

Markstrat marketing plan



**ASSIGN
BUSTER**

1. Executive Summary

Company U's primary focus is creating products that create value and fill a need in growing markets – it currently has three products. SUSI is the lower quality offering which focuses on weight and volume, marketed towards Singles and Others who are the most price-sensitive and are projected to have the highest growth rates over the next five years. SULI is the high quality electronic offering, distributed primarily to Professionals and High Earners who are driven by performance and convenience.

VUGO is a product that was created for the Followers segment of the Vodite market which is projected to have the largest growth over the next five years at over 3300%. Followers require a high performing product, but at an affordable cost. The company has differentiated its investment in advertising to focus consumer perceptions on the most valued attributes of the targeted markets for each product. In addition, Company U takes a keen interest in market research and boasts the largest sales force in the market, investing over \$3M in the last two years to hire and train 149 sales representatives.

Products are sold throughout the three distribution channels – specialty stores, department stores and mass merchandisers with distribution to mass merchandisers increasing within the next five years. Sales by Year 10 are projected as follows, a 139% increase for SUSI, a 61% increase for SULI and increase for VUGO. Overall expenses for all products are estimated to be around 66% of total sales by Year 10 with total contribution margin for Sonite products expected to stay around 64% by Year 10 and 49% for Vodite.

2. 0 Situational Analysis

Company U currently manufactures two products in the Sonite market, SUSI and SULI. The Sonite market consists of five major market segments. Both Sonite products are distributed in specialty stores, department stores and mass merchandisers. In Year 5, Company U broke into the Vodite market with product VUGO. The Vodite market is segmented into three major segments: Innovators, Early Adopters, and Followers.

2. 1 Market Summary

The Markstrat world has a population of 250 million people. Through Year 4, the Sonite market consisted of 1. 67 million people with an expected growth rate of 53% over the next five years. In order to meet the needs of consumers in the larger growing segments, Company U has developed two products in the Sonite market: SUSI and SULI. SUSI is the lower quality offering, marketed towards Singles and Others who are the most price-sensitive. Others and Singles are projected to have the highest growth rates over the next five years, at 98% and 86% respectively. This is Company U's target market for SUSI and sales are forecasted to almost double in each segment through Year 10 (Table 1 and Chart 1).

SULI is the high quality electronic offering, distributed primarily to Professionals and High Earners who are driven by performance and convenience. Market Share for both Professionals and another market segment, Buffs, are expected to decline through Year 10. The Vodite market currently consists of approximately 200, 000 people with an expected growth of 200% through Year 10. The Followers segment of the Vodite market is

projected to have the largest growth over the next five years at over 3300%. Company U introduced a Vodite, VUGO, in Year 5 to initially target the Early Adopters segment in turn creating a strong foundation to penetrate the Followers segment through Year 10 with predicted long term sales growth of 17%.

2. 1. 1 Market Demographics

Geographics – The Markstrat world has a population of 250 million people. The Sonite market currently consists of 1. 67 million people with an expected growth of 53% over the next five years. As of Year 4, the Vodite market is much smaller at 200, 000 people, however it has a huge forecasted growth potential of more than 200% over the next five years. Demographics – Sonite customers are generally adults who have similar needs and purchasing behaviors. The market can be divided into five major segments: Buffs, Singles, Professionals, High Earners and Others. Buffs and Singles are price sensitive and do not necessarily have high incomes. Buffs demand a high-performance product while Singles are amenable to average levels of both performance and convenience.

Professionals and High Earners have high levels of income and use the Sonite products for both personal and professional reasons. Both segments demand performance and convenience from their products and tend to equate the price of a product with quality or social status. Others are the largest segment in the Sonite market and include consumers who do not belong to the above groups – they have similar needs and are looking for cheap, low-performance products with average convenience. Potential Vodite

consumers are the same as those who buy Sonites, however each product type serves different needs and therefore they do not compete.

The Vodite market focuses on consumers who tend to adopt new products and is segmented into three groups: Innovators, Early Adopters, and Followers. Innovators have an above average level of income and are the first users of Vodite products; they represent a small percentage of total potential customers. Early Adopters have an average income level and are critical to the adoption process. They are a significant size of the Vodite market and have a strong influence on other consumers. Followers have a below-average level of income and are the bulk of the potential Vodite consumers. They are more reserved in trying new products, doing so only after a large number of other consumers have tried the product.

Psychographics – In the Sonite market, Buffs, Singles and Others are driven predominantly by price and are less concerned with convenience.

Professionals and High Earners have higher levels of income and will pay more for high quality and high performing products in turn reflecting their level of social status. In the Vodite market, the Innovators are adventurous consumers and are willing to try new products at some risk. Early adopters are strong opinion leaders and will adopt new products before the majority of people have accepted the new technology. Followers have lower income levels and are not willing to risk trying new products.

They are highly influenced in the Vodite market. Behaviors – Consumer behaviors in both the Sonite and Vodite markets can be best gauged through the distribution channels of each product. Specialty stores carry a broad

product line for each category and provide a high level of service and technical support. This level of service tends to attract Buffs and Professionals as they are more likely to purchase the higher end Sonite products. Specialty stores are also the preferred distribution channel for Vodite products and tend to attract the Innovators and Early Adopters.

Department stores offer a wide variety of Sonite products and are able to provide extensive customer service, which tends to attract the High Earners. Mass merchandisers operate on a low price, high volume basis and distribute mostly to the Others segment as they often sell the cheaper, low-performance products. Singles and Followers have similar shopping habits and shop in both Specialty and Department stores, depending on the product characteristics they are offering.