

CHATEAU D'AX PROJECT

STRATEGY & MARKETING

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Chateau d'Ax®
ITALIA

The Italian Furniture Market Horizon

CHATEAU D'AX | A SNAPSHOT OF ITS POSITION IN THE MARKET



ITALY in the WORLD

Italy is the fourth furniture manufacturer in the world and one of the leading exporters of the industry since it is at the forefront in terms of designing, production and aesthetics.

Moreover, Italian architecture has a strong role as a global trendsetter and consequently drags the furniture sector with it.

The results are clearly visible since furniture plays an important role in the Italian economy.



CHATEAU D'AX

Chateau d'Ax is a historic Italian company that produces and sells furniture and home accessories all over the world.

Currently positioned as a leading company in the production of home furnishing products, particularly in the upholstery sector (living rooms).

It has made investments in the introduction of state-of-the-art technology to make sure its products always fulfil the highest quality standards.

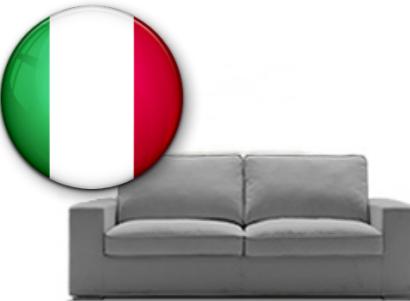


FURNITURE in ITALY

The **Italian furniture industry** is characterized by a strong fragmentation and concentration of production units in certain territorial areas.

In this varied and aggressive competition landscape Chateau d'Ax seems to be a bit in the background.

It is well-known for its good quality and elegance, but it is not a source of inspiration and ideas, its style not being unique or distinctive.



Market Analysis

PORTER'S FIVE FORCES MODEL



Aspect Evaluated	Internal Rivalry	Potential new Entrants	Threats of Substitutes	Suppliers' Bargaining Power	Buyers' Bargaining Power
Description	<ul style="list-style-type: none"> Highly fragmented industry with numerous players. Industry will grow 5.4% yearly until 2026. International brands collect revenues in billions. Local small level manufacturers are providing high-quality furniture products at cost-effective prices. 	<ul style="list-style-type: none"> Possible to start at a small level and with minimal human resources. Customers have low brand loyalty. Little product differentiation. Low chances of retaliation once a new player enters. 	<ul style="list-style-type: none"> The functions offered cannot be found by other concrete substitutes. 	<ul style="list-style-type: none"> The materials used in furniture are usually not very particular or rare. 	<ul style="list-style-type: none"> Buyers possess information about the list of furniture sellers and the advantages and disadvantages associated with each brand. There is a long list of furniture retailers people can buy from. Absence of switching costs for buyers.
Overall Impact	HIGH	HIGH	LOW	LOW	HIGH



Segmentation

NESTED FRAMEWORK 1/2



1. DEMOGRAPHIC VARIABLES

Customers' taste, buying process, and purchasing power are just some of the characteristics that can vary with the **age** and are also deeply linked with **gender**.

Let's identify 2 main macro-segments:

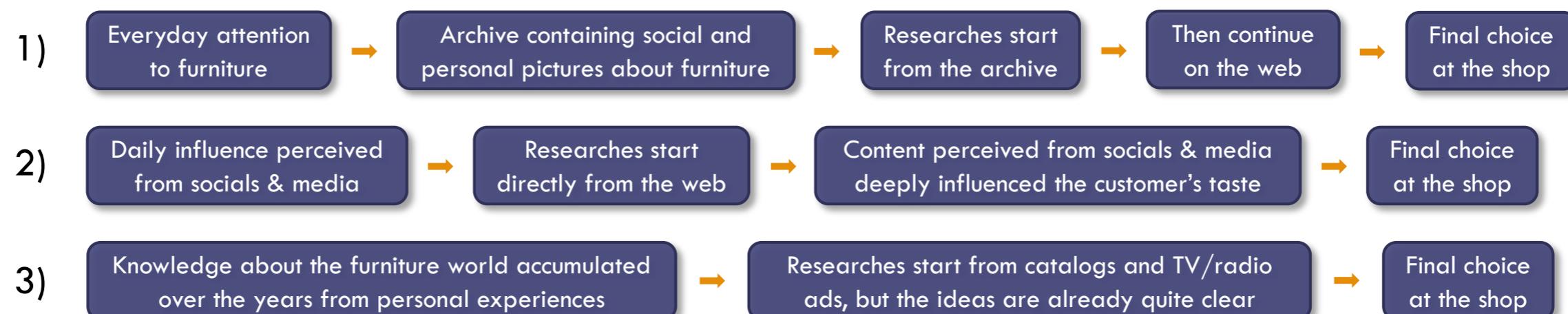
- women 25-45 yo
- women over 45 yo

2. OPERATIONAL VARIABLES

Chateau d'Ax targets the medium-high market. Therefore, the purchasing power of its customers has to be greater than the Italian average. It means that the salary received by the clients should be slightly higher than «normal».

3. PURCHASING PROCESS

-> Let's distinguish 3 types of processes:



Segmentation

NESTED FRAMEWORK 2/2

4. SITUATIONAL FACTORS -> what a customer seeks from Chateau d'Ax can assume different flavors:

innovation

functionality

design & materials quality

made in Italy

exclusivity

eco-sustainability

convenience

Based on these concepts, we can obtain 3 segments:

WHO SEEK

High quality materials,
impressive design level,
and Made in Italy

WHO SEEK

Innovations and functionalities at an
affordable price, with an eye on
quality and eco-sustainability

WHO SEEK

A top quality product in terms of materials and design.
And it is not enough. Exclusivity, innovation, and eco-
sustainability must be included in the purchase.

5. PERSONAL FACTORS -> the main psychographic aspects to analyze are:

Passion and interest in the world of
furniture, design, and fashion

Capability to design and imagine solutions
for placing a certain product at home

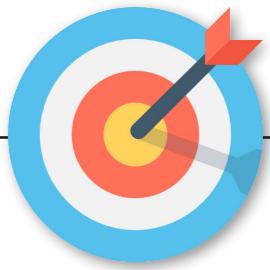
Knowledge about materials used in the
furniture sector

Relationship with social networks



Targeting

BUYER'S PERSONAS



PERSONA #1 Giovanna, 57 yo

JOB: Pharmacy owner

EDUCATION: Degree in Pharmacy

FREE TIME: Family, friends, TV, and home

PSICOGRAPHIC ASPECTS: She lived the period when it was normal for a girl to deal with fabrics and leathers. So, she has **good knowledge of upholstery materials**. She has **good taste**, but it is deeply **influenced by what is around her and on TV, magazines, and catalogs**. She strongly believes in **Made in Italy for quality, style, and elegance**. She knows exactly if she likes or not a product once it is in front of her. Due to her experience, she can imagine a possible arrangement for a piece of furniture

COMMUNICATION CHANNELS:



BENEFITS SOUGHT:

Innovation	● ●	Eco-sustainability	●
Functionality	●	Price affordability	●
Made in Italy	● ● ●	Materials	● ● ●
Exclusivity	● ●	Design	● ● ●



PERSONA #2 Monica, 28 yo

JOB: Social media manager in a big company

EDUCATION: Master in Communication Science

FREE TIME: Friends, social, fitness, and shopping

PSICOGRAPHIC ASPECTS: She often **uses socials** and she is **always looking for new content to post**. She only purchases **innovative products** with whom she can tell a story. She would never buy something that leads her followers to decrease. Thus, she is **very attentive to social issues**. She is keen on fashion, so she pays **particular attention to design**. Every time she bumps into catchy furniture pictures, she saves them **creating an archive**. Her research for buying a new product starts exactly there

COMMUNICATION CHANNELS:



BENEFITS SOUGHT:

Innovation	● ● ●	Eco-sustainability	● ● ●
Functionality	● ●	Price affordability	● ●
Made in Italy	●	Materials	● ●
Exclusivity	● ● ●	Design	● ● ●



PERSONA #3 Beatrice, 37 yo

JOB: Owner of a well known family restaurant

EDUCATION: Hotel School Diploma (chef track)

FREE TIME: Family, friends, TV, socials, and walks

PSICOGRAPHIC ASPECTS: She is **not daily interested in furniture**. She does not think at all about this until she approaches a purchase of a new product. When that moment arrives, she will be **influenced by what she has seen in the previous months/years on socials, TV, and magazines**. She would never buy a Chateau d'Ax top quality product. **A middle range one already satisfies her**. In her mind, **convenience and functionalities are more important than materials and products**

COMMUNICATION CHANNELS:



BENEFITS SOUGHT:

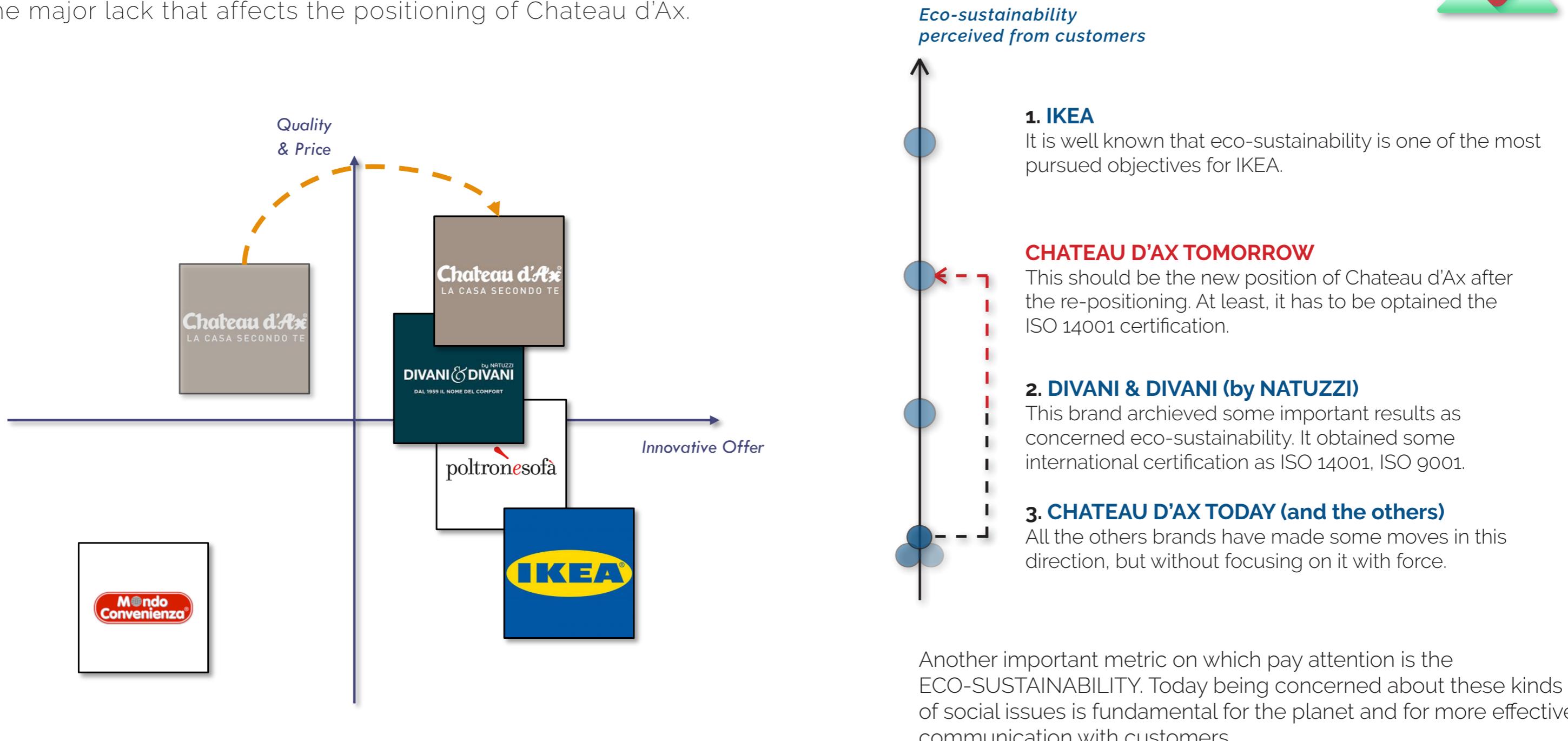
Innovation	● ●	Eco-sustainability	● ●
Functionality	● ● ●	Price affordability	● ● ●
Made in Italy	● ●	Materials	● ●
Exclusivity	●	Design	● ●



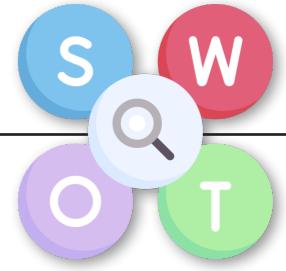
Positioning



Customers perceive the BRAND as NON-INNOVATIVE and this is the major lack that affects the positioning of Chateau d'Ax.



Swot Analysis



S	<ul style="list-style-type: none"> Elegant shops, well-kept and pleasant • Good quality products, durable, with refined style • Huge franchise network world-wide • Long lasting and trusted relationships with suppliers • Well known brand • 	<ul style="list-style-type: none"> Brand not associated with the Italian's artisan spirit Shops' atmosphere a bit aseptic, cold, and not very welcoming Not very interactive shops' staff Not always justified quality to price ratio Bit lacking communication strategy Sometimes too large sofas Too traditional brand (little innovativeness) Too many products on the catalog
O	<ul style="list-style-type: none"> Customers more focused on products' functionalities • Power of digital medias as a source of advertising • More pre-purchasing informed customers • More importance to communication • Shops' displays are getting more important to customers • Eco-sustainability is becoming an essential feature to be considered • 	<ul style="list-style-type: none"> Houses' space is decreasing Less time to care and clean the furniture More importance to generalist shops Indecisiveness of younger customers (it leads them to visit more shops) More unpredictable stock exchange (banks finance less new stores openings or existing shops)



Marketing mix



INTRODUCTION

TAKING STOCK OF THE SITUATION:



Chateau d'Ax biggest strength lays within its affirmed **high quality**, ranging from the **raw materials** used to the **product design**, so their displays give an air of **elegance** and can convey a feeling of **excellence**.

Chateau d'Ax struggles with finding a way to **innovate its current products**, which are **without any unique feature** that sets them apart from the competition.



Chateau d'Ax also **lacks a communication strategy** that highlights the great products that it already offers and conveys the company's actual qualities.

THE PROPOSAL:

Firstly, we decided to focus on 2 of the 4 "Ps": the **product** (raw materials in particular) and the **promotion** (advertising and PR).



For doing so, Chateau d'Ax should:

- Implement **new eco-sustainable materials** and **unique product innovations**
- Establish **partnerships at various levels** to design new products and better reach the segments targeted
- Devise a **clear communication strategy using digital channels** (social networks)



Product: RAW MATERIALS AND SUSTAINABILITY

UPHOLSTERY : LEATHERS & FABRICS



FROM GRAPE TO LEATHER

Eco is classy.



WHAT?

The idea of grape leather was born in Italy out of a desire to reclaim and repurpose waste from the winemaking industry, making the processes more circular. The solid remains of grapes after pressing are combined with vegetable oil and water-based polyurethane. This biobased material is then coated onto organic cotton, resulting in a leather alternative.



WHY?

With the introduction of this product, the wide leathers' collection available for covering the Chateau d'Ax sofas will assume a more eco-friendly flavor.

Furthermore, the wine-leather will be able to associate such a classical product as the leather to a more captive and innovative image.



WHO?

The inventor and major producer of this leather is an Italian company named Vegea. It was founded in 2016 in Milan, with the aim to promote the integration between chemistry and agriculture through the development of new eco-sustainable products. Companies like Pangaia, H&M, and Le Coq Sportif already adopted the grape leather.



Chateau d'Ax®
ITALIA

GARMENT DYEING

Uniqueness, distinctiveness, and exclusivity.



WHAT?

Luciano Benetton, during the '60, after some studies made in Scotland, together with Ado Montana (a dyer), discovered a way to color jumpers after the realization and not before as usual in those years. This is the origin of garment dyeing ("tintura in capo"). This technique was used in the following decades by a lot of big clothes companies.



WHY?

Any cloth garment-dyed is different from another one, even if the dye formula and the type of fabric are the same. There always are some very small differences that make the product unique. This uniqueness makes a sofa exclusive, and the exclusivity stands you out from the others. The usage of this innovation could be the first time in the furniture industry.



WHO?

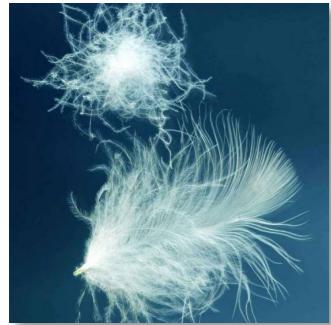
The leaders in garment-dyeing are 2 Italian companies. The first one, as anticipated, is Benetton, and, since the '60, it is mastering this technique. The other one is Stone Island that is a sportswear company founded in 1982 in Ravarino (MO, Modena) and now owned by Moncler. Through a collaboration with one of these 2 brands, it would be possible to obtain an interesting, exclusive, and innovative proposal.

Product: RAW MATERIALS AND SUSTAINABILITY

PADDING & TREE PROMOTION

RECYCLED DOWN

It's softer if eco-friendly.



WHAT?

The 3D Comfort System adopted for the cushioning is wonderful, but it could be improved even more. The polyurethane (PU) used for the innermost and the middle layers should be switched with the water-based polyurethane (PUD), less toxic for the environment. As for the down used for obtaining the outermost layer, it should be recycled.



WHO?

Patagonia, known as one of the most «green» brands on the planet, has already adopted recycled down for their quilted jackets. The one they use is a mix of reclaimed 600 or 700-fill-power goose and duck down, sourced from pillows, duvets and other used items that can no longer be resold. By taking down from waste collection, we help to develop the down recycling flow.

1 SOFA SOLD = 1 TREE PLANTED

A gift to the environment.



WHAT?

Lots of brands, especially in the fashion industry, have started to make promotions through which a customer automatically makes a good action for the environment simply by purchasing something. For example, Chateau d'Ax could take the responsibility to plant a tree for each sofa bought in one of their shops, ideally creating the own forest of the brand.



WHO?

Many companies have arranged businesses around trees. One of them is Treedom, is Italian, and is becoming stronger day by day. It is the only web platform in the world that allows you to plant a tree remotely in Africa, Latin America, and Asia and follow it online. All trees are planted directly by local farmers and so they contribute to environmental, social, and economic benefits.

WHY?

The main objective pursued with these eco-driven moves is not limited to the noble goal of safeguarding the environment. It is something strictly related to the re-positioning that could be reached after having exploited a certain communication campaign based on collaborations with specific fashion brands that have made eco-sustainability their own strength.



Promotion: COLLABORATION WITH BRANDS



All the companies named in the previous slides are not only for contextualizing the ideas proposed.

The **partnership with other famous brands** is one of the main concepts on which the marketing campaign is based.



Most of these brands are in the fashion industry. In the last years, the collaborations in that sector sharply increased and became one of the most efficient communication tools exploited by companies.

3 of the main reasons why a brand as Chateau d'Ax should set up Cross Collaboration are:

- **Get noticed** - in a market where brand loyalty is hard to establish, would be a big boost
- **Increment User Generated Content (UGC)** - it would be perfect for making the brand image more attractive
- **Promote a cause** - often the «x» collabs are used for promoting a cause and the eco-sustainability is a perfect candidate



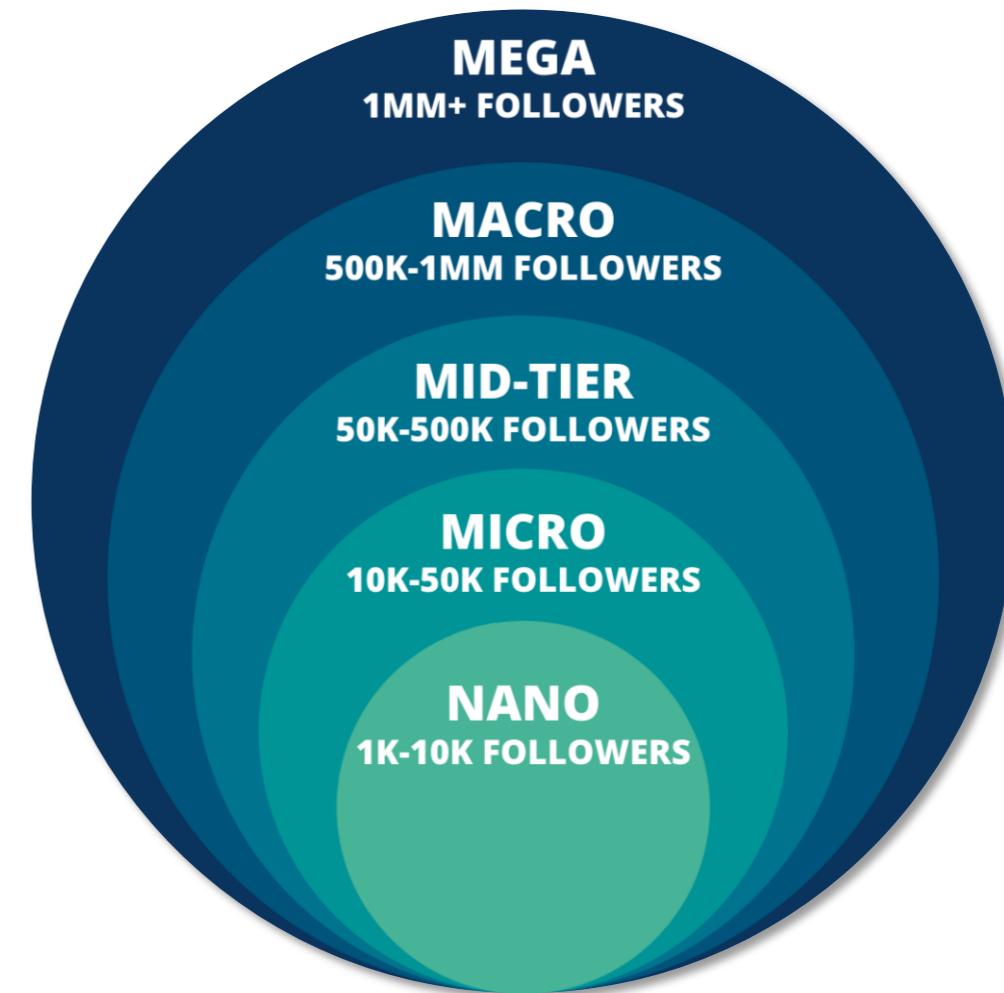
Promotion: SOCIAL NETWORK

The use of social networks for customer communication is the other pillar of the marketing campaign.

The goal is to get close to the results obtained by «Poltrone e Sofà» through TV and radio ads, exploiting the new available channels.

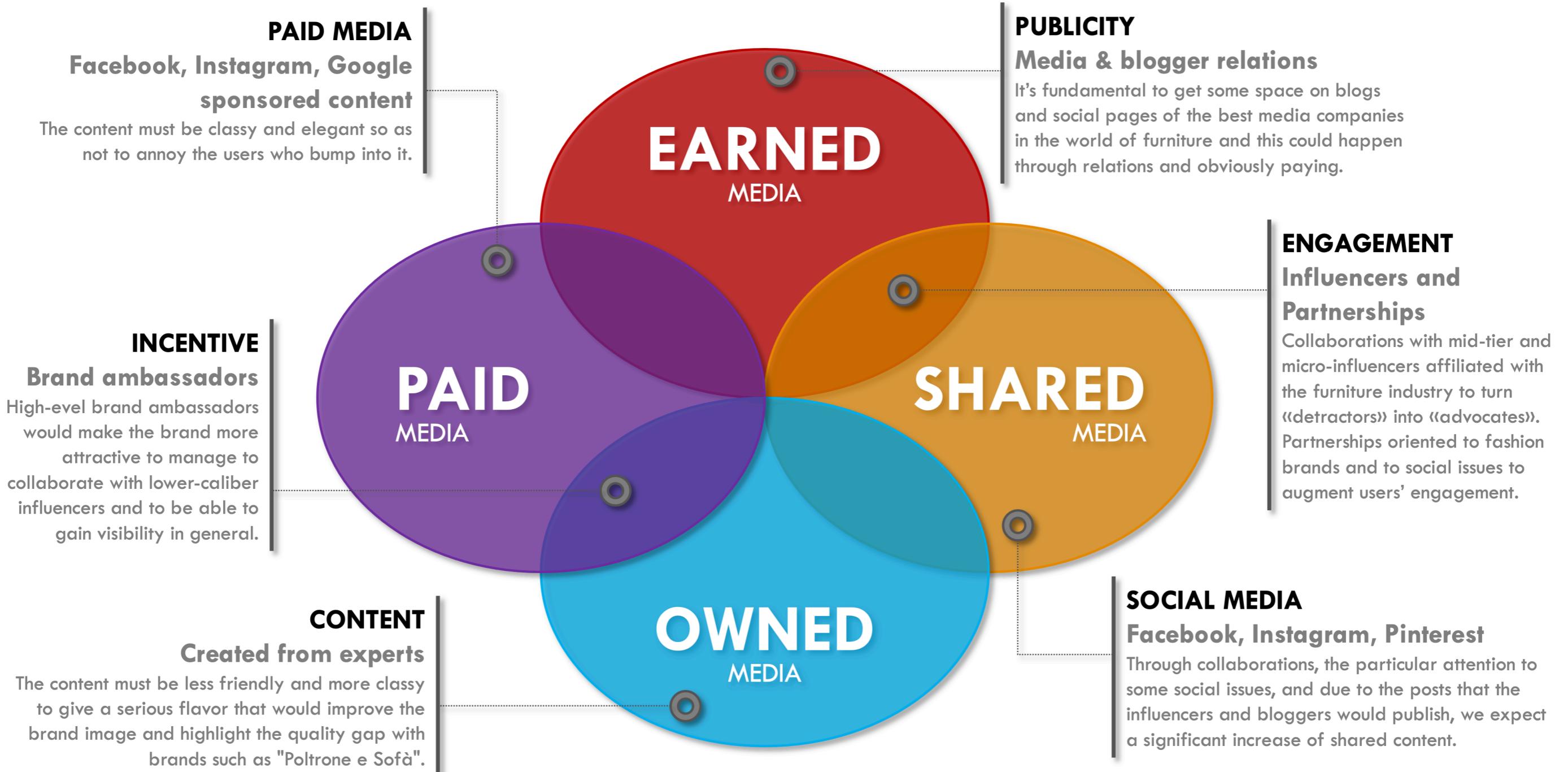
Social networks have to be approached in 3 ways:

- 1. Exploiting the advertising space offered by the various platforms** creating ads ad hoc for presenting new lines and new promotions.
- 2. Making sponsorships with influencers**, who are gaining a lot of power in the advertising world. The best solution would be to designate some *mega* and *macro-influencers* as brand ambassadors and propose to *mid-tier* and *micro-influencers* to collaborate together for exploiting their social audience.
- 3. Creating own content** to better communicate the brand values. This action should be done by experts and the advice is to use a less friendly and more formal and classy approach compared to the actual one.



Promotion: PESO MODEL FOR DIGITAL PR AND ADVERTISING

One of the main issues that Chateau d'Ax is facing, is related to the gap between the product offer and what customers are aware of. The PESO model should help the company to strategically make use of the digital channels to increase customers' knowledge about Chateau d'Ax offering and values.



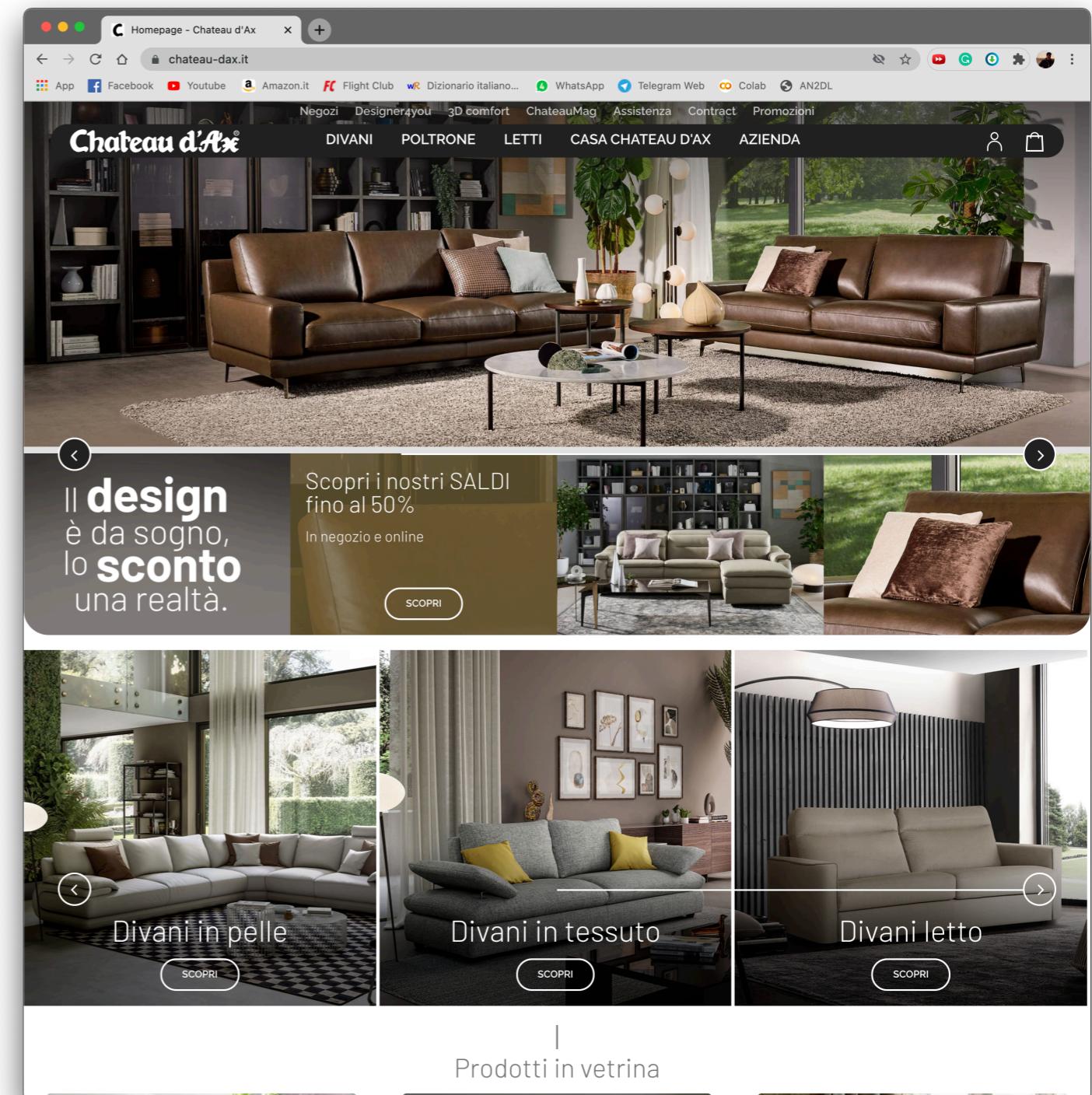
Promotion: THE WEBSITE

There are four main channels that we are focusing on:

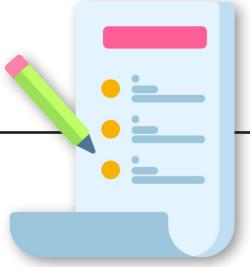
- The Facebook page
- The Instagram profile
- The Pinterest account
- The catalog on the website

The website is still the first method used to search for the company and the products, so it must be perfectly clear. To date, the homepage is too much crowded with images of the products. Moreover, the catalog options are not noticeable enough and do not attract the eye of visitors.

- As such, we propose a revamp of the website to better take into consideration users' experience and showcase the available products.



Strategic Planning



Considering all our proposal so far, we have divided the actions that could be taken for a span of three years.

