

# [Aqualisa quartz showers market and business analysis](https://assignbuster.com/aqualisa-quartz-showers-market-and-business-analysis/)

## 1 Introduction/Case study analysis

Aqualisa quartz shower, the top, state of the art product of the Aqualisa, was launched in May 2001. Quartz was the result of the intense market research, fantastic piece of technology and design. The compatibility, ease of installation and reliability were popular among the plumbers while the beautiful design, stability of temperature and good pressure made it ideal for the consumers. Unexpectedly, despite of the Quartz’s fantastic features, it did not get the overwhelming success that Aqualisa expected.

## 2 Consumer Behaviour

The consumer behaviour with regards to its purchase of shower in UK was somewhat complex and problematic. Only 60% homes had showers. Gravity-fed plumbing meant slow water pressure (3 to 4 litters per min). Varying temperature was also a problem. The individual consumer market had various priorities (see the table (a) below). 44% of UK market for shower was replacement shower. So there was a demand for durability. Similarly the do-it-yourself consumer was keener on convenience as well as value of the product. Property developers wanted a product which they could use in their developing properties which should not only be cheap but stylish and long lasting as well. The plumbers played very important role in the selection of showers for the consumers.

Individual consumer market fell into three pricing segments

## Segments Shop from Priorities

Premium

Showrooms

Quality and design

Standard

Plumber recommendations

Quality and durability

Value

Plumber selection

Convenience and price

Table a

Do It Yourselfers proffered to buy showers from B&Q style chains, which were easy to install, despite of being bulky, within a day without any help.

The property developers needed stylish an attractive design, cheap and which would work in multiple setting. “ Showermax” was designed for them which were very popular among them.

The plumbers preferred the apparatus with which they were familiar to avoid repeat plumbing. The lack of trust in electric shower because of previous failure made them sceptical about electric showers.

## 2. 1 Market Players & their Strategies

In the UK the main players in terms of market share were Triton, Mira, Gainsborough, Aqualisa and Masco with 545, 500, 390, 000, 203, 500, 122, 000 and 120, 000 sold units respectively.\*

Triton’s simple strategy was to create awareness at consumer level. This strategy gave them an edge and as a result more trust was developed in the product.

They had range of all three kinds of shower e. g. electric shower, mixer shower and power showers, so targeting several segments.

The distribution of the products of particularly Triton and Mira, in all distribution channels was exceptionally well.

## 2. 2 Swot Analysis

The following is the swat analysis of the Aqualisa Quarts.

## Strengths

* 5% to 10% market growth
* High tech products
* Showers with better water pressures than the competitors
* Brilliant, researched based designs
* Innovative products(e. g. Quartz)
* No 2 in mixing valve and 3 in over all UK market.
* Good service provider
* Popular in plumbers
* Elegant designs and Clever products

## Weakness

* 10% products still goes faulty
* Should be available in up to 90% of trade shop, show rooms and out lets.
* Weak marketing strategy for Quarts as the sale forces for Aqualisa spends 90% of time on maintaining existing account while the 10% on developing new customers

## Opportunities

* brand awareness
* Maximum sales and profits in case of “ Quartz” success.
* Market leaders in innovative showers products
* Road to new inventions and ideas
* Leave the competitors behind

## Threats

* Other competitors catching up to Aqualisa’s product quality
* Perception of the product as overpriced
* Too much focus on innovation thus spending more money on inventions and ignoring core issues like providing basic service to customers.(10% items still goes faulty)

## 3 The Product development and launch process for “ Aqualisa Quartz”

Aqualisa was a respectable company with a 25% net return on sales and 5% to 10% growth in the market\*. Despite the fact that the company was at the third position in the market as a whole and was considered respectable and reliable, it was feared by the company that the rivals may well beat them if they don’t come up with something innovative and novel. The managing director Harry Rawlinson organised (R&D) Research and Development team of Aqualisa’s sales and marketing Directors, market researchers, Cambridge scientists, and top industrial designers\*. All the experts through brain storming and market research came up with the idea of the product which involved a small apparatus installed remotely in order to mix water. This idea was very powerful as the product installation wouldn’t require excavation. After feedback from the 60 consumer field test sites and three years of development and expenditure of around £5. 8 million “ Quartz” was developed. It cost the company from £175 to $230 to make\*.

The Aqualisa was launched in the major showrooms like Bathroom Expo in London in May 2001 and was awarded fist prize. There were good and positive reviews about the product in the news papers. The fact that the product had good flow of water, very convenient and fast to install and accurate temperature control made it a popular product. Quartz was on the covers of major trade journals. There was a single time add run in news paper on Sunday too.

## 3. 1 Positioning Strategies and Marketing mix

The positioning strategy of the Aqualisa quarts was complicated. Following chart would show some pros and cons of the Positioning of the Quartz.

Positioning

## Pros

## Cons

## 1 Targeting Consumer Directly

If the consumers were targeted directly there was a good chance of the revitalization and an increase in the sale of the product once aware of the advantages of the product.

Insist /influence the plumbers to use the Quartz.

The advertisement would cost £3 to £4 million in two years

## 2 Targeting Do It Yourselfers

Quartz was so easy to install that anybody could do it easily, so if advertised to d. i. y market could be beneficial.

If advertised as premium value product the partner like B&Q could help boost the advertising campaign too.

If the item was associated with the d. i. y products it would never take its premium position.

It was too good to take place of value product.

## 2 Targeting Developers

Large- volume channel

Developers would enforce more plumbers to install quarts so plumbers would get more confidence about Quartz

Never accepted Aqualisa product even at 50% discount

No guarantee that reducing price would defiantly attract them.

Table c

McCarthy (1999) classified the tools that constitute the Marketing mix, into four famous Ps Product, Price, Place, and Promotion.

In case of Aqualisa Quartz as a Product it was a fantastic piece of technology and art. It was ticking all the boxes for what the consumer wanted. The plumbers regarded it as a wonderful product because of the ease of installation. It was innovative, state of art product.

Quartz was premium Priced. The price was high because of the Quartz being innovative and state of the art product. It wouldn’t be long when the competitors would be following the same route and may price their product even higher, so just because the Quartz did not get the overwhelming success in its first phase of launch, the price should not be reduced.

Place; the Quartz was distributed to various channels e. g. trade shops and showrooms etc. There were a good number of plumbers working for Aqualisa who were also introduced to the product. They loved the ease of installation as it took half a day to install. In spite of that very few sale were made.

Promotion; the product at the time of launch was exhibited in London in May 2001 at Bathroom expo. It was given first prise for being a fantastic product\*. Similarly a single time add in the mail on Sunday magazine was run. Major news papers and trade magazines had it on its front pages. Still the promotion was not enough to make the product successful as it failed to target the potential buyer.

## 4 Reasons of Failure of Aqualisa Quartz in the initial phase

There were many reasons to the failure of the product despite its fantastic qualities and innovations. Some of the reasons are listed below.

The “ Quartz” was an innovative and fantastic product but it was considered an expensive product. Although the price was high but the product deserved a higher price being so distinctive than traditional products in market.

The twenty sales personal would spend mere 10% of time on gaining new customers while 90% on maintaining old customers. Obviously more than 10% of time was required to attain new customers.

Reluctance of the Plumbers to accept electric showers due to previous failure of the electric shower so they were eager to try Quartz. Consumers often had to force the plumber to install the Quartz for them. But once they installed it they were converted and were convinced that it was a brilliant product.

Weak positioning also created a vague image of the product as the plumbers were sceptical and the individual consumers were not fully aware of the advantages the product was offering.

The Marketing mix of the product was also not perfectly well executed as the item was although available through main channels but little work was done on the promotion of the product. At the time of launch it was exhibited at the London Expo and it won the first prise and it was on the front pages of trade magazines, still it was not enough. Intense marketing at individual level was also required for the awareness and promotion of the product.

## 4. 1 Strategies to revive the product

Following strategies could revive Quartz.

Segmenting the market and Targeting the independent plumbers which constituted the 54% of the UK market\*, was of core importance. A vigorous marketing was needed to target them. The plumbers were sceptical of using the electric showers but once they used Quartz they were converted. Targeting 54% of the market could be really beneficial for the company.

Following this strategy the Quartz could…

dominate as a successful product up to 90% of plumbers who made 100% of decision for 54% of market in the.

change the perceptions of the consumers particularly property developing market which constituted 20% of the UK market (source Aqualisa). Once the independent plumbers were converted then that would eventually change the status of the product as a reliable and efficient.

## Availability of Quartz in max no Show rooms, Trade shops and D. I. Y sheds.

According to the UK shower market in 2000, total electric shower units sold in show rooms was 55, 000 \*. It was important to make sure that the Quartz is present in max no of showrooms and.

Similarly 330, 000 electric units were sold by the trade shops and a good no of plumbers were working for these shops\*. The presence of the product in the trade shops would mean better chances of exposure to the consumer.

The D. I. Y sheds like B&Q could promote the Quartz as a premium high quality product with the benefit to install independently. The sale of electric shower in UK at D. I. Y sheds in 2000 was the max i. e. 550, 000\*. If the product was placed in the D. I. Y sheds with the help of B&Q promotions it could get the success it deserved.

Launch an intense marketing campaign was vital to target the consumer directly. Once the product is successful the profit would cover the costs of marketing. Only one time add in magazine is not enough. Electronic media e. g. TV and radio should run advertisements for the product.

“ Microsoft launched a massive $500 million marketing campaign, when it introduced the original Xbox, promoting the new product through in store merchandising, retailer incentives, events and sponsorship in addition to traditional advertising”. (Alice z. 2004)

Position Quartz as a family product. In the showrooms once the individuals with families had a look, they bought it as it was perfect and safe for all ages. Targeting the consumer directly through advertisement would let the families realised that the Quartz is a family need.

Brand awareness would attract the families, plumbers, D. I. Yers and property developers as they would become aware of the product benefits.

Justify high price by emphasising the qualities of the Quartz.

Promotional low prices temporarily for the new buyers particularly the property developers. Once they plumbers used the product they were converted. So by low promotional prices would attract massive audience who could be converted as well.

To increase the 20 person sales force. To increase from 10% to at least 50% of time to spend on new customers attainment.

## 5 Conclusion

“ Aqualisa Quartz” despite of the fact that it was a fantastic product, it failed to achieve the success it deserved in the beginning. The product was such an innovation that it should have made records of best selling product. The “ push button technology”, ease of installation, stable temperature and ideal water pressure made it ideal shower. It was safe to use with children as well as with elderly. Aqualisa was expecting huge sales but the results were rather disappointing when there were only few sales in the first phase.

Robert Lauterborn (1990) suggested that the sellers’ four Ps correspond to the customers’ four Cs.

## Four Ps Four Cs

Product Customer solution

Price Customer cost

Place Convenience

Promotion Communication.

The Quartz was a fantastic Product and it was offering perfect “ customer solution”. Similarly the price was just ok for the product as it was one in all products. And customer would pay high Price for an item if it is fit for purpose and providing the luxury at the same time. That’s when the Promotion comes in. But at the same time “ Quartz” needed wright positioning and good marketing to attract the consumer. The product was available through trade shops, Showrooms and D. I. Y sheds. The plumbers working for the Aqualisa were also introduced to the product. Still more was needed. So if all the strategies listed above are tried, it should not take long when the Quartz would be on its way to success.