

## **Business for Design: Assignment 2009/2010**

### **Option 3**

“In August 1998 a Design Registration was issued (GB2076963) for the *Rotilt* ergonomic handle and an associated Trade Mark (TM2164350); both have now elapsed. However, you will find products from surgical instruments to baby buggies that exploit the *Rotilt* concept still offered for sale. A manufacturer of sports equipment, used at the highest level, has asked you to consider the market for items designed to exploit the *Rotilt* concept acknowledging that it will probably not be possible to use Intellectual Property Rights protect your use from competitors who might wish to adopt the idea for *me-too* products. The products area are to be investigated is tennis Rackets (this market might expand to other sports but the launch will be for Tennis)”

### **1 The Marketing Mix:**

#### **1.1 Product.**

The product that will be evaluated is a tennis racket that incorporates the Rotilt ergonomic handle. A person is able to buy and then use this product.

The core benefits of this product are that the racket will feel lighter, there will be less strain on the wrist and that it will allow for greater torque to be applied over a wide range of positions, Heavenor, G. (2003). The application of the Rotilt handle will also help to prevent the problem of strains and slow developing injuries that may arise, particularly with experienced players who are exposed to uncomfortable wrist movements frequently over a long period of time.

The augmented product would consist of a warranty and after sales services for which the customer may or may not pay a premium.

In terms of the Product Life Cycle, the product would initially be introduced to the market to create awareness; limited numbers would be available in few channels of distribution. This will help to test the market and pricing. Advertising spend at this point would be high, focusing on strengthening the brand. The company may then form alliances or expand the Rotilt concept to other sports equipment. As the product matures and the product begins to leave the market promotion may become more widespread using a wide variation of media. The product may suffer a decline if more innovative products have been introduced or consumer tastes change, one way to combat this is by introducing the concept to new and improved models. Another way suggested by Marketing Teacher Ltd (2010) is by intense price-cutting; profits could be maximised by reducing marketing spend and other cost cutting, however this would jeopardise the products status as a premium product.

#### **1.2 Price.**

The intended marketing costs would cohere with the theorems of “premium pricing”, Marketing Teacher Ltd (2010); the tennis rackets would be introduced to the market at a high price which will be justified by it’s unique selling points and it’s niche target market of tennis players who are at an advanced level. Additionally, many people associate price with quality.

In order to promote the tennis rackets in the instance of a declination of sales, promotional pricing may be adopted.

#### **1.3 Place (Distribution).**

The product would be sold through multiple indirect channels such as through retailers and on the Internet.

Retailers will have better personal connections with the consumers and will expose them to other competitive brands. The products will be promoted and merchandised by the retailers minimising primary advertising costs. Additionally, retailers often have a strong brand name themselves that will be associated with the product should they be sold in their stores. The consumer may also be able to test the product in-store.

The main advantage of using the Internet is that more specialised products can reach a wider audience. For example, the product would be primarily targeted at people who often play tennis, such as professionals and avid sportsmen. Other benefits include the low set up costs and its geographically dispersed market.

#### **1.4 Promotion.**

Advertising campaigns could be employed using media such as magazines, television and billboards, so to reach the intended target market. This will help create an awareness of the product.

Another expenditure could be the sponsorship of an event such as Wimbledon. The company could provide rackets or just sponsor the event. By associating the brand with this, the product will become better recognised and the validity of the product would be enhanced.

Representatives could also attend trade fairs and exhibitions to increase awareness and encourage trial. Events such as these are beneficial to making new contacts and possibly renewing old ones. This is an additional opportunity for the company to meet with both the trade and the consumer.

## **2 The Five Forces (Michael Porter):**

### **2.1 The Threat of Substitute Products or Services.**

The risk of other companies exploiting the Rotilt concept by applying it to the tennis racket in the same way is quite high as both the Design Registration (GB2076963) for the Rotilt ergonomic handle and associated Trade Mark (TM2164350) have elapsed.

However, should this not occur, the level of product differentiation will give the product a competitive advantage to the target market when comparing the product to other tennis rackets which do not incorporate the Rotilt concept. The product would benefit from a 'Unique Selling Proposition' with advertisement concentrating on the handle. This should aim to communicate the advantages of incorporating the concept to the design and the difference to other products currently on the market.

### **2.2 The threat of the entry of new competitors.**

Being an unknown brand, the threat of established companies such as Slazenger, Head and Dunlop may have an impact on the sales of the product. Therefore the product may benefit from elevated advertising at first, focusing on branding and promotion. Additionally, sponsoring successful tennis players such as Roger Federer may help enhance awareness encouraging amateurs to follow suit.

### **2.3 The intensity of competition rivalry.**

Lancaster and Reynolds (1999, p. 80) suggest that companies are constantly trying to maintain a competitive advantage through "innovative, creative and more effective methods...Channels of distribution are changing and evolving over time." Currently, the Internet would be a worthwhile market to penetrate with low set up costs and "the commercial use...approaching 40 per cent per month worldwide".

Selling a large percentage of the tennis rackets via Internet may also help to reduce the running costs of the company so that the company could either lower the cost of the product or spend more on advertising.

#### **2.4 The bargaining power of buyers.**

Lancaster and Withey (2006 p.140) argue that a customer will “consider the price in relation to the perceived quality of the product, packaging and often the distribution outlet”. For example, buyers may be happier to spend more on a tennis racket from John Lewis, as they believe that “the quality of the product is guaranteed to be of a certain standard”.

Buyers will also consider the cost in relation to the perceived risk. For instance, to help to reduce the risk of strains and slow developing injuries on the wrist, they may prefer to spend more on a higher priced racket with the Rotilt feature, “considering this to be more effective than the lower priced product” Lancaster and Withey (2006 p.141).

Other factors may include income, quality, image, personality and culture.

#### **2.5 The bargaining power of suppliers.**

Zikhmund and D’Amico (1996, p. 52) consider the influence suppliers worldwide have on organisations in today’s global economy: automobiles, for example, often “contain parts made in Japan, South Korea, Mexico, or other countries where labour is inexpensive”. However, suppliers may decide to change the price or delivery time, for example at any time.

Suppliers are also able to limit the availability of resources. Zikhmund and D’Amico (1996, p. 52) further demonstrate that the Organisation of Petroleum Exporting Countries (OPEC) can restrict supplies of natural resources such as certain metals. Therefore in the specification of materials for the tennis racket should take this into consideration should there be a high demand, else a “marketing strategy aimed at discouraging buying” may eventually be deployed.

According to eNotes.com (2010) “Several large factories in Japan, or elsewhere in Asia” produce tennis rackets, which may broaden the competition for the suppliers, lowering the costs. However, the inclusion of a unique feature may limit the number of factories who would manufacture the product providing less alternatives allowing for suppliers to charge more.

### **3. Conclusion.**

To summarise, the product would be targeted at experienced tennis players who are exposed to uncomfortable wrist movements frequently.

Whilst introducing the product to the market, advertising costs would be significantly higher, focusing on strengthening the brand, although advertising campaigns should be used throughout.

“Premium pricing” would also be employed. Suitable places for distribution would include specialised sports shops, recognised retailers and the Internet. The company could sponsor events such as Wimbledon by either providing rackets or by offering money. Representatives of the company could also attend trade fairs and exhibitions in the hopes of increasing awareness of the product.

Product differentiation is a large factor for the company, as the incorporation of the Rotilt Handle will give the product a competitive advantage.

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