

Evaluation of australias decision marketing essay



**ASSIGN
BUSTER**

Ferrero is an Italian manufacturer of chocolate products founded by confectioner Pierto Ferrero in the year 1946 based in Pino Torinese. In the survey of the 2009 reputation Institute, Ferrero was considered as the most reputable Company in the world. This company has been considered as “ one of the world’s secretive company”. Company concentrates on the manufacturing innovation. It believes in social marketing concept to deliver value in a way to maintain or improve both the customer’s and society’s well being. They focus on customers as centre of strategy to maintain long term relationship and mutual trust and consider this to be the key to their success. The company headquartered in Italian town of Alba has a overall sale of A\$10 billion and it employees over 20, 000 people around the world and holds over 7. 3 % of world’s chocolate share(Case Information).

Q1. Evaluate Ferrero Australia’s decision to open an online boutique. Will this have any impact on the company’s other business segments?

A-With shoppers venturing online at an increasing rate in Australia, Ferrero recognised an opportunity to create an online boutique with ecommerce functionality.

Evaluation of Australia’s Decision

In Australia during festive seasons like Christmas there is always a high demand of chocolates. The public interest and demand let the company to launch the first online boutique in November 2010 in Australia aiming the Christmas ahead. These gift hampers are elegantly packed in beautiful keep sake box and personalised to make the special occasion more special.

Ferrero choose Australia to pioneer its Asia pacific market because of its familiarity of western culture. According to census 2006 Australia is a country of diverse culture with predominance of Christianity, Roman Catholic (25. 8%), Anglican (18. 7%) and rest (19. 4%). The composition of religious groups includes Buddhism , Islam, Judaism, Hinduism, Sikhism and Indigenous etc (Australian Bureau of Statistics, 2007). So in a diverse place like this there will be people celebrating some festivals throughout the year. Festival means exchanging gifts and this make the demand for chocolate hampers throughout the year.

The literacy rate in Australia is about 99% (WorldBank, 2012). GER (Gross enrolment ratio, Total is the total enrolment in primary education, regardless of age, expressed as a percentage of the population of official primary education age) is found to be 105% in Australia that indicates that it's a highly educated country (WorldBank, 2012). According to the internetworldstats about 80. 1% of the Australian population use internet which comprise of around 17, 033, 826 users as of Aug 2009. There is 22. 8% of population subscribing broadband connection as of September 2007. According to world bank GNI per capita is US\$ 21, 650('04) that indicates that it's a very wealthy country.

Ferrero Online boutique offers premium chocolate for special occasion. It positions as a status symbol with high class product which is seen as a classy and elegant. At the same time pricing is also too high. This is targeting the high income range of people which is niche market. In a place like Australia it can find a range of customers to buy the product that mainly concerns about

the social status, pride and quality of service. The limited edition in variety always creates a demand among the customers.

Australia is an urban country with 89% in 2010 with 1. 2% of the rate of urbanization (CIA, 2012). According to World Bank report the density of population is Australia is 2. 86 people per SQ km in 2009 (CIA, 2012). This indicates that the Australia is a huge country with less population. So people would prefer to do online shopping rather travelling long for the store shopping.

In a much urbanised country like Australia people will tend to find easier way to get things done with less time. In this kind of world opening an online boutique using internet as a media is providing a convenient way to please their dear ones on special occasions without even spending too much time for it. This way company is meeting its mission as well as customer loyalty.

Impact on Other Business Segments

Ferrero has 3 different distribution channels to make product available to customers. These channels include online distribution channel, supermarket retailer and physical retailer channel. For online distribution channel ferrero focus on high income grade of population and target only on special occasion as a gift hamper.

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The 4P (price, product, promotion and place) for the 3 different distribution channel are different. The price of the products in online boutique is very high and providing only limited number of variety to make it stand as a high

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status symbol. The product is a specially designed gift hamper for a special occasion or to be used as corporate gifts which is targeting the high business officials. It is available online and people can't buy these gift hampers in the stores. For the physical retailers and supermarket distribution channels the products like ferrero chocolate, nutella, tic tac, kinder surprise focus on daily needs of a person which can be consumable at all the times of the day. The prices for these products are relatively low to the price of online boutique hampers. These are available in supermarkets and stores and not available online in the boutique. So this clearly says the 4p of the traditional ferrero products and online boutique is different so it will not have any negative impact on the other business segments. At the same time the strategy behind launching the online boutique was a market penetration strategy. Using very innovative kind of packaging and make it as a gift hamper they are targeting the same target market through different distribution channel. By presenting it as gift the value of the product changes. It adds more value. Using internet as a media they can reach a wide range of audiences.

Even though it will not impact negatively the positive impact is always there. Online boutique can boost up the Brand awareness, Brand value, Brand positioning which in turn leads to brand equity.

Loyal customers, new customers or the people who are gifted will get attracted to this new product and the company which in turn increases company's reputation. As online boutique offers the gift hampers which are very expensive to the reach of normal class they would like to try the products available in stores for relatively cheaper price which in turn creates brand awareness, creates more brand value and positions itself in the

market which leads to brand equity. In fact it looks like its ferrero's new strategy of value innovation to come out of competition of chocolate brands red oceans which includes fierce competition with Cadbury, nestles or mars. So it's aiming to create significant leap in value for customers as well as company who will make its competitors feel obsolete to create a contested market place with positive impacts on the other products in stores and supermarket to boost up.

CONCLUSION

As Australia is a very posh, urban, full of literates, diversified and aware of western culture the idea of opening online boutique was breakthrough for the company that targets the niche market. Through the discussion above it is implied that the online boutique will not have any negative impact on the other business segments as the distribution channels for online boutique and stores products are different and both focus on different needs of consumers. Store products focus on daily needs of a person where as online boutique on special needs like gift items. Positively it creates brand awareness for all products.

Q2-How can ferrero use new technology to market its products better?

A-Even though ferrero is establish well in Australia it's always a threat to a confectionary products to stay stable in market because of change in taste preference, emergence of new competitor or threat from existing competitor. With arising new technologies the company can make use of it effectively to create brand awareness and build long term relationship with the existing

customers which is very important for a luxury brand like ferrero who target niche market.

Attract new customers

There is many search engines like Google, Yahoo, Microsoft that help the customer to find the stores or business via internet or mobile search. As People hardly go beyond the first page of listings it's important for company to focus on Search Engine Optimizer(SEO) to optimise the metadata information and enable ferrero website to popup in the first listing when customers search for confectionary products (SupportGoogle, 2012).

Web Blogs and Community- Ferrero create blogs and at least two communities to create online marketing, one community for Stores and Supermarket products and one for online boutique to avoid confusion. These blogging sometimes use to drive search results to let customers find the company and to gain greater attention.

Social Medias are web or mobile based tools for sharing and discussing information. Ferrero can tap into the powerful networking sites to drive customers. Social networking sites like face book, twitter, MySpace, LinkedIn, YouTube can provide inexpensive but powerful online marketing. Ferrero should create sophisticated pages to attract users. It can think of allowing to buy products in these networks or can provide link that will allow them to buy in a click go. Additional opportunities include online radio shows on platforms such as BlogTalkRadio. This is very good media to be in direct touch with customers and getting their feedback about the products and

building one to one relationship where around 608 million at the End of 2010 people were actively using social media like facebook (TheProvince, 2010).

Delight existing customers and create high life time loyalty. The first thing important for a luxury product like ferrero is to find out the customers who are profitable and then try to create a long relationship with them as it's cheaper to retain existing customers than acquiring new one (kotler & Armstrong, 2012, p. 36). To do this CRM is the best technology used by many companies. CRM (customer relationship management) is an information industry to manage detailed information about the customers and carefully manage customer's touch point to maximise customer loyalty using methodologies, software, and Internet capabilities (kotler & Armstrong, 2012, p. 143). It consists of sophisticated software and analytical tools to integrate customers information from all sources and analyze them deeply and apply results to build strong customer relationship. So regency, frequency monitory value (RFM) is used to identify the best customers. The companies should focus on high customer life time value (CLV) and use methods to deal with them like

Mobile marketing- These days cell subscribers read almost all messages they receive and can reach them in minutes. Ferrero should target the most loyal customers and text them about the offers or coupons to redeem in places that match their status, promotions, addition of new products. Apart from this it should focus in applications to be downloaded in app store to be used by iphones, ipad or it can target android as well for black berries . It can create application that will allow the customers to buy their products in a easy click using the application in their phones.

QR codes are two-dimensional graphics (similar to barcode) contains information that customer needs like coupons, direction, contact information, availability of products etc. To read QR codes the customer need to download QR reader, then they need to take a picture of the code or scan through it to get the information that is embedded in the code (News C. , 2012). Ferrero can place these codes in ads, websites, in emails or on any other printable booklets or digital medium where camera can scan through the picture. This new technology will create anxiety among customers to know about it and will create more brand awareness.

Email Marketing Service provider like mail chimp allows subscribers to send up to 500 emails per campaign and 3000 emails per month for no cost. Ferrero on identifying the profitable customers should send personalised emails or messages on their important days like birthday, anniversary, and festivals to show them how they value the customer and how important they are for the company. This leaves a positive impact in the customers who cares about the service. Email newsletter program enables customer to maintain an ongoing awareness of the company and this remind them about the company when they want service. A professional communication can reinforce branding message.

Other than these new technologies ferrero can continue with the old mode of advertising and sponsorship to maintain the status of the brand in people mind. It should target the upcoming Olympic in London 2012.

Ferrero can provide advertisements in the corporate blogs and community to attract the business officials and aware them that they have corporate gifts for them. This will attract high end business officials.

CONCLUSION-

With the emerging technologies, it is implied that ferreo has wide range of technologies to build customer relationship which is the main motto of the company that includes blogging, creating new communities, use of social media, sending personalised emails or messages, advertising in corporate blogs, mobile marketing as well as SEO to create long term relationship with customers and create new customers and make more brand awareness.