Chateau d'Ax

Project Work

Team 51

Marvin Kërçini
994232

Giuseppe Andrea Luzzi
968477

Alessio Di Domenico
994155

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STEEP Analysis

A STEEP analysis is used to evaluate external factors that may impact design decisions of an industry. It will give an overview of the environment where Chateau d'Ax operates.

Socio cultural
- In European and Italian culture particularly, interior design has an important role, closely correlated with the housekeeper's taste in fashion, much like clothing. This is even more enhanced in the upper classes where a fancy home design gives sensations of luxury.
- New generations are more inclined towards the latest trends and new brands. Limited, exclusive and special products usually get more of their attention.
- Covid has had an everlasting influence on people's minds. Hygiene is valued much higher now for customers.
- Social media and particularly influencers have a great impact on sales in today's society.

Technological
- E-commerce is now booming more than ever. Online shopping has become almost a must-have instead of a nice-to-have.
- Evolution of automation and control as well as new technologies on manufacturing for faster production and processing.
- New research and applications of machine learning and in particular recommender systems, in order to get a better grasp of customer tastes and offer more relevant products.

Ecological
- Sustainability has become one of the most popular words in recent years. Most customers expect the brand to be very ecological and a bad image on this aspect can immediately destroy brand value.
- Public opinion apart, the legislation in Europe and around the world demands companies to be very ecologic and climate friendly.
- In the furnishing sector, the expansion of the eco-compatible market is estimated to reach $ 59.8 billion before 2027.

Economic
- Italy is the first country in the European Union in furniture production with a production value of 22.6 billion euros, just in front of Germany with 21.5 billion, Poland with 11.6 billion, France with 7.0 billion and Spain with 5.8 billion.
- Istat communicated on november 2021 the national consumer price index and registered a monthly increase of 0.6% and an annual increase of 3.7%.
- Recently a lot of new small brands are thriving. their disruptive offerings are created thanks to their innovative approaches.

Political
- The pandemic has had a limited effect on the furnishing market, probably due to the fact that the house has had a primary role during this long period. The forced permanence in our residences has pushed the sales of the furniture, this helped the compartment to quickly regain to the pre-Covid levels.
- The national european fund of recovery and resilience is coming. (Recovery and Resilience Facility, RRF)
- To comply with the objectives of this Directive, EU countries shall take the necessary measures to achieve: by 2025, the preparing for re-use and the recycling of municipal waste shall be increased to a minimum of 55 %, 60% and 65% by weight by 2025, 2030 and 2035 respectively

Porter's Five Forces

Porter's Five Forces is a model that identifies and analyzes five competitive forces that shape every industry and helps determine an industry's weaknesses and strengths.

1. Competition in the industry `High`

There are many companies in the sector since it is an attractive industry. The main competitors are "Divani e Divani", "Poltrone Sofa" and "Lago", but not only. In addition the fixed costs and exit costs are high, keeping the companies invested in the sector. Being a simplistic product, the competitive advantage is mostly based on differentiation.

2. Threat of new entrants into the industry `Medium`

It is possible to start furniture manufacturing at a small level with minimum capital and human resources. Many small level companies are successful across the globe in the furniture market becoming a problem for giant companies. The exceptional growth and size of the company also invite new entrants towards the industry to make a positive return on investment.

3. Power of suppliers `Low`

The range of suppliers of the raw materials is very large and the materials are by no means rare. This reduces their bargaining power with the companies.

4. Power of customers `High`

Buyers have a lot of bargaining power since the market is mature and saturated. This makes the buyers have a lot of choices at their disposal. This combined with a low switch cost makes it harder for the company to become their favorite and maintain this status.

5. Threat of substitute `Low`

There are practically no substitutes for a sofa since the need for it is very basic and irreplaceable.

VRIO

The VRIO framework is a strategic analysis tool designed to help organizations uncover and protect the resources and capabilities that give them a long-term competitive advantage.

Resources	Value	Rare	Imitation	Organization	Competitive Advantage
Brand Positioning in Comparison to the Competitors	Yes	No	Can be imitated by competitors but it will require big marketing budget	No, the firm wants to change its current positioning	If implemented successfully will grant temporary competitive advantage
Opportunities in the E-Commerce Space using Present IT Capabilities	Yes, the e-commerce space is rapidly growing and firm can leverage the opportunities	No, most of the competitors are investing in IT to enter the space	The AI and inhouse analytics can be difficult to imitate	Organization is not fully utilizing the capabilities of E-Commerce sector	**In the long run it can provide sustainable competitive advantage**
Supply Chain Network Flexibility	Yes	Yes	Near competitors also have flexible supply chain and share some of the suppliers	Specific information on supply chain is not given.	Keeps the business running
Implementation of Digital Strategy	Yes, without a comprehensive digital strategy it is extremely difficult to compete	No, as most of the firms are investing into digitalizing operations	Can be imitated by competitors	Organization is being outrunned by competitors on this sector.	Digital strategy has become critical in the industry but it can't provide sustainable competitive advantage
Access to Critical Raw Material for Successful Execution	Yes	No	Can be imitated by competitors	Yes	Does not provide competitive advantage
Pricing Strategies	Yes	No	Pricing strategies are regularly imitated in the industry	No, firm could benefit from analytic price engine	Does not provide competitive advantage
Accessibility through physical stores	Yes	No	Can be imitated by competitors	Yes, but could be better	Does not provide competitive advantage
Socially responsible corporate image	Yes	Yes	No, competitors can invest in creating a socially responsible image	Yes	**Provides temporary competitive advantage**

SWOT

SWOT analysis assesses internal and external factors and is used as a tool for evaluation of the strategic position of organizations.

Strengths

- Well known company recognised worldwide
- Long history & tradition, owned as a family
- Handmade quality products
- Authentic italian company
- Sustainable products

Weaknesses

- French name might confuse buyers
- Lack of communication channels such as social media
- Not up to the current standards regarding digitalization
- Misleading advertising campaigns
- Very few products support online shopping

Opportunities

- Engaging on social media platforms
- Improving web presence
- Exploiting latest discoveries in technology such as VR and machine learning
- Increasing brand prestige by collaborating with famous designers
- Relevant changes in consumers behavior after the pandemic

Threats

- Globalization creates international competitors
- Big Bang Disruptions can quickly and unexpectedly take markets and destroy/steal value
- COVID-19 impact on tourism causes causes companies such as hotels to reduce purchase of furniture making the B2B market suffer

Segmentation and Targeting

Selecting the most valuable segments and then developing a marketing mix and product positioning strategy for each segment.

Choosing the segment

Considering the Italian market, the segmentation proposed will restrict the current target of the company in order to find a more appealing segment. We have decided to use the segmentation by customers since it is more common in modern approaches, and the target will be the upper-middle and high level class of consumers, especially women above 25 years old, because it is well known that most of the time they have the final word on significant decisions like purchasing a sofa or furnishing the home in general. To choose the middle/high class we will consider people who earn more than 50.000€ so that they will be willing to pay the elevated price tag that comes with high-end products.

Analysis of the criterias of targeted segment

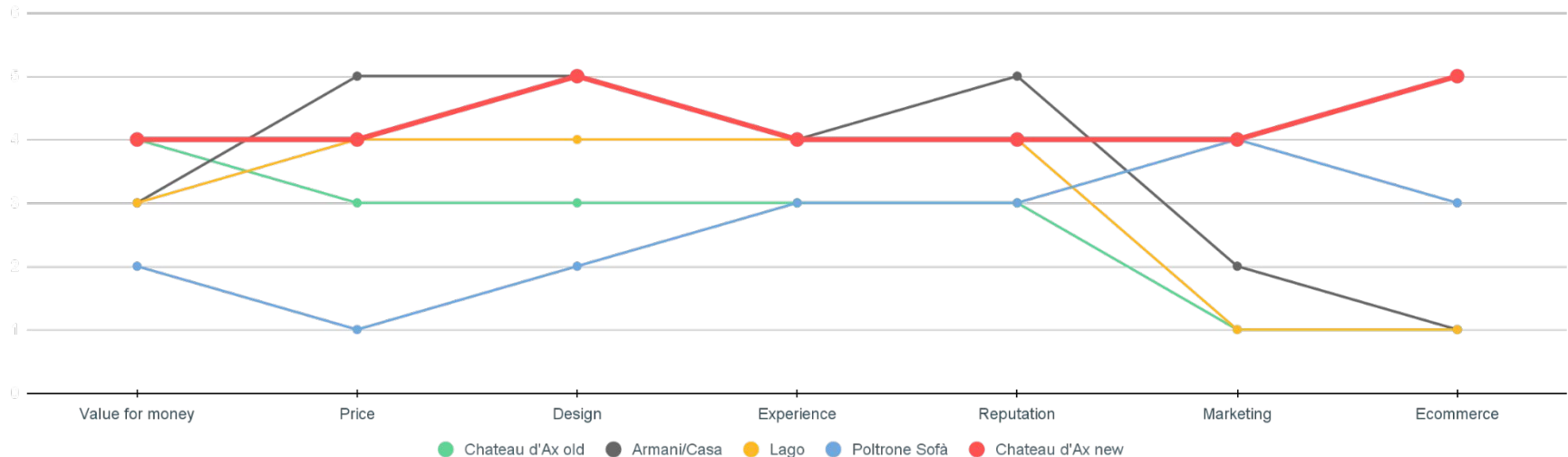| Size	Competitive positioning	Cost of reach	Expected growth	Compatibility with organisation's objectives and resources
Targeted market has considerable size since we are not talking about a very specific part of the population.	Brand has good positioning in the eyes of its targeted customers but is constantly threatened by its competitors on the market.	The targeted segment is easily reachable since they are using modern media platforms such as Instagram or Facebook but also older methods such as traditional TV. There are many advertising tools at disposal and WOM can also play a powerful role.	The targeted segment is not in an excellent condition. New generations that will have the purchasing power might prefer newer, innovative brands instead of the well established ones. Brand history and prestige becomes obsolete in this case. On the other hand the need for sofas will always remain the same.	The targeted segment is aligned and the company has the resources needed to implement its marketing strategy.

Positioning

Repositioning the brand in the eyes of the customers

We show a value curve map to compare the performance of the Chateau d'Ax with respect to some of its competitors in some of what we thought are the most important attributes sought for in the market. We also include a new value curve for the future Chateau d'Ax. This represents what we think and hope will change after the execution of our strategy.

Value for money | Price | Design | Experience | Reputation | Marketing | Ecommerce

● Chateau d'Ax old   ● Armani/Casa   ● Lago   ● Poltrone Sofà   ● Chateau d'Ax new

Repositioning Strategy

In order to improve our position we propose a strategy addressing weaknesses and opportunities.

Identity

- Improve logo by making it more luxurious and add references to Italy
- Update stores making them similar to boutique instead of classic shop
- Create a customer loyalty program with new products previews and access to presentation events of new collections

Digital Identity

- More attention to small details, everything has to be perfect
- Improve content and photos quality on websites and other channels by using minimalistic environment and focusing on the product

Augmented reality

- Add a section in the mobile application to try furnitures with 3D augmented reality
- Virtual tour of a boutique store on website

Social awareness & Partnership

- Constructive use of social network by showing tips and demonstrating quality in order to develop loyalty and interest in followers
- Partnership with luxury brands of other products, like tech and design brands

Augmented Reality

Augmented reality (AR) is an enhanced version of the real physical world that is achieved through the use of digital visual elements, sound, or other sensory stimuli delivered via technology.

As shown in the previous slide we propose to explore latest discoveries in technology in order to open new channels for buyers and to improve the attractiveness of Chateau d'Ax.

To do so, we suggest to create a mobile application that works as a catalog and also enables the user to customize and order furnitures.
Moreover it would be useful creating a feature to allow users to virtually try furnitures in their home by using **Augmented Reality**, this will help reducing friction in buying a product.

Also introducing a **virtual tour** of a flagship store both on the website and in the app will help users that can't visit stores but want to see how furnitures fit in a real environment.

Identity

The manner in which a Chateau D'ax will presents itself to the public and distinguish the brand in consumers' minds.

As previously mentioned, Chateau D'Ax is not globally recognized as an Italian brand, also due to its French name. This is why we thought about modifying the logo by always adding an Italian flag under the name and maybe writing "made in Italy" when there is room to do so.

Another change who could transfer a higher positioning in the mind of the customers is the redesigning of the shops. These could be made more luxurious, taking example from Armani Casa. This would lead people with high incomes to reconsider Chateau d'Ax just by seeing the shop when they walk by it.

In addition Chateau d'Ax could create loyalty programs with discounts and exclusive offers or previews of new products, and using physical and virtual "cards" to make customers understand how important they are for the company.

A last alternation would be to create limited editions of new products and collaborate with artists or designers to create more interesting products lines.

All these would help to reshape Chateau D'ax current Brand Identity and this is a fundamental element in it's repositioning strategy.

Premium

Redesigning the focus

The Chateau d'Ax web site needs improvement. We believe the way it conveys the products to the customer is not perfect, and might leave an initially bad impression, even if the product itself might be up to the customers expectations and taste. What we could do is try to show the offered products in a different, more luxurious and including way. To realize this, it is required to reshoot photos of the sofas or other furnishing products in a new type of ambient, more modern and minimal, similar to what is considered today a luxurious house interior design. We could also try to imitate a closer style and look at the current real existing houses in order to transmit elegance and focus the client's attention to the product.

Attention to detail is fundamental, we have to show the particulars of the products we are photographing, our high class customers are looking for refined products of the highest quality.

Armani Casa

Chateau d'Ax

Collaborations

Partnerships that would benefit Chateau d'Ax

With luxury brands
In the luxurious field Chateau d'Ax is working on, a collaboration could have a noticeable impact. We understand that the choice of collaborating with another brand is not a simple one and it brings with it a complexity of factors and details to decide but we believe it could have a game changing role in the company's repositioning strategy.

Our proposal is to collaborate with a company who is well established in the luxury market and has a world-wide reputation. An Italian brand would be even better for this, reinforcing even more Chateau d'Ax italian identity, which was suffering as we analyzed before. A perfect example of this type of brand would be Prada, other examples are easy to find since the Italian market is flooding with well established luxurious brands.

Notice how the brand we choose is lacking experience in the furnishing industry. This is in fact an important aspect of our ideal partnership: Chateau d'Ax would offer it's years long experience and prestige in the field and the collaborating brand would offer it's reputation and positioning. The last is actually what our company is trying to improve.

With technological brands
Of course, partnerships are not limited to luxurious brands for repositioning. A very profiting partnership could exploit the possibility to be modern and innovative. People, especially in the high class sector, love to own the product of the "future". Considering this, a partnership with a technological brand would very easily improve our brands lagging positioning. It might seem hard to come up with a partnership idea in this context but an easy example would be a reputable company in the sound industry, for example Bose. New sofas designed by Chateau d'Ax could have in them implemented audio products made by bose, to enhance the customers experience and comfort while listening to music or watching TV, all these with a warranty of quality. The audio, or other sofa functionalities for that matter could be remotely controlled easily by a simple app. Then, expanding on the newer technology such as the concept of IoT - Internet of Things, newer products could be designed with the idea of home integration in mind.

One last innovative technology that can be implemented on new Chateau D'Ax products is VeChain. This is a blockchain that guarantees the authenticity and the position in the supply chain of a physical product. Fundamentally it's main goal is to attribute an univocal identity to a product, in order to certify its authenticity or notice problems related to its production or delivery process. VeChain allows us to easily get this information with a simple QR code scanning. This way we can guarantee our authenticity and protect products from frauds.

Social Awareness

Understanding and using social networks in a profitable and effective way

In these years is important to have a strong presence on social networks, both to attract new users but also to create loyalty in existing ones.

Social network shouldn't be used only as showcase but should also be a tool to interact with customers. In our proposal, this opportunity is addressed by enriching social accounts with useful materials like tips to maintain furnitures and storytelling.

Chateau d'Ax already does something similar with **ChateauMag** so it's content can be rearranged in a more social network friendly way and used to entertain and attract new leads.

Moreover, to create more interest in the products we propose to partner with social influencers in the furniture/design/home niches and create together useful and loyalty-building content.

Business Model Canvas

KEY PARTNERS

- Supplier of raw materials
- Luxury and tech brands for partnerships
- Flagship boutique store designers
- IT company for mobile app, Augmented Reality, customization

KEY ACTIVITIES

- Design and realization of quality furnitures
- Marketing on social network
- Customization
- Events for loyal customers

KEY RESOURCES

- 100% italian brand
- Designers
- Expertise in production

VALUE PROPOSITION

- Italian production and design
- Customers want to buy high quality products and raw materials

CUSTOMER RELATIONSHIPS

- Long-term relationship with customers, also increased by loyalty program
- Loyalty and curiosity generated with constructive use of social networks

CHANNELS

- Mobile app to grant more customization and virtually try furnitures
- E-commerce to reach more customers
- Physical stores

CUSTOMER SEGMENTS

- People who love Italian quality
- Middle aged and older women of middle and upper classes
- Thanks to constructive use of social networks we increase our target to younger people, especially 25+ woman
- Thanks to the mobile app with customization interface and virtual tour we increase our target even to who lives far from stores

COST STRUCTURE

- Labor and raw materials cost, needed in order to achieve high quality
- Marketing and advertising on social networks
- Cost for makeover of flagship stores
- Cost for remaking the visual identity of the brand to be minimalistic and luxurious
- Create a mobile application with Augmented Reality, customization, virtual tour

REVENUE STREAMS

- Products sold on the physical store as well as e-commerce
- Customers will pay not only for the high quality of furnitures but also for the value of partnership with luxury and tech brands
- Mobile app purchases with product customization

What if Analysis

Considering the risk of implementing our strategies

Worst Case Scenario

People won't like innovative ideas to advertise products, like Virtual Reality Headset or virtual showroom in the website or increased social media presence.
In this case all the money invested to implement the strategy is lost.
The revenue could even decrease and the "positioning" can remain the same or decrease, instead of increasing to the medium-high-end market.
The market value should decrease due to the decrease in revenue.
Customer Loyalty would decrease because the company's "reputation" decreases.

Best Case Scenario

People will like innovative ideas for product advertising. Using technological tools such as Virtual Reality Headset or the virtual showroom increases the company's reputation and ensures that the brand is known by many more people. All complemented by a greater presence on social networks, in order to attract even the younger population, show interest in customer needs and stay active on the web.
The market value would increase a lot and would make the company move to the medium-high-end market.
Customer loyalty would increase as the number of customers and consequently the reputation would see substantial growth.
The company's revenues would increase, and so would the costs of production, because of the higher value of demand.

Time Horizon

Customer loyalty program is deployed

Stores have changed completely to provide a more boutique aesthetic

Development of Augmented Reality starts

Online web page has a new look based on the improved product photograpies

Augmented reality is deployed. Chateau d'Ax Products are now virtually available in your home.

Early 2022

Late 2022

2023

2024

2025
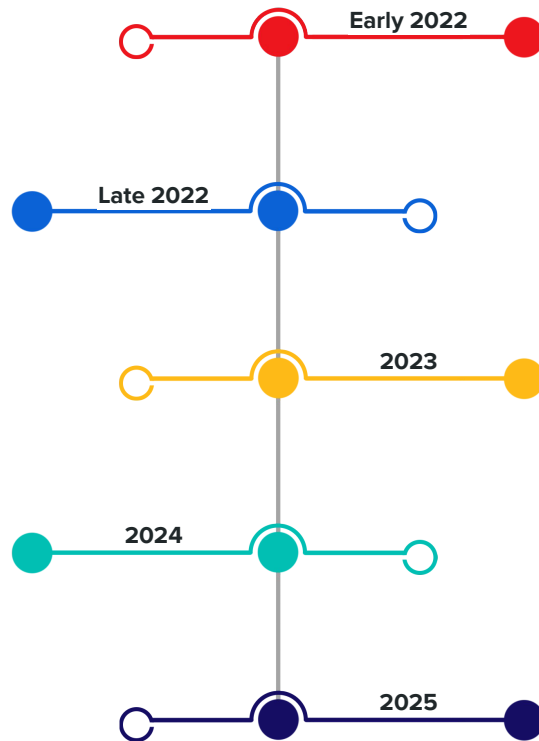
Company changes logo, including in it the Italian flag

Starts reshooting photos of it's products in the new environment

Starts work on it's social media platforms and networking

VeChain ledger technology is deployed

Now that it has strengthened its positioning, Chateau d'Ax makes its partnership and/or collaboration

Augmented reality has been improved to also include virtual tour in Chateau d'Ax products