

Jones case study analysis

Business



The reason for such a growth is that the industry is reaching maturity; paint is now used mostly for redecorating; rise in competition from alternative material; higher quality products in the market reduce the demand for paint. The number of firms are now 600(decreasing at a rate of 2 to 3%) due to mergers and acquisitions. The smaller companies are being acquired by larger firms as they are not able to meet their fixed costs due to the losses made and are way below their break even. The industry sees a rise in demand for do it yourself with them being 50 percent of the buyers and professional painters accounting for 25% of the sales.

As the do it yourself demand is increasing, indoor painting share to sales is also increasing as people prefer a professional painter for outdoor painting (outdoor painting requiring more quality, durability, knowledge and skills). Due to this the demand for sundries are also increasing.

As most of the households do the painting themselves they require the right kind of servicemen to provide them the best knowledge on the aspect of which brand to buy. Therefore the customers are more inclined on finding the right retail store first and then the brand.

The information gathered on the stores are mostly through external sources and word of mouth. On the other hand, the professional painters seek for quality and servicemen who have the knowledge of what are their requirements. As according to the survey on brand awareness, 25% of the customers are aware of the brand but only 10 to 12% of them purchase it.

Therefore, there is an awareness gap and is major due to the price battle in UDF region.

Thus, it is important to either reduce on the price. The company should try and expand on do It yourself customers and also expand In the non UDF regions as this is a growing market. Company produces architectural plant unaware tenet Drank Ana also sell sunless unaware tenet Drank (not self-manufactured). Highest priced paint in the service area.

COG is 60% of net sales. No UDF have grown more than the UDF stores and the non UDF have a single brand ailing while within UDF there are 2 to 3 brands selling in the same store.