

Aqualisa quartz:
simply a better
shower 3 essay



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Problem statement: With the launch of the new innovative Quartz shower by Aqualisa, the Company expected to have a boost in its sales. Yet the sale of the product was not picking up. The Company was facing a big challenge with communicating its product to the consumer/target. The Company wants to ensure that the innovative technology, which is leaps and bounds ahead of competition, will generate more sales to capture market share before the competition can imitate the technology.

Accordingly, the CEO of the Company will have to re-devise a new positioning, distribution and pricing plan, if necessary. Situation Analysis: . Company: Aqualisa, a premium brand in the shower market, has been able to sustain a high reputation brand in the UK shower market. Target consumers' perceive its product as being of high quality yet overpriced. Its current market share is around 18% (17% of Electric showers and 21% of Mixed showers) and ranks third among other competing firms. As of year 2000, the company had an annual profit of €17 million which translated into a net return on sales of 25%. 2. Collaborators: The Company distributes its products through three main channels: (a) Trade shops (40% of which have the Aqualisa product).

Their primary customers were the plumbers and represent 47% of the total sales of Aqualisa products. (b) Showrooms (25% of which have the Aqualisa product). Their primary customers were the high end consumers looking for style and represent 8% of the total sales of Aqualisa products. (c) DIY outlets (70% of which have the Gainsborough product). It represents 36% of the total sales of Aqualisa products. In addition, Aqualisa has a sales force of 20-

personnel that focus their time 90% on the existing consumers and 10% on new customers.

Finally, the plumbers, who, although not a direct distribution channel, have direct influence on the sales of the Company's products. Aqualisa has a long-standing relationship with a number of loyal plumbers. 3. Competition: The top five players in the industry comprise 78% of the total shower units sold in the UK market with Aqualisa having 18% of the total market share. Top Competition that the Company faces is dominated by: (a) Triton with a market share of almost 30% of the total UK shower market (44% of Electric showers and 7% of Mixed showers). b) Mira with a market share of almost 22% of the total UK shower market (14% of Electric showers and 36% of Mixed showers). 4. Customers: The current customers of Aqualisa are broken down into three pricing segments: (a) premium segment, which mainly shops in showrooms with a greater focus on style. (b) Standard segment, which rely on plumber recommendation and stress on the importance of performance and service. (c) Value segment, which chiefly were concerned with convenience and price mainly relying on independent plumbers to select the shower product.

Accordingly, the market customers can be divided into consumers influenced by plumbers' decisions and consumers who choose independent of the plumbers' advice. In addition, there was a sizable Do-It-Yourself ("DIY") market and a developers' market. In the DIY market, consumers bought shower solutions in large retail shops. The main focus of DIY was inexpensive models that are easy to install. Whereas the developers' market relied on

products which are nice-looking and work in multiple settings. Further analysis is displayed in Exhibit (2). 5.

Context: The UK shower market is not yet fully developed with only 60% penetration rate. Most UK homes have an old gravity-fed installation system and use mainly bathtubs instead of showers. A lot of customers are dissatisfied with the low water pressure and fluctuations in temperature. Currently, few innovative products are out in the market and Aqualisa has a first mover-advantage when it comes to innovative products. In addition, a SWOT analysis has been included in Exhibit (1) which gives a current indication of the Company's status vs. the market and the competitors.

Aqualisa's Quartz product: The Company has embarked on an innovative and breakthrough product: Quartz. Yet, the sales momentum has not shifted in its favor. There were several issues and problems that might have been causing such a problem. Exhibit (3) summarizes the main issues and causes of the Quartz lack of initial sales. Being in a niche market, Quartz needs to sell more than 100 units per day to breakthrough the mainstream, which is the ultimate goal of the Company. The following alternatives have been taken into consideration to solve the Quartz initial sales issues. (1) Target end-consumers directly. (2) Target DIY's segment. (3) Target plumbers' segment. (4) Target developers' segment. (5) Lower the price of Quartz product.

Exhibit (4) lists the alternatives with their pros and cons. In addition, Exhibit (4) shows the decision that Company has taken after assessing the potential impact of each of the alternatives when considered separately. Further analysis has been provided in Exhibit (5) which shows financial impact of choosing the selected alternative.

Recommendation After looking at the issues causing the initial lack of sales of Quartz, it is essential to note that the lack of adoption of Quartz from the plumber has had a high impact on the issue at hand. For plumbers, Quartz brand is a high margin brand for plumbers, and thus, once adopted by plumbers will, the product extension will yield great gains for the Company. According to the analysis provided in Exhibit (5), the Company is better off if it can assume an increased acceptance of the product by the plumbers.

Since the plumbers currently influence the most of the decisions in the market, it is essential to target them first. After analyzing several alternatives, it appears that the most feasible alternative is a combination of the following: Short-run (2-years): * Target directly the plumbers market through spreading awareness among loyal plumbers at first. Since plumbers install 54% of the shower market, it is essential to grasp their interest in the product. Accordingly, an effective strategy will be to increase market penetration in trade shops making it more available and accessible to the plumbers. Give plumbers free samples and demonstration on the ease of installation of the Quartz product. * Increase the penetration to the showrooms. Since the Quartz is highly functional and easy to install, it will be easily accepted by showrooms as it stands out as a product for consumers when they are deciding on installing a bathroom.

The purpose of the showroom facilitates the sale of Quartz since the showroom would won't to sell the consumer an innovative yet effective product. Offer training sessions for loyal plumbers on the installation process of the Quartz product. Long-run (after 2-years): * Expand the distribution channels by targeting DIY in retail shops. As the Quartz technology becomes

well-known in the market, its premium price will drop as new technologies emerge. This will give the opportunity for DIY to adopt such a technology due to its ease of installation. It is essential though to position this brand differently than the Gainsborough product to prevent cannibalization and consumer confusion.

Implementation plan

The marketing plan that the company will set should be centered on building consumer awareness of the Quartz product, especially among plumbers. In addition, the Company would want to build brand recognition that will facilitate the capturing of the needed market share, by facilitating the acceptance of the brand among loyal plumbers, a step which will lead to a greater number of converts in the future. It is essential to understand that although the Quartz product is an extension of the current existing line of Aqualisa, consumer awareness around the potential benefits should be highly highlighted.

The marketing implementation will encompass the following: * Product strategy: Currently the product addresses the needs of the consumers (ease of installation, less time to install, no excavation, pressure and temperature problems, etc). Accordingly, the problem is not in the product and the technology, but rather in the awareness. With a 2-year lead over its competitors, the Company should maintain its offering in the short-run, but build on its innovation process in the long-run to maintain or increase the market share. * Price strategy: Price shall not be reduced in order not to cause confusion among other product lines.

In addition, reducing the price will dilute its premium brand image, something the Company would not want to do. Yet, the Company shall inform and educate the salesmen that Quartz prices are due to the enhanced technology. This will allow preventing exposition of flaws of current existing products that the Company offers. * Promotion strategy: a promotional campaign will be initiated through different media channels that ensure that the target consumer will be reached to enhance and increase the brand awareness. This will have to be achieved through several media channel to ensure a broad coverage of the product.

First an ad-campaign should be initiated to ensure that coverage is achieved. This might include street billboards and free samples to showrooms and plumbers. * Distribution strategy: The new product will be distributed in trade shops through direct market sales by focusing on the plumber market mainly. It is worth noting that trade shops will benefit from carrying the Quartz on their shelves due to their high margins (around 85%). This will induce trade shops to push and recommend the product to plumbers too. Loyal plumbers will be given free sample of one Quartz unit.

Whereas new plumbers will receive brochures that show the products' benefits and functionality. In addition, the company should increase the face-to-face meetings with plumbers coupled with in-house demonstration of the installation process to ensure that the brand functionalities are properly communicated. The plumbers are very essential to the acceptance of the product as they are involved in more than 90% of the time in the installation process. Accordingly, access of Quartz to them is very important. In addition,

the Company should consider installing demos in showrooms (as currently the penetration level is low).

With the access to the showrooms, the Company can increase its sales of Quartz since most demos can potential turn into instant sales if the consumer likes what he/she sees. It is essential that a monitoring mechanism is established which will keep track of consumer awareness, sales penetration, and market share penetration. An implementation plan timeframe has been included in Exhibit (6). Conclusion As part of the analysis presented, Aqualisa should target in the short-run the plumbers, the most influential segment in the market.

Once a demonstration of the ease of installation has been shown to the plumbers coupled with a free give-away sample to show the profitability gained, the plumbers' acceptance will increase. This will ensure a positive word of mouth spread among plumbers which will boost short-term sales of Quartz. Then, as the product enters into the growth stage, and with the plumbers increased acceptance of the product, the Company can push further the brand awareness to the consumer to further increase market penetration. Lastly, the company can introduce a new product in DIY segment to further penetrate a wider market.