

Business of sorzal distributors is not a common one

[Business](#)



Business of Sorzal Distributors is not a common one. It does not sell neither soap products nor jeans, but unique South American and African artifacts. On the one hand, this is a very attractive business, which proposes great opportunities for growth, but on the other hand, more and more firms want to enter this market, and more and more restrictions make it less attractive. In spite these facts, Sorzal Distributors is a reputable dealer. Its main products include “ authentic southwestern jewelry and pottery, and pre-Columbian artifacts from Peru and Venezuel” (Case Study, n. d.). Gross Sales of the company is about \$12 millions and increased at a rate of 20% per year.

“ Is that the direction that the market is going?”

It is known fact that effective marketing depends upon effective marketing system employed by a company and its strategy. Such factors as globalization of markets, economic integration and increased competition forced Sorzal Distributors to find new ways to compete. It is one of the most important infrastructure requirements, which is essential for the expansion of opportunities and plays an important role in making the competitive positioning.

Sorzal Distributors has a chance to “ add \$1 million in additional sales” (Case Study, n. d.) contracting with a mass-merchandise department store chain. In spite of great benefits proposed by this contract, the company will be faced with a threat to become a “ replicas retailer” and, probably, will have a negative impact on company’s brand image as a dealer of unique authentic artifacts. It is not an easy decision to make, but before signing the contract

the company should answer the question “ Is that the direction that the market is going?” (Case Study, n. d.)

Changing Environment

Sorzal Distributors operates in a simple and static environment. Firms operating in a relatively simple and static environment can generally rely on management strategies that are based on historical data. The strength of Sorzal Distributors is that it's goods obtained a very competitive position on the market. The brand has a hard core of loyal supporters. It sells lines of products to satisfy the needs of wide audience through “ specialty shops, firm-sponsored showings, and a few exclusive department stores” (Case Study, n. d.). Another strength is that Sorzal Distributors is an exclusive supplier of South American and African artifacts. Obtaining strong market position, Sorzal Distributors has maintained high-speed growth through product mix and new product lines.

The opportunity of the company is the nature of business and loyalty of customers. As it is mentioned: “ consumer tastes are changing from the modern and abstract to the more concrete” like Sorzal's products (Case Study, n. d.). The opportunities of Sorzal include: high potential to growth and profitability of the company; promotion to other divisions; increased revenue from success in national market.

In spite opportunities, recent changes threaten the business. Political-legal forces allocate power and provide constraining and protecting laws and regulations. Primarily, political changes in Africa resulted in stricter legislation which prohibits “ exportation of certain artifacts” (Case Study, n.

d.). Another threat is increased competition which include the threat of entry by new competitors, the intensity of rivalry among existing competitors, and pressure from substitute products, primarily replicates.

Recent years, the number of competitors increased from 5 to 11, and, according to David Olsen, “ bargaining position of Sorzal has eroded” (Case Study, n. d.). The company “ has watched our gross margin slip in recent years due to aggressive competitive bidding by others” (Case Study, n. d.).

The weakness of the company is changing economic situation which requires new forms of strategy in order to compete on the limited and narrow market of artifacts. Limited destitution is also a weakness of the company.

New Strategy

In order to solve these problems and sustain competitive position, Sorzal should accept a competition strategy, instead of a competitive advantage. It is possible to admit that market of artifact is really needed low quality replicates such as produced and sold by Sorzal competitors. Nevertheless, this marketing strategy is not acceptable for Sorzal, which obtains a strong market position as a reputable dealer of authentic southwestern jewelry and pottery

Competition strategy will take place on a price and a non-price basis, and will help Sorzal to compete on the national market. Price competition involves businesses trying to undercut each other's prices; this will, in turn, be dependent upon their ability to reduce their costs of production. Brand image and loyalty of customers should be the main criteria for Sorzal. This strategy will help to stay on top nationally and sustain competitive position as an

exclusive distributor of South American and African artifacts. Marketing strategy based on the non-price competition should take form of branding, advertising, promotion, and additional services to customers (Johnson, Scholes, 1998).

An alternative policy for Sorzal is to accept replicates distribution strategy. On the one hand, this strategy will help to add additional sales, but on the other hand, it will have a very negative impact on the company's reputation. This strategy does not help to compete on the market for a long time, and increase the threat of substitution.

The best solution for Sorzal is mass advertising campaign and opening new exclusive stores in order to attract potential customers. In relation to minor competitors, Sorzal should provide comparable buyer value but perform the activities more efficiently so as to attain a cost advantage, or perform the activities in a unique way which raises the value to the consumer and thus allows them to command a premium price.

If Sorzal follows its present strategy (as an exclusive distributor of authentic artifacts), it will sustain its dominant position as a top brand, while expanding its operations and becomes a main player in the market. Nevertheless, flexibility is the most important infrastructure requirement, which is essential for the expansion of opportunities, and plays an important role in making and breaking the competitive positioning.

References

Case Study: Sorzal Distributors. N. d. Available

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