Marketing A New Product Essay, Research Paper

Introduction

In this assignment, I am going to invent a product, examine all the environmental aspects surrounding it and relate them to the micro and macro environments. I will then carry out a SWOT analysis and an environmental analysis and then draw a number of conclusions and recommendations for my imaginary company.

My product

I have chosen to invent a product for which there seems to be a market, or at least, there is no similar existing product. It is a conventional swivel clothesline, but with an additional feature. It will have the ability to keep clothes dry when it starts to rain. This is achieved by the water sensors, which are integrated into the design. They then activate an umbrella like cover that shields the clothes from the rain.

Marketing Environmental Analysis

The marketing environment consists of a Microenvironment and a Macroenvironment. The microenvironment deals with internal factors, which could affect the company’s ability to service its market, such as competitors, suppliers, distributors and consumers. The macroenvironment are those factors, which are outside the control of the company. They include social, cultural, political, economic and technological changes. They vary constantly, often with no predictability. Primarily, it is these changes that can cause the most significant threats and opportunities to a business

The Micro- Environment

Competition

The ‘No Worries’ clothesline is an original product, which people will inevitably copy over time, making competition something to worry about in the next 5 years. Competitors will cause a major threat to business. They can compete with prices making it more attractive to the customer to shop at their outlet. They can make their version of the product more attractive, i.e., more features. From research carried out from previous assignments, I have discovered that consumers want quality value for money and will build a strong loyalty to those who provide it.

Customers

I understand my company will have to be customer focused, as we are a marketing orientated company. I will need to make a clear decision about the type of customer that I wish to target with my campaign. I will need to carry out some field research into what my market requires or likes and how I can meet those requirements or wants. Mainly though, I can predict that my target market will be middle aged women, possibly housewives and possibly those who work. I will wait to see what my research reveals.

Distributors

It is critical to know where the customer is and is going to be in order to distribute effectively. My distribution channel must finish where the consumer is and present it in the best possible way. It is important to supply enough to meet demands. Using forecasts will do this. As a small company starting out, I will need to recruit and independent distributor for financial reasons.

Suppliers

It is important that suppliers distribute on time. My company will be using the Just in Time method of production, to save on storage space. It must be a pre-requisite of the contract with the supplier that the deliveries must arrive on time. Supplies for the manufacturing of the clothesline must be carefully monitored to ensure we don’t run out. Being a new product, it is important it is available all of the time in the first few months to try to capture a share of the market within that time

The Macroenvironment

Social Forces

Social influences which include populations, lifestyles, attitudes, values and beliefs and socio-economic class may affect my product because society is changing to become more rushed and people have less time for household chores. ‘No Worries’ clothesline will mean that people can go out without worrying about whether or not it is going to rain and their fresh laundry will get wet again. My company could affect the region, in that more people from that area are being employed.

Legal Forces

My company would have to work within the legal regulations of the UK. For example, laws to protect the consumer, employees, health and safety regulations, all must be obeyed. If they are not, there may be serious consequences to deal with.

Technological Forces

An organisation must constantly be aware of technological advances in order to remain competitive and increase productivity. Technology is constantly changing, and to keep one step ahead of the market I must continually keep checks on the advances and use them to my benefit.

Cultural Forces

I think my clothesline will be successful, partly due to a gap in the market, but also due to the high amount of rainfall in the UK. For this reason, I have decided not to aim any further than the UK, as Europe has less rainfall, making my product redundant.

Swot analysis for ‘No Worries’ Clothes line

A SWOT analysis determines a company’s position by examining 4 factors

+ Strengths

+ Weaknesses

+ Opportunities

+ Threats

Strengths and weaknesses are said to be internal, that is, controlled by the company. Opportunities and Threats are outside the company’s control and are therefore said to be external influences.

Strengths

+ Most people are willing to try a new product. If they are impressed, they will trust the company and build a loyalty to it.

+ It is the only product of its kind, therefore, it would have a large target audience

+ As my company is new, it has no reputation. This could be seen as a weakness, but I prefer to see it as strength, because although it has no goodwill, it also has no bad will against it. Goodwill can be built over time.

+ My distribution costs would be kept to a minimum, as my channel would be very small. – My Company Wholesalers Retailers Consumers.

+ Decisions can be made quickly as there will be a small management team. This means increased efficiency within the firm.

Weaknesses

+ My product is untried and untested, so I have no idea how successful my product will be or if there will be any real demand for it.

+ I will have to employ a distributor as I am a small firm and cannot afford to supply my own distribution. This will still cost a lot of money

+ I wont be able to take advantage of any economies of scale, as my company wont be big enough

+ I have no expert knowledge in any aspect of marketing. But to employ someone who does will cost extra money

+ People will not want to buy a whole new clothesline just to have this invention on it.

Opportunities

+ There is a gap in the market for this product. No one has invented this yet, therefore, it may have the opportunity to monopolise this segment of the market.

+ There may be unsatisfied needs within the market. This will be identified through research.

Threats

+ The use of tumble dryers will make my product redundant

+ A competitor may come up with an idea the same or similar, which would threaten my main selling point, originality.

+ Inflation rates, the strength of the pound and employment rates affect the public’s disposable income. If this is low, my product will not sell as much as if it was high and the public had more to spend on luxury goods.

+ Technology may advance, leaving my product out of date. This would lessen its appeal greatly, as the public usually wants the most recent technology.

+ The weather is a factor I can’t control, but yet it may determine when or if my product sells. For example, I shouldn’t market the clothesline in a country that has a low annual rainfall, as it would be redundant and I would have wasted money. Also, I predict that ‘No Worries’ will sell better in winter in the UK, than in summer, because of the hot weather. Without substantial rainfall, my product has no use

Monitoring Environmental Forces

My company will monitor environmental forces over the next five years using environmental scanning. This is the process of monitoring and analysing the marketing environment of a company. I must define a range of forces that require monitoring. These must be the environmental forces which the business thinks will have the most impact on its future prospects

In order to monitor these forces, my company must gather data, news, and information relating to my product and its competitors. Anything that could affect either productivity or sales of ‘No Worries’ clothesline must be closely monitored and appropriate action taken. For example if a competitor produces the same product but sells it at a lower price, my business would be badly affected. It is important that this is caught early so as action can be taken in retaliation, i.e., lower my price or some other selling strategy.

Once all the relevant information has been collated, my company would build a database of this information. This would enable us to produce forecasts, and scenarios to help us with strategic decision making.

Benefits of environmental scanning are better decision-making, better general awareness of and responsiveness to environmental change, improved market analysis, and improved resource allocation and diversification decisions

Recommendations

+ I recommend, as mentioned above, that a close watch is kept on my environment to enable the business to be more successful and more profitable and be able to optimise opportunities that are presented.

+ I will target middle-aged women. It is well known by the media that women shop when they are bored or depressed and they buy luxury items. This is why companies so broadly target them. I will advertise where they are most likely to see it, outside supermarkets, shopping centres and mostly places where it will be on sale. I am aiming primarily to raise public awareness of my product

+ I believe that I should use penetration pricing to start with. This would entice potential customers to purchase my product, and once they realise it is a durable and reliable piece of manufacturing, they will return, and I will gain customer loyalty.

+ I recommend that the Flow method of production should be used. This will be fast and cost effective, ensuring maximum output at minimum cost.

+ I shall base my promotion strategies within the UK because of seasonal factors, such as rain.

+ I also recommend strongly that my product be redesigned every year to keep up with technology and to keep consumer interest alive. It gives old customers a reason to buy a new clothesline and new ones a reason to start buying our clotheslines.

+ I shall look into a patent for my product. If this were considered to be a good idea, it would eliminate a lot of the threats to my originality.