



A Marketing Plan for Bathroom and Kitchen Products

by

Ms. Supawan Hongratanauthai

A Final Report of the Three-Credit Course
CE 6998 Project

Submitted in Partial Fulfillment
of the Requirements for the Degree of
Master of Science
in Computer and Engineering Management
Assumption University

July 2004

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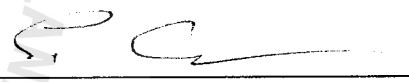
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The Graduate School of Assumption University has approved this final report of the three-credit course, CE 6998 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.

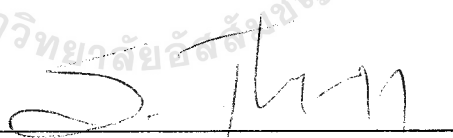
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ABSTRACT

This project is concerned with bathroom and kitchen products. In the past, bathroom and kitchen products were used in only their main function purpose but in the current time consumers need multi function bath and accessories product and additional purpose for decoration.

Grohe brand is one of the most famous high end bathroom and accessories products in Thailand. Due to the growth of high end property business in Thailand, so the opportunity of high end bathroom and accessories products will be expanded. This project was established for the purpose of making marketing plan for Grohe bathroom and accessories product. This project will show how the marketers work to set the strategies to compete with their competitors and increase the market share.

After the plan is started, we will evaluate plan by monitoring sales volumes at the end of the year. We will keep track of monthly, quarterly and yearly sales volume of actual sales and evaluate the increase market share of our products.

ACKNOWLEDGEMENTS

This project cannot be possible if I miss anyone of the following list below. And, no word can be said more than this “Thank you very much”

First of all, I wish to express my profound appreciation to Dr.Chamnong Jungthirapanich for his valuable guidance and all comments since the beginning of my project. I also thank the Computer Engineering Management (CEM) Program Department, Assumption University, which gives me the opportunity to have the good knowledge and experience in my life and cannot forget to say thank you to all staffs of Graduated Office who always provided kindly support and assistance during my studies.

Next is my family. I would like to say thank you to my father, mother and both of my brothers for every support.

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I. INTRODUCTION

1.1 Background

Marketing, more than any other business functions deal with customers. Building customer relationship based on customer value and satisfaction is at the very heart of modern marketing. Marketing is managing profitable customer relationships. The goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction.

Sound marketing is critical to the success of every organization such as large or small, for profit or not for profit, domestic or global. Large for profit firms such as Microsoft, Sony, Wal-Mart, IBM, and Marriott use marketing. But so do non-profit organizations such as colleges, hospitals, museums, symphony orchestras, and even churches. Moreover, marketing is practiced not only in the United States but also in the rest of the world. Marketing is all around us, we can see marketing in the advertisements that fill your TV, spice up your magazines, stuff your mailbox, or enliven the web pages. At home, at school, where you work, and where you play, we see marketing in almost everything we do. There is much more to marketing than meets the consumer's casual eye.

Marketing is a social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with others. If the marketer does a good job of understanding consumer needs, develops products that provide superior value and prices, distributes, and promotes them effectively, these products will sell very easily. Thus, selling and advertising are only part of a larger marketing mix. Marketing mix is a set of marketing tools that work together to affect the market place.

Haco Group is the trading company, which implements the business in bathroom, kitchen fitting and sanitary accessory. From the total sale result can separate to 5 categories.

Grohe - Bathroom and kitchen fitting (68.2%)

Tiles - Tiles (13.43%)

Inda - Shower Enclosure (11.13%)

Keuco - Bathroom Accessories (2.84%)

Labelle - Bathroom Accessories (2.84%)

The highest of the company comes from Grohe (Bathroom and kitchen fitting). To maintain and increase the sales volume of the company, we should focus on bathroom and kitchen fitting market. In the bathroom and kitchen fitting market, nowadays Grohe is only 9 % of the market share that shows Grohe has opportunity to increase growth.

1.2 Objectives

The objectives of the project are:

- (1) To set the strategic plan for the company.
- (2) Define the market mission and vision of the company.
- (3) To find the market positioning.
- (4) To define the target market and segmentation.
- (5) Set marketing mix (4P).
- (6) To increase the customer satisfaction.

1.3 Scope of Study

The scope of the project is to set the strategic planning of company, define the market mission and vision of the company, find the market positioning, define the

target market and segmentation, set marketing mix of products for Haco Group (1991)
Co., Ltd.



II. LITERATURE REVIEW

2.1 Marketing Concepts

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others. Marketing will examine the following important core marketing concepts: needs, wants, and demands; marketing offers (products, services, and experiences); value and satisfaction; exchanges, transactions, and relationships; and markets; and marketing and marketers. (Kotler 1994)

The marketing concept holds that the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors.

The marketing concept has been expressed in many colorful ways:

“Meeting needs profitably.”

“Find wants and fills them.”

“Love the customer, not the product.”

“Have it your way.” (Burger King)

“You’re the boss.” (United Airlines)

“To do all in our power to pack the customer’s dollar full of value, quality and satisfaction.” (J.C. Penney)

The marketing concept rest on four main pillars, namely target market, customer needs, coordinated marketing, and profitability. (Kotler 1994)

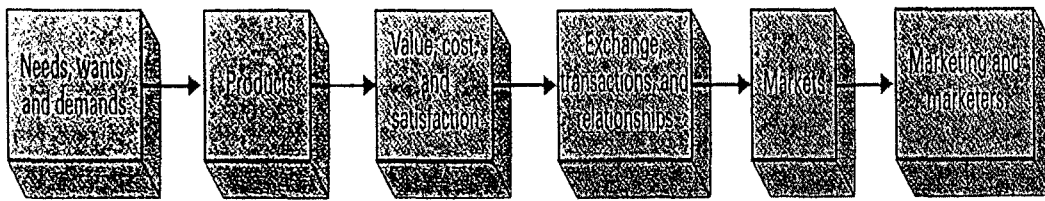


Figure 2.1. The Core Concepts of Marketing. (Kotler 1994).

Need, wants, and demands of customer are the most basic concept underlying marketing. Human needs are states of felt deprivation. They include basic physical needs for food, clothing, warmth, and safety; social need for belonging and affection; and individual needs for knowledge and self-expression. These needs were not created by marketer. They are a basic part of the human makeup. From these we can separate the customer's needs into 4 types as shown below:

- (1) Stated Needs (The statement that customer said they want)
- (2) Real Needs (The real customer need that may show or does not show in that statement)
- (3) Unstated Needs (The other benefit that customer needs but they do not say)
- (4) Delight Needs (The additional benefit that is nice to have for customer)
- (5) Secret Needs

Customer-oriented thinking requires the company to define customer needs from the customer point of view. Every buying decision involves tradeoffs and management cannot know what these are without researching customers.

Wants are the form human needs take as they are shaped by culture and individual personality. Wants are shaped by one's society and are described in terms of objects that will satisfy needs. When backed by buying power, wants become

demands. Given their wants and resources, people demand products with benefits that add up to the most value and satisfaction. (Kotler 1994)

Demands are wants for specific products that are backed by an ability and willingness to buy them. Wants become demands when supported by purchasing power. Many people want a Mercedes but only a few are able to buy one. Companies must therefore measure not only how many people want their product but more important how many would actually be willing and able you to buy it.

People satisfy their needs and wants with goods and services. We will use the term products to cover both. We will define a product as anything that can be offered to satisfy a need or want. The importance of physical products lay not so much in owning them as in obtaining the services they render. We don't buy a car to look at but because it supplies transportation service. We don't buy a microwave to admire but because it supplies a cooking service. Thus physical products are really vehicles that deliver services to us. (Kotler 1994)

Marketing Offers include services, activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Examples include banking, airline, hotel, tax preparation, and home repair services. More broadly, marketing offers also include other entities, such as persons, place organizations, information, and ideas. Many sellers make the mistake of paying more attention to the specific products they offer than to the benefit and experiences produced by these products. They see themselves as selling a product rather than providing a solution to a need. A manufacturer of quarter inch drill bits may think that the customer needs a drill bit. But what the customer really needs is a quarter inch hole. They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs. They forget that a product is only a tool to solve a consumer problem.

These sellers will have trouble if a new product comes along that serves the customer's need better or less expensively. The customer with the same need will want the new product.

Value and satisfaction, customers usually face a broad array of products and services that might satisfy a given need. Consumers make choices based on their perceptions of the value and satisfaction that various products and services deliver. Customer value is the difference between the values the customer gains from owning and using a product and the costs of obtaining the product. Customers form expectations about the value of various marketing offer and buy accordingly. Customer expectations are based on past buying experiences, the opinions of friends, and marketer and competitor information and promises. Customer satisfaction with a purchase depends on how well the product's performance lives up to the customer's expectations. Customer satisfaction is a key influence on future buying behavior. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers often switch to competitors and disparage the product to others. Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy but fail to attract enough buyers. If they raise expectations too high, buyers will be disappointed. Customer value and customer satisfaction are key building blocks for developing and managing customer relationships. (Kotler 1994)

Marketing occurs when people decide to satisfy needs and wants through exchange. Exchange is the act of obtaining a desired object from someone by offering something in return. Whereas exchange is the core concept of marketing, a transaction that is marketing's unit of measurement. Marketing consists of actions taken to build and maintain desirable exchange relationships with target audiences involving a

product, service, idea or other object. Beyond simply attracting new customers and creating transactions, the goal is to retain customers and grow their business with the company. Marketers want to build strong economic and social connections by promising and consistently delivering superior value. (Kotler 1994)

The concepts of exchange and relationships lead to the concept of a market. A market is the set of actual and potential buyers of a product. These buyers share a particular need or want that can be satisfied through exchange relationships. These buyers share a particular need or want that can be satisfied through exchange relationships. The size of a market depends on the number of people who exhibit the need and have resources for what they want. The market stood at the place where buyers and sellers gathered to exchange their goods. Economists use the term market to refer to a collection of buyers and sellers who transact in a particular product class, as in the housing market or the grain market. Marketers are keenly interested in markets. Each nation's economy and the whole world economy consist of complex, interacting sets of markets that are linked through exchange processes. Marketers work to understand the needs and wants of specific markets and to select the markets that they can serve best. The concept of markets finally brings full circle to the concept of marketing. Marketing means managing markets to bring about profitable exchange relationships by creating value and satisfying needs and wants. Thus we return to our definition of marketing as a process by which individuals and groups obtain what they need and want by creating and exchange products and value with others. Creating exchange relationships involves work. Sellers must search for buyers, identify their needs, design good marketing offers, set prices for them, promote them, and store and deliver them. Consumers do marketing when they search for the goods they need at prices they can afford. Company purchasing agents do marketing when they track

down sellers and bargain for good terms. Marketing management is the art and science of choosing target markets and building profitable relationships with them. This involves getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. Thus, marketing management involves managing demand, which in turn involves managing customer relationships. (Kotler 1994)

Marketing management takes place when at least one party to a potential exchange gives thought to objectives and means of achieving desired responses from other parties. Marketing management is the process of planning and executing the conception, pricing, promotion, and distribution of goods, services, and ideas to create exchanges with target group that satisfy customer and organizational objectives. (Kotler 1994)

Each company must find the game plan that makes plan that makes the most sense given its specific situation, opportunities, objectives, and resources. This is the focus of strategic planning, the process of developing and maintaining a strategic fit between the organization's goal and capabilities and its changing marketing opportunities. Strategic planning sets the stage for the rest of the planning in the firm. Companies usually prepare annual plans, long range plans, and strategic plans. The annual and long range plans deal with the company's current businesses and how to keep them going. In contrast, the strategic plan involves adapting the firm to take advantage of opportunities in its constantly changing environment. At the corporate level, the company starts the strategic planning process by defining its overall purpose and mission. This mission then is turned into detailed supporting objectives that guide the whole company. Next, headquarters decide what portfolio of businesses and products is best for the company and how much support to give each one. In turn, each

business and product develops detailed marketing and other department plans that support the companywide plan. Thus, marketing planning occurs at the business-unit, product, and market levels, supporting company strategic planning with more detailed planning for specific marketing opportunities. (Kotler 1994)

2.2 Marketing Strategic Planning

Strategic planning sets the stage for the rest of the planning in the firm. Companies usually prepare annual plans, long range plans, and strategic plans. The annual and long range plans deal with the company's current businesses and how to keep them going. In contrast, the strategic plan involves adapting the firm to take advantage of the opportunities in its constantly changing environment. (Kotler 1994)

At corporate level, the company starts the strategic planning process by defining its overall purpose and mission. This mission is turned into detailed supporting objectives that guide the whole company. Headquarters decide what portfolio of businesses and products are best for the company and how much support to give each one. In turn each business and product develops detailed marketing and other department plans that support the company wide plan. Thus, marketing planning occurs at the business unit, product, and market levels, supporting company strategic planning with more detailed planning for the specific marketing opportunity. (Kotler 1994)

Marketing-oriented strategic planning is the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities. The aim of strategic planning is to shape and reshape the company's businesses and products so that they yield target profits and growth. (Kotler 1994)

The aim of strategic planning is to help a company select and organize its businesses in a way that would keep the company healthy in spite of unexpected upsets occurring in any of its specific businesses or product lines. (Kotler 1994)

Three key ideas defined strategic planning. The first called for managing a company's businesses as an investment portfolio, for which it would be decided which business entities deserve to be built, maintained, phased down (harvested, milked), or terminated. Each business has a different profit potential, and the company's resources should be allocated according to each business's profit potential. (Kotler 1994)

The second key idea is to assess accurately the future profit potential of each business by considering the market's growth rate and the company's position and fit. It is not sufficient to use current sales or profits as a guide. (Kotler 1994)

The third key idea underlying strategic planning is that of strategy. For each business, the company must develop a "game plan" for achieving its long-run objectives. Furthermore, there is no one strategy that is optimal for all competitors in that business. Each company must determine what makes the most sense in the light of its industry position and its objective, opportunities, skills, and resources. (Kotler 1994)

To understand strategic planning, we need to recognize that most large companies consist of four organizational levels: the corporate level, division level, business level, and product level. Corporate headquarters is responsible for designing a corporate strategic plan to guide the whole enterprise into a profitable future; it makes decisions on how much resource support to allocate to each division as well as which businesses to start or eliminate. Each division establishes a division plan covering the allocation of funds to each business unit within the division. Each

business unit in turn develops a business unit strategic plan to carry that business unit into a profitable future. Finally, each product level (product line, brand) within a business unit develops a marketing plan for achieving its objectives in its product market. These plans are then implemented at the various levels of the organization, results are monitored and evaluated, and corrective actions are taken. The whole planning, implementation, and control cycle. (Kotler 1994)

2.3 Corporate Strategic Planning

Corporate headquarters has the responsibility for setting into motion the whole planning process. By preparing statements of mission, policy, strategy and goals, headquarters establish the framework within which the divisions and business units prepare their plans. Some corporations give a lot of freedom to their business units to set their own sales and profit goals and strategies; others set goals for their business units but let them develop their own strategies; still others set the goals and get heavily involved in the strategies of the individual business units. (Kotler 1994)

We will now examine four planning activities that all corporate headquarter must undertake:

(1) Defining the corporate mission

An organization exists to accomplish its specific mission or purpose is usually clear at the beginning. Over time some managers may lose interest in the mission, or the mission may lose its relevance in the light of changed market conditions. Or the mission may become unclear as the organization adds new products and market. (Kotler 1994)

When management senses that the organization is drifting, it must renew its search for purpose. The company's mission is shaped by five elements.

- (a) Company's history.
- (b) Current preference of management.
- (c) The market environment
- (d) The organization's resource.
- (e) Company distinctive competences.

Organizations develop mission statements in order to share them with their managers, employees, and in many cases, customers and other publics. A well worked-out mission statement provides company employees with a shared sense of purpose, direction, and opportunity. The company mission statement acts as an "invisible hand" that guides geographically dispersed employees to work independently and yet collectively toward realizing the organization's goals. (Kotler 1994)

Writing a formal mission statement is not easy. Some organizations spend a year or two trying to prepare a satisfactory statement about their company's purpose. In the process, they generally discover a lot about themselves and their potential opportunities. (Kotler 1994)

The mission statement should define the major competitive scopes within which the company will operate.

- (a) Industry scope: The range of industries that the company will consider. Some companies will operate in only one industry, some in only a set of related industries, some in only industrial goods, consumer goods, or services, and finally come in any industry.
- (b) Products and applications scope: The range of products and applications in which the company will participate.

- (c) Competencies scope: The range of technological and other core competencies that the company will master and leverage.
- (d) Market-segment scope: The type of market or customers the company will serve. Some companies will serve only the upscale market.
- (e) Vertical scope: The number of channel levels from raw material to final product and distribution in which the company will engage.
- (f) Geographical scope: The range of regions, countries, or country groups where the corporation will operate.

The corporate mission statement should stress major policies that the company wants to honor. Policies define how employees should deal with customers, suppliers, distributors, competitors, and other important groups. Policies narrow the range of individual discretion, so that employees act consistently on important issues. (Kotler 1994)

The company's mission statement should provide a vision and direction for the company for the next ten to twenty years. Missions are not revised every few years in response to every new turn in the economy. On the other hand, a company must redefine its mission if that mission has lost credibility or no longer defines and optimal course for the company. (Kotler 1994)

(2) Establishing strategic business units (SBUs)

Companies have to identify their business in order to manage them strategically. An SBU has three characteristics:

- (a) It is a single business or collection of related businesses that can be planned separately from the rest of the company.
- (b) It has its own set of competitors.

(c) It has a manager who is responsible for strategic planning and profit performance and who controls most of the factors affecting profit.

(3) Assigning resources to each SBU

The purpose of identifying the company's strategic business unit is to assign to these units strategic-planning goals and appropriate funding. These units send their plans to company headquarters, which approves them or send them back for revision. (Kotler 1994)

The best known business portfolio evaluation models are the Boston Consulting Group model and the General Electric model.

The Boston Consulting Group (BCG), a leading management consulting firm, developed and popularized the growth-share matrix shown in Figure. The location of each business indicates its market growth rate and relative market share.

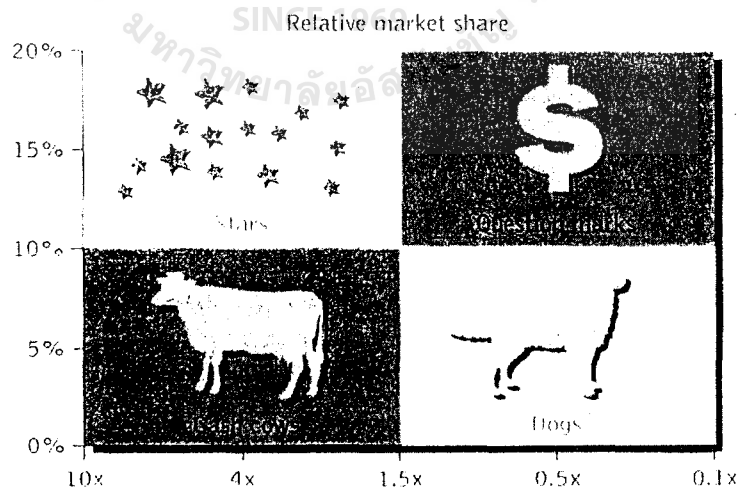


Figure 2.2. Boston Consulting Group's Growth Share Matrix. (Kiel 2000).

The market growth rate on the vertical axis indicates the annual growth rate of the market in which the business operates; in the figure. The horizontal axis, relative market share, refers to the SBU's market share relative to that of the largest competitor. It serves as a measure of the company's strength in the relevant market. The growth-share matrix is divided into four cells each indicating a different type of business:

- (a) Question marks: Question marks are company businesses that operate in high-growth markets but have low relative market shares. Most businesses start off as a question mark in that the company tries to enter a high-growth market in which there is already a market leader. A question mark requires a lot of cash, since the company has to add plants, equipment, and personnel to keep up with the fast -growing market, and additionally, it wants to overtake the leader. The term question mark is chosen because the company has to think hard about whether to keep pouring money into this business. (Kotler 1994)
- (b) Stars: If the question-mark business is successful, it becomes a star. A star is the market leader in a high-growth market. This does not necessarily mean that the star produces a positive cash flow for the company. The company must spend substantial funds to keep up with the high market growth and fight off competitor's attacks. Stars are usually profitable and become the company's future cash cows. In the illustration, the company has two stars. The company would justifiably be concerned if it had no stars. (Kotler 1994)
- (c) Cash Cows: When a market's annual growth rate falls to less than 10%, the star becomes a cash cow if it still has the largest relative

market share. A cash cow produces a lot of cash for the company. The company does not have to finance a lot of capacity expansion because the market's growth rate has slowed down. And since the business is the market leader, it enjoys economies of scale and higher profit margins. The company uses its cash-cow businesses to pay its bills and support the stars, question marks, and dogs, which tend to be cash hungry. In the illustration, however, the company has only one cash-cow business and is therefore highly vulnerable. In the event this cash cow starts losing relative market share, the company has to pump enough money back into its cash cow to maintain market leadership. If instead it uses the throw-off cash to support its other businesses, its strong cash cow may transform into a dog business. (Kotler 1994)

- (d) Dogs: Dogs describe company businesses that have weak market shares in low-growth markets. They typically generate low profits or losses, although they may throw off some cash. The company in the illustration manages two dog businesses, and this may be two too many. The company should consider whether it is holding on to these dog businesses for good reasons (such as an expected turnaround in the market growth rate or a new chance at market leadership) or for sentimental reasons. Dog business often consume more management time than they are worth and need to be phased down or out. (Kotler 1994)

The BCG model does not show management how it must allocate resources among products. However, in developing a product mix plan, managers should

consider the following implications of this portfolio model: (Guiltinan & Paul 1985)

- (a) If problem children fail to obtain a dominant share of the market, they will seldom become major cash contributors. Consequently, if management believes that a problem-child product can achieve a greater market share, and if expanding the sales of such a product is consistent with the firm's corporate strategy, increased resources should flow to the product.
- (b) Dogs cannot provide a large cash flow, and if small cash inflows can not be maintained with a low level of marketing expenditures, these products will be candidates for elimination from the firm's product mix.
- (c) It is important for management to maintain the market-share position of stars so that, when market growth rates ultimately decline, these products will be cash cows rather than dogs.
- (d) Cash cows are profitable but do not provide a high level of growth. Additionally, cash cows may be in markets that are either unstable or declining or both. Accordingly, cash cows should be used to fund problem children and new products in order to develop future stars.

Headquarters reviews these plans in, to decide which of its SBU to build, maintain, harvest, and divest.

- (a) Build: Here the objective is to increase the SBU's market share, even foregoing short-term earnings to achieve this objective.
- (b) Hold (Maintain): Here the objective is to preserve the SBU's market share.

- (c) Harvest: Here the objective is to increase the SBU's short-term cash flow regardless of the long-term effect.
 - (d) Divest: Here the objective is to sell or liquidate the business because resources can be better used elsewhere.
- (4) Planning new businesses

The company's plans for its existing businesses will allow it to project total sales and profits. Often, however, projected sale and profit will be less than what corporate management wants to achieve over the planning horizon. After all, the portfolio plan will include divesting some businesses, and these will need replacement. If there is a gap between future desired sales and projected sales, corporate management will have to develop or acquire new businesses to fill this strategic planning gap. (Kotler 1994)

A company can fill the gap in three ways. The first is to identify further opportunities to achieve growth within the company's current businesses (intensive growth opportunities). The second is to identify opportunities to build or acquire businesses that related to the company's current businesses (integrative growth opportunities). The third is to identify opportunities to add attractive businesses that are unrelated to the company's current businesses (diversification growth opportunities).

(a) Intensive Growth

Corporate management should first review whether there are any further opportunities for improving the performance of its existing businesses. Management first considers whether it could gain more market share with its current products in their current markets (market-penetration strategy). Next it considers whether it can find or

develop new markets for its current products of potential interest to its current markets (product-development strategy). (Kotler 1994)

Market-Penetration Strategy, here management looks for ways to increase the market share of its current products in their current markets. (Kotler 1994)

Market-Development Strategy, Management should also look for new markets whose needs might be met by its current products. (Kotler 1994)

Product-Development Strategy, Next, management should consider new-product possibilities. (Kotler 1994)

(b) Integrative Growth

Often a business's sales and profits can be increased through integrating backward, forward, or horizontally within that business industry. Through investigating possible integration moves, the company may discover additional sources of sales-volume increases over the next ten years. These new sources may still not deliver the desired sales volume. In that case, the company must consider diversification moves. (Kotler 1994)

(c) Diversification growth

Makes sense when good opportunities can be found outside the present business. A good opportunity, of course, is one where the industry is highly attractive and the company has the mix of business strengths to be successful. Three types of diversification can be considered. The company could seek new products that have technological and marketing synergies with existing product lines,

even though the products may appeal to a new class of customers.
(Kotler 1994)

2.4 Business Strategic Planning

(1) External Environment Analysis (Opportunity and Threat Analysis):

A business unit has to monitor key macro environment forces (demographic or economic, technological, political or legal, and social or cultural) and significant micro environment actors (customer, competitors, distributing channels, suppliers) that will affect its ability to earn profits in this marketplace. The business unit should set up a marketing intelligence system to track trends and important developments. For each trend or development, management needs to identify the implied opportunities and threats. (Kotler 1994)

(a) Opportunities

Opportunities can be listed and classified according to their attractiveness and the success probability. The company's success probability depends on whether its business strengths not only match the key success requirements for operating in the target market but also exceed those of its competitors. Mere competence does not constitute a competitive advantage. The best-performing company will be the one that can generate the greatest customer value and sustain it over time. (Kotler 1994)

(b) Threats

Some developments in the external environment represent threats. An environmental threat is a challenge posed by an unfavorable trend or development that would lead, in the

absence of defensive marketing action, to sales or profit deterioration. (Kotler 1994)

(2) Internal Environment Analysis (Strength/Weakness Analysis):

It is one thing to discern attractive opportunities in the environment; it is another to have the necessary competencies to succeed in these opportunities. Each business needs to evaluate its strengths and weaknesses periodically. This can be done by using a form or an outside consultant – reviews the business's marketing, financial, manufacturing, and organizational competencies. Each factor is rated as to whether it is a major strength, minor strength, neutral factor, minor weakness, or major weakness. (Kotler 1994)

2.5 Market Analysis

The area of market Analysis can be considered fewer than four major headings. First, there is the concept of the marketing environment - all those forces outside the organization which impact on marketing decision-making and the ultimate success of the organization is achieving its marketing goals. Second, there is the area of customers. This can be further developed to a third major component: the concept of marketing segments and targeting. Finally, underlying market analysis is a wide range of tools and technique which are employed by marketers to analyze customers and markets and to forecast likely trends and sales. (Kiel 2000)

A concept central to market analysis is target markets. A total market is generally too large and consists of buyers who are too heterogeneous to be a viable target for an organization's marketing efforts. Consequently, a firm should select a target market which is a portion of the total market and consists of a group of buyers with common feature. To select a target market, and organization must first segment

the market. Market segmentation is the division of a heterogeneous group of buyers or potential buyers into more homogeneous groups with relatively similar product or service needs. By segmenting the market, marketers can better serve the needs of their customer. (Kiel 2000)

Selecting a target market is a major marketing decision and a competitive necessity in the Australian marketplace. By focusing marketing efforts on selected market segments, the firm can better serve the consumer and increase profits or better achieve some other objective. Consequently, the firm is able to practice the marketing concept more effectively. (Kiel 2000)

Marketers have a wide range of tools and techniques which they use to analyze markets. Two major groupings of these techniques are marketing research and sales forecasting. Marketing research is part of the overall marketing information system which is concerned with providing cost effective information for marketing decision-making. The difference between primary and secondary data: primary data is data specifically gathered to make a particular decision, while secondary data is data gathered for some other purpose but which can be used to assist in decision-making. (Kiel 2000)

Marketing managers are often called upon to make sales forecasts. Sales forecasts are used for a variety of purposes in the organization. Obviously, in developing financial budgets for the overall profitability and cash flow of the organization, the sales forecast, expressed in dollars, is essential. However, the use of sales forecasts is also critical to the production department as it plans its activities. The marketing department is also a major user of sales forecasts to assist in the allocation of resources and ware. Sales forecasts are also quite often essential when

making new investment decisions such as the building of a new factory or the opening of new geographical market segment. (Kiel 2000)

2.6 Marketing Process

Planning at the corporate, division, and business unit levels is an integral part of the marketing process; but to fully understand that process, we must first look at how a company defines its business. (Kotler 1997)

The task of any business is to deliver customer value at a profit. There are at least two views of the value-delivery process. The traditional view is that the firm makes something and then sells it. For example, Thomas Edison invents the phonograph and then hires people to make and sell it. In this view, marketing takes place in the second half of the process. The traditional view assumes that the company knows what to make and that the market will buy enough units to produce profits for the company. (Kotler 1997)

(1) The value delivery sequence.

Companies that subscribe to this traditional view have the best chance of succeeding in economies marked by goods shortages where consumers are not fussy about quality, features, or style. However, the traditional view of the business process will not work in more competitive economies where people face abundant choices. The mass-market is actually splintering into numerous micro markets, each with its own wants, perceptions, preferences, and buying criteria. Therefore, the smart competitor must design and deliver offerings for well-defined target markets. This belief is at the core of the new view of business processes, which places marketing at the beginning of the planning process. Instead of emphasizing making and selling, companies see them as part

of a value creation and delivery sequence. This sequence consists of three parts.
(Kotler 1997)

The first phase, choosing the value, represents the “homework” that marketing must do before any product exists. The marketing staff must segment the market, select the appropriate market target, and develop the offering’s value positioning. The formula “segmentation, targeting, positioning (STP)” is the essence of strategic marketing. Once the business unit has chosen the value, the second phase is providing the value. Marketing must determine specific product features, prices, and distribution as part of tactical marketing. The task in the third phase is communicating the value. Here further tactical marketing occurs in utilizing the sales force, sales promotion, advertising, and other promotional tools to inform and promote the product. (Kotler 1997)

The marketing process begins before there is a product and continues while it is being developed and after it becomes available. The Japanese have further developed this view by promulgating the following concepts:

- (a) Zero customer feedback time: Customer feedback should be collected continuously after purchase to learn how to improve the product and its marketing.
- (b) Zero product-improvement time: The company should evaluate all improvement ideas and introduce the most valued and feasible improvements as soon as possible.
- (c) Zero purchasing time: The company should receive the required parts and supplies continuously through just-in-time arrangements with suppliers. By lowering its inventories, the company can reduce its costs.

- (d) Zero setup time: The company should be able to manufacture any of its products as soon as they are ordered, without facing high setup time or costs.
- (e) Zero defects: The products should be of high quality and free of flaws. (Kotler 2003)

(2) Step in the planning process

To carry out their responsibilities, marketing managers whether at the corporate, division, business, or product level follow a marketing process. Working within the plans set by the levels above them, product managers come up with a marketing plan for individual products, lines, brands, channels, or customer groups.

The marketing process consists of analyzing marketing opportunities; researching and selecting target markets; designing marketing strategies; planning marketing programs; and organizing, implementing and controlling the marketing effort. (Kotler 2003)

The sections that follow apply to marketing planning at all levels of the organization. Later in this chapter, we will examine the components of specific marketing plan developed to support a product line.

(a) Analyzing Market Opportunities

The first task is to identify its potential long-run opportunities given its market experience and core competencies. To evaluate its opportunities, needs a reliable marketing research and information system. Marketing research is an indispensable marketing tool for assessing buyer wants and behavior and market size. The marketing people can research secondary sources, run focus groups, and conduct telephone, mail, and personal

surveys. By analyzing the collected data company will gain a better picture of the size of each market opportunity. (Kotler 2003)

Marketing research gathers significant information about the marketing environment. The marketing environment includes both macro and micro environments. An important part of gathering environmental information includes measuring market potential and forecasting future demand. (Kotler 2003)

Company needs to understand consumer markets. How many customers plan to buy products? Who buys and why do they buy? What are they looking for in the way of features and prices? Where do they shop? What are their images of different brands? The company must also pay close attention to competitors, anticipating its competitor's moves and knowing how to react quickly and decisively. (Kotler 2003)

(b) Developing Marketing Strategies

After launching the product's strategy will need modification at the different stages in the product life cycle: introduction, growth, maturity, and decline. Furthermore, strategy choice will depend on whether the firm is a market leader, challenger, or follower. Finally, strategy will have to take into account changing global opportunities and challenges. (Kotler 2003)

(c) Planning Marketing Programs

To transform marketing strategy into marketing programs, marketing managers must make basic decisions on marketing expenditures, marketing mix, and marketing allocation. First, company must decide what level of marketing expenditures will achieve its objectives. Companies typically

establish their marketing budgets as a percentage of the sales goal. A particular company may spend more than normal in the hope of achieving a higher market share. Second, the company has to decide how to divide the total marketing budget among the various tools in the marketing mix: product, price, place, and promotion. (Kotler 2003)

Finally marketers must decide on the allocation of the marketing budget to the various products, channels, promotion media, and sales areas. The basic marketing-mix tool is product—the firm's tangible offering to the market, which includes the product quality, design, features, branding, and packaging. As part of its product offering, company must provide various services, such as leasing, delivery, repair and training. Such support services can provide a competitive advantage in the global marketplace. (Kotler 2003)

A critical marketing-mix tool is price. Product's price should commensurate with the offer's perceived value; otherwise, buyers will turn to competitor's products. (Kotler 2003)

(d) Managing the Marketing Effort

The final step in the marketing process is organizing the marketing resources and then implementing and controlling the marketing plan. The company must build a marketing organization that is capable of implementing the marketing plan. In a small company, one person might carry out all the marketing tasks. Divisions of large companies will have several marketing specialists: salespeople, sales managers, marketing researchers, advertising personnel, product and brand managers, market-segment managers, and customer service personnel. (Kotler 2003)

Marketing departments are typically headed by a marketing vice president who performs three tasks. The first is to coordinate the work of all the marketing personnel. The second task is to work closely with the other functional vice presidents. The third is selecting, training, directing, motivating, and evaluating marketing personnel. Because of surprises and disappointments that can occur as marketing plans are implemented, the company needs feedback and control. There are three types of marketing control:

The first one, annual-plan control is the task of ensuring that the company is achieving its current sales, profits, and other goals. First, management must state well-defined goals for each month or quarter. Second, management must measure its performance in the marketplace. Third, management must determine the underlying causes of any serious performance gaps. Fourth, management must choose corrective actions to close gaps between goals and performance. (Kotler 2003)

The second, profitability control is the task of measuring the actual profitability of products, customer groups, trade channels, and order sizes. This is not a simple task. A company's accounting system is seldom designed to report the real profitability of different marketing entities and activities. Marketing profitability analysis measures the profitability of different marketing activities. Marketing efficiency studies try to determine how various marketing activities could be carried out more efficiently. (Kotler 2003)

The last task, strategic control is the task of evaluating whether the company's marketing strategy is appropriate to market conditions.

Because of rapid changes in the marketing environment, each company needs to reassess its marketing effectiveness periodically, through a control instrument known as the marketing audit. (Kotler 2003)

2.7 Target Market Segmentation

(1) Successful target market segmentation

Essentially, marketers segment markets for two important reasons. First, segmentation should reveal segments with similar needs. Second, segmentation provides marketers with information that should be helpful in matching needs with product or service offerings. For segmentation to be successful, segments must be measurable, accessible, responsive and substantial. We will look at each of these requirements in turn. (Kiel 2000)

(2) Measurability

If we are to segment a market by a variable or group of variables, these variables must be measurable. The advantage of objective variables, such as age, gender, income, education, geographic location and race, is that they are easily ascertained, and information of statistics on them is readily available through the Australian Bureau of Statistics. Conversely, a subjective variable such as personality is difficult to determine. (Kiel 2000)

(3) Accessibility

Accessibility refers to the degree to which a firm can target its promotional and distribution efforts on a particular market segment, and the ease of obtaining data about that segment. (Kiel 2000)

(4) Responsiveness

A company should develop a unique marketing mix for a target market segment only if it believes it will receive a favorable response. Singles do not

want to be seen as different, or singled out as single. Furthermore, it is important that the segment responds differently to all other segments, or else it is a waste of resources to design a specific marketing mix. For instance, if all consumers are price-conscious to the same extent, there is no need to offer high-priced, medium-priced and low-priced products. (Kiel 2000)

(5) Substantiality

Finally, successful segmentation requires that a target market be large enough to be a potential profit-maker for the firm. It might seem appealing to go after a particular target market, but the numbers might not make the additional effort worthwhile. For instance, a cereal manufacturer could design a brand of breakfast cereal for health-conscious kids. (Kiel 2000)

2.8 Market Mix Strategies

The definition of marketing management focused on ‘the conception, pricing, promotion and distribution’ activities of marketing. These activities constitute some of the major decisions made by marketers. We describe the marketing mix as the five Ps of marketing; product, price, promotion, place (distribution) and people. (Kiel 2000)

The term ‘mix’ is used, as these marketing elements must be blended appropriately to achieve the maximum response from the target market. The marketing mix is controllable because firms usually have a high degree of freedom in making decisions related to product, price, promotion, distribution and people. (Kiel 2000)

The components of the marketing mix are summarized and discussed below.

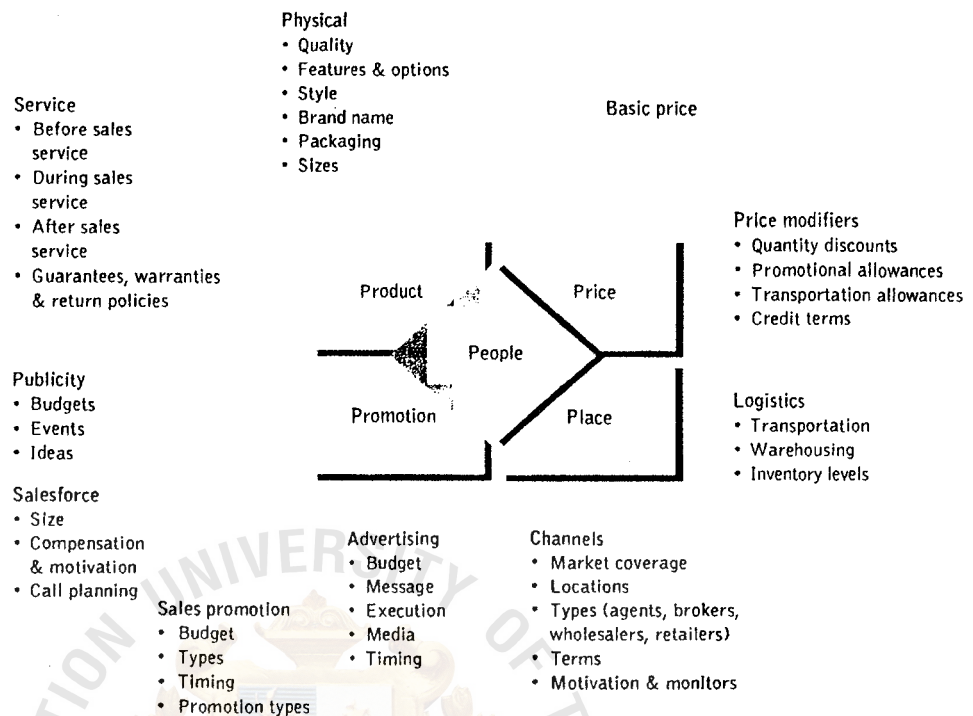


Figure 2.3. Elaboration of the Marketing Mix. (Kiel 2000).

(1) Product

As a marketing manager, you must first decide what to offer your target market. A product is a bundle of attributes (benefits) that a seller offers the potential buyer to satisfy the buyer's needs or wants. The product is more than its tangible attributes; it includes intangibles as well. For instance, when we purchase a motor car we do not merely buy physical metal and rubber; we might also buy comfort, prestige and status. The Lexus advertisement emphasizes these attributes. (Kiel 2000)

Some products are referred to as services. Services are intangible tasks that satisfy buyer or user needs. Some popular services are insurance, dry cleaning, psychological counseling, and hairdressing and credit card facilities. (Kiel 2000)

At the purely tangible end are products such as salt and sugar. While at the other end of the continuum are teaching such as restaurants, which sell tangible product, consulting services and counseling. In between are product (food) and intangible products (food and beverage service and convenience). (Kiel 2000)

Products that are primarily tangible can be classified as durable or non-durable goods. A durable goods is a manufactured product capable of a long, useful life, such as furniture, household appliances and motor vehicles. A Non-durable goods is a manufactured or processed product with a relatively short life span, such as food, clothing, petrol, beverages and paper goods.

(2) Price

As a marketing manager, you will also need to establish the price of your product. Price is the perceived value that is exchanged for something else. Prices are usually stated in monetary terms. Price can be considered as a basic price as well as a series of price modifiers such as credit terms, allowances and discounts. Pricing requires the marketing manager to make a series of complex decisions, such as developing an overall price strategy, setting price objectives and price tactics, and deciding whether to raise or lower prices. (Kiel 2000)

(3) Promotion

Marketing cannot occur unless communication exists between the buyer and the seller. Promotion is a form of communication adopted by marketers in an attempt to inform, persuade and influence potential buyers of a product in order to elicit a response. Promotion activities can be grouped into advertising,

personal selling, sales promotion and publicity. Different organizations use various mixes of these promotional activities. A firm like Arnott's Biscuits uses advertising as its primary means of communication with its target market, but is also occasionally uses point-of-purchase promotion (displays in the supermarkets.) Firms use both advertising and personal selling by door-to-door sales representatives. (Kiel 2000)

A major activity of marketers is promotion management. Some of the considerations in this include: establishing advertising objectives; developing and advertising budget; recruiting salespeople; training salespeople; designing sales promotions, such as give-always and end-of- lower prices. (Kiel 2000)

(4) Place

Distribution is essential to marketing decision-making as the final consumer or buyer and manufacturer are usually separated by physical distances. You will recall that for marketing to occur, the seller must be able to deliver. Distribution is defined as the marketing channel used and the physical delivery or logistics of getting and product to market. The marketing channel is the set of institutions or people that participate in moving goods and services from their source of production to the point on or use. The most common marketing channel consists of final consumption or use. The most common marketing channel consists of manufacturer, wholesalers and retailers. (Kiel 2000)

The distribution decisions and activities, which have made the decision by the marketing manager who, will need to be familiar. Some of the distribution decisions areas about which you will learn are marketing channel design, transportation mode selection, and warehousing and physical distribution service levels. (Kiel 2000)

(5) People

People play important role in virtually all aspects of the process. Take, for example, when a customer makes an enquiry about a new product or service. The person answering the phone can have a significant impact on that customer's perception of the organization, the product or service, and the customer's overall level of satisfaction. In terms of price, employees of an organization may offer discounted price and special deals to certain customer. People are also involved in promotion; for instance, salespeople can have a strong influence in suggesting alternative brands and on the final purchase decision itself. In channels of distribution (place), people again play a significant role. These people may be wholesalers, retailers or agents, who interact with other wholesalers, retailers or agents or, perhaps, even directly with the customer. Here they may be directly responsible for the final packaging, handling and delivery of the product. (Kiel 2000)

Selecting a target market is a major marketing decision and a competitive necessity in the Australian marketplace, by focusing marketing efforts on selected market segments, the firm can better serve the consumer and increase profits or better achieve some other objective. Consequently, the firm is able to practice the marketing concept more effectively. (Kiel 2000)

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specifically gathered to make a particular decision, while secondary is data gathered for some other purpose but which can be used to assist in decision-making. (Kiel 2000)

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The product life cycle (PLC) is an important concept in marketing that provides insights into a product's competitive dynamics. At the same time, the concept can prove misleading if not carefully used. The parent concept to understand the product life cycle is the demand and technology life cycle. (Kotler 2003)

Marketing thinking should not begin with a product, or even a product class, but rather with a need. The product exists as one solution among many to meet a need and need is always changing. The changing need level is described by a demand life cycle curve. There is a stage of emergence, followed by stages of acceleration growth, decelerating growth, maturity, and decline. Within a given demand-technology cycle, there will appear a succession of product forms that satisfy the specific need at the time. And when the time is passed the need of customer will be changed so company cannot concentrate only on its own brand life cycle. Companies must decide what demand technology to invest in and when to transit to a new demand technology. (Kotler 2003)

Stages in the Product Life Cycle - the product life cycle portrays distinct stages in the sales history of a product. Corresponding to these stages are distinct opportunities and problems with respect to marketing strategy and profit potential. By identifying the stage that a product is in, or may be headed toward, companies can formulate better marketing plans. To say that a product has a life cycle is to assert four things:

- (1) Products have a limited life.
- (2) Product sales pass through distinct stages, each posing different challenges to the seller.
- (3) Profits rise and fall at different stages of the product life cycle.
- (4) Products require different marketing, financial, manufacturing, purchasing and personnel strategies in each stage of their life cycle.

The Product Life Cycle can separate into 4 stages, known as introduction, growth, maturity, and decline as shown in the figure below. (Kotler 2003)

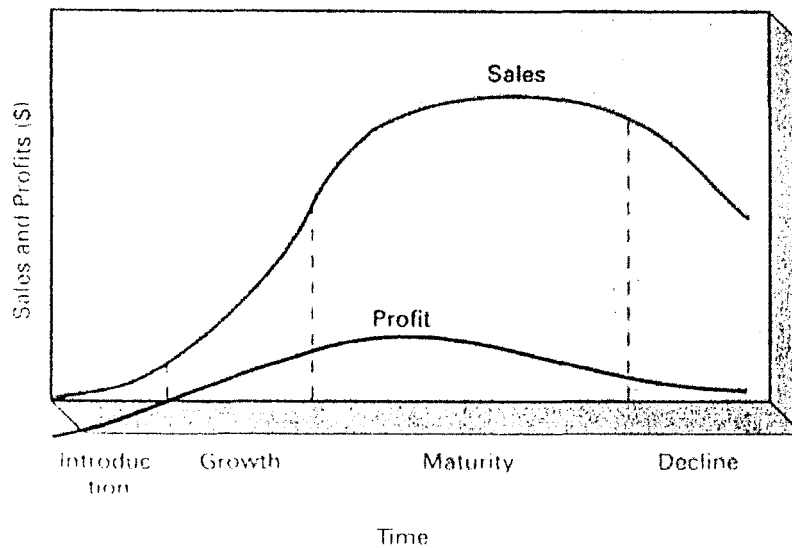


Figure 2.4. Sales and Profit Life Cycle (Kotler 1994).

(1) Introduction Stage

A period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of low sale and heavy distribution and promotion expenses. Much money is needed to attract distributors and fill the pipelines. “Promotional expenditures are at their highest ratio to sales because of the need for a high level of promotional efforts to inform potential consumers of the new and unknown product, induce trial of the product and secure distribution in retail outlets. (Kotler 2003)

There are only few competitors and they produce the basic versions of the product, since the market is not ready for product refinements. The firms focus their selling on those buyers who are the readiest to buy, usually higher-income groups. Prices tend to be on the high side because costs are high due to relatively low output rates, technological problems in production may have not

yet been fully mastered, and high margins are required to support the heavy promotional expenditures which are necessary to achieve growth. (Kotler 2003)

(2) Growth Stage

The growth stage is marked by a rapid climb in sales. The early adopters like the product, and middle-majority consumers start buying the product. New competitors enter the market, attracted by the opportunities for large-scale production and profit. They introduce new product features and expand the number of distribution outlets. (Kotler 2003)

Price remain where they are or fall slightly in so far as demand is increasing quite rapidly. Companies maintain their promotional expenditures at the same or at a slightly increased level to meet competition and to continue to educate the market. Sales rise much faster, causing a decline in the promotion-sales ratio. (Kotler 2003)

Profits increase during this stage as promotion costs are spread over a larger volume, and unit manufacturing costs fall faster than price declines owing to the “experience-curve” effort. (Kotler 2003)

The rate of growth eventually changes from an accelerating rate to a decelerating rate. Firms have to watch for the onset of the decelerating rate in order to prepare new strategies. (Philip Kotler 2003)

(3) Maturity Stage

At some point, a product’s rate of sales growth will slow down, and the product will enter a stage of relative maturity. This stage normally lasts longer than the previous stages, and it poses formidable challengers to marketing management. Most products are in the maturity stage of the life cycle, and

therefore most of marketing management deals with the mature product. (Kotler 2003)

The maturity stage can be divided into three phases. In the first phase, growth maturity, the sales growth rate starts to decline; there are no new distribution channels to fill, although some laggard buyers still enter the market. In the second phase, stable maturity, sales flatten on a per capita basis because of market saturation. Most potential consumers have tried the product, and future sales are governed by population growth and replacement demand. In the third phase, decaying maturity, the absolute level of sales now starts to decline, and consumers start switching to other products and substitutes. (Kotler 2003)

The slowdown in the rate of sales growth creates overcapacity in the industry. This overcapacity leads to intensified competition. Competitors scramble to find and enter niches. They engage in frequent markdowns and off-list pricing. They increase their advertising and trade and consumer deals. They increase their R&D budgets to develop product improvements and flanker products. They make deals to supply private brands. These steps spell some profit erosion. A shakeout period begins, and weaker competitors withdraw. The industry eventually consists of well-entrenched competitors whose basic drive is to gain competitive advantage. (Kotler 2003)

These competitors are of two types. Dominating the industry are a few giant firms that produce a large proportion of the industry's output. These firms serve the whole market and make their profits mainly through high volume and lower costs. These volume leaders are somewhat differentiated in terms of reputations for high quality, high service, or low price. Surrounding these dominant firms is a multitude of market niches. The niches include market

specialists, product specialists, and customizing firms. The niches serve and satisfy their small target markets very well and command a price premium. (Kotler 2003)

(4) Decline Stage

The sales of most product forms and brands eventually decline. The sales decline might be slow or rapid. Sales may plunge to zero, or they may petrify at a low level. (Kotler 2003)

Sales decline for a number of reasons, including technological advances, consumer shifts in tastes, and increased domestic and foreign competition. All lead to overcapacity, increased price cutting, and profit erosion. (Kotler 2003)

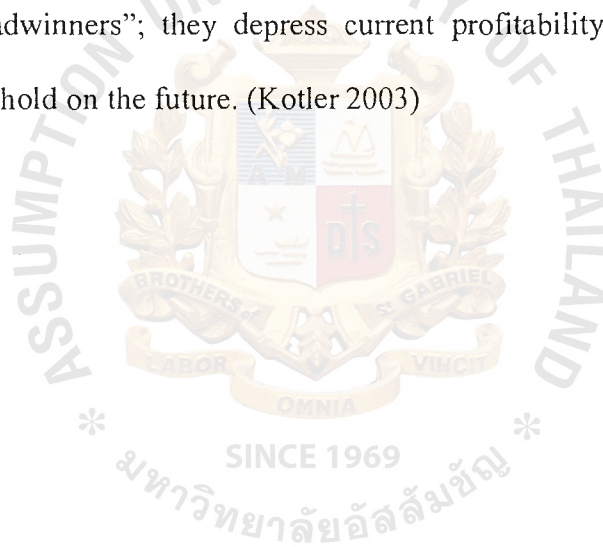
As sales and profits decline, some firms withdraw from the market. Those remaining may reduce the number of product offerings. They may withdraw from smaller market segments and weaker trade channels. They may cut the promotion budget and reduce their prices further. (Kotler 2003)

Unfortunately, most companies have not developed a well-thought-out policy for handling their aging products. (Kotler 2003)

Logic also plays a role. Management believes that product sales will improve when the economy improved, or when the marketing strategy is revised, or when the product is improves. Or the weak product may be retained because of its alleged contribution to the sales of the company's other products. Or its revenue may cover out-of-pocket costs, and the company has no better use for the money. (Kotler 2003)

Unless strong reasons for retention exist, carrying a weak product is very costly to the firm. The cost is not just the amount of uncovered overhead and profit. Financial accounting cannot adequately convey all the hidden costs: The

weak product might consume a disproportionate amount of management's time; it often requires frequent price and inventory adjustment; it generally involves short production runs in spite of expensive setup times; it requires both advertising and sales force attention that might be better used to make the "healthy" products more profitable; its very unfitness can cause customer misgivings and cast a shadow on the company's image. The biggest cost might well lie in the future. Failing to eliminate weak products delay the aggressive search for replacement products; the weak products create a lopsided product mix, lone on "yesterday's breadwinners" and short on "tomorrow's breadwinners"; they depress current profitability and weaken the company's foothold on the future. (Kotler 2003)



III. MARKETING ANALYSIS

3.1 Company Profile

Haco group (1991) Co., Ltd. was established in 1973 firstly as an importer of specialized chemical products. As a result of tremendous development of Thai economy over the past two decades, Haco Group has steady growth and expansion by diversifying to specialize in the import and distribution of sanitary fittings, furnishings, and imported tiles. Haco group is one of the leading organizations specializing in marketing, distribution of full range of bathroom, faucets and kitchen fittings. The company distributes the faucets and accessories in the bathroom from many countries as the following details:

Grohe imported from Germany

Tiles imported from Italy, Spain and China

La Belle imported from Italy

Inda imported from Italy

Keuco imported from Germany

Since its inception, Haco Group has continuously endeavored to develop its business operation with the objectives of becoming a leading market distributor and manufacturer of premium quality products and services for the highest level of customer satisfaction. Presently Haco Group has maintained its reputation as the market leader for a wide range of well-established, highly successful international brands.

The main business development strategies of Haco Group are products update to the highest standards, quick and on time delivery together with best after sales

services. We also focus on business communication via e-commerce system to maintain fast and effective relation with customer.

The head office of company is located at 28th floor Lumpini Tower Building, Rama IV Road, Thungmahamek, Sathorn, Bangkok 10120. We also have the high standard marketing, distribution through our showrooms. Most of our showrooms are located at the marketplace of the above products, at Suan Lum Night Bazaar, World Trade Center Complex, Showroom Phuket, and Showroom Chiangmai. Our showroom is also served as service and information center. Our experienced staff will provide the product specification, installation guideline and necessary useful maintenance advice. All maintenance service requests will be professionally and directly taken care by Haco staff. We have also the long time reputation due to selling of the bathroom, faucets and kitchen fittings with genuine brand and reasonable prices.

Haco group (1991) Co., Ltd. also has many agents in Thailand such as

- (1) Grand Home mart Co., Ltd.
- (2) Home product Center Co., Ltd.
- (3) Boontavorn Ceramic Co., Ltd.
- (4) Homework Co., Ltd.
- (5) Décor Mart Co., Ltd.
- (6) Inter Homecare Co., Ltd.
- (7) Clinic Sukapan Co., Ltd.
- (8) DC Ceramic Co., Ltd.
- (9) Bathroom Center Co., Ltd.
- (10) VK Ceramic Co., Ltd.
- (11) SC Sukapan Co., Ltd.
- (12) Pan Bangkok Product Co., Ltd.

Our company focuses in project sales such as the commercial building, serviced apartment, hotels, resorts and condominiums. For the project references of the company, we will be shown in the details below:

- (1) Shangri la Hotel
- (2) The Oriental Hotel
- (3) Royal Orchid Sheraton Hotel
- (4) Dusit Thani Hotel
- (5) Rambandt Hotel
- (6) The Regent Chiang Mai
- (7) Novotel Siam Square
- (8) BNH Hospital
- (9) Sansiri Resort
- (10) Prinsiri Resort
- (11) Oakwood City Residence
- (12) Baan Patra Resort
- (13) Cha Ba Hut Resort
- (14) Pajasup Project
- (15) Anantara Resort & Spa
- (16) Sheraton Hotel

We will focus on Grohe which is the main product of the company because the most income of the company comes from Grohe. Haco Group is the representative and sole agent for Grohe in Thailand and also Indochina market including Vietnam, Burma, Cambodia, and Laos.

Nowadays Grohe has invested the factory in Thailand at Rayong names “Grohe Siam Factory”. Grohe Siam is the joint venture between Grohe and Haco Group.

Grohe Siam established in year 1995. The area of factory is 12 Rai (19,200 square meters). The capability of production is 1,200,000 units per years and there are 300 employees. The factory exports the products to another distribution of Grohe in the foreign country about 100 countries around the world. Now the factory expands more 14 Rai (22,400 square meters) to increase the capability of production. Grohe Siam has received ISO 9002 in year 1997, ISO 9001 in year 2003, TISI and ISO 14001 in year 2004.

3.2 Marketing Activities

The company has marketing activities to maintain and expand market share. The marketing activities are set up for maintain and increase brand awareness of product to customers. There are several types of marketing activities. In our marketing plan is also has marketing activities follow as below:

- (1) Promotional Campaigns: Company set up the promotion campaign such as special discount and premium gift.
- (2) Regional Architect Fair Participation: we show our booth in architect fair at Muang Thong Thani to promote our product to interior designer, architect and customers.
- (3) New Product Mock Up Launch: Launch the new technology and product to market to excite the customer's need.
- (4) Factory Visiting: Invite the customer, designer, architect and architect student to visit our factory to increase their trust in our product's reliability.
- (5) Sponsorship marketing: NGC Golf Junior Open.
- (6) Advertorial and Press Release.
- (7) TV Programs: ex. Baan San Ruk at UBC 7.
- (8) Online Presence in our web site: <http://www.haco.co.th>

(9) Magazine Advertisements: Launch the product advertisement to the magazine to increase brand awareness of customers. For the example of magazines follow below:

- (a) Baan Lae Suan
- (b) Ploy Kaem Petch
- (c) Art4D
- (d) Daybeds
- (e) Home and Décor
- (f) Life and Home
- (g) Tropical Living in Thailand
- (h) Elle Decoration
- (i) Living in Thailand

3.3 Economic Situation Analysis

Now the economics is changeover all time. We can conclude the economic condition which has the effect to the market situation. The bathroom and sanitary fittings market has improved slightly. In the foreign investment has continued increasing. BOI has guaranteed incremental investment in the short-run. The rate of consumption in housing, automobiles and durable goods is higher. The economy in Thai recovers continuing in the property sector apparently. The construction materials, furniture and home appliances sales will pick up. The interest rates for home buying are attractive. The property taxes are extension low. So people can make buying decisions ease, rising sales and market shares for both listed and non-listed housing developers. The general economic environment has a significant impact on the development of the bathroom products market as it effects factors such as the level of activity within the construction market and consumer confidence. The economy is

experiencing relatively strong underlying growth and low inflation. The main economic factors which influence the economy are outlined below

- (1) a strong GDP growth of 7.0 – 8.0 %
- (2) Satisfactory economic surplus
- (3) Provision of low interest rates
- (4) Rising consumer confidence
- (5) Accelerated private investments
- (6) Disbursement of public budget increase
- (7) A foreseeable growth in various sectors
- (8) Satisfactory economic stability
- (9) Upbeat public confidence
- (10) Favorable exchange rates
- (11) Low interest rates regime
- (12) More strength of domestic demand
- (13) Expansion for the production of construction materials e.g. steel, iron

3.4 Property sector

- (1) Intense competition
- (2) Bangkok - Positive outlook as one of Asia's Real Estates Investment
- (3) Strong interest in hospitality sectors for foreign investors
- (4) Outperformed housing market with positive prospects
- (5) Low interest rates for housing loans
- (6) Continuous sector growth - new property market cycle
- (7) Offering pre-build house or project
- (8) Emerging of upper-income and vacation homes for wealthy foreigners
- (9) Significant expansion - growing demands from end-users and investors

- (10) Better-than-expected recovery from the SARS outbreak
- (11) Government continuously support the real estate business
- (12) Low property tax to attractive the investors
- (13) Program of residential loan from government
- (14) Extending the time period for the transfer fee reduction
- (15) Consumer confidence to invest
- (16) Low interest rates regimes and cheap mortgage loans
- (17) Strong demands for high-quality housing

Brand-driven strategies for housing developer which have high-quality materials promoted e.g. Sansiri, Prinsiri, Shangri-La Hotel, Baan Patra, The Oriental and Sheraton Hotel.

3.5 Competition Overview

According to the bathroom and accessories market, it is not a big market but it is a high competition because all companies have the design and model to attractive the customer. The area where have many constructions, there are high competitors. The brand competition is the important. So we define the competition on brand as the figure below.

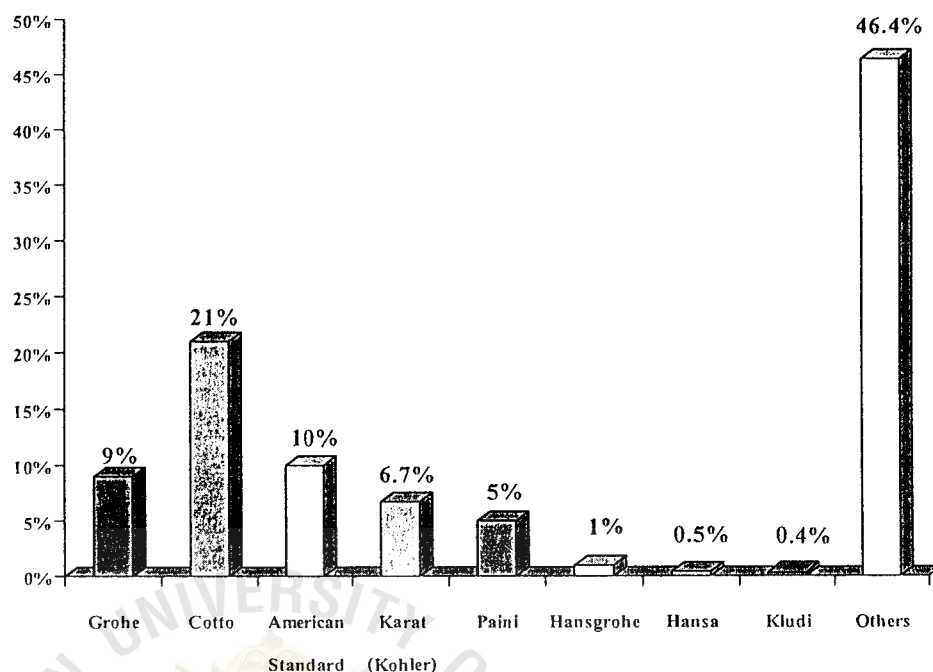


Figure 3.1. Brand Market Share.

From the above figure, the total sales volumes of bathroom and kitchen fittings market are 2,400 million Baht. We can classify the sales volumes of each brand. Grohe is only 9% in the market share. Cotto is 21% in the market share. Cotto is the highest sales volumes in the market share. Cotto is the important brand which has the effect in the market. American Standard is 10% in the market share which has little higher sales than Grohe. Karat is only 6.7% in the market share. From the other category in the figure, it also has the effect in the market share.

Cotto is the sub corporation of the Siam Cement Group. For the past 20 years, The Siam Cement Group has invested in the ceramic tiles business and has expanded into sanitary wares and fittings businesses. Modern technology, a variety of design, and highly skilled staff has all contributed to our position as market leader both locally and in the Asia Pacific region. Cementhai Ceramics Co., Ltd. was established after the

Siam Cement Group was restructured in 1997 and its major products are now ceramic tiles, and sanitary wares and fittings. These brands are well recognized throughout the country and abroad. They are the top seller in Thailand and are sold into more than 45 countries worldwide.

Cementhai Ceramics has continuously focused on new product design development, brand building, improving production process and reducing production costs in order to achieve highest quality output and be competitive. This has resulted in the company being granted and the prime minister's export award for several years running.

In addition to the strength of being a local producer, the Group also has production facilities in Indonesia and the Philippines. The company's long-term aim is to penetrate the world market and these will increase the company's potential and competitiveness.

American Standard is the company that was started as a joint venture between Thai shareholders and American Standard Inc, USA. It was established on July 21, 1969 with a registered capital of 25 million baht, raised by issuing 25,000 shares of 1,000 baht each. The main objective of the company was to establish a manufacturing plant, producing premium quality sanitary ware products, meeting the domestic market demand and reducing the need for imported sanitary ware.

The company is a manufacturer and marketer of vitreous china sanitary ware. The company also manufactures and sells acrylic bathtubs, shower enclosures and related bathroom accessory products. The "**American Standard**" trademark has been used since 1968.

The company has set sanitary ware production and engineering standards for Thailand as well as establishing industry leading installation and customer service

practices. The company is a leader in product and bathroom accessory designs. American Standard produces a large variety of sanitary ware products. The range covers from squat-type and standard close coupled toilets to high-end luxury one-piece units, offering the market more than 100 different models.

Karat Sanitary ware Public Company Limited was registered as a public company with the Stock Exchange of Thailand in 1991. The company manufactures Vitreous China sanitary ware under the "KARAT" trademark and various other products for customers under an assortment of different trademarks.

The company's headquarters is located at 15th floor, Mahatun Plaza Building, Bangkok, while its factory is located at Amphur Kaeng-khoi, Saraburi Province, on an area of about 800,000 square metre. The total production capacity of the plant is 50,000 tons a year and as such Karat is considered one of the largest sanitary ware manufacturers in Asia established in 1983, the Kaeng-khoi Plant launched its first products on market in 1985.

Karat Vitreous China sanitary ware products include toilet bowls - one-piece, two-piece and squat types; washbasin - pedestal and non-pedestal types; urinals; bidets; accessories - soap dishes, towel rails, tissue paper holders, toothbrush holders, etc.

Karat is also a leader in the manufacture and distribution of water-saving sanitary ware. Karat is very proud of being the pioneer in water-saving sanitary ware, with 6 litres and 3.75 litres for Thai market. These products have already become popular throughout the country.

Hansa was established by Thai business group that they had been successful in sanitary ware by merging with Siam Hansa Metallwerke AG German which is the one of huge sanitary factory in the world. Hansa Metallwerke AG Germany was

established since 1911 in Stuttgart Germany and corporate with Siam Hansa in December 1989. Nowadays Siam Hansa imports sanitary ware from 3 countries, which are Germany, Italy and Netherlands.



IV. MARKETING PLAN DEVELOPMENT

4.1 Mission

The plan aims to increase the sales volumes in the market in Thailand. We would like to introduce people to know our brands. We focus on the project sales in Thailand. Our products are the premium goods. So we focus on the high end user.

4.2 Objectives and Goals

- (1) To increase the sales volume about 20% within 3 years.
- (2) To introduce the products well known to the end users.
- (3) To increase the customer services.
- (4) To have stable high quality of product.
- (5) To create brand royalty to the customer.

4.3 Marketing Segmentation

The price and the location is one main reason to have the effect to the decision making of customer. So we can define to five housing competition.

- (1) Single-detached house

Single-detached house recovery in the demand since latter half of 2003. It has the big project in the north Bangkok area. The supportive Factors which the customer want to buy the single detached house is the convenience transportation system e.g. BTS, Underground Train project. When we compare the price with commercial building, it is lower land costs. We can generate the price as the figure below.

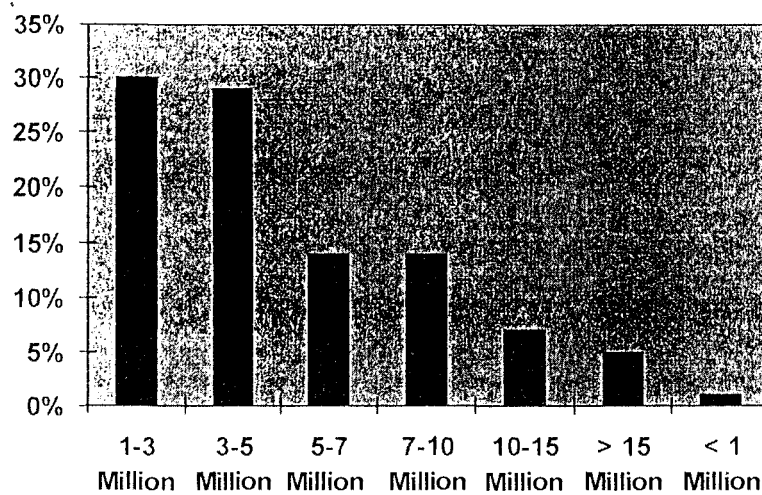


Figure 4.1. Price Range Single Detached Houses.

(2) Townhouse

The popular range price of townhouse is 1-3 million. People invest low value in townhouse. We can generate the price as the figure below.

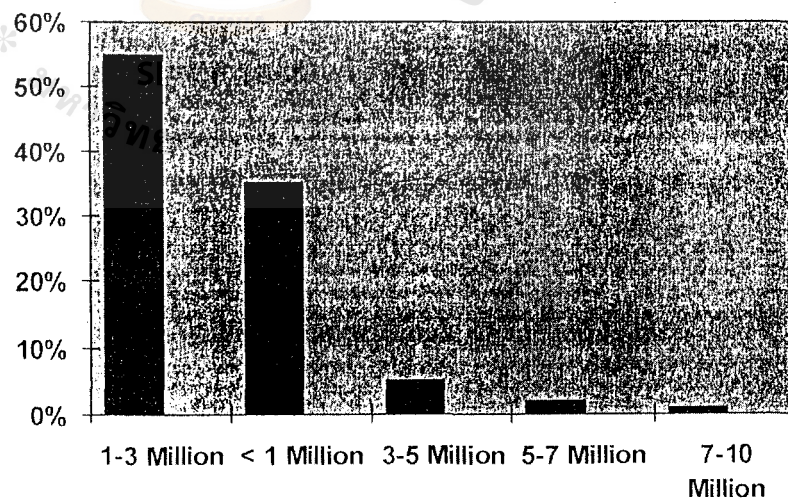


Figure 4.2. Price Range Townhouse.

(3) Apartment for rent

Now the apartment for rent is increasing demands since latter half 2003. It is greater number of long term stay. The area where is intense competition in specific location is Sukhumvit in particular as the figure below.

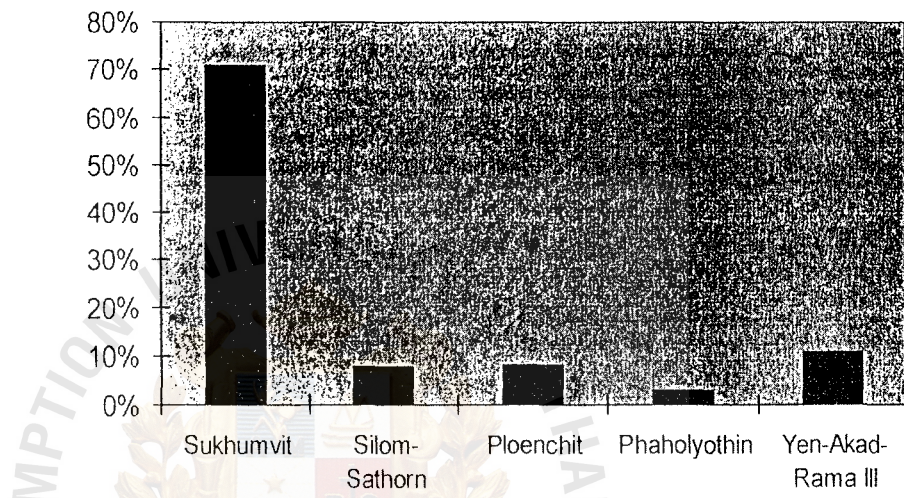


Figure 4.3. Location of Apartment for Rent.

(4) Serviced Apartment

The popular location for the serviced apartment is Sukhumvit. The serviced apartment is less demands for grade A type in high rental charge. But it is greater demand for grade B type. The factor driven to increase the volume of serviced apartment is APEC CEO Summit, tourism promoted, long-term stay for expatriates.

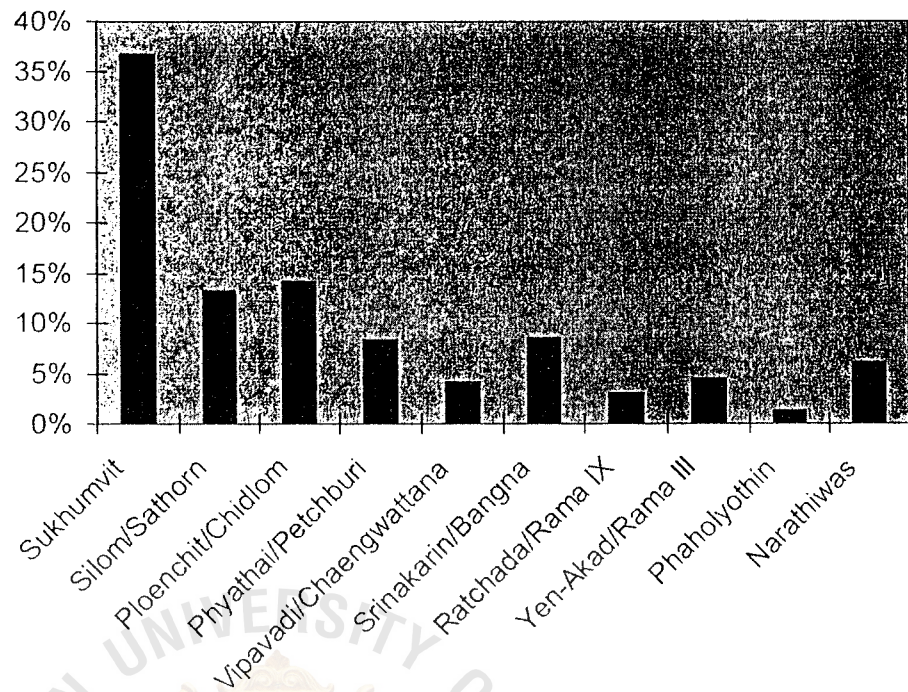


Figure 4.4. Location of Serviced Apartment.

(5) Commercial Building

Now the commercial building is continuous growth in specific areas e.g. Sukhumvit, Ploenchit, Silom, and Sathorn. It has greater demands for high-quality office complex and higher number of office expansion in some business sectors e.g. Insurance, Financial, and Government Agencies. The investors have higher confidence in the commercial building. Some office buildings have been renovated and developed to be condominiums.

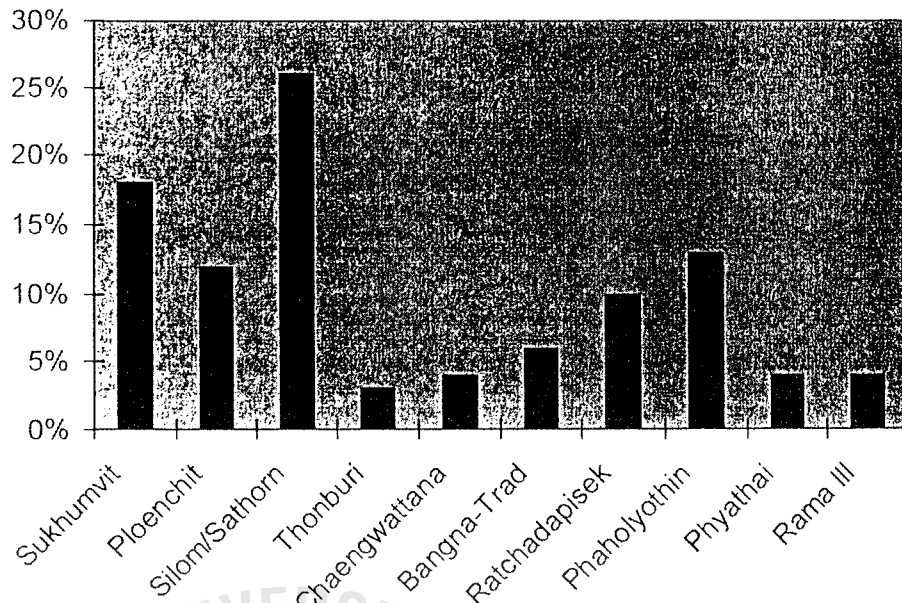


Figure 4.5. Location of Commercial Building.

From the above figure, we can conclude that the price and the location have many effects to consumer decision making. Our company focuses on the location area more than the price of the buildings because our products identify the high end user.

4.4 Product Positioning

According the bathroom and accessories market, there are many competitors in the market. In order to expand the market, we should know our own product positioning and the competitors to analyze the market. We classify the product positioning by the price and the quality as the figure below.

Quality

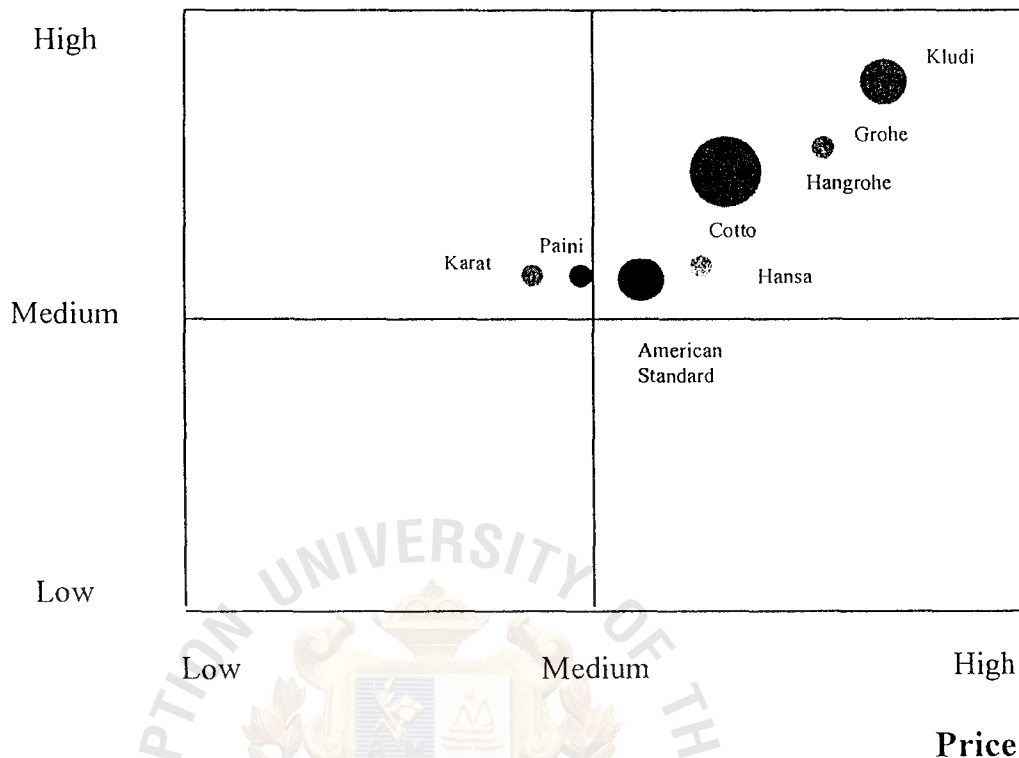


Figure 4.6. Product Positioning.

4.5 Marketing Mix

(1) Product

In the bathroom and kitchen fittings market has high competition. Our company uses the design and quality to meet the customer's need. Chrome finish leads the bath, basin and bidet sectors accounting for around 60 percent. However, brass and gold finishes have taken share, partly reflecting their greater use with nostalgic or traditional styles. Gold or brass finishes are now considered to account for some 30 percent of the market with white and other colours accounting for the balance, which is a relatively stable share. Grohe can define into four categories as the figure below.

GROHE Design





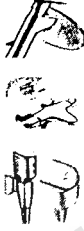
Brand	GROHE <small>WATER TECHNOLOGY</small>			
Program Brands				 <small>DRUCK WÄRMETECHNOLOGIE</small>
Product Range	 Sanitary faucets <ul style="list-style-type: none"> • One hand mixers • Thermostats • Two handle faucets • Self closing faucets • Touchless faucets • Sink mixers • Showers 		Installation systems <ul style="list-style-type: none"> • WC/Urinal flushing valves • WC flushing cisterns • Supply-/drainage systems 	Water management systems <ul style="list-style-type: none"> • Self closing faucets • Touchless faucets • Faucets for laboratories • Special faucets for public use

Figure 4.7. Grohe Design.

- (a) Grohe Art is high end-design-faucet-market increased very fast within the last years. Customer is willing to pay higher prices for design products. This design differs from competitors. We identify the model of Grohe Art as below.

Atrio

Ectos

Chiara

Sinfonia

Sentosa

Taron

Tenso

Grohe Art

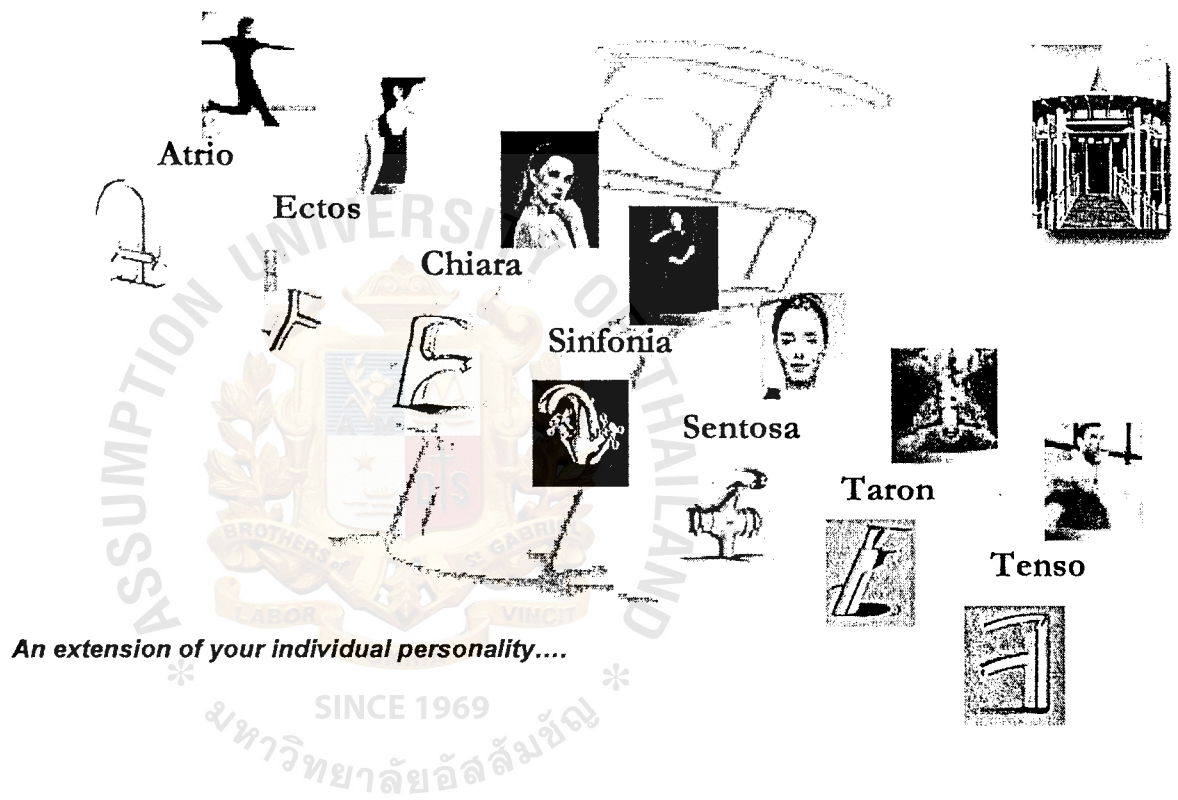


Figure 4.8. Grohe Art Model.

- (b) Grohe Tec is optional design which has variety functional of products. Grohe Tec can classify to thermostat, shower system and kitchen. We identify the model of Grohe Tec as below.

Europlus

Eurodisc

Eurostyle

Euroeco

Grohtherm 3000

Zedra

Minta

Freehander

Sensia

Relaxa Plus

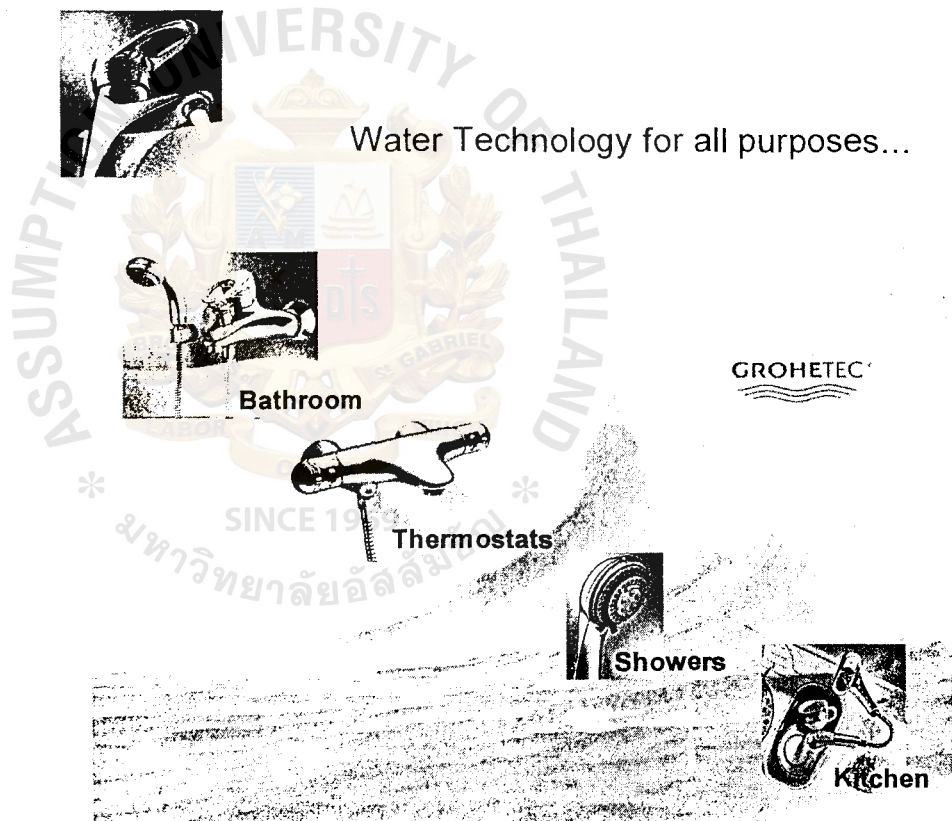


Figure 4.9. Grohe Tec Model.

- (c) Grohe Dal is the installation systems which has urinal flushing valves, WC flushing cisterns and drainage systems.

- (d) Aqua is the water management systems which have self closing faucets, touch fewer faucets.

GROHE Program - Complete Offering

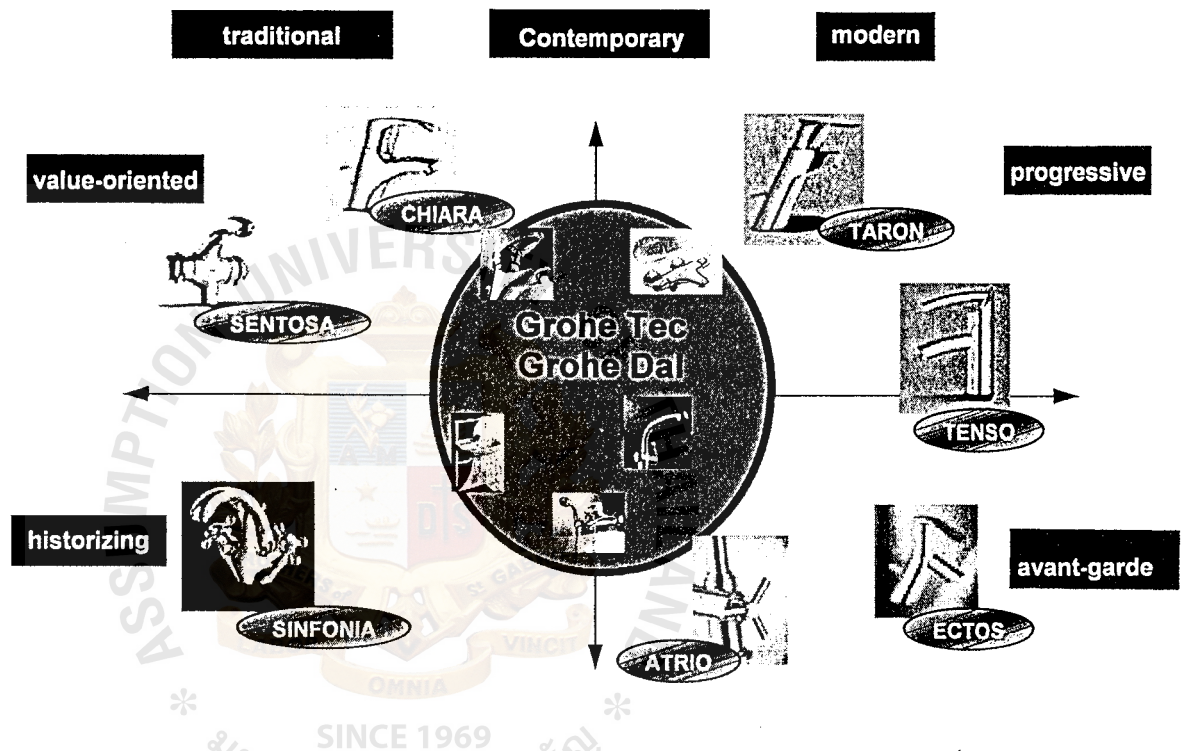


Figure 4.10. Positioning of Products.

In the above figure, we classify our products as Grohe Tec and Grohe Dal is the contemporary channel. We classify Grohe Art in each design which has the completely different design. Each design is unique to support the customer's need.

(2) Price

Grohe price list is settled to use worldwide. Price is the central price which every distributor used. But each distributor can sell and differentiate price upon the exchange rate and the special discount for each distributor. In each program brands, there are different prices upon the design and the functional. We can group our product as Grohe Art is the highest price because it is the luxury design for the high end customer and many functional has the effects to the price list. Grohe Tec suits for the middle end customer. The design is contemporary group which suits every design of bathrooms. The price list of this program brands is lower than Grohe Art. Grohe Dal is the installation system which is urinal and flush valves. The price list of this program brand is too high because it is the functional system which is very secure and high quality of material to make sure for using.

Haco Group will set the same price list to each agent which is 15% discount. For the project, we will set for 25% discount. For the showroom's customer can buy for 25% discount. The end user cannot buy our products directly; they will buy through our agent. The change of price can be effected by the exchange rate and the central price list from the mother company.

The payment period, the standard payment of every agent is 30 days. For the showroom's customer, the payment will be the cash and the cheques. For the project, the payment period is 30 days same as the agent. For the agent, project and the showroom's customer must pay the advance payment for 30% of the total price in case the products are not available in the stock which we will order from Germany.

(3) Place

Our company has four showrooms which located at the marketplace at Suan Lum Night Bazaar, World Trade Center Complex, Showroom Phuket, and Showroom Chiangmai. Our showroom is also served as service and information center. Our experienced staff will provide the product specification, installation guideline and necessary useful maintenance advice. All maintenance service requests will be professionally and directly taken care by Haco staff.

Haco group (1991) Co., Ltd. also has many agents and distributors in Thailand such as

- (a) Grand Home mart Co., Ltd.
- (b) Home product Center Co., Ltd.
- (c) Boontavorn Ceramic Co., Ltd.
- (d) Homework Co., Ltd.
- (e) Décor Mart Co., Ltd.
- (f) Inter Homecare Co., Ltd.
- (g) Clinic Sukapan Co., Ltd.
- (h) DC Ceramic Co., Ltd.
- (i) Bathroom Center Co., Ltd.
- (j) VK Ceramic Co., Ltd.
- (k) SC Sukapan Co., Ltd.
- (l) Pan Bangkok Product Co., Ltd.
- (m) World Hardware Co., Ltd.

Our company focuses in project sales such as the commercial building, serviced apartment, hotels, resorts and condominiums. For the project references of the company, will be shown in the details below:

- (a) Shangri la Hotel
 - (b) The Oriental Hotel
 - (c) Royal Orchid Sheraton Hotel
 - (d) Dusit Thani Hotel
 - (e) Rambandt Hotel
 - (f) The Regent Chiang Mai
 - (g) Novotel Siam Square
 - (h) BNH Hospital
 - (i) Sansiri Resort
 - (j) Prinsiri Resort
 - (k) Oakwood City Residence
 - (l) Baan Patra Resort
 - (m) Cha Ba Hut Resort
 - (n) Pajasup Project
 - (o) Anantara Resort & Spa
 - (p) Sheraton Hotel
- (3) Promotion

Our company has many types of promotion to maintain and expand market share. In our marketing plan is also has promotion as below:

- (a) Promotional Campaigns: Company set up the promotion campaign such as special discount and premium gift.
- (b) Regional Architect Fair Participation: we show our booth in architect fair at Muang Thong Thani to promote our product to interior designer, architect and customers. We can meet directly

with architectures, interiors and the customers. The advantage to show the architect fair is we can create the sales in the fair.

- (c) TV Programs: ex. Baan San Ruk at UBC 7
- (d) Online Presence in our web site: <http://www.haco.co.th>
- (e) Magazine Advertisements: Launch the product advertisement to the magazine to increase brand awareness of customers. For the example of magazines are as follows:

Baan Lae Suan

Ploy Kaem Petch

Art4D

Daybeds

Home and Décor

Life and Home

Tropical Living in Thailand

Elle Decoration

Living in Thailand

4.6 SWOT Analysis

(1) Strengths

Strengths are the internal factors which we have the competitive advantage.

- (a) Our products have the high quality because we choose the high quality of material to produce the products until the process of production.
- (b) Our company uses the high quality materials to produce the products.

- (c) Our company has the design department to design the unique design. We have received the reward from design institution.
 - (d) The products which receive “Red Dot Design Awards” from Design Centre North Rhine Westphalia in year 1996 and “iF Design Prize” from Fraunhofer Institute in year 2002. So we can have the competitive advantage to our products.
 - (e) Our staffs have the continuous improvement.
 - (f) The design of the products meets the customer’s need in each area.
 - (g) Brand Royalty.
 - (h) Have the high customer service.
- (2) Weaknesses
- Weaknesses are the internal factors where we are worse than the competitors.
- (a) Lack of teamwork. Our staffs do not have enough to coordinate in the organization.
 - (b) Marketing department has not enough effectiveness.
- (3) Opportunities
- Opportunities are the external factors which we have the competitive advantages.
- (a) The economy in Thailand, the private and public construction is increasing. So it is our opportunity for us.
 - (b) The government supports the capital costs to investors. So there is increasing investment. We can also expand our market share.
 - (c) The product quality requirement; ex. TISI. We are the first company which receives the TISI approval for distributor and

Grohe Siam is the first company which receives the TISI approval for manufacturer.

- (d) Continuing recovery in the property sector apparently lifts the Thai economy.
 - (e) Picking up in construction materials, furniture and home appliances sales.
 - (f) Attractive interest rates for home buying thus ease the buying decisions.
 - (g) Extension of low property taxes.
 - (h) Rising sales and market shares for both listed and non-listed housing developers.
 - (i) Improve credit access for the poor, small and medium-sized scale.
- (4) Threat
- Threats are the external factors in which we are worse than the competitors.
- (a) The competitors have higher market share. Cotto and American Standard can take the higher market share than Grohe.
 - (b) The brand is not well known. Our product specifies the high end users and the high end users are fewer groups when compared with the middle and low end users.

4.7 Implementation

(1) Short Term Implementation Plan

In the short term implementation plan, we focus on the promotion to increase the market share. The promotion which our company uses often is the discount price. This type is suitable for our products to increase our sales

volume. The price is the sensitive effect for the sales volume. Another promotion is premium gifts. Our company must choose the premium gifts which relate with our products and have the effect to attract the customer. Our premium gifts must have the attractive package to the customer, easy to make the decision making.

(2) Intermediate Term Implementation Plan

In the intermediate term implementation plan, we focus on the place to continue to increase the capacity of production by expanding the area of Grohe Siam factory in Thailand. Grohe Siam will produce the products to support Thailand market and export to every distributor of Grohe. Grohe products have the production in the different area but the standard of products are the same. Grohe use the same material and process in production. So Grohe products have the standard quality around the world.

We will expand our agents and our showrooms to upcountry which include North, South, West and East parts of Thailand to meet the customer's needs. We must manage the logistic to transport our products just in time.

(3) Long Term Implementation Plan

In the long term implementation plan, we focus on the product because Grohe has continuous improvement and the design and the quality of products. Grohe design includes the modern, avant-garde, progressive, contemporary, traditional and historizing. Grohe has the variety design to support the requirement of each customer. The customer has many options to choose the products. Grohe has the design building to create and design the products to have the unique and support the customer's need.

V. EVALUATION

When we follow the plan, we will evaluate the marketing plan in the market. In the evaluation, we focus on the sales volume which is increase and decrease from the past year and the population trend of construction in the next year. If the sales volume increases that shows our marketing plan is effective.

We will observe the customer who knows our products well by our front staff from the agent stores. Our staff can observe the customer's behavior which interests in our products or ask for our brands. We have the advertising on the store's board. This is the one way which the customer sees our advertising and ask for our products.

We can evaluate by the return of buying. We have the record of our customer and we can check our record which our customers buy our products again. If the customer buys our products again it show the customer has the brand royalty.

On the evaluation process, if we find out that our plan is not effective, we have to do the contingency plan to solve the problem that may occur in the future. In case sales volumes decrease, we should set up one promotion to attract the customers to push the sales volumes. If the promotion is not successful, we will select one of the best promotions that was effective in the past.

On the other case, we do not meet the schedule for our production and deliver the products. Our sales team should change the specifications to another one, which is available in the stock. So we will do not get the problem with the customers. We can meet the customer satisfaction and the customer royalty.

The economic crisis is the one main problem which has effected our plan, we will change our strategies plan from the growth to stable the best position that we can survive.

When our dealers or agents have activities in their stores, we should have the coordination with them by supporting our souvenir gift or the promotions to support the sales activities.

The constructors increase many projects. So we will apply to be the member for BCA Institution. We can get more information about new projects, hotels, departments, and resorts in Thailand. So we can increase our opportunities for the company.



VI. CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

This market plan is made up to increase the sales volume of Grohe products and also other products in the company. Our company imports the products from many countries such as Germany, Italy, Spain, China and Singapore. Our products emphasized the process of production from the quality of the material to finished goods.

The products can define many types which are Grohe Art (The design which emphasize the design of products), Grohe Tec (The design which emphasize the functional of products), Grohe Dal (The installation systems which have self closing faucets, touch fewer faucets).

We start the plan by analyzing situations of the market and economics to compare with the competitors which sells similar kinds of products. After analyzing, we found that there are many competitors in the bathroom and accessories market. Grohe brands can take fewer parts in the market share. Cotto can take the largest part in the market share. The target of the company is to increase the sales volume 20% within three years and increase the market share. Our company will expand the agents to upcountry to reach the customer and the projects. Now we focus south area of Thailand, because the south area is the place where have much sight seeing places to attractive the customer to go there. And there are the resorts and hotels to support the customer. Not only Thai people but the foreign people like to come to the south of Thailand.

After we follow up the marketing plan in the short term, intermediate term and the long term. We will evaluate the plan from sales volume which will be successful or not.

6.2 Recommendations

After the company used the marketing plan, the company should follow the situation of economics because the economics have always changed. The company should revise the plan every year that the plan is still effective enough for the current situation. We should improve all the time to design for new products to support the customer's need and improve the quality of products. We should try to get more information in the bathroom and accessories market for the right decision making. We should learn the current situation to modify the plan that suits the current situation.

The company should keep in touch with our dealers and agents to have good relationship. The company should coordinate with our dealers and agents by promotion.

In the website of company, we should learn the market, economics and environment to update our website up to date. We should update our website and modify our website which is easy to visit. We should participate with the other links which the customer can easily find our website. This is the channel which our customer can directly communicate with our company.

Our marketing plan can be used with other company which has similar range of products and markets but it will modify the marketing plan that suits each company. But the marketing plan must be changed upon the current situation. The other products can use our marketing plan which they will choose and use some parts of our marketing plan. They cannot use overall because there are differences of products, situations, environment and markets.

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