

Take an existing product or service to a new market

Business



Introduction

The purpose of this report is to present a marketing plan and marketing strategy for the re-launch of a selected product which is currently being sold by DIY retailers in UK. The product selected for the re-launch is Passion Radiators that is being sold by Wickes Plc. The marketing plan and strategy is applicable from 1st June 2012 to 1st January 2013. Passion radiators are designer and eco-friendly radiators that are currently being sold in three colours and designs. For presenting the marketing plan, many areas have been discussed such as the company analysis, competition, current market trends, Pestel analysis, swot analysis etc. The key reasons for the re-launch of the product have been discussed. In the current economic downturn, the purchases of new homes have decreased. So people are renovating their current homes where they prefer trendier, designer and efficient products for their households. People are also looking for more ways to bring down their expenses. During the re-launch period, two special events are there: Olympic Games and the Christmas. The marketing plan and strategy is proposed in such a way that it can take full advantage of these events. A plan has been given for all the marketing activities to be carried out during the re-launch period. Academic journals, articles, newspapers and books have been referred to present the marketing plan and strategy for Passion Radiators from Wickes.

Background / Current Situation

Wickes Plc launched Passion radiators in 2005-06. Passion radiators are designer itself from the rest, as it is eco and user friendly. A Passion radiator consumes 80% less water and produces 15% higher output though the same

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consumption of electricity. This feature can save electricity and the environment at the same time as it consumes less and generates more. The sales of Passion radiators are very limited. Little information is available about the product on the brochures and the company website. Passion radiators have only three products in their range. Other key issue is the price; at present, the company is charging around ? 713 GBP for a radiator, which is expensive, compared to the competition. Based on this, the main reasons to be considered for the failure and re launch of the product are:

Low Awareness

Comparatively High Price

Market Trend

Economic situation in UK

Installation Charges and after sale services were higher.

These points are discussed in the later sections of the report.

Company Analysis

Define company analysis (reference)

To meet the financial and marketing objectives and recover the loss due to failure. (see objectives)

Specific R & D of passion radiator and analysis of competitors.(see product)

Wickes Plc is one of the largest DIY companies in UK. It was established in 1972 and is currently owned by Travis Perkins Plc. It has over 200 stores and around 8500 DIY products in UK. The company has a large range of home

improvement products. One of the important commitments of the company is to provide more eco friendly products that help improve the environment.

Analysing the financial data for the company of 2010-2011, it is evident that the sales grew by 3.1%. But, the significant growth was seen in market share which at present makes the group the largest DIY retailer in UK.

Considering the current economical conditions, the company is making good progress by acquiring more market share and increase in sales figures.

Following success, company has planned to launch more DIY products that are environment friendly and open more stores in UK.

Customer Analysis

Define customer analysis.(reference)

Labour are expensive and we make this product user-friendly to reduce expenses.

Customer satisfaction is our first-priority because the customers are the only element to make the product success or fail

How we retain the customers

Currently economic condition of UK is not very good. Following cuts in benefits, customer confidence is decreasing. The real estate market is also struggling. Customers at the moment want to buy cheaper products and want to save money in any way they can. The trend of buying new homes is decreasing these days in UK, and more people prefer to renovate the old ones. This seems a good opportunity for home improvement products. For Wickes Plc, the other important point is that many small retailers are closing due to tough economic times. This was the reason that the company gained
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market share in 2010-2011 following closures of many small retailers and shops.

According to research conducted by AMA, it is evident that the designer radiator market is showing good growth potential. The two important products are the designer radiators and towel warmers. People tend to make their home more design oriented by installing designer radiators to make their house look more beautiful. Consumers prefer innovative designs, odd shapes and more colour options. On the product development side, consumers prefer better thermal performance, efficiency and lower running costs. Adding on, customers look to bring down their utility expenses and purchase more environment preserving products in homes.

Market / Competitor Analysis

Define and reference

CompanyCompetitor

High quality-low price

Different package with passion

Customer can pay its easy instalment without pay any interest.

High efficiency that there is no need to jump from single to double glaze windows, which saves the customer extra budget.

There are currently many companies in the designer radiator market. The other DIY companies such as B&Q, the radiator company and other designer radiator range from Wickes group itself such as Havel, dynasty and others.

When comparing the prices, the designer radiators range from around ? 250

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to ? 1500, depending upon the size and style. Price competition has become very fierce as more companies are entering the designer radiator market, which are importing products manufactured in low cost foreign markets.

The market of designer radiators has shown an inspiring increase of around 10% to 20% in the recent years. In 2008, the market for designer radiators was nearly ? 75 million. However, due to economic downturn a decrease of 9% was seen in 2009 reducing the market size to nearly ? 69 million. But, according to a research conducted by AMA, it was forecasted that the market would grow nearly 16% by 2012 compared to 2009 and the market size would be around ? 80 million. The market for designer radiators can be segmented into three main sectors: domestic renovation, domestic new build and commercial installations. The key sector is the domestic renovation as due to current economic downturn it is more likely that people will make improvements in their current homes rather than buying new houses.

PESTEL Analysis

Political: The current coalition government has many plans to support eco friendly improvements in houses and encourage environment friendly products. The government has launched a benefit scheme under which the householders need to prove that they are using products that saves money on utility bills and thus save environment.

Economical: The current economic downturn and government cuts in benefits have decreased customer confidence. The real estate market is struggling and so people are improving their current homes and installations.

The opportunity here for Wickes is to gain market share as it did in 2010 following closures of many shops and other retailers.

Social: People are looking ways for decreasing money on their expenses. The product Passion Radiators is ideal as it will help save money for its customers on utility bills. During the re-launch period, Christmas and Boxing Day are there. Customer spending during this time is the highest. The company should offer lucrative offers to attract more sales and customers.

Technological: In the radiator market, the trend is for installing more decorative and innovative radiators that are energy efficient. The company should increase the range of Passion radiators by introducing more shapes, colours and making them more energy efficient.

Environmental: People surely prefer more environmental friendly products for their homes. Passion radiators can satisfy this need of the customers. Passion radiators consume less water and produces more thermal output saving electricity.

Legislative: The government is providing exemption from VAT on purchase of eco-friendly radiators where the people can save money. However, the rules are very complicated to claim for exemption.

SWOT Analysis

Strengths:

Passion radiators are eco friendly and thus energy saving.

The Wickes group has a large distribution network of around 200 outlets in UK from where the products can be sold to customers.

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The product has a warranty of 5 years with two years of after sale service.

Low electricity/gas consumption.

Customer can install by themselves.

Passion radiators are a product of Wickes Plc, which is currently the leading DIY Company in UK. This shall increase reliability and provide a good marketing platform for the product.

Weakness:

Passion radiators have a very low awareness in the market.

The price for the product is relatively higher compared to its competition.

Fierce competition among the companies for selling designer radiators.

Opportunities:

The opportunity of this company is market share regarding the re-launch of radiator successfully, result in gaining more market share by grasping more customers.

The product can address the current market trend where people prefer more innovative and designer products that are energy efficient.

The markets for the designer radiators have good potential to grow of around 16% in 2012.

Government benefits and tax exemptions for eco friendly products in homes.

In the current economic situation, people are more likely to improve their existing homes. Further, they want to cut their expenses. This product can address people's need in current situation.

Threats:

Wickes Plc has other products in the designer range. Re-launching Passion

radiators and giving more emphasis to it might reduce sales of its other products and can hamper the company in overall sales.

Competition is introducing cheaper products made in low cost foreign markets.

Other products are available in market with same features.

The leakage of the latest technology used in these radiators.

New entrants can be entered after the leakage.

Objectives

Marketing Objectives:

The company should maintain a strong growth during the entire re-launch period of Passion radiators.

Wickes should achieve stable market penetration in the designer radiator market.

Company must take full advantage of the Christmas and Boxing Day.

More market share leads to optimize profit.

Customer loyalty and satisfaction.

The re-launch period also has the 2012 Olympics (27th June - 12 Aug). It is very likely that the commercial installations of radiators could possibly increase during this period. The company should establish Business-to-Business relations to take advantage of the Olympics.

Financial Objectives:

Company should manufacture the radiators in low cost foreign regions in order to decrease price of the product.

Company should maintain research and development costs in order to improve efficiency, introduce more designs and innovations in the radiator.

Wickes should concentrate on acquiring more market share of the designer radiator market.

Marketing Strategy

Target Market Segments

Repeat again

At present, the designer radiator market is nearly ? 75 million GBP and has good potential to grow in 2012. With current market trend of people more likely to purchase designer and energy efficient radiators, Passion radiators have a good potential. As mentioned earlier in the report, the designer radiator market can be segmented into mainly three categories: domestic renovation (65%), domestic new homes (20%) and commercial installations (15%). After analysis, the company must consider two main categories here i. e. domestic renovation and commercial installations. In the tight economic situation, people will improve their current homes. The Olympic events are in the re-launch period. The commercial installations of radiators will surely increase in hotels and other places. Wickes should surely target the commercial market with Passion radiators.

The company should associate the Passion radiators with environmental activities for marketing the product. They should also give a punch line to the product that suites its functionality and features. In the outlets, the product should kept in such a way that it attracts more people visiting the stores. On the website, the product should be highlighted. One of the commitments of Wickes is to introduce more environmental friendly products. By promoting and giving emphasis to Passion radiators, the

company can come closer in achieving its commitments given to its customers.

Competitive Advantage:

There are surely many designer radiators available in the market. But, very few are eco-friendly. Being designer and eco friendly are the most distinctive features of Passion radiators that separate it from the competition. The other important point is that it is a product of the Wickes Plc. People will prefer a product from a more reliable and trusted company such as Wickes. Wickes also has a good loyal customer base. The company is also strong financially so they will be able to invest more in the re-launch of the Passion radiators.

Marketing Mix

The marketing mix of Passion radiators should be like this in terms of product, price, place and promotion.

Product:

Increase range of the product. Introduce more shapes, colours and designs.

Maintain research and development to improve efficiency of product.

The product is user friendly for which customers can install and fit the radiators by themselves easily.

Innovative product with meaningful features.

Price:

Pricing of the different radiator should be finalised after considering the competition.

Special discounts on Christmas and Boxing Day.

During Olympics, provide more discounts to businesses as they mostly
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purchase in bulk.

Maintaining Low Prices with High Quality is the main target.

Promotion:

The company must promote the product through TV ads, hoardings, banner Ads and social networks, newspapers and advertising on internet.

If the company will able to make the product associated with the Olympic Games, it would be a huge benefit.

Passion radiators should be associated to many eco friendly events and charities.

Place:

Wickes should display the product in all its outlets in the UK.

Customers can be able to order the product online and through phone calls.

Increase the number of distribution centres for ease access to customers.

Free delivery services.

Implementation and Control

The company should select proper milestones during the re-launch period for it success. The company must also monitor that activities are finished on time and budget. A Gantt chart has been prepared for implementing the marketing activities which is given at the end of report.

The company should monitor the actions of the Re-launch plan of the Passion radiators. The following areas should be observed:

Revenue: The sales of the product should be checked during the entire period especially during Olympic Games and Christmas time.

Expenses: during the entire re launch period i. e. 1st June 2012 to 1st

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January 2013.

The company should strictly monitor that the customers of the product are satisfied as it will be the key to successful re-launch of the product.

Constant development and expansion of the product.

Conclusions

Passion radiators at present are very limited to only three types and colours. Being energy efficient and eco friendly will surely help the company to re-launch the product. In the present market trend, people prefer designer and energy efficient radiators. In tough economic conditions, people look ways to cut down expenses. Passion radiators can meet all these requirements of the market trend in UK. The Olympic games and Christmas both fall in the re-launch period. During Olympic games, the commercial renovations of radiators is surely to increase. During Christmas and Boxing Day customer spending is the highest in the year. The company Wickes, should not miss the opportunity and grab the maximum advantage they can from both these events. There is immense competition in the designer radiator market but very few have eco friendly radiators. This gives Passion radiators the extra edge over the competition. Being a product of Wickes DIY will certainly add more to it. The government is also providing benefits to environment friendly households and giving VAT exemptions. The market trend, government support, edge over competition, Olympic games and Christmas; all these aspects will surely make the re-launch of the Passion radiators successful.

Recommendations

The weak points of Passion radiators are high price compared to competition and less varieties in the product range. Wickes should consider manufacturing in the product in low cost foreign regions so they can bring down the price of the radiators. Company should continue research and development throughout the re-launch period in order to bring more innovations in the product and add more products in the range. The company should also improve the efficiency and make the product more environmental friendly. Wickes should establish good relations with businesses as they will go for renovations during the Olympic games. The company should provide flexible and discount prices as businesses generally purchase in bulk. Sales target should be set and met during the Olympics and Christmas period. Wickes should associate Passion radiators with other environment preserving events and programs for promoting the product. By attaching the company name and the product to environmental programs will increase goodwill among the consumers and the company can also satisfy its commitment of preserving environment. The product should be highlighted in all its outlets and website. Customers should be able to purchase the radiators online and via phone calls. The company should also assist through proper instructions and help line if customers face any problems in installing the radiators. Good customer service is always important for the success of any product. It is important for the success of re launch that the marketing activities and milestones occur on time and on budget. Wickes should steadily follow the marketing plan and strategy for the accomplishment of the re-launch of Passion radiators.