Case 1

THE ELECTRIC FEATHER PIROGUE

SYNOPSIS

This work is meant to analyze The Electric Feather Pirogue's history, distribution channels, marketing system, strengths and weaknesses and provide recommendations and Q&A. The Electric Feather Pirogue is a Texas company, producing small, versatile, lightweight boats, propelled by electric engine. Founded by Mr. Bill Wadlington, TEFP's distribution channels are 15 independent dealers across the country and 20 agents which can only work in areas that are not assigned to dealers. They use specialized magazines as a main advertising medium, in addition to that TEFP took participation in specialized exhibitions to raise awareness of their company. The company has superior product and small competition which allows them to be relatively successful at their local market. However their underdeveloped marketing strategy, analytics and weak distribution network limits their success on global markets, and becoming a bigger threat given that competitors start to emerge. As such our recommendations for TEFP are: Improve marketing targeting via utilization of modern technology such as world wide web and youtube advertising; develop clear distribution strategy alongside with key performance indicators; improve distribution system via territorial subdivision and some other minor improvements.

THE HISTORY, DEVELOPMENT AND GROWTH OF THE COMPANY OVER TIME

The Fin and Feather Products Company of Marshall, Texas produces a line of small, versatile, lightweight boats called the Electric Feather Pirogue. The term "Feather" was chosen to emphasize the light weight of the boat and "Electric" because it is propelled by and electric trolling motor. The boat is extremely simple to operate. There is only one moving part in the entire control system.

In year 1 (the base year) Mr. Bill Wadlington had purchased controlling interest in, and assumed managerial control of, the seven-year-old Fin and Feather Products Company. Mr. Wadlingtion was the only in-house sales man to deal with 15 independent dealers around the country and 20 agents who were authorized to take orders in areas outside the dealer territories. Magazines were the primary advertising medium used. An examination of orders produced by the ad indicated that they were primarily from women who were buying the boat family used. The best sales areas in 1979 were in the eastern and southeastern areas of the country as the company's past sales efforts had been concentrated almost exclusively in those areas. After the company

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began using national media totally new markets were tapped. The Pirogue had virtually no direct competition, particularly outside the Texas-Lousisiana area.

DISTRIBUTION CHANNELS

Direct:

Customers order a product directly at the factory. Order had to be prepaid. Their orders were accepted directly because they lived outside the areas assigned to dealers.

Indirect:

- 15 independent dealers around the country, who bought his product at wholesale price and sold it with a standard markup. Dealers had their marked territory to work in. As there was no any agreement between Mr. Wadlington and dealers, the only requirement was to order at least 5 product items for the first time. All payments had to be prepaid, which helped to avoid any accounts receivable. All shipments were free on board the factory in Marshall, Texas.
- 20 agents, in addition to the dealers. These agents didn't have any territory marked, but the could only work in the areas which were not assigned to the dealers. The orders from agents had to be prepaid as well. Agents got a commission for the number of boats they sold. These orders were shipped directly to customers.

MARKETING SYSTEM

Product advertising was one of the primary tools of Mr. Wadlington's marketing plan. Specialized magazines were the main advertising medium used (Ducks Unlimited, Out-door-life, Argosy, Field and Stream, and Better Homes and Gardens). The frequency of advertisements published depended on the sales volume. So intensive advertising was made during low sales and relatively opposite. Dealers and agents were provided with professionally prepared brochures. Also the company had exhibited at boat shows in Texas, Ohio, and Illinois. And also he made an arrangement for product placement for Pirogue to be used as a prize on one of the more popular network game shows.

SWOT ANALYSIS

INTERNAL STRENGHTS	INTERNAL WEAKNESSES
1. Product – small (no trailer required), versatile, lightweight boat with electric motor easy to operate 2. Affordable price – \$490-\$650 3. Strong sales and satisfactory profit	1. Limited product range – basic model + optional equipment, 2 types of motor 2. Underdeveloped distribution network (15 dealers and 20 agents with unclear geographical subdivision)

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4. No direct competition outside Texas-Louisiana area	3. Strict cash-and-carry policy prior to shipment 4. Poor non-targeted marketing activities 5. Absence of sales analytics and undefined strategic direction
EXTERNAL OPPORTUNITIES	EXTERNAL THREATS
1. Good prospects for further market development 2. Potential to expand into new markets or segments 3. Product line has extension capacity to meet changing customer needs	1. Emerging of competitors on domestic and foreign markets 2. Slower market growth than production requirement 3. Failure to deliver new products

RECOMMENDATIONS

For a small size business the company has a stable position, firstly, due to the absence of direct competition yet, and because of the product which is simple and functional.

However, the company only offers a basic model with additional variations and 2 types of motors that come with a basic model. By expanding the product line the company can target other consumer groups, such as duckhunters, fisherman, campers or by expanding the product range save its consumers the pain to address other companies to buy accessories or other support products.

Strict cash-and-carry policy prior to shipment seriously limits the order volumes that the dealers can operate as well as slows down the sales processes with agents and direct customers. By allowing sales on account existing distribution channels will increase sales, and new emerge.

Distribution system lacks clear territory subdivision and has no performance based commission or system of discounts.

Marketing activities are quite good but non-targeted and unsystematic.

We would like to suggest Mr. Wadlington to create a modern and easy-to-navigate website that will show his “Pirogue” and all additional products related to it including a short background description on each one. This website will include everything from his arsenal to placing an order. We also suggest Mr. Wadlington to have a page on every social media site, such as Facebook, Twitter, Pinterest, Instagram. It will be very helpful to set up with Google business. So that every time people type word “boat”, “Electric Feather Pirogue” would come up with the website information.

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Together with ads in specialized magazines brochures can be sent out to subscribers and members of hunting/sailing/fishing clubs. We would also like to set up TV ads, YouTube ads, so it increases the number of people who is aware about his company. As another tool of marketing, we suggest him to create some special sales, or next-purchase discounts, so it would boost up his long-term customers flow.

Q&A

1. **In your opinion, who are the most likely customer target groups for boats like the Pirogue?**

- families using the boat in household, especially women;
- families with small kids for camping or fishing trips;
- professional duck hunters and fisherman

2. Analyze the firm's current distribution system. Can you suggest ways in which it might be improved?

Mr. Wadlington has got both types of distribution channels: direct (at the factory) and indirect (dealers and agents). He set up some territorial rights to the dealers and agents he worked with, he also set up a payment policy. See recomendations

3. Suggest other types of promotion that Mr. Wadlington might find profitable.

The company could attract more customers by offering holiday or seasonal sales, special discounts for referring a friend, promo codes for using in the next purchase.

Do you think the heavy dependence on magazine advertising is wise? Why?

Magazine advertising proved to be efficient, moreover, the most successful ads was in Better Home and Gardens Magazine. Though depending only on this type of media wouldn't be wise as the company could use more other promising activities such as product placement or taking part in specialized exhibitions as well as direct mailing, online advertising and radio.

4. Do you agree with the practice of scheduling advertising only when sales volume is below plant capacity? Defend your answer.

We disagree. Advertising tools should be applied not only to recover decreasing sales but also to keep them stable and increase them gradually. Advertising also helps to raise customer awareness of the product and serves to create good product image.

5. Do you agree with Mr. Wadlington's policy of requiring that all orders, even from dealers or agents, be fully paid for before shipment? What changes, if any, would you suggest?

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Mr. Wadlington policy has pros and cons. Its advantage is in easy handling of finance and simple accounting procedures. Though this policy puts restrictions on the volume of orders from dealers and might influence decision to make a purchase or not from direct customers or customers through agents.
By accepting payments on account dealers would purchase more as they will have appr 30 days to perform a sale. And if the orders can be paid after the actual shipment date customers will have no time to change their mind on the purchase or delay it.

From credit cards to cash, these methods offer advantages and disadvantages for customers and for businesses. If you decline to accept a particular payment method, you could limit your customer base. Depending on the type of business you do and the type of customers you have, you may not need to accept some methods of payment. Weighing the pros and cons of different methods can help you make the appropriate decisions for your business.

6. What data would Mr. Wadlington find useful for analyzing the effectiveness of his marketing program? How might he obtain these data?

The data that might be useful to analyze ROMI are number of orders produced by ads in specialized magazines. To collect this data every customer should be asked about the source of advertising that attracted him. Or after the purchase a questionnaire could be sent via email including this question.

Most experts agree on two broad types of advertising testing: concept testing and copy testing. Concept testing is sometimes called pre-testing, and is generally exploratory using headlines, rough layouts or storyboards. Concept testing typically uses qualitative research techniques including focus groups or depth interviews to gain insight into effective ad concepts, identify problems or issues, or to generate new ad concepts. In contrast, copy testing evaluates different executions of an advertising campaign using finished (or close to finished) ad executions. Copy testing typically employs quantitative
research techniques including surveys to measure recall or recognition. Larger sample sizes can provide a level of statistical validity decisions that may be important with larger investments. What's more, you may use both types of testing for an important or expensive advertising campaign, using concept testing for the early stages of campaign development, and copy testing to select the final ad option. Finally, advanced copy testing using quantitative techniques can also involve physiological measures including eye-movement analysis, galvanic skin-response methods and brain-wave analysis. Although I will suggest these are too complex or expensive for most requirements.

7. Mr. Wadlington is opposed to changing his present marketing system. He contends that the plan is working because sales are strong and profit is satisfactory, and he ask, "Why change a winner?" How would you respond to his question?

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Mr. Wadlington does not take into consideration possible environmental threats, such as emerging of a competitor who could come up with a better product and more effective marketing strategy. If by that time brand loyalty and product awareness aren't strong, The Electric Feather might be fast forgotten.

When creating a marketing campaign, employing a mix of both vertical marketing and horizontal marketing will best serve your organization. Utilizing both marketing systems will reach a wider range of customers and generate more profits. This is because a vertical market is composed of a vendor who supplies a product or service to a customer who exists within the same industry. One example of a vertical market would be wholesalers of car parts who sell their products to automobile manufacturers. In this instance, the vendors are the wholesalers and the customer is the automobile manufacturer; together they make up a specific vertical market or a niche market. A horizontal market differs from a vertical market in that it is not industry-specific. Vendors in a horizontal market sell their products or services to customers in a number of different industries. Marketing is a complex process. Deciding how to market and who to market to are key when creating your marketing strategy. A successful campaign is one that targets the appropriate audience through both vertical and horizontal marketing, and it also
capitalizes on a wide range of media outlets to spread the word about your product or service.

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