

Company g



Introduction

Company G is a well established public corporation that has been developing, manufacturing, and distributing quality electronics products across the world for 30 years. Our current product lines include electronic devices in several categories from global positioning devices to digital video recorders/players. Company G is the parent company for two of the most recognized and well respected brands of quality electronics in the world; Company G, and XG. Our diverse customer base consists of small to moderate sized business entities, tech savvy professionals, and your everyday consumer. Our success at Company G is credited to our loyal customer base and our commitment to quality and integrity that we put into each and every one of our products.

Company G and XG brand products can be found in retail stores around the globe, internet marketplaces (Amazon, Shopzilla), and specialty electronic stores including ABT electronics, Radio Shack, and Best Buy. Company G has built a strong reputation with retailers, distributors, suppliers, and end consumers by providing unique, high quality products that are unparalleled by the competition.

As a result of building strong business relationships and reliable products, Company G has seen substantial growth year after year. This growth is attributed to Company G's consistent evaluation of our consumers' needs and requests. Company G's commitment is monitored through constant communications between the company, retailers, and our consumers through phone/email surveys, and the consumer/supplier questionnaire

section of our website. These practices have helped us to maintain our place as one of the most trusted electronics companies in the business.

Introducing XG-Select

Like so many of our consumers Company G is passionate about our environment and as a result of continued consumer communications Company G has decided to expand our manufacturing processes to include a brand new collection of energy saving small appliances called: XG-Select. The XG-Select collection offers high quality, energy-efficient, portable small appliances. The development of the XG-Select Portable Party Blender and XG-Select product line was based on the results of consumer surveys, prototype and concept testing. The testing and market research results demonstrated the possibility of the XG-Select line being one of the most reliable product lines in the market today. The objective of XG-Select line products is that all XG-Select appliances are energy efficient, produce very minimal waste from raw materials, require very low up front investment, and has a low labor and distribution time as well. Cost effective, energy efficient products will enable the XG-Select line to enter into the small appliance market as the lowest-cost producer to date.

The Portable Party Blender

The first product to be introduced under the XG-Select line is the Portable Party Blender. The Portable Party Blender is a convenient, multi-use chopping device that can quickly mix drinks and dips, chop ice, vegetables, or herbs. The Portable Party Blender's compact size and stainless steel design make it lightweight, portable, and durable for use in the home or on the go. The Portable Party Blender features a powerful 500 watt motor with

the ability to produce the pulsating power up to 1000 watts, 32 ounce dishwasher safe mixing jar, stainless steel housing, a built in dispensing tap, rechargeable battery, and retractable cord. Lightweight, portable, efficient, and attractive design gives the Portable Party Blender its unique place in the small appliance market.

XG-Select Mission Statement

Through continued innovation the mission of XG-Select is to reward consumers with quality, affordable, accessible and efficient appliances that meet daily needs that are unmatched by our competitors.

Market Objectives

The most significant objective of the Portable Party Blender is to establish a presence in the small appliance market through strategic placement. The success of the Portable Party Blender will give the creditability to the XG-Select product line in the target market allowing for additional products to come to market. The following list gives a brief overview of the target market and objectives that the XG-Select product line intends to achieve by implementing an aggressive market approach for the first, second, and third year of promotion.

- First year: Increase visibility, target is to reach a 2% share in the small appliance market in the U. S.
- Second year: Introduce a second product under the XG-Select line to the market.
- Third year: Obtain a 10% share in the small appliance market in the U. S.

- (The proposed market launch for the XG-Select Portable Party Blender (PPB) is October of 2010).

Target Market:

To date, the Portable Party Blender has been well received in our test markets. The target market for the Portable Party Blender is active consumers ages 21-45. The target market includes consumers who like to spend time outdoors while having numerous beverage options. This market is a large one for those who enjoy camping, picnics, tailgating, hunting or any outdoor activity that will be enhanced by creating unique beverages.

The demographics of the target market include adults with an average income between \$15, 000 and \$65, 000 annually. These individuals can be college students, young families, avid outdoorsman/campers, and single adults both male and female. These consumers require products that are high quality, durable, and convenient. Customers who purchase the Portable Party Blender live in various regions of the U. S. where outdoor activities and outdoor entertaining are a top priority.

Objectives

Product: Increase product and brand awareness by 70% by the end of year 3.

Price: Base price of the Portable Party Blender starts at \$39. 99. Limited editions series to start at \$59. 99.

- Distribution: Nationwide market introduction begins National RV and Camper show followed by promotions in brick and mortar retail stores, mall kiosks, outdoor outfitters, internet retailers, and RV/Camper show tours.

- Promotion: Launch of the XG-Select Portable Party Blender (PPB) is slated for October 2010 in Detroit, Michigan at the National RV and Camper Show.

Competitive Situation Analysis

Company G is an innovative company that cultivates consumer needs and wishes with state of the art technology to design, develop, and produce some of the most innovative electronics in the world. With the new XG-Select Portable Party Blender, consumers can expect nothing less than a high quality product at a competitive price. Beyond the Portable Party Blender, Company G hopes to develop additional XG-Select appliances to reach additional consumers in the small appliance market, mostly men and women between the ages of 20-45 who are looking for specialty, convenience products to meet their everyday needs.

Consumer Product Classification

XG-Select products fall into all 3 product classifications, convenience, shopping, and specialty products. Therefore the XG-Select line will use a differentiated market strategy for XG-Select products with specialized promotion campaigns for select consumers including campers, hunters, sports fans, busy moms, and college-aged students. Consumers in the small appliance market are consistently looking for the best priced, quality products that the market has to offer. The XG-Select line will beat the competition in all levels.

Analysis Of Competition Using Porter's 5 Forces Model

The following section provides an overview of the external forces analysis that could have an impact on the bottom line for the Portable Party Blender

and future XG-Select brand products. In the current market there is an increasing demand for high quality, durable, visually appealing, competitive priced small appliances. XG-Select products are the solution to this demand.

Competitive Rivalry: The main competitors are the existing small appliance manufacturers such as Kitchen Aid, Coffee Mate, and Cuisinart. Kitchen Aid is the current leader with approximately 45% of the market. Competitors use the internet to market their products to a wide variety of consumers.

Threat from New Entrants: The small appliance market is well established maintain an average annual growth of 6% over the past 10 years. The potential threat level from new entrants is medium. Competition in this market is already high which can be discouraging for a start up venture. The largest potential threat is from environmentally conscious producers. The internet will serve as a learning tool for potential new entrants and should be closely monitored for emerging competition.

Threat from Buyers: Retailers are the primary buyers of XG-Select products. Retailers typically demand lower pricing in exchange for them to carry large quantities of XG-Select products. Large retailers sell products to a diverse customer base comprised of end consumers, distributors, and generic producers. Internet retailers' seller to an even broader customer base and have the potential to reach markets outside of the U. S. Both customer types will choose their products based on convenience of distribution and price.

Threat from Suppliers: Due to the additional, unique material requirements in the XG-Select line, Company G has added 2 raw material suppliers to manufacture some of its chopping and grinding components. Due to the

currently low demand for these types of components, the threat from suppliers is high and component pricing could exceed expectations if relationships are threatened.

Threat from Substitutes: There is a high potential for the development of substitute products to emerge into the market over time. Tentative research in the area of environmentally friendly products could open up an increased level of new competitors with similar products. It is expected that XG-Select brand products will outweigh that competition with unmatched quality, efficiency and style.

SWOT Analysis

The following SWOT analysis highlights the main strengths and weaknesses of the XG-Select product line.

Strengths

Strong reputation with suppliers

Financially secure/strong credit rating

Track record of consumer satisfaction

Weaknesses

No current market presence

Need for new supplier relationships

Limited product line

Opportunities

Increased potential for profits

Potential to increase customer base through quality

Potential to increase market share via internet

Threats

Similar products by offshore competitors

Quality of new suppliers is a concern

Low material prices could increase competition

Strengths

1. Company G has long standing relationships with existing raw material suppliers allowing for competitive pricing on materials and labor. Efficient manufacturing processes reduce labor costs and materials waste.
2. Strong financial resources enable Company G to employ the best design and technology team to guide from research and development through to marketing and launch.
3. A high level of consumer satisfaction in test markets proves consumers trust the company and its products.

Weaknesses

1. XG-Select lacks market presence which may cause problems with sustainability.
2. The need to add new suppliers causes concern issues over dependability and efficiency. Standard credit terms will be offered to suppliers (1% 10 net 30).
3. XG-Select has a limited product line at the moment only 1 product is ready for market and 2 are in the pipeline.

Opportunities

1. High potential to increase profits in the small appliance market with attractive pricing strategies.
2. Increase customer loyalty and satisfaction through appealing product offerings and becoming a frontrunner in quality and affordability.

3. Increased market potential from internet retailers and advertising, thus giving Company G the ability to increase profit margin through efficient marketing and production.

Threats

1. Increased potential for substitute/generic products produced by offshore companies with lower pricing structures.
2. Low quality concerns from using new components suppliers could cause defects in products if not monitored.
3. Decreased costs in small appliances worldwide from technological advances may increase the competition of similar products.

Marketing Strategy And Action Plan

The current small appliance industry dictates that consumers want high quality, durable, visually appealing appliances that are energy efficient and produced with minimal waste and are environmentally friendly. Company G's XG-Select line capitalizes on those factors. Our production methods are faster, our quality levels are high, and our costs are low in comparison to our competitors. We have implemented a three-step marketing strategy approach for XG-Select and the Portable Party Blender by marketing to a differentiated customer base, adopting a penetration pricing plan to enter the market for the first 6 months then ending with a competitive pricing approach.

Product Strategy

1. The Portable Party Blender will be offered with a one-year product warranty.

2. The Portable Party Blender comes with an AC adapter and rechargeable batteries.

3. The Portable Party Blender offers a lightweight, compact style that is easy to assemble and transport.

The Portable Party Blender's (PPB) design is lightweight, easy to use, and can be used with or without an electrical outlet available. The Portable Party Blender saves energy by utilizing solar power and/or rechargeable batteries. The PPB will also come in a variety of fashion colors for the female consumer and also a variety of the most popular sports team logo's for college and professional football teams as well as a camouflage version.

Price

1. Penetration pricing will begin at \$34.99 and graduate to competitive pricing at \$39.99.

2. Specialty and limited edition products will be competitively priced starting at \$59.99.

3. Combination bundles (2 limited edition series products) will be priced at \$79.99.

The Portable Party Blender will use a competitive pricing strategy. We believe that pricing and consumer satisfaction go hand in hand. Pricing is based on our break even point (discussed in a later report) this is why we have chosen the three step pricing plan. The Portable Party Blender will have a penetration base price of \$34.99 per unit. This base price allows us to remain competitive without diminishing quality. The base price includes all

available standard edition designs. All special and limited edition designs including colors and sports team logos will have a base price of \$59.99. The standard unit will graduate to \$39.99 once a market share of 2% has been achieved. This price strategy allows us to promote the product to consumers in a wide range of income brackets allowing us to maintain a competitive edge on the competition. At a production price of \$4.67 per unit, labor costs of \$8.15 per unit, distribution and marketing costs of \$5.00 per unit, bulk quantity discount to retailers of \$3.17 unit, we anticipate a net profit of \$14.65 per unit.

Distribution

1. October 2010 will be the official product launch to limited consumers at the National RV and Camper show.
2. November 2010 distribution to specialty retailers begins (Outdoor World, Gander Mountain, Sports Authority) with tactical eye-catching, in-store displays.
3. December 2010 distribution to traditional retailers (Walmart, Kmart, Sears, Kohls, etc.) begins. Internet retailers are added at this time as well.

The initial product launch will involve an interactive kiosk display at the National RV and Camper show tour beginning in October 2010 in Detroit, MI. Following the initial product launch, we are aiming for mass distribution to all major U. S. retailers including brick and mortar and internet stores during November of 2010. Each brick and mortar store will have a visually stimulating display that will draw the consumer in and catch their attention. In cooperation with the RV and Camper show tour, the kiosk will travel with

the show for duration of 12 months exposing the new product line in 43 major U. S cities. Additional kiosks will be strategically placed in shopping malls based on demand. The chart below shows the distribution channels that Company G will adopt for the XG-Select line.

Promotion

1. August 2010- Television and Radio campaign in cooperation with National RV and Camper shows begins.
2. September 2010- Email and Social Networking campaign begins with sweepstakes to win a Portable Party Blender.
3. October 2010- Newspaper (retailer inserts), and in-store display campaigns begin.

The Advertising Manager shall oversee be in charge of the execution and success of all promotional activities. The XG-Select promotion team of 5 employees will coordinate the day to day activities and report directly to the Manager. Cooperative advertising funds are available to retailers that participate in our local and national campaigns. Company G will work with online and brick and mortar retailers to promote effective public relations and marketing campaigns. Retailers will be required to produce proof of their advertising cooperation prior to payment. Portable Party Blender communication and marketing campaigns will include radio advertising, infomercials, internet advertising, and participating in outdoor shows, camping expos, and sporting events. Email blasts and Social Networking campaigns will focus on sweepstakes entries. We have partnered with Face Book, MySpace, and Twitter to introduce the Portable Party Blender to the

<https://assignbuster.com/company-g/>

social networking world. We also will target specialty retailers such as outdoor stores and sports stores. Each of the road shows and retailers will be provided with product posters and pamphlets containing 15% off coupons toward the purchase of the Portable Party Blender. The first 150 retailers to sell 100 Portable Party Blenders will receive a 50% off pricing on their next stock order of Portable Party Blenders of 100 units. Standard credit terms will be offered to suppliers (1% 10 net 30).

Action Plan Timeline

Each of the tasks below shall be completed by the date listed. Advertising and promotions will be monitored by the Promotion Manager. Distribution and product development will be monitored by the Distribution Manager. It will be the responsibility of each manager to verify the timely execution of each task in a professional manner.

Action Year 1 Year 2 Year 3

Televisio

n and

August August August

Radio

2010 t 2011 2012

Campaig

n

National October Octob Octob

RV Show 2010

er er

2011 2012

Email & Septem Jan, Jan,

Social

Networking Campaign
 October 2010
 June, Sept. 2011
 June, Sept. 2012

Newspaper / Direct mail

October - Dec 2010
 Jan- Dec 2011
 Jan- Dec 2012

Mall Kiosks (strategic locations)
 Nov 2010
 March 2011
 March 2012
 July 2010 & Dec 2011
 & Nov 2012

Product production
 October 2010
 Month y
 Month y

(continuous launch)
 November 2010
 Month y
 Month y

Specialty store distribution begins

Retail

store

distributi

on begins

Schedule

subject

to

change

based on

market

trends.

Monitoring Procedures

The purpose of this marketing plan is to initiate a guide to introduce our new XG-Select product line. In order to gain a strong market share with our new small appliance line we will have to maintain a competitive stance in the areas of research, development, and technology. A strong relationship with suppliers, distributors, and consumers is our key to success. In order for this new product, and the entire XG-Select line to succeed we must monitor our success on a monthly and annual basis.

Monthly And Yearly Evaluation:

1. Revenue

2. Expenses: Labor, distribution, advertising

3. Advertising effectiveness (evaluate for the most effective)
4. Customer satisfaction (surveys via direct mail, email, and telemarketing)
5. Retail sales (evaluate effective sales or lack of sales in each retail establishment)