

INTRODUCTION

Despite the shaving products market has dropped slightly, mainly due to the fall of the most traditional items, we the big multinational companies devoted to personal hygiene have decided to promote the aftershave items category, which remains the same or has registered a slight rise.

In this report we show a detailed marketing plan in order to introduce an aftershave in the Spanish market, whose innovation is that it inhibits male facial hair growth.

From the information obtained during our investigation, we have found out there is a considerable need and it is in great demand. The Spaniards seem to be inclined to use the most modern products, in which the companies have introduced their most novel formulae. Throughout the last year the world turnover of Gillette Co. exceeded the 8,700 million dollars (some 1,566,000 million pesetas), with a 12% rise compared to 6,000 million dollars during the financial year 1994, all that due to its new line of Gillette Series, consisting of items for before and after the shave, in addition to a deodorant in gel. Considering the success and its latest innovations, our product has a promising future. Carrying out a detailed analysis of the objective market, we have expected the sale of 3,000,000 units, which means a turnover of 4,650,000,000 pesetas.

Our marketing strategy entails the introduction of a product designed to retard and weaken the male facial hair. The date of introduction will be July 2000, ideal date since hot weather, vacations, and especially lack of time makes it very appropriate.

According to a BJM Research and Consultancy's report for our company, considering 15,000 interviews to European men aged more than 18, it showed what we expected: 40% of them had to shave every day, and that was usually a real nightmare; the rest shave every 2 or 3 days, so as soon as they hear of our product, both groups will use it to make this period longer, until, in a near future, that hair virtually disappears.

ANALYSIS OF SITUATION

The product created by our company has the function of retarding the growth of male facial hair.

Going into the situation analysis in which the product is, it is necessary to emphasize the fact that this product is new in the market, so it might find companies in competition, though sales of some products from certain companies (such as those devoted to safety razors, electric razors and shaving foam) have decreased; as for women, there are also hair growth inhibitors for their legs.

As regards the objective market, this product is aimed at a more reduced sector of population: just at those who have beard, generally men, from 15 years onwards.

Key factors for success.

The key factors for success are the following: the product is innovative; there are no direct competitors as a result of the first key factor; and the sector of market is free, since it is new. This may entail an opportunity and a risk; an opportunity because the sector has not been exploited yet, and a risk because the future of our company depends on this product.

To know whether this item can be successful, where to sell it, and our consumers' purchasing power, we considered it advisable to carry out a survey, which is detailed following:

- How often do you shave?

- everyday 40 %
 - each 2 days 45 %
 - once a week 15 %
- Did your work require good appearance?
 - yes 60 %
 - no 40%
- Do you like shave yourself?
 - yes 15%
 - no 50%
 - sometimes 35%
- Do you think this product is interesting?
 - yes 75%
 - no 25%
- what kind of market offer do you prefer?
 - after shave + a smoll shave gel 15%
 - after shave + a razor blade 35%
 - buy two after shave and pay just one 50%
- what do you prefer for shaving?
 - an electric razor or shaver 12%
 - a razor blade 80%
 - an archaic razor blade 8%
- if there were a product which can retard the beard´s growth, would you like to use it?
 - yes 75%
 - no 5%
 - maybe 20%
- where do you buy shaving product?
 - drugstore 20%
 - department store 30%
 - supermarket 50%
- if we introduct the product...
 - you prefer listen people´s opinions first 20%

- you just will buy it 50%
- you prefer prove the samples first 30%
- how much time do you pass shaving?
 - less than 10 min. 25%
 - More than 10 min 25%
 - Depends 50%
- are you agree with the introduction of the product?
 - yes 75%
 - no 5%
 - don't mind 20%
- what kind of after shave do you prefer?
 - with alcohol 40%
 - without alcohol 60%
- what do you think about the price of the product?
 - it's too expensive 30%
 - it's good 45%
 - it's very cheap 25%
- do you like have bear?
 - yes 30%
 - no 70%
- do you like perfumed after shave?
 - yes 20%
 - no 50%
 - depends of the perfume 30%

OUR COMPANY'S OBJECTIVE

Our company's objective is to try to reach a good image of brand in order to keep on being the market leader in this field when a strong competitor goes into the market. We must keep this objective until we reach the leadership, then we will try the main activity, which is to invest to keep that leadership.

STRATEGIES OF THE PRODUCT

Name of the product

Once we have concluded our research, we name the product. For this purpose, we the shareholders meet with a group of specialists in marketing and publicity from several national agencies. We showed them the characteristics of our products.

That done, we proposed them to take part in a competition to give a name to our product, having a 15–day period to present their works. The agency that wins the competition will be the responsible for the publicity of these products and some others we may launch in the future.

Having discussed with these agencies, most of them decide to take part in the competition.

When the 15–day period is over, a total of 5 works have been done to name our product:

AGENCY NAME

Publitex-----Crak

Publimum-----Centinel

98 Public-----Red Dawn

Publisa-----Babyface

Santiebli-----Irio

Product characteristics

Babyface is a gel that is easily applied after the shave with a soft facial massage in a circular way. It smells nice, has a transparent colour, and is soft to the touch as any gel.

Moreover it works the same as an aftershave that tones up the facial skin and gives a cool sensation.

Design of the bottle

Before starting with the second phase of our production (bottling), we design the bottle. This is very important because a great part of sales depends on it.

After researching the most appropriate shape for our product, one of the following variables must be chosen:

- Material : glass or plastic.
- Range of colours : transparent, black or navy blue.
- Capacity : 100 ml., 200 ml., 500 ml.

After some days of observation we decide what follows:

A plastic container, transparent colour and a capacity of 200ml.

Firstly, the plastic container has been chosen because we have considered the costs of two kinds of bottles, and this one proved to be cheaper. Secondly, the colour of the bottle is transparent because we believe that the consumer has to be able to see the contents of the product.

And, finally, the 200ml capacity was chosen. This is the right capacity since, if it is less than that, the contents

would be run out very soon, so it would be more expensive and the consumers would get tired of buying it soon. And if it is more, that would be too much, and, taking into account that the product is used every 2 weeks, one bottle would last a lot; then the frequency of purchase would grow very long and our income would not be good enough to face up our costs.

Once we have decided the kind of bottle to use, we contact the Plastic Omnium company, which was the responsible of the bottles production and which will supply the containers to us successively.

Contract characteristics:

- Duration: 2 years, renewable after that period.
- Price of every unit produced: 10 ptas. a bottle.
- Method of payment: cash on delivery.
- Delivery: 35,000 bottles every 15 days. This is so because every 15 days we obtain a production of 25,000 bottles; we decided to acquire 35,000 every 10 days and accumulate an amount of bottles in reserve in case it is not possible to be delivered. But if in a long term period we accumulate too much stock, some order can be cancelled.

Once all the problems involving bottling have been solved, the production goes on and we carry on with the sale.

For these sales to be high, and with the purpose of making the product be consistent in the market, the advertising campaign starts.

DISTRIBUTION STRATEGIES

Before dealing with the distribution of this product, we consider advisable to explain what the meaning of this concept is. The distribution is the number of activities that starts when the product is finished, and ends when the product reaches the consumer. That concept explained, we can ask some questions to ourselves which will be answered as follows:

Who will carry out the distribution?

For our product to be distributed effectively, it is going to need both wholesalers and retailers.

These intermediaries are going to reduce the number of transactions to be done and, besides, they are the ones who know consumers' needs the best, distributing our product where they consider it is more successful and really needed. To this end, we are going to subcontract a distribution agency called *Hisfabasa*, which is specialized in the distribution of medicines, beauty products, cosmetics and the like. The cost of the contract will be 4,000,000 ptas. a month, and it will cover the distribution of all the areas assigned. Nevertheless, the company will have two trucks to be used in unexpected cases or professional commitments.

The distribution of BABYFACE will be done through the so-called *complete service* wholesalers (*mayoristas de servicio completo*), since, that way we would avoid freightage; specifically the general wholesalers would carry out that task, and also through retailers. This choice results from the necessity to introduce the product in the market quickly, since given that we are dealing with such an original and interesting item for men hygiene, new competitors will be introduced in this field very soon. Anyway, these dealers will be selected carefully, as, for us, the ideal distribution is that one which identifies with the good image and strategies of our company.

The retailers are very important for a good distribution, since the large team of sales representatives will channel, together with other distributors, visits to these retailers, with a high level of written communication

and offering **servicio de asesoramiento** (*¿Advising service?*) of great renown in the sector.

We will contact with retailers depending on the variety, as department stores and small specialised stores that have, of course, certain prestige, and, besides, they must be located in shopping centres and arcade centres, though in certain cases we could exclude this requirement; these cases could be those small shops located outside these centres, but having a solid image and means a guarantee.

As for the physical distribution, we have to take into account the location of the factory, since it will have a warehouse in a strategic place, that will be crucial in the distribution.

Functions of our channel

The main function will be that of storage. This means that our intermediaries are going to have a warehouse of goods, necessary to satisfy the demand any time.

- We provide the wholesalers with a stock of 5,000 bottles a month each.
- We provide the retailers with a stock of 200 bottles a month each.

With this function we will have products of Babyface in all the shops of our intermediaries; that way these ones will always be able to control the stock better, informing us in case that is not so. It is a way of controlling the demand of Babyface.

How is our distribution channel going to be?

Bearing in mind the intermediaries that are going to take part in our distribution channel, we can claim that it is going to be both a short and a long channel.

A short channel when our product is going to be distributed by a representative and a retailer, until reaching the final consumer.

And a long channel when the wholesaler, the representative and the retailer are part of the distribution to make Babyface reach the final consumer.

These kinds of channels are aimed at items for frequent use, so in accordance with our product and our intermediaries, they (the channels) are the more appropriate, since Babyface is designed to be used by our consumers as frequently as they shave. This makes the item nearly indispensable for those who shave, and of continuous use; in this way we will get, bit by bit, the purpose of Babyface.

How is our distribution going to be?

Our distribution will be characterised by being extensive, as Babyface is going to be sold both in specialised shops, such as drugstores or those shops selling items similar to Babyface, and in supermarkets and department stores. In this way, we will create a good image and reliability, since we do not want Babyface to become a product as any other; instead we would like the consumers to appreciate the quality of the item and the effects that Babyface produces.

An organisational chart is shown on the next page, presenting our channels.

PRICE

Our aim is to obtain a (*¿profitability rate?*) (*tasa de rentabilidad*) on the invested capital in order to recover

the investments in research, promotion, publicity and marketing. This will be achieved carrying out strategy of sales quotas.

As for the competitors and the situation of the market, we will follow a strategy of leadership on the product's quality, bearing in mind that we are alone in the market and we do not have any competitors. This strategy will be carried out by fixing a price of 1,550 ptas. every bottle; this price is the result of a research of our fixed costs and variable costs (the variable ones are everyday production costs).

FIXED COSTS

KIND OF MACHINE	UNITS	MARK	PRICE
Jamers	3	SIEMENS CB 320	90.000.000pts
Mixturers	2	SIEMENS MZ 1200	40.000.000pts
Raisers	2	SIEMENS	1.600.000pts
Tools	Several	Several	2.000.000pts

Transport's cost included

VARIABLE COSTS (everyday)

COSTS	PRICE/DAY
Bottles	200.000
Wages and salaries	167.500
Supply	80.000
Publicity	(annually)

Of course, to fix a price we also have to consider the situation of the market, that is to say, how much similar products cost in the market:

According to our analysis, the prices of the most similar aftershave lotions range between 800 and 3,000 ptas.; given that we offer an additional value, we agreed on a price of 2,000–3,000 ptas. (as belonging to a superior range of products), though the price should not go over that amount since we are introducing the product in the market.

To get an idea of the turnover we could have, we made comparative market researches among the companies devoted to personal hygiene in the section of aftershaves to know their average turnover.

We also compared them considering the distribution channels.

CANAL	AFTER SHAVE
Small drug–stores	5.3*
Depart. drug– stores	29.1*
Perfumery	7.2*
Traditionals	2.2*
Self–service	3.3*
Small supermarket	14*
Big Supermmaket	11.4*

Superstore	27*
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* cuota de mercado en porcentaje.(fee, market, porcentaje)

Aftershave market participation in geographic areas.

CANAL	AFTER SHAVE
Barcelona (Metrop area)	14*
Cataluña	10,4*
Levante	16,2*
Andalucía	14,3*
Madrid (metrop. Area)	13,9*
Center	7,8*
Northwest	11,4*
Northcenter	11,9*

- Cuotas de mercado en porcentajes

We have also done the research on the profit margins of our distribution net, since they cannot be the same for all of them because of their different capacity of buy and sale (*compra y venta*); the margins are the following:

- In the Long Channel:

RETAIL PRICE = TOTAL COST + (MARGIN X RETAIL PRICE)

$$P.V. = 1550 + (25\% \times P.V.)$$

$$P.V. = 1550 / 0.75 \quad P.V. = 2066.6$$

- In the Short Channel:

The retailers get a 60%.

$$P.V. = 1550 + (\% \times P.V.)$$

$$P.V. = 1550 / 0.66 \quad P.V. = 2348.48$$

In this way we have defined the structure of prices depending on the distribution channel.

As for the feeling about our product's price we want to create, we are going to try to follow a strategy from prestigious prices using an even number for our price, by advising our clients on the quality and exclusiveness of our product, making them understand that they will sell the item without reducing their profits.

As regards our geographical strategy, we will set a standard price to avoid different prices in different areas.

PROMOTION STRATEGIES

Advertising Campaign

First of all, we should define the objectives to achieve and to whom the campaign must be aimed at:

The objectives are:

- To persuade (with the purpose of changing the potential consumer's behaviour).
- To influence (to stir up the consumer's curiosity).
- To create image of brand.
- To act as a reminder.

According to the results of the survey, our publicity will focus on attracting the attention of people whose works requires smart appearance; besides, they do not like shaving very frequently. To decide the method to establish the budget, we will use a method according to the publicity objectives; then we select the ways to achieve those objectives and calculate the costs.

Afterwards we analyse whether the costs are effective in order to achieve the objectives.

We start from an amount of 198.631 millions: 90% of that amount (178.768 millions) will be devoted to the creation and spreading of advertisements, 2.26% (4.5 millions) devoted to the promotion, and 7.74% (15.374 millions) devoted to the reserves.

From the amount devoted to the creation and spreading of advertisements, we will use a percentage depending on the media:

- Press -----22'15% (39'6 millions pts)
- Television----69'45% (124'16 million pts)
- Vallas publicitarias----5'4% (9'65 million pts)
- Advertisments – --3% (5'36 million pts).

–Comercial advertisements to press .

–Publicity spots and sponsors

–Texts and photos

The publicity style we are going to use is that of the problem–solution presented in a humorous way.

Let us analyse the different ways to advertise our product:

- Press: the kind of publication we will use are these: fashion magazines and economics journals. A fashion magazine has been selected because of its great circulation, and, in addition, because it is our belief that women buy the personal hygiene items for all the family. Besides, contrary to what it is commonly believed, men read these kind of magazines. The magazine selected is *Hola*.
- We contracted an advertising campaign for six weeks for 2 millions ptas. every week, and afterwards an advertisement every 2 weeks, covering 10 weeks more. Doing so, we manage to make both sexes know the product.
- The advertisement will have the following format: a whole page on the right side to try to have a profound impact on the reader.
- The economics journals are very important, since the assiduous readers of this kind of publications can become potential consumers of Babyface: they need to have smart appearance and, at the same time, do not have much time for shaving. The selected journals will be *Cinco Días* and *Expansión*.

The format used in these publications will be double page just filling the third of the total space and falling in the centre of the information, as shown in the following illustration:

With every journal we will contract 3 advertisements per week for the first 6 weeks at a price of 100,000 ptas. each advertisement, and the following 20 weeks we will contract one advertisement per week in every newspaper at the same price.

- Television: the commercials will focus on the problem–solution style and will be presented in a humorous way. The first commercial we have created narrates the problem of a man that has to shave everyday, and thanks to the application of our product, the man turns into a child who has not any problem with shaving.
- To spread this advertisement, we contact two channels (*Antena 3* and *TVE1*) in order to broadcast two commercials each every two days, at a price of 393,750 ptas. each during one month and a half, and 70 times more during the following 4 months and a half, at the same price. We had to pay a fixed amount of 2,000,000 ptas. for the first commercial in each channel.

We have chosen the hours of great audience, when the families meet together and at mealtimes, as: As for the sponsorship in television programmes, we have chosen variety shows, because they have good audiences at the present time.

Because of the existence of the so–called zapping, people tend to skip the TV channels whenever the commercials appear. This way we will avoid wasting our investment. With this kind of promotion, we will invite our possible consumers to take part in our slot. The programme chosen for our sponsorship is *Crónicas Marcianas*, and the contract will consist of one slot a week during 6 weeks, at a price of 5 millions per week.

- Hoardings: The picture will be that of a five– or six–years–old–child, dressed like an executive. The child will be on an office table, and next to the photograph the advertising campaign slogan and the bottle of our product, Babyface, will appear.

These hoardings will be located at downtown places of Madrid, Valencia and Barcelona, at a price of one million ptas. per hoarding, distributed as follows:

AS IF IT WERE THE FIRST DAY

With this system, it is our intention to describe the product characteristics and what you can get from it. And finally we have used 1.5 million leaflets to make people try our products, which have cost 4.5 million ptas. at a price of three ptas. every leaflet. These leaflets will be distributed as follows:

- one million two hundred thousand will be delivered throughout letter boxes.
- three hundred thousand will be given out at different shops.

MEDIA	CANAL	1st MONTH AND A HALF		TOTAL
NEWSPAPER	5 DIAS	100.000pts x 3days x 6 weeks	1.800.000	15.600.000
	EXPANSIÓN	100.000pts x 3days x 6 weeks	1.800.000	
	HOLA	2 millions x 6 weeks	12.000.000	
TELEVISION	ANTENA3	45 commercial x 393.750pts/ commercial	17.718. 750	65.437.750
	TV1		• 750	

	TELE 5	45 commercial x 393.750pts/ commercial 1 sponsor x 6 weeks x 5 millions	30.000.000	de primera emisión	
HOARDING	VALENCIA	3 hoarding x 1.000.000	3.000.000	10.000.000	
	BARCELONA	3 hoarding x 1.000.000	3.000.000	incluye diferencial de reservas	
	MADRID	4 hoarding x 1.000.000	4.000.000		
MEDIA	CHANNEL	THE NEXT 4 MONTH AND A HALF			TC
NEWSPAPER	5 DAYS	100.000pts x 20 weeks		2.000.000	
	EXPANSION	100.000pts x 20 weeks		2.000.000	24
	HELLO	2.000.000pts x 10 weeks		20.000.000	
TELEVISION	ANTENA3	70 commercial x 393.750pts/ commercial		27.562.500	
	TV1	70 commercial x 393.750pts/ commercial		27.562.500	55
	TELE 5	-----		-----	
HOARDING	VALENCIA	NO		NO	
	BARCELONA	NO		NO	0
	MADRID	NO		NO	
MEDIA		TOTAL			
NEWSPAPER		39.600.000			
TELEVISION		124.168.750			
HOARDING		10.000.000			
		178.768.750			

Control and corrections

- The control of the marketing plan will be carried out every six months by creating a database of our clients, both wholesalers and retailers.

This will be done by studying the orders.

- The control of profitability will be as frequent as the marketing plan, considering here the balance of profit and loss.
- The control of strategy will be carried out throughout the product's life span, observing the possibilities of the item.
- The control of spreading will be done in the following way:
 - A post-test after the first 5 days from the launch (through a series of surveys to check whether the final consumer knows the product)
 - A post-test, every month, to ask about the consumers` perception on the item.

INDEX

PAGE

1.-INTRODUCTION..... 1

2.-ANALISYS OF SITUATION.....2 KEY FACTORS FOR
SUCCESS.....2 OUR COMPANY'S
OBJECTIVE.....5 3.-ESTRATEGIES OF THE
PRODUCTS.....6 NAME OF THE
PRODUCT.....6 PRODUCT
CHARACTERISTICS.....7 DESIGN OF THE
BOTTLE.....7 4.- DISTRIBUTIÓN
STRATEGIES.....9 WHO WILL CARRY OUT THE
DISTRIBUTION?.....10

FUNCTIONS OF OUR CHANNEL.....10

HOW IS OUR DISTRIBUTION CHANNEL GOING TO?.....11

HOW IS OUR DISTRIBUTION CHANNEL GOING TO BE ?...12

5.- PRICE.....13

6.- PROMOTION STRATEGIES.....17

7.-CONTROL AND CORRECTIONS.....23

8.-BIBLIOGRAFY.....24

BIBLIOGRAFY

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25

A N U N C I O