

Cemex and the low income construction market essay sample

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* Cemex's target market in Mexico does not realize their dream home, while they can afford it. * Cemex's revenue comes from big-ticket/large scale customers, middle- and upper-income individuals, and low income/do-it-yourself homebuilder customers. The sales for low-income customers only drop 10-20% during 1994 Mexico crisis. And Cemex see large market potential in low-income customers market. Thus, Cemex's target market in Mexico is low-income customers and do-it-yourself customers. * The target customers' value was highly impacted by their surrounding environment and their parents' generation. They think their life will not go out of the box that what they saw in their parents and community's life. * They believe the life standard is decided by the where the person is born, his fate. They have the resignation of not being able to improve their housing in in short time. While, they don't think they can make a nice home, financial planning and asset accumulation, which their parents have never tried and experienced.

* From a distribution system, target market require below service outputs *

Convenience: Low income customers lack the means to transport bulky construction material very far, convenience and close location is very important service outputs for them. * Availability: the customers do not plan how much cement they need. And it is not convenient for them to store the extra cement for future use. They only buy the cement when they need it. *

Service: do-it -yourself homebuilders lack construction skills, and therefore often waste materials by failing to specify the exact quantities they require.

The service to help customer to know the quantities and instructions of construction skills is the service output that customers require. * Price: Low-

income customers are very sensitive to the price. They always want to buy the highest quality with lowest price in the market. * However, the existing dealer channel only perform well on some of priority SODs. * Convenience: the existing dealers run very small solo operations in these neighborhoods in dilapidated shacks on street corners. * Availability: one of the two service output evidence of existing dealers. * Price: No posted price. Price is negotiable with high price of small order, and low price with large order. * Service: it is about only four-letter word

* The channel delivery mechanism is needed to satisfy those unmet SODs. * The existing dealers channel cannot satisfy all the priority SODs. Thus, for posted price/standard price, and service to help the customers better use the products are needed. * The dealer market could be further divided into the following two segments: Pure Dealers and Young Guns. Below is the table of their service output. * For Young Guns, some of their needs were not met by existing system. * High growth: currently, the target customers do the construction very slowly. The market or sales maintain stable. There is large market potential behind it. * Posted price: currently, the price is negotiable. * Partner with suppliers: currently, the dealers tend to play one supplier off against the other for better dealer. * Besides above needs, the dealers need marketing capability to have a better market share/ higher loyalty within the market/area that it covers, and the better understanding of the products they are selling. The supplier's training can add value to them. * Based on above analysis, I advise divide up service output between Cemex and the Young Guns, to better serve and catch target customers. * Cemex (Supplier)

- * Posted price: Cemex set up the standard price
- * Service training: Cemex organize the service/ product training for dealers
- * Investing in dealership: Cemex design the marketing activity and promotion activity. * Young Guns (Dealer)

- * Convenience: dealers location distribution should meet the end user's service output
- * Availability: Dealers forecast the quantity, and ask the supplier to provide.
- * High growth: Partner with supplier to generate high growth.
- * The Cemex should compensate the dealers for their better performance.
- * Cemex can incentive the dealers by discount program for level of their performance. The index can be sales revenue, sales turnover and etc.
- * Since service is one factor for the performance. Cemex should pay for the training of dealers. However, dealers should be responsible for the service to end users, which contribute to their performance in the market.