

Soren chemicals essay



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Soren Chemicals was founded in 1942 by Timothy Soren to sell industrial-strength cleaning solutions. Since then, the company had expanded its focus to include industrial chemicals for lubricants and fuels, as well as a range of chemical solutions for treating drinking water and wastewater. Historically, Soren Chemical had concentrated on business-to-business sales and placed little emphasis on creating consumer awareness of its products. Objective Jen Moritz, the protagonist of this case study, is a marketing manager in the Water Treatment Products group with responsibility for chemicals used in drinking and pool water treatment.

Her role is to develop the go-to-market strategy for ' Coracle', which is a pool water clarifier, intended for use in residential pools with lower bather loads. Since Soren's new strategy is to opportunistically develop consumer brands, their plan with Coracle is to make it a branded product. They plan to build some recognition with the Coracle name, so that they have a platform to market more consumer-based products in the future. Problem Statement The volume target for the first year of sales for Coracle was 100, 000 units.

However, through the first half of the selling season for pool chemicals, Soren had sold just 7, 450 units. Coracle had been budgeted at \$1. 5 million in sales for the year, but so far Soren had sold a very disappointing for \$111, 000. Problem Analysis ? Since Coracle, was the first product of Soren Chemicals directed at the consumer market, it suffered from poor brand recognition. Approximately, 80% of consumers maintained their own pools and they didn't recognize a new brand name like Coracle. The second issue faced is the challenges of selling through distributors and retailers.

The company decided not to allow private-label branding for Coracle, despite requests from several major wholesale distributors that marketed a number of pool chemicals under their own labels. The distributors probably viewed Coracle as a threat to their private labels and hence tried to suppress the information that Coracle was trying to present to customers. This theory is supported by the fact that, a survey among the pool service professionals and specialty retailers who had made enquiries about Coracle revealed that only 30% of the respondents recalled receiving the Coracle materials that Soren Chemical had sent in response to their inquiries. Furthermore, though Soren Chemical had passed the contact information for interested customers to the appropriate wholesale distributors, nearly 70% of respondents stated that Coracle had not been offered by their distributors. Coracle was sold in half-gallon containers which were priced at \$25 each. The closest competitor to Coracle was ClearBlu which was priced at \$15 per gallon. This probably resulted in ClearBlu being perceived to be cheaper by the consumer.

However, this was not exactly true since 32 ounces of ClearBlu was required per treatment compared to only 10 ounces per treatment for Coracle. Also, the annual cost to the customer for Coracle was approx. \$39. 06 compared to \$75 for ClearBlu. However, this statistic had not been communicated to the customer due to poor marketing strategies. The marketing message of Coracle emphasized on its efficiency, reducing the dependence on chlorine, enzymes and shock treatment, thus reducing chemical costs by 20-30%. However, this message was only displayed on the bottle and thus wasn't reaching out to potential new consumers.

Also, the press announcement emphasized Coracle's performance advantage in trapping dangerous waterborne ? ? ? ? pathogens, which were concerns in the commercial pool market and not in the consumer pool market, where the emphasis was on aesthetics and perceived cleanliness. Since the product was launched in September 2006 and the results collected in February 2007, we cannot estimate the impact that the off-season has on the sales of the product. Normally, the sales would be higher in the spring and summer months between March to July, since more people would be using the swimming pools when the weather is warmer.

It is possible that this point escaped the attention of Moritz and was not taken into consideration while estimating demand. Alternative strategies and recommendations ? Since the current annual cost at retail price is \$39. 06, which is less than the annual average cost of clarifiers at retail prices (\$50), there is scope to increase the gross profit margin of the retailer and distributor and thereby increase the retail price of Coracle by approximately \$10 without drastically affecting sales.

This way there is more incentive for the distributors and retailers to promote the sales of Coracle. Reduce the gross profit margin of Soren Chemicals from the current 35% and consequently increase the gross profit margin of the retailers and distributors. This way the retail price to the customer won't be affected. However, the company will suffer from reduced profits at the expense of better sales revenue. This strategy is recommended when a company is new to the market and is trying to achieve good market share in a short period of time.

Since the percentage of consumers who understand and use clarifiers regularly is just 25%, there is good scope to spread awareness among the consumers about the advantages of using clarifiers through mass advertising campaigns. However, the costs of running such a campaign may be prohibitively too high, besides the other competitors like ClearBlu also stand to gain from such a campaign. Creating greater demand from service professionals could provide a jumpstart for Coracle, but Moritz estimated that she would need a \$600, 000 budget to conduct a mailing campaign and to run advertising in industry publications.

Also, since many residential pool owners simply did not realize the value of Coracle relative to other clarifiers, a marketing strategy could be laid out to spread this message to the consumer. ? ? ? Recommended Plan of Action We know that residential pool owners can obtain Coracle through mass retailers, pool specialty retailers, or pool service professionals. 20% of these residential pool owners have their pools serviced by one of the 40, 000 to 50, 000 pool contractors and service companies. The other 80% purchase clarifiers through mass retailers or pool specialty retailers, whose gross profit margin is 15%.

Therefore it is beneficial if Soren sells exclusively through the retail distributor, who owns the higher customer base. Soren will then be able to negotiate for a smaller gross profit margin in exchange for the higher volume the exclusive retailer will realize. This can be complemented by a marketing and advertising strategy, that emphasizes on the cost benefits of using Coracle over its competitors as well as other inferior chemicals, such as, chlorine, UV and shock treatment. This will also lead to increased brand

awareness among the consumer lead to better sales of other products that are in the R&D pipeline of Soren Chemicals.