

# Marketing – aqualisa case assignment

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| Aqualisa Quartz case| Marketing Management| | | | Executive Summary

After having spent ??? 5. 8million in research and development on a very innovative product (the Aqualisa Quartz shower system), we have still not been able to create an impactful launch. The sales average only 15 units a day in a market place where 100 to 200 unit sales a day are needed to break through to mainstream. The key reasons for the poor sales are: \* Limited support from the plumbers on advising consumers.

The plumbers play a major role in influencing or recommending to consumers the purchasing choices; representing 48% of the mixer shower market. \* Limited purchases by the plumbers. At approximately 54% of the mixer shower market installation, the plumbers represent the largest single purchasing group in the market place via trade shop purchases. \* Our company's sales force are focused on maintenance and service (90% of their time) as opposed to selling the plumbers on the advantages for them and consumers of the new innovative product.

The way forward therefore is for us to focus our sales and marketing efforts on plumbers as the key stakeholders of the shower business. The recommendation is as follows: \* Focus sales team to spend the majority of its time on educating all existing plumbers contacts on the new Aqualisa Quartz and thereby create a critical mass of converts that will spread the news advantages through a word of mouth to other plumbers \* Create a sense of comfort regarding converting to our new system, removing the perceived risk via a guarantee offer scheme. Aim for the Quartz to be the preferred shower brand throughout aiming for the total shower market and revenue potential of ??? 163. 8million (NPV) over 3 years. Situational analysis Our <https://assignbuster.com/marketing-aqualisa-case-assignment/>

company is number three in the shower business with 18% market share and the sales staff spend 90% of their time servicing and maintaining accounts. The Aqualisa brand however has only 6.8% market share and therefore low brand awareness unlike the Gainsborough brand which has market share of the economy shower market.

Category: The shower systems appliances market is a growing market so far with a 25% totally new business (bathrooms which never had showers but only baths). We have 18% total market share between our three brands. We now have a very innovative shower system with the Aqualisa Quartz and this breakthrough product has limited competition ??? technology wise.

Customer: plumbers, trade shops, DIY sheds, developers, showrooms. The plumbers are key stakeholders as they make installations, give recommendation to consumers on what shower system to purchase (73% of mixer shower purchase).

Plumbers however are very traditional and tend to play safe with their recommendation. The market uptake for the Aqualisa Quartz has been poor even though it had rave reviews during trials and prelaunch at shows and exhibitions. We have not addressed the effective communication and the market penetration strategy for the Quartz in order to maximise sales.

Culture: We have a culture of innovation and in three years our engineering team has gone from 6 to 20 but the sales force remains at a headcount of 20 and focus on maintenance and great service.

We have a culture that is not very market orientated and the time spent on new business is limited. Competition: the shower competition is fierce with 9

players for the 1?? 800million units currently sold per year and 76. 7% market share held by four companies, which we are one of them. Strategic Insights and Implications We've had a very low uptake of the Quartz shower even though our company is established, number 2 in the shower market with 36% total shower market share and has relative market share of 1. 7x in relation to the No. 1 (exhibit 1).

This offers us a great opportunity for growth if we ensure the Quartz's technological solutions become recognised. Our key customer, the plumber, purchase 46. 7% of all shower units sold in the market via the trade shops. Currently the Aqualisa brand has 6. 8% penetration of the market, very low. If we can get the plumbers on our side ??? gain acceptance of the Quartz solution and be aware of its advantages, we would be able to tap into a goldmine which could lead to sales increases. Between us (no. 2) and the number 1 we have 53. 5% of the mixer shower market and 60. % of the electric shower market. An overall high company brands awareness of our product by the customer. Impact of the marketing efforts at launch where positive (rave trade magazine review) however there is a selling gap due to the breakdown in communication with our customers. With the innovative company culture, there is an opportunity to change behaviour through a directed strategy while still maintaining the innovation flare of the company. For moving forward we have three alternatives: 1. To continue on the same path as we currently are.

This would lead to our innovate product losing us money and most probably a competitor piggy backing on the technology and bringing out a competitive product. 2. Target the consumer directly and build a consumer brand. 3.

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Focus our sales efforts on the plumbers ??? the key stakeholders to create a sense of comfort regarding converting to our new system and spread the news by word of mouth ??? viral marketing. The aim is to get the lion share of the trade shops and DIY sheds which is 82.8% of the units sold in the market (exhibit 1 ??? excel sheet).

Recommendation: We recommend alternative 3, as shown in the decision tree analysis (figure 2). This would target the biggest part of the market, with a market opportunity of 1?? 490million total shower units sold per year out of 1?? 800million. With this alternative we would keep in close contact with the plumbers, therefore gathering meaningful customer insights and expect to build loyalty to our brand and affect the plumbers' attitudinal preference. This can be achieved by \* increased focus on new product sales and marketing instead of maintenance: plumber workshops \* risk free introductory product offers

This would allow us to aim to be number 1 in the overall shower market which could be worth ??? 163.8million over three years (NPV). APPENDIX  
 Figure 1: SWOT analysis of current situation  
 STRENGTH \* Innovative products  
 \* Strong R +D team \* Service orientated team| WEAKNESS \* Aqualisa brand perceived as expensive \* Overstocked supplies | OPPORTUNITY \* Expanding market as customers are installing showers \* Penetrate all three shower market segments with a versatile shower system| THREATS \* Plumbers wary of innovation form history \* Cannibalise our bread and butter product ??? Aquavalve|

Figure 2: Decision tree analysis  
No: do nothing; innovative product dies and money is lost  
Marketing strategy for alternatives  
Yes: increase spend on sales and marketing  
??? do plumber workshops as plumbers are 73% involved in shower purchasing decisions, therefore increase in sales  
Yes: penetrate the DIY market overall and cannibalise our other brands  
No: Quartz is a superior product for us and we don't want to dilute it  
No: continue with sales team focusing 90% of their time on maintenance  
Yes: lower prices of Aqualisa Quartz  
Yes: educate plumbers