

# Relective case study

Business



The projected profitability ratio is 0.3168 and the actual one is 0.4833. The start-up capital is \$4000.

The projected breakable point is 33 units and the actual one is 34 units. The breakable forecast is fairly accurate. The projected turnover is \$2500 (refer to the projected P&L attached in the appendices) and the actual turnover is \$3370. This exceeded the expectation because more products were made and sold. However, at the actual market day, many people were willing to buy our products because the price was too low so we could have increased the price on market day 1 to achieve greater profit.

We assumed that customers would buy one product per market day but some customers bought 2 and 3 products at a time. Our assumption was not correct. The outcome was positive because we exceeded the projected turnover. The Adrenaline pilot is Tally accurate. We sold 33 units. We need to sell 33 units to cover the fixed costs and variable costs.

It is positive that we sold many products and made quick profits on market days but it is negative that our prices were too low compared to the customers' strong willingness to spend for our products.

This can be explained that we could have increased our prices to make greater profits. Since we had limited stocks, it could have been a challenge for us to make more stocks for market day 2 because stocks were sold very quickly on market day 1. 2, Company analysis What happened? All members of the team got on very well. There was very effective leadership. Everyone knew what they were doing.

They understood their duties and tasks. The deadlines for the two market days were met. Tasks were allocated fairly to all team members. However, there were some difficulties in team process.

Some team members had work and could not attend the workshop or meetings. The outcomes were positive because we had sufficient stock to sell at both market days.

At the end, we sold out most of the stock and there was only one unit of left-over inventory. Many people liked, bought and ordered more our products on both market days. All team members share the work and contribute money equally to ensure a fair team work. The difficulties were negative but they did not significantly affect the team performance because we always contacted and kept everyone up to date through Faceable, emails and mobile phones. , Marketing system The marketing objectives have met the SMART criteria. They are specific, measurable, attainable, realistic and time frame.

The five objectives were stated in numerical term. Customer loyalty, marketers and brand awareness did not go as planned. We developed strong marketing metrics by recording customers' emails, number of new customers, customer turnover and customer loyalty fugues. We also conducted specific marketing strategy for business promotion, which is handing out origami roses to people at guerrilla marketing session (refer to picture in the appendices).

The marketing mix includes product, pricing, placement and promotion strategies. They all worked really well.

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We did not offer hair braiding on the market days as planned before. The actual marketing objectives are not exactly achieved. Actual customer loyalty is 24% but not 35% as planned because customers might have enough of our products on the first market day and they did not want anymore. They might have limited budget so they could not spend a lot on our stall. The actual marketers is 30.92% but not 40% as planned because other businesses have attracted more customers.

Customers might have spent a lot on other stalls. The customer satisfaction and sales were positive because we were very friendly and helpful approaching the customers. Also, the marketing objectives strictly followed the SMART criteria. We set out the specific numerical goals and time frame in order to make the objectives specific, measurable, attainable and realistic. This increases the success of marketing plan. The marketing mix was successfully positive because we strictly follow the plan and ensure that the marketing mix was done exactly and effectively.

, customer analysis Positive/ negative outcomes? Why? The customers were mostly females. They matched the target market that was planned because they were mostly females and interested in fashion and shopping. Customers mostly bought the products because they looked pretty, unique and seasonable. We estimated customer demand correctly. The outcomes were positive because the customers matched the target market that was planned.

They left many of positive comments about our products and our customers are all interested in fashion.

It is positive that the customer demand was estimated correctly because we produced sufficient stocks and earned profits. We did not have many left-over stocks which could result in a loss. It was positive that we have only 1 unit of left-over stock. We did not make significant loss for our business. 5, Competitor analysis Positive/ Negative Outcomes? Why? We accurately identify our competitors prior to market days.

They are Thrifty Threads and To Dye For. We successfully anticipated competitor activity. Thrifty Threads has greater marketers than us and To Dye For has smaller marketers than us.

Our strengths are unique and individual handcrafted products and customers can wear them on market days to increase the awareness of the products. The weakness is that we did not have many products choices like Thrifty Threads and our target market is only female. This can limits our products sold.

According to the Consumption Patterns, a lot of customers said that they could not find our stall so they did not buy our products. Mystery shoppers said that all staff members did not serve and take care the customers. Our marketers compared to Thrifty Threads was negative because it is lower.

They might have attracted more customers because they had many product choices including shoes, accessories, Jewelry, clothing and books. They did not have any competition nearby so they could sell more products.

Our marketers compared to To Dye For was positive because it's higher. Their average price per unit is \$77. 9 which is quite high compared to our

average price of \$49.56. Their mission statement was not clear and has a lack of synergy in the branding because they did not link the ideas of “lifestyle” and “experiencing all the world has to offer” together.

The decoration of our stall might not have been attractive and outstanding so people could not find us (picture of stall is attached in the appendices). This is negative because it reduced our products sold. All staff members did not serve the customers, this is negative because customers might have left and gone to other stalls. This could decrease the products sold.

### 3, Problem Identification

The three marketing management issues that were most responsible for the outcomes of the business are financial situation, customer analysis and competitor analysis.

There are three significant problems that occurred on market days.

Spring Princess aimed for 35% customer loyalty from first to second market day whereas the business actually achieved 24% of customer loyalty. Business wanted to achieve 40% market share against competitors after both market days its final masterstroke is I nerve Is a sonorant AT supply on ten second market day I nerve were not sufficient products for customers to buy.

### 3. 1, Supply and demand (Financial situation)

We projected that we could make a turnover of \$2500 after 2 market days but the final turnover is greater which is \$3370.

Basically, this objective is successful.

It has strictly applied the SMART criteria which is specific, measurable, attainable, realistic and time frame. The objective is stated in numerical

terms so it is measurable, specific and attainable which can help the business to evaluate its performance (Solomon, Hughes, Chatty, Primp, Marshall & Stuart, 2011, p. 38). However, after the performance of both market days, we believe that we could even made greater final turnover than \$3370 because there was a shortage of stocks on market day 2.

If we had more products on market day 2, we would have made greater profit.

“ Matching supply with demand” is the fundamental goal of logistics (Christopher, Martin, Peck & Helen, 2003). Since Spring Princess had only 2 competitors at the market days and our products are unique, aesthetic, individual and different as we were the only business that sold flower crowns, our product is elastic demand. Elastic demand is emend in which changes in price have little or no effect on the amount demanded. On the first market day, we charged \$50 for each flower crown and \$35 for each rose clip.

We sold 29 flower crowns and 8 rose clips.

On the second market day, we increased the prices of the flower crown to \$65 and rose clip to \$50 and we sold out 11 flower crowns and 19 rose clips and wild flower crowns leading to 1 stock left- over. Therefore, when we increased the prices of our products, customers were still willing to buy them. 3. 2, Marketers (Competitor analysis) We overlooked two businesses as competitors in our marketing plan. While we were not the market leader, our aim was to be a niche player and achieve high profit and marketers.

We did not gain the market share of 40% but we made the final marketers of 20.

92%. Our profitability was the second highest in the industry. We are market challenger. In comparing to Thrifty Threads, our products description and prices were not sufficiently developed to achieve the marketers we were aiming for. Thrifty Threads provided larger product range including clothes, accessories and books where as we only sold hair accessories. We set up premium prices from \$35- 65 but Thrifty Threads' prices ranged from \$15- 60\$ which are cheaper than our prices.

However, Spring Princess's prices were lower than To Dye For. To Dye For charged from \$40-\$80. This might be too expensive and people would not be willing to spend. This can limit their products sold. Beside mass media promotion on Faceable, word of mouth and guerrilla marketing, Spring Princess also sent emails to customers from market day 1 saying thanks and attaching the link to satisfaction survey.

This has not been done by the two competitors. We gave out origami roses which had our business information on them for guerrilla marketing.

The two competitors only gave out flyers for guerrilla marketing. Our promotion was very effective because all of the roses were taken whereas flyers can be left over because there were too many flyers from a lot of businesses. 3.

3 Customer Retention We aimed for 35% customer loyalty from first to second market day but we achieved the final customer loyalty of 24%. The



customers matched the target market that was planned because they were mostly females and interested in fashion and snooping. Customers mostly Doughnut ten products Decease teen looked pretty, unlike and fashionable.

They did not significantly concern about the premium prices being charged because the value of the flower crowns in real life would be very expensive. 6 customers from first market day returned to our store on second market day. Customers did not return because they might not have money, they might have enough flower crowns or they might have to spend at other stalls.

4, Statement of evaluation and Alternatives Alternative solutions Advantages Disadvantages Supply and Demand: Look for alternative materials. Increase the price of the products to lessen the demand and increase the profit.

More products to sell for customers leading to higher profits. Higher prices can lead to higher profits People might not willing to buy if the prices are too high. Create more decorations such as bright colors and sparkle in front of the stall The stall would be more standing out and attractive leading to more people visiting and greater profits.

Greater fixed cost on store decorations which can reduce the profit Customer Retention: Giving discounts on products to encourage customers coming back on the second market day. More customer might come back to buy cheaper products with the discounts. This can increase the profits.

Cheaper products might reduce the profit. 4.

1, Alternative 1: supply and demand Possible solutions for the problem of supply and demand are having alternative materials and increasing price of the product. On the market day, Spring Princess only used plastic flower to make the flower crowns. This led to the shortage of materials for production on market day 2. Best solution to maintain sufficient materials is to use other materials rather than just plastic flowers. They can be fabric and paper. In order to increasing competition, Spring Princess can create more arduous such as earrings and necklaces rather than just hair accessories.

Based on the willingness to purchase our products on first market day, Spring Princess can raise the prices from \$50- \$65 for each flower crown and \$35- \$50 for each rose clip. The advantage of those solution are more products can be sold and greater profits can be achieved. 4. 2, Alternative 2: Marketers In order to increase marketers and achieve the target marketers of 40%, Spring Princess needs to gain more customers and increase products sold. According to the Consumption patterns, a lot of people did not buy our products because they