

# [Possible prize](https://assignbuster.com/possible-prize/)

The marketing model is a procedure for making marketing decisions in a scientific manner through the process of reviewing decisions in order to develop the objectives into a strategy. In this report I will be discussing the pros and cons of the marketing director using the marketing model as a tool to combat the recent fall in sales and reach the target of 6. 4% increase in sales by 2004.

One point for the use the of the marketing model is that it should improve the quality of the marketing objectives because possible objectives wont just be thought up and strategy's to meet them made, it will become a process. Market research is likely to be very important, it is crucial for finding out the background data in the different segments of the ice cream market and again for testing the hypothesises.

The market research results will also be checked to be accurate through test marketing, before finally committing a firm to an expensive national advertising plan in order to meet the objective of 6. 8% increased sales by 2004. This could lead to Solero spending extra in the short term on the market research and to a certain extent the time taken to 'control and review' the objective which could have cost them sales in comparison to if a marketing campaign had gone out straight after the objective was made.

But in the long-term Solero should see increased revenue, as the strategy that they come out with should be superior and will be more flexible as the marketing model is all for constant evaluation and change which in the rapidly changing Ice-cream sector where the take-home sector is the only growing market the potential to evaluate future trends and changes will be invaluable as Solero will be able to create strategies quicker than the competition as they will be able to review the previous one and see what went wrong and what went right in order to decide what goes and what is brought in.

With these extra funds Solero will no longer have a dangerously low Net cashflow which could have put them in difficulties if their was a sudden need to spendmoneyon any uncertainties like replacing old machinery or a quick T. V ad campaign to boost sales. The extra money will also enable Solero to spend more than the 0. 6million on research and development they spend now giving them the opportunity to create new types and flavours of ice cream.

The result of more cash in the business spent on innovation could be Solero differentiating itself from the competition by offering not only different types of ice cream like they do now but by producing entirely different products, still ice cream essentially yet something the customers have never seen before, this would be giving customers added value meaning they will come back for more, consequently Solero will have created a firm customer base which so long as they kept bringing out new ideas would continue grow, unlike the majority of the other ice cream sectors which have seen sales fall 3m in the last 4 years.

This combined with good advertising strategies tailored to the sector through testing and evaluation could not only give Solero a monopoly over the ice cream market but perhaps create its own market where Solero is the only competitor opening up an opportunity for huge commercial growth. The quality of the objectives improving depends upon the finances available at the start to conduct in depth market research and to gather the data needed in order to form appropriate hypothesis and to enable the rest of the marketing model to happen.

If the finances aren't available Solero will not be able to 'test the options' available to them which will make them incapable of completing the marketing model putting them right back at square 1 with an objective that hasn't been made with proper market research to aid it nor has it been tested or reviewed. This will put Solero at a disadvantage to their competitors who have the capital to invest which could mean Solero's sales continuing to slide as the competitors steal their sales and market share.

Another point for the marketing director using the marketing model to help decide how to respond to the recent fall in sales is that if he does, Solero will most likely introduce systems to monitor and control the activities that they do, this should make sure that all the tasks and objectives are met in the best possible way because all individual bits will be verified before they go too far and have to be recalled at great expense, this would mean that Solero could make mistakes like all humans but they would be picked up before they left their designated team/area.

This could lead to Solero's marketing strategy becoming clearer and more direct which could lead to increased employeemotivationas they know what they're doing it for which could result in savings being made in the earlier stages of the process of making an advertising campaign which would mean more funds available for other more important parts nearer the end like promotions or TV advertising which would help Solero reach a wider audience than just advertising that is in their budget like local radio and newspapers.

Reaching a wider audience is really the aim of most businesses as the more people you can reach the higher profits you can maintain so this will be a great boost for Solero and their future in the ice-cream sector. The result of this could be the whole of solero bringing in systems to monitor and control their activities in the hope of cost saving and higher production/efficiency levels that come with moderntechnology. Automated technology could also bring other benefits like the ability to change things about the product easily e.

g. a new flavour could be tested on local people simply by changing 1 cylinder of flavouring then changed back straight away. To achieve this they will need to pay a large initial sum to pay for all the equipment and experts to set it up, though it will almost certainly be worth it in the long run, paying out a lot of money when the company's sales are falling on something that will not be easy to sell on will not be a favourable option.

However if they didn't have or want to commit the funds there would be cheaper alternatives such as introducing Kaizen into the production side of the company, which would through continuous improvement reduce the wastage and increase profits and therefore increase the possibility of introducing modern machinery to raise production levels while lowering costs as the need for labour is lowered. The best way I feel though to increase standards quickly without spending lots on modern equipment is to improve the ability levels of those at work, a skilled and well-trained workforce is likely to produce more and make fewer mistakes.

Employees should be able to complete the task more quickly and not need as much supervision or advice. They should be able to solve their own work-related problems and may be in a better position to contribute ideas on how to increase productivity further. On top of this there could be savings as the need for supervisors could be gone leaving the employees their own bosses, and the company hundreds of thousands better off each year while improving employee motivation.

One point against the marketing model being brought in to combat the recent fall in sales is that there are so many uncertainties in the business world that it wont make a large enough impact to warrant the high costs. This could lead to Solero's marketing department using all the right people with hordes of experience to gather all the right data and do the rest of the process perfectly but when they come to put the campaign into action something would have changed, whether this be a competitor bringing out a similar campaign or the economic climate changing rapidly it would throw the whole operation out of sink.

Which would mean Solero would have been just as well off doing the research then straight away putting the campaign out so things have less time to change instead of forming hypothesis and testing everything which could make the market research conducted incorrect by the time the campaign is due to go out. Resulting inlost timeand money for Solero, which they can't afford when they need results now and wasting money isn't an option because of their poor Current Net Cashflow of 1. 5m.

The result of this could be Solero needing to borrow money to pay for the campaign and for the day to day running of the business which wouldn't be that easy to get from the banks because Solero's last couple of years trading has seen sales going down 2. 65 million. If Solero did receive the money although it would probably be at a high interest rate, non the less it may still be worth it as the money could go towards bringing Solero's advertising expenditure up to the likes of the other brands enabling them to compete equally because they are currently 2.

4m a year behind magnum, but if something went wrong on the advertising campaign like a sudden fall in sales of ice cream products due to an unexpected occurrence like an investigation into the safety of ingredients in ice creams just as the ad campaign goes out it would all be wasted leaving Solero being in debt and with no way of paying it off as sales wouldn't have increased. This would mean Birds Eye Walls would have to think whether they want to continue investing in a brand that is continually losing money, which could lead to Birds Eye Walls to completely shutting down Solero production to concentrate on their more profitable ventures.

Uncertainties rendering the marketing model ineffective depend on how quickly the marketing team can turn all the marketing data that they collect into a final product that can be put out, if the marketing team spend too long after gathering the data forming hypothesises and testing the options the data may be redundant by the time a marketing campaign is on our screens and in our papers etc.

If the marketing team did rush the process in order to avoid this problem they may make mistakes and end up with the same dilemma of advertising Solero in the wrong way or at the wrong people because things have either changed in the time taken to do the marketing model or the marketing model has been made ineffective because of errors made in the process.

But if Solero planned carefully and had a schedule that every member of the team had to stick to, barring any major catastrophes the campaign should go out on time aimed at the right people and in the right way, and because the marketing model was used the whole operation should run more efficiently as more research has gone into testing so some of the problems that could have arisen may be more likely to be prevented.

Also when an uncertainty does happen Solero will be in a better position to combat it as they will be reviewing the progress of the campaign all the time and should therefore have a head start against all other competitors not using the marketing model which may result in Solero stealing their market shares as they adapt to what the customers want in the quickest time.

Another reason for the marketing director not to use the marketing model is that Solero is in its declining stage in the product life-cycle which wouldn't usually warrant high research and media expenditure because its past its peak and although extension strategies can prove successful they are usually best performed at the maturity stage before the product has started to lose sales and market share to its close competitors. If Solero did decide to pump money into the product it could end up just marginally delaying the inevitable fact that Solero is on its way out.

This could lead to Solero doing the marketing model and coming up with a plan then creating the campaign for the extension strategy but by the time they come to put it all into action the sales have continued the trend and gone down up to a million which would make the new strategy even harder as they have lost a lot of customers that will need to be won back along with the others lost from the previous 2 years for it to be a success and warrant the money spent on it all, this would mean Solero having to attract new and old customers to buy Solero preferably a regular basis.

This would be near impossible as Solero's marketing expenditure is less than half of its main rival so if the competition reacted to Solero's campaign by doing advertising of their own there wouldn't be much of a competition as Solero just wouldn't be able to compete. Also Solero's advertising expenditure has not gone up in the last 2 years suggesting a rise now is unlikely especially as money will be tight as sales are down.

The result of this could be Solero backing out of the possible campaign because it is very high risk and that's not really what they're looking for when they're short on money and this could be the last big move they make, for which they would want something with a lot less risk involved. But the hesitation would have cost Solero a lot of money in research and the drawing up of possible campaigns by experts for which they would have been charged.

This may put Solero in a worse position next time they think about something like this again as they will have less funds available and may have lost some contacts because of the work put in that amounted to nothing. This all depends on how good Solero's new marketing strategy is and if it is able to compete with competition that can spend 2 times as much money on advertising, this is not impossible though, if Solero were able to make customers feel this is the ice cream made for the them and its worth the money unlike the competition, money spent on expensive advertising could be avoided.

For instance if Solero could not use TV as a major part of the campaign it would free up a lot of money which would go a lot further in many other fields. Through this advertising Solero will need to give the impression to the customer of Added value in the product this could be done by giving away toys or free entry into a raffle or something that differentiates Solero from the competition in the market.

Even if the competition spent more than Solero on advertising, the fact that Solero are selling more than them should see more customers change their preferences in favour of Solero, along with old buyers coming back to the brand, more importantly though it could result in people that don't usually buy ice-creams buying them because of what they gain from it (possible prize etc).