

MARKET TREND OF NATIONAL-BRAND DESK LAMPS
IN BANGKOK

by

Ms. Warangkana Hakkayanond

A Final Report of the Six-Credit Course
CE 6998 - CE 6999 Project

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

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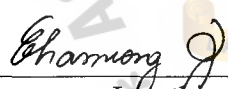
November 2002


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Academic Year	November 2002

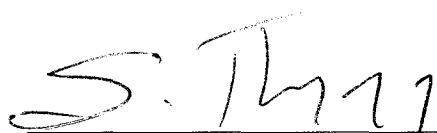
The Graduate School of Assumption University has approved this final report of the six-credit course, CE 6998 – CE 6999 PROJECT, submitted in partial fulfillment of the requirements for the degree of Master of Science in Computer and Engineering Management.

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ABSTRACT

Desk Lamp is an important business in the market. The sales volume has increased rapidly each year. However there decreased volume during the year. It is therefore interesting to study the trend and competitive ability of National Desk Lamp sales. A marketing strategy is offered to overcome the problems and compete in the market trade that directly affected the customer decision main target.

This study was based on secondary data, which are analyzed by using the Product Life Cycle and Marketing Mix (4P) theories. The study found that the overall growth rate of National Desk Lamp is increasing sales volume. In particular, the growth rate during promotion period is higher than usual. Important export market of National Desk Lamp by APEX TOY (export distributor) to South Africa. The competitiveness of Desk Lamp business is increasing because the consumer's want and need these kind of products also increased, which are becoming more competitive.

To maintain competitive ability, National Desk Lamp must pay attention in research and development of the Desk Lamp business. For instance, they must give attention on production technology, designs, raw material quality and exploration for new markets. The Factory sector could have an equal role by providing appropriate budget policies, giving helps to related market place, settling of skill promotion institutes and bargaining with traded partners to hold the competitive position of the National Desk Lamp business.

ACKNOWLEDGEMENTS

The author is indebted to the following people and organizations, without them, this project would not have been possible.

The author wishes to express sincere gratitude to his advisor, Dr. Chamnong Jungthirapanich. His patience, assistance, guidance, and constant encouragement led him from the research inception to the research completion. The author would like to express appreciation to all CEM, CIS, IEC programs for providing their knowledge and advice through the course study.

The author would like to thank all staffs of Department of Economic Commerce for their help in providing useful information while carrying out the data collection required for using this project.

Special appreciation goes to his family for their fervent and continuous encouragement. Above all, the author is forever grateful to the parents, whose willingness to invest in the future has enabled the author to achieve his educational goal.

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I. INTRODUCTION

1.1 Background of the Study

The National Desk Lamp is one of BOI manufacturing company, which is located in Rojana, Ayuthaya. National brand is representative of Matsushita Electric Works Ltd. in Japan there are selling both export and Thai domestic market. Matsushita manufacturing will export to Japan, Singapore (2nd head office), Malaysia, Hong Kong and also South Africa etc.

For Thai domestic market Matsushita has plan to develop National Desk Lamp products by importing some raw materials from other countries and use “INVERTER CIRCUIT” to make product difference from others brand. National Desk Lamp concept is “protect your children eyes.”

National plans to develop market by launching new models every year and try to reach every age of target group. We are specific models direct to usable target group. All of our products should be attractive to consumer and cost effective to the company as well.

The promotion of Thai domestic is directly under responsibility of Department Store, DIY shop (Do- It – By –Yourself), Hyper Mart and Dealers during normal and promotion sell. To successfully enhance Thailand’s competitive in the world markets to directly encourage more exports; Matsushita has embarked in various numbers of activities such as organizing trade mission, trade exhibition, in both domestic and oversea exhibitions. Out of these, trade fair exhibition is one of the most crucial activities in promoting trade and enhancing business relation among foreign buyer and Thai consumers.

For consumer, Desk Lamp is the product for home using. The consumer sees and reponses to the shape and quality of the product, the recognition of the brand, the color and the words, the graphic style format and instinctively conjures up and image of the product. Among different kinds of Desk Lamp, capacity of brand name has many functions that contribute to their effectiveness as selling tools. In addition to protect and making it easier to ship, distribute, and display at the point of sale, package design must serve a number of functions that are crucial to the marketing of product.

This research will emphasize on:

- (1) The raw material resources and manufacturers of Desk Lamp in Factory
- (2) Who are the major consumers of Desk Lamp?
- (3) Main competitors in Thai market
- (4) Current market place situation

1.2 Significance of the Study

For this project, we know retail is one of the most important industries in all economies and it is such a part of our everyday life that we often take it for granted. In response to changing consumer needs and increased competition, new retailing approaches have emerged. **Department Store:** - Central, Robinson, The Mall; **Category Specialist:** - Power Buy, Home Pro and Home Works; **Discount Store/Super center:** - Makro, Lotus, Carrefour; **Credit card collect point:** - SCB, KTB, BBL; these all are the examples of the responsive to current market segmentation.

1.3 Objectives of the Study

Throughout this study, readers can get a lot of benefits, which are as follows: -

- (1) To know the market trend of Nation Desk Lamp business in Bangkok esp.: - Home User.

- (2) To analyze Sales Amount and Quality of National Desk Lamp in History and Forecast in the future plan.
- (3) To find out market share of National Desk Lamp in current situation.
- (4) To study the current problems occurring in Desk Lamp market for preventing the possible problems in the future.
- (5) Marketing Strategy by using promotional tool, POP (Point – of – Purchase), discount, give away gifts, substitution coupons and many others in order to increase the sales of Desk Lamp in the market, also finding out the consumers' behavior.

1.4 Statement of the Problems

This project will show the step of working and source of all information at the same time there are obstacles will be occur during do a report as follows:

- (1) If we do not get the real information from consumers, we cannot forecast the market trend of National desk Lamp in the market.
- (2) Company can get roughly information of market share in the real market.

1.5 Limitation of the Study

This project would specific for National Desk Lamp Home user in Bangkok as follow detail:

- (1) List of major resources of National Desk Lamp target group in Bangkok.
- (2) Consuming pattern of Desk Lamp.
- (3) Market share of National Desk Lamp in percentage of the whole Desk Lamp industry.
- (4) Analytical comment for National Desk Lamp manufacturing industry in Bangkok.

1.6 Delimitation

- (1) This project will not take long time to do because we want to get information to evaluate market share and plan to launch new models into the market soon.
- (2) This project will get information from consumer order that is save company budget.

1.7 Definition of Term

“Inverter Circuit” is the circuit, which makes non- flickering lamp, brightness, and no interrupts sound of ballast.



II. LITERATURE REVIEW

In the literature review section, the way to know how company increase sales volume and amount as follow details:

2.1 Market-oriented Strategic Planning

- (1) Strategic planning
- (2) Data basing
- (3) Research
- (4) Advertising
- (5) Promotion
- (6) Bench marketing & best practices

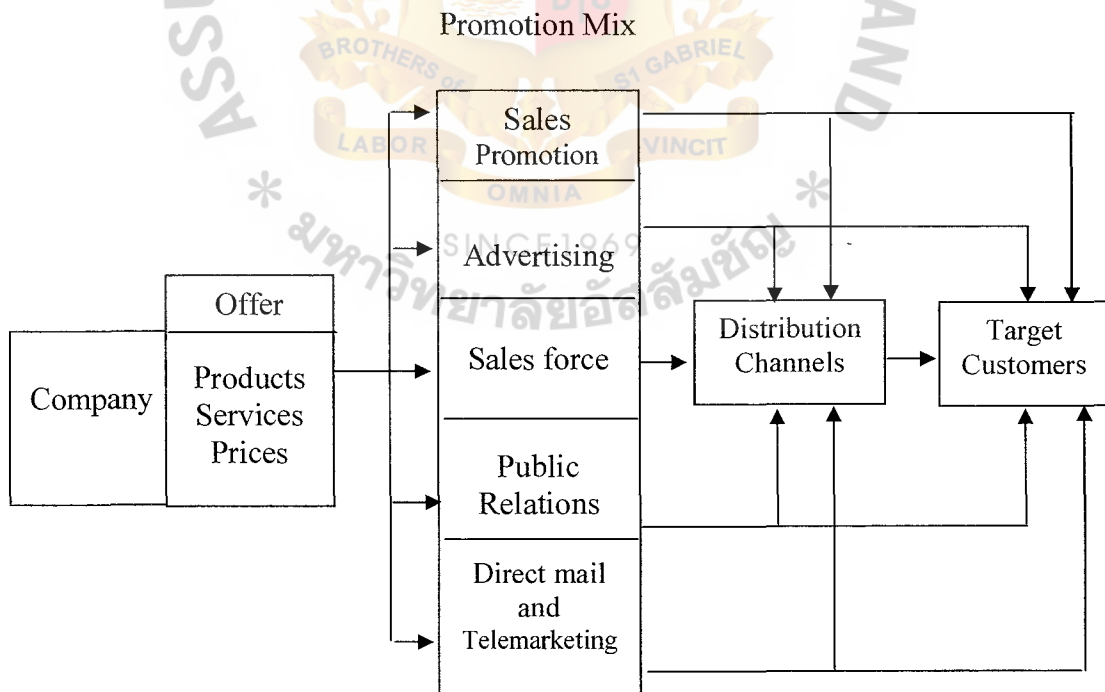


Figure 2.1. Marketing Mix Strategy (Kotler 1991).

2.2 Marketing Mix

Marketer uses numerous tools to elicit desired responses from their target markets. Marketing Mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.

Companies classified these tools into four broad groups that we called the four Ps of marketing: product, price, place, and promotion. The particular marketing variables under each P are shown in Figure 2.2. Marketing Mix decisions must be made for influencing the trade channels as well as the final consumers. Figure 2.1 shows the company preparing and offering mix of products, services, and prices, and utilizing a promotion mix for sales promotion, advertising, sales force, public relations, direct mail, telemarketing, and Internet to reach the trade channels and the target customers.

Normally, the firm can change its price, sales force size, and advertising expenditures in the short run. It can develop new products and modify its distribution channels only in the long run. Thus the firm typically makes fewer period-to-period marketing- mix changes in the short run than the number of marketing-mix decision variables might suggest.

Due to the four Ps represent the sellers’ view of the marketing tools available for Influencing buyers. From a buyer’s point of view, each marketing tool is designed to deliver a customer profit. Robert Lauterborn suggested that the sellers’ four Ps correspond to the customers’ four Cs.

<u>Four Ps</u>	<u>Four Cs</u>
Product	Customer Solution
Price	Customer Cost
Place	Convenience
Promotion	Communication

Companies try to be the winning company those who can meet the customer needs economically and conveniently and with effective communication.

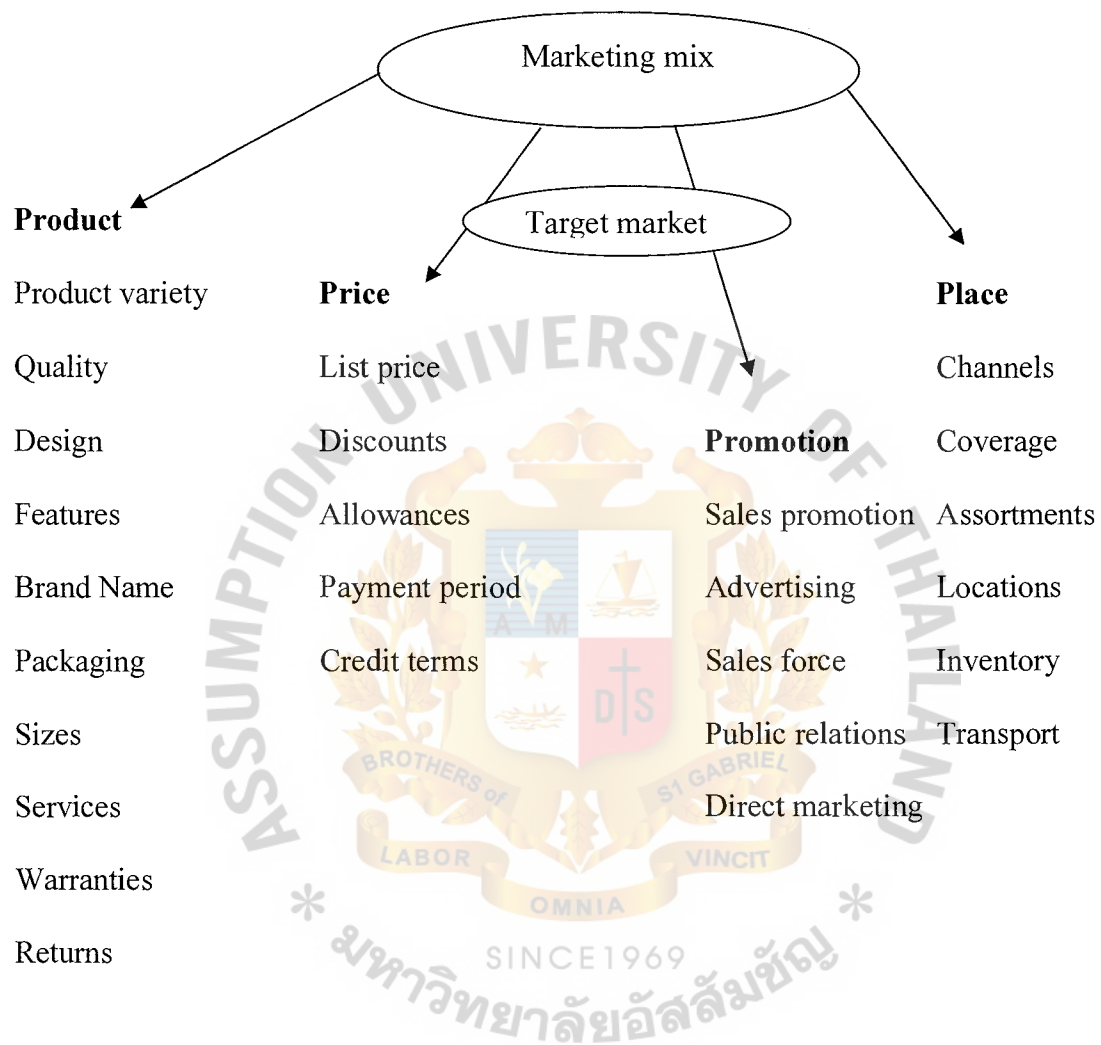


Figure 2.2. The Four P Components of the Marketing Mix (Kotler 2000).

2.2.1 Product

Straight extension means introducing the product in the foreign market without any change. Straight extensions have been successful with consumer electronics, and many machine tools. In other cases, it has been a disaster. Company introduces its standard design with high electric circuit and did not realize that consumers will understand our product concept. Straight extension is tempting because it involves no

additional R&D expense, manufacturing retooling, or promotional modification; but it can costly in the long run.

Product adaptation involves altering the product to meet local conditions or preferences. There are several levels of adaptation. A Company can produce a regional version of its product, such as Japanese version or South Africa version. For export to other country the factory will change an electric circuit from 220V to 110V and type of plug will not same as local use.

Although products are frequently adapted to local tastes, in some instances they must be adapted to local superstitions or beliefs, too.

2.2.2 Price

Companies face several pricing problems when selling abroad. They must deal with price escalation, transfer prices, dumping charges, and gray markets.

When company sells their goods abroad, companies face a **price escalation** problem, we may sell different price in abroad and local even though same models. Why? Company has to add the cost of transportation, tariffs, importer margin, wholesaler margin, and retailer margin to its factory price.

Depending on the added costs, as well as the currency-fluctuation risk, the product might have to sell for two to five times as much in another country to make the same profit for the manufacturer. Because the cost escalation varies from country to country, the question is how to set the prices in different countries. Company has three choices:

- (1) Set a uniform price everywhere
- (2) Set a market- based price in each country
- (3) Set a cost-based price in each country

Very often a company finds some enterprising distributors buying more than they can sell in their own country and reshipping the goods to another country to take advantage of price differences. National also sells Desk Lamp through APEX TOY COMPANY to South Africa.

2.2.3 Place

From the above discussions are generally the major retailer types in Thailand. Historically, people had to buy a lot of things both food and nonfood items in various stores. Today, people can shop for goods and services in only one place. The trend of buying behavior is like “one stops shopping” – no advance planning to buy. Changing in consumer behavior and life style, traffic jam problem, more well educated people, and more new generation, which all affect the consumers who emphasize on convenience time and comfortable.

Department store is the first retailer type which responded to this consumer wants and needs. Once they come in the store, they can buy all things such as clothing, shoes, lawnmower, television, stationary, gourmet, and fresh food till electric goods in one place. Shopping Center s are an example of adaptive behavior, which composes one or two department stores, supermarket, leased outlets such as cloth, fast food, restaurants and other nonfood shops. They began as high-margin/low turnover clusters of nonfood operations under one roof. Shopping centers evolved because of the growth of suburbs, the availability of automobile transportation, the traffic problem of downtown, and consumer pressures for more convenient hours and one-stop-shopping. Some observers contend that the shopping center is not a new type of institution, but like the department store branch; it an innovative response to changing environmental conditions. Regardless, shopping centers are an important location of National Desk Lamp distribution.

2.2.4 Promotion

Company can run the same advertising and promotion campaigns used in the home market or change them for each local market, a process called **communication adaptation**. If it adapts both the product and the communication, the company engages in **dual adaptation**. Companies must also adapt sales-promotion techniques to different markets. Each customer request us to join in many sales-promotion tools such as discounts, rebates, coupons, games of chance, and premiums.

Promotion Mix is called the Marketing Communications Mix, which is developing to communicate effectively with the present and potential customers.

(a) Promotion mix's tools

Promotion Mix consists of four major tools:

- (1) Advertising: Any paid form of no personal presentation and promotion of ideas, goods, or services by an identified sponsor.
- (2) Sales Promotions: Short-term incentives to encourage purchase or sale of a product or service.
- (3) Public Relations: A variety of programs designed to improve, Maintain, or protect a company or product image.
- (3) Personal Selling: Oral presentation in a conversation with one or more prospective purchases for the purpose of making sales.

(b) Factors in setting the promotion mix

Company considers several factors in developing their promotion mix.

These factors are examined below:

- (1) Type of product market
- (2) Push versus pull strategy
- (3) Buyer-readiness stage

- (4) Product-life-cycle stage

Marketing Public relations

- (a) The Maximum Effectiveness' Circumstances of Public Relation (TQPR 1997)

The "Top 10" list of circumstances when public relations can generate maximum effectiveness in consumer product marketing:

- (1) When introducing a revolutionary break-through product;
- (2) When generating new consumer interest in a mature product;
- (3) When developing distribution against retail resistance by generating so much publicity that you force demand;
- (4) When the budget is too small for a meaningful advertising campaign;
- (5) When you want tie the product closer to an advertising campaign;
- (6) When your product needs greater explanation;
- (7) When the product can't be advertised to consumers for legal reasons, such as prescription drugs;
- (8) When the product is banned from television as the case of distilled spirits and cigarettes;
- (9) When you want to add new consumer dimensions to a successful product;
- (10) When you have a major marketing crisis that calls for fast action.

Establishing the Marketing Objectives

- (1) Built awareness: Promotion can place stories in the media to bring attention top a product, service, person, organization, or idea.
- (2) Built credibility: Promotion can add credibility by communication the message in an editorial context.

- (3) Stimulate the sales force and dealers: Promotion can help boost sales force and dealer enthusiasm. Stories about a new product before it is launched will help the sell it to retailers.
- (4) Hold down promotion costs: Promotion cost less than direct mail and media advertising. The smaller company's promotion budget, the stronger the case for using Public Relation to gain share of mind.

The Results and Benefits of Promotions

Many objectives can be achieved through expert public relation activity. Objectives that may be sought include the following:

- (1) Gain prestige or "favorable image" and its benefit

The familiarity and reputation of its name are among the greatest assets of any organization-whether it deals directly with the public or not. Everyone is influenced by reputation in choosing everything he or she buys and in every association he or she makes. The prominence of a name is taken as a sign of success, because reputation in industry can rarely be won without true accomplishment.

- (2) Promote products or services

Telling people about products and interesting them in purchasing requires more than advertising and sales efforts. The influences around people make an immeasurable impact on the public's desire to buy. They create a desire for the product or service. They support the direct-selling activities of advertising and merchandising, giving them an added dimension. They associate product names with the prestige of the company. The many ways in which public relations people can create desires are indispensable to the modern sales program.

- (3) Detect and deal with issues and opportunities

Monitoring social trends, devising strategies to deal with them, and

conducting programs to help direct those trends are among the most crucial functions in public relations.

Effective Communication

(a) Communication a complex field

Many channels must reach people over a period of time, in the contexts of many diverse outlooks and windows on the world.

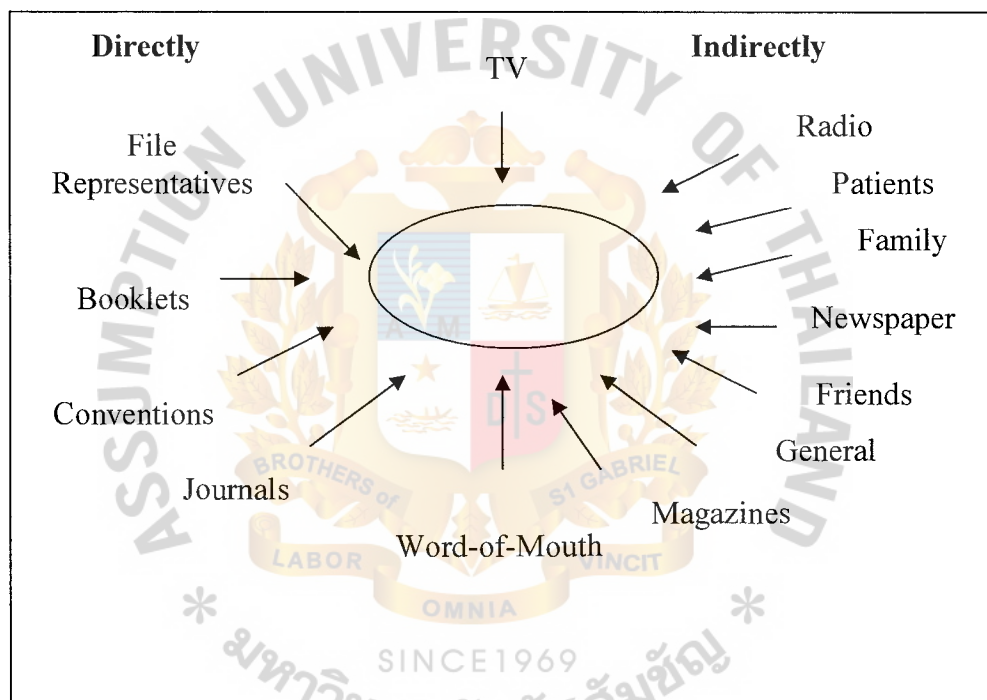


Figure 2.3. Direct and Indirect Influences.

(b) Guideline for Effective Communication

From what we know about the methods that work, two verbal/graphic aids can be applied:

- (1) Coercion creates conflict and Persuasion promotes pliability.

These ‘sound bits’ help one remember that trying to impose one’s will usually fails; establishing rapport with the audience fosters readiness to accept your message.

- (2) The process for winning acceptance can be chartered like this:

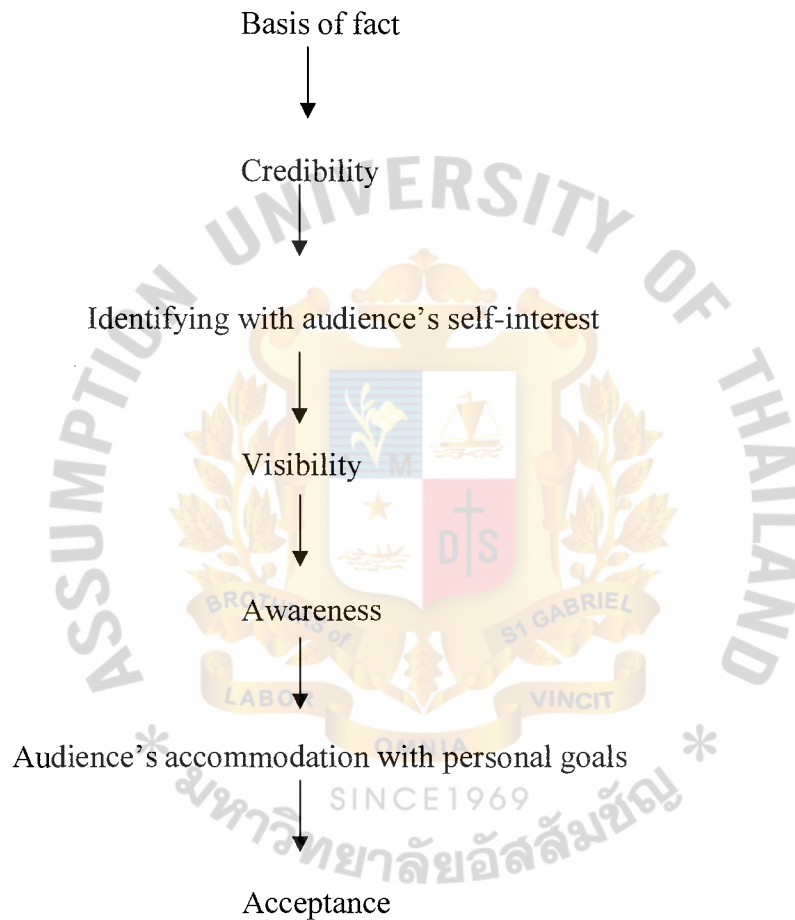


Figure 2.4. The Process for Winning Acceptance (Lesly 1998).

2.3 Product Life Cycle

A Company’s positioning and differentiation strategy must change as the product, market, and competitors change over time. Here we will describe the concept of the

product life cycle (PLC) and the normal changes as the product passes through each life-cycle stage.

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, opportunity, and problems to the seller.
- (3) Profit rise and fall at different stages of the product life cycle.
- (4) Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life-cycle stage.

Most product life-cycle curves are portrayed as bell-shaped (see Figure 2.5).

This curve is typically divided into four stages: introduction, growth, maturity, and decline.

- (1) Introduction: A period of slow sales growth as the product is introduced in the market. Profits are nonexistent because of the heavy expenses incurred with product introduction.
- (2) Growth: A period of rapid market acceptance and substantial profit improvement.
- (3) Maturity: A period of a slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline because of increased competition.
- (4) Decline: the period when sales show a downward drift and profits erode.

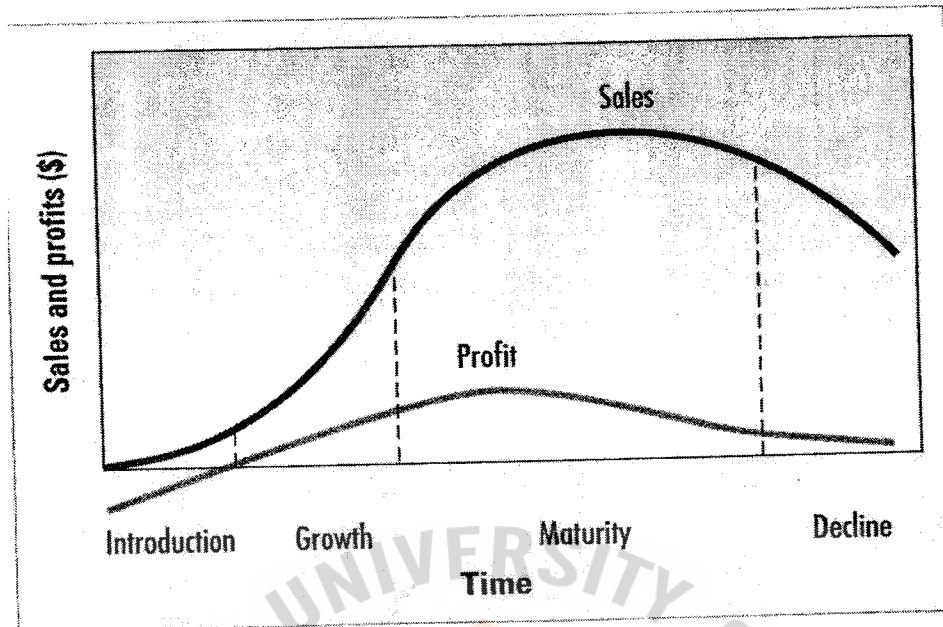


Figure 2.5. Sales and Profit Life Cycles.

Marketing Strategies Throughout the PLC

We now turn to each stage of the PLC and consider the appropriate marketing strategies.

2.3.1 Introduction Stage

The introduction stage starts when the new product is launched. It takes time to roll out the product in several markets, so sales growth tends to be slow at this stage.

Profits are negative or low in the introduction stage. Promotional expenditures are at their highest ratio to sales because of the need to (1) inform potential consumers, (2) induce product trial, and (3) secure distribution in retail outlets. Firms focus on those buyers who are the readiest to buy usually higher-income groups. Prices tend to be high side because (1) costs are high due to relatively low output rates, (2) technological problems in production may have not yet been fully mastered, and (3) high margins are

required to support the heavy promotional expenditures which are necessary to achieve growth.

Market Pioneers. If National Desk Lamp plan to introduce a new products must decide on when we will enter the market. To be first in the market can be highly rewarding, but risky and expensive. To come in later would make sense if the firm can bring superior technology, quality, or brand strength.

What are the sources of the pioneer's advantage? Early users will recall the Pioneer's brand name id the product satisfies them. The pioneer's brand also establishes the attributes the product class should possess. The pioneer's brand aims at the middle of the market ad so captures more users. Customer inertia also plays a role; and there are producer advantages: economies of scale, technological leadership, patents, ownership of scarce assets, and other barriers to entry. An alert pioneer, according to Robertson and Gatingnon, can maintain its leadership indefinitely by pursuing various strategies.

The Competitive Cycle The pioneer knows that competition will eventually enter and cause prices and its market share to fall. When will these happen? What should the pioneer do at each stage? Frey describes five stages of the competitive cycle that the pioneer has to anticipate.

- (1) Initially the pioneer is the sole supplier, with 100 percent of production capacity and sales.
- (2) Competitive penetration starts when a new competitor has built production capacity and begins commercial sales. The leader's share of production capacity and share of sales falls. As more competitors enter the market and charge a lower price, the perceived relative value of the leader's offer declines, forcing a reduction in the leaders price premium.

- (4) Capacity tends to be over built during rapid growth. When a cyclical slowdown occurs, industry overcapacity drives down margins to lower levels. New competitors decide not to enter, and existing competitors try to solidify their positions. This leads to share stability.
- (5) Stability of followed by commodity competition. The product is viewed as a commodity, buyers no longer pay a price premium, and the suppliers earn only an average rate of return.
- (6) At this point, withdrawal begins. The pioneer might decide to build share further as other firms withdraw.

2.3.2 Growth Stage

The growth stage is marked by a rapid climb in sales. Early adopters like the product, and additional consumers start buying it. New competitors enter, attracted by the opportunities. They introduce new product features and expand distribution.

Prices remain where they are or fall slightly, depending on how fast demand increases. Company maintains 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 than promotional expenditures, causing a welcome decline in the promotional-sales ratio. Profits increase during this stage as:

- (1) Promotion costs are spread over a larger volume
- (2) A unit manufacturing cost fall faster than price declines owing to the producer learning effect.

Firms have to watch for a change from an accelerating to a decelerating rate of growth in order to prepare new strategies. During this stage, the firm uses several strategies to sustain rapid market growth:

- (a) It improves product quality and adds new product features and improved styling.
- (b) It adds new models and flanker products (i.e., products of different sizes, flavors, and so forth that protect the main product).
- (c) It enters new market segments.
- (d) It increases its distribution coverage and enters new distribution channels.
- (e) It shifts from product-awareness advertising to product-preference advertising.
- (f) It lowers prices to attract the next layer of price-sensitive buyers.

A firm in the growth stage faces a trade-off between high market share and high current profit. By spending money on product improvement, promotion, and distribution, it can capture a dominant position. It forgoes maximum current profit in the hope of making even greater profits in the next stage.

2.3.3 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 poses formidable challenges to marketing management. Most products are in the maturity stage of the life cycle, therefore most of marketing management deals with the mature product.

The maturity stage can be divided into three phrases:

- (1) 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.

- (2) 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.
- (3) Decaying maturity: the absolute level of sales now starts to decline, and customers start switching to other products and substitutes.

The sales slowdown creates overcapacity in the industry, which leads to intensified competition. Competitors scramble to find niches. They engage in frequent markdowns. They increase advertising and trade and consumer promotion. They increase R&D budgets to develop product improvements and line extensions. They make deals to supply private brands. A shakeout begins, and weaker competitors withdraw. The industry eventually consists of well-entrenched competitors whose basic drive is to gain or maintain market share.

Market Modification

The company might try to expand the market for its mature brand by working with the two factors that make up sale volume:

Volume = number of brand users x usage rate per user

The company can try to expand the number of brand users in three ways:

- (1) Convert nonusers: The Company can try to attract nonusers to the product.
- (2) Enter new market segments: the company can try to enter new market segments – geographic, demographic, and so on – that use the product but not the brand. For example, National Desk Lamp successfully promoted Kitty & Ultramam models with lamp 13w only to adult users.
- (3) Win competitors' customers: The Company can attract competitors' customers to try to adopt the brand.

Volume can be also be increased by convincing current brand users to increase our annual usage of the brand. Here are the three strategies:

- (1) More frequent use: The Company can try to get customers to use the product more frequently.
- (2) More usage per occasion: The Company can try to interest users in using more of the product on each occasion.
- (3) New and more varied uses: The Company can try to discover new product uses and convince people to use the product in more varied ways.

Product Modification

Managers also try to stimulate sales by improving the product's quality, features, or style.

Quality improvement: This strategy aim at increasing the functional performance of the product its durability, reliability, speed, tastes. A manufacturer can often overtake its competition by launching a “new and improved” version of the product. This strategy is effective to the extent that the quality is improved, buyers accept the claim of improved quality, and enough buyers will pay for higher quality.

Feature improvement: This strategy aims at adding new features (e.g., size, weight, materials, additives, and accessories) that expand the product's versatility, safety, or convenience.

Style improvement: This strategy aims at increasing the aesthetic appeal of the product. The periodic introduction of new car models amounts to style competition rather than quality or feature competition.

Marketing-Mix Modification

Product managers might also try to stimulate sales by modifying one or more marketing-mix elements. They should ask the following questions:

Prices: Would a price cut attract new triers and users? If so, should the list price be lowered, or should prices be lowered through price specials, volume or early-purchase discounts, freight absorption, or easier credit terms? Or would it be better to raise the price to signal higher quality?

Distribution: Can the company obtain more product support and display in the existing outlets? Can more outlets be penetrated? Can the company introduce the product into new types of distribution channels?

Advertising: Should advertising expenditures be increased? Should the advertising message or copy be changed? Should the media mix be changed? Should the timing, frequency, or size of ads be changed?

Sales promotion: Should the company step up sales promotion – trade deals, cents-off, rebates, warranties, gifts, and contests?

Personal selling: Should the number or quality of salespeople be increased? Should the basis for sales force specialization be changed? Should sales territories be revised? Should sales force incentives be revised? Can sales-call planning be improved?

Service: Can the company speed up delivery? Can it extend more technical assistance to customers? Can it extend more credit?

A major problem with marketing-mix modifications is that they are highly imitable by competition, especially price reductions and additional services. The firm may not gain as much as expected, and all firms might experience profit erosion as they step up their marketing attacks on each other.

2.3.4 Decline Stage

The sales for 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.

Sales decline for several reasons, including technological advances, consumer shifts in tastes, and increased competition. All lead to overcapacity, increase price cutting, and profit erosion.

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 price further.

Unfortunately, most companies have not developed a well-thought-out policy for handling their aging products. In traditional Chinese firms, discontinuing a product line may imply a loss of face for management. Chinese executives are thus less likely to abandon a product than Western ones.

Unless strong reasons for retention exist, carrying a weak product is very costly to the firm. 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 despite 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 delays the aggressive search for replacement products; the weak products create a lopsided product mix, long on yesterday's breadwinners and short on tomorrow's breadwinners; they depress current profitability and weaken the company's foothold on the future.

Marketing Strategies during the Decline Stage

A company faces several tasks and decisions in handling its aging products.

Identifying the Weak Products. The company appoint a product-review committee with representatives from marketing, R&D, manufacturing, and a finance to develop a system for identifying weak products. The controller's office supplies data for each product showing trends in market size, market share, prices, costs, and profits. The dubious products are identified and managers responsible for such products fill out rating forms showing where they think sales and profits will go, with and without any changes in marketing strategy. The product-review committee examines this information and makes a recommendation for each dubious product – leave it alone, modify its marketing strategy, or drop it.

Determining Market Strategies. Some firms will abandon declining markets earlier than others. Much depend on the presence and height of the exit barriers in the industry. The lower the exit barriers, the easier it is for firms to leave the industry, and the more tempting it is for the remaining firms to remain and attract the customers of the withdrawing firms. The remaining firms will enjoy increase sales and profits.

There are five decline strategies available to the firm.

- (1) Increase its investment (to dominate or strengthen its competitive position).
- (2) Maintain its investment level until the uncertainties about the industry are resolved.
- (3) Decrease its investment level selectively, by sloughing off unprofitable customer groups, while simultaneously strengthening its investment in lucrative niches.
- (4) Harvest (or “milk”) its investment to recover cash quickly.
- (5) Divest the business quickly by disposing of its assets as advantageously as possible.

The appropriate decline strategy depends on the industry's relative attractiveness and the company's competitive strength in that industry. For example, a company in an unattractive industry but possessing competitive strength should consider shrinking selectively. However, if the company is in an attractive industry and has competitive strength, it should consider strengthening its investment. Procter & Gamble has taken disappointing brands that were in strong markets and *restaged* them. In Asia, for example, P&G hopes to resuscitate Old Spice and Oil of Ulan, renaming the latter Oil of Olay.

If the company were choosing between harvesting and divesting, its strategies would be quite different. Harvesting calls for gradually reducing a product or business's cost while trying to maintain its sales. The company would try to cut these costs without tipping off customers, competitors, and employees that it is slowly pulling out of the business. Harvesting eventually makes a business worthless. However, if the firm had decided instead to divest the business, it would first look for a buyer. It would try to increase the attractiveness of the business, not run it down. Therefore, the company must think carefully about whether to harvest or divest the weakening business unit.

Companies that successfully restage or rejuvenate a mature product often do so by adding value to the original. Generally, five steps are needed to minimize problems and increase the chances of success of rejuvenated products:

- (1) Determine reasons for the product abandonment or decline.
- (2) Examine whether macro environmental forces support a rejuvenation strategy.
- (3) Examine what the product name communicates to the consumers.
- (4) Explore whether there is a potential segment to be reached as well as competitors' strengths and weaknesses in that segment.

(5) Examine how to create value for customers.

The Drop Decision

When a company decides to drop a product, it faces further decisions. If the product has strong distribution and residual goodwill, the company can probably sell it to another firm. If the company cannot find any buyers, it must decide whether to liquidate the brand quickly or slowly. It must also decide on how much parts inventory and service to maintain for past customers.

Table 2.1. Summary of Product Life- Cycle Characteristics, Objectives, and Strategies.

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low Sales	Rapidly raising sales	Peak sales	Declining sales
Costs	High cost / Customer	Average cost / customer	Low cost / customer	Low cost / customer
Profits	Negative	Rising profit	High profits	Declining profit
Customers	Innovators	Early adopters	Middle Majority	Laggards
Competitors	Few	Growing Number	Stable Number	Declining Number
			Beginning to Decline	

Table 2.1. Summary of Product Life- Cycle Characteristics, Objectives, and Strategies.
(Continued)

	Introduction	Growth	Maturity	Decline
Marketing Objectives	Create product Awareness and Trial	Maximize market share	Maximize Profit while defending Market share	Reduce expenditure and milk the brand
Strategies				
Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brand and items models	Phase out weak
Price	Charge cost-plus	Price to penetrate Market	Price to match or best Competitors'	Cut price
Distribution	Built selective Distribution	Built intensive distribution	Built more intensive Distribution	Go selective: Phase out unprofitable outlets
Advertising	Built product Awareness among Early adopters and Dealers	Built awareness and interest in the mass-market	Stress brand differences and benefits	Reduce to level needed to retain hard-core loyal

Table 2.1. Summary of Product Life- Cycle Characteristics, Objectives, and Strategies.
(Continued)

	Introduction	Growth	Maturity	Decline
Sales	Use heavy sales	Reduce to take	Increase to	Reduce to
Promotion	promotion to entice	advantage of heavy	encourage	minimal
	Trial	consumer demand	brand switching	level

Sources: Chester R. Wasson, dynamic Competitive Strategy and Product Life Cycle (Austin, TX: Austin Press, 1978); John A. Weber, ‘Planning Corporate Growth with inverted product Life Cycles,” Long Range Planning (October 1976): 12-29; Peter Doyle. The Realities of the Product Life Cycle, Quarterly Review of Marketing (Summer 1976).

2.4 Brand Decisions

In developing a marketing strategy for individual products, the seller has to confront the branding decision. Branding is a major issue in product strategy. On the one hand developing a branded product requires a great deal of long-term investment spending, especially for advertising, promotion, and packaging. Many brand-oriented companies subcontract manufacturing to other companies. For example, Taiwanese manufacturers make much of the world’s clothing, consumer’s electronics, and computers, but not under Taiwanese brand names.

However, these manufacturers eventually learn that the power lies with the brand-name companies. Brand-name companies can replace their Taiwanese manufacturing sources with cheaper sources in Malaysia and elsewhere Japanese and South Korean companies did not make this mistake. They sent liberally to build up brand names such

as Sony, Toyota, LG, and Samsung for their products. Even when these companies can no longer afford to manufacture their products in their homeland, the brand names continue to command customer loyalty. Recognizing this, Asian marketers are now paying increased attention toward building their brands internationally.

What Is a Brand?

Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect, and enhance brands. Marketers say that branding is the art and cornerstone of marketing. The American Marketing Association defines a brand as follows:

A **Brand** is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and differentiate them from those of competitors.

Thus, a brand identifies the seller or market. It can be a name, trademark, logo, or symbol. Under trademark law in some Asian countries, the seller is granted exclusive right to the use of the brand name in perpetuity. This differs from other assets such as patents and copyrights, which have expiration dates.

A brand is essentially a seller's promise to consistently deliver a specific set of features, benefits, and services to the buyers. The best brands convey a warranty of quality. But a brand is an even more complex symbol. A brand can convey up to six levels of meaning.

- (1) **Attributes:** A brand first brings to mind certain attributes. Thus Mercedes suggests expensive, well-built, well-engineered, durable, high resale value, fast, and so on. The company may use one or more of these attributes to

advertise the car. For years Mercedes advertised, “Engineered like no other car in the world.” This served, as the positioning platform for projecting the car’s other attributes.

- (2) Benefits: A brand is more than a set of attributes. Customers buy benefits, not attributes. Attributes must be translated into functional and/or emotional benefits. The attribute “durable” could translate into the functional benefit, “I won’t have to buy a new car every few years.” The attribute “expensive” might translate into the emotional benefit, “The car helps me feel important and admired.” The attribute “well built” might translate into the functional and emotional benefit, “I am safe in case of an accident.”
- (3) Values: The brand also says something about the producer’s values. Thus Mercedes stands for high technology, success, prestige, and so on. The brand marketer must figure out the specific group of car buyers who would be seeking these values.
- (4) Cultures: The brand may additionally represent a certain culture. The Mercedes represents German culture: organized, efficient, high quality.
- (5) Personality: The brand can also project a certain personality. If the brand were a person, an animal, or an object, what would come to mind? Mercedes may suggest a no-nonsense boss (person), a reigning lion (animal, or an austere palace (object). Sometimes it might take on the personality of an actual well-known person or spokesman.
- (6) User: The brand suggests the kind of consumer who buys or uses the product. We would be surprised to see a young secretary driving a Mercedes. We would expect instead to see a top executive behind the wheel. The users will be those who respect the values, culture, and

personality of the product.

If a company treats a brand only as a name, it misses the point of branding; the challenge in branding is to develop a deep set of meanings for the brand. When consumers can visualize all six dimensions of a brand, the brand is deep; otherwise it is shallow. A Mercedes is a deep brand because we understand its meaning along all six dimensions. An Audi is a brand with fewer depths, since we may not grasp as easily its specific benefits, personality, and use profile.

Given these six levels of a brand's meanings, marketers must decide at which leave(s) To deeply anchor the brand's identity. One mistake would be to promote only the brand attributes. First, the buyer is not interested in the brand attributes so much as the brand benefits. Second, competitors can easily copy the attributes. Third, the current attributes may be devalued later; hurting a brand that is too tied to specific attributes.

Even promoting the brand on one or more of its benefits can be risky. Suppose Mercedes touts its main benefit as "high performance." Suppose several competitive brands emerge with high or higher performance. Or suppose car buyers' start placing less importance on high performance as compared to other benefits Mercedes would need the freedom to maneuver into a new benefit positioning.

The most enduring meaning of a brand is its values, culture, and personality. They define the brand's essence. The Mercedes stands for "high technology, prestige, success," and so on. This is what Mercedes must project in its brand strategy. It may dilute the value and personality that Mercedes has built up over the years.

2.4.1 Building Brand Identity

Building the brand identity requires additional decisions on the brand's name, logo, colors, tagline, and symbol.

At the same time, a brand is much more than a name, logo, colors, a tagline, or symbol. These are marketing tools and tactics. A brand is essentially a marketer's promise to deliver a specific set of features, benefits, and services consistently to the buyers. The marketer must establish a mission for the brand and a vision of what the brand must be and do. The marketer must think that he is offering a contract to the customer regarding how the brand will perform. The brand contract must be honest. Motel 6, for example, offers clean rooms, low prices, and good service but does not imply that the furniture is expensive or the bathroom is large.

At best, the brand campaign will create name recognition, some brand knowledge, may be even some brand preference, but an ad campaign does not create brand bonding, no matter how much the company spends on advertising and publicity. **Brand bonding** occurs when customers experience the company as delivering on its benefit promise. The fact is that brands are not built by advertising but by the brand experience. All of the customers' contact with company employees and company communications must be positive. The brand idea will not take unless everyone in the company lives the brand. Tosti and Stotz that too many companies make brand promises but fail to train employees to understand and deliver on the brand promise. They suggest ways that companies can carry on internal branding with their employees to understand, desire, and deliver on the brand promise.

2.4.2 Brand Equity

Brands vary in the amount of power and value they have in the market place. At one extreme are brands that are not known by most buyers in the marketplace. Then there are brands for which buyers have fairly high degrees of brand awareness (measured either by brand recall or recognition). Beyond these are brands they have high degree of brand acceptability in that most customers would not resist buying them.

Then there are brands, which enjoy a high degree of brand preference. They would be selected over the others. Finally, there are brands that command a high degree of brand loyalty. For example, will a housewife, intending to buy particular brand tomato ketchup in a store, finding it to be out of stock, walk out of the store to buy it elsewhere or switch to an alternative product?

Few customers are totally brand loyal. Five levels of customer attitude toward their brand have been distinguished, from lowest to highest:

- (1) Customer will change brands especially for price reasons. No brand loyalty.
- (2) Customer is satisfied. No reason to change the brand.
- (3) Customer is satisfied and would incur costs by changing brand.
- (4) Customer values the brand and sees it as a friend.
- (5) Customer is devoted to the brand.

Brand equity is highly related to how many of a brand's customers 3, 4, or 5 are in classes. It is also related to the degree of brand-name recognition, perceived brand quality, strong mental and emotional associations, and other assets such as patents, trademarks, and channel relationships. Non-Japanese Asian brand names have traditionally had low equity, particularly for fashion-oriented products.

Customers will pay more for a strong brand. One study found that 72 percent of customers stated they would pay a 20 percent premium for their brand of choice relative to their closet competitive brand; 50 percent said they would pay a 25 percent premium; and 40 percent would pay up to a 30 percent premium. Coke lovers are willing to pay a 50 percent premium over the closet competitor; Tide and Heinz users, a 100 percent premium; and Volvo users, a 40 percent premium; and although the Lexus and the Toyota Camry share the same exact engine, the Lexus brand commands \$10,000 more than the Camry brand.

Value of Brand Equity: Clearly, brand equity is an asset. We define brand equity as the positive differential effect that knowing the brand name has on customer response to the product or service. Brand equity results in customers showing a preference for one product over another when they are basically identical. The extent to which customers are willing to pay more for the particular brand is a measure of brand equity. Amazon.com, for example, is able to charge 7 to 12 percent more than lesser-known online book vendors.

Brand equity needs to be distinguished from brand valuation, which is the job of estimating the total financial value of the brand. Certain companies base their growth on acquiring and building rich brand portfolios. Nestle' acquired Row tree (U.K.), Carnation (U.S.), Stouffer (U.S.), Buitoni-Perugina (Italy), and Perrier (France), making it the world's largest food company.

The world's 10 most valuable brand in 2001 were (in rank order): Coca-Cola, Microsoft, IBM, General Electric, nokia, Intel, Disney, Ford, McDonal's, and AT&T. Coca-Cola's brand value was \$69 billion, Microsoft's \$65 billion, and IBM's \$53 billion. With these well-known companies, brand value is typically over one-half of the total company market capitalization. U.S. companies do not list brand equity on their balance sheets because of the arbitrariness of the estimate. However, some companies in the United Kingdom, Hong Kong, and Australia do this. The estimate is based in part on the price premium the brand commands times the extra volume it moves over an average brand. John Stuart, co-founder of Quaker Oats, said: "If this business were split up, I would give you the land and bricks and mortar, and I would take the brand and trade marks, and I would fare better than you."

High brand equity provides a number of competitive advantages:

- (1) The company will have more trade leverage in bargaining with distributors and retailers because customers expect them to carry the brand.
- (2) The company can charge a higher price than its competitors because the brand has higher perceived quality.
- (3) The company can more easily launch extensions because the brand name carries high credibility.
- (4) The brand offers the company some defense against price competition.

Managing Brand Equity: A brand needs to be carefully managed so that its equity does not depreciate. This requires maintaining or improving brand awareness, perceived quality and functionality, and positive associations. These tasks require continue R&D investment, skillful advertising, and excellent trade and consumer service. Procter & Gamble believes that well-managed brands are not subject to a brand life cycle. Many brand leaders of 70 years ago are still today's brand leaders: Kodak, Wrigley's, Gillette, Coca-Cola, Heinz, and Campbell Soup.

Some analysts see brands as outlasting a company's specific products and facilities. They see brands the company's major enduring asset. Every powerful brand really represents a set of loyal customers. Brand equity is a major contributor to customer equity. The proper focus of marketing planning is to extend customer lifetime value, with brand management serving as a major marketing tool.

Unfortunately, many companies have mismanaged their brands. In the quest for ever-increasing profits, it is easy for a brand to lose its focus.

2.4.3 Branding Challenges

Branding poses several challenges to the marketer. The key decision shown in Figure 2.6 and discussed in the following sections.

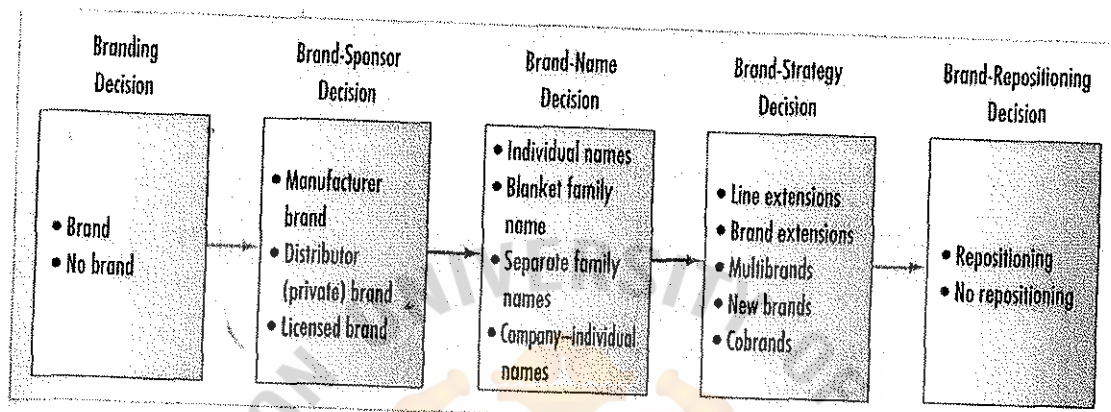


Figure 2.6. An Overview of Branding Decision

Brand Decision: To Brand or Not to Brand? The first decision is whether to develop a brand name for a product. In the past, producers and intermediaries sold their goods out of barrels, bins, and cases, without any supplier identification. Buyers depended on the seller's integrity. The earliest signs of branding were the medieval guilds' efforts to require craftspeople to put trademarks on their products to protect themselves and consumers against inferior quality. In the fine arts, too, branding began with artists signing their works.

Today, branding is such a strong force that hardly anything goes unbranded. So-called commodities do not have to remain commodities. Salt is packaged in distinctive containers, oranges are stamped with growers' names, and nuts and bolts are packaged in cellophane with a distributor's label, and automobile components-spark plugs, tires, filters-bear separate brand names from the automakers. Fresh food products-such as

chicken, turkey, and salmon-are increasingly being sold under strongly advertised brand names. Even bricks do not have to be seen as commodities.

In some cases, there has been a return to “no branding” of certain staple consumer goods and pharmaceuticals. Carrefours, the originator of the French hypermarket, introduced a line of “no brands” or generics in its stores in the early 1970s. Generics are unbranded, plainly packaged, less expensive versions of common products such as spaghetti, paper towels, and canned peaches. They offer standard or lower quality at a price that may be as much as 20 percent to 40 percent lower than nationally advertised brands and 10 percents to 20 percent lower than retailer private-label brands. The lower price is made possible by lower-quality ingredients, lower cost labeling and packaging, and minimal advertising.

National brands have fought generics in a number of ways. Ralston-Purina increased its quality and targeted pet owners who identified strongly with their pets and cared most about quality. Procter & Gamble introduced its Banner paper products, a line offering lower quality than its higher lines but greater quality than generics and at a competitive price. Other companies simply have cut their prices to compete with generics.

Why do sellers brand their products when doing so clearly involves costs? Branding gives the seller several advantages:

- (1) The brand name makes it easier for the seller to process orders and track down problems.
- (2) The seller’s brand name and trademark provide legal protection of unique product features.
- (3) Branding gives the seller the opportunity to attract a loyal and profitable set of customers. Brand loyalty gives sellers some protect to attract a loyal and

profitable set of customers. Brand loyalty gives sellers some protection from competition.

- (4) Branding helps the seller segment markets. Instead of P&G's selling a simple detergent, it can offer eight detergent brands, each formulated differently and aimed at specific benefit-seeking segments.
- (5) Strong brands help build the corporate image making it easier to launch new brands and gain acceptance by distributors and consumers.

Distributors and retailers want brand names because brands make the product easier to handle, hold production to certain quality standards, strengthen buyer preferences, and make it easier to identify suppliers. Consumers want brand names to help them identify quality differences and shop more efficiently.

Brand-Sponsor Decision A manufacturer has several options with respect to brand sponsorship. The product may be launched as a manufacturer brand (sometimes called a national brand), a distributor brand (also called reseller, store, house, or private brand), or a licensed brand name. Another alternative is for the manufacturer or to produce some output under its own name and some under reseller labels. Kellogg, John Deere & Company, and IBM sell virtually all of their own brand names. Hart Schaffner & Marx sells some of its manufactured clothes under licensed names such as Christian Dior, Pierre Cardin, and Johnny Carson. Whirlpool produces both under its own name and under distributors' names (Sears Kenmore appliances).

Although manufacturers' brands dominate, large retailers and wholesalers have been developing their own brands. Sears has created several names-Diehard batteries, Craftsman tools, Kenmore appliances-that command brand preference and even brand loyalty. Retailers such as The Limited, Benetton, The Body Shop, GAP, and Marks & Spencer carry mostly own-brand merchandise. In Britain, two large supermarket chains

have developed popular store-brand colas-Sainsbury Cola (from Sainsbury) and classic Cola (from Tesco). Sainsbury, Britain's largest food chain, sells 50 percent store-label goods; U.S. supermarkets average 19.7 percent private-brand sales. Some expert believe that 50 percent is the natural limit for carrying private brands because

- (1) Consumers prefer certain national brands, and
- (2) Many product categories are not feasible or attractive on a private-brand basis.

2.4.4 Brand Strategy Decision

Brand strategy will vary with whether the brand is a functional brand, an image brand, or an experiential brand. Consumers purchase a functional brand to satisfy a functional need such as to shave, to clean clothes, to relieve a headache. Functional brands have the best chance to satisfy customers if they are seen as providing superior performance (Tide) or superior economy (Wal-Mart). Functional brands rely heavily on "product" and or "price" features.

Image brands arise with products or services that are difficult to differentiate, or to assess quality, or convey a statement about the user. Strategies include creating a distinctive design (Mont Blanc pens), associating them with celebrity users (Armani suit wearers include Warren Beatty, Robert De Niro, and Tom Hanks), or creating a powerful advertising image (Marlboro Man). Typically, they are designed to say something positive about the brand user. Image brands include B2B products such as Intel, McKinsey & Company, and Goldman Sachs. Image brands rely heavily on "advertising creativity" and "high advertising expenditures."

Experiential brands involve the consumer beyond simply acquiring the product. The consumer encounters "people" and "place" with these brands, as happens in a

Table 2.2. Measures of Marketing Communications Objectives and Performance (Sirgy 1998).

Brand Awareness		
	The Recognition Measure of Brand Awareness	
	Aided Recall Measure of Brand Awareness	
Brand Attitude		
	Cognitive-Brand Attitude	
		The Multiattribute Index
		The Thought-Elicitation Procedure
		The Mushiness Index
	Affective -Brand Attitude	
		The Semantic Differential Measure of Brand Attitude
		Projective Techniques of Brand Attitude
	Brand Acceptance	
		Unaided Self-Report Questions
	Brand Preference	
		The ranking Method
		The Paired Comparison Method
Brand Trial or Purchase		
	Attitude Toward Brand Purchase	
		The Semantic Differential Measure of Attitude Toward Purchase
		The Favorability Measure of Attitude Toward Purchase
	Purchase Intention	
		A measure of Purchase Intention Given Product Need
		A Planned Purchase Measure
	Brand Purchase	
		Tracking Studies
		Purchase Incentive Measures
Repeat Purchase		
	Repeat Purchase	
		Repurchase Measures
		Percent of Purchase Measure
	Brand Satisfaction	
	Brand Loyalty	
		A Multivariate Measure of Brand Loyalty
		A Measure of Entranched Loyalty

Starbucks' coffee shop or a Barnes & Noble bookstore, visiting Disneyland or Niketown, going to the Golden Door spa, or visiting a California winery.

Over time, each type of brand can be developed further. A company can introduce **line extensions** (existing brand name extended to new sizes or flavors in the existing product category), **brand extensions** (brand names extended to new-product categories), **multibrands** (new brand names introduced in the same product category), **new brands** (new brand name for a new category product), and **co-branding** (combining two or more well-known brand names).

2.4.5 Measures of Marketing Communications Objectives

The discussion of the marketing communications measures based on the Five objective dimensions: brand awareness, brand comprehension (or learning association), brand attitude or liking, brand trial or purchase, and brand loyalty (repeat purchase). The various constructions of marketing communications objectives and their measures are shown in Table 2.2.

(a) Brand Awareness

Brand awareness is important because without awareness the consumer cannot travel up the hierarchy. That is, the consumer is not likely to learn about the brand features, feel positive about the brand, make a preference decision, or be convinced to purchase the product. In other words, the consumer has to be aware of the brand before feeling any desire or conviction to use it.

Brand awareness is the ability to recall or recognize a certain brand as being a member of a certain product class, and thus this objective fits well with the positioning-by-product-class strategy.

(b) Brand Attitude

Brand attitude is another major marketing communications objective. Marketing communications managers not only try to educate target consumers about the brand itself, but also try to do so in such a way that the brand image will result in a positive feeling about the brand. Marketing scholars distinguish between two types of brand attitude-cognitively based and effectively based. They also make a distinction between brand attitude and brand acceptance.

(1) Cognitive-brand Attitude

Cognitive brand attitude refers to the overall positive or negative opinion consumers have about the brand based on “rational” beliefs and cognitions. We define “rational” beliefs and cognitions as the kind of beliefs that are generated by conscious thought. To fully understand the concept of cognitive brand attitude, we need to distinguish cognitive brand attitude from “affective brand attitude.” Affective brand attitude refers to the overall positive or negative opinion consumers may have about the brand based on emotional considerations. In other words, consumers may form an overall judgment of the “goodness” or “badness” of the brand based on some good reasoning, the kind of reasoning that they may be conscious of and that allows them to articulate the “reasons why” they like or dislike the brand. Thus, a brand attitude formed as a result of well-articulated cognitions is a cognitively based brand attitude.

In contrast, if a consumer forms an overall opinion of the brand based on an association with an attractive celebrity and is not conscious of the underlying reason, the brand attitude is said to be affective. That is, the consumer's attitude is not based on conscious reasoning. If one were to ask the consumer why he or she likes or dislikes the brand, he or she may not be able to respond accurately, since the information processing occurred at a basic, subconscious, emotional level.

(2) Affective-brand Attitude

The focus on attitude, the kind of attitude that is formed or changed as a direct function of subtle and emotional factors. The attitude is formed (or changed) not because the consumers thought about the brand, its benefits, its costs, and so on, but because of uncontrollable factors operating in the subconscious.

(3) Brand Acceptance

Marketing researchers have distinguished between brand attitude and "brand acceptance." Brand acceptance refers to the psychological process involving information assimilation about the brand leading to the judgment the advertised brand is an acceptable alternative. Brand acceptance is considered highly important from a marketing point of view because it is a precursor to brand choice and purchase. Acceptable brands are evoked from memory for further consideration. Therefore, an ad campaign can be developed for the purpose of making a brand acceptable to target consumers.

(4) Brand Preference

Brand preference refers to the liking consumers have for one brand over competitor brands in the same product category. Brand preference is different from brand attitude in the sense that a consumer may have a positive attitude toward one brand but may feel the same way about other brands. From the advantage point of the marketing communications manager, brand liking, therefore, is not good enough. The marketing communications manager needs to ensure that the positive feelings consumers have toward the brand are such that the consumer will prefer the brand to alternative brands. Similarly, the brand acceptance merely indicates too the marketing communications manager that consumers will consider the brand when they need to purchase an item in the product category. But marketing communications managers need to know whether the brand is preferred over competitors' brands because preference is very likely to lead to brand purchase.

(c) Brand Trial or Purchase

Brand trial or purchase refers to the extent to which consumers have psychologically committed themselves to trying the product and therefore buying it. This commitment may be in the form of an intention to purchase the brand given the right circumstances, such as on the next shopping trip or when the current brand is worn out or depleted. There are a number of concepts that marketing

communications manager usually refer to that are highly related to brand conviction. These are attitudes toward brand purchase, purchase intention, and brand purchase.

(1) Attitude toward Brand Purchase

Attitude toward brand purchase refers to the attitude a consumer may have, not about the brand itself and its attributes, but toward the purchase and use of the brand. Many studies in social and consumer psychology have made the distinction between attitudes toward the object versus attitude toward the act since attitude toward the act is better predictor of behavior than attitude toward the object. For example, if we play the role of scientist trying to predict purchase of Crest toothpaste, we would do better if we know how consumers feel about the purchase of Crest (attitude toward the act). In other words, attitude toward brand purchase is the next best thing to brand purchase intention in predicting brand purchase.

Attitude toward purchase is defined as the consumer's disposition to purchase the brand given the need for the product category. This is different from purchase intention in that purchase intention is defined as the extent to which the consumer plans to purchase the brand in the foreseeable future.

(2) Purchase Intention

Purchase intention refers to the decision to purchase the brand given the need for the product category. That is, consumers decide

that when they go shopping next time to purchase the product in question, they intend to buy the designated brand.

(3) Brand Purchase

Brand purchase refers to a one-time purchase. It can refer to a brand trial, in which the consumer buys the brand in order to try it out. Two measures of brand purchase are described here, one that uses tracking studies, and another that provides sample consumers with purchase incentives.

(d) Repeat Purchase

Repeat purchase, on the other hand, refers to the situation in which the Consumer purchases the same brand over and over again. Every time the need arises for the product, the consumer buys the same brand. Also, the same construct refers to brand satisfaction and brand loyalty.

(1) Repeat Purchase

(2) Brand Satisfaction

Brand satisfaction refers to the positive (or negative) feelings consumers may have about the brand after using it. In other words, after brand purchase, consumers evaluate the brand against their expectations. If they perceive that the brand did better than expected, they may have high brand satisfaction. If the brand is perceived to do as expected, then they are likely to have moderate levels of brand satisfaction. Similarly, if consumers perceive the product to do worse than expected, they may

have low levels of satisfaction. Hence, brand satisfaction refers to the psychological process leading to brand evaluation after purchase and usage. Brand satisfaction is traditionally measured through a variety of rating scales.

The effectiveness of a communications campaign in terms of increasing brand satisfaction is judged by comparing the pre-campaign satisfaction scorers against the post-campaign satisfaction scores.

(3) Brand Loyalty

With respect to brand loyalty, Professor Aaker has conceptualized this construct in terms of a five-layer hierarchy varying from the non-loyal buyer (bottom layer) to the committed buyer (top layer). At the bottom layer are the non-loyal consumers who are completely indifferent to the brand. They do not buy out of loyalty for the brand. Perhaps factors such as price and convenience are important motivators. The second layer of the brand loyalty hierarchy includes the satisfied consumers. These are the habitual buyers. They buy the brand not necessarily out of a sense of loyalty and commitment but merely because of habit. They do not have a reason to change the brand. The third layer includes a different type of satisfied consumers. What distinguishes these consumers from the layer below them is the fact that these people cannot think of switching.

These people are “financially stuck” with the brand; they simply cannot afford to switch to another brand. The fourth layer involves those who like the brand. They consider the brand a friend. There is an emotional/feeling attachment to the brand. Finally, on top of the hierarchy, are the committed consumers. They are proud of being users of the brand. The brand is important to them either functionally and/or in the way the brand expresses their identity.

2.4.6 The Media to Communicate to Customer

The nature of the majority of industrial purchases, most resources will focus on personal selling. Nevertheless, novel ways of communicating with industrial customers can create competitive advantages for suppliers who creatively use other non-personal media forms.

Marketers need to understand that purchase behavior is the end result of a long process of consumer decision-making. Communications models describe the stages buyers go through as they move towards the purchase of a product. One such model is the hierarchy-of-effects model presented in Figure 2.7 below.

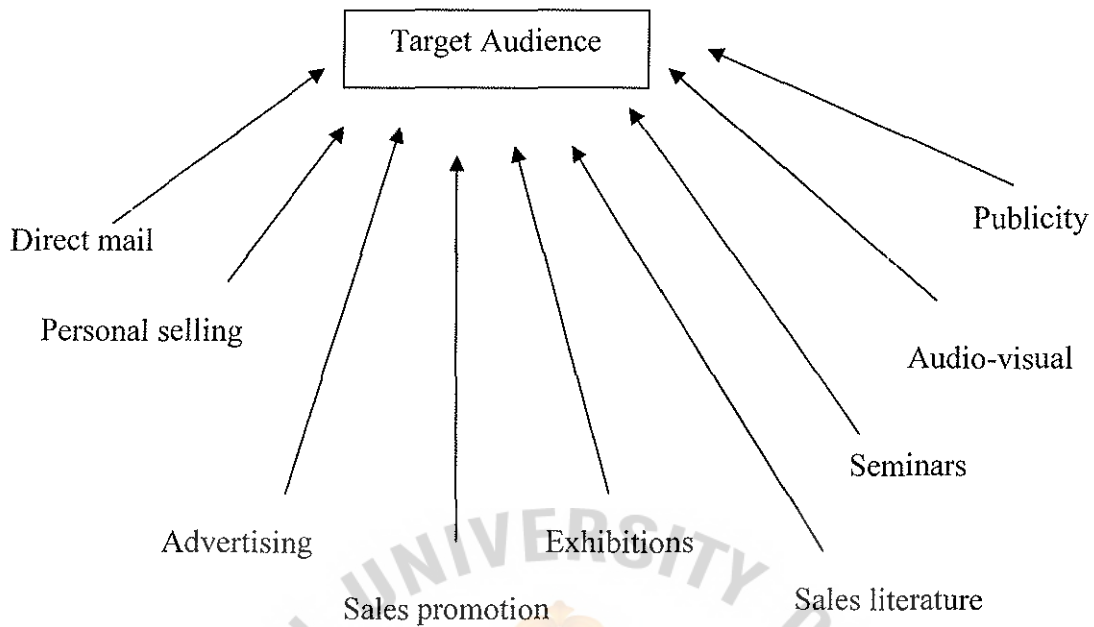


Figure 2.7. The Industrial Communications Media Mix (Hart 1994).

As a general rule, some of the non-personal communications media such as advertising, direct mail, and publicity – can be particularly useful in the earlier stages of the process gaining awareness and giving knowledge about the product or service. Exhibitions, seminars and audio-visual methods can be useful in enhancing knowledge, creating liking and preference. However, the salesperson is usually the key to closing the sales in most industrial marketing situations. By creating a balanced communications strategy through the use of the various media to achieve clearly defined communications objectives and in a way which exploits the relative advantages of each of them, the industrial marketer can fully realize the benefits created through the product offering, distribution system and/or price.

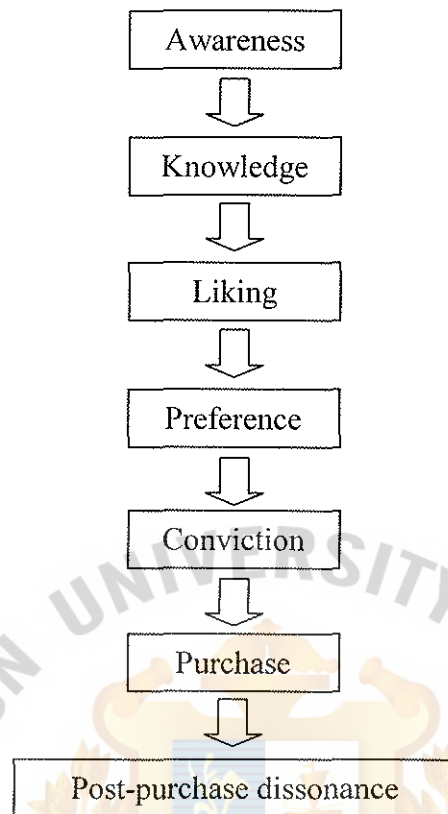


Figure 2.8. Hierarchy of Effects Model (Hart 1994).

2.4.7 Integrated Marketing Communication

(a) Definition of IMC

IMC is a concept that recognizes the added value in a program that integrates a variety of strategic disciplines—for example, general advertising, direct response, sales promotion, and public relations—and combines these disciplines to provide clarity, consistency, and maximum communication impact.

(b) Characteristics of an IMC campaign

An IMC campaign can be defined in terms of two distinct characteristics: campaign continuity and strategic orientation.

(1) Campaign continuity

All messages communicated in different media through different marketing communications tools are interested. Campaign continuity involves making both the physical and psychological elements of a marketing communications campaign consistent.

Physical continuity refers to the consistent use of creative element in all marketing communications. Physical continuity in a marketing communications campaign can be achieved by using the same slogan, taglines, and trade characters across all ads and other forms of marketing communications.

In addition to physical continuity, psychological continuity is equally important. Psychological continuity refers to a consistent attitude toward the firm and its brand (s). It is consumers' perception of the companies "voice" and it's "personal." This can be achieved by using a consistent theme, image, or tone in all ads and other forms of marketing communications.

(2) Strategic Orientation

IMC campaigns can be effective because they are designed to achieve strategic company goals. The focus is not on developing a creative ad that simply attracts attention or gets an audience to large. Producing extraordinarily creative work that wins them

communication awards carries many marketing communication specialists away. But these same communications do not help achieve the firm's strategic goals-goals such as sales, market share, and profit. What makes a marketing communications campaign integrated is its strategic focus. Messages are designed to achieve specific strategic goals; media are selected with strategic goals in mind.

(c) A Developmental View of IMC

IMC can occur in different forms at different levels of development. Seven levels of development have been identified in the following table.

Table 2.3. Development Stages of IMC (Heart 1994).

1.	Awareness of the need for integration
2.	Image integration
3.	Functional integration
4.	Coordinated integration
5.	Consumer-based integration
6.	Stakeholder-based integration
7.	Relationship management integration

(1) Awareness of the Need for Integration

In its most rudimentary form, IMC can be simply marketers' awareness, or recognition of the need to integrate marketing communications. Consider the following example. A media planner is involved in buying and placing ads for a political that is running for presidency. The media planner comes to recognize that

media vehicle within and across media categories should be selected to reflect a consistent image of the political candidate. This is a first step toward implementing the IMC concept.

(2) Image Integration

The second stage involves making decisions to ensure message/media consistency. Message/media consistency refers to consistency achieved between written and visual elements of an ad, and between ads placed in different media vehicles. That is, the picture has to reinforce and illustrate the written message. Although each ad has to be slightly varied as a function of the editorial or programming content of a media vehicle, it must be consistent with other ads placed in other media vehicles.

(3) Functional Integration

The third level of development involves functional integration. Functional integration refers to the process in which the various marketing communication programs are formulated as a direct function of marketing goals, such as sales and market share. That is, the strengths and weakness of each element of the marketing communication mix are analyzed, and the mix is assembled to achieve specified marketing objectives. To reiterate, marketing goals are employed to guide the

selection and implementation of the marketing communication programs.

(4) Coordinated Integration

At a still higher level of development-coordinated integration the personal selling function is directly integrated with other elements of marketing communications (advertising, public relations, sales promotion, and direct marketing). That is, measures are taken to ensure consistency between interpersonal and impersonal forms of marketing communications. What each salesperson says has to be consistent with what the ad says.

(5) Consumer-based Integration

At the fifth level of IMC development, marketing strategy is planned by understanding the consumers' needs and wants, targeting certain consumers, and effectively positioning the product to target consumers. This stage of IMC development is referred to as consumer-based integration. In other words, marketing strategy is integrated. Messages reflecting strategic positioning reach the minds of a selected consumer segment.

(6) Stakeholder-based Integration

The sixth level of IMC development is stakeholder-based integration. Here, marketers recognize that target consumers are not the only group that the firm should be

communicating with. Other stakeholders that should be included in the overall IMC campaign include the firm's employees, suppliers, distributors, and stockholders as well as the community, certain government agencies, and others.

(7) Relationship Management Integration

Finally, relationship management integration is considered to be the highest level of IMC development. To effectively communicate with the various stakeholders, the firm needs to develop effective strategies. These strategies are not only marketing strategies; they are manufacturing strategies, engineering strategies, finance strategies, human resource strategies, and accounting strategies, among others. That is, in order to enhance relationships with organizational stakeholders, the firm has to develop management strategies within each functional unit (manufacturing, engineering and R&D), marketing, finance accounting human resources, etc.) That reflects coordination among the various functional units. Once this integration is achieved, the marketer attempts to communicate to the various stakeholders in a manner reflecting total integration.

2.5 Classification of Distribution Channel

There are over 100,000 retailers in Thailand, ranging from street vendors

selling toast eggs to large corporations such as Central Department Store that has become an integral part of Thailand culture. Each retailer survives and prospers by satisfying a group of consumers' needs more effectively than its competitors. Over time, different type of retail institutions also have emerged and prospered because they have effectively satisfied a large group of consumers' needs. A retail institution is a group of retailers that provides a similar retail mix designed to satisfy the needs of a specific group of customers.

Retail organizations exhibit a great variety and new forms that keep emerging. We can classify the different kinds of retail stores in many ways, type of ownership / service offered / or merchandise. Classification makes it easier to analyze and evaluate the influence and impact different retailers have had on the economy. The reader must be cautious, though, because many retailers fall into more than one category. For our purposes in this study, the most common retail institutions can be discussed into traditional and general merchandise retailers, newer retail institutions, and non-store retailers.

Definition of Term:

(1) A market

A market is the open-air place, which sells both food and nonfood

Merchandise in the small - large community. There are fresh foods, some dry grocery items such as canned food, tissue paper, a candle, and some household goods. Although the atmosphere of the market looks dirty, bad smelling, not packaging, no convenience car parking, no cart, no air-conditioner, but there is one thing – “bargain price” which the consumers cannot do in any supermarket or super center.

(2) Department store

In to the part, there were normally mass merchandisers like any dealers and wholesalers. Department store is the first evolution of a traditional retailer, built on Pranakorn Road, named “Nightingale-Olympia”. This place sells mainly sports were clothing, cosmetics, and leathers. Then the department store is developed to be more complex, started at “Central Department Store” established by Jirathiwat Family about year 1950s. It is the first leader of that era and followed by Robinson, the Mall, and others respectively. During those periods, there was also the imported department store “Isetan” from Japan. Today’s popular department store is an outgrowth of the new –fashioned general store that can still be found in small, rural communities.

Department stores are retailers that carry a broad variety and deep assortment, offer considerable customer services, and are organized into separate departments for displaying merchandise. Department store group related products together in department for better central management and more customer convenience. A department store is organized into departments selling men’s, women’s, and children’s clothing and accessories; home furnishings and furniture; toys and games; consumer electronics such as TVs, VCRs, and stereos; and kitchenware and small appliances.

Department stores usually are high-margin operations. Because of the high operating expenses (30 to 40 percent of sales) stemming from the store’s organizational structure, service offering, physical facilities, and high-risk merchandise, margins between merchandise costs and retail

selling prices must be substantial to ensure a fair profit. Department stores normally appeal to middle-and-upper income consumers. To appeal to such a diverse group of consumers, some department stores have multiple pricing points. “Promotional” prices are directed at the lower-to middle-income consumer; “regular” prices appeal to those who want neither the lowest nor the highest priced merchandise; “prestige” prices are aimed at the upper-income consumer who desires the best. These good, better, and best price lines not only allow the department store to project a broad price appeal but also help consumers make price and quality comparisons.

Department stores typically occupy locations within major commercial centers. The place strategy of most department stores has been to locate in an “anchor” (end) position at one or more major suburban shopping centers. The exterior and interior motifs of the average department stores are designed to create a prestige image. Externally, the architectural form might communicate bigness, success, uniqueness, strength, security, elegance, or any number of store images. Internally, the store’s layout, fixtures, and decor create consumer-buying moods by appealing to all the customers’ senses.

The restructuring and repositioning of the department store industry over the last five years has redefined the traditional department format in a broader context. Department stores have eliminated many of the departments that made it a traditional department store. The traditional definition of the department store identified it as a large retailing institution that carries a wide variety of merchandise lines with a

reasonably good selection within each line. In the past, a breakdown of department store merchandise resulted in an even split between hard goods and soft goods. Today, department stores have become largely soft-goods retailers: 80 percent soft goods and 20 percent hard goods. The reduction in hard goods certainly calls into question the traditional description of the department store as a “wide variety retailer”. This lack of variety has led many retail watchers to describe department stores as large-space specialty stores, multi-department soft-goods stores, appeal supermarkets, and specialty department stores. Given this evolution, the National Retail Merchants Association has broadened its definition of department stores to include both the traditional institutions and the contemporary version.

In some cities and countries, department stores are in the declining stage of the retail life cycle. They face increased competition from discount retailers, specialty-stores, and warehouse retailers. Department stores’ overall sales have stagnated in recent years due to increased competition from discount stores and specialty stores. Discount stores offer lower prices and are beginning to sell some of the same brand-name clothing as department stores. In addition, many customers now feel that specialty stores provide better service and merchandise assortments than department stores.

Department stores are waging a “comeback” war. Many have opened branches in suburban shopping centers, where there are better parking facilities and higher family incomes. Others are running more frequent sales, remodeling their stores, “going boutique”, leasing departments,

and experimenting with mail-order and catalogue, like Central, Robinson, the Mall, The emporium, Zen, Isetan, for examples. Some department stores are retrenching on the number of employees, product lines, and customer services, such as delivery and credit, but this strategy may hurt their major appeal, namely, better service. And some department stores attract numerous shoppers by featured art galleries, children playgrounds, and trade shows exhibitions.

(3) Specialty Stores

The merchandising and operating strategies of the specialist are directed at serving the needs of a more targeted and homogeneous market segment. The specialty store retailer attempts to serve all consumers in one or a limited number of market segments. It carries a narrow product line with a deep assortment within that time. Examples of specialty retailers are apparel stores, sporting goods stores, furniture stores, florists, and bookstores. Specialty stores can be sub-classified by the degree of narrowness in their product line. A clothing store would be a single-line store; men's clothing store would be a limited-line store; and men's custom-shirt store would be a super specialty store. The specialty retailer can focus on the needs and wants of specific customers. Furthermore, specialty stores usually have better-trained sales personnel who are more knowledgeable about the merchandise they are selling. Specialty stores should have a very promising future as people continue to seek new and unique products that other retailers don't have.

Category killer is one type of specialty store, which is becoming a dominant retail format in any different line merchandise. They specialize

in a single merchandise category (a fairly limited variety of merchandise). However, by offering a moderately deep assortment of brands, styles, models, and prices in all of the merchandise classes that make up the category, these jumbo-size stores are able to meet most or all of the needs of their target markets. Satisfying the needs of an entire market position and a distinctive competitive advantage. Power Buy (electronics & appliances) and IT Mart (computer & accessories) are the good examples of this retailer type.

(4) Discount store / superstore (Combination store)

A variation of the department store is the super center or hypermarket, which combines supermarket, discount, and warehouse retailing principles. It specializes in national brand merchandise sold at low prices by accepting lower margins and selling higher volumes. Its product assortment goes beyond routinely purchased goods and includes furniture, large and small appliances, clothing items, and many other items. The basic approach is bulk display and minimum handling by store personnel, with discount offered to customers who are willing to carry heavy appliances and furniture out of the store. They also offer services such as check cashing and bill paying, bag deposit, and food court.

Discount stores trend to concentrate on lower-middle-income consumers. They offer national brands, but these brands are typically less fashion-oriented than brands in department stores. They can charge lower prices than department stores, sometime may be equal the merchants at roadside.

Early discount stores cut expenses by operating in warehouse like facilities in low rent but heavily traveled districts. They slashed prices, advertised widely, and carried a reasonable breadth and dept of products. In recent years, many discount retailers have “traded up”. They have improved décor, added new lines and services, and opened suburban branches-all of which has led to higher cost and prices. Discount retailing has moved beyond general merchandise into specialty merchandise stores locate on leased space, such as sporting-goods stores, book stores, photo shops, spectacles stores, video rental shops, music stores, and laundry services. The prominent outlets such as Makro (wholesaler discount store), Lotus and Big C (super center), and Carrefour (hypermarket).

(6) Direct Marketing

This retailer type is growing in popularity and is expected to continue through the last 1990s. Direct marketing has its roots in mail-order marketing but today includes reaching people in other ways than visiting their homes or offices, including telemarketing, television direct-response marketing, and electronic shopping. With direct marketing expected to play such a large role in retailing over the next decade, it is important to understand what is behind this trend. There are a lot of benefits that favor the continued growth of this type:

- (a) Mail-order sales are largely unaffected by the movement of consumers from one part of the country to another.

- (b) Transportation concerns, such as gas prices and parking shortages, make it more economical and convenient to shop at home or at work by mail catalogs.
- (c) The retailer can save costs such as salaries of salespeople and gasoline and other automobile expenses, which are increasing just as fast or faster.
- (d) Telephone buying is convenient for customers because they can buy when they want to—at night and on weekends.

There are many examples of this retailer type such as TV home shopping like TV media, Cosmetic direct sales like Amway, Mistine, other specialty goods such as jewelry, clothing.

Another way for consumer choice is collection points through credit card or smart card. It has been established for 5 years in Thailand and is rapidly growth in the near future. They attract their customers by mail catalog of premiums, which the customers can exchange immediately at service available when they collect points through credit card of any financial organizations such as VISA card, American Express card, and Bangkok Bank card. These banks cards also cooperate with private organizations, department stores, gasoline stations, convenience stores, and some specialty stores.

2.6 SWOT Analysis

The overall evaluation of a company's strengths, weaknesses, opportunities, and threats is called SWOT analysis.

External Environment Analysis (Opportunity and Threat Analysis)

In general, a business unit to monitor key *macro environment* forces (demographic-economic, technological, political-legal, and social-cultural) and significant *microenvironment* actors (customers, competitors, distributors, and suppliers) that affect its ability to earn profits. 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 associated the opportunity and treats.

A major purpose of environmental scanning is to discern new marketing opportunities. A **marketing opportunity** is an area of buyer need or potential interest in which a company can perform profitably. Opportunities can take many forms and marketers have to be good at spotting them:

- (1) A Company may make a buying process more convenient or efficient.
Example: Consumers can now use the Internet to find more books than ever and search for the lowest price with a few clicks.
- (2) A company can meet the need for more information and advice. Example: Guru.com facilitates finding professional experts in a wide range of fields.
- (3) A company can customize a product or service that was formerly offered only in a standard form. Example: P&G's Reflect.com Web site is capable of producing a customized skin care or hair care product to meet a customer's need.
- (4) A company can introduce a new capability. Example: Consumers can now create and edit digital "iMovies" with the new iMac and upload them to an Apple Web server to share with friends around the world.

- (5) A company may be able to deliver a product or a service faster. Example: FedEx discovered a way to deliver mail and packages much more quickly than the U.S. Post Office.
- (6) A company may be able to offer a product at a much lower price. Example: Pharmaceutical firms have created generic versions of brand-name drugs.

Internal Environment Analysis (Strengths / Weaknesses Analysis)

It is one thing to discern attractive opportunities and another to be able to take advantage of these opportunities. Each business needs to evaluate its strengths and weaknesses. It can do so by using a form like the one shown in the “Marketing Memo: Check list for Performing Strengths / Weaknesses Analysis.”

Clearly, the business does not have to correct all its weaknesses, nor should it gloat about all its strengths. The big question is whether the business should limit itself to those opportunities where it might have to acquire or develop certain strengths. Sometimes a business does poorly not because its department lacks the required strengths, but because they do not work together as a team. In one major electronics company, the engineers look down on the salespeople as “engineers, who couldn’t make it,” and the salespeople look down on the service people as “salespeople who couldn’t make it.” It is therefore critical to assess interdepartmental working relationships as part of the internal environment. Audi. Honeywell does exactly this.

2.7 Consumer Behavior

The aim of marketing is to meet and satisfy target customers’ needs and wants. The field of consumer behavior studies how individuals, groups, and organizations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and desires.

Understanding consumer behavior and customers is never simple. Customer may state their needs and wants but act otherwise. They may not be in touch with their deeper motivations. They may respond to influences that change their mind at the last minute. Nevertheless, marketers must study their target customers' wants, perceptions, preferences, and shopping and buying behavior.

A Model of Consumer Behavior

As markets become more complex, managers have to rely on consumer research rather than on direct contact with customers for answer to the following key question:

Who constitutes the market?	Occupants
What does the market buy?	Objects
Why does the market buy?	Objectives
Who participates in the buying?	Organizations
How does the market buy?	Operations
When does the market buy?	Occasions
Where does the market buy?	Outlets

The starting point for understanding buyer behavior is the stimulus-response model shown in Figure 2.7. Marketing and environmental stimuli enter the buyer's consciousness. The buyer's characteristics and decision process lead to certain purchase decisions. The marketer's task is to understand what happens in the buyer's consciousness between the arrival of outside stimuli and the buyer's purchase decisions. We will address two questions:

- (1) How do the buyer's characteristics - cultural, social, personal, and psychological - influence buying behavior?
- (2) How does the buyer make purchasing decisions?

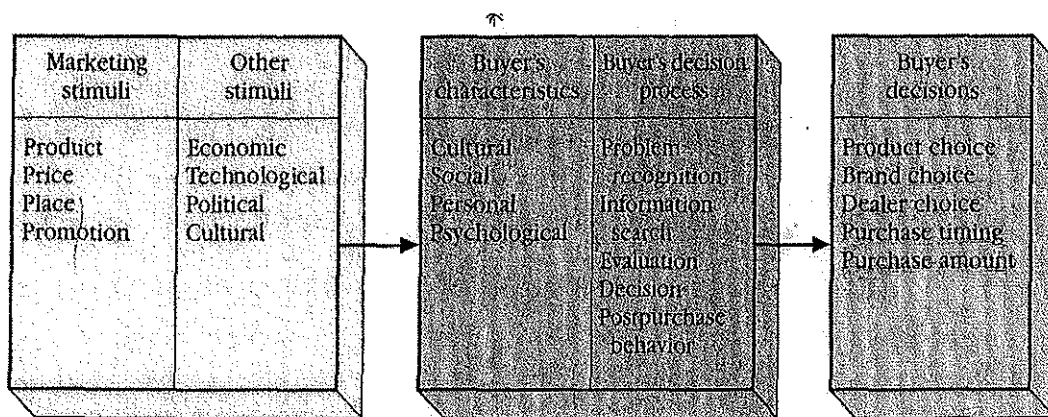


Figure 2.9. Model of Buyer Behavior.

Major Factors Influencing Buying Behavior

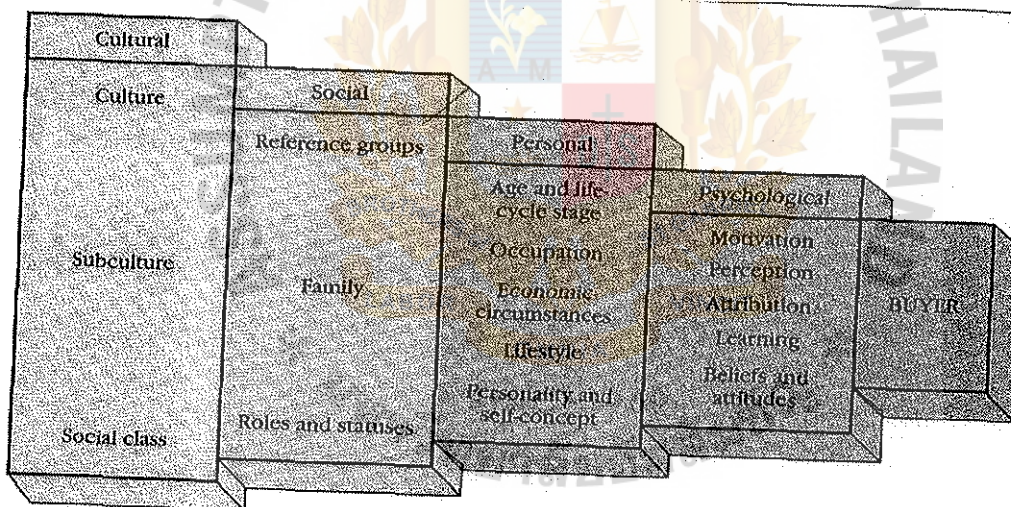


Figure 2.10. Detailed Model of Factors Influencing Behavior.

Cultural Factors

Cultural factors exert the broadest and deepest influence on consumer behavior. We will look at the role played by the buyer's culture, subculture, and social class.

Culture: is the most fundamental determinant of a person's wants and behavior. A growing child acquires a set of values, perceptions, preferences, and behaviors through his or her family and other key institutions. A child growing up in Asia is exposed to the following values: family and personal relationships, obedience, trust, respect for elders, and filial piety.

Subculture: Each culture consists of smaller subcultures that provide more specific identification and socialization for its members. Subcultures include nationalities, religions, racial groups, and geographical regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs.

Social Class: Virtually all human societies exhibit social stratification. Stratification sometimes takes the form of a caste system as in traditional India where the members of different castes are reared for certain roles and cannot change their caste membership.

Social Factors

A consumer's behavior is also influenced by such social factors as reference groups, family, and social roles and statuses.

Reference Groups: Many groups influence a person's behavior. A person's reference groups consist of all the groups that have a direct (face-to-face) or indirect influence on the person's attitudes or behavior. Groups having a direct influence on a person are called membership groups. These are groups to which the person belongs and interacts. Some are *primary group*, such as family, friends, neighbors, and coworkers, with which the person interacts fairly continuously. Primary groups tend to be informal. A person

also belongs to secondary groups, such as religious, professional, and trade union groups, which tend to be more formal and require less continuous interaction.

Family: The family is the most important consumer-buying organization in society, and family member constitute the most influential primary reference group. The family has been researched extensively.

Roles and Statuses: A person participates in many groups- family, clubs, and organizations. The person 's position in each group can be defined in terms of role and status. A role consists of the activities a person is expected to perform. Each role carries a **status**.

Personal Factors

A buyer's decisions are also influenced by personal characteristics. These include the buyer's age and stage in the life cycle, occupation, economic circumstances, lifestyle, and personality and self-concept.

Age and Stage in the Life Cycle: People buy different goods and service over a life time. They eat baby food in the early years, most foods in the growing and mature year, and special diets in the later years. Taste in clothes, furniture, and recreation is also age related.

Occupation and Economic Circumstances: Occupation also influences consumption patterns. A blue-collar worker will buy work clothes, work shoes, and lunch boxes. A company president will buy expensive suits, air travel, and country membership. Marketer tries to identify the occupational groups that have above- average interest in their products and services. A company can even tailors its products for certain occupational groups: Computer software companies, for example, design different products for brand managers, engineers, lawyers, and physicians.

Product choice is greatly affected by economic circumstances: spend able income (level, stability, and time pattern), savings and assets (including the percentage that is liquid), debts, borrowing power, and attitudes toward spending and saving. Marketers of income-sensitive goods continuously monitor trends in personal income, savings, and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and reprice their products so they continue to offer value to target customers.

Lifestyle: people from the same subculture, social class, and occupation and lead quite different lifestyles. A lifestyle is a person's pattern of living in the world as expressed in activities, interests and opinions. Lifestyle portrays the "whole person" interacting with his or her environment.

Personality and Self - Concept: Each person has personality characteristics that influence his or her buying behavior.

Psychological Factors

A person's buying choice is influenced by four major psychological factors – motivation, perception, learning, and beliefs and attitudes.

Motivation: A person has many needs at any given time. Some needs are *biogenic*; they arise from physiological states of tension such as hunger, thirst, or discomfort. Other needs are *psychogenic*; they arise from psychological state of tension such as the need for recognition, esteem, or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A **motive** is a need that is sufficiently pressing to drive the person to act.

Learning: When people act, they learn. Learning involves changes in an individual's behavior arising from experience. Most human behavior is learned.

Learning theorists believe that learning is produced through the interplay of drives, stimuli, cues, responses, and reinforcement.

Beliefs and Attitudes: Through doing and learning, people acquire belief and attitudes. These in turn influence buying behavior. A **belief** is a descriptive thought that a person holds about something. People's belief about a product or brand influences their buying decisions.

Buying Behavior

Consumer decision making varies with the type of buying decision. The decision to buy toothpaste, a tennis racket, a personal computer, and a new car are all very different. Complex and expensive purchases are likely to involve more buyer deliberation and more participants.

Complex buying behavior: Complex buying behavior involves a three-step process. First, the buyer develops beliefs about the product. Second, he or she develops attitudes about the product. Third, he or she makes a thoughtful choice. Consumer engages in complex buying behavior when they are highly involved in a purchase and aware of significant differences among brands. This is usually the case when the product is expensive, bought infrequently, risky, and highly self-expressive, like an automobile.

Dissonance – Reducing Buyer behavior: Sometimes the consumer is highly involved in a purchase but sees a little difference in brand. The high involvement is based on the fact that the purchase is expensive, infrequent, and risky. In this case, the buyer will shop around to learn what is available. If the consumer finds quality differences in the brands, he or she might go for the higher price. If the consumer finds little difference, he or she might simply buy on price or convenience.

Habitual Buying Behavior: Many products are bought under conditions of low involvement and the absence of significant brand differences. Consider salt. Consumers

have little involvement in this product category. They go to the store and reach for the brand. If they keep reaching for the same brand, it is out of habit, not strong brand loyalty. There is good evidence that consumers have low involvement with most low-cost, frequently purchased products.

Variety – Seeking Buying Behavior: Some buying situations are characterized by low involvement but significant brand differences. Here consumers often do a lot of brand switching. Think about cookies. The consumer has some belief about cookies, chooses a brand of cookies without much evaluation, and evaluates the product during consumption. Next time, the consumer may reach for another brand out of a wish for a different taste. Brand switching occurs for the sake of variety rather than dissatisfaction.



III. RESEARCH DESIGN AND METHODOLOGY

3.1 National History

As the previous time, National Desk Lamp was started business through A.P. National Sales (Thailand) Co., Ltd.(Distributor sales) This company was set up in Thailand for 20 years ago then Matsushita factory group would like to sell Lighting products to Thai market by set up Matsushita Electric Works Sales (Thailand) Co., Ltd. to be a factory sales company. A.P. National Sales Company also is one of Matsushita group that are joint venture with Thai owner, which is sell only Home Appliance products to Thai market. Due to the regulation Matsushita Electric Works Sales Could not sell direct to Department Store, DIY market etc. because we are not expert in direct selling so we have to sell pass through A.P National Company.

Desk Lamp is one of Lighting products which are Matsushita have to cooperate selling with them. We sold through them for 10 years but our sales volume is not appreciate our committee satisfaction. The main reason that our products were not gets the best selling as following detail:

- (1) A.P National Company is not paying more attention to sell our products because Desk Lamp is only one product which is separate division and location from Appliance products corner.
- (2) A.P National Company salesman is not pay attention to sell our products and also give low incentive to PC who standby at each stores.
- (3) A.P National Company does not want to make promotion often ex. joint store mail, premium, discount retail price etc. They think that it is higher expense if compare with sales volume. Our products just participate with

A.P. National products promotion in a big event such as Exhibition, anniversary, electronics etc.

Since April 2001, Matsushita had changed business system from A. P. National Company to direct sales by ourselves.

3.2 Existing Market

In the past, there are many Desk Lamp suppliers in Thai market but only 2 main companies: National and Philips. Other brands mostly are local brand or OEM products from China and Taiwan.

For National, we try to put a new system by “INVERTER CIRCUIT” to Thai market. The only one way for National promote our products are sell pass through A.P. National as mentioned in 3.1.

Now our dangerous competitor is Sylvania because they try to catch up customer opinion by new concept “Protect your eyes with Sylvania an eye care” and promote their products together with lamp.

3.3 The Production Characteristics

There are 2 types of Desk Stand industry and parts as follows:

- (1) Import raw material or parts from abroad and produce in Thailand under their own brand, design by producer such as National, Sylvania, Philips and Veto.
- (2) Local production which are produce in up country factory with a cheaper price because they use local raw material ex. Sego(local brand). Mostly products were distributed in local country.

3.4 Sales Planning

After we changed our business route then we try to run Desk Lamp business follow A.P National Company market as below:

Department Store

- (1) Matsushita Electric Works Sales has follow up A.P. National Company business system by make a new contract and open new supplier name and code with each customer from April 2002.
- (2) Mainly customers are Central, The Mall, and Robinson (80% from total sales amount)
- (3) Central has planned to open more branches and develop old branch in near future.
- (4) Customers have not a bad payment record.
- (5) Central and Robinson settle “DC” for suppliers’ convenience to deliver from August 2001 (DC fee: 1.5%)

Problem

- (1) Price: Department Store cannot set the price as low as Hyper Market even among they set the price during promotion period at very low price. We always got complain from Central Department Store. (Matsushita support GP around 2%)
- (2) GP (Gross Profit); normally Department Store’s GP is around 25-35%, for National Desk Lamp give them only 15-20%
- (3) Some Department Store staff not so good take care National stock and display improvement. Matsushita Company’s salesman has to take care of them by ourselves.

Teeya Phiboon (Key Dealer)

After changed sales channel from A. P National Company Matsushita set a sales route to 2 channels and Teeya Phiboon is one of dealer sales channel from April 2001.

Sales route:

MEW-A (factory) → MST (sales company) → TEEYA → AGENT & DEALERS (300 shops)

Idea:

- (a) Matsushita Company will set up “special dealers” like antenna shop (around 10 – 20 shops)
- (b) We should let the customer know our products by Advertisement or Promotion.

Service Center:

It will take a long time to repair our products but we need a service center.

Comment:

GP (Gross Profit) is not enough for agent to do market activity. Now Matsushita company support 10% from our Gross Profit.

Other (DIY and Hyper Market)

Ex. Home Pro, Home Works, True Value and Carrefour

- (a) DIY Shop (Do - It - Yourself) Home Pro, Home Works and True Value are called Home Center or DIY shop. They sell every product about house equipment also lighting products. We get the best selling after changing business route from A. P National Company to direct sell by Matsushita Company and also we have our PC to control our products by ourselves.
- (b) Carrefour has 14 branches and plan to increase more than 3 branches next year including up country.

- (c) Carrefour starts business with Matsushita Company on June 2001. Mostly Hyper Market in Thailand is not mainly to lighting products so our products get a small corner and they choose only a cheaper model to promote. Carrefours try to promote our products by advertising on their mail twice a year, this regulation will change every year.

3.5 Problem and Obstacles of National Desk Lamp Production

Problem and Obstacle of National Desk Lamp production in Thailand being affected, and it can be divided into 3 main types which are; raw material control problem, labor problem and marketing problem.

(1) Raw Material Control Problem

There are many kinds of raw material used for Desk Lamp production still have to be imported from outside due to being unable to achieve standard in accordance with customer wants and needs under brand name.

Import of raw materials still confronted high tax tariff difficulties such as 40 – 45 % for inverter circuit, 30 – 35% for normal plastic, 30 – 40% for lamp, 10 – 20% for metallic plastic etc.

High level of paying taxes will affect producers to lose the opportunity in getting support from government, especially to lower the import tax tariff. It was concerned with the high cost of production and unable to complete with other countries.

The National receive support from the Board of Investment can relieve the import tax duty of raw material for making Desk Lamp and machine. Although we take the investment support for relieving the import

tax duty, it took a long time to get the tax refund back and also is responsible for high interest and carry on the production cost is heavy.

From the mentioned, raw material problem at present, the government sector has taken some producers to support the manufacturers such as:

- (a) Uncertainly of the raw material delivery time, sometimes factory found that the raw material requirement is short and unable to supply the goods to the customer satisfaction such as; the best selling models.
- (b) Increase of import of raw material problem occurred such as; inferior quality than expected ex. wrong color, wrong size etc. It is difficult to return back and lose more times which causes the shortage in raw material.

(2) Marketing Problem

- (a) The high competitiveness in part of selling price from China, Taiwan, Italy, which countries have, more advantage over, the production cost than Thailand. They order completed set not part same as National. So it definitely does not look good to compare with competitors due to high cost for the similar product.
- (b) Knowledge Obstacle about “INVERTER CIRCUIT” which are unknown in Thai market. Even through customer trust in national brand but they are still confusing about “INVERETR” concept that Matsushita Company try to promote in many medias but no more effective as we expected.

(3) Labor Problem

- (a) Quality of labor part such as: lack of labor skill in electric industry, because most labor problem come from inadequate knowledge, skills, suitable course and studying area.
- (b) Turnover of labor forces or take long annual leave for woman and thus the movement of labor easily changed, consequence lack of opportunity to increase the continuous production.
- (c) Increasing the wages every year will affect negatively for the competitiveness of Desk Lamp market when compared to competitive country.



IV. MARKET TREND ANALYSES

Analysis in this chapter is to study the market trend of National Desk Lamp and parts and emphasize on the proficient competitiveness in Bangkok and the important competitors in the market by using Sales Report, Policy Meeting and Marketing Report from customers.

4.1 Company Policy

In order to Matsushita Electric Works Sales (Thailand) Co., Ltd. set up Policy Meeting every half year. For 1st half will be start on Dec ~ May and 2nd half will be start on June ~ Nov. We will have a Policy Meeting 2 times a year.

From Table 4.1. will show the Sales Result of 1st half year 2001, as the activity review, Matsushita company had changed Desk Lamp business from A.P National Company to direct sell by ourselves. Also we try to launch new models: Kitty and Ultraman to catch up children market during “Back to School” period. Why do we need to change business? Because we would like to take care our products 100% and try to be no.1 this kind of product in the market. On the other hand, we would like to increase our sales volume every month.

Activity Review of 1st half year 2001

Residential Lighting

Desk Lamp

- (a) Starting direct sales to Department Store and set up new distributor “Teeya Phiboon Company” for dealer shops from Apr ’01.
- (b) Launching new models during “Back to School” promotion.
- (c) Sales Result 1,253KB/M or 1,312pcs/M. New models sales result as follow:

	Apr	May	Total
Kitty	553pcs	329pcs	882pcs
Ultraman	504pcs	223pcs	727pcs
Total	1,057pcs	552pcs	1,609pcs

Activity Plan for 2nd half year 2001

- (a) Emphasize on important Department Store: Central, The Mall and Home Pro.
- (b) Sales Target 1,250KB/M or 1,550pcs/M from main customer as follow:

Central	365pcs to 470pcs/M (130%)
Home Pro	189pcs to 250pcs/M (130%)
The Mall	120pcs to 150pcs/M (130%)

From Table 4.2. will show the Target Sales of 2nd year 2001. At this period, Matsushita Company has to take care our products by ourselves and we try to follow up A.P. National company activity with the main customer’s ex. Central, The Mall and Home Pro etc. We set up our Sales Target to increase 130% for each customer.

Activity Review of 2nd half year 2001

Residential Lighting

Desk Lamp

- (a) Start sales direct to Department Store and Teeya Phiboon Company.

Sales Result 2,026KB/M or 2,000pcs/M (new record)

- (b) New Models Sales Result from Apr’01 ~ Feb’02 as follows:

	Total	Average/M
Kitty	2,653pcs	240pcs
Ultraman	1,969pcs	180pcs
Total	4,622pcs	420pcs

- (c) New project route sales ex. APEX TOY (exporter) plan to order 2 to 3 containers / year or 1,550pcs/container (export to South Africa)
- (d) Promotion and Advertisement by participating in Department Store and DIY (DO-It-Yourself) mail especially TV program and newspaper.

After we set the Sales Target, we have to review the activity sales for 2nd half year 2001 that our Sales Result to increase a double quantity from last year. It makes a new record for our section, also we try to get a project sales from APEX TOY (export distributor) 2~3 container / year or 1,550 pcs / container.

For advertising support, we promote our products pass through T.V program is “Kroub Kreung Rueng Poo Ying” on channel 7 (8.30 ~ 8.50 am) morning time. Advertise Kitty and Ultraman on Thairath newspaper during “Back to School” period

Activity Plan for 1st half year 2002

- (a) Emphasize on important Department Store: Central, The Mall and Home Pro.

Target Sales 1,540KB/M or 1,800pcs/M

	<u>2001/2nd</u>	<u>2002/1st</u>	<u>Target</u>
Central	293pcs	380pcs/M	130%
Home Pro	414pcs	540pcs/M	130%
The Mall	178pcs	230pcs/M	130%

Total 1,150pcs (64% against Target sales)

- (b) New Models Launching: SQT912 (CUO Model), SQT948 (Metallic) and SQT348 (Floor Lamp)

For activity plan for 1st half of year 2002, we set up our Sales Target increase from last year 117% and also we are try to emphasize on important customer ex. Central, The Mall and Home Pro. We would like to increase sales volume against target for each customer 130%. We also try to launch new model to market to catch up both a lower and higher income customers. We hope that our new models will give more choice to the customers who want to buy new design with a metallic material which never sell in the market before.

Activity Review of 1st half year 2002

Residential Lighting

Desk Lamp

- (a) Direct Sales to Department Store, DIY (Do-It-Yourself) shop and Teeya (Dealer) by visiting main customers and try to expand new channel.

Sales Result 2,297 KB/M or 1,651pcs/M

- (b) New Models Sales Result from Mar ~ May'02.

	Target	Average/M
SQT912	434pcs	145pcs
SQT948 (Metallic)	299pcs	100pcs
SQT348 (Floor)	59pcs	30pcs
Total	792pcs	264pcs

Children Models Sales Result: SQT910 (Kitty), SQT911 (Ultraman)

	<u>1st/01</u>	<u>2nd/01</u>	<u>1st/02</u>
Kitty	329pcs	211pcs	186pcs
Ultraman	223pcs	309pcs	118pcs
Total	552pcs	520pcs	34pcs

- (c) New project route sales ex. APEX TOY (export to South Africa), LOTUS (Hyper Market)
- (d) Promotion and Advertisement as follow:-
Participating in Department Store and DIY mail.
Educated Magazine, VDO presentation and Join Dealer Exhibition.

After we launch new model to the market SQT912: a cheapest price model for Children, SQT948 (Metallic design): this model for University and working people and the last one SQT348 (Floor Lamp): Highest price fro higher income customer. During Mar ~ May 2002 we could get the best selling both amount and quantity because we try to promote our products in many media ex. Customer mail, newspaper etc.

Activity Plan for 2nd half year 2002

- (a) Emphasize on main customer: Central, The Mall and Home Pro.

Target sales 2,150KB/M or 2,150pcs/M

	2002/1 st	2002/2 nd	Target
Central	355pcs	500pcs/M	(140%)
The Mall	75pcs	350pcs/M	(466%)
Home Pro	265pcs	550pcs/M	(207%)

Total 1,400pcs

- (b) New Models launching, SQT 917 (Personal Computer) PC Light model of July'02 for Young, Lady and Gentleman

For 2nd half of year 2002, we set up Sales Target for each customer increasing 140%. Also we plan to launch new model, (SQT917 Personal Computer) model for computer user. Our target group is younger people, lady and gentleman who use personal computer.

4.2 Analyze Sales Result Separated by Customer

National Desk Lamp sold through A.P National Sales Company to each customer especially Department Store. As the sales report will shown sales volume during Dec'96~ Nov'97 and also 1st half of 1998 (Dec'97 ~ May'98)

Between Jan ~ Feb, New Year Promotion sales growth 120~150%

Between Apr~ June, there are “Back to School” Promotion sales growth around 150~200%

Table 4.5., show particular each Department Store was separated group into 3 categories.

Table 4.1. 1st Half Year 2001 Sales Result.

Product	Target	Result	v/s Target	v/s L/Y
Desk Lamp	1,200KB/M	1,253KB/M	104%	116%
Ceiling Light	1,250KB/M	1,275KB/M	106%	121%
Stand-by-Light	---	249KB/M	---	---
Residential Lighting Total	2,450KB/M	2,777KB/M	113%	130%

Table 4.2. 2nd Half Year 2001 Sales Target.

Product	Target	Result	v/s Target
Desk Lamp	1,250KB/M	1,145KB/M	109%
Ceiling Light	1,450KB/M	1,239KB/M	117%
Residential Lighting Total	2,700KB/M	2,384KB/M	113%

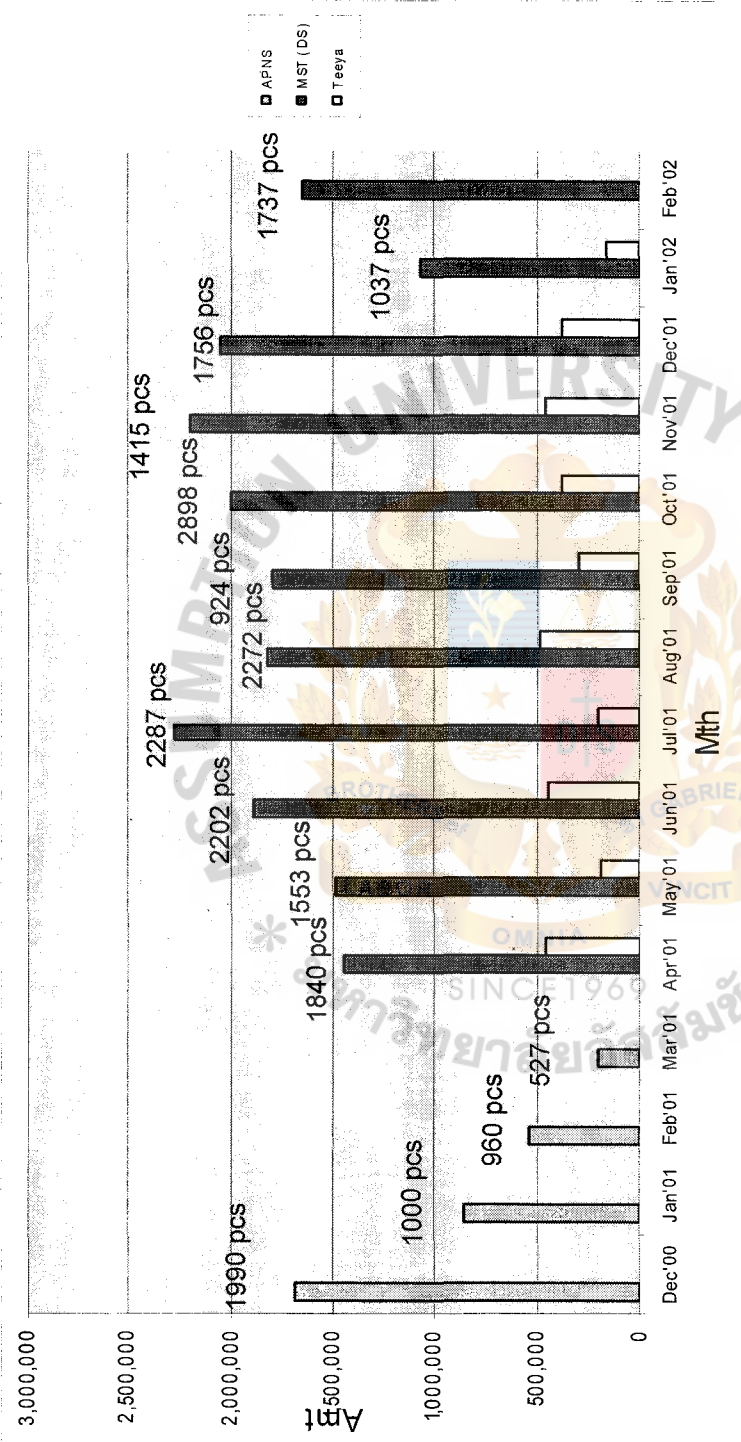
Source: Consumer Sales Section of Matsushita Electric Works Sales (Thailand) Co., Ltd.

Table 4.3. 2nd Half Year 2001 Sales Result and 1st Half Year 2002 Sales Forecast.

Year 2001/2nd		Target	Result			v/s Target	v/s L/Y
	Desk Lamp	1,250KB/M	(2,000pcs) 2,700KB/M			162%	177%
	Ceiling Light	1,450KB/M	(1,829pcs) 2,700KB/M			107%	126%
	Stand-by-Light	---	(156pcs) 2,700KB/M			---	---
	Residential Lighting Total	2,700KB/M	(3,958pcs) 2,700KB/M			138%	156%
Year 2002/1st		Target	Result	Forecast	Average/M	v/s Target	v/s L/Y
	Desk Lamp	1,540KB/M	(1,312pcs) 1,760KB/M	(1,800pcs) 1,540KB/M	(1,156pcs) 1,650KB/M	107%	123%
	Ceiling Light	1,510KB/M	(1,664pcs) 1,380KB/M	(1,900pcs) 1,510KB/M	(1,782pcs) 1,445KB/M	97%	118%
	Stand-by-Light	100KB/M	(385pcs) 195KB/M	(400pcs) 100KB/M	(393pcs) 148KB/M	148%	40%
	Residential Lighting Total	3,150KB/M	(3,361pcs) 3,335KB/M	(4,100pcs) 3,150KB/M	(3,730pcs) 3,243KB/M	103%	113%

Source: Consumer Sales Section of Matsushita Electric Works Sales (Thailand) Co.,Ltd.

Unit:(Baht/ month)



	Dec'00	Jan'01	Feb'01	Mar'01	Apr'01	May'01	Jun'01	Jul'01	Aug'01	Sep'01	Oct'01	Nov'01	Dec'01	Jan'02	Feb'02
APNS	1,864,100	958,000	533,400	265,700	0	0	0	0	0	0	0	0	0	0	0
MST (DS)	0	0	0	0	1,449,000	1,453,000	1,887,000	2,293,000	1,825,000	1,890,000	2,000,000	2,200,000	2,065,115.77	1,085,751.08	1,642,818.08
Teeja	0	0	0	0	453,443	185,670	437,265	238,775	466,360	300,000	360,000	450,000	372,000.00	161,000.00	0.00

Remark: This Sales Amount are including Stand-by Light

The best selling models are SQT910,SQT911,SQT948 and SQT957

Figure 4.1. Desk Lamp (Sales Movement during Dec'00 ~ Feb '02).

Table 4.4. 1st Half Year 2002 Sales Result.

Year 2002/1st		Target	Result	v/s Target	v/s L/Y
			(1,651pcs)		
	Desk Lamp	1,400KB/M	2,297KB/M	164%	183%
	Ceiling Light	1,600KB/M	1,432KB/M	90%	112%
	Stand-by-Light	150KB/M	158KB/M	105%	63%
	Residential Lighting Total	3,150KB/M	3,887KB/M	123%	140%
Year 2002/2nd		Target	Ave/M	v/s Target	v/s L/Y
			(2,150pcs)		
	Desk Lamp	2,150KB/M	2,150KB/M	100%	119%
	Ceiling Light	1,700KB/M	1,700KB/M	100%	139%
	Stand-by-Light	100KB/M	100KB/M	100%	101%
	Residential Lighting Total	3,950KB/M	3,950KB/M	100%	126%

Source: Consumer Sales Section of Matsushita Electric Works Sales (Thailand) Co.,Ltd.

(1) Japanese Department Store

National could get the high sales volume because many customers especially Japanese believe in National quality and also most of them know well about “INVERTER CIRCUIT” We also try to make a both promotion and advertising in many medias at each store. For advertising we promote our products in Japanese newspaper during “Back to School” of Japanese School mostly are during September to October every year. Many Japanese families always come to shopping every weekend also will buy our products.

(2) Local Department Store

In Local Department Store, we could sell slowly because Thai customers do not understand about “INVERTER CIRCUIT”, they always confuse about National theme and also the strong competitor “Philips” are well known about lamp business. We have to try hard to promote our product to Local Market esp. joint with customer mail, advertise on foreign and local newspaper, T.V program, joint in booth exhibition and big event promotion.

(3) Dealer Shop

Dealers are one of local channel where we try to support for margin and fast service because National desk Lamp are participate selling with A.P National Company product which are not main products for dealer shop. For this kind of market, we could get the highest sales volume because A.P National Company has a lot of dealer shop both city and up country; North, Middle, South and North-East.

Figure 4.2, shows particular customer location base on sales quantity from Dec'96~May'97. It is in differentiate and found that there was fluctuation quantity of each location for all type of customer during 1st half of 1997. National Desk Lamp will get high sales volume during Dec and May in every year because there are New Year promotion and Back to School promotion. The highest sales volume mostly came from dealers because there are many sub-dealers around country (around 300 to 500 shops)

For Figure 4.3. Sales quantity in Japanese Department tore during 1st half of 1997 of each main customer as following detail:

Isetan is the main customer because this Department Store is located same area with Zen Department Store so there are many people always came to shopping during weekend. An Electric section is the same floor with super market so it is crowded with many kind of customers especially Japanese who stay and working in Thailand. They also bought National Desk Lamp for their children that studying in Japanese School at Rama IX road.

For Local Department Store; the main customer is Central Department Store because this customer has many branches both Bangkok and up country. The Mall Department Store, after open Emporium, our products was accepted by the higher income group. We could get the best sales volume around 100pcs up / month.

For Dealer Shop, there are 3 categories of customer as follows:

Silpa Thai is one of National lamp distributor where also sell National desk Lamp. They also get the best sell volume because they distribute our products to their customer's lamp shop in Bangkok.

Other dealers are one of A.P National Company dealers shop both Bangkok and up country where we get the highest sales volume. These kinds of dealers also have exhibition together with Home Appliance products especially up country. Sales volume

Table 4.5. Desk Lamp Sales Report between Dec '96 - Nov '97 (From A.P. National Sales Company).

CUSTOMER NAME	DEC '95 Q'ty (pcs)	JAN '96 Q'ty (pcs)	FEB '96 Q'ty (pcs)	MAR '96 Q'ty (pcs)	APR '96 Q'ty (pcs)	MAY '96 Q'ty (pcs)	JUNE '96 Q'ty (pcs)	JULY '96 Q'ty (pcs)	AUG '96 Q'ty (pcs)	SEPT '96 Q'ty (pcs)	OCT '96 Q'ty (pcs)	NOV '96 Q'ty (pcs)	TOTAL Q'ty (pcs)
JAPANESE DEPT.													
ISETAN	30	54	45	30	60	110	83	20	57	65	124	47	725
YAOHAN	18	0	34	30	40	9	49	4	25	27	21	22	279
TOKYU	0	0	0	0	0	14	0	7	4	5	10	0	40
SOGO	24	8	12	3	18	22	10	12	39	0	0	0	148
THAI DAIMARU	2	10	12	5	5	10	19	0	30	4	0	8	105
SUB - TOTAL	74	72	103	68	123	165	161	43	155	101	155	77	1,297
LOCAL DEPT.													
MERRY KING	0	0	0	26	8	40	14	2	13	6	4	0	113
THE MALL	0	0	0	0	0	36	26	0	18	0	14	6	100
CENTRAL	0	0	0	0	0	72	246	48	0	0	0	16	382
ROBINSON	0	0	0	0	0	0	0	0	0	0	0	0	0
THANG HUA SEANG	0	18	0	0	0	0	0	0	0	4	0	0	22
IMPERIAL LADPRAW	0	0	0	0	0	0	0	6	0	0	0	0	6
SUB - TOTAL	0	18	0	26	8	148	286	56	31	10	18	22	623
DEALERS	15	148	40	77	55	58	42	65	121	100	121	71	913
OTHERS	10	70	32	89	32	69	200	3	3	8	0	20	536
TOTAL	99	308	175	260	218	440	689	167	310	219	294	190	3,369

Source: A.P National Sales Company (Distributor) 2540

Table 4.6. Sales Result Separated by Customer.

CUSTOMER	DEC '96	JAN '97	FEB '97	MAR '97	APR '97	MAY '97	TOTAL
JAPANESE DEPT.	168	154	83	110	112	124	751
LOCAL DEPT.	15		10	150	8	434	617
DEALERS	471	103	148	85	77	185	1069
OTHERS	16	28	9		10	17	80
TOTAL	670	285	250	345	207	760	2517

Sales Quantity of Desk Lamp 1st Half of 1997

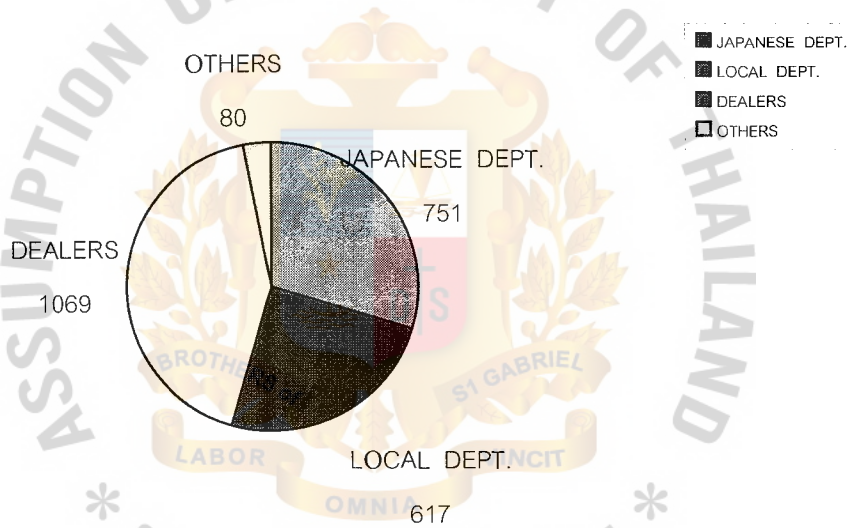
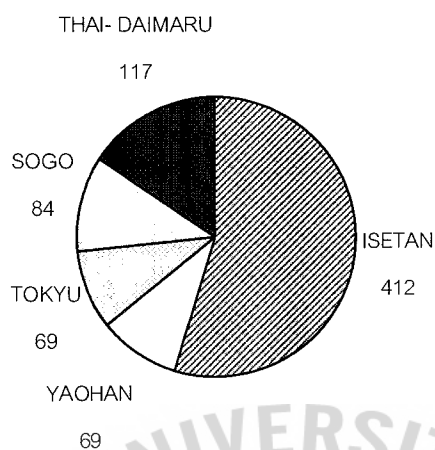
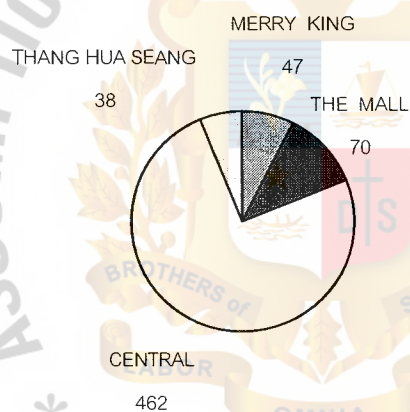


Figure 4.2. Sales Result Separated by Customer.

Sales Quantity of Desk Lamp in Japanese Dept. 1st Half of 1997



Sales Quantity of Desk Lamp in Local Dept. 1st Half of 1997



Sales Quantity of Desk Lamp from Dealer 1st Half of 1997

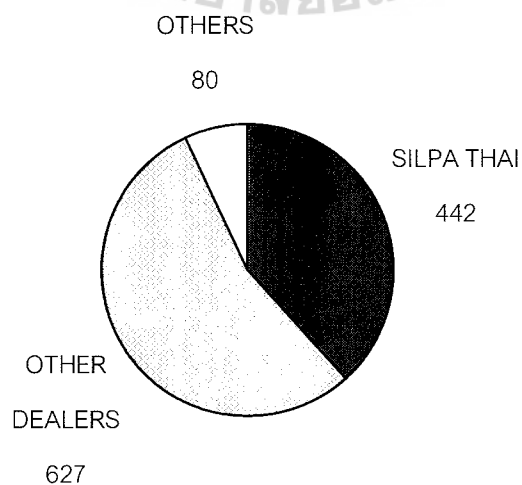


Figure 4.3. Sales Result Separated by Area of 1st Half 1998.

also depended on salesman who pays attention to sell our products. We also support premium to dealer when they have an exhibition ex. Give National Desk Lamp free of charge for game, free for highest sales volume shop and free for premium etc.

4.3 Analyze Sales Result Separated by Model

From Figure 4.4. will show sell result separated by model during Jun~Nov'97 (2nd half of year 1997) The best selling model during this period is SQT955 Opti because

- (1) This model is cheaper price.
- (2) New model launching on September 1997.
- (3) New target is children especially student whom age during 10 to 20 years old.
- (4) This model is replacing old model (SQT953) which were sold for 10 year.

From the graph on this period we can see that National Desk Lamp had the growth stage (Sep ~ Nov '97), therefore, able to forecast the future status of Desk Lamp business that is coming in the future.

In Department Store is the main market where we get the highest sales volume because they always arrange sales promotion with special discount or premium especially during “Back to School” period.

4.4 Analyze Sales Trend

From Figures 4.5. ~ 4.7. will show sales trend of Desk Lamp from year 2000 ~2002. Sales movement will fluctuate during the year, which can be consider in 4 stages as follows:

- (1) The growth stage during Dec~ Jan, the sales volume will up to 2,000 pcs per month sales increase from average around 150~200% because there are

Table 4.7. Sales Result Separated by Model.

MODEL	JUN '97	JUL '97	AUG '97	SEP '97	OCT '97	NOV '97	TOTAL
SQT953B	50	50	50	50	50	50	300
SQT953D	50	50	50	50	50	50	300
SQT954G	50	50	50	50		50	250
SQT954R	50	50	50	50	50	50	300
SQT954V	50	50	50	50	50	50	300
SQT955B				100	80	100	280
SQT955G				100	80	100	280
SQT955R				100	80	100	280
SQT955W				100	80	100	280
SQT957B		50	50	80	50	50	280
SQT957D		50		80	50	50	230
SQT967B	50		50	50		50	200
SQT967W			50		50		100
	300	350	400	860	670	800	3380

Average Selling Quantity / Month = 563 pieces.

MODEL	JUN '97	JUL '97	AUG '97	SEP '97	OCT '97	NOV '97	TOTAL
SQT953	100	100	100	100	100	100	600
SQT954	150	150	150	150	100	150	850
SQT955				400	320	400	1120
SQT957		100	50	160	100	100	510
SQT967	50		100	50	50	50	300
	300	350	400	860	670	800	3380

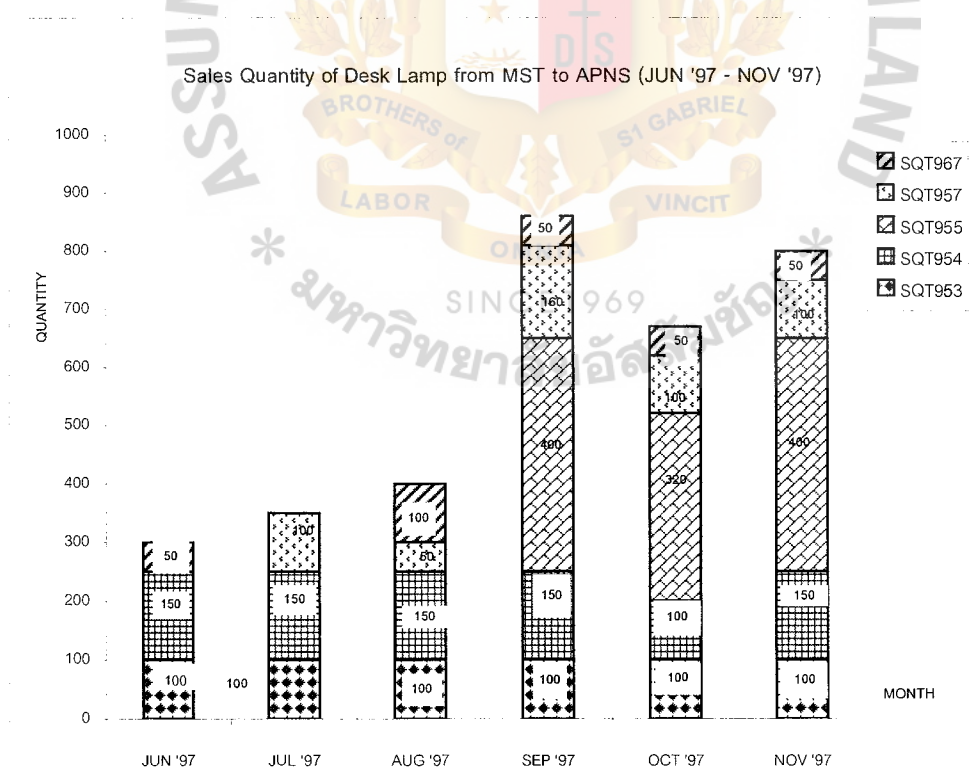


Figure 4.4. Sales Result Separated by Model.

Desk lamp sales volume for 1999 - 2000

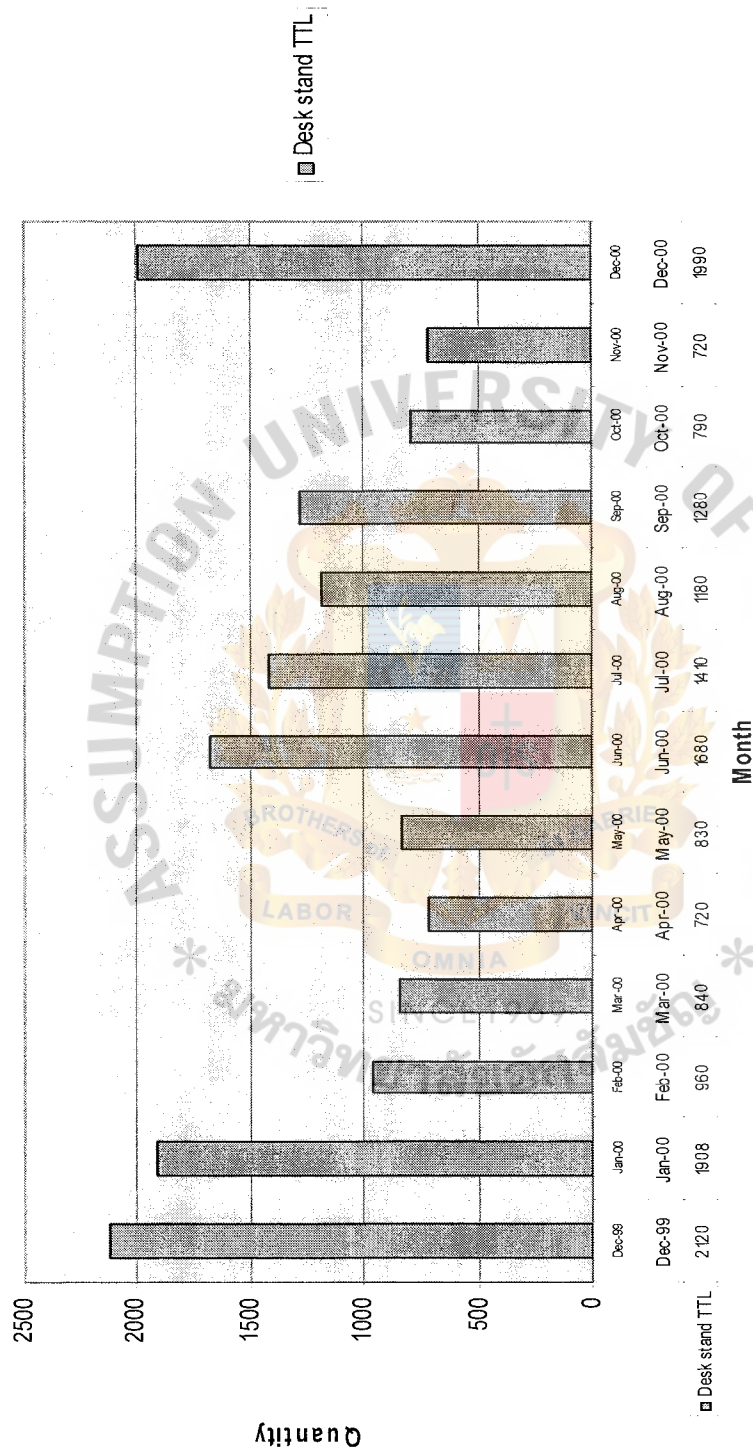


Figure 4.5. Sales Trend for Desk Lamp Year 2000.

Desk Lamp Sales Volume on 2001

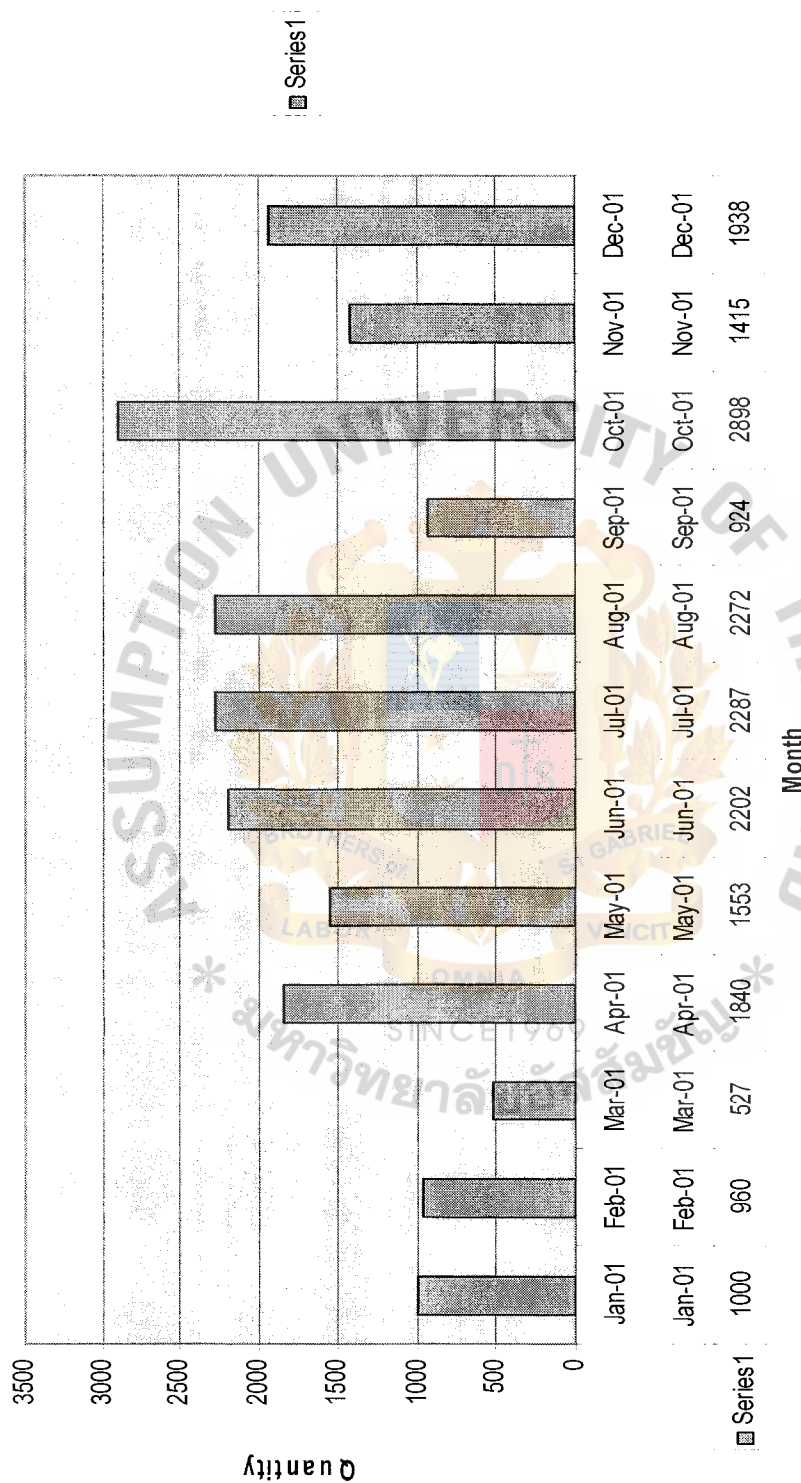


Figure 4.6. Sales Trend for Desk Lamp Year 2001.

Sales Trend for 1st half year 2002

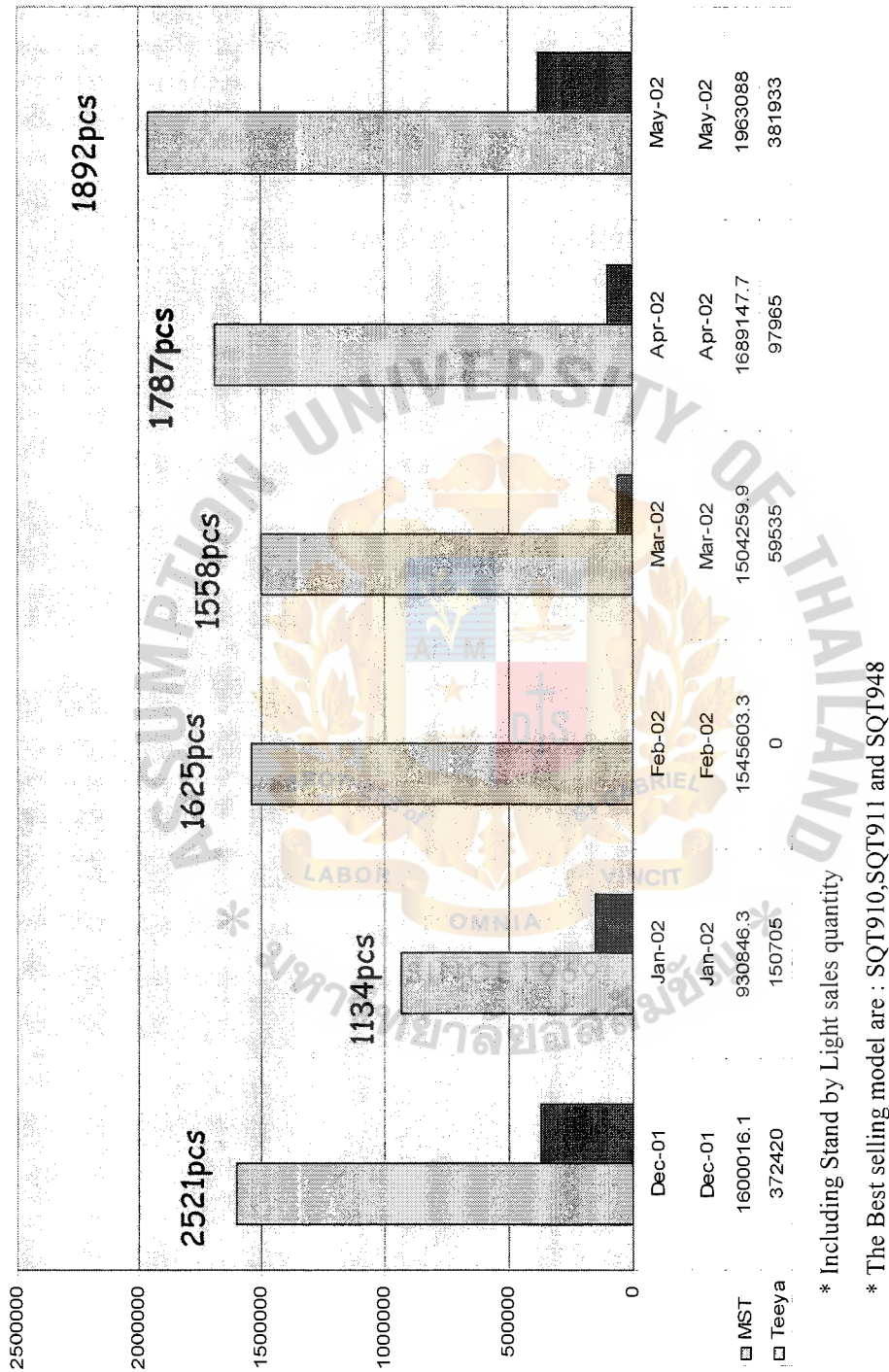


Figure 4.7. Desk Lamp (Sales Movement during Dec'01 ~ May'02)

promotion together with many customers: Department Store, DIY shop (Do-It-Yourself) and Dealers.

- (2) The decline stage during Feb ~ Mar, the sales volume will be decreases. Mostly after big event, the capable of selling will be slow down also we had not supported more after finished promotion.
- (3) The growth stage during May ~ Jul, National always launching new model during “Back to School” promotion. This expansion increased sales volume 100% from normal sales volume. National Desk Lamp is able to penetrate new market especially APEX TOY (Export Distributor) to distribute to South Africa 2~3 containers per year.
- (4) The recovery in period of Nov~, will be a positive signal for Desk Lamp business.

From The 4 stages period mentioned, able to see that the product life cycle pattern of Desk Lamp like the past through the growth stage from Dec ~ Nov of year 2000~2002. The main markets of Desk Lamp are in department Store, DIY shop (Do-It-Yourself), and Dealers that had sales volume in a year around 2 million baht respectively. The others market are categorized into the increasing trend for future Desk Lamp business such as South Africa (pass through distributor), dealer’s exhibition, Electric event with The Mall Department Store and so on, all markets have increase National Desk Lamp sales volume every year.

4.5 Analyze Sales Forecast

Table 4.6. will show about sales forecast format which Matsushita Electric Works Sales (Thailand) Co., Ltd. have a PSI (Purchase – sell – Inventory) Meeting with the factory every month. The main topics for this meeting are:

- (1) To control factory stock.
- (2) Plan to order raw material from other countries.
- (3) To know customers forecast order in the future, also prepare stock for customer during promotion period.
- (4) To control budget for raw material ordering and production capacity for each time.

For example:

SQT917 PC Light had just launching to market on September 2002. We would like to promote to all market especially Department Store, DIY shop (Do-It-Yourself), and dealers. Main target are person who use personal computer such as student, working staff, architect, engineer and all kind of career.

We also join with Department Store, DIY shop (Do-It-Yourself), and dealers New Year promotion during Nov 2002 ~ Jan 2003 by giving a special discount and premium so our sales forecast will be increase.

Table 4.8. Desk Lamp Sales Forecast.

Mth: Oct '02	Desk Lamp										
Customer	SQT910	SQT911	SQT912	SQT945	SQT948	SQT948(Metallic)	SQT955	SQT957	SQT967	SQT917	Total
Central	15	15	30	25	25	20	23	8	3	110	294
Robinson	10	10	15	15	20	10	20	7	4	15	126
Mall & Em	10	10	30	30	20	10	20	11	12	30	193
Others Dept	6	6	12	22	20	20	20	7	6	30	169
Home Pro	10	5	60	80	60	35	80	30	20	120	525
Home Works	5	5	15	15	10	10	20	10	0	30	125
Carrefour	0	0	0	0	0	0	0	0	0	0	0
Teeya	0										
Total	56	51	162	187	155	105	183	73	45	335	1,432
Mth: Nov '02	Desk Lamp										
Customer	SQT910	SQT911	SQT912	SQT945	SQT948	SQT948(Metallic)	SQT955	SQT957	SQT967	SQT917	Total
Central	20	20	65	38	35	20	40	20	15	130	433
Robinson	15	15	40	35	30	16	24	16	9	60	260
Mall & Em	15	15	60	45	30	16	24	16	16	75	328
Others Dept	10	10	40	35	30	20	40	20	9	60	294
Home Pro	20	10	65	60	50	25	70	20	20	120	470
Home Works	5	5	20	15	5	0	0	9	0	30	94
Carrefour	0	0	0	0	0	0	0	0	0	0	0
Teeya											0
Total	85	75	290	228	180	97	198	101	69	475	1,879
Mth: Dec '02	Desk Lamp										
Customer	SQT910	SQT911	SQT912	SQT945	SQT948	SQT948(Metallic)	SQT955	SQT957	SQT967	SQT917	Total
Central	30	30	60	42	60	30	31	16	5	160	494
Robinson	15	15	32	45	30	16	24	16	6	60	259
Mall & Em	15	15	60	18	30	16	24	16	16	60	286
Others Dept	6	6	24	80	20	20	20	10	6	45	257
Home Pro	30	20	80	15	55	25	80	20	15	240	590
Home Works	5	5	20	15	5	0	0	9	0	30	94
Carrefour	5	5	0	0	10	0	40	0	0	30	90
Teeya											
Total	106	96	276	215	210	107	219	87	48	625	2,070

V. MARKETING STRATEGIES

National is the leader of many kinds of an electric products, one of them is Desk Lamp. This product is a necessary for market want and need because nowadays there are increasing of customer want in this market. The competitors try to launch this kind of products to the market so it makes the market share increase 50% at the present time.

As the Chapter IV information from our “Policy Meeting” Matsushita company looking forward of our business as following:

5.1 Promote our Product or Product Segmentation

National Desk Lamp, good for eyesight

Did you already know that “How can Desk Lamp be take care of your eyesight?” There are many styles of Desk Lamp in the market that we use for each purpose such as for the student who want to read the textbook in the midnight period. Sometimes, they have to read the textbook for the long period of time; these are the bad effect to their eyes which is the most important organ in the body.

Almost of the Desk Lamp in the market, they prefer to use fluorescent lamp. If we notice, we will see that light which are shining will not constant. If we use for the long period of time, it may be the cause of weak eyesight. The good point of INVERTER DESK LAMP is as follows:

- (1) It can be changed the electric current from low frequency to high frequency, the regular frequency of the electric current which is stabilized at 50HZ will be converted at 55,000HZ by inverter system and make the bright light continuously.
- (2) Almost of Desk Lamp in the market which does not use inverter system will make a little bit noise, which is come from ballast. Even thought

there is no ballast in this inverter system, but also this system will be operated by inverter circuit, so there is no problem about noisy.

For the lamp that we use in this system is the special lamp which is the one pair and two pairs of compact fluorescent 27W. This kind of lamp has long useful life up to 7,500hrs, which is longer than the incandescent 7.5 times and gives more bright light than incandescent more than 2.5 times. We can save for electrical expense up to 68% while others incandescent which has watt up to 60W but has no longer useful life and we have to pay more electrical expense.

We have to take care of our health especially our eyesight and at the same time we can reserve the energy.

What Is Good about INVERTER?

(1) Non-flickering Light (gentle on eyes)

General fluorescent lamp turns on and off 100 times per second. This flicker makes your eyes get tired. INVERTER circuit converts it to 110,000 times per second. You do not feel flickering and your eyes do not strain.

(2) Sufficient brightness

Smaller the reading letters are more brightness you need. INVERTER greatly increases in brightness. (As bright as 100W of incandescent lamp) You can read even the smaller letter clearly and your eyes do not strain.

(3) Protect your children's eyes

Children's eyes are highly sensitive and easily become shortsightedness. To prevent this, it is important to create a bright, comfortable lighting

environment for them. National INVERTER Desk Lamp can protect your children's eyes.

Do Homework, studying for exam, reading, T.V game, working at computer. Your eyes keep working all the time, the ideal lighting which reduces such eye strain. That is National INVERTER Desk Lamp.

Product Segmentation

From Figure 5.1. we had recommended our model by life stage which are separated into 5 stages and 2 purposes as follows:

- (1) Primary school for studying and reading purpose. They want to use small area for reading textbook or Notebook so we recommend using SQT955, SQT954 for this stage. This stage mostly is children who are student start from kindergartens to Junior High School Students.
- (2) Junior High School for studying and reading purpose. They need both small and large area for reading textbook or Notebook, some are want to use for dictionary and reference book so they need more space. We recommend one more model is SQT945 which long lamp and neck can bend to increase long area.
- (3) High school for studying and reading purpose. This stage will cover both large areas for reading and high movable for working. The students in High School have more studying and work shop so they need to use Desk Lamp with high movable.
- (4) University for studying and reading purpose. This stage will trend to illuminate large area and high movable because they have a lot of projects to do with computer. We recommend using SQT948, SQT957

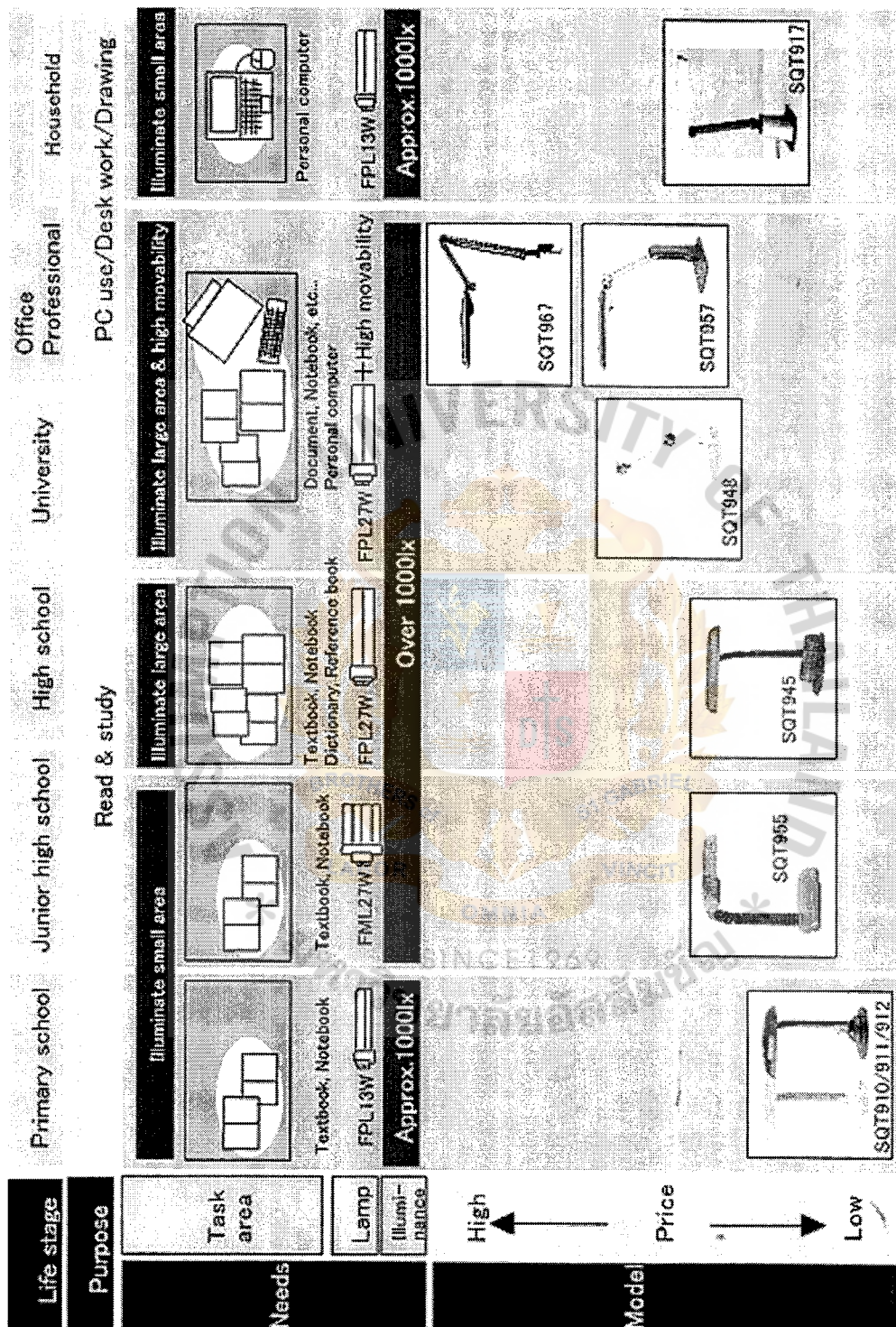


Figure 5.1. Product Segmentation.

and SQT967 which can use wide area and bend to many ways as they need.

- (5) Office for working purpose only. This stage has the same objective with University stage but different purpose to use it. Office staffs need a large area and high movable because some have a lot of job activity in one place or table such as architect, engineer, designer, dressmaker etc. We recommend using the same models as University stage.

5.2 Market Share

From Figure 5.2. will show the comparative Desk Lamp model between National, Sylvania and Local brand. We can separate into 3 main reasons:

- (1) **Price:** National and Sylvania retail price similar because it made by a good raw material, some parts are import from other countries.
- (2) **Type:** There are 3 types of Desk Lamp in the schedule;
Inverter from National
Glow switch from Sylvania, Veto and Local brand
Light capsule from some models of Sylvania
- (3) **Model or Design:** mostly National and Sylvania design look similar but different target group. National can design to catch up every age of life but Sylvania design just for student till working people, aging for 20 years old and upper.

From Table 5.1. will show about the competitor's main advantage against with National. This chart will explain the function, price, accessories of competitor brands.

Nowadays, the main competitor is Sylvania. This brand is booming last year after they took a market survey for a long time. They improve their products from Taiwan with a new concept "Eye care" They try to promote their product together with

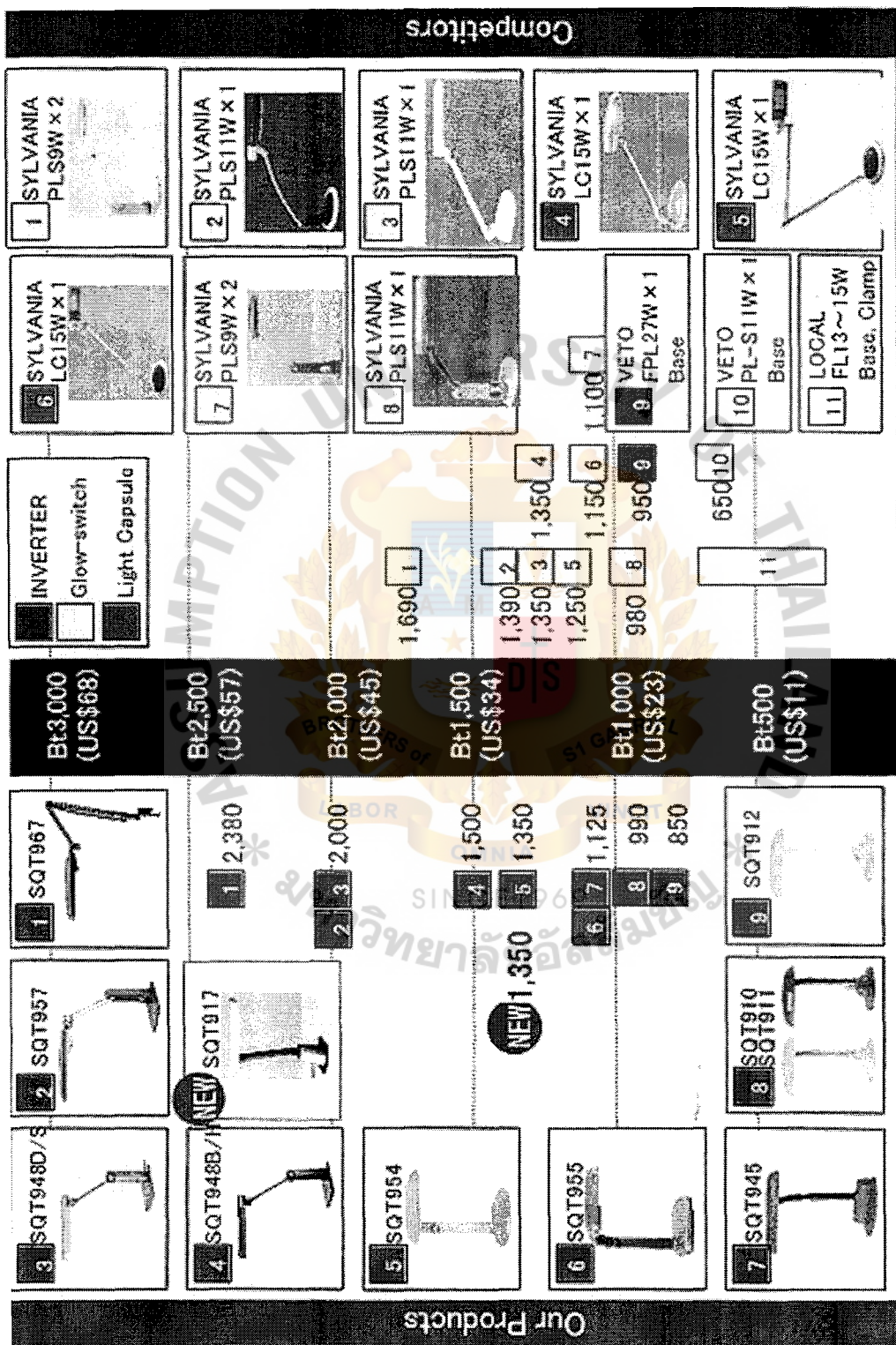


Figure 5.2. Comparative Product in the Market.

Table 5.1. Comparative Position and Competitive Advantage.

Main Competitor				Specify Competitor's main Advantage compare with National
Brand Name	Model	Pricing (B)		
Sylvania	Eyecare I 11W G23	1,350		Mostly sell together with lamp corner
	Eyecare II 2 x 9W G23	1,690		and also they have their own PC to
	Eyecare Electronic 15W E27	1,350		sell and control stock. (2 staffs up)
	Eyecare Neo 11W G23	1,390		They also try to launch new models
	Eyecare Plus 15W E27	1,250		every 2-3 month to catch up every
	Eyecare Deluxe 15W E27	1,150		target group
	Eyecare Deco 11W G23	980		Retail price similar with National.
	Eyecare Duo 2 x 9W G23	1,100		
	Eyecare Compact 7W G23	345		
Philips	Parliament 11W FLU.	1,200		At this time Philip are slow down for
	Pierre 11W FLU.	1,100		selling. They also sell only old model.
	Roma 18W FLU.	2,300		No promote same as before, PC
	Ambassador 24W FLU.	2,490		support less than Sylvania brand.
	concordia 50W HAL.	2,100		
	Pisa 50W HAL.	2,900		
	Ceto HAL.	1,800		
	Z Lamp 50W HAL.			
	Piza Floor HAL.	3,600		
Veto	Max 12V 35W HAL	815		One of Import product from Tiwan from
				Silpa Thai Company (National Lamp Distributor)
Verasu	Yin 90815 7W FLU.	1,065		It's a local brand , no famous in the
	Yin 98106 7W FLU.	910		market
	Yin PL - 909 9W FLU.	500		
	Yin PL - 921 9W FLU.	115		
	Yin 90824 7W FLU.	1,330		

Table 5.2. New Growth Opportunity and Treats.

Area (s) Expected for Growth	Estimated New Buisiness	
	Quantity per month	Revenue (Baht)
Japanese Department Store	Estimated quantity 200 units	200,000.00
Top Local Department Store	Estimated quantity 200 units	200,000.00
Dealers and Others	Estimated quantity 200 units	200,000.00

Area(s) Expected for Growth	Estimated New Buisiness	
	Quantity per month	Revenue (Baht)
Sub-Urban Area Department	Estimated quantity 10-30 units	30,000.00
Low Level Department Store	Estimated quantity 10-20 units	20,000.00

Action plan to Improve Competitive Position:

From The secondary data, We have to make a negotiation with both Japanese and Local
Department Store to accept our product and let our salesman to consult with them about
the price, mark up margin. At the same time, we have to pay more attention to our own
PC. Let them push our sales amount for each branch by explain a good point and quality
of our products. We have to distribute our products to more branches as much as possible,
and the information about competitors are necessary. We have together all information
as much as we can.

saving energy lamp and advertise on many Medias. They try to make the customers trust in saving energy lamp can protect your eyes with their concept “Eye care.”

For other competitor can catch up only a lower increase customer because the price are cheaper 100~200 Bahts.

5.3 Strategy

The ways to promote our products direct to the market and also encourage the end user to buy our products.

For example:

- (1) Customer mail such as Home Pro, Carrefour and Department Store etc.
- (2) Newspaper such as Home Pro Solution 2 times a year, and new models launching during a big event or period.
- (3) Magazine such as Bahn lae Suan, Strapic (movie magazine) etc.
- (4) Sales promotion tools for Inverter Desk Lamp such POP (point-of-purchase), shelf strip, poster, display support etc.

This is an example for magazine advertising as below detail:

Innovation Cherish Your Eyes

If you want to clear a lot of job, read a lot favorite novel or make a report all night or prepare for the examination tomorrow or closing Balance Sheet until late at night. Or crochet before going to bed. Are you sure that neon's luminance or your prefer Desk Lamp will give the effective luminance for cherish you eyes. Whenever, you used your eyes to do the work, it is no problem from now on. At present, National Desk Lamp has develop a new technology “INVERTER” system which is changes an electric current system from lower frequency to higher frequency.

The consistence luminance by Inverter system will be twinkle 110,000 times per second when compare with a fluorescent lamp that has a twinkle only 100 times per

second. A roughly twinkle of fluorescent will make your eyes tired but under an Inverter system, you will not receive an effect of a luminance twinkle so your eyes are comfortable.

Save by Compact Fluorescent Lamp

Lamp gives a luminance nearly natural with the size 24 watt and long life 7,500 hours longer than Incandescent Lamp 7.5 times. It makes our changing lamp less new lamp and gives more luminance than Incandescent lamp 2.5 times including save an electric power 68%. At the same time, Incandescent lamp 60watt but less long life and higher current consumption. There are two types of Compact Fluorescent Lamp: 1 compact and special twin compact lamp.

Matsushita Electric works Sales (Thailand) Co., Ltd. try to promote National Desk Lamp as the above details to push our sales volume every month. This strategy will be effective with our sales volume around 70% against all sales volume.

Marketing Planning

What type of Marketing Plans?

Should a Company Develop?

A company needs to prepare marketing plans for each major arena of marketing action. Specifically, there are six species of marketing plans:

- (1) **Brand marketing plan.** Matsushita company need to prepare brand marketing plans. We have to prepare a strategic and annual marketing plan each year.
- (2) **Product category marketing plans.** Before National Desk Lamp brand prepare we separate brand marketing plans. The manager will set some assumptions, forecasts, and goals to drive the separate brand planning.

- (3) **New product plans.** Each new product or brand requires a detailed development and launch plan. The product concept will have to be defined, refined, and tested, along with later prototypes. The launch phase will require a very detailed set of activities.
- (4) **Market segment plans.** If the product or brand is sold to separate market segments, then a plan would be prepared for each segment. National Desk Lamp sells in several market segments – Department Store, DIY shop (Do-It-Yourself), and Dealers – and each National Desk Lamp segment manager plan the products and services to offer to each segment.
- (5) **Geographical market plans.** Marketing plans will be prepared for each country, region, city, and even neighborhood.
- (6) **Customer plans.** National account managers will prepare separate plans for each valued customer.

Desk Lamp Advertising and Promotion Plan

Seasonal Leaflet:

We are setting National Desk Lamp into seasonal leaflet as one of our healthy products. Distribute to dealers to introduce our products on Christmas and New Year Promotion.

Magazine Advertisement:

Promote Desk Lamp as one of gift product items in New Year period. Making magazine advertising for Desk Lamp only in the magazine for 3 months (2 times per month)

Newspaper:

We are promoting our products on a newspaper to encourage customers to buy our products.

Sales Promotion in Department Store:

We will give a premium to the customers when they buy Desk Lamp in Department Stores at the beginning December to the middle of January. This is one way to encourage buying Desk Lamp. (Making the opportunity to promote our products and increase displays in the Department Stores)

Dealer Convention (January):

Promote Desk Lamp; especially new models to all dealers. Give one of new Desk Lamp as the souvenir to all dealers as the indirect way to promote Desk Lamp.

As the Table 5.4., will show the name list of display support for every market, this is the way to improve our sales activity in each target market. There are Bangkok, North, South, Middle, North-East, and Department Store. Mostly up countries are Dealers and Bangkok is Department Stores.

5.4 New Product Launching

Matsushita Company plan to launch new model every half year. Detail will show on Figure 5.3. A new product launching is SQT917S (Silver), D (Metallic Blue) and N (Metallic Pink). This model is launching on September 2002 to catch up person who use personal computer. At the present time, there are many people are using computer in many places. Also they need the light to make a comfortable brightness, can be hold completely, just the right size and well- matched color for desk top PC.

SQT917 or PC Light model are appropriate with every aging level and also it can keep with a small space. Some can arrange as a decorative thing in the room. It is easy to carry to anywhere you want.

Table 5.3. Desk Lamp Activities and Promotion Plan.

Promotion and Activities Plan	Apr	May	Jun	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Newspaper Adv.						↑						
Magazine Adv.				Newspaper Adv with National health care products.								
						↑						
Magazine Adv.				Adv. With Healthy Products.								
										↑		
Leaflet (seasonal)								Desk Lamp Adv. In Magazine				
Premium			↑	Seasonal Leflet to all Dealers and Customers.								
						↑					↑	
	Back to School Period.			Promotion at Department Store in New Year Period.			Premium for Back to School					
Dealer convention				Launching new Models.								
							↑					
				Display in Dealers Convention								
				To promote new products.								
				Giving SQT954 as souvenir to all Dealers.								

Source: Matsushita Electric Works Sales (Thailand) Co., Ltd.

Table 5.4. Name List of Dealer Desk Lamp Display Stand.

Name for Bangkok Area	Area	Q'ty
Gas Bangkok Service Partnership Ltd.	Bangkok	1
Modern Electric Trading Co., Ltd.	Bangkok	1
P.A. Electric Partnership Ltd.	Bangkok	2
Deeporn & Service Co., Ltd.	Bangkok	1
P.K Hitech Home Co., Ltd.	Bangkok	1

6

Name for North Area	Area	Q'ty
Niyom Panich Co., Ltd.	Chieng Mai	1
Saha Panich Chieng Mai Co., Ltd.	Chieng Mai	1
Niyom Panich Lumpang Co., Ltd.	Lumpang	1
Utaladit Chaijareun Co., Ltd.	Utharadit	1
Thaveeyon Marketing Co., Ltd.	Chieng Rai	1
Serm Seang (1999) Co., Ltd.	Nakornsawan	1

6

Name for North-East Area	Area	Q'ty
Saha Panich Chieng Mai Co., Ltd.	Sakornnakorn	1
Korn Kren Thailand Partnership Ltd.	Kron Kren	1
Ou-Peng - Hong Co., Ltd. (Store)	Kron Kren	1
Tai - Far Motor Partnership Ltd.	Nakorn Rachasrima	1
Lim-Jeab- Hong Motor Partnership Ltd.	Buree Rum	1
Ubon Seang thavorn Electronic - Fai Far Part., Ltd.	Ubon Rachathanee	1

6

Name for Middle Area	Area	Q'ty
New union Hitech(1994)	Ratburi	1
Poonsin Electric & Construction Part., Ltd.	Karnchanaburi	1
Thai Anan Chonburi Radio - Television co., Ltd.	Chonburi	1
Wong Anan Vidio Partnership Ltd.	Samutsongkram	1
Perm poon Surb Co., Ltd.	Angthong	1
Ekaparb Super Supplie Co., Ltd.	Saraburi	1

6

Name for South Area	Area	Q'ty
Heng Huad	Trang	1
VitChusin Marketing Co., Ltd.	Song Kra	1
Sin Sawang Sales & Service Co., Ltd.	Song Kra	1
T. Vitchun Nakorn Co., Ltd.	Nakornsri thammarat	1
Apiwattanatorn Co., Ltd.	Phuket	1
Seang Tokyo Co., Ltd.	Chumporn	1
		1

6

Name for Department Store	Area	Q'ty
Thai DMR Retail (Thai Daimaru) Co., Ltd.	Bangkok	1
Sogo (Thailand) Co., Ltd.	Bangkok	1
Siam Jusco Co., Ltd. (Rachada branch)	Bangkok	1
Siam Jusco Co., Ltd. (Rattatibet)	Bangkok	1
Siam Jusco Co., Ltd. (Lak Sri)	Bangkok	1
Siam Jusco Co., Ltd. (Wang Hin)	Bangkok	1
Isetan (Thailand) Co., Ltd.	Bangkok	1
Cemen Thai Public Co., Ltd.	Bangkok	10

17

TOTAL

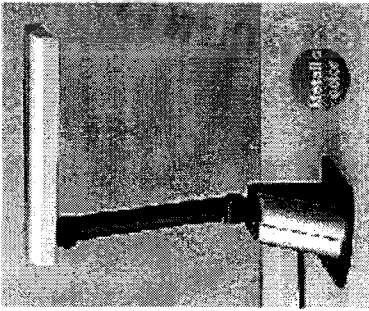
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National NEW PRODUCT

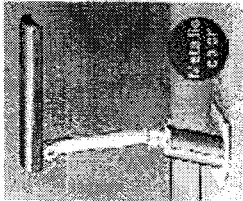
January 10, 2002

■ Product : 13W INVERTER DESK LAMP


■ Characteristics



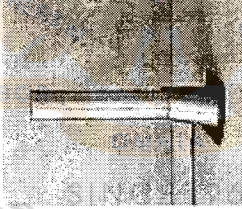
SQT917S (Silver)




SQT917D (Metallic Blue)




SQT917NK (Metallic Pink)




SQT917D/N/S



Existing desk lamp is too big!



● Can be folded compactly



● Comfortable brightness (as bright as 1L60W lamp)

● Just right size and well-matched color for sleek top PC

■ Specification

Model No.	SQT917D/N/S
Color	D (Metallic Blue), N (Metallic Pink), S (Silver)
Lamp	1 x 13W Compact fluorescent lamp
Measurements	W (Shade): 270mm H: 340mm

Mitsubishi Electric Works (Aoyama) Ltd.

Figure 5.3. New Product Launching.

5.5 PC (Product Consultant) Training

This strategy is the main to support and stimulate for our sales volume of each month by

(1) PC Meeting

We have Product Consultant (PC) to support and take care our products at each store. They are a company's representative to promote our products by face to face with the customers. They will bring all information to inform a salesman such as products quality, problem, competitors situation, pending order etc. PC is look like a products advisor who is also stimulate and encourage the customers to buy our products.

(2) Training Product

When ever we have a new model launching in the market, we will have a training products to PC and customers (Department Store) before start selling. We have to give products information in the right way especially our PC should be an exporter about product knowledge.

VI. CONCLUSIONS AND RECOMMENDATIONS

Nowadays, Desk Lamp business deal with and adapts to increasingly complex and dynamic environments. They manage relations with a variety of public and balance behavior in response to many, often conflicting, demands.

In conclusion and recommendation of the Market Trend of National Desk Lamp in Bangkok, it will do as follows:

6.1 Conclusions

National Desk Lamp also both sales amount and volume have constantly increased every year since year 2001. After Matsushita Electric Works Sales (Thailand) Co., Ltd. Changed business from A.P National Sales (Thailand) to direct sales by ourselves. In the second period of year 2001, the sales ability of Desk Lamp grows very fast due to getting more comparative advantages with the first period. Desk Lamp sales business was able to expand at a high rate, but after that rapidly decrease in 1st half of year 2002 against with company target sales. The problem was found in Desk Lamp business nowadays, which have the raw material control is inadequate to the market needs. Thus our sales volumes are not increase as much as we need. Mostly raw material parts are imported from other countries, some are slow delivery or production is not on time. Another factor that affects National Desk Lamp business is competitor ex. Sylvania; try to promote the concept “Eye care” to the market.

The result in the trend of National Desk Lamp found that the overall structure of Desk Lamp business should be increased at the mature level and the important domestic markets now are Department Store, Dealers and Project sales etc.

The market trend analysis result for National Desk Lamp can be classified into 4 stages of product life cycle as follow:

During Dec, there is a Christmas and New Year promotion so our sales growth are increased around 150% against target sales. After that our sales are decrease during Feb ~ Mar because we do not have any promotion.

During Apr ~ May, there is a “Back to School” promotion so our sales growth are increase 150~ 200% against target sales because this even is the big them for this kind of products. Then our sales will be slow down again during Jul ~Sep every year. Another important market of National Desk Lamp is project sales, export to South Africa by APEX TOY (export Distributor). They also distribute around 2~3 containers / year or 1,550 pcs / container.

The analysis result for competitive ability of Desk Lamp business, basing on the average of customer sales record result, is found that National Desk Lamp is the no. 1 or 2 in the market when compare with Sylvania.

For market planning, National Desk Lamp businesses try to launch new models every half year to catch up every aging level. Also we try to promote “Inverter Circuit” system to the market especially Thai customers, they still confuse about this concept. National Desk Lamp will make a POP (Point – of – Purchase), Shelf strip, and brochure which will explain our product quality. One of the main point is PC (Personal Controller) , they are stand by at booth to promote our products. They have to explain our products information and convince the customer to buy our products. Thus, in the future, unless Desk Lamp business realizes the research and development pattern of Desk Lamp and technology up-date know how, it will certainly affect to decrease market share in Desk Lamp business.

6.2 Recommendations

Marketing Mix Strategy is a vital element, which will support every activity the company does. Marketing Mix efforts designed to improve public attitudes toward

private enterprise must address the credibility of corporation's corporate concern for individuals on a human scale, public understanding of economic relations, and corporate willing to lead society toward change.

From the analysis of National Desk Lamp business, more study about the future trend is recommended. This is because to realize in keeping with the competitive ability on stable position, the recommend can be classified into 4 P of Marketing ix as follows:

Product:

National Desk Lamp try to make a product variety into the market. We always launch new models every half year with a good quality.

Design and Packaging is the main of customer's decision so National Desk Lamp concern about this matter, too.

Price:

National Desk Lamp was accepted a long time in the market, so the price us also the main point to push sales volume.

We have every price level for many customers level of income for example 900 Bahts ~ 4,500 Bahts.

Place:

National Desk Lamp places our products mostly at Department Store, DIY (Do-It-Yourself) shop and Dealers shop. Some are project sales with a high volume both in domestic and export.

Promotion:

Mostly National Desk Lamp arranges a big promotion to 2 periods as follows:

- (1) Back to school during Apr~ May, we always have a sales promotion with Department Store, DIY (Do-It-Yourself) shop and Dealers.

- (2) Christmas and New Year during Nov~ Jan, we are advertising on many medias ex. Customer's mail, newspaper and so on. We also give a discount and premium to end-users.

Finally, National is the brand name of a good quality products so Desk Lamp is one of them. The heart of National Desk Lamp is based on "Inverter Circuit" is the circuit, which makes non-flickering lamp, brightness, and no interrupt sound of ballast.

National Desk Lamp is sophisticated design, high technology, and high performance. National Desk Lamp offers you the ideal lighting life. Even you read and study or work at home and office think of National Inverter Desk Lamp.



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