Assessment 21982/01

Marketing case study

Instructions

Once you feel confident that you have covered the learning materials for this unit, you are ready to attempt this assessment.

To complete the assessment, please create a new Microsoft Word document and type your answers to each question or task in this document, noting the question number from the assessment.

To help Open Colleges manage your assessment, please use the following file naming convention when you save your Microsoft Word document. Your file should be named and saved to your computer’s hard drive using your: [student number]_[assessment]_[assessment number].doc for example 12345678_21850a_01.docx.

Assessment Submission

When you are ready to submit your assessment, upload the file in OpenSpace using the Assessment Upload links in the relevant Study Period of your course. The Student Lounge provides a ‘Quick Guide to Uploading Assessments’ if you need further assistance. Uploading assessments in OpenSpace will enable Open Colleges to provide you with the fastest feedback and grade on your assessment.

Alternatively, you can print and post your assessment to Open Colleges, PO Box 1568, Strawberry Hills, NSW 2012. Please ensure that you use the Open Colleges Assessment Cover Sheet (available in the Student Lounge in OpenSpace). Where assessments are submitted by post, grades and feedback will be released in OpenSpace. Please note that assessments submitted by post may take up to 21 days from the date received by Open Colleges to grade and are reliant on the efficiency of the postal service.

It is important that you keep a copy of all electronic and hardcopy assessments submitted to Open Colleges.

Performance objective

Marketing officers need to understand marketing segmentation terms and market processes to effectively market an organisation’s products and services.

Assessment description

This assessment provides short case studies of segmentation and questions which relate to them.

› No variation of the task is required

› A follow up interview may be required (at the discretion of the assessor).

› Documentation can be submitted electronically or posted in the mail.
Specifications
You must provide:
› a completed assessment.

Your assessor will be looking for:
› answers which demonstrate an understanding of the principles and methods of market segmentation.

Case study
Sno’s Hay and Feed has developed a new method of compressing and vacuum packing lucerne hay which keeps it fresh for more than three years. The invention has several benefits for the long term storage and use of lucerne hay over traditional methods of baling and storage.

The benefits are:
› reduces transport costs by >75%
› reduces storage costs by >75%
› dramatically extends storage time in hot dry weather
› reduces risk to horse owners and horse breeders of the vagaries of fresh chaff supply
› can be carried in the back seat or boot of a car with no mess
› dramatically reduces the risk to horses of mould in humid weather
› reduces risk to farmers supplying lucerne to Sno’s business of the vagaries of supply and demand
› lucerne hay itself is a high protein natural feed that is highly suitable for horses that are ‘working’ to keep them in condition with good muscle mass.

The competition for the new product are:
› traditionally baled lucerne hay which takes eight times the space and becomes dry and dusty over a period of a year
› compressed lucerne hay with additives which subject the product to mildew attack
› pelleted compressed lucerne hay which becomes dry and dusty if not used quickly
› grain feed which is much more expensive but higher in protein content.

Sno conducted a market survey by:
› sending emails to the secretaries or presidents of horse clubs and horse associations asking for his survey to be forwarded on to members
› collecting survey data at agricultural shows
› using an opt-in process on his web site.
Sno identified the following segments:

- people who attend country horse shows and gymkhanas (horse events) and need to take horse feed with them but usually do not have a lot of room in the horse float to put bales of lucerne.
- people who muster cattle on horseback over hundreds of kilometres in Western Queensland, and the Northern Territory and need to take feed for their horses with them to last two weeks or more for their horses.
- people who transport live sheep and cattle to overseas markets by ship and need to carry feed with them.
- retail stores in rural and semi-rural areas which sell feed and other products for livestock.
- local community people who can pick up supplies direct from the farm.
- all people who feed horses during winter when fresh lucerne hay is not available as lucerne does not grow during winter.
- gardeners using lucerne as a mulch.

Sno identified his market as horse owners and retail suppliers of horse products. Sno determined the total market to be worth $300M by accessing a census on horse numbers in Australia involved in racing, breeding, events and recreation and applying some benchmarks on average feed consumption from a state wide survey. He identified another market of $200M being 20% of export chaff for horses.

Sno identified his target segments as:

- owners using horses for mustering in Western Queensland and the Northern Territory estimated to be $5M in size.
- owners with horses involved in events estimated to be $100M in size.
- recreational horse owners estimated to be $70M in size.

Sno identified the following marketing options:

- creation of a website to hold:
  - case studies
  - testimonials from well known people in the horse industry
  - technical data and reports about the product
  - photographic evidence of the storage saving attributes and long lasting qualities.
  - editorials in local newspapers and horse magazines
  - direct mail to horse clubs and associations throughout Victoria, Queensland, New South Wales and the Northern Territory
direct sales to resellers using samples to familiarise the resellers and customers with the product

word of mouth locally and regionally by having a stand at agricultural shows and horse events.

Sno positioned his product as 'Long-life chaff' with a premium pricing of 30% above competitive products.

Questions

1. What segmentation criteria did Sno use? What criteria did he not use? What may have been the impact on the success of Sno’s marketing plan of his choice of segmentation criteria?

2. Were there any elements of what defines a useful segment that Sno did not include in his segmentation? What impact may that have had on the success of his marketing plan?

3. What was Sno’s positioning strategy?

4. What additional data would have been helpful to prioritise Sno’s marketing options for the events segment?

5. What legislation would Sno have needed to be aware of in designing and executing his market survey?

6. What targeting strategy did Sno use?