

B2b – product marketing plan.rev1

[Business](#), [Marketing](#)



The vision of the wool manufacturing sector of Australia is to expand its export sales to emerging markets in the ASEAN region. Emerging markets are those of the developing countries with high demand on basic raw materials for clothing manufacturing and other industries related to uses of fiber, plus the corollary products from the same category of industry. Emerging markets maybe from developing countries, rather than highly developed ones. The mission would be to penetrate these emerging markets, create a foothold with the right liaison procedures and obtain long term contracts for wool, wool products and its ancillaries.

The main objective is to increase the export revenues of the wool manufacturing sector, thereby contributing to the GNP and GDP of Australia to improve per capita income and to generate more employment. The specific objectives are: a. To find out the trade channels of emerging markets in the ASEAN Region and penetrate these markets. b. To develop the right strategy how to penetrate these emerging markets and establish long-term trading activities with the same. c. To research more uses of the wool fiber as raw material, whether in bulk raw wool or thread wool or fabric wool.

d. To involve foreign investors as allies in the development of wool fiber for new uses of wool and its corollary products mentioned herein. e. To secure a captured market in exchange for foreign investments.

1. 1 Sales Objectives
The general sales objective is to establish a continuing and growing demand for export sales of wool, wollen products, probably new developed products out of wool, and corollary wool products, e. g. sheep meat or lambchops and

sheep leather. The increase in sales may not actually mean increase in profitability in the short term.

It is the long term objective that is the main focus in order for sales projections to be drawn with ease and followed. Long term projections can only be done if investment-marketing contracts can also be drawn with the probable buyer of the manufactured products. It would be an investment laden project, such that the need for investment can be specifically pinpointed in terms of machinery, labor, working capital and project costs or, in order to find out the specific uses of the capital investment.

From there, the Return on Investment (ROI) or the Return to Equity (ROE) can be calculated and deemed to be viable or feasible to Australian preferences. Thus, the sales objective considers the long term viability of the project and determines what level of equity the Australians should allow any foreign investor to come in and intervene in the wool industry. 1. 2 Product Positioning There is no substitute for a high quality, optimum priced product and consistent supply and these factors must be the position of the products.

In order to elaborate further the market position, it is best to enumerate the products that may come from the wool industry, expound the characteristics of the products and analyze where it uses would be. Thereon, there could be research and development (R&D) to improve the product so that there is value added when it is sold. a. Bulk Raw Wool Fibers Bulk raw wool fibers maybe classified. The usual process starts with sheering, washing, bleaching, drying and bailing. Then there can be classifying, perhaps, into which batch comes from a more mature or younger herd of sheeps or known sheep varieties.

Another way, which would need R&D, is to find out how to separate the long fibers from the short fibers. Then the method of classification can be into long and short fibers. Machineries can be designed to segregate which fibers are long or short. Both kind of fibers can be woven into fabric with different characteristics and long fibers can be an additive in mattress production for car seats. In Europe car seats have organic fibers as substitute for foam cushions, and is already a regulation. Foam cushions produce toxic fumes when it burns in case of accidents.

b. Wool Thread If and when wool can be segregated into long and short fibers, there can also be two kinds of threads produced. Short fibers will produce thread with short elasticity because the spinning process produces a more fine textured thread. Long fibers will produce thread that is more elastic, which is wool's characteristic and has been accepted by users of this thread. Fine thread from wool can become a new product which can be compared to cotton thread. c. Wool Fabric When woven into cloth, long fibers make the cloth stretchable.

The stretchable fabric is usually used for insulation such as sweaters and blankets, the main finished products of wool. Although standard woolen fabric is good insulation, it has a characteristic very distinct from cotton cloth. The wool fibers are a bit abrasive and may induce allergy or itchiness to human skin and is generally heavier than cotton fabric. Should there be fine thread from short fibers woven into wool fabric, then the outcome would be fine and lighter cloth, which can become a versatile material in sewing clothes.

Definitely, this range of product development needs R&D. d. Sheep Leather Sheep skin can be processed into leather to manufacture rubber shoes. China and Korea are becoming top producers of rubber shoes. Those countries could be the target market of sheep leather if it were tanned in Australia. Thus, tanning sheep leather can become a side manufacturing concern of the wool industry. Cow and kangaroo leather from Australia is already known in the world market. It would not hurt if the sheep leather market can be developed.

Rather than disposing sheep skin as fertilizer, it may be manufactured into leather. e. Sheep Meat or Lamb Chops It is only logical that there is consistency in the supply of raw materials for wool. Thus, backward integration to produce wool becomes an inevitable factor when there are plans to expand the wool market. Therefore, sheep production, which Australia is also known for, becomes an integrated portion of the wool export industry. Sheep are prolific and multiply like goats and there will be surplus of sheep in terms of number of heads if the wool industry were to expand.

Lamb meat can become one of the ancillary products of the wool industry and capacity of processing plants for fresh or even canned sheep meat must be ready when the market is developed. 1. 3 Product Objectives It is best to enumerate again what are the probable export products derived from the wool industry: short fiber raw wool, long fiber raw wool, fine wool thread, ordinary wool thread, lamb chops/sheepmeat, and sheep leather. The overall product objective is to enhance the development of products manufactured

from the wool sector. This sector starts from the livestock production of sheep, an integral part of agriculture.

Wool must not be the only product that can be derived from this industry. In terms of short and long fibers that need R&D, new machineries may have to be brought in. This could be done by asking foreign investors to conduct the research, design and fabricate the machinery themselves. The machines needed would pertain to milling machines, weaving, and knitting machines. If China were the choice of partnership, it has already developed its machineries for weaving and knitting. It may be the milling machine that should be designed in order to segregate the short and long fibers before milling into threads.

The threads may be further processed so that the texture could be close to or the same as silk, a well known Chinese fabric. In any case, innovation should come in so that the end products become a new one and will probably have its place in the fashion world, which is very big business. Should this happen, there will be curiosity from European buyers, thereby creating a demand, as the capital of fashion is in Paris, France. This would expand the manufacturing sector thereby generating more employment for the locales.

In terms of sheep meat, blast freezing and cold storage facilities upgrade may be needed for the expansion of the industry. Foreign investors may also be invited. The same protocol may be applied to sheep leather manufacturing. The machineries acquisition can be negotiated such that it may come in the form of a loan, whereby, part of the payments would be in the form of manufactured products the machineries would churn out. In <https://assignbuster.com/b2b-product-marketing-planrev1/>

general, the direction of this concern is towards expanding the manufacturing sector in processing, increase employment, generate export revenues and foreign investments.

1. 4 Pricing Objectives General market re-entry, just like pricing, is an art. The general pricing objective is to retain optimum profits that would benefit the industry in the long term. The volume of business may compensate the optimum profit margins when the demand for the manufactured products increase. The pricing should be generally lower than competition. This would attract foreign manufacturers to buy the wool and woolen products. When it comes to leather, the pricing should be comparable to hog leather (e.. g. Hush Puppies use hog leather).

Only when if it becomes a fad and is highly sought for, should sheep leather prices be increased to a maximum level. Shoes are a basic necessity too. Leather bags and luggage may not be a necessity and fashion trends may dictate the demand for these leather products. When it comes to sheep meat, prices should go lower than that of pork or chicken prices as cheap food is a sign of progress. Generally, product innovation should be one of the largest factors in product objectives. It is a fact that wool has been a fabric since the medieval ages and is outdated.

Sheep meat has been a staple food to some countries but has not been promoted as a low cholesterol meat. Sheep skin could have been used only as insulation or rough clothing during the medieval ages also, and not as leather for shoes and bags. Innovation is altering the product so that when it is used or consumed, it is new and attractive. Thereon, consistency in supply and quality again should be sustained. Lastly, when innovation is

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implemeted, the product or products has to pass the taste and preferences of the target market. Test marketing can be done through the trade envoys in the various embassies.

That wold be part of promotion and advertising already. 1. 5 Retail Objectives As previously mentioned, one of the objectives is to sell the products to wholesalers and not go into direct retailing. The fibers of bulk wool, and wool thread may be sold to textile mills suppliers. The woven fabric may be sold to textile wholesalers whose down the line customers are tailors, haberdashers and manufacturers of apparel. The leather can be sold to large leather wholesalers. Lastly, the meat can be sold to a main office of a chain of grocery stores. 2. 0 SWOT Analysis of the Products a.

Short and Long Wool Fibers in Bulk, Fine and Ordinary Wool Thread, and Fine and Ordinary Wool Textile Wool fibers and products are unique in a sense that it provides better protection against cold weather. It is organic in nature and does not come from synthetic resins. It has been known to be the source of textile since production in Europe started. Clothing sewn from wool generally cater to residents of temperate and artic countries. Australia, because of its vast grazing lands can produce sheep in voluminous quantities assuring the consistency of supply. These are the strengths of these products.

The weaknesses of wool products is that Australia's geographic position is far from temperate and artic zones that are most populated, no market. On the side of the globe where Australia is located, the most developed market is Japan. European markets are not that accessible due to the distance which would increase freight costs. Another weakness is the acceptability of wool

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sewn clothing. Though fabric from wool make good blankets, its acceptability seem to be outdated because of the emergence of felt and other cotton like materials that are also thick and provides good insulation from the cold.

Blankets and sweaters are the most sewn apparel from wool, with the introduction of thicker textile substitutes, the demand for wool decreased. Another weakness is in terms of the acceptability of the fabric when in contact with human skin which may induce allergies. Lastly, the fabric produced is heavier in terms of weight, than other fabrics. Opportunities lie in the current and biggest emerging market, China. China is about 2 billion in population. China is an aggressive market because it has positioned itself in the ASEAN Region with trading agents and its strategy has become an open trade policy if proper liaison can be done.

With very cheap machineries fabricated from the mainland, it may be possible to negotiate the R&D portion for the bulk wool fiber. The biggest threat comes from its largest competitor, cotton. Cotton is light and is very variable in terms of sewing clothing. Countries producing cotton are located near the tropical zone and are positioned nearer the emerging markets than Australia, meaning the freight costs are cheaper. b. Sheep Leather The strength of this product also lie in Australia's capacity to produce it in bulk and it may come out cheaper than cow leather.

The opportunity lie in the huge market in China and Korea for leather and it may mean the introduction of the product at the right quality, quantity and price to garner this market. As earlier mentioned, China and Korea have been manufacturing rubber shoes. The threat is again is in its competitor, cow leather, and Australia's own leather production may be the same culprit.

Balancing the export of the leather products, whether it comes from cow, kangaroos or sheep might be hard to implement if there is over production.

c. Sheep Meat/Lambchops The strength of this product lie in the consistency of production.

With the vast grazing lands in Australia and its agriculture technology, sheep production has become comparable with cow production. Australia has gone into export of lamb meat during the mid 90's, but has not fully developed the market potential. Australia is also known for its beef supply, though sheep meat has already been marketed (e. g. Philippines), the market forces somewhat gave the impression that supply is inconsistent. The weakness of this product is its acceptability because of its semi-pungent odor and knowledge has to be transferred to those who would cook it.

Sheep meat, the same with goat meet, has to be processed or seared with heat first before it is cooked and the process is just simple frying of the exposed surfaces. There is a very large market opportunity for this due to two (2) given and existing circumstances: (1) there is growing consciousness about the carrying capacity of bad cholesterol of pork, chicken and beef, and (2) Muslims do not eat beef and they tend to shy away from pork as customary practice, instead, goat's or sheep's meat is preferred. The Muslim people and Chinese (because of the large population) in the ASEAN would also be in need of food.

The opportunity to develop the demand for lambchops or sheep meat exists. This is a very large opportunity because there are large Muslim populations also in the same region. Mindanao in the Philippines, Indonesia, Malaysia and Singapore have a significant number of Muslims in their populace. Sheep

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meat has threats from cheap pork and chicken meat (beef prices are very high). Producers of pork and chicken in the ASEAN have been in the doldrums too because of the high cost of feed ingredients but once in a while there is glut in these particular markets when the U. S. and Canada dumps its excess production into the ASEAN region.

The nations where excess are dumped generally protect their producers by imposing high tariffs for these products and this may also pose a threat if sheep meat becomes a lot cheaper than prices of pork or chicken.

3.0 Strategies

The brand positioning of wool, woolen products, sheep meat and leather may take the low key, low profile stance at first. Raw material from Australia, final product made in China or Korea. Australians may, might as well take advantage of the cheap labor from these manufacturing countries, and should allow the same to manufacture the end or final products such as shoes and apparel.

When it comes to sheep meat, it could carry an Australian brand since there is no other large sheep production in the region. The market entry or re-entry strategy can be to invite Chinese investors to conduct the R&D portion for the short and long fiber segregation. Let them develop and fabricate the machinery then buy the machinery from them with the intent to supply the manufactured fibers to them also. With fiber segregation, comes thread production, then textile milling or fabric production. The Chinese have already machinery for these and it could be included in the package.

It may revolutionize Australia's textile industry. The practice of machinery acquisition in exchange of manufactured end product or raw materials have already been done by the Chinese in Thailand and the Philippines. To

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exemplify, vapor heat treatment plants for mangoes were put up in Thailand in corroboration with a private company and the Thailand government, provided the Chinese will buy the entire mango produced. In the Philippines, decorticating machines for coconut fibers were loaned to a government agency in charge of the coconut industry, provided all the fibers (whether short or long fibers) were bought back.

Thus market entry or re-entry is possible with the Chinese, to supply the R&D, needed machinery, and provided all the produce would be bought back. The general strategy for market expansion is to let foreign investors come in and put up their own plants to manufacture the mentioned products herein, provided they market the products themselves. Sales strategy advertising is easy with the global upgrade in information technology. But, for the general public to be aware of emerging new policies of trading in Australia could require direct advertising in television and newspapers.

This could be done through the trade consuls of the embassies of Australia in the countries within the ASEAN Region. The strategy for product positioning can be generalized to be generic sold products at first, and then acquire a brand name later on. This could probably mean that the goods are traded are in bulk status. 3. 1 Sales Strategies For market segmentation, the particulars could be Japan, China, and Muslims from the ASEAN Region. It would be better to cut off the supply with Japan first, let China enter.

Market forces should be monitored for control and market research. China has several retail outlets in key cities in Japan (Tokyo, Kyoto, Nagasaki, etc..). For Muslims, which would pertain to sheep meat marketing, trade consuls can offer counter trade measures to promote the product. Counter

trade means there is no change hands of currency but plain barter. This is usually done on a government to government (G-to-G) basis. Strategy in distribution would be in terms of volume. The best would be to allow China to buy all, as this has been their practice with other countries.

Slowly remove the Japanese market and let the Chinese do the trading and networking, make the Chinese Australia's allies in trading. Definitely there will be some unpleasant reactions with the U. S. and the U. K. with these move, thus the Australian government should be ready for this.

3. 2 Product Strategies

The product strategies can come in terms of service and support. When the Chinese have decided to enter into Australian territories, they might as well have some incentives like free trade zones, less tariffs for machineries, dedicated warehouses and maritime discounts in berthing their ships.

This can justify adjusted lower FOB pricing rates and the high costs of freight..

3. 3 Pricing Strategies

Now that the general strategy is to tap China as an emerging market, at first FOB prices of the manufactured goods must be 5 to 10 per cent lower compared to its competitors. This should be done provided a yearly marketing contract can be inked with the Chinese. Chinese traders practice forward buying; which means that they might opt to buy the whole production for one year of a manufacturing plant, securing a low price and selling the manufactured goods when prices of the goods go up.

This semi-monopolistic in nature but works very well if a company is into trading and has very huge capital base. Forward buying is very capital intensive.

3. 4 Retail Strategies

The trends for market position of wool and its corollary products should start from the very basic step of the product chain

that it can access abroad, the wholesalers. China is a wholesaler and bulk trader. The manufacturing sector of wool and other products must at first, take a stand that their final export product must give a privilege for better profit for the wholesalers as their allies.

In the short run, this may mean that in order for the products to penetrate the retail market, other people outside the wholesalers network must be deployed and employed by the wholesalers themselves. It also may mean that the wholesalers that are buying the final export products could independently establish their own retail chains. Thus, the first position of the wool and other corollary wool products should be that of the wholesalers dominion. The next, and without violation of the terms and conditions with the current wholesalers, would be the retailing sector. 5.

0 Budget The product marketing plan must come in phases; therefore, it would be hard to arrive at a fix budget for the total project cost of implementing the plan. Only in the first phase can a budget be appropriated for approval. The first phase would be to approve the concept and policies in the magistrates of the Australian government and conduct advertising and marketing campaigns for the re-aligned trade and marketing policies through the embassies. TV and newspaper promotions would be the bulk of the cost of the campaign. Let us estimate the allocation at A\$ 200, 000.

00 per country, targeting seven (7) countries; total estimated budget is A\$ 1.4MM. This can suffice buying airtime and newspaper publishing for one year. Additional single-liaison staff maybe hired in the embassies but the representation allowance should be flexible, as Chinese representatives are hungry for wine and dine related negotiations. 5. 0 Future Trends and Issues

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of Marketing Concern The future trends in the global market: more use of organic fibers and leather rather than synthetic substitutes because of the characteristic that synthetics churn toxic fumes when it burns.

In the last few decades when there was little awareness on accidents concerning toxic fumes, the trend was to use non-organic fibers. But when research resulted to synthetic fibers as the source of toxicity, the manufacturing sector using synthetics has slowly reverted to organic sources. This is the same trend with foods and sheep meat as health food will become a fad. The future issues that may arise are that of capital flight to Australia from China, exchange rate fluctuations, currency retention in the partner countries. This can be addressed by lowering or totally eliminating the trade deficits between partner countries.

Whereas, Australia may buy Chinese machinery and equipment in return for a captured export market, at both profitable levels of operation, ROI's and ROE's can be internally kept a secret within and between both trading partners. 6. 0 Conclusion The product marketing plan designed herein to increase the export revenues of the wool manufacturing sector in Australia is to garner a corresponding increase in the gross trade revenues of the country as a whole. It must consider the balance of trade with the ally it will do the trading with.

In terms of foreign investments, the trading partner, in this particular case it is China, Australia must be very cautious in the pricing of the machineries and the technology that China will bring in. Machineries and technology prices are hard to determine especially if the entity who would buy such were not involved in the actual design of the latter. Australia could only

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specify the technical data and the perceived or target outputs of the machineries. At any rate, technology is a fast maturing factor. New technologies emerge as the old ones are still being used.

It may be that the cost at the start would be very high, but as the machineries depreciate, the technology depreciates and so with the cost. Further, the after sales service agreement with the Chinese for the machineries could be designed in a such a way that the acquisition of spare parts and other necessary materials to run the machineries can be less costly. These would all depend on the transparency of the trading partner. The logic behind it is that both partners should make enough profits from a sustainable industry and the profits should be declared as transparent as possible.

This is the very reason why the long-term goals are the focus of the product marketing plan. The rest of the strategies can be adjusted along the way if the plan implementation should follow another path and not as intended. The planners can think of 1, 001 strategies and can implement some of them after the planning stage. When implementation diverts from what has been as planned, alternative strategies could be applied. The best thing that could happen is to be right the first time, during implementation. References: Agdayemawer, M. L. (1992). International marketing strategy.

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