

# James boag marketing report assignment

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James Boag Premium “ What would you like to drink today? ” Strategic Marketing Planning MBA 9006 Marketing Semester 1, 2008 Table Of Contents

Page Executive Summary: 3 The beer market: 4 Market share: 5 Financial overview: 5 Strategic Gap: 7 Strategic Positioning: 8 Product Life cycle: 8 Boston Consulting Group and GE/McKinsey Matrix: 9 Competitive Advantage: 10 Ansoff Product ??? Market Mix: 11 Marketing Strategy: 12 Target Market: 12 Brand Positioning: 13 Product Strategy: 15 Pricing Strategy: 15 Distribution Strategy: 16 Integrated Marketing Communication Strategy: 17 Advertising 17 Sponsorship 17 Point of Purchase and Packaging 17 Promotion 17 Public Relations 18 Marketing Budget: 18 Implementation: 18 Evaluation and control: 19 Conclusion: 20 Appendices: 21-36 Executive Summary: Beer sales in Australia have been showing a downward trend, with the exception of the premium beer segment which has shown a strong growth of 9% annually. The James Boag premium beer has established itself as the #2 brand of premium beer in Australia.

Building on our strategic acquisition of James Boag we hope to continue increasing our market share of this growing premium beer segment by exploiting and building further on James Boag brand equity. In 2007, 78% of our sales revenue was generated from beer, thus protecting this segment becomes crucially important for us to maintain our financial profits. Beer sales revenue has been growing at 5% pa for the previous years. With the increased drive on marketing for the James Boag brand we hope to capture a healthy share of the growing premium beer segment and also enhance this growth to 6% pa for the forecasted periods of 2008-2010. As the premium beer segment is in a growth phase, James Boag premium beer is strategically

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placed as a “ Star”. Increased investments towards building the brand and increasing market penetration would help generate greater financial profits. However this strategy would require an increase in marketing expenditures to the tune A\$54 million in 2008, a rise of 10% pa compared to the previous average of 2%pa. This increase in expenditure would allow us increase our total market share of James Boag premium beer to 18% from its present 9%.

This Strategic marketing plan proposes a strategy to not only meet financial objectives, but also to reinforce, and increase brand awareness. Capturing market share by highlighting differentiated value, as against devaluing our price, would be the main focus of our growth strategy. The new product development of the James Boag premium light would help capture the growing female beer patron segment. Introduction of Casks and Draught beers at pubs and restaurants would further strengthen the availability, market share and brand image of our range.

For our James Boag range we would introduce specially embossed serving glasses, distinctive packaging, associating the range with other premium luxury bands, targeting corporate events and membership boxes at premium sport events, would be some of the key strategies. In terms of pricing, we would like to maintain our present price of A\$50 per case, in order to communicate the premium status, and also indicate the price ??? value relationship of our brand. This plan also exhibits a staggered implementation, evaluation and control plan for our organization over the periods 2008-2010.

Success of the implementation would be closely monitored by clearly defined performance indicators. The beer market: The beer market has lost some of its share to wines and other healthier alternatives. However, though the beer market in general is declining in share, the premium beer market has shown an increase in its share value since 2002 till present. Data monitor 2006 (Appendix A: Exhibit 1) Beer in Australia gives the total value of the beer market segment in Australia at \$3, 939 million AUD.

The growth of the total beer market has been around 2% for the past 5 years, and the premium beer segment makes about 21% of this market share. The premium beer segment is poised to grow at around 10% per annum and in the past year itself the growth of the premium beer has been at 9.1% by volume. (Appendix A: Exhibit 2) The table below shows the forecasted growth in value for the beer market in total and the relative growth of the premium beer segment for years 2008-10. Beer market forecast | 2008 | 2009 | 2010 | | Total value in AUD/millions | 4, 151 | 4, 234 | 4, 319 | | Premium beer value in AUD/millions | 1, 411 | 1, 736 | 2, 073 |

Lion Nathan has generated 78% of their total sales revenue from beers.

This revenue could be threatened by the downward sales trend of the beer market in general. Thus cashing in on the upward trend of premiumisation would be key to the maintenance and growth of the company for the near future. In 2007 majority revenue for the year was generated due to the “Power brands”, which are Tooheys extra dry, XXX gold, Hahn super dry, and international premium brands like Heineken and Becks. Hahn super dry and International premium brands grew by 18% last year, with Heineken being in the forefront. 1] These power brands can be further divided into the High

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premium brands like Heineken and Becks and lower premium brands like XXX Gold and Tooheys . The strategic acquisition of James Boag breweries in Nov 2007 has further enhanced the high premium beer range with the addition of the James Boag premium collection. Market share: Lion-Nathan Ltd has 35-39% beer market share by volume. While it's main competitor Fosters Ltd has been enjoying a market share of 50%. In this duopoly market structure other small breweries comprise of the remaining 10-15% of the market. Appendix A: Exhibit 3). With the shrinking beer market in general, we estimate that the growing premium beer segment shall be the most competitive arena for beer marketing in the near future. With the goal of greater return to the shareholders, and with the vision to become #1 beverage company in Australia, Lion-Nathan Ltd shall have to focus all its strengths in the fight for this growing beer segment. Financial overview: Du-Pont analysis of Lion-Nathan Ltd reveals an asset efficiency ratio of 0.07 for 2002 to 2005 and there was a sudden surge to 0.0 in 2006 due to the sale of non performing assets by the company (Appendix B: Exhibit 1). Closer the ratio towards 1 signifies better returns to shareholders. For the period of 2008-10 we forecast that this ratio of 0.3 would be maintained and further improved by increasing sales revenue and greater market share capture. Marketing and advertisement expenditures are forecasted at 10% increment per annum, an increase of 8% from the previous average, this increase is in line with the proposed marketing strategies.

The sales revenue of Lion-Nathan Ltd for 2002-2007 has been growing between 4-5% per year. Focusing our efforts on the growing premium beer market segment we estimate that sales revenue growth for 2008-2010

would be at 6% per annum. [pic] |?? | 2003 | | Existing | | | | | Market |  
 Market | James Boag Premium Beer New Product Development | James Boag  
 premium light | | | Penetration | | | beer | | New | | | | | markets | Market |  
 Female drinkers | | Casks and Draught Beers | | | Development | Health  
 conscious consumers | Diversification | |

Using the Ansoff matrix above, the following marketing strategy requirement can be identified for James Boag brand: Market Penetration: To increase and maintain sales of existing products – Increase brand profile and strategically link James Boag premium beer with other James Boag products to ensure and increase market penetration. – Explore and build on existing routes to market and strengthen existing relationship with both on-trade and off-trade distribution networks Due to increasing consumer preference for dining out and travelling, there is potential to increase sales through targeted marketing at specific areas. Market Development: – Capitalise on female preferences to opt for premium beer when having one. – Develop strategies to tap into the overseas market New Product Development: The Australian beer market is seeing an increasing trend towards consumption of premium beers. Also as the consumers is becoming more health conscious, through development of James Boag premium light, it would enable us to fulfil both the criteria of an otherwise discerning consumer.

Diversification: James Boag till now has been limited by its geographical location and thus has concentrated on branded bottled beers as means of distribution, but now building on distributive strengths of Lion Nathan it should broaden its distribution to include casks and draught beers thus allowing the brand to reinforce its image of quality, taste and freshness.

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Marketing Strategy: The above analysis would suggest the following strategic implication for James Boag premium Beer. (Appendix C: Exhibit 3) ? Protect Market share and retain loyal costumers Stress brand differentiation to attract and also wean away customers of competitor product. ? Reposition brand if necessary to achieve dominant position ? Emphasize product quality ? Identify and exploit growth segments ? Increase distribution ? Maintain profit margin Target Market: Situational analysis shows that significant amount of premium beer buyers fall under 25-45 years age predominantly male, educated with high disposable income and status conscious. The buying preference is dependent on occasions and situation.

However, there is not much brand loyalty. Males prefer to have premium beer on occasion like after work drinks, when entertaining guests or business associates in restaurants and corporate events. Choice of the premium beer usually depends upon the image the brand personifies and availability and they are more likely to pay more for discernible quality attributes they associate with particular brands . Females though in minority are slowly gravitating towards beer drinking and usually prefer to have one in similar occasions like parties, after work rinks and sports events. However, when they do indulge themselves they prefer a premium brand and are more likely to be influenced in their choice by philosophy of the brand, taste of the beer and design and label of the bottle. They are also more likely to ask for a premium light beer in such social occasions for their need to stay in control.

Brand Positioning: Consumers choice tends to be driven by image of the brand , awards won, recommendation from peers and variety available rather than brand loyalty.

Thus focusing on brand development will strategically enhance brand power. Branding would also enable us to position our brand to create a better fit between our product and needs and values of the target audience which in turn would help us attract and retain ownership of the customers. This strategy will also benefit by having a spill over effect to other James Boag products. However, the challenge would be to achieve this in a highly competitive market, while appealing to a sophisticated consumer who has a massive range of beverage choices.

The key to achieving this would be through, building the brand's prestige and distinctive values through the advertising campaign in order to differentiate the brand from the aggressive competition in the category and create a proposition that is attractive to premium beer drinkers. The values the brand should position itself to personify are of high quality refreshing beer aimed at successful, in-control, high achieving individuals deserving the best. (Appendix C: Exhibit 4) For this purpose James Boag premium will be marketed as the flagship beer for the brand.

In line with the overall strategy, both Premium and Premium light beer bottles would have similar coloured distinctive, easily identifiable bottles with an embossed logo and following brand stickers displayed on them. James Boag Premium James Boag Premium Light The specially designed sticker helps reinforce our brand message of a unique, refreshing, original, premium quality brewed beer and also indicates towards our origins from Tasmania. The back of the bottle will bear a sticker with a short description about the tasting notes and brewing details about the beer.



This strategy will work in three ways ??? reinforce the premium tag, easy differentiation from our competitor's products and establish ownership over the brand. Other strategies to support in building the brand equity include ??? Continuing submission of James Boag premium beers into key international beer award ??? Participate in key federal and state tourism initiative ??? Actively pursue promotion at key events like corporate functions and sports events( such as tennis, golf, sailing , formula racing etc ) to create association with the brand

To this end the allocation for marketing spend on Premium and Premium light beer will be in 70% vs 30% ratio. We will use James Boag's Premium's communication campaign to develop the brand values for the James Boag brand whilst the aim of the James Boag's Premium Light campaign is to predominantly raise awareness of the brand. Product Strategy: The James Boag premium beer will be the flagship beer and our strategy would be to continue to draw consumers to this quality awarded beer. We would leverage the quality and interest generated with this product and seek to drive sales seeing that consumers clearly like this product.

James Boag Premium Light will be aimed more towards female market and for times when customers are in light beer occasion. Through this line extension we will seek to extend and expand on our market share and also prevent consumers to turning towards our competitor brand. For on-trade sales through pubs and restaurant, our range would be served in specially crafted James Boag logo embossed glasses. For sales through supermarkets and liquor stores the beer would be sold in distinctive James Boag logo packaging.

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Corporate functions and sales at other events will be targeted with newly designed and distinctive casks with draining taps. It is hoped these steps would build on our communication campaign to sell our brand as an experience and also at the same time in some manner fulfil the desires and values our consumers are aiming for. Pricing Strategy: The key objective of pricing strategy is association of brand with quality. Product life cycle map of James Boag premium is in the growth phase, which would suggest pricing strategy should be, to maintain price and retain consumer base.

Consistent with our brand strategy of focused differentiation, it would be recommended that the most appropriate method of creating pricing strategy would be to use price-value relationship. Price-value relationship would allow us to indicate our product is premium, and our brand satisfies key values the consumers are looking for. However, it would be important to price our product strategically as pricing above the market leader may discourage purchase, whilst pricing too far below signals an inferior product offering.

Currently we are priced at least \$50/case, and we recommend maintaining this while keeping a close eye out for competitors pricing and then reacting appropriately (Appendix D : Exhibit 1). Distribution Strategy: Key opportunity for James Boag premium is to exploit the availability of Lion Nathan's already existing large distribution network. Based on this our distribution strategies for the next 3 years will be to focus on following multiple channels On-trade:

Consistent with our overall strategy to increase market penetration through generating brand awareness and attracting more drinkers to try our tipple which we hope will transfer to increase buying for domestic consumption; on-

trade channels would be of prime importance. We are expecting to increase penetration by at least 40% by subscribing to restaurants and pubs which currently are available through the Lion-Nathan channel network . These locations will also be provided incentives like free embossed glasses to promote and sell our draught beers.

Off-trade: With an intent to retain the customers who try our products through on-trade establishments off-trade channels like supermarket and liquor store would also be consistently targeted with regular promotions and negotiating for more shelf space. We expect to increase our penetration by 30% in off- trade establishments in the next 3 years through this strategy.

Events: Specific events both corporate, sporting and social events would also be important for our marketing strategy , We hope to increase our distribution to such events by 30%.

Also keeping in mind the technological changes and the savvy nature of our typical customer we propose to launch direct ordering online for bulk buys for social and corporate events. Integrated Marketing Communication

Strategy: The prime target for marketing activity is the 25-45 years old individuals. The following marketing activities will form the overall communication strategy with main focus being the end users:

Advertising ??? Print advertising in weekend edition of newspaper like The Age, The Australian, Weekend Financial Review and in upmarket business and lifestyle magazines highlighting both premium ranges. Commercials on TV and Cinema before specifically identified shows and movies which conform with the image of the brand. ??? Dedicated web site with information and brand message of James Boag. The content will be directed <https://assignbuster.com/james-boag-marketing-report-assignment/>

at our target consumer with information about promotional events, product details , games , discussion forum and James Boag online club.

Sponsorship ??? Sponsorship of key upmarket events like Tennis, Golf, Racing , Grand Prix and Sailing. ??? Also concentrating on Federal and State business award functions. Cultural Events like Moonlight cinemas, Operas and Theatre Point of Purchase and Packaging ??? Distinctive signs and displays positioned at point of sales in supermarkets , liquor stores and bars. ??? Review of all packaging and bottle labels to align the brand message. Promotion ??? In house promotion at upmarket bars, restaurants and lounges ??? Business conventions and corporate events ??? Motor shows, Horse racing cups , Gourmet food road shows. ??? “ Stealth Marketing” to celebrate the purchase of another luxury brand item like a car with a James Boag premium.

Public Relations ??? Networking dinners held and attended by General Managers with specific attention towards corporate functions. ??? Opening of James Boag Centre for Beer in Launceston, Tasmania which will house company’s memorabilia, with a tasting bar and organised tours through the brewery and also sell branded merchandise. This would allow a visitor to become educated about the brand and turn them into ongoing loyal customers by giving them ownership over the brand. The centre will be advertised through tourist publications. Marketing Budget:

The full budget for 2008-10 periods is shown in Appendix in line with corporate objectives requirements. The product market expenditure strategies are based on anticipated expenditure. (Appendix E: Exhibit 1)

Broadly the divisions will be made as follows – 50% for market penetration of <https://assignbuster.com/james-boag-marketing-report-assignment/>

James Boag premium beer – 10% for market development – 30% towards  
James Boag premium light beer – 10% for diversification Implementation:

The budget for the 2008-2010 Strategic Marketing Plan is based on targeted revenue objectives with provisions for proposed activities recommended in the plan.

The proposed fund allocations range for the marketing costs are consistent with the requirements prescribed in the strategic marketing plan for product, pricing, distribution, IMC strategies and predicted sales revenue growth (Appendix B: Exhibit 9-13). In the marketing budget, the IMC component has the highest allocation to meet the increased advertising due to product and brand positioning strategies, promotions and new product launch activities. Implementation of the strategic marketing plan will begin in the Q3 of 2008.

Details of the implementation in terms of activities, ownership and timelines are provided in (Appendix F: Exhibit 1) Evaluation and control: Performance evaluation and control of the strategic marketing plan for James Boag premium will include tracking indicators such as Customer satisfaction, Brand loyalty, Sales, Market Share, Distributor satisfaction. Monitoring of these key indicators enables management to measure performance and to take corrective action when variances are revealed. The following table shows how and when these indicators are captured and made available for making decisions on changes to Strategic Marketing planning. Indicators | Metric used | Frequency of review | Data source | | Market share |??% market share by value &|?? Monthly |?? Data monitor | | | volume | | | Sales performance |?? Sales revenue |?? Weekly |?? Financial systems | | | | reports | | Customer satisfaction/Loyalty |?? Survey |?? Annually |?? CRM

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systems | | Profitability |?? Gross margin |?? Monthly |?? Financial system | | |  
 | | reports | | Competitive Position |??%share by value & volume |?? Annually  
 |?? Data monitor | | Distribution satisfaction |?? Survey |?? Quarterly |??  
 External agency | Conclusion:

In summary, we recommend that to achieve our desired increase in market share we would have to adopt a focus differentiation strategy. This would in turn require an increase budgetary allowance to the tune of 54 AUD million in 2008. Overall strategic marketing plan is to concentrate on 1) Increase brand awareness: This would help us increase our market share by attracting new customers and help maintain loyalty. 2) Increase market penetration: By strategically aligning pricing and distribution to the brand. 3) Line extension: Introducing James Boag premium light would allow us to attract the growing female segment of the market and extend our consumer base. 4) Maintain the cost price ratio

Appendices [pic] Appendix A: Beer Market Exhibit 1: Data monitor 2006 – Beer in Australia [pic] Exhibit 2: Total Value growth by Beer subsector [pic] Exhibit 3: Market Share of Competition [pic] Appendix B : Financial Overview Exhibit 1: The Du Pont Identity (also known as Du Pont analysis or Du-pont analysis) is an expression which breaks Return On Equity (ROE) into three parts. a) Operating efficiency ??? measure by profit margin b) Asset use efficiency – measured by asset turnover c) Financial leverage – measured by equity multiplier In the analysis the ROE is calculated by the formula:  $ROE = \frac{\text{Net Profit After Tax}}{\text{Sales}} * \frac{\text{Sales}}{\text{Assets}} * \frac{\text{Assets}}{\text{Equity}}$  Du-pont Analysis |  
 |?? | NP/Sales | Sales/Assets | Assets/Equity | Analysis | | 2002 | 0. 10 | 0. 40 | 1. 88 | 0. 07 | | 2003 | 0. 10 | 0. 41 | 1. 79 | 0. 07 | | 2004 | 0. 09 | 0. 43 | 1.  
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71 | 0.06 | | 2005 | 0.13 | 0.43 | 1.63 | 0.09 | | 2006 | 0.12 | 0.71 | 3.46 |  
0.30 | | 2007 | 0.14 | 0.75 | 3.16 | 0.34 |

Exhibit 2: Return on Equity Lion Nathan Ltd. 2003-10 [pic] |?? | |?? | 2008 |  
2009 | 2010 | | Market share increase in total | 40% | 42% | 43% | | Value  
increase total in AUD/millions | 1,661 | 1,757 | 1,857 | | James Boag  
Premium beer share increase | 12% | 15% | 18% | Total Sales Revenue  
Forecast Lion Nathan Ltd Year 2008-10 Lion Nathan Ltd forecast | |?? | 2008 |  
2009 | 2010 | | Total revenue growth at 6% per annum AUD/millions | 2,129 |  
2,253 | 2,381 | Exhibit 8: Strategic Gap Lion Nathan Ltd. 2008-10 | Strategic  
Gap | |?? | 2008 | 2009 | 2010 | | Current growth estimates @5% annually. |  
2,065 | 2,169 | 2,277 | | Projected growth estimates @6% annually. | 2,129  
| 2,253 | 2,381 | | Gap AUD /million | 64 | 84 | 104 |

Exhibit 9: Estimated revenue from existing products in existing markets  
(market penetration) | Millions/ AUD | Year 2008 | Year 2009 | Year 2010 | |  
Est. revenue via current | | | | strategies \* | 2065 | 2169 | 2277 | | Additional  
revenue via modified | | | | strategies\*\* | 32 | 42 | 52 | | Total revenue | | | |  
| 2129 | 2253 | 2381 | Restated the current revenue projections \*\*estimate

50% of gap Exhibit 10: Estimated potential revenue from existing products in  
new markets (market development)\* | Millions/AUD | Year 2008 | Year 2009 |  
Year 2010 | | Est. revenue via market | | | | development strategies \* | 15 |  
20 | 25 | \* James Boag premium brand positioning via advertising and

promotions. Exhibit 11: Estimated potential revenue from new products in  
existing markets (new product development)\* | Millions/AUD | Year 2008 |  
Year 2009 | Year 2010 | | Est. revenue via NPD strategies \* | | | | | 5 | 7 | 10 | \*  
James Boag Premium light\*\* targeted at female consumers and for occasions

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| 84% | | Total | | | High | Exhibit 3: Marketing Strategy Analytical tool used to map James Boag | Strategic position for James Boag Premium (market attractiveness combined with | | Premium | competitive position) | | Product life cycle | Growth ??? Increase market share thru penetration, build intensive coverage , emphasise | | | brand loyalty, maintain prices, | | BCG Product Portfolio model | Stars ??? Invest for growth thru geographical expansion, line expansion and via product | | | differentiation | | GE/McKinsey model | Invest to grow and concentrate on maintaining market share | | Porter's 5 forces model | Moderate overall market attractiveness ??? market conducive for investment with high | | | competition. | | Porter's CA strategy model | Focused differentiation | Exhibit 4: Brand Positioning and Development :

The brand will be positioned keeping in mind the typical customer profile of a premium beer drinker, and the values they aspire and relate with. In line with this strategy the communication campaign through print and media advertisement will aim to depict James Boag brand providing a consumer with a image of a successful, in-control, high achieving individual who are looking for the best. This message will be reinforced through product cues like a easily distinguishable and specially designed bottle and brand logo and also an efficient customer relation management. The message of brew quality will be strengthened through a robust quality control mechanism with a clearly stated shelf life period. Appendix D: Pricing Strategy Exhibit 1: Comparative price of Premium Beers Sector | Brand | Case Price\* | | Mainstream | Victoria Bitter |\$33 | | Light (2-3% alc. vol) | Hahn Premium Light |\$22-\$24 | | Light (2-3% alc. vol) | James Boag's Premium Light |\$29 | |

Premium | James Boag's Premium |\$50 | \* Case Prices vary widely, dependent on individual retailer price promotions, but these prices represent an average Appendix E: Marketing Budget Exhibit 1: Marketing Expenses

Marketing budget allocation | |?? | 2008 | 2009 | 2010 | | Amt in AUD/Millions  
 |?? |?? |?? | | Total Marketing budget | 362. 0 | 398. 2 | 438. 0 | | Marketing budget for James Boag range-15% | 54. 3 | 59. 7 | 65. 7 | | Allocation | | Market penetration (IMC)-50% | 27. 2 | 29. 9 | 32. | | Branding costs | 10. 9 | 11. 9 | 13. 1 | | On trade expenses | 8. 1 | 9. 0 | 9. 9 | | Off trade expenses | 5. 4 | 6. 0 | 6. 6 | | Event sponsorship expenses | 1. 4 | 1. 5 | 1. 6 | | Misc Advertisement and Promotion costs | 1. 4 | 1. 5 | 1. 6 | | Market development-10% | 5. 4 | 6. | 6. 6 | | New product development-30% |?? |?? |?? | | James Boag Premium light | 16. 3 | 17. 9 | 19. 7 | | Diversification-10% |?? |?? |?? | |

Casks and Draughts | 5. 4 | 6. 0 | 6. 6 | Appendix F: Implementation Plan:

[pic] Appendix G: Lion Nathan Financial Statement 2002-07 Exhibit 1: Lion Nathan Ltd Financial statement 2002-07 Lion-Nathan LTD- Financial

statements (consolidated group figures) | | | figures in AUD-Millions | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | Income statement | | Sales Revenue | 1, 662. 4 | 1, 772. 2 | 1, 841. 1 | 1, 757. 5 | 1, 845. 0 | 1, 967. 0 | |?? |?? |?? |?? |?? |?? |?? | | Total Revenue | 1, 712. 4 | 1, 826. 4 | 2, 013. 2 | 1, 797. 2 | 1, 883. 1 | 2, 000. | |?? |?? |?? |?? |?? |?? |?? | | Cost of Goods Sold | 1, 353. 5 | 1, 446. 4 | 1, 668. 9 | 1, 380. 8 | 1, 484. 6 | 1, 595. 0 | |?? |?? |?? |?? |?? |?? |?? | | Sales and Marketing costs | 280. 2 | 301. 2 | 303. 2 | 305. 2 | 309. 0 | 329. 1 | |?? |?? |?? |?? |?? |?? |?? | | EBIT | 266. 3 | 285. 0 | 251. 4 | 337. 6 | 329. 8 | 351. | |?? |?? |?? |?? |?? |?? |?? | | NPAT | 161. 9 | 180. 0 | 160. 1 | 224. 8 | 226. 8 | 282. 2 | | Balance Sheet | | Cash on Hand | 10. 8 | 16. 8 | 5. 7 | 8. 2 | 19. 0 | 6. 9 | |?? |?? |?? |?? |?? |?? |?? | | Current Assets | 504. 0 | 528. 7 | 610.

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2 | 490. 0 | 541. 4 | 544. | | Non Current Assets | 3, 700. 8 | 3, 802. 1 | 3, 656. 8 | 3, 574. 0 | 2, 048. 7 | 2, 075. 7 | | Total Assets | 4, 204. 8 | 4, 330. 8 | 4, 267. 0 | 4, 064. 0 | 2, 590. 1 | 2, 620. 3 | | Current Liabilities | 493. 8 | 430. 6 | 520. 7 | 512. 6 | 525. 5 | 544. | | Non Current Liabilities | 1, 477. 6 | 1, 481. 0 | 1, 254. 1 | 1, 057. 9 | 1, 316. 4 | 1, 247. 5 | | Total Liabilities | 1, 971. 4 | 1, 911. 6 | 1, 774. 8 | 1, 570. 5 | 1, 841. 0 | 1, 792. 0 | | Equity | 2, 233. 4 | 2, 419. 2 | 2, 492. 2 | 2, 493. 5 | 748. 2 | 828. | | Cash Flow Statement | | Net Cash from Operating Activities | 231. 1 | 232. 9 | 274. 0 | 334. 0 | 308. 0 | 298. 5 | | Net Cash from Investing Activities | -399. 6 | -108. 0 | -99. 2 | 20. 8 | -112. 6 | -73. 3 | | Net Cash from Financing Activities | 168. 4 | -117. 3 | -218. 6 | -319. 4 | -184. 6 | -237. | | Earnings per Share | 34. 0 | 33. 7 | 37. 9 | 42. 1 | 48. 6 | 50. 2 |

Appendix H: Competitors Financial Analysis Exhibit 1: Foster Group Ltd Financial Statement 2002-07 | Fosters Group Ltd ( consolidated figures) | Amount in AUD/ million | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | | Sales revenue | 4, 572. 0 | 4, 731. 5 | 3, 908. 0 | 3, 972. 3 | 4, 533. 7 | 4, 760. | | Gross profit | 2, 273. 0 | 2, 344. 6 | 1, 887. 2 | 1, 981. 5 | 2, 067. 1 | 2, 094. 7 | | EBIT | 1, 038. 6 | 1, 023. 4 | 949. 0 | 1, 257. 0 | 1, 065. 7 | 1, 116. 8 | | NPAT | 560. 9 | 470. 4 | 806. 0 | 941. 0 | 1, 169. 8 | 969. | | Marketing Expenses | 300. 8 | 313. 5 | 343. 8 | 379. 6 | 350. 8 | 360. 1 | | Total Assets | 9, 511. 0 | 9, 588. 9 | 8, 443. 1 | 11, 745. 3 | 10, 439. 1 | 9, 563. 0 | | Total Liabilities | 5, 299. 1 | 5, 095. 8 | 3, 842. 9 | 6, 801. 2 | 5, 957. 4 | 4, 929. |

|?? |?? | | Total Equity | 4, 211. 9 | 4, 493. 1 | 4, 600. 2 | 4, 944. 1 | 4, 481. 7 |  
 4, 633. 2 | |?? |?? |?? |?? |?? |?? |?? | | Ratio analysis | |?? |?? |?? |?? |?? |?? |??  
 | | NPM ratio | 12. 3 | 9. 9 | 20. 6 | 23. 7 | 25. 8 | 20. | |?? |?? |?? |?? |?? |?? |??  
 | | GPM ratio | 49. 7 | 49. 6 | 48. 3 | 49. 9 | 45. 6 | 44. 0 | |?? |?? |?? |?? |?? |??  
 |?? | | ROE | 13. 3 | 10. 5 | 17. 5 | 19. 0 | 26. 1 | 20. 9 | |?? |?? |?? |?? |?? |?? |??  
 | | ROA | 10. 9 | 10. 7 | 11. 2 | 10. 7 | 10. 2 | 11. | |?? |?? |?? |?? |?? |?? |?? | |  
 Debt to Equity Ratio | 125. 8 | 113. 4 | 83. 5 | 137. 6 | 132. 9 | 106. 4 | Exhibit  
 2: FGL Sales Revenue 2002-07 Exhibit 3: FGL Marketing Expense 2002-07  
 Exhibit 4: Net Profit Margin Foster Group Ltd. Exhibit 5: Gross Profit Margin  
 Foster Group Ltd. 2002-07 Exhibit 6: Return on Equity Foster Group Ltd.  
 2002-07 Exhibit 7: Debt to Equity Ratio Fosters Group Ltd. [pic][pic][pic]  
 ----- [1] 2007 Annual Report Lion Nathan Ltd – Australia segmental  
 [2] Porter, “ What is strategy? ‘ , pp 61-78. -----

The concept of Product Life Cycle postulates that products, like human beings, pass through a number of different phases or stages of their life. The stages are described as introduction, growth, competitive turbulence, maturity and decline. GE/McKinsey Model BCG is a two dimensional model based on market growth and relative market share. The chart on the left summarises the results obtained for the BCG analysis conducted for the James Boag premium beer line. (For further details refer to Appendix C: Exhibit 1 ). BCG Model Another tool used to identify effective product strategies is the GE / McKinsey model. This is used to identify the attractiveness of the market and the relative position of the brand. (For further details refer to Appendix C: Exhibit 2 ).