

Compass box essay



**ASSIGN
BUSTER**

EXECUTIVE SUMMARY Asyla Blended scotch, Oak cross malt, The peat Monster Scotch whisky's will be prominent whisky products for people in Singapore. They are the products of Compass Box Whisky, a company operating from London with its distributors around the world. Compass Box products are known for there quality and standards.

In July 2005 whisky pioneers, Compass Box, have been awarded best in class 3 times at the world's most prestigious drinks awards, the international wine and spirit competition 2005 (IWSC). Compass Box already has wide range of Whisky products available in the Singapore market. The unique feature for our products from all the other available in the market is in its aroma & flavor. It is believed that people will buy our product not only to drink but to have a unique taste which our whiskies have.

Additionally the Whisky is also containing unique flavors and available in special cases. These features will help the brand to attract customers and create a good brand image in the market. Compass Box Whisky will be available in all Major super market and convenient stores like 7eleven and throughout Singapore and also it can be purchased online. The marketing campaign will be focusing on each and everyone who wants unique drinks especially the premium class of customers. Compass Box Whisky will achieve fast, significant market penetration through a solid marketing campaign of TV and print advertisements and also sponsorship of social programs, long term planning and strong management team that is able to execute its marketing and planning successfully.

The strong and established distribution will play the major role in its development to reach the customer on time and providing maximum customer satisfaction. Introduction The purpose of this report is to identify and analyze the competitive environment of liquor industry in Singapore. This plan is to assist Compass Box and The Pacific Cigar Co. (its distributor in Singapore) to provide knowledge to the market of product existence and appreciation, provide strategic marketing and operational approach to achieve a foothold in the Singapore and a larger pie share. And when the program is proven a success, it will develop a pathway and allow marketing and promotion campaign for introduction of other Whisky range under Compass Box belt.

This plan highlights the products, its features, market analysis, target market and marketing strategies for the upcoming Whisky market in Singapore. The important aspects of the product considered are the marketing strategies and tactics which need to be implemented to increase the sales in Singapore market. The report is illustrated in accordance with the unit outline. There is an introduction, followed by the situational analysis, marketing strategy, marketing mix, market research, financials and controls which outline the key headings that are related to the topic. Theories, methods and analysis To support the analysis process, marketing management theories are put into practice.

Porter's five forces technique is an important tool in modern business strategy to understand competition within the industry. Boston Consulting Group's Model is used to assess company's product portfolio performance. Ansoff Matrix helps to determine marketing strategy recommendations. .

0 SITUATIONAL ANALYSIS: Compass Box has a strong portfolio of near about 15 trusted whiskies, including Hedonism, Eleuthera, Flaming Heart, Magic Cask, Orangerie, Juveniles, Double Single, Monster, The Spice Tree, Elixir, Marriage, Big Block. In Whisky industry Compass Box is one of the new and premium companies in the world. Products like Aysla and The Peat Monster are well-known and considered as some of the best whiskies. Aysla, Oak Cross and The Peat Monster are new products in the whisky market with a unique taste and flavors.

They are innovative products in the market which have a savor to appeal the customers. 3. 1 Market Summary: Compass Box whisky is already an established brand in United Kingdom, where it is one of the popular malt whiskies with different flavors. As its product are already there in the Singapore market so the main emphasis will be on increasing the market share.

3. 1. 1 Target Market: The target market for Compass Box will be Hotels (The Ritz-Carlton, The Raffles Hotel, The Fullerton etc.) Hospitality, Lifestyle and F&B providers (Emerald Hill Group Pte Ltd, Imaginings Pte Ltd, The IndoChine Group etc.

Pubs, Discotheques, Bars Market Demographics: Geographic Unlike any other country, Singapore is small, with the total population of 4. 3 million and annual population growth rate of 2. 6. (www. singstat.

gov. sg) therefore it has no geographic limitations that require much attention. However. because of its strategic location in SouthEast Asia business triangle, Singapore has successfully transformed itself into a

powerful city port in which the backbone of its economy base on export-import trade and strategic business knowledge. DemographicThe Whisky industry sees Singapore as a very attractive and profitable market because of the diversity, advancement and good economic performance. The market comprise of male and female, range from teenagers to people in their late 50s, educated and business minded, preferably AB social class or may posses the ability and independence of earning an average income of S\$ 3, 500 a month.

Psychographic Whisky drinkers in Singapore are increasing. They are experimental, young enthusiastic impulsive people who seek variety and excitement with unique blend and taste. Singapore has its own style. Being a cosmopolitan country and Asia trade capital, people from all parts of the world flock here and even the premium class products are always in high demand and also the local residents like to splurge on eating and drinking imported branded products. Behavior Factors: Customers get the benefits of quality and taste. They drink it on regular basis, occasions and they are heavy users.

The buyers are expected to become loyal to the brand if they are satisfied. The customers will have the desire to buy the Compass Box whisky as they have a positive attitude towards the product and will be attracted because of its unique taste. . 1.

3 Market Trends: Compass Box Whisky will distinguish itself due to the special feature of its unique taste which is little known to people in the Singapore market. At present whisky's are available in single malt or grain

form, but all has the different taste. Our whisky will have an edge because of natural aroma and flavors. Now people want products which have unique taste and which are imported, because people in Singapore prefer good products and the Europeans are famous for Wine industries throughout the world.

Therefore, the market trends are showing that Compass Box whisky has a growth potential in Singapore. 3. 2 SWOT Analysis: The following SWOT analysis captures the key strengths and weaknesses within the company and describes the opportunities and threats that Compass Box will be facing. 3.

2. 1 Strengths: – Each whisky has distinct features to capture all type of market segment. – Asyla comes with 3 flavors Vanilla cream, cereals, sweet oakiness – The peat monster is a vatted malt 100 % malt whisky and it tastes like peaty smoky nose reminiscent of bonfires by the sea. Past success with the advertising campaigns in maintaining a positive image for Compass Box among whisky drinkers. – Compass Box has won many awards since its inception.

– Pioneer of the year award 2002 and 2003 – Gold medal “ International Wine & Sprit Competition 2003” – Double Gold Medal in San Francisco spirits Competitions. – Gold Medal 2005 Beverage Tasting Institute – Best in Class 2005: The Peat Monster “ International Wine & Sprit Competition” – Three-time “ Innovator of the year” winner by Whisky Magazine (2006). – Strong research and development. Backup from United Distillers, which is an International leader in the Scotch whisky and Gin markets, and one of the

most profitable spirit's Company in the world. – Compass Box is positioned as a premium and prestigious blend of Scotch whisky. 3.

2. 2 Weakness: Price is high. Limited distribution and availability In

Singapore Compass Box is having limited distribution channels and thus its availability is limited only. Its has been failure on the part of Compass Box in earlier days at the time of launch, not to focus much on customer awareness and its distribution channels and its availability. .

2. 3 Opportunities: Attract potential customers because of its unique taste. – Young adults' good attitude towards the consumption of the spirits. – Social acceptance of mixed drinks. 3. 2.

4 Threats: Competition is a major threat for Compass Box. With all major brands available with good distribution channels it's always a concern for Compass Box. Other big giants in the market may also come up with similar products. Whisky market getting saturated. External Analysis. External factors have to be analysed in terms of the P E S T analysis (Political/Legal, Economic, Socio-Cultural and Technology).

Political / Legal aspects:- Singapore is a highly-developed and successful free-market economy, enjoys a remarkably open and corruption-free environment and a stable political climate, and has a per capita GDP equal to that of the Big 4 West European countries. This environment is conducive to the PC market where costs can be kept low due to the non existence of customs duty. Economic aspects:- Since Singapore is a country with a rapid economic growth and the economy of Singapore in terms of GDP (growth rate) has been established at 4. % in 2005, the consumer purchasing power

has been steadily increasing annually, thus becoming a potential target market for whisky drinkers. Social aspects:- Singapore is a very responsive and rapidly changing economy that is a trend follower rather than trend setter.

The culture is very hip and teenagers and pre-adults are into drinking, In 2005, the population of Singapore was estimated at 4.3 million, of which 3.5 million were Singapore residents majority of them in their middle age. Singapore has the highest Human Development Index in Southeast Asia.

HDI is a calculation based on wealth, health, education and quality of life. .3
Competition: The competition is very strong for Compass Box whisky in this market, because there are lots of players in the market. Some of them are having a strong hold in the whisky market in Singapore and are having big market share.

Key competitors have been identified as: Chivas Regal Jack Daniel Rare and Delicate Jim Beam Johnnie Walker Black Label Martell From these competitors; Chivas Regal, Jim Beam, Black Label and Jack Daniel are holding a strong market share. Black Label is the product of Johnnie Walker and is having good brand image in the market. Therefore, creating an image for Compass Box will not be a big problem for the company because the founder of compass box was director of Johnnie Walker when Black Label was launched in Singapore. But Compass Box has to take care of all these brands available in the market and also the new entrants who can be a threat to it. Another important factor that should be taken care of is to maintain its image in the market in the eyes of its consumers and also the suppliers.

Continuous improvement and differentiation is the only way to retain the customers and maintain the brand in the Singapore market.

3. 3 Competitive Analysis Porter 5 force model. Porter's Five Forces Threats of new entrants and substitutes The competition endangered by a threat of substitute comes from product outside the industry. However, the threat faced by whisky industry in Singapore is not low. This can be seen from high percentage of usage penetration and more people switching from brands to brands and having interest in the quality drinking.

Buyer power No significant buyer has any particular influence on product or price. Strong relationships with retailers and distributors creates situation where players supply critical portions of buyer input through distribution of purchases. Supplier power The influence of supplier towards whisky industry in Singapore is powerful. High level of interdependency with other products of different companies creates concentrated relationship.

Therefore, this situation impact on significant cost to switch suppliers from one company's product to other companies products. Barriers to entry and exit Singapore government has strong power throughout whisky society in Singapore by enforcing regulations and actively engages with international association. These initiatives indicate a unique characteristic which define industry special position in Singapore economy. Singapore is the only country in Southeast Asia which practice and acknowledge patent and intellectual property law. These actions serve and put pressure to restrict entry into the industry. Several whisky industry players in Singapore have exploited these barriers to enhance the competitive advantage.

The complex and delicate nature of industry especially in whisky industry creates restricted distribution channel and entry point which make it difficult to enter and exit. Dynamic of rivalry intensity The level of rivalry on whisky industry in Singapore is volatile. There are many players with several competitive advantages. Macro economics factors impact on slow market growth which causes players to fight for market share. Customers can freely switch from one product to another.

Low level of product differentiation serve by industry players creates brand identity war through intense branding activity. 3. 4 Product Offering: These are the revolutionary innovative products that develop a feeling of longing for more once you taste it. The whiskies have appealing and contemporary styles and flavors. They create boutique, small batch blends that rival single malts in quality. The packaging is sleek, stylish and contemporary.

Compass Box utilizes clever, proprietary names. The whiskies are bottled at their appealing natural colors. And each bottle includes a personal note from John Glaser. 3.

5 Keys to Success: The important key for the success of Compass Box in Singapore would be building a strong customer base and organizing events, road shows and organizing time to time parties which would attract customers and thus would help company to make awareness about its products By increasing the customer satisfaction the image of the product and the company will enhance in the market which will be a major success for our products. . 6 Critical Issues: As a unique product, and in a market which is already getting saturated, the critical for Compass Box are: Creating

an image in the market at the initial stage. Establishing itself in the new market.

Constantly monitor customer satisfaction, ensuring that the growth strategy will never compromise quality and satisfaction levels. 4. 0 MARKETING STRATEGIES: The key to the marketing strategy is focusing on the product promotion, creating customer awareness about the product through various promotion campaigns. Improving the image of the company in the market through various promotion campaigns and maintaining the brand loyalty in the market.

Mission The mission of Compass Box is to provide good quality whisky to the customers who have a passion for drinking and only wants the best. 3. 2 Marketing Objectives Awareness about the brand is far less among the local population so promotions of the brand among the targeted market will be carried out to improve the sales and gaining the market share. Emphasis should be laid to build better relationship with local distributors and have tie up with big distribution company, improving distribution to ensure product availability, face competition with proper tactics and focus on targeted segment, to increase the future sales by 2. 5%. Financial Objectives: Increase sales by 10 % by the end of 2008.

Sales should be maintained in such a way that expenses should not exceed the revenue. Maintain sufficient capital for further improving the product by investing about 30 % of the total allotted capital for initial release. The current market position is determined by the following 2 parameters Positioning Map Boston Consultant Group Matrix (BCG) 4. 1 Positioning:

Compass Box will position itself with price and quality in Singapore market with its distinct features of its own various brands.

The company is already known for its high quality products and its unique blending style. The competitive edge for Compass Box will be its unique features as compare to any other whiskies of the same class. According to our research we are positioning compass box whiskies to the following whiskies in the market

Compass Box Whiskies	Asyla Blended Scotch whisky (700ml)	ALC/VOL: 40%	Price S\$ 185
Oak Cross Malt Whisky (700ml)	ALC/VOL: 43 %	Price S\$ 195	
The Peat Monster Scotch (700ml)	ALC/VOL: 54.9 %	Price S\$ 200	
Hedonism Grain Whisky (700ml)	ALC/VOL: 43 %	Price S\$ 300	

Competitors

1) Rare and Delicate (750ml)	Alc 40%	Price S\$ 230
2) Chivas Regal (750ml)	Alc 43%	Price S\$ 200
3) Jack Daniel's (750ml)	Alc 40%	Price S\$ 180
4) Jim Bean (750ml)	Alc 40%	Price S\$ 150

Position Map The prime objective is to position Compass Box as the unique and quality brand in the whisky market, catering to the niche segment of Singapore market. The marketing strategy will seek to first create customer awareness of the product and its unique taste. Compass Box will communicate with the customers through a variety of methods.

Compass Box will fall into the 'Introductory Stage' category where there are possibilities of high growth rate and which will result in high market share by increasing customer awareness due to aggressive promotional strategies.

3. 5 Strategies

Compass Box understands that it has to work hard on its strategies to consolidate its position in the premium market

MARKETING MIX

Product Compass Box is at the introductory stage of its product life cycle. It was launched in Singapore market in March 2005. It has 15 different

whiskies but our main focus is on top most premium brands like Asyla, Oak Cross, Eleuthera, Hedonism and The Peat Monster that customers can choose from.

All the whiskies have a different style and a totally different taste all together. So customers can choose depending on the type of taste they want. Features One of the unique feature of Compass Box are the special casks which are imported from the US to develop natural color, flavor which imparts unique taste to the whiskies. Label : It plays a major role because attractive sight, rich aroma and unique taste are the distinct features of Compass Box products The makers of Compass box will use contemporary art as the backdrop for a new marketing campaign strategy to reinforce the whiskey as a luxury brand. Contemporary art is a metaphor for the luxury experience of Compass box and it helps us create a connection point for our consumers.

Asyla have 3 different flavors vanilla-cream, cereals and sweet oakiness. Eleuthera is smoky, rich, complex and amazingly soft on the palate. Hedonism has elegant flavors of vanilla cream, toffee, coconut. The Peat Monster has big, peaty, smoky nose, reminiscent of bonfire by the sea and smoked bacon sizzling in a hot pan.

It has a balanced rich, malty on the palate taste. Compass Box whiskies comes with a magnum case and each bottle has a personal note from the director of the company Mr. John Glaser and the bottles comes in sleek and contemporary style. .

The picture above represents life cycle of the company in Singapore.

Compass Box whisky will be targeting primarily the niche market such as at the five star hotels and top most discotheque and pubs where the percentage of high class people coming is generally higher. This is because the current users at the introduction stage are less as the product is almost new to the premium market. However for five star hotels, the introduction stage will slope upwards much faster, and then the growth is for a longer duration and will continue to grow until competition comes up with a similar product within our price range. Price Compass Box whisky will be priced accordingly and the price range is given below:- Aysla S\$ 185 Oak Cross S\$ 195 The Peat Monster S\$ 200 Hedonism S\$ 300 Pricing Skimming Strategy Compass Box has won many prestigious awards in Europe such as the international wine and spirit competition award, best innovator award for 3 years etc.

Initially the price will be higher as niche segments will be targeted. Once all the customers in this segment are aware, prices will be lowered to a certain extent to target the next segment and to gain competitive advantage over the arising competition. Continuous monitoring of the moves of the competitors in the market and careful analysis of growth and increase in market share will be carried out by the company. Place Compass Box whisky is imported from London to Singapore by Pacific Cigar Co Pte Ltd and then it is sold to respective buyers. In fact in the future, Compass Box is planning to have its own distribution channel in Southeast Asia so they can achieve economies of scale and reduction in costs. Promotion and Tactics Compass

Box will be promoted as the product with unique taste with natural blends and colors.

Different advertising methods like party organizing, and promotional approaches will be used to educate the public about the product. The advertisements will be focused on niche market. •Advertising in the premium lounges such as in Clarke quay and Sentosa by depicting the products style and class in the form of frames and banners. •Advertisement will be done on the In house projection screens of major pubs. •Advertising the brand on 'in house' hotel channels.

Include the products in the bars of five star hotels and highlighting the product along with the room services provided to the executive class of customers. •Include Compass Box whiskies in the menu of various International business conferences taking place in Singapore. •Contracts with Airlines: This will be an efficient tool for promotion of our brand as it brings us in close contact with the niche segment of the society across the world. People of different countries travel to Singapore and it will be a powerful promotion strategy to aware them with the rich taste of our whiskies. Celebrity endorsement: Celebrity being popular figures can easily influence the lifestyle of general public and celebrity endorsement is one of the best ways to capture customer attention.

Emphasis will be given for selection of good brand ambassadors for Compass Box. 4. 0 Financial This section will offer the financial overview of Compass Box for the marketing activities of the whisky in Singapore. It will address

scales forecast; expense forecast and indicates how these activities link to the marketing.

4. 2 Sales forecast The sales forecast for Compass Box for the year 2007 will be S\$ 5, 28, 000 The sales are expected to be low during the first three months and then increases gradually. Sales will be at the highest during last four months. This will be achieved by good promotion strategies and growing brand recognition. 4. 3 Expense forecast The total marketing expense for the first year will be S\$ 1, 000, 000.

Out of which advertisement expense will be 3, 00, 000 promotion expense would be S\$ 200, 000 and S\$ 500, 000 would be other marketing expenses (Expected figures) . 0 Contingency plan Compass Box will frame a contingency plan, incase its strategy doesn't work. One of the major plans will be to have market research team and look into reasons for failure and possible solutions. Shortcomings will be taken into account and R&D will be asked to find out new innovative ways. New brand name instead of Compass Box may be a good alternative. Introduction of new packaging of stylish bottles may also be taken into account.

Finding new market in Malaysia or other Asian countries may also be considered