize profitability they need to operate as efficiently as possible and reducing the time spent in non-revenue-producing activities. Otherwise they should focus on marketing and promotional activities to become more widespread among the consumers' minds. They need to support the marketing efforts by

newsletters, telephone hotline service for expert advice, yellow pages, website, distributing public relations, information articles and sympathy card.

Therefore they would be a strong and successful company among their competitors. Finally, their point of view is that not the size counts but the quality of the service therefore they are focusing on doing a great job and making the franchisees successful. The SWOT analysis of APM can be seen in Table 1. Strategic alternatives The main question is not whether to expand internationally or not, but how to expand internationally. As the company already operates in 5 countries (Australia, New Zealand, New Caledonia, Malaysia, United Kingdom), the management already decided to go internationally.

Until 2002 the company stayed in the Australian region. This strategy had the advantages that they knew the market expectations and demand at the home market in Australia, and cultural differences could be overcome easier in countries close to Australia (the French territory New Caledonia and New Zealand). Malaysia is a riskier investment from the geographical distance and demographical difficulties. The toughest decision was probably to enter the European market, in the UK. How to be successful in Europe? The first decision should be in which countries, regions or cities to enter.

The management knows for sure that poor people probably do not use this kind of service too much. So they should focus on the beginning maybe on Western Europe and on bigger cities or richer regions of the other part of Europe. Looking at the English trends it is hard to get customers, but once they try the service, they will use it in the future. A possibility is to give

discounts and promotions to new users and make sure that they will try the dog washing service. It is important for Aussie to recognize the different kind of dogs, and dog treatment methods between Europe and Australia. The extra services, costs, pricing issues need to be concerned before entering into new countries as well.

Another option is to first enter the United States before Europe. On the advantage side it can be mentioned that the US is one country on a big territory (just like Australia), not like Europe where many countries are on a small land area. The US has one main culture only so it is easier to integrate there and one marketing, pricing etc. plan is enough in the country.

In Europe many different plans are needed, because of the many totally different countries. When going abroad, Aussie should consider to follow the already successful strategy, franchising. As Taylor, the founder mentioned, franchising increased quickly the profitability by 20%. If it should be master franchising or not is hard to choose. The company has to consider the factors in the host country and make then the decision about the expanding plan and about franchising. The same analysis needs to be made to decide if master franchisees are needed or not.

For franchisees it is definitely easier to start their business in a franchise system than alone. This way they can get some financial help from Aussie in the beginning. Also they will receive a free training about dog treatment, washing and much additional information later on how to be successful. These way new franchisees can reduce the risk of losing much money if the business does not turn out to be successful. The disadvantage of course is

that a franchisee has to pay a constant fee after revenues for the franchiser. The franchiser has to also pay attention and make sure that after the franchisee contract is over, then the franchisee will not want to do a business alone and separate from the franchiser.

The company faces also the increased competition in the industry. This factor can also decide if Aussie should invest in a country or not. They can make more investments and faster expansion in countries and areas where the industry is not well developed yet. For the Australian market, Table 2 shows the most important data about Aussie and its' two main competitors. Recommended Strategy The strategy that would be recommended to Aussie Pooch Mobile (APM) according to the Strategic Alternatives is to expand to the international markets. The management of APM should decide whether they expand the operations only in countries where they are already operating or start operations in other countries as well.

If APM decides to stay in those countries where the operation has already been started it has to stress on advertising in order to gain more and more customers. APM has to examine the regions where the service could be profitable, so the bigger cities and the richer parts of those cities in the United Kingdom, Malaysia and New Zealand because of the cost of the dog washing and caring service that the company provides. As the case study mentioned, in the United Kingdom, the behavior of the people is not the most advantageous for APM because those people wash their dogs mainly themselves and quite infrequently. On the other hand, once they tried the service they were usually satisfied with it and made appointments more often. So it could be a good choice for APM if they offer the first service at a <https://assignbuster.com/aussie-pooch-case-study-marketing-flashcard/>

discounted price or even for free in order to gain more customers. The United States as a market is similar to the Australian market concerning its size but it can be concerned a better market because of the number of people in the country, so the number of potential customers is higher.

Taking the statistics of the American Pet Products Manufacturers Association, Inc. (APPMA) into consideration the number of households owning a dog is 44.8 million in the United States and the expenditures in the pet industry are growing steadily (\$17 billion in 1994 to \$38.5 billion in 2006). On the other hand, APM has to carefully examine that market because of the failure of Jim's group - the biggest competitor of APM - in the United States. To enter the American market, a franchise should be set up in a carefully chosen area, for example, in Los Angeles, California where the population is concentrated, so the number of potential customers is higher.

In addition, Los Angeles would be a good choice because of its weather and because the number of people is higher in a given area, the cost of traveling could be reduced. If the first franchise proves to be successful, APM should set up more master franchises in the States and those could set up more franchises. At the beginning, APM could also provide little gifts such as a free aromatherapy for the dog if the customer uses the service more often. To sum up, the recommendation is to expand internationally because of the growing competition in Australia and because that the Australian market is becoming saturated, so if APM wants to grow then the company has to find other markets in the international area.

Exhibits Table 1 Strengths: •Mobile service (taken to the customers' homes)
 •Prices are lower than the competition (as shown in Table 2) •Extra services (aromatherapy, blow drying) •Additional information provided (dietary, skin care and grooming recommendations) •Experience in the business (12 years of experience) Friendly working environment •Flexible decision making and flat structure (because of the franchise structure)Weaknesses: •Controlling problems (recruitment) •Problems with master franchisees (leads to controlling problems) •Limitation on the capacity of the trailers (80 dogs/week) Opportunities: •Growing demand for the service •Service industry is growing •Changing household model (dual income families who don't have time) •More people decide to have a dogThreats: •Growing competition (Jim's Dogwash and Hydrodog) Recruitment problems in other markets (the problem Jim's Group had in the US market) •Unknown potential of international markets (lack of information) Table 2 The three major dog-washing providers in Australia, in 2002

Name	Operation in countries	# of franchisees	Dog washing fee	Extra services	Franchise fee (incl. GST)	Average franchise territory (based on # of homes)
Aussie Pooch Mobile	Australia, New Zealand, New Caledonia, Malaysia, United Kingdom	140	\$15-30	Yes	\$26 400	12 000
Jim's Dogwash	Australia, New Zealand	74	\$28-38	No	\$11 000	2 000
Hydrodog	Australia	69	\$15-40	Yes	\$24 500	10 000

References http://www.appma.org/press_industrytrends.asp

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