

# Critical analysis: handbags and wallets

Business



Question 1: Conduct a critical analysis of the mini-case. CRITICAL ANALYSIS OF THE CASE CRITICAL ANALYSIS OF THE CASE • The product mix of the company is Handbags and Wallets. • These company operates within a dynamic and ever-changing environment as it produces fashionable products. CRITICAL ANALYSIS OF THE CASE Buying situations for Handbags and Wallets: Limited Problem Solving Impulse Buying CRITICAL ANALYSIS OF THE CASE SWOT ANALYSIS CRITICAL ANALYSIS OF THE CASE Strengths • Extremely popular / High reputation Already has an established customer base and market share • On growth stage on the Product Life Cycle • Tania's skills and inner instinct for fashion and trends; she is a talent oriented person •

Droning on differentiation, segmentation and positioning • If able to compete with other companies, it will acquire a greater market share CRITICAL ANALYSIS OF THE CASE Weaknesses • It is a small company; it might struggle to survive • Tania is uninspired and could therefore lead to her demotivation • Lack of marketing knowledge from Tania • Unwillingness to learn further – “ Innovate or evaporate” • The handbags and allets are popular among existing customers but it is not focused on customer needs and requirements of customers.

CRITICAL ANALYSIS OF THE CASE Opportunities • Year-on-year industry growth • There is scope for market development; market penetration • Scope for customerisation • Technological advances CRITICAL ANALYSIS OF THE CASE Threats • Fashion industry is competitive and dynamic; it is a forever changing environment, therefore, the company needs to adapt itself

or perish. • Counterfeit products can also affect the sales of handbags and wallets wallets • Growing influence of lobbyists (PETA, WWF)

CRITICAL ANALYSIS OF THE CASE • Carry out a market research CRITICAL ANALYSIS OF THE CASE • Tania should grasp the marketing concepts to understand customer needs so as to innovate and adapt her designs as per customer requirements. CRITICAL ANALYSIS OF THE CASE Branding • A Proper branding can result in higher sales of not only one product, but on other products associated with that brand • Branding will also encourage brand loyalty which in return will lead to greater market share in the future. • Customers normally associate a brand with products or services of value.

Therefore if the Handbags and wallets are being produced under a brand name, this will prove highly beneficial for the customers as it will strengthen the market share in terms of market growth.

CRITICAL ANALYSIS OF THE CASE • Handbags and wallets can be categorized here as Stars as they represent products with rapid growth and if they are successful products, this will lead to a dominant market share. If the company is also successful in implementing differentiation, segmentation and positioning of the handbags and wallets, they will generate high returns in the future. Question 2:

Discuss the relevance of product differentiation in the context of the abovenamed industry. PRODUCT DIFFERENTIATION PRODUCT DIFFERENTIATION • Product differentiation is the process of generating economic value by offering a product that customers prefer over competitors' product; i. e.

offering product or service that differs from that of competitors or from the product line of the Company. • Customer preferences allow firms to make above normal profits and thus differentiating the product becomes important for profitability. PRODUCT DIFFERENTIATION • Product differentiation can be achieved through: ? Distinctive design – e. g. Louis Vuitton Logo ? Branding – e.

g. Nike, Adidas PRODUCT DIFFERENTIATION • A business should look at emphasizing its Unique Selling Proposition (USP) to allow for product differentiation. • Product differentiation increases the perceived value of the firm's products and/or services relative to the value of competitor's products and/or services and creates a customer preference for the local firm's products and/or services PRODUCT DIFFERENTIATION • A product differentiation strategy must meet the following criteria: ? ? ? ? Is Is

Is it valuable to the customer? it rare on the market? it costly to imitate? the firm organized to exploit it? • A differentiated product fills one or more needs better than the products of competitors.

PRODUCT DIFFERENTIATION • The wide range of customer needs can be filled by a wide range of bases of differentiation e. g. ? tangible thing (product features, location, etc. ) ? intangible concept (reputation, a cause, an ideal, etc. ) PRODUCT DIFFERENTIATION • Product Attributes ? exploiting

the actual product Product Features The shape of the purse and handbags,

Status – High-fashion and couture or most valuable brand which targets upper classes, super rich, affluent consumer, Style – Style without compromising quality, Quality – the higher the quality the more motivated

will the customer be to buy the product, Nostalgia – ladies tend to buy handbags or wallets because it reminds them of some events, Safety, Durability – lifespan of the handbags ? Product Complexity – multiple functions purse/ handbags – mobile phone purses ? Timing of Introduction – being the first to market ? Location – accessibility to buy the product

**PRODUCT DIFFERENTIATION Firm—Customer Relationships**

- Exploiting relationships with customers – service – rapid service and tutoring on the quality of the handbags and wallets to attract customers
- Customization – USP – creating a customized purse/ handbags for a customer e. g a celebrity
- Consumer Marketing – creating brand loyalty to the purse/ handbags through image advertising
- Reputation – indulging in CSR activities
- Furthering a cause – not exploiting animals e.

g. snakes, crocodile, etc. Question 3: How can the market for wallets be segmented? Market Market segmentation:

- Market segmentation divides the complete market of possible customers into smaller and distinct subsets comprising of consumers with a similar taste, demand and preference.
- The major segmentation variables are: ? ? ? ?

Geographic; Demographic; Psychographic; and Behavioural. Geographical

**Geographical Segmentation**

- Country ? Coins denominations ? Size of bank notes
- Climate ? Type of materials Plastic Leather Fabric/ Nylon

**Demographic Segmentation**

- Age and Sex ? Under 10
- Age and Sex ? Teens
- Age and Sex ? 20+
- Age and Sex ? Retired
- Profession ? Breast wallet (also called a “ secretary wallet”) ? Travel wallet
- Profession Sport wallet
- Social class ? Upper class ? Middle class ? Working Class

**Psychographic Segmentation**

- Lifestyle ? Love the classics – likes higher-end

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wallets ? Classic deal-seekers – likes promotion • Lifestyle ? Fashion on a budget – wants fashion but at a hot deal.

• Lifestyle ? Man of the house – Price is not an issue with him. ? Online shoppers – is ever-connected to the internet ? Wallet fanatic – can spend tens of thousands rupees on wallets in a year • Values ? Intimates – develop personal and intimate relationships with their belongings ? Altruist –

Concerned with the welfare of society Wallets made from recycled materials

Recycled magazine Milk Carton Rubber Plastic Bag Old cassette tapes

Bicycle Tube • Values ? Fun seeker – Eccentric ? Creatives – strong interest

in knowledge and technology Behavioural Segmentation • Benefits Sought ?

Long wallet – a larger wallet usually worn with jeans, fastened by a chain, strap, or leather rein. ? Wallet band –

Elastic band to secure cards and/or cash. ? Chain wallet – Use chains to keep wallets from falling • Benefits Sought ? Wrist/Arm wallet – Can be secured to

the wrist or arm, to keep one's hands free. • Benefits Sought Wallet with key holder Compartment for holding keys ? Minimalist wallet – with just one

compartment, made of hard plastic • Occasion ? Gifts – Traditional style wallets ? Valentine's Day/Halloween/Christmas ? Mother's and Father's day •

Occasion ? Summer ? Wallet for meetings Question 4: What advice and recommendations would you give to Tania to make the new line of products

successful? Advice and Recommendations • Different Sizes • Different age groups/gender Advice and Recommendations • Differentiated products:

Money clips Advice and Recommendations • Branding Tania should not only sell her own designer pieces, but luxury brands and private labels as well.

- Colour: colours which will match with clothes
- Materials used: Leather/fabric/Recycled

Advice and Recommendations • • • • Marketing research Analysis of competitors' products Marketing mix Societal marketing concepts Use of fabric/nylon instead of leather

- Scope for innovation Tania could design heart-shaped handbags for valentines day, she could do personalized wallets bearing the initials of the buyer, or she could include characters like Hannah Montana, Cars, which will boost up sales.

Question Time Thank Thank You!