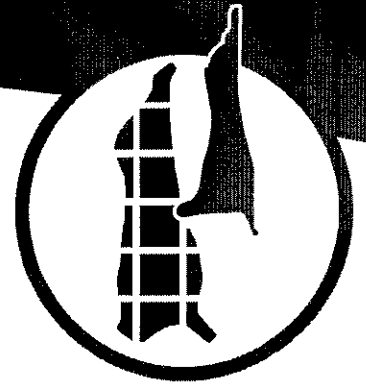


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Development of a marketing strategy for merino leather products M.264

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MEAT & LIVESTOCK
AUSTRALIA

MARKETING MIX ELEMENTS

PRODUCT/PLACE/PRICE/PROMOTION

PRODUCT

That the product has a built-in 'character' or quality that cannot be copied easily, that it is unique. Merino Leather as a raw material has this quality and with application of good design, can result in a sought after product.

The product using the unique ribby quality of Merino Leather should be aimed at the mid to upper ranges of the market. In these areas the product can have great appeal to the 'conservatives', through the history and heritage connection and the 'emulators' through the unusual and unique look of the material, along with the desire to be part of the heritage.

Once an idea for a product has arisen, research the manufacturing, distribution and marketing of similar products, in other words, learn about the Influence of Competitors.

Find out from the consumer, information about short falls or components of product not currently catered for but desired by the consumer. Often the consumers come up with the best ideas based on their experience of use of similar products.

Enlist the interest of craft-based designer/makers for assistance with design as they have a great affinity with natural materials and are not inhibited by known manufacturing processes or traditional materials bias.

Gauge an estimate of market share based on the similar- product market research.

Familiarisation with the properties of the raw material, processing techniques and reliability of supply, are the next crucial stages.

Contact a number of suppliers to gauge level of interest, quality and grading, price and long term reliability. Merino Leather varies greatly in thickness, size, stretch, pattern and finish. Allow time and funding for research and experimentation to find the right combination of qualities for the desired product. Maintain records and samples during this process.

Note the advantages and disadvantages of working with Merino Leather and develop methods to turn the disadvantages into positive assets to be added to the existing advantages.

Prototyping - Time and care should be taken with prototyping as it is during this process that problems arise and can be solved, not only with the manufacturing techniques but also design detailing. True consumer response can only be gauged after the completion of prototypes. Refinement of prototypes may be necessary following consumer response.

PLACE

The placement of the product is dependent on the perceived target markets, following market research. Broad alternatives are:

Wholesale Retail Direct Marketing Export

Factors for consideration:

Capital Base

Contacts

Skills

Experience

Volume Capacity

It is important that the correct mix is made for initial success on which growth can be based.

There are two differing thoughts about Export. One is that a successful market should first be established domestically before attempting to break into the export market; the other is that the achievement of successful export markets automatically paves the way for success in the domestic market. Whatever path is chosen, the basics of confident supply and back-up are even more crucial in the export market.

PRICE

With a unique product there is greater scope for pricing flexibility. Following market research on 'like' products, a pricing structure can be formulated that is commensurate, but does not need to be below the existing similar products as the market will accept a higher price due to the unique quality of the new product. In some cases it may be a distinct marketing advantage to have a slightly higher price as in some target areas this denotes prestige for the consumer. The superiority of the product through its uniqueness and quality of design and manufacturing can be reflected successfully in the promotion. Shortcuts should not be made in design or workmanship in order to be 'competitive' in price.

Once Product, Place and Price are established prepare a Marketing Plan.

Suggested Content List

- Strategic Statement
 - current market share
 - planned market share
 - phased strategic objectives

- Product Statement
 - description
 - major & unique features
 - pricing basis
 - life cycle

- Place Strategy
 - current channels
 - planned new channels & justification
 - support maintenance

- Promotion Strategy
 - theme
 - budget
 - media split
 - advertising
 - networking

Expenditure Requirement

Revenue Forecast

PROMOTION

PRODUCT IMAGE/IDENTIFICATION

STRATEGIC PUBLIC RELATIONS

SELECTIVE SALES PROMOTION

1. Merino Identification - Product Logo

See attached suggestion for image to identify Merino Leather as indicative of

Uniquely and Distinctively Australian
History and Heritage
Substance, Quality & Discernment

This identification can be used to enforce the above imaging in any printed promotional material such as:

product tags or labels
brochures
point of sale placards
packaging
corporate identification, e.g. business cards, letterheads etc.
advertising

2. Strategic Public Relations

Media Coverage:

Research the reading and viewing habits of your potential customer and strategically select for targeting:

Product Trade Magazines
Lifestyle Magazines
Special Interest Magazines

Local and National, daily and weekly newspapers
Corporate Publications
Local and National television
Local and National Radio

Be well informed about their personnel and use personal contact where possible. Source professional associations and guilds for special interest and trade publications. Investigate libraries and newsagents for unfamiliar publications.

For media releases use short sentences and short paragraphs. Use vigorous English, not forgetting smoothness and continuity. Be positive. Provide information about What, Where, Why, How, When and Who. Use issues of public awareness such as 'value-adding', 'previously wasted resource'. Tell the Merino Story. Most Australians have a romantic image of triumph over adversity with regard to the Merino. Use that romantic image.

Have a good source of quality visual images that can be used.

If there are good contacts within other organisation's media machines, don't hesitate to ask for assistance and information. They will often be pleased to assist.

Industry Network:

Keep all business associates informed as they will have a further series of networks.

Contact local professional associations and relevant government bodies.

3. Selective Sales Promotion

The selection of the sales promotion targets is dependent on the decisions of Placement for the product. Depending on the factors of choice, this could be one direct avenue or a combination of approaches.

The advantage of Merino Leather as an innovative aspect of product is that it can be introduced as an enhancement and added feature to existing products.

The customer or purchaser in making a choice between products, usually has two major considerations. The first one is supply; is the retailer, distributor or other source, trustworthy? Would one's peer group approve and has there been any experience of this supplier and was it a good one? A similar set of questions is then asked about the product. Is the product good value, containing required features and is it a recognised and prestigious brand name? The Unknown product needs the judicious and targeted promotion to move into approval rating.

Within the Promotion Strategy of the Marketing Plan is the budget allowance to cover Advertising and Sales Promotion aids such as brochures etc. The budget should relate to the overall objectives of the Marketing Plan and take into account the need for sustaining the Promotion Strategy over an extended period for a significant permanent effect and increase in approval rating.

New Business:

Some of the best sales promotion opportunities for Merino Leather exist in new and developing areas rather than traditional market places. For example Merino Leather products could be particularly successful in the in-bound tourist market, including the Incentives area. Attached separately is a list of Inbound Tour Operators who have expressed interest in Merino Leather products.

FINALLY

Remain innovative if you wish to progress but progress through objectives nominated and reached.

Most importantly the supply of Merino Leather is not at this time reliable, nor is there a recognised grading system. Be aware that a great amount of time will be spent working on your source of Merino Leather through the tanneries and possibly the follmongers and abattoirs, as they need to know your requirements in detail.