

**BU362 Applied Marketing**  
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## The Student Guide to The Case Method

A case study is a real business story that requires you to step into the role of decision makers.

- Owner
- Managers
- Board of directors
- Internal and external consultants

**Idea, management, execution** (the three steps are positively correlated with the level of impact).

- When it comes to making decisions, we are in the phase of management
- At the first stage, it is always possible to do forecasting for the next stages.

### Should we do external research?

1. Firm itself (DON'T DO EXTERNAL RESEARCH)
  - a. It would be tempting for you to overly rely on the information in your decision making process
  - b. And there might be some confidential information being hidden from you that might bias your research
2. The environment (ONLY DO LIMITED RESEARCH)
  - a. When you conduct external research, only focus on the external environment
3. The competitors

### Read a Case

1. First time
  - a. Key information, questions raised by the principal actors, background, goals, constraints.
2. Second time
  - a. Highlight case facts (use the facts to make convincing arguments)
3. Third time
  - a. Rereading specific sections

Before starting case analysis, you develop an outline. You can come back to this outline after the first stage of IAAR to do further optimizations.

### Prepare a Case Analysis (IAAR)

1. Identify (1-2 paragraphs)
  - a. Pay attention to what is being asked
  - b. Distinguish symptoms from issues (root causes)
  - c. Asking why will not lead to further answers (you have found the ROOT CAUSE)
  - d. Limit issues to a manageable set
    - i. Focus on the key, **underlying problems**
    - ii. Unconnected set of distinct issues - prioritize the issues
      1. How you prioritize the issues depend on your decision criteria
2. Analyze (1-2 paragraphs)
  - a. Use of case facts
    - i. Use a **VERY LIMITED AMOUNT OF** outside research

- ii. Figures and exhibits
- b. Use of ideas, models, and tools you know
  - i. But don't spend time explaining them
- 3. Alternatives (develop and evaluate alternative decisions)
  - a. Establishing a set of decision criteria
    - i. 3-4 alternatives should be
    - ii. Tip: during ICE presentation, try not show the scoring system to the board of directors
  - b. Be specific about pros and cons of each option (quantify)
    - i. Like an alternative will increase market share; instead, increase market share by an estimated 3-4% by the year five
  - c. Which alternative (3-4) best solve
    - i. Avoid straw man alternatives
      - 1. Avoid the ones that are easy to reject, although easy to spot
    - ii. Avoid partial alternatives
    - iii. Status quo can be a viable alternative
      - 1. But see above about straw man
    - iv. Try to distill alternatives to a compelling few
      - 1. No laundry lists
      - 2. Stick to the issue
      - 3. Mutually exclusive, and each should be complete
- 4. Recommendation for action
  - a. Apply criteria
  - b. Be concise and clear
    - i. Avoid adjectives and adverbs, rely on facts
      - 1. What will best resolve the key issues in the case?
      - 2. Why is your recommendation the best?
    - ii. Edit, shorten sentences
    - iii. Stick to format guidelines
    - iv. Don't try to write a longer answer by adding a ton of exhibits
  - c. Be certain
    - i. Don't waiver and offer more than one alternatives
  - d. Try to go deep

## Siesta Splash: Ringing Up Marketing Success

### Case Preparation Before Class

What is the problem/opportunity?

#### Problems

1. Long term operational strategies: Siesta Splash currently only uses Instagram as the main platform to operate the business; however, as the business grows, Len is wondering if the Instagram account needs to be supplemented with a website or an online store to better streamline the operations.

#### Opportunities

1. Product line expansion: Add earrings to the sales mix.
2. Sell through physical, in-person retail establishment: Partner with Brick & Mortar Retail and sell through their channels.
3. Shopify Sales Platform: Start a website and develop an online sales platform on Shopify.
4. Collaboration opportunities: Collaborate with a few other small, Internet-based accessories brands to give Siesta Splash exposure to the customer base and social media following of the other businesses.

Please help Len to identify the target market of Siesta Splash.

- Based on Exhibit 5: Siesta Splash Instagram Follower Demographic, approximately 80% of the followers are women aged 18 to 34. More generally, it indicates that the primary target market of Siesta Splash would be females in early and middle adulthoods.
- The secondary target market would be women aged 35 to 44.

Len was considering a variety of alternatives to promote the brand. Please analyze each promotional opportunity qualitatively and quantitatively and recommend a course of action.

1. Micro influencers
  - a. Low cost but unsure whether it is worth her time and effort.
  - b. Has to decide on actionable strategies: should She continue to simply respond to their inquiries, or should she actively recruit micro-influencers herself?
2. Macro influencers
  - a. Effective but high cost
    - i. Account with more than 1 million followers, \$10, 000 per post
    - ii. Smaller account with around 100,000 followers, \$500 per post
  - b. Must conduct market research to maximize the return on investment.
3. Advertising through Instagram
  - a. This channel could directly lead potential customers to follow the business's account and make a subsequent purchase.
  - b. Cost per Click Model (CPC)
    - i. \$1.28
  - c. Cost of Impression Model (CPM)
    - i. \$10.55
4. Google Adwords / Facebook Advertising
5. Local fairs and tradeshow
  - a. ROI concerns

My Recommended course of action:

- Siesta Splash should leverage macro-influencers and use alternative forms of social media such as TikTok to reach their target market (since the age range of primary target segment is relatively young). Moreover,

### **In class discussion**

Competitive advantage of the business (compare to other competitors):

- she direct messages customers on Instagram which makes the process more personalized.
- She has a very small supply chain, earns trust from the suppliers

Promotions

- o Micro-influencers
  - She doesn't know if it is worth the time and effort
- o Macro-influencers (there are two types)
  - And she has demonstrated success
  - Account with more than 1 million followers, \$10, 000 per post
  - Smaller account with around 100,000 followers, \$500 per post

Place

- Shopify
- Own Website
- Physical, in-person retail establishments

# Flare Fragrances Company Inc: Analyzing Growth Opportunities

## **Preparation for in class discussion**

### Sales

2007, sales increase by 12% (sales - 40% of revenues earned by intermediaries, \$216.8M)

2008, sales increase by 2% (\$221M, 10% of retail market)

### Proposal of the consulting group

1. Increase efforts in the drug store channel
2. Introduce a new perfume brand
3. Do neither, deliver at least \$7.5M of incremental revenue in 2009, IPO if profitability increases

### Historical context

1955 - origin as a small manufacturer of women's perfume

1975 - Loveliest

1996 - Awash

2007 - 93% of sales are from the six lines of fragrances, remaining 7% from scented products

### The US Fragrance Market and Flare's position

- 3% annual decline
- \$5.70 billion in 2007
- \$3.80 billion held by women's fragrances (66.6%)
- Flare generated 9.5% of total sales

### Distribution channels

- Premium and mid-tier department stores
- 1970s, privately owned pharmacies
- Late 1980s, mass market, including discount department stores (going local)
- Certain chain pharmacies

### Product categories and where Flare's products lie under

Eau de Parfum Categories	Description & Example Brands	Typical Price Points	Typical Distribution Channel(s)
Premium Brands	<ul style="list-style-type: none"> <li>• Often designer-named</li> <li>• Leading brands have from 1.1% to 2.8% share</li> </ul>	<ul style="list-style-type: none"> <li>• \$70 and above for 1 oz. spray bottle</li> </ul>	<ul style="list-style-type: none"> <li>• Majority sold through prestige department stores</li> <li>• Also sold through specialty and gift stores</li> </ul>
Mid-Tier Brands	<ul style="list-style-type: none"> <li>• Prestige image</li> <li>• Considered “prestige” brands</li> <li>• Leading brands have 3% - 3.5% share</li> </ul>	<ul style="list-style-type: none"> <li>• \$30-\$60 for 1.7 oz. spray bottle</li> <li>• <i>Loveliest</i> \$32</li> <li>• <i>Flare’s other brands</i> \$30-\$36</li> </ul>	<ul style="list-style-type: none"> <li>• Often originate in department stores</li> <li>• Ultimately sold in mass and discount department stores</li> </ul>
Mass Brands	<ul style="list-style-type: none"> <li>• Affordable</li> <li>• Often lower-end offerings by the same manufacturers as in the top two tiers</li> </ul>		<ul style="list-style-type: none"> <li>• Sold through food, drug, and mass merchandisers and discount stores</li> </ul>

Armort’s review of current recession-era fragrance industry dynamics

1. Product selection
  - Diminishing purchasing power
  - Diminishing exclusivity
  - Substitution of lower-priced scented products
  - Brand proliferation
2. Channel activity
  - Discounting
  - Market evolution, stock trendier fragrances, and employing beauty consultants
  - Quicker PLC
  - Small increase of sales for prestige brands

Sales and pricing

- Place managers in offices near key retailers’ headquarters
- Held the prices steady
  - Goal: maintaining both price-competitiveness and a prestige image
- Pay account executives 3% commission on factory sales

Promotion

- Gift-with-purchase
- Purchase-with-purchase
- No discounts no coupons as these might diminish the prestigeness of the brand image
- Periodic promotional price: 5-10% above the usual 40% industry margin

Brand positioning (some comments)

- Loveliest maintaining 3% share of retail market, \$77M
  - Women over age 35, classic scent with prestige and elegance
  - Umbrella brand
  - Outperform in mass market (74%)
- Natural, \$9.1M, \$7 when launch in 2006

- Younger demographic that is seeking environmentally safer green products
- Appeal to 25-34 demographic

### Brand positioning (formal)

<i>Loveliest</i>	<b>Flare's Other Brands Under <i>Loveliest</i> Umbrella</b>
<ul style="list-style-type: none"> <li>• Receives 70-80% of Flare's annual advertising budget</li> <li>• Television and print focus</li> <li>• "You are the love in <i>Loveliest</i>" theme (in use since 1995)</li> <li>• Strongest with those aged 34-65 <ul style="list-style-type: none"> <li>○ Long-time users</li> <li>○ Tend to have signature scent</li> <li>○ Regular purchasers of gifts</li> </ul> </li> <li>• Also target men purchasing for women in this age group</li> </ul>	<ul style="list-style-type: none"> <li>• Receives 20%-30% of Flare's annual advertising budget</li> <li>• Promotion focus</li> <li>• Expected halo effect from <i>Loveliest</i> advertising</li> <li>• Strongest with those aged 25-34 <ul style="list-style-type: none"> <li>○ Often become loyal to a new scent over time</li> <li>○ Willing to try new scents</li> <li>○ Vary scent given time of day, activity, outfit</li> <li>○ Regular purchasers of gifts</li> </ul> </li> <li>• Also target men purchasing for women in this age group</li> </ul>

### Advertising

- Prepacks featuring a variety of products shipped in a pack of individual items being featured with a buy one get one free or price discount for buying a specified value of product
- Co-op advertising program
- Loveliest
  - Sponsor fashion events, movie industry gatherings, educational programs, TV shows
  - Free samples
  - Interactive website

### Advertising budget

- Declining, 19%
- Competitors' 23%

### Planning for 2009

- Launch a well-positioned new brand
  - Savvy
  - Targeting women 18-34, in college or starting careers
  - Price \$40 for 1.7 oz
  - Initially sold at department stores before mainstreaming into mass markets
  - Independent, \$30-\$45, \$7.5M initial sale
- Penetrate further into upscale drugstore chains
  - New low-priced brand
  - Existing brands
  - Creating a competitive planning matrix that considered all products
- Building their line of scented products, backed off



## **Discussion post 5.23**

### **What is the problem / opportunity?**

Overall, Flare Fragrances is facing a multitude of challenges under the current difficult economic environment.

Problems:

1. Declined sales growth [primary]: Sales had risen 12% in 2007; however, the projected sales growth in 2008 was only 2%. Even though the market is experiencing a 3% overall annual decline, this is still not a favourable trend.
2. Intense competition: Over 400 new fragrances were launched in the United States in 2007. To counteract such intense competition, Flare Fragrance must find ways to differentiate itself and demonstrate its distinctive competitive advantage.
3. Global economic downturn: Due to the current recession, sales of each company and the industry as a whole have been negatively impacted.

Opportunities (will be discussed further in SWOT analysis):

1. Launch a well-positioned new brand: Flare could consider reaching a younger demographic (women aged 18-34) through the launch of a new product Savvy. There are certain associated risks which will be discussed in the SWOT analysis.
2. Penetrate further into upscale drugstore chains: Flare could consider selling some of its highest turn-over products in drugstores.

**Do a SWOT analysis, that is, identify 2 strengths and their implications, 2 weaknesses and their implications, 1 opportunity and its implication and 1 threat and its implication.**

Strength 1 - strong brand recognition

- Flare started in 1955 as a small manufacturer of women's perfume and had grown into the No. 4 player in the US women's fragrances market. It has a strong brand image and has acquired extensive expertise over all these years of operation.

Strength 2 - high customer loyalty

- It has mentioned multiple times in the case that Flare's customers are highly loyal. For instance, Flare has been holding its prices steady to maintain both price-competitiveness and a prestige image, which captures new customers entering the market who often became loyal to a fragrance over time.

Weakness 1 - lack of business confidence

- When it comes to long-term business growth strategies, both the founder and the consulting group have exhibited diminishing business optimism. As mentioned in the case, they have considered other growth strategies such as building their scented products and instituting across-the-board price increases; however, they ended up remaining conservative. Even though the current economic environment is volatile, this could still be considered a weakness as the ability to take on challenges and try new things are crucial to the success of a business.

Weakness 2 - inhomogeneous advertising budget allocation

- Flare has been allocating 70-80% of its annual advertising budget on its umbrella brand - Loveliest. Even though promoting the most profitable brand seems reasonable, the brand

image is not solely constructed by one single brand. It is crucial to market each product that the company offers. Currently, Flare's other products are benefiting from the halo effect of Loveliest, which could be unsustainable in the long term.

**Opportunity 1 - expansion into drugstore chains**

- Flare has been directing its energy and sales expertise toward key mass merchandisers and department stores; however, drugstore chains are evolving, and CVS Beauty 360 has demonstrated success in selling at drugstores. Flare could create a competitive planning matrix to determine its highest turn-over products and investigate this distribution channel.

**Threat 1 - competitor's new product launch**

- A major competitor, Aromatique, would launch a new perfume brand, Dulcet, targeting the same market that Flare's Savvy brand would be targeting. Meanwhile, Dulcet is spending a substantiable amount of \$10 million on promotion, posing a drastic threat to Flare. In order to ensure the ROI of Savvy's launch, Flare has to adjust its operational strategies and/or increasing its advertising budget.

**Identify 2 consumer segments for Flare Fragrances. Make sure to identify each segment in detail.**

**Consumer segment 1 - women aged 34-65**

This is primary target segment for Loveliest. Those people are long-time users, tend to have signature scent, and are regular purchasers of gift.

**Consumer segment 2 - women aged 25-34**

This is the primary target segment for Flare's other brands under Loveliest Umbrella. Those people often become loyal to a new scent over time, are willing to try new scents, vary scent given time of day/activity/outfit, and are also regular purchasers of gifts.

1. Use the above tables to calculate and fill in the highlighted cells.

- Exhibit E    PROJECTED 2009 INCOME STATEMENT (ASSUMING SAVVY INTRODUCTION, WITH INCREMENTAL ADVERTISING EXCLUDED)**

Exhibit C	2009 AND 2010 CUMULATIVE PROFIT/LOSS FOR SAVVY AT YEAR-END 2010								
ASSUMING:									
(1)	Three possible media plans in 2009 (Exhibit 7) plus launch promotion expense (see below <sup>1</sup> from Exhibit 6)								
(2)	Three possible levels of media expenditure in 2010 (the first assumes Flare's historical spend of 19.2% of sales)								
(3)	\$7.5 million in 2009 sales followed by two scenarios for 2010: sales stay flat or grow to <u>8.55</u> million (which would give Savvy a similar growth rate to Flare's previous launch of <i>Natural</i> )								
(4)	Contribution margin of 44.53%								
Calculation: ((2009 Sales + 2010 Sales) x Contribution Margin) - (2009 Media Budget + 2010 Media Budget)									

- 
2. Consider how the Dulcet announcement affects your evaluation and whether Savvy could be successfully launched without the Loveliest umbrella branding.

- Dulcet's product launch poses a significant external threat to Savvy, particularly due to their shared target demographic. What makes this threat even more formidable is Dulcet's substantial communications budget of \$10 million, an uncommon amount for promoting a major new event. As a result, my evaluation suggests the following potential impacts:

- 11

2. Advertising and promotional expenditure for Savvy may need to be increased to counteract this intense competition. Furthermore, the case mentions that 70-80% of the advertising budget is allocated to Loveliest, benefiting most of Flare's products under this umbrella brand. Considering the impact of Dulcet's announcement, I recommend launching Savvy under the Loveliest brand as well. This approach acknowledges that Savvy's marketing strategies may not capture the market as effectively. Consequently, leveraging an existing brand image is a more conservative approach, potentially yielding a higher return on investment (ROI).

### **Lecture 5.25**

Mass advertising, the purpose is for **BRANDING**

- TV
- Newspapers

Public relations

DRA (direct response advertising), the purpose is for **SELLING**

- Promotions
- Internet sales

The key is to consider **TIME CONSTRAINTS** before allocating advertising budgets.

Competing with Dulcet

- Pricing is a card which should not be played at the early stage, so make sure to use pricing strategy when the brand is at the declining stage of PLC
- launch Savvy under Loveliest would save promotional budget, but there might be downsides as they are targeting different demographics

## Polycorp Ltd.: A pricing and Investment Dilemma

### Case Notes

Major challenge that the company is facing.

- The mining industry is dealing with an unprecedented downturn. Mine operators were demanding significant price concessions from their suppliers, and competitors are reducing their prices.

### Strategies

- Achieve dominant market position in sustainable and defensible niche markets.

### Four major competencies

- Superior products and technologies
  - o Lighter in weight
  - o Longer life and more predictable wear rates than liners produced by competitors.
  - o Advantages of their rubber liners (reduced customers maintenance costs, and are faster and safer to install, better at reducing noise, which improved worker safety and well-being)
  - o IP protection and process improvements
- In depth customer knowledge
  - o Committed to long term customer relationships
  - o Design customized products to better accommodate customer needs (this leads to increased customer productivity)
- Talented, empowered employees
  - o Took advantage of its proximity to university of Waterloo to recruit top students.
  - o Empower employees and hire over 50 global agents to ensure product quality and performance
- Superiors manufacturing and quality control processes
  - o Develop computer models to stimulate the flow of ore slurry through grinding mills
    - Helped with optimization, increased throughput, and mill efficiency.
  - o Reduced environmental footprint.

After 20 years, the company starts to penetrate in China.

Competitors use aggressive pricing (all lowest costs, in different countries)

### Competitors

1. Mesto Minerals
2. Tega Industries (privately held)
3. The Weir Group
  1. Intensive after-market care and comprehensive global support
4. Other competitors
  1. Mill manufacturers
  2. Fragmented local competitors
  3. New entrants
  4. Steel liner manufacturers adding rubber liner capabilities.

#### Ultimate issues

- Need to seriously consider his options for a pricing strategy that would take its mining division successfully into the future.

#### Some alternatives

- Cut selling prices immediately by 20 percent.
- Undertake selective price decreases where competition was most fierce.
- Hold the line with current prices so that margins could be maintained.
- Increase prices so Polycorp could invest in even better technologies, product innovations, and resources for international expansion.

#### **Discussion Post 5.30**

##### **Identify at least three alternative solutions.**

1. Polycorp could cut its selling price immediately by 20 percent as the mining industry was dealing with an unprecedented downturn.
2. Polycorp could be more strategic and only undertake selective price decreases where competition was most fierce.
3. Polycorp could hold the line with current prices so that margins could be maintained.
4. Polycorp could increase its prices such that it could invest in even better technologies, product innovations, and resources for international expansion.

##### **What is a decision matrix, and when should we use it?**

In the context of marketing, a decision matrix is a tool used to evaluate and prioritize different options or alternatives based on a set of criteria. It provides a systematic and structured approach to decision-making by assigning weights to each criterion and scoring options against those criteria. The decision matrix helps marketers make informed choices by objectively comparing and analyzing various options.

A decision matrix should be used when a list of options must be narrowed to a manageable number based on several criteria. For instance:

1. When introducing a new product launch, a decision matrix can be used to assess and compare different features, pricings, target markets, and promotion methods.
2. When deciding on market development plans, a decision matrix could come into play for comparing and evaluating the pros and cons of each strategy.
3. When choosing vendors or suppliers, a decision matrix can help evaluate and compare different options based on factors like quality, cost, delivery time, and reputation.

##### **Develop a decision matrix for this case and choose the best alternative. Explain the reasoning behind your recommendation.**

Let us assume the following criteria:

1. Market Competitiveness - the impact on the company's competitiveness against its competitors in the market (how well it would compete).
2. Profit Margin - the impact on the company's profit margins.
3. Long-term growth potential - the company's ability to invest in capital expenditures and plans for international expansions.
4. Customer Perception - how customers would perceive the alternative.

We evaluate each alternative against these criteria on a scale of 1-5, with 5 being the highest and 1 being the lowest.

#### Decision Matrix: Choose the Best Alternative

Alternative	Market Competitiveness (25%)	Profit Margin (25%)	Long-term Growth Potential (30%)	Customer Perception (20%)	Total Score
Cut selling prices by 20%	$4 * 25\% = 1$	$3 * 25\% = 0.75$	$2 * 30\% = 0.6$	$4 * 20\% = 0.8$	3.15
Selective price decreases	$5 * 25\% = 1.25$	$4 * 25\% = 1$	$3 * 30\% = 0.9$	$4 * 20\% = 0.8$	3.95
Hold the line with current prices	$2 * 25\% = 0.5$	$3 * 25\% = 0.75$	$2 * 30\% = 0.6$	$3 * 20\% = 0.6$	2.45
Increase prices	$2 * 25\% = 0.5$	$4 * 25\% = 1$	$5 * 30\% = 1.5$	$2 * 20\% = 0.4$	3.40

Based on the overall scores, the alternative that stands out with the highest score is "selective price decreases." This option strategically emphasizes long-term growth potential while carefully considering the current financial situation and market competitiveness. It is notable for its balanced impact on all criteria, without causing any drastic disruptions. From my perspective, considering the present circumstances, this alternative emerges as the optimal choice for Polycorp.

### Lecture 5.30

#### Decide & Conquer

- Recall the idea, management, execution model
- Take decisions and then make them right

#### Making decisions

- It is easier to go with decision matrix
- Criteria taken into consideration
  - o Time frame
  - o Mental shortcut, "heuristics"

#### Things to based on

- Gut, which involves a deciding factor
- Pros and cons
- Decision matrix

#### Decision matrix and scoring system

[upload photo]

### Subjectivity

1. Sense check this against your intuition. If this differs, consider why, and reflect on the scores and weightings you have applied.
2. Use data, experiment finding, and industry benchmarks to estimate
3. Try, test, and update. All ideas that cant be launched during the current week/month should be stored in the experiment/research pipeline

### Recommendations

- Consistent with your analysis, reasonable, given the organization and its environment; feasible, given the organization's resources; convincing to the readers
- Operational-level details: enable their implementation (who, how, when and in what priority)
- If further analysis/research is essential, given implementation details with respect to hat should be done, why, and by whom
- Develop a more complete implementation plan and attach it to report as appendix

## Lecture 6.1

### Background:

Mining industry is counted as 5% of Canada's GDP, which is significant since Canada is known for its service industries.

This case is based in a 2016 situation but still applies in today's scenario, the industry overall is still struggling.

### Polycorp B2B business

- Product: rubber mill liners (people switch from steel to rubber mainly to save cost by up to 80%)
  - o lower cost
  - o increase productivity
  - o customized total solutions
  - o recurring revenue streams (replace every 3-12 months)
- Suppliers
- Competitors (compete with Polycorp, provide product to buyers)
  - o All larger than us, all have deeper pockets
- Buyers
  - o Lower cost
  - o Higher productivity

Therefore, the ultimate question becomes whether we have price elastic product? Do we have a product with high potential? Always look ahead, especially in economic downturns.



## Entomo Farms: Are Canadians Ready to Eat Insects?

### **Case Notes**

Entomo is the largest cricket farm in north America

- Food-grade crickets
- Cricket-based consumer packaged goods (CPG)

### **Opportunity**

- November 2020, when 7-year-old Entomo secured additional investment to expand production capacity by upgrading its facilities and equipment

### **Threat**

- Aspire Food Group, secured funding in July 2020, its major competitor
- Aspire is based in Texas and expanded to Ontario
- Both companies focus on CPG

### **Problem**

1. Who the target audience for Entomo's cricket-based CPG should be
2. What Entomo's core messaging in marketing its insects as food should be
3. What channel of distribution Entomo should use to reach its end users

### **Insect Protein Industry**

2.5 billion people in Africa, Asia, and Latin America ate insects as part of their standard diet.

1900 species edible (beetles, caterpillars, bees, wasps, and ants, grasshoppers, locusts, crickets)

### **Changing status quo**

- Edible insects market was projected to reach \$54.1 M by 2023
- Growth rate of 16.2% between 2018 and 2023

Climate impact of agriculture needs to be addressed through changes in diet

### **Crickets ROI**

- 12 times less feed than cattle
- 4 times less feed than sheep
- Half as much feed as pigs and broiler chickens, same amount of protein

### **Consumers**

- Health and sustainability demographic segment (LOHAS)
  - o Care about their personal health and environmental impact and were thus interested in developing more sustainable lifestyles
  - o Well-educated, above-average incomes
  - o More likely to live in metropolitan areas
  - o Willing to pay premium for sustainable products
  - o 21% of Canadians
  - o early adopters
    - More likely to overcome the yuck factor
    - 1-2% of LOHAS would eat cricket-based CPGs at least 1-2 times a week

- Value convenience
    - Healthy organic snacks that could be consumed on the go
- Gen Z (1990 - 2010)
  - 23% of Canadians
  - More open on tasting new goods
  - 1-1.5% would eat CPG at least once a week
- Other factors
  - 20% of Canadians are immigrants that already eat insects
  - People are becoming more health-conscious
  - Pandemic, the rise of ecommerce business and digital channels

### **Entomo Farms**

Founded in 2014 by 3 brothers (they have relative backgrounds)  
6000 square foot production facility in Norwood Ontario

Need to keep the cost to less than one penny per cricket

- Free-range cricket farming method, raise in partitioned rooms as opposed to bins

*Gryllodes sigillatus*

- A species with immunity to the cricket paralysis virus

Produce both organic and conventional

The only certified organic cricket producer in Canada

Harvest 120M crickets every 6 weeks

### **Competition in Canada**

Aspire

- Received \$10 million in funding
- Could produce 10,000 metric tons of crickets in Canada
- Has its own proprietary farming technology
- Farmed *Acheta domesticus*
- Manufactured its own cricket-based protein bars and cricket powder

Wilder Harrier (Montreal)

- Canine market
- Produce cricket-based dog treats and dog food
- Outsource rather than produce
- Has its own ecommerce

Naak (Montreal)

- Use cricket powder as the main ingredient of its branded energy bars
- Highlighted the superfood attributes of crickets
- Sold directly through its ecommerce platform, on Amazon, and grocery stores, pharmacies, and sports stores
- Did not farm, source crickets from farms

Bite Snacks (Vancouver)

- Flavoured cricket
- Sold through their ecommerce online platform

Landish Foods (Montreal, Ottawa, Toronto)

- Produce nutritional-dense foods using sustainable and locally sourced ingredients
- Wide range of products
- Sold through large scale grocery chains and speciality retailers, and ecommerce platforms

### **Action**

Entomo wants to expand in every direction.

### **Discussion Post 6.6**

#### **Identify the opportunities/problems of the case.**

Opportunities:

1. Increasing demand: The insect protein industry is experiencing significant growth and is projected to continue expanding. Canada's edible insects market was projected to reach CA\$54.1 million<sup>6</sup> by 2023, with a forecasted compounded annual growth rate of 16.2 per cent between 2018 and 2023. Therefore, Entomo Farms has the opportunity to capitalize on this trend by meeting the increasing demand for insect-based snacks and targeting selective customer segments.
2. High potential target segments: The two key target markets Entomo have identified (LOHAS and Gen Z) both exhibit great interest in sustainable and healthy food options and high buying potential in the long term.
3. Vertical integration, wide range of product offerings: Entomo is vertically integrated, involved in farming, processing, and marketing its own products. This gives them control over the entire supply chain and the ability to cater to various customer segments and distribution channels.

Problems:

1. Lack of unified marketing strategy and social media presence: Entomo currently lacks a unified marketing strategy for acquiring new customers. It engaged directly with customers through its website and an e-commerce platform, but it does not exhibit a strong social media presence as it did not engage in any digital marketing initiatives such as offering an app or a chat option.
2. Intense market competition: Aspire Food Group is a major competitor in Canada, and their plan to build the world's largest cricket processing facility poses a drastic threat to Entomo Farms. Aspire's focus on CPGs and their advanced farming technology may affect Entomo's market share. It is also the only other large-scale cricket farm in Canada and the only sizeable competitor to Entomo.
3. Consumer perception: In North America, there is still a prevalent "yuck" factor associated with eating insects. Overcoming this perception and educating consumers about the benefits and sustainability of insect-based foods remains a challenge.
4. Limited distribution channels: Entomo's current distribution channels are primarily online, with limited partnerships with brick-and-mortar retail stores. They need to explore collaborations with retailers and other online platforms to expand their reach and make their products more widely available to consumers. It is also mentioned in the case that product manufacturers would target consumers both online and off-line.

**Analysis: using PEST or SWOT to scan the business environment.**

**I will be using the SWOT framework to scan the business environment.**

**Strengths:**

1. Vertical integration: Entomo Farms controls the entire supply chain from farming to processing and marketing, providing control over product quality and consistency. Therefore, when it comes to market expansion, Entomo holds more autonomy and would be able to coordinate changes in a more efficient manner.
2. Only certified unique cricket producer: Entomo is the only certified organic cricket producer in Canada, which offers it a unique selling point and allows it to remain distinctively competitive in the market.
3. “Free-range” farming method: Instead of raising crickets in closed bins which is the traditional approach, Entomo raised them in partitioned rooms which significantly reduced cost.
4. Established online presence: Entomo Farms has a website through which it sells its products, allowing direct-to-consumer sales and access to a broader customer base.

**Weaknesses:**

1. Cultural aversion towards insect consumption: Even though there is growing market demand in Canada’s edible insects market, the cultural stigma attached to eating insects in North America still persists and poses a significant challenge for Entomo Farms to overcome and educate consumers about the benefits and safety of insect-based products.
2. Limited distribution channels: Relying primarily on direct-to-consumer sales through their website limits the company's reach. Entomo Farms needs to expand its distribution channels to reach a wider customer base. More specifically, it currently lacked a unified marketing strategy for acquiring new customers.

**Opportunities:**

1. Growing market demand; shifting perceptions: The insect protein industry is experiencing significant growth, driven by increasing consumer demand for sustainable and healthy food options. More Americans are gradually overcoming the “yuck” factors. All these trends offer Entomo more opportunities for market expansion in every direction.
2. Presence of high potential consumer segments: There is an opportunity to target specific consumer segments, such as the LOHAS demographic and Generation Z, who are more open to trying alternative protein sources.

**Threats:**

1. Intense competition: Aspire Food Group's entry into the Canadian market poses a threat to Entomo Farms' market share. The competitor's large-scale cricket processing facility could potentially outpace Entomo Farms in production and distribution capabilities.
2. Cost control: Even though Entomo is already optimizing the production process by employing “free-range” farming method, scaling up production while controlling costs can be a challenge for insect farming operations. The whole cricket farming still remains largely manual and labour intensive in all production stages; therefore, ensuring a stable and sustainable supply chain is essential.

## **Comparing Entomo Farms with the existing and incoming cricket protein players in Canada.**

Aspire Food Group (Most significant competitor; incoming Player):

- Strengths: Large-scale cricket processing facility, established presence in the United States, strong focus on sustainability and innovation.
- Weaknesses: Limited information available about their specific market approach in Canada, potential challenges in adapting to the Canadian market.

Other Existing Players:

### **Comparative Analysis**

- Market Presence: Entomo Farms has an established online presence and direct-to-consumer sales, giving them a head start in reaching consumers. Aspire Food Group, with its large-scale cricket processing facility, could potentially compete with Entomo Farms in terms of production capacity and distribution reach.
- Differentiation: Entomo Farms is the only certified organic cricket producer in Canada, providing a unique selling point. Aspire Food Group's sustainability focus and innovation may differentiate them in the market.
- Product Focus: Entomo Farms offers a range of cricket-based products, while Aspire Food Group's specific product offerings in the Canadian market are not clear. Other existing players have a narrower product focus, such as protein powders or snack products.
- Consumer Education: Both Entomo Farms and Aspire Food Group may face the challenge of educating consumers about the benefits and safety of insect-based products, given the cultural aversion to insect consumption in North America.
- Distribution Channels: Entomo Farms primarily relies on direct-to-consumer sales through their website, while the distribution strategy of Aspire Food Group in Canada is yet to be determined. This could impact their reach and market penetration.

Other smaller existing players:

### **Wilder Harrier (Montreal-based)**

- Target the canine market by producing cricket-based dog treats and dog food since 2014
- Outsource crickets rather than producing them
- Has its own easy-to-navigate ecommerce platform

### **Naak (Montreal-based)**

- Use cricket powder as the main ingredient of its branded energy bars
- Highlighted the superfood attributes of crickets in its advertising
- Sold directly through its ecommerce platform, on Amazon, and grocery stores, pharmacies, and sports stores in Canada
- Outsource crickets rather than producing them

### **Bite Snacks (Vancouver-based)**

- Produce flavoured cricket-based smoothies
- Sold through their easy-to-navigate ecommerce platform

### **Landish Foods (Montreal, Ottawa, Toronto)**

- Produce nutritional-dense foods using sustainable and locally sourced ingredients
- Sold through large scale grocery chains and speciality retailers, and ecommerce platforms

It is worth mentioning that most of the existing competitors chose to outsource crickets rather than producing them. All of them have their own ecommerce platforms, and operate on a much smaller scale compared to Entomo.

There are

### **Lecture 6.6**

Entomo operates in both B2B and B2C modes.

- B2B, Entomo is a producer, and this constitutes 80% of total revenues
  - o Lower margins as it is only being there as a link
  - o Not directly targeting customers' needs and wants
- B2C, Entomo produces CPGs, and this constitutes 20% of total revenues
  - o The major reason Entomo would want to go into B2C is because of high margins

### **Discussion Post 6.8**

**Who are Entomo's potential customers, and what is the potential size of the market?**

There are two major customer segments that Entomo has identified: LOHAS and Gen Z.

According to Statistics Canada, the total Canadian population in 2020 amounts to 38,037,204.

Health and Sustainability (LOHAS) demographic segment

- Those people place their personal health and environmental impact as one of the top priorities and are interested in developing more sustainable lifestyles.
- They are well-educated, earn above-average incomes, and are more likely to live in metropolitan areas. They are willing to pay premium for sustainable products.
- Estimated buying frequency: 1-2% of them would eat at least once or twice a week
- Size of segment: 21% of Canadians =  $21\% * 38,037,204 = 7,987,813$

Generation Z consumers

- Those people are also concerned with sustainability and climate change issues, and are often interested in knowing where food ingredients came from and whether they are organic.
- They have high openness but low buying power; however, they would become the next generation of LOHAS.
- Estimated buying frequency: 1-1.5% of them would be at least once a week.
- Size of segment: 23% of Canadians =  $23\% * 38,037,204 = 8,748,557$

Potential size of the market = size of LOHAS + size of Gen Z = 16,736,370

**What should be Entomo's core brand message for its CPGs?**

From my point of view, Entomo should design its core brand message in a way that emphasizes the following key points:

1. Sustainability: Highlight Entomo's commitment to providing sustainable protein solutions. Emphasize the environmental benefits of insect-based ingredients, such as their low carbon footprint, efficient resource utilization, and minimal impact on land and water resources. Position Entomo as a brand that offers conscious consumers an eco-friendly protein option.

2. Nutritional Excellence: It is valuable to emphasize the nutritional value of crickets. It is mentioned in the case that edible insects ingredients are rich in protein, essential amino acids, vitamins, and minerals.

3. Innovation: Being awarded the Premier's Award for Innovation in Agriculture in 2018, Entomo should highlight their dedication in R&D as well as how its "free-range" cricket farming method differentiate itself from its competitors. It is important to emphasize how choosing Entomo's CPGs supports cutting-edge food technology and contributes to a more sustainable food system.

Overall, Entomo's core brand message for its CPGs should convey their commitment to sustainability and nutritional excellence while showcasing their innovative approach to shaping the future of agriculture.

### **What channels should be used to reach customers?**

It has mentioned in the case that Entomo currently only engages directly with customers through its website and an ecommerce platform but lacks a strong social media presence. Since it was planning for "expansion in every direction", it should try to diversity its distribution channels to target the greatest number of customers. The following platforms shall be used:

E-commerce Platforms (Company website and webstores): Entomo should keep developing/optimizing its website and ecommerce platform while selling through popular webstores, such as Amazon, Shopify, or specialized food delivery platforms. This would allow customers to conveniently purchase Entomo's CPGs online and have them delivered to their doorstep.

Social Media Platforms: Entomo should engage in digital marketing initiatives such as offering an app or a chat option for consumers as an easy way to communicate directly with Entomo beyond ordering products. It could market on popular social media platforms like Facebook, Instagram, Twitter, and LinkedIn to build a community and engage with customers. Share visually appealing content, such as product photos, recipe videos, sustainability facts, and customer testimonials. Actively respond to customer inquiries and feedback to foster a sense of connection and trust.

Retail Stores: Entomo could try to sell off-line by partnering with grocery stores, health food stores, and specialty retailers that align with Entomo's target market. This allows Entomo to place its products on shelves where customers can discover and purchase them offline.

Apart from the ones listed above, there are also other channels that can be used to reach customers. It is important for Entomo to continually monitor and analyze the effectiveness of each channel and adapt their marketing strategy accordingly.

## **Lecture 6.8**

### **Presentation guidelines**

Who is target audience?

Slogan, the theme, how should we deliver the message?  
Make a print ad (incorporate a design element)



## Apple Inc.: Price Strategy in India

### Discussion Post 6.15

#### **How does Apple's typical customer or target consumer in India differ from an Apple customer in North America or a premium Samsung customer?**

Apple's typical customer or target consumer in India differs from an Apple customer in North America or a premium Samsung customer in the following ways:

1. **Pricing Sensitivity:** The Indian market is known for being price-sensitive, and consumers often prioritize affordability when making purchasing decisions. The most expensive iPhone was priced above the annual income of many Indian consumers, which poses a drastic challenge to Apple as it targets the high-end market segment. In contrast, Apple customers in North America may be more willing to pay a premium for Apple's advanced features, design, and overall user experience. Premium Samsung customers in both regions are also likely to be less price-sensitive compared to the broader market.
2. **Target Customer Segment:** In India, Apple's target consumer segment comprises male and female customers aged 22 to 55 years with a medium to high income and enjoying a lifestyle that was modern, young, and open to change. On the other hand, Apple customers in North America mainly consisted of male and female customers aged 18 to 45 who prioritize advanced features and tool-based devices. Premium Samsung customers in both regions are likely to have similar income levels and demographic backgrounds.
3. **Brand Perception:** In India, Apple is considered a luxury brand and a status symbol. The brand loyalty and emotional connection among Indian Apple users are strong demonstrated by the commonly heard phrase "Once an Apple user, always an Apple user!" In North America, while Apple is still seen as a premium brand, it may not carry the same aspirational value as in India. In both regions, Premium Samsung customers may perceive Samsung as a more accessible brand compared to Apple.

**Analysis: SWOT (at minimum, identify 2 strengths, 2 weaknesses, 2 opportunities, 2 threats) - discuss a minimum of 4 implications. (This is the 'so what' or conclusion from your SWOT analysis)**

Strengths and implications:

1. **Strong Brand Image:** Apple has a globally recognized brand and successfully positioned itself as "a luxury brand with innovation, design, and imagination". This brand strength contributes to Apple's customer loyalty and a premium perception in the market.
2. **Wide product portfolio:** Apple product lines included consumer electronics, personal computers, network servers, computer software, and digital media distribution. The integration across devices and services enhances customer satisfaction, creates a barrier to switching to competitors, and enhances Apple's distinctive competitive advantage in the market.

Weaknesses and implications:

1. **Premium Pricing:** Apple's products are known for their premium pricing, which can be a barrier for price-sensitive consumers, particularly in Indian markets. In this case, the most expensive iPhone was priced above the annual income of many Indian customers, and since there are many more economical substitutes, this pricing strategy limits Apple's market share potential and may lead some customers to opt for more affordable alternatives.
2. **Reliance on iPhone Sales:** Apple heavily relies on iPhone sales for its revenue. This dependency on a single product line exposes the company to risks associated with smartphone market saturation, changing consumer preferences, or disruptions in the supply chain.

#### Opportunities and implications:

1. **Emerging Indian Markets:** India's population of 1.3 billion people held tremendous opportunity for Apple, and the number of smart phone users was growing at a rapid rate. Targeting these markets with more affordable product options could tap into a large customer base.
2. **Capitalizing Digital Consumer Services:** Apple can capitalize on its strong customer base by focusing on expanding its services segment, including Apple Music, Apple TV+, and Apple Arcade.

#### Threats and implications:

1. **Strong Asian Competitors:** Apple faced fierce competition from Asian competitors such as Samsung, Xiaomi, and Vivo with lower priced smart phone brands that appealed to the price sensitive Indian market. In order to capture new markets, Apple might need to consider adapting products and marketing strategies to cater to the unique needs and price sensitivities of the customer segments.
2. **Regulatory and Legal Challenges:** The government of India's manufacturing regulations and import duties is a key concern for Apple's expansion. Apple would also have to deal with the country's poor infrastructure and issues with land acquisition. Higher import duties on raw materials such as electronic parts and components also increase the cost of iPhones, making it difficult for Apple to price its products appropriately for the wider Indian consumer base.

### **What are Apple's pricing options for the iPhone in the Indian market?**

According to the case, Apple has the following pricing options for the iPhone in the Indian market:

1. Apple could introduce a lower priced version of iPhone specifically for the Indian market but is wondering if it would damage the company's global exclusivity.
2. Apple could target multiple segments in India with a differential pricing strategy but is wondering if that would turn out fatal for Apple's exclusive and premium image.
3. Apple could also review its premium price strategy to seize a bigger market share in India by providing configure-to-order, build-to-order, or other similar options for its iPhone for Indian customers.

## Lecture 6.15

Apple has two major markets.

- Global (except for Indian market)
- Indian market

Key question 1: should apple enter the Indian market? (yes/no)

- o Yes

Advantages of entering the market

- Growing large market size
- Manufacturing (production capability in India is high)
- Government incentives
- Growing economies in India

Disadvantages of entering the market

- Strict governmental regulation wrt import duties and tax
- Competitive competitors (Xiaomi and Samsung)
- Price competition (Indian consumers are price sensitive)
- Brand identity conflicts
- Regulatory risks (Indian government supports local manufacturers)

Relationships among Apple and its suppliers and the government

- Suppliers: Wistron, Pegatron, Foxconn, Samsung
- Indian government finds a way to attract those tech companies

Key question 2: how to enter the market given price sensitive consumers?

Pricing options

- Lower prices
- Build-to-order
- New product for Indian market (priced lower)
- Use the older model
- Maintain the current price

Promotion options

- Product advertising
- Institutional advertising

Place

- Online
- Physical retail stores
- Third party

## Apricotton: Blossoming Growth

### **Presentation (first group):**

Eye catching slides, large percentages

BRA recommendation (build, reach, amplify)

Build customer personas (Lucy and Patricia) as opposed to introducing the arbitrary customer segments arbitrarily.

#### Problems

1. Limited marketing budget
2. Weak brand presence
3. The online shopping barrier

#### Objectives

1. Double revenue in 6 months
2. Establish Apricotton as a leading player
3. Promote more brand loyalty

#### Alternatives

1. Build new product (the alternative to proceed with)
  - a. SWOT
  - b. Expected results
2. Why not expand options? (not proceed, explain the reasonings)

#### Reach

1. Promotion plans (they designed a hashtag)
2. Consumer analysis
3. Social media analysis (justified why Tik Tok not Instagram)

#### Amplify

1. Some high level implementations
2. Why not sell in store? (not proceed)
3. Competitive analysis

#### Implementation plan

### **Presentation (second group):**

#### Situational analysis

- PEST
- SWOT
- Competitor analysis
- Perceptual map

#### Marketing strategy

- STP framework
- Marketing mix (4P)

#### Alternatives

1. Decision criteria
2. Introducing the alternatives

#### Recommendation

1. Launch a new product (the perfect scalloped bralette) and use social media

#### Action Plan

1. Design
2. Comfort
3. Adjustable

#### Marketing mix (4P)

##### Price

- Customer oriented
- Competitor oriented

##### Promotion

- They made a demo tiktok video

##### Place

##### Expected results

- Justifying that decision criteria are met

#### **Discussion Post**

1) I am in Group 8.

**2) Case selected (make sure this is not the case you present or act as BOD):** Apricotton

**3) What I have learned from the case:**

##### First Presentation:

- Their slides are quite eye-catching and aesthetically pleasing. I really liked how they marketed their solution as BRA (build, reach, amplify), which is innovative and echoed the theme of the presentation.
- When doing the customer analysis, as opposed to introducing the customer segments arbitrarily, they built customer personas (Lucy and Patricia) which vividly illustrated the groups that they are targeting.
- As opposed to stating the cons of each alternative altogether under one section, they separated those parts by posing rhetorical questions to the audience (Why not expanding

options? and Why not selling in store?) throughout the presentation. This is an approach that I have not thought about and indeed made their presentation more engaging.

Second Presentation:

- When talking about promotion, they made a demo TikTok video which enhances the feasibility of their recommendation.
- I liked how they justified their expected results in a clear and concise manner.

## Marlow: Building the Ultimate Reproductive Health Brand

### Group 1 Presentation

Proposes three questions

- Consumer segment
- Pricing
- Promotional plan

Overarching aspiration

- What marketing launch plan to use

SWOT analysis

- Good customer understanding, strong content team
- Little brand recognition, lack of extensive product line
- Lack of innovation within industry
- Competition

Competitor analysis

- Analyzed all three major competitors
- Jumped to the conclusion: Marlow needs to differentiate in quality, brand image, and consumer connection to succeed

Consumer analysis

- Personified three customer segments and analyzed each

Decision criteria

- Used a decision matrix to analyze three alternatives (targeting the three segments)
- Picked the highest score to proceed with (targeting Gen Z)

Recommendation

- Three pillars (target market, price, promotional plan)

Implementation

- Pricing
  - o Cost based strategy
- Promotional campaign
  - o Paid TikTok ads and partner with macro-influencer
- Partner with schools for educational campaigns, give out samples

Expected outcomes

- Top down
- Bottom up
- They give the range

## Group 2 Presentation

### SWOT analysis

- Focus on educational content, convenient and innovative product, network of advisors
- Lack of digital media presence, reliance on suppliers
- Global market size of 2B, D2C growing need
- Highly competitive industry

### PEST analysis

### Decision criteria

- Long term sustainability
- Brand switching
- Mission alignment
- Online shopping presence

### Customer analysis

- The three segments

### Recommendation (Gen Z)

- Justified how the four decision criteria are satisfied
- Mission alignment
- Ease of mind
- Sustainable customer base

### New 4P

- Price (\$25 one-time purchase, \$70 3-month subscription)
- Place (D2C, future plans of expansion, focus on GTA)
- Promotion (TikTok micro influencers, medical professional influencers, paid ads, middle & high school ambassadors)

### Implementation

1. Short
  - a. Select influencers and create content/ads
2. Medium
  - a. Focus on ambassadors and reaching schools
3. Long
  - a. Promote and adjust content to align with Marlow brand
4. Future year
  - a. Invest in R&D and monitor content to align with mission

### Risk and Contingencies

- Low purchasing power



## **Discussion Post**

1) I am in Group 8.

**2) Case selected (make sure this is not the case you present or act as BOD):** Marlow

**3) What I have learned from the case:**

First Presentation:

- The group started the presentation by posing three questions regarding consumer segment, pricing, and promotional plans, which actively engaged the audience.
- When estimating the expected results, they used both top down and bottom up approaches and gave a range. This is more accurate and is something I should learn about.

Second Presentation:

- Their analysis of the new 4P is very detailed and demonstrated their thorough understanding of the case. Same for implementation plan. As opposed to keeping everything on a high-level, they dived deep and gave actionable steps for each time period.
- They included a risk and contingency plan, which is something that our group did not include.

## SKF India: Strategic Choices at a Global Iconic Bearing Brand

### **Presentation 1**

Problem statement (not too sure what the exact problem they are trying to address)

Impact - down 12% net sales

Opportunity and objectives

- Short term (increase chances of securing tender)
- Long term (differentiation)

Environmental trends

- Pandemic effects
- Domestic manufacturing, more intense government policies
- Constantly increasing customer expectations

Competitive analysis

- Industry leader
- Value centered
- SKF Global Technical Centre

Customer Analysis

- Manufacturing industry itself
- Governmental organizations

Marketing Mix (4P)

Financial analysis

- Yearly growth forecast

First alternative - Introduce refurbished bearings to existing product lineup

Second alternative - Liquidate existing stockpile and reduce price (good for long term growth)

Recommendation - refurbished bearings (alternative 1)

Implementation

- Phase 1 (0-3 months)
  - o Planning, training, IoT manufacturing
- Phase 2 (4-8 months)
  - o Prospect, establish domestic supply chain, internal alignment
- Phase 3 (8 months +)
  - o Sales focus, provide excellent service, continuous improvement

Expected results

- Regained sales, new customers, improved quality of service

## **Presentation 2**

Didn't listen.

## Beyond the Bean

### Discussion Post 7.25

1. Write the problem statement and objectives for this case.

#### Problem Statement:

Greig must design an effective marketing plan that would ensure the successful launch of Beyond the Bean. The challenge is to attract and retain customers in a competitive market, considering economic conditions and diverse target segments.

#### Objectives:

1. Select a target market: Identify and select the most profitable and responsive target segments among Western University students, Fanshawe College students, high school students, and young professionals.
2. Develop a detailed promotion plan: Develop a promotion plan that creates awareness, drives foot traffic, and encourages customer trial, ultimately leading to repeat visits and positive word-of-mouth.
3. Determine a pricing model for table rentals for game play: Determine an optimal pricing strategy for table rentals for game play and food/beverages to achieve the desired gross income and profitability.
4. Determine whether alcohol should be added to the café's menu: Weigh the pros and cons and make a decision.
5. Work out the financial feasibility of this proposed marketing plan.

2. Perform a SWOT analysis for Beyond the Bean. What are the implications?

#### Strengths and Implications:

- Beyond the Bean offers a combination of gourmet coffees and board games, providing a distinctive and appealing social experience. Being the first board games café in the area, it should leverage this distinctive competitive advantage to attract novelty-seeking customers.
- Both Greig and Peck has taken some courses in business, which brings them some basic concepts in business and the fundamentals of marketing. All the knowledge would help them better operate the business.

#### Weaknesses and Implications:

- Angela Peck's limited availability due to her doctorate commitment may impact operations.
- Even though access of free internet Wi-Fi might discourage social interaction, not providing this might deter customers who prefer internet access during their visit.
- As mentioned in the case, most students return home during the summer, which might impact the foot traffic of the business as students are their major customer segments.

#### Opportunities and Implications:

- The growing gourmet coffee industry indicates potential demand for specialty coffee experiences.

- Board games had experienced a resurgence in popularity since the early 2000s, and their sales increased 100 per cent in the last five years.
- Apart from offering coffees and board games, introducing a limited selection of alcoholic beverages may broaden the customer base.

#### Threats and Implications:

- London's economy was hit hard by the worldwide recession triggered in 2008 and was still recovering. Unemployment in the city was 8.8 per cent, higher than any other major city in Ontario, other than Windsor. High unemployment generally led to reduced spending on discretionary expenses, including entertainment.
- Direct competition from bowling alleys, billiards facilities, and indirect competition from established coffee chains are posing a drastic threat to Beyond the Bean.

3. Using a segmentation chart, identify at least three customer segments for Beyond the Bean.

Customer Segment	Age Range	Lifestyle	Preferences
Western University Students	18-24	Active and Social	enjoyed the opportunity to inexpensively socialize with friends and were looking for an alternative to the bars frequented by most students
Fanshawe College Students	18-24	Active and Social	enjoyed a night out at a reasonable price that did not include alcohol and bars
Young Professionals	25-35	Busy, Career-Oriented (high disposable income)	Seek leisure activities that provide a break from work stress, appreciate quality coffee and relaxed environments.

Based on the segmentation chart, the three customer segments for Beyond the Bean are Western University students, Fanshawe College students, and young professionals.

#### Lecture 7.25