PART 1

MARKETING PLAN SUCCESS STORIES

The marketing plans discussed in Part 1 are real marketing plans from actual companies. Each chapter begins with a narrative that describes the story behind the marketing plan. The purpose of this background is to show you why these marketing plans were conceived, and how the strategies were developed. These stories take you behind the scenes to help you in your own strategic thinking. Each narrative is then followed by a summary of the actual marketing plan. The information in these Part 1 chapters is included with permission from the respective companies.
CHAPTER 1

Successful Marketing Plans Eliminate the Negatives

Example: Energizer® EZ Change™ Hearing Aid Batteries

Great marketing plans often succeed because the product or service is able to eliminate a significant consumer negative. These negatives are not always obvious. Sometimes consumers may not even be aware of negatives that they are actually experiencing every day. Existing products in the product category you are involved in may seem to meet virtually every consumer requirement, yet careful observation of consumer behavior may reveal an important negative that could enable you to create a critical point of difference for your product. In developing your marketing plan, you should search for potential negatives, as these could very well be the keys to success.

By identifying and eliminating a hidden but significant consumer negative, Energizer has been able to become the fastest-growing brand in the hearing aid battery market. In March 1999, Energizer was in last place in this market and was going nowhere. Through some clever research, the company discovered a significant negative that users of hearing aid batteries were unaware of, but that was present every time they changed their hearing aid batteries. This observation resulted in the development of EZ Change, a new product that virtually eliminated this negative. This new product, coupled with a brilliant marketing plan, resulted in an explosion of sales that is rapidly moving Energizer to the number one position in the hearing aid battery market.
category. Sales of Energizer’s hearing aid batteries have increased 89 percent since the launch of EZ Change.

**A Time for Change**

The management of Eveready Battery Company has learned to deal successfully with change. For many years it was a division of Union Carbide. It was acquired by Ralston Purina in the 1980s, and then, approximately three years ago, it was spun off as a separate business under the name Energizer. Throughout all of these changes, the company has held a leadership role in the battery industry. Hearing aid batteries are manufactured and marketed by the Miniature Group, a strategic business unit within Energizer. This group produces miniature batteries for both hearing aids and watch electronics.

Although Energizer is used to a leadership role, in 1999 it had a weak position in the hearing aid battery category. The management of the Miniature Group felt very vulnerable and did not like the way things were going. It had tried several traditional marketing techniques to improve the company’s position, but nothing seemed to work. It had tried advertising on the radio and had tried bonus packs, such as including a free battery caddy for hearing aid batteries. The company’s market share did not increase. It became obvious that Energizer really needed to do something different to strengthen its position in the marketplace.

The decision was made to create a new product that would represent a true breakthrough in the hearing aid battery marketplace—something that would clearly set Energizer apart from all the other manufacturers. A venture team was assembled that included key people within the company, along with a group of outside suppliers who were experts in various appropriate fields. A budget was allocated for this project, and a development timetable was agreed upon.

**Creativity Based on Solid Consumer Research**

The project was given the name “Gamebreaker.” This was indicative of the team’s mission, which was to break all of the rules of the current game and come up with something truly revolutionary. The key internal players in-
cluded the director of marketing, the head of market research, and experts from the plant that would have to implement the production side of the venture. External players included the advertising agency, consultants, and a design group.

An initial step was to learn something about the behavior of the core consumer group. The distribution of hearing aid battery consumers is heavily skewed toward the aging population. Approximately 70 percent of these consumers are seventy-five years of age or older. A form of observational research was conducted in assisted living centers. Hearing aid users were brought into a room in each assisted living center for this research. A moderator asked questions and guided their activities while key members of the team observed.

Respondents were asked numerous questions about their hearing aid batteries. They were asked what they liked and disliked about these batteries. They were asked specifically how they went about changing the batteries. They were asked what they felt was important to them in hearing aid batteries. They were then asked to actually change their hearing aid batteries while the team watched. As this process unfolded, the team began to develop ideas and new product concepts.

A series of store checks were conducted to help stimulate creative ideas. As members of the venture team visited different types of retail stores, they looked at products from a broad variety of different product categories, paying particular attention to all of the types of packaging and in-store merchandising that were used. They looked at breath fresheners, health and beauty aids, and food and nonfood products. If a unique package provided a solution, or just stood out, the product was purchased and brought back for further analysis. The idea was to maintain a creative environment and to think outside of the box.

The results of all this research were brought into a series of brainstorming sessions for the purpose of coming up with ideas covering the whole area of hearing aid batteries and packaging. The idea was to find solutions to any negatives that could be identified, and to leverage existing ideas from other categories. These brainstorming sessions involved the company’s internal people, an audiologist, and some key people from outside the company with different backgrounds and skills.
At this point a series of focus groups were held with hearing aid users to learn more about their behavior, to identify the details of any problems they might be having, and to test some of the key concepts developed thus far. These groups were held in several cities, such as Tampa and Phoenix, that had a sizable elderly population. Concepts were refined as the researchers went from one group to another. A total of twenty different hearing aid concepts were tested with consumers during these focus groups.

**It Is Not a Battery; It Is a Solution**

A key finding from the observational and focus group research was that hearing aid batteries were difficult for the user to change, although this was an unarticulated problem. Users of hearing aids dealt with this problem all the time, so when they were asked if they had a problem changing their hearing aid batteries, they typically said no. It was a different story, however, when they were asked to describe or demonstrate the process.

Respondents frequently made comments like, “I always do it at the kitchen table, and I lay out a towel because I know I am going to drop the battery.” They told stories about how many batteries they had lost in their pocket or purse. They described how they dropped hearing aid batteries because the oils on their hands made them slippery. There were several respondents who told how the battery slipped out of their hands, then added that once it was in the carpet, it was very difficult to find. Observations of people changing hearing aid batteries confirmed this difficulty.

For many of these elderly consumers, the difficulty of changing this very small battery was compounded by poor dexterity and poor eyesight. Some who had diabetes had lost the feeling in the tips of their fingers, which further complicated the problem. These people used the spin pack because they had no choice. It was obvious, however, that there was a need for a packaging solution that would assist the user in getting the battery from the package into the hearing aid.

The winning concept presented to respondents in focus groups was a package for a hearing aid battery that would make it very easy for them to change the battery. The solution that changed everything and separated Energizer from the competition was a revolutionary new dispenser that would...
help the user achieve precise placement of the battery every time without even touching the battery. What the research revealed was that it was not a different battery that was needed, it was a solution to a hidden but significant consumer negative.

A New Product Is Born

At this point, a design firm was retained to turn the winning new hearing aid battery concept into a reality. The difference between this new product and other traditional hearing aid batteries was to be in the application system. The user would simply use the applicator to put the battery into the hearing aid. The applicator would be magnetized so that there would be no risk of the battery’s dropping on the ground.

The actual design turned out to be a circular delivery system that had the batteries sealed. This was similar to the familiar traditional hearing aid packaging, although it was much better because it actually installed the batteries for the user. The user would simply rotate the device to a fresh battery, then push it off of a tabbing material onto a magnet. The magnet then held it so that the user could put it right into the hearing aid. It was a very simple process that Energizer was able to patent.

One of the problems with hearing aid batteries is that they are activated by the oxygen in the air through a small pinhole. If you handle these batteries, the oil on your hand can get into the pinhole and affect the performance of the battery. The new design kept the batteries sealed until the user was ready to use one, and would peel the tab off and insert the battery without the user ever touching the battery.

This new design also had significant advantages for audiologists. Traditionally these professionals had to do a dexterity test on users to see what size battery they could handle. An audiologist might not be able to prescribe the best hearing aid for an individual situation or the smallest hearing aid if the user did not have the dexterity to handle the small battery. This prevented some people from using almost invisible hearing aids. The new product design addressed that situation and gave audiologists the latitude to recommend any hearing aid.
“EZ Change” Became the Ideal Name

Coming up with an appropriate name for the new hearing aid battery was one of the most difficult parts of the project. The venture team came up with hundreds of names. Some of these names came from internal marketing people and other people within Energizer. Other names came from the advertising agency. The list of potential names was culled down to two favorite alternatives: “EZ Load” and “EZ Change.” Focus groups helped management select the better name.

During one of the focus groups, a respondent determined that the magnet on the dispenser could help the user remove the existing battery as well as load the new battery. The respondent then made the comment that this new dispenser does more than just make it easy to load the new battery. It makes it easy to both load and unload the battery, or to change the battery. This made it obvious to the venture team that it was really making it easy for the user to do the entire changeover, so the team settled on the name EZ Change.

A Very Simple Incremental Product Line

A total of only four products were included in the EZ Change product line. In the hearing aid battery market, there are four battery sizes that account for 100 percent of the sales. EZ Change included one product, or stock-keeping unit (SKU), for each of these sizes. For each of the three smaller hearing aid batteries, Energizer provided an eight-pack, and then it provided a six-pack for the largest size.

It was decided that the old Energizer hearing aid battery product line would not be discontinued. Prior to EZ Change, Energizer had had a line of hearing aid batteries in the traditional spin-pack packaging. There were a total of eleven different items (SKUs), including four-packs, eight-packs, and twelve-packs. The market research indicated that EZ Change would appeal to over 50 percent of the marketplace, but it would not appeal to everybody. Because of this, there was still going to be a need for hearing aid batteries in traditional spin packs.
Larger Packaging That Opens with Bigger Type and Pictures

One of the important findings of the consumer market research was that consumers knew very little about the hearing aid batteries they were using on a regular basis. They also could not read the material on the package because the card size was so small. All the information on the traditional cards was in very small print that was impossible for many of these elderly users to read.

The decision was made to go with a much larger card, two and a half times the size of the traditional packaging. This larger card size enabled the designers to use larger fonts to communicate with this elderly crowd, and it enabled them to use a lot of pictures. The pictures were very effective in explaining how the device works. The card included a picture of the device that was about to be inserted into the hearing aid. To enable even more communication, the new package opened up to provide room for printing on four different surfaces.

Production in the United States of America

All Energizer hearing aid batteries have traditionally been made in Bennington, Vermont, and the company is proud to continue this tradition with EZ Change. Although a few parts for the dispenser are made by an Energizer plant in China, the company has kept hearing aid battery production in the United States. The idea is to maintain jobs for loyal employees. Some of the Energizer employees’ families have been with the company for generations. Energizer feels that as long as it can keep bringing in innovations and remain competitive, it is going to keep production in Vermont.

A Premium-Priced Product

The pricing sensitivity studies conducted as part of the EZ Change market research clearly indicated that this new product had to be priced within a narrow range if it was to be successful. Because hearing aid batteries are bought continuously, consumers—especially the current user base of elderly consumers—are sensitive to price. When the baby boomers enter the market
in a few years, the market may become a little less price-sensitive because these people are more interested in convenience and premium brand names.

Because of its unique advantages and higher cost to produce, it was decided to sell EZ Change at a retail price that represented a premium to other brands. At the time of this writing, the consumer was paying about $7.99 for a traditional spin pack of eight units. The initial price structure resulted in a retail price of approximately $8.99 for an eight-pack of EZ Change.

In the focus groups, many respondents said that they would pay an extra dollar for a product with all of the advantages of EZ Change. Naturally, the smaller the price gap between EZ Change and traditional hearing aid batteries, the more people would buy it. The consumers in the focus groups understood that it would cost more to make EZ Change. They could see that there was a lot of difference in the components, and therefore the cost to manufacture EZ Change, compared with a traditional spin pack of hearing aid batteries.

A Coordinated Sales Effort

For the developers of EZ Change, one of the advantages of being part of a large battery company was that the product could be sold through the regular Energizer retail distribution system. The new product would be introduced to the larger retailers by the Energizer sales force, and in some cases could receive attention at retail by the Energizer in-store detailing force. Specialty distributors would be used to sell the product to audiologists. EZ Change representatives would also attend trade shows aimed at audiologists in order to communicate directly with them about the benefits of EZ Change.

The Advertising Message: “Precise Placement Every Time”

A number of alternatives were evaluated as potential advertising slogans for EZ Change. The research showed that seniors don’t want to hear about negatives like dropping batteries or fumbling. They resist this because they are sensitive about the insinuation that they have a problem. “Precise placement every time” tested out to be the best message for clear communication. This
statement clearly tells the consumer about the benefits of the new product without getting into any sensitive areas. This slogan was to be used in all advertisements and on the packaging.

A secondary point to be made in the advertising was that EZ Change batteries work in all styles of hearing aids. That was a very difficult point to communicate because there are a lot of different hearing aid styles and designs, and it is very difficult to demonstrate all of them in a thirty-second television commercial. The advertising agency developed five different ways to communicate the EZ Change message in storyboards. The winning commercial ended up demonstrating the use of the product in three different hearing aid styles at the same time. The hope was that the consumer would see something that matched the product that he or she used. The final point in the advertising was to reinforce the Energizer name because the research showed that branding is important.

Television Would Be the Primary Advertising Medium

A key objective of the media plan was to visually show the product and give the hearing aid user the motivation to buy this new solution. This is a very visual product, and it was decided to use videos to show its benefits. Television was selected as the primary advertising medium for EZ Change. The hearing aid category had never been advertised on a broad-scale basis on television before, so EZ Change would be implementing a totally new way to communicate with users of hearing aid batteries. The goal was to reach 90 percent of all hearing aid users with the TV advertising once, and to reach 65 percent of the target audience three times.

Senior citizens are fairly easy to reach through television because they frequently watch network news and game shows. They also watch programs like those on the History Channel. The media plan targeted these shows, which was less costly than trying to cover many different types of television programming. The plan was for EZ Change to become a consistent advertiser on these types of television programs. The television advertising would be shown more on national than on local programs.

Television would be supplemented with print media. The print media would include magazines such as Reader’s Digest and the AARP’s Modern Ma-
<p>turity. <i>Parade</i> and Sunday supplements would also be used. Newspaper advertisements would be included through retailer promotions. The plan assumed that EZ Change would have to keep advertising on television and in print because it would take a long time to develop the brand and change the behavior of these aging consumers. Hearing aid users traditionally were not very brand-conscious and often were not even very aware of what brand they actually bought.</p>

**Off-Shelf Displays Would Highlight EZ Change**

It was decided that corrugated off-shelf displays would be used to facilitate rapid distribution of EZ Change during the initial launch of the product. There would be several versions of these displays, including a counter display and a wing rack. These displays would also help the company communicate with consumers by highlighting the new hearing aid battery solution at the point of purchase. Each preloaded display would provide brochures to help educate the consumer on how this innovative new product works. In many cases a one-dollar in-store coupon would be included during the initial product launch. It was envisioned that many retailers would use these displays until they were able to put EZ Change into their normal plan-o-gram.

Many of the larger retailers have a full battery section, and they locate hearing aid batteries in these sections as well as in the pharmacy. They often have a separate display in the pharmacy department just for hearing aid batteries. Counter displays of hearing aid batteries in the pharmacy department are often permanent, and it was felt that the EZ Change counter displays would become permanent in some of these stores. Hearing aid batteries tend to get lost in an in-line section; therefore, the ideal situation would be a permanent EZ Change counter display.

**Total Guaranteed Customer Support**

The EZ Change marketing plan provided a clear link from the manufacturer to the consumer to ensure complete customer satisfaction. There was to be an 800 number on the package that would link to a customer hot line where EZ Change representatives would help customers with any problems that
they might be having with the product. There would also be a web address printed on the package along with the statement, “To learn more about the dispenser and to see it in action, visit our web site at www.energizer-ezchange.com.” The web site would include a video on how EZ Change works.

EZ Change would also guarantee complete satisfaction to the consumer. There would be a simple guarantee printed on the back of each package: “Energizer guarantees all our hearing aid batteries and dispensers to be free from all defects in materials and workmanship. If you are not completely satisfied, call this toll-free number for a replacement battery or dispenser.” It was recognized that some consumers might bring EZ Change back to the retailer. Because of this, arrangements for handling this situation were made in advance with the retailers. Energizer would always stand behind its products.

Launching in a Diversified Market

To visualize the opportunity for a new breakthrough hearing aid product, it is necessary to understand this consumer segment. Hearing aid batteries are sold to consumers through three different types of retail distribution channels. One is the professional channel, where consumers buy their hearing aid batteries from audiologists. The second is through major retail stores, where sales are measured by A. C. Nielsen & Co. with scan data. These include most supermarkets, drugstores, and mass merchants. The third is through direct mail or through retailers that don’t report their sales to Nielsen, such as warehouse clubs.

There are approximately 12,500 audiologists in the United States, and many older consumers prefer to buy their hearing aid batteries from these professionals. Many of these people had purchased their hearing aids from these audiologists, and they simply feel comfortable going back to them for their batteries. It is difficult to estimate the exact size of this segment of the market because these professionals do not report their sales data to an organization such as A. C. Nielsen.

The 70,000 retail stores measured by Nielsen make up the largest segment of the total hearing aid battery category. This is also the segment that
is the best understood because frequent scan data measurements provide very accurate sales information. It is also the fastest-growing segment because as younger consumers enter the market, they prefer to buy from these stores because of their convenience. Consumers who buy from these stores do not believe that there is any difference between the hearing aid batteries bought in these stores and those bought from audiologists.

Most drugstores carry hearing aid batteries, as do the pharmacy departments of most supermarkets and mass merchants such as Kmart and Walmart. Drugstores make up the largest portion of the retail segment. These stores generally have a battery section that includes a selection of different brands of hearing aid batteries. Most stores carry the Energizer and Duracell brands along with private-label batteries. Some also carry the Ray-O-Vac brand, although this brand is more frequently sold through audiologists.

A small but significant segment of the market is the direct mail and Internet business. Seniors do quite a bit of “surfing” over the Internet. They are especially interested in doing medical research over the Internet. Although they tend to look for information rather than buy products over the Internet, the amount of purchases through this channel is significant and is growing. Seniors also frequently buy hearing aid batteries through magazines such as AARP’s Modern Maturity. Sales information for this channel is not readily available.

**EZ Change Was Thoroughly Tested Before It Was Launched**

One of the tests done to make sure that EZ Change was really practical from a user standpoint was a series of in-home usage trials. Energizer felt that it was important to see how consumers reacted to the new product when they were really using it in their homes. The members of a panel of consumers were given an EZ Change package containing eight new hearing aid batteries. They were told to read the directions and change the batteries in their hearing aids every day, even though the batteries obviously lasted longer than one day. Then they were asked to fill out a diary every day describing their experience. The results of these tests were very positive.

The final test before the launch of EZ Change was a quantitative test through BASES®. This is a procedure in which the complete marketing plan...
is subjected to a process that is designed to determine the success of the new product. The input for this model includes a number of factors such as consumers’ intent to purchase based on market research, pricing of the new and existing products, distribution estimates, and each element of the marketing plan, including the amount of advertising planned. It also includes detailed information on the market. Based on all of this input, the BASES model predicts the impact that the new product will have on the category.

**EZ Change Was Launched Based on Several Positive Assumptions**

Energizer management assumed that EZ Change would result in a significant increase in the company’s sales of hearing aid batteries. The results of the BASES model indicated that, with the advertising planned for the product, EZ Change would double Energizer’s sales of hearing aid batteries.

Management assumed that customers would like this solution because they had clearly said so in the consumer research. This whole venture was based on feedback from consumers. All of the focus groups and observational research indicated that there was a real need for an improved hearing aid battery. When EZ Change was showed to consumers, most of them loved it. Many of them made comments such as, “Somebody is finally thinking about us.”

Management believed that retailers would take on this new hearing aid battery, even though it used a bigger card size for the packaging. This was based on a belief that retailers realized that communication with consumers was important in this category, and that they generally wanted to be part of innovative new solutions to consumer problems. Management also felt that retailers would be interested because of the heavy television advertising planned for EZ Change.

A final major assumption was that the hearing aid battery category would not change during the initial period following the launch of EZ Change. This seemed like a reasonable assumption because this was not a category that had seen a lot of product innovations in the past. However, this assumption turned out to be incorrect. At the same time that Energizer launched EZ Change, its biggest competitor, Duracell, launched another so-
ution: a longer tab for hearing aid batteries. Duracell called its product Easy Tab.

**The Goal Was to Become Number One**

Energizer had three primary objectives in launching EZ Change. First, it wanted to become the number one brand of hearing aid batteries. Prior to EZ Change, Energizer was number three in a three-way race, and it wanted to completely change that positioning. Second, it wanted to separate itself from the competition by providing a solution that would give the company a leadership place in the hearing aid battery category. Third, it wanted to strengthen the overall franchise of the entire Energizer brand. The hundred-year-old company had developed the first flashlight battery and had introduced numerous innovations in portable power. A major driver was to continue this tradition.

**An Exciting Eighteen Months**

The development of EZ Change began in March 2000. After completing the consumer research, developing the product, completing the marketing plan, and testing the overall venture, the company launched the product in September 2001. The emotions within the company shifted at various times during this period. In the beginning there was the excitement of a new venture. Then, about six months before the launch, people could not wait to get EZ Change into the marketplace. As the venture neared the launch date, the concern was about getting the retailers to execute their responsibilities by the time the advertising began. The company did not want to be advertising before EZ Change was on the shelves. It was an exciting time.

**EZ Change Was an Unqualified Success**

As predicted by BASES, Energizer has almost doubled its sales of hearing aid batteries in the Nielsen-measured marketplace since the launch of EZ Change. Through advertising, point-of-purchase impact, and repeat pur-
chase, it has created a demand for EZ Change, so that consumers are now looking for it and buying it over and over again. Many retailers also strongly support the revolutionary new product, and those that support EZ Change are now seeing faster growth in their hearing aid battery sales than other retailers.

It also appears that Energizer’s goal of becoming number one in the hearing aid battery category is being reached. Energizer’s sales of hearing aid batteries have increased 89 percent since the launch of EZ Change, and the trend is still positive. Naturally Energizer’s market share has also increased substantially, and the shares of both of Energizer’s main competitors have declined. In the short reporting period prior to this writing, Energizer’s share of the overall hearing aid battery market is just slightly above its competitors. It appears that this lead will widen over time, and that Energizer will take a solid number one position in the market.

### Competitors’ Reactions Have Been Ineffective

One of the initial responses of Energizers’ competitors in the hearing aid battery market to the introduction of EZ Change was aggressive promotion and price cutting. These actions have not been effective. Consumers have demonstrated that they want the EZ Change solution no matter how much competitors promote the alternatives. The sales of EZ Change have continued to grow and its exposure at retail has continued to expand in spite of heavy promotional spending by competitors.

Another competitive action was the introduction of Easy Tab by Duracell. Energizer found out about this new competitive hearing aid battery in March 2001, just six months before the time that EZ Change was launched. The consumer reaction to Easy Tab has not been strong enough to affect the sales of EZ Change. Energizer management feels that there are three reasons for this. First, the Easy Tab card size is very small, making it difficult for the consumer to read. Second, the EZ Change focus groups indicated that hearing aid users really do not like tabs, which are the basis of the new Duracell product. Finally, the Easy Tab batteries come in a rectangular package, which

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1 Source: A. C. Nielsen.
is different from the package that hearing aid battery users are accustomed to.

**Lessons: Pay Attention to the Consumer and Think Outside the Box**

One of the lessons to be learned from the success of EZ Change is to listen to your consumers and carefully observe their actions. Look for negatives that they may be experiencing in your category, as these might be the keys to identifying an innovation that could substantially improve your position in the market. As the EZ Change research showed, consumer needs and wants are not always obvious from simply asking questions. Hearing aid users typically said that they did not have a problem changing their batteries. Observing their behavior, however, showed otherwise. The identification of this unarticulated need resulted in a major marketing success.

Another important lesson from EZ Change is that you should allow yourself to think outside the box. A year before the launch of EZ Change, many industry experts would have argued that Energizer would fail if it were to try to introduce a hearing aid battery on a large card that would take up much more space than traditional cards in the crowded battery section. Energizer would also have been criticized for attempting to advertise a small specialty category like hearing aid batteries on television. The company’s success shows that these critics would have been wrong. Good consumer communication proved to be one of the reasons for the success of EZ Change.²

² Energizer and EZ Change are trademarks of Eveready Battery Company, Inc., and are used with permission.
MARKETING PLAN SUMMARY

1. **BACKGROUND.** In March 1999, Energizer was in last place in the hearing aid battery market and was going nowhere. Through some clever research, the company discovered a significant negative that users of hearing aid batteries were unaware of, but that was present every time they changed their hearing aid batteries. This observation resulted in the development of EZ Change, a new product that virtually eliminated this negative. This new product, coupled with a brilliant marketing plan, resulted in an explosion of sales that is rapidly moving Energizer to the number one position in the hearing aid battery category. Sales of Energizer’s hearing aid batteries have increased 89 percent since the launch of EZ Change.

2. **MARKET REVIEW.** Hearing aid batteries are sold to consumers through three different types of retail distribution channels. One is the professional channel, where consumers buy their hearing aid batteries through audiologists. The second is through major retail stores, where sales are measured by A. C. Nielsen & Co. with scan data. These include most supermarkets, drugstores, and mass merchants. The third is through direct mail or through retailers that don’t report their sales to Nielsen, such as warehouse clubs. There are approximately 12,500 audiologists in the United States. The 70,000 retail stores measured by Nielsen make up the largest segment of the total hearing aid battery category. A small but significant segment of the market is the direct mail and Internet business.

3. **CONSUMER USAGE AND ATTITUDES.** The distribution of hearing aid battery consumers is heavily skewed toward the aging population. Approximately 70 percent of these consumers are seventy-five years of age or older. A key finding from the observational and focus group research was that hearing aid batteries were difficult for the user to change, although this

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Energizer and EZ Change are registered trademarks of Eveready Battery Company, Inc and are used with permission.
was an unarticulated problem. Users of hearing aids dealt with this problem all the time, so when they were asked if they had a problem changing their hearing aid batteries, they typically said no. It was a different story, however, when they were asked to describe or demonstrate the process.

4. PLANNING ASSUMPTIONS. Energizer management assumed that the introduction of EZ Change would result in a significant increase in the company's sales of hearing aid batteries. The results of the BASES model indicated that, with the advertising planned for the product, EZ Change would double Energizer's sales of hearing aid batteries. Management also assumed that customers would like this solution because they had clearly said so in the consumer research. When EZ Change was showed to consumers, most of them loved the product. Management further believed that retailers would take on this new hearing aid battery. This was based on a belief that retailers generally wanted to be part of innovative new solutions to consumer problems. Management also felt that retailers would be interested because of the heavy television advertising planned for EZ Change. A final major assumption was that the hearing aid battery category would not change during the initial period following the launch of EZ Change.

5. KEY STRATEGIC MARKETING OBJECTIVES. Energizer had three primary objectives in launching EZ Change. First, it wanted to become the number one brand of hearing aid batteries. Prior to EZ Change, Energizer was number three in a three-way race, and it wanted to completely change that positioning. Second, it wanted to separate itself from the competition by providing a solution that would give the company a leadership place in the hearing aid battery category. Third, it wanted to strengthen the overall franchise of the entire Energizer brand. The hundred-year-old company had developed the first flashlight battery and had introduced numerous innovations in portable power. A major driver was to continue this tradition.

6. MARKETING PLAN ELEMENTS

A. Brand name. The brand name selected for the new hearing aid batteries was EZ Change. During one of the focus groups, a respondent determined that the magnet on the dispenser could help the user remove the existing battery as well as load the new battery. The respondent then made the comment that this new dispenser does more than just make it easy to load the new battery. It makes it easy to load and unload the battery, or to change the battery. This made it obvious to the venture team that it was
really making it easy for the user to do the entire changeover, so the team settled on the name EZ Change.

B. **Product line.** The product itself was based on a revolutionary new dispenser that would help the user achieve precise placement of the battery every time without even touching the battery. A total of only four products were included in the EZ Change product line. In the hearing aid battery market, there are four battery sizes that account for 100 percent of the sales. EZ Change provided one product, or stock-keeping unit (SKU), for each of these sizes. For each of the three smaller hearing aid batteries, Energizer provided an eight-pack, and then it provided a six-pack for the largest size.

C. **Packaging.** The EZ Change packaging used a much larger card, two and a half times the size of traditional packaging. This larger card size enabled the designers to use larger fonts to communicate with the elderly market, and it enabled them to use a lot of pictures. The pictures were very effective in explaining how the device works. The card included a picture of the device that was about to be inserted into the hearing aid. To enable even more communication, the new package opened up to provide room for printing on four different surfaces.

D. **Pricing strategy.** Because of its unique advantages and higher cost to produce, it was decided to sell EZ Change at a retail price that represented a premium to other brands. At the time of this writing, the consumer was paying about $7.99 for a traditional spin pack of eight units. The initial price structure resulted in a retail price of approximately $8.99 for an eight-pack of EZ Change. In the focus groups, many respondents said that they would pay an extra dollar for a product with all of the advantages of EZ Change.

E. **Sales and distribution methods.** EZ Change was to be sold through the regular Energizer retail distribution system. The new product would be introduced to the larger retailers by the Energizer sales force, and in some cases could receive attention at retail by the Energizer in-store detailing force. Specialty distributors would be used to sell the product to audiologists. EZ Change representatives would also attend trade shows aimed at audiologists in order to communicate directly with them about the benefits of EZ Change.

F. **Advertising copy strategy.** "Precise placement every time" tested out to be the best message for clear communication. This statement clearly tells the consumer about the benefits of the new product without getting into any sensitive areas. This slogan was to be used in all advertisements and on the packaging. A secondary point to be made in the advertising was that EZ Change batteries work in all styles of hearing aids.
G. **Advertising media strategy.** A key objective of the media plan was to visually show the product and give the hearing aid user the motivation to buy this new solution. Television was selected as the primary advertising medium for EZ Change. The goal was to reach 90 percent of all hearing aid users with the TV advertising once, and to reach 65 percent of the target audience three times. Television would be supplemented with print media. The print media would include magazines such as *Reader’s Digest* and the AARP’s *Modern Maturity, Parade* and *Sunday* supplements would also be used. Newspaper advertisements would be included through retailer promotions.

H. **Customer support.** The EZ Change marketing plan provided a clear link from the manufacturer to the consumer to ensure complete customer satisfaction. There was to be an 800 number on the package that would link to a customer hot line where EZ Change representatives would help customers with any problems that they might be having with the product. There would also be a web address printed on the package along with the statement, “To learn more about the dispenser and to see it in action, visit our web site at www.energizer-ezchange.com.” The web site would include a video on how EZ Change works. EZ Change would also guarantee complete satisfaction to the consumer.

I. **In-store merchandising.** It was decided that corrugated off-shelf displays would be used to facilitate rapid distribution of EZ Change during the initial launch of the product. There would be several versions of these displays, including a counter display and a wing rack. These displays would also help the company communicate with consumers by highlighting the new hearing aid battery solution at the point of purchase. Each preloaded display would provide brochures to help educate the consumer on how this innovative new product works. In many cases a one-dollar in-store coupon would be included during the initial product launch.

J. **Test marketing.** The final test before the launch of EZ Change was a quantitative test through BASES. This is a procedure in which the complete marketing plan is subjected to a process that is designed to determine the success of the new product. The input for this model includes a number of factors, such as consumers’ intent to purchase based on market research, pricing of the new and existing products, distribution estimates, and each element of the marketing plan, including the amount of advertising planned. It also includes detailed information on the market. Based on all of this input, the BASES model predicts the impact that the new product will have on the category.

K. **Timetable.** The development of EZ Change began in March 2000. After completing the consumer research, developing the product, completing the marketing plan, and testing the overall venture, the company launched the product in September 2001.
7. **FINANCIAL RESULTS.** As predicted by BASES, Energizer has almost doubled its sales of hearing aid batteries in the Nielsen-measured marketplace since the launch of EZ Change. Energizer’s sales of hearing aid batteries have increased 89 percent since the launch of EZ Change, and the trend is still positive. Energizer’s market share has also increased substantially, and the shares of both of Energizer’s main competitors have declined.
CHAPTER 2

Successful Marketing Plans Often Solve Consumer Problems

Example: Jumbo-Koter™ by Wooster Brush

Many successful marketing plans are based on solutions to consumer problems. In evaluating the marketing plans for your product or service, it can be helpful to find out whether your offering solves perceived problems for potential customers. If potential customers really see your product or service as the solution to their problems, this is a good indication that they might become buyers. If your product or service provides the only solution to a major problem, the chances of consumers’ buying it is even better. Make sure, however, that this is really their perception and not just an assumption on your part. Jumbo-Koter is an example of success based on a new product that offers the solution to an irritating customer problem.

One of the objectives in painting a wall is to get the paint spread evenly where the ceiling and the wall come together and in the corners where one wall meets the other. Many painters use a roller to paint most of the wall because a roller is much faster than a brush for applying large amounts of paint. They then typically use a brush to apply paint in the corners because a traditional roller is too big to do that job. The problem with using a roller on the wall and a brush in the corners is that the paint sometimes looks different in the corners and around the edge of the wall. To solve this problem, paint-
Wooster Brush Decided to Compete Through Innovation

The paint applicator industry is made up of a relatively small number of companies, and it changes only slightly from year to year. This is partly because painters tend to be very steadfast in terms of the type of paint applicators they use. The Wooster Brush Company is one of the larger factors in this industry and has been around for 151 years. With its long history, Wooster Brush has been in an excellent position to watch and benefit from trends as they have developed in this industry.

Over the past few years, Wooster Brush had been manufacturing a small-diameter roller-cover system. As the company watched the use of this mini-roller, it noticed that the roller really didn’t perform as well as it could. It didn’t always roll up the wall well. It might just slide up the wall when it was filled with paint, and it would not always turn as freely as it should. The company also noticed that users of competitive mini-rollers often experienced similar problems.

Another trend identified by Wooster Brush was the influx of foreign competition into the mini-roller market. Because of the effectiveness of using a mini-roller for detail painting jobs, the market for these small rollers was growing. As this was happening, several manufacturers were importing mini-rollers from China and other offshore sources. Wooster Brush was being forced to compete with these lower-priced imports. The company concluded...
that its best response would be to innovate. It would make substantial improvements to its existing mini-roller.

For many years Wooster Brush had been a leader in traditional roller covers (9 inches long, 1½ inches in diameter). It also produced an excellent cage frame that was very well accepted in the marketplace. The company decided to shrink all of that down to a small diameter. The engineering department was challenged to come up with a very tiny cage frame and a small, low-priced roller cover that would consistently roll on the wall without slipping. To meet competitive costs, mini-roller covers would be developed in a variety of professional-quality fabrics that would be more affordable than traditional small-diameter covers.

The engineers were able to develop a system that turned more freely. The old mini-roller contained a free-floating retaining band that was hard to line up with the wire handle and that often caused friction between the frame and the roller cover. This made it hard to roll. The new system is actually a separate cage system and a cover. The cover has nothing to do with the rolling of the frame. There are no works inside. The cover is easy to slide on and off. It will withstand the abuse of a professional painter and still allow for constant rolling day in and day out. The system will also keep the cover from walking off as you paint up the wall. In sum, the best technology from the large Wooster Brush frames was used in the development of Jumbo-Koter.

Like most successful new products, Jumbo-Koter was not created overnight. Six years earlier the company had noticed the need for an improvement in mini-rollers. At that time Wooster Brush had made an initial attempt to create a small caged cover system. The company succeeded technically, but the product was not very attractive. Finally Wooster Brush pushed the button on a major development effort that took eighteen months to complete. It took another three months to achieve the initial national distribution. At the time of this writing, Jumbo-Koter has been in national distribution for one year and is considered by current users to be a major innovation in the paint applicator category.

**Market Research Confirmed a Major New Product Opportunity**

Wooster Brush used an observation tracking system to identify the extent to which mini-rollers were being used across the United States. Interviews were
conducted with managers of paint and hardware stores to determine their impressions of trends in the sales of mini-rollers. Personal observations of the back of contractors’ trucks were then conducted to see what inventory the contractors were carrying. Specifically, these observations noted the extent to which mini-rollers were present in the trucks. This system of store interviews and personal observations enabled Wooster Brush management to determine that mini-rollers were gaining market share and were eroding paintbrush usage more and more.

Wooster Brush management believed that painting contractors were the key to success in launching a new paint applicator. Consumers represent the bulk of the unit sales; however, they tend to buy what is available and recommended in paint and hardware stores, and these stores typically display and recommend what is used by professional contractors. Before launching Jumbo-Koter, therefore, Wooster Brush felt that it was necessary to determine whether painting contractors would consider this new mini-roller to be a true improvement over the current products available in the market.

For research projects of this type, Wooster Brush has established an extensive panel of painting contractors located throughout the United States. Each of these contractors has completed a survey indicating the type of painting done. For example, contractors indicated the extent to which they use brushes or rollers and whether they typically paint commercial or residential facilities. There is also detailed demographic information on each of these contractors. The respondents in this sample of contractors have also stated that they would be willing to try new products from Wooster Brush.

Prototype products were sent to a sample of contractors that matched the typical user of mini-rollers. These contractors were given a chance to use the prototype products and then asked to provide their feedback on a survey questionnaire that was included with the samples. A subsample of these people was contacted by telephone to obtain their perceptions on a qualitative basis. The purpose of these one-on-one interviews was to determine exactly how the new mini-rollers were being used and to probe the respondents’ perceptions of any perceived advantages or disadvantages.

The quantitative and qualitative research enabled Wooster Brush to obtain feedback on the reactions to the new mini-roller that they might expect in a variety of different regions across the United States. It was learned that Jumbo-Koter was generally perceived as a significant improvement over the
mini-rollers that were currently available. A substantial number of the respondents who tried the new product felt that they would definitely purchase it on an ongoing basis. They liked how smoothly the cage frame rolled, and they liked how close the redesigned covers were able to get to the corner of walls and other tight places. The results of this research were so strong that Wooster Brush management made the decision to launch the program.

Planning Assumptions Were Developed Based on History and Research

Prior to launching Jumbo-Koter, the management of Wooster Brush made a series of assumptions regarding the outcome of the implementation. These planning assumptions were based on a long history of things that had happened during the launch of previous new products from Wooster Brush. The following is a list of the key planning assumptions made by the Wooster Brush Company:

1. Paint and hardware stores will generally accept distribution of Jumbo Koter because of the success these retailers have had with previous new products from Wooster Brush and the fact that they know that Wooster Brush will stand behind problem-solving products that it introduces. In the past, when Wooster Brush innovations have been introduced, they have achieved widespread distribution.

2. The fabric on Jumbo-Koter rollers will be accepted by professionals and consumers because it is the same fabric that has been successfully used on the professional big rollers.

3. Professional painters will want to use Jumbo-Koter mini-rollers because a sample of these professionals found the new product highly satisfactory in the panel test.

4. Pricing on Jumbo-Koter will be accepted as long as the price points are similar to those of the low-priced mini-rollers currently on the market. This was based on competitive data available at the time of the product launch. Jumbo-Koter is a superior product, and it should be well received if it is offered at the lower price points currently available. It is
likely to be perceived as a more affordable system than the domestic systems that are currently on the market.

5. Should Jumbo-Koter not be successful, Wooster Brush will still be able to capture a share of the mini-roller market with its current mini-roller system. The current system will not be discontinued. It will be sold side-by-side with the Jumbo-Koter system.

6. Over the next few years, Jumbo-Koter could make it possible to eliminate the old mini-roller system.

Specific Marketing Objectives Were Set for the New Product

Based on these planning assumptions, the management of Wooster Brush set up a series of specific key strategic marketing objectives for the Jumbo-Koter venture. These objectives covered marketing communication goals, sales goals, distribution objectives, inventory planning, and the overall timetable for the launch of the venture. The following are the key strategic marketing objectives set by the management of the Wooster Brush Company:

1. To entice consumers and professionals to purchase a mini-roller system that is not interchangeable with other mini-roller systems. This is a superior system because it utilizes a cage frame that does not stick over time the way current systems do. However, users must purchase a new frame and covers that will work only with the Jumbo-Koter system. The goal is to get Jumbo-Koter frames into the hands of users, and then motivate them to repeat purchases of Jumbo-Koter covers.

2. To get the majority of the twenty-four different Jumbo-Koter rollers and two frames into broad-scale distribution. To maximize consumer sales, the goal is to have the full product line available in as many retail stores as possible.

3. To time the expansion of distribution so that production is able to keep up with retail sales. A key goal is not to run out of product at any time during the launch of the Jumbo-Koter product line.

4. To achieve specific sales volume objectives that will enable the venture to pay back the investment in new equipment within a specific time...
frame. The Jumbo-Koter product line required new equipment for manufacturing and packaging. A key goal was to cover the investment in this equipment in a timely manner.

5. To launch the Jumbo-Koter line nationally in the initial distribution targets within three months.

6. To overcome the potential objection by retailers and customers that the Jumbo-Koter covers do not have a fabric covering on the end of the rollers. One of the improvements included in the Jumbo-Koter covers is that the professional-style fabric does not go over the end of the cover. This enables the roller to get closer to the corner. An important goal is to communicate this benefit, because retailers and users now expect all Wooster Brush rollers to have fabric on the end of the cover.

The New Mini-Roller Was to Be Called Jumbo-Koter

The new mini-roller system was launched under the overall brand name Wooster Jumbo-Koter. This name appeared on all packaging and display header signs. Also, seven additional names were used to differentiate the different types of covers: Super Fab™, Pro Doo-Z™, Mohair Blend™, 50/50™, Super Twist™, Painter’s Choice™, and Pro Foam™.

On each package, the description name (Pro Doo-Z, etc.) was in the largest type. This was intended to be what would catch the customer’s attention. In many cases this name and the graphic appearance of the bag were the same as those of the well-established nine-inch Wooster Brush rollers that could be found down the aisle in the same store. The idea was to establish a link between the new mini-rollers and other Wooster Brush products now used by professional painters.

The name Wooster® was in the next largest type size on all Jumbo-Koter packaging. The Wooster name is not well known by the average consumer; however, it is very well known by retailers and professional painters. The Wooster name included on the packaging was to signal professional painters and the trade that these are high-quality mini-rollers. Jumbo-Koter was in the smallest type size. This name communicates that this is a new product, but it was not intended to be the key element in driving sales.
The overall brand name strategy was to leverage the power of the current Wooster Brush image. Most of these names, or parts of names, have been previously used by the Wooster Brush Company. The name Wooster helps establish that this is a professional small-diameter system. The name Koter has been used on previous Wooster Brush products, but it has not been linked with the word Jumbo. Previous examples were Magi-Koter™ and Mini-Koter™. The names Pro Doo-Z and Super Fab were taken from the nine-inch roller program to help establish a connection to a well-established product line.

**A Comprehensive Product Line Was Developed**

Jumbo-Koter is a comprehensive line of twenty-four different mini-rollers and two different frames. The short-handle frame has a 14-inch handle, and the long-handle frame has a 26½-inch handle. Both of these are cage frames, which turn much better than the traditional wire frames. Both the short-handle frame and the long-handle frame have a 4-inch arm, even though there are 4½- and 6½-inch roller covers. A unique button on the end of the 6½-inch roller covers plugs into the frame, enabling the frame to be used with both the 4½- and the 6½-inch roller covers. The fabrics used for the roller covers vary and are differentiated by brand name, pile, and width. Most of the covers are packed two per package, although some are packed six per package. Specifically, the line includes the following products:

<table>
<thead>
<tr>
<th>No.</th>
<th>Brand</th>
<th>Fabric</th>
<th>Pile (inches)</th>
<th>Width (inches)</th>
<th>Pack</th>
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<tbody>
<tr>
<td>1</td>
<td>Super Fab</td>
<td>Knit</td>
<td>⅜</td>
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<td>4½</td>
<td>2</td>
</tr>
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<td>Knit</td>
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<td>Knit</td>
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<td>6½</td>
<td>2</td>
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<tr>
<td>5</td>
<td>Pro Doo-Z</td>
<td>Woven</td>
<td>⅝</td>
<td>4½</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Pro Doo-Z</td>
<td>Woven</td>
<td>½</td>
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<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Pro Doo-Z</td>
<td>Woven</td>
<td>⅝</td>
<td>6½</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Pro Doo-Z</td>
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<td>½</td>
<td>6½</td>
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<tr>
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<td>Pro Doo-Z</td>
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<td>4½</td>
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</tr>
<tr>
<td>10</td>
<td>Pro Doo-Z</td>
<td>Woven</td>
<td>⅝</td>
<td>6½</td>
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# MARKETING PLAN SUCCESS STORIES

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<tr>
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<tr>
<td>20</td>
<td>Painter’s Choice</td>
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</tr>
<tr>
<td>21</td>
<td>Painter’s Choice</td>
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<tr>
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<td>Painter’s Choice</td>
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<td>Pro Foam</td>
<td>N/A</td>
<td>6 1/2</td>
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</tr>
</tbody>
</table>

## Production Would Be in Ohio to Maintain Tight Control

The decision was made to produce the majority of the Jumbo-Koter line in the Wooster Brush Company factories in Ohio. One of the reasons for this was to maintain tight control of the timing of the production. It was felt that manufacturing would have to keep up with distribution in order to maintain in-store inventories. Wooster Brush did not want any out-of-stock situations in the retail stores. The manufacturing facilities in Ohio were somewhat self-contained, so that control could be managed more easily than with offshore manufacture and importing.

There were several reasons for not manufacturing any of the Jumbo-Koter line in China, even though inexpensive production was available there. First, Wooster Brush did not have any established roller-producing contacts in China. Management felt that working in an environment without established contacts could present potential quality problems. Second, paint rollers have a lot of air space, which increases the cost of shipping. This detracted from the advantages of Chinese production. Third, Wooster Brush management was worried about releasing the rights to use certain fabrics that were the exclusive property of the Wooster Brush Company.

A few unique roller covers were imported from Germany for the Jumbo-
Koter product line. Management felt that it needed to offer these unique covers with a closed end (fabric on the end). This was to meet anticipated objections by a few current customers. The company had dealt with people in Germany before and had been comfortable with the consistency in quality from this organization.

The Wooster Brush Traditional Sales and Distribution Methods to Be Used

The Wooster Brush Company basically sells its products through a national network of distributors and buying groups. It does have some direct accounts; Lowe’s and Home Depot, for example, are direct accounts. Most of its sales, however, go through distributors. These are typically traditional stocking distributors that take orders and then make shipments to the retailers. Very few rack jobbers are used. The Jumbo-Koter product line was to use this standard method of distribution.

Jumbo-Koter was to be sold into national distribution by the Wooster Brush Company sales force and network of service personnel. The company maintains its own staff to help retailers set stores. When a new account is established, this detail force works with the distributor and retailer to set up Wooster’s product lines, then trains them on how to communicate the benefits of the products to customers. This sales and servicing force is a competitive advantage for the Wooster Brush Company.

The Pricing Strategy Was to Meet the Low-Priced Imports

The Jumbo-Koter product line was set up with a different price point for each of the different products in the line. The pricing strategy was to hit the price points of the low-priced imported competition. Wooster Brush management did not feel that the company had to match competitors’ prices exactly because Jumbo-Koter was a different type of product with unique advantages, such as easier-turning rollers. The Jumbo-Koter rollers were also longer and larger in diameter. Management felt that if Jumbo-Koter’s prices were within a few pennies of those of the low-priced imports, it would have the advan-
Jumbo-Koter mini-rollers were launched at lower prices than domestic products, including other Wooster Brush mini-rollers.

When the program was launched, a 10 percent introductory allowance was offered on the entire line. The line was also launched with incentives to use a display with the Jumbo-Koter line. These discounts were to be offered at pro shows and at distributor shows. A consumer discount was also offered upon introduction of the program. A premium pack that included a frame and six roller covers in a box was to be sold during the product launch. It was to be put on a counter or on the rack. The consumer bought the six covers and got the frame free. Getting the frame into customers’ hands without their having to make a perceived investment was felt to be crucial, because they were likely to hang onto that frame for the next five years and keep on buying replacement covers.

A pricing contingency plan was set up in case the competition decided to lower its prices in response to this program. Wooster Brush management decided that it would not reduce the Jumbo-Koter prices if that were to happen. Management felt that by the time the competition was able to implement a price reduction, Wooster Brush would have established the Jumbo-Koter line as a viable one in the market. It felt that most customers would continue to purchase Jumbo-Koter products at the initially established price.

**In-Store Displays Were Used to Attract Consumer Attention**

It was felt that a key to success in getting the full Jumbo-Koter product line into retail stores was an in-store display program. The cornerstone of this program was a two-foot freestanding merchandiser that included the full Jumbo-Koter product line. Wooster Brush would give the rack free to retailers. Management felt that this would be a good way to make sure that the whole product line was displayed together. Often stores will fragment product lines and scatter the different products in the line around the store. The rack encourages stores to keep all the products in the line together. Also, once retailers get the rack in, they will tend to keep the whole product line even if some items sell better than others.

Retailers were given three display options. First, they could use the freestanding rack, which typically goes at the end of an aisle. Second, they
could decide not to use the freestanding display, but take the full contents of the Jumbo-Koter rack and display them on pegboard. In this case, they would be given a detailed plan-o-gram on how the display was to be set up. All of the necessary hardware and signage would be included with the in-line display. Wooster Brush would even send out people to help retailers set up the display. The third option was for the retailer to simply buy Jumbo-Koter products without the freestanding or in-line display.

A piece of literature for the consumer was included with either display option. This was an 8½- by 11-inch sheet of paper folded in half that described the complete program. It told the consumer what each of the different mini-rollers should be used for. It also talked about the types of paint that each of these covers was best suited for. This literature was also to be passed out at trade shows at the time the display options were being demonstrated.

The display program was primarily intended for paint and hardware stores. It was felt to be unlikely that Wooster Brush would get all twenty-six Jumbo-Koter products into a mass merchandiser such as Home Depot, as there typically is not room in these stores for the full program. It was felt that in these stores, perhaps a dozen products would be accepted into distribution upon introduction, and these products would be displayed in the store’s paint applicator section. If the stores were satisfied with the initial sales of these products, they might add a few additional items.

The Advertising Copy Strategy Was to Sell the Improvement

The objective of the Jumbo-Koter advertising was to communicate to paint and hardware stores that a new improved mini-roller was coming on the market and that this mini-roller would be available only from the Wooster Brush Company. The magazine advertising described the professional grip on the frame, which is important to the professional painter because the frame will not unthread itself when it is used with a Wooster professional extension pole. The advertising explained that the cage frame was new to mini-rollers and was important to painters because it rolls freely. It also explained that use of the cage frame actually costs less than the use of the mini-
rollers currently on the market because it is not necessary to buy expensive refill covers with all of the works inside.

Wooster used trade advertisements that took advantage of the strong reputation of the Wooster Brush Company name. These advertisements explained that the new Jumbo-Koter mini-rollers used the Wooster fabrics that professional painters already knew and loved to use. They emphasized that these new mini-rollers rolled smoothly and required fewer trips to the paint bucket because they held more paint and did not stop rolling. The net result was less cost to the painter.

The Advertising Media Strategy Was Directed to the Trade

Jumbo-Koter advertising was designed to be run in trade publications such as *Do-It-Yourself Retailing* and other magazines targeted to paint and hardware stores. There was no consumer advertising of Jumbo-Koter. One- and two-page spreads were placed in these magazines at the time of the product launch. The advertising was not actually placed until Wooster Brush was confident that there was enough product in the warehouse to satisfy retailer demand. The advertisements initially ran in conjunction with the initial launch. Further flights of these same advertisements were to be run every three or four issues, in rotation with the regular Wooster Brush advertising campaign.

Public relations was also used to introduce Jumbo-Koter. A press release was sent to all of the key trade publications prior to placement of the print advertising. Wooster Brush Company management anticipated that a significant number of articles would result from this press release because Wooster Brush was a regular advertiser in all of these magazines. The press release introduced Jumbo-Koter as a new product from the Wooster Brush Company and included the major points from the advertising copy.

Product Warranties Were Unnecessary Due to Wooster’s Strong Reputation

There was no formal warranty on the Jumbo-Koter product line. The Wooster Brush Company does not have a formal warranty on any of its products. The
company will, however, replace any returns involving normal and proper use. If a consumer has a problem with any product from the Wooster Brush Company, he or she can bring it back to the store and the store will replace it. Wooster Brush will then compensate the retailer. The Wooster Brush Company always stands behind its products 100 percent of the time.

**Internal Staffing Maintained a Lean Organization**

The marketing of the Jumbo-Koter product line was implemented through the normal Wooster Brush Company organization. The management of the company believes that one of the keys to its success and longevity (the company is 151 years old) is its ability to operate with a lean organization. The company has no product managers and does not use separate sales or marketing organizations for its different brands.

In most cases the Wooster Brush sales force introduced the Jumbo-Koter product line to distributors and trained them in the advantages of these new mini-rollers. The distributors’ sales force then obtained retail distribution and trained the dealers on how to sell the new product line to their customers. A few outside sales representatives were used to contact distributors in remote areas. National accounts were contacted by an internal national sales force operating from the company’s national headquarters in Ohio.

**Conservative Financial Projections Were Prepared**

The engineering department prepared an estimate of the expenses that were anticipated for the Jumbo-Koter venture. These included the up-front investment in new equipment. The marketing department then prepared an initial and multiyear sales forecast, as well as forecasted profit and loss statements. The purpose of these financial projections was to show that the Jumbo-Koter venture would produce a satisfactory return on investment, assuming that the project unfolded as expected.

The financial projections were conservative in that they did not include any estimates of sales from the large national accounts such as Lowe’s or Home Depot. Only sales from paint and hardware stores were included. The
reason for this was to add stability to the forecasts. Wooster Brush management felt that it could confidently predict potential sales from the traditional paint and hardware stores, based on a long history with these accounts. Predictions for the large national accounts were much less reliable. Management did not want to develop production capacity based on speculative assumptions.

Innovation Is a Good Way to Maintain Market Presence

The Jumbo-Koter venture is a good example of the development of a successful new product by solving a consumer problem. The Wooster Brush Company identified the difficulty that painters were having because their mini-rollers were sticking after a few uses. The new Jumbo-Koter mini-rollers solved that problem by using a smooth-turning cage frame. Wooster Brush further improved these mini-rollers by using high-quality fabrics from its highly successful nine-inch rollers. Finally, by not extending fabric over the end of the new mini-rollers, Jumbo-Koter enabled the painter to get into tighter spaces than with traditional mini-rollers. This also prevented paint from spinning off onto another surface.

One lesson to be learned from the Jumbo-Koter program is that innovation is a good way for a company to maintain its presence in the marketplace. The Wooster Brush Company has made a notable effort to continue to innovate, developing truly beneficial products in a very stodgy, old-fashioned business for many years. The Jumbo-Koter product line is a good example of this. This continuous innovation has enabled the company to compete successfully without participating in industry price wars. At the time of this writing, the Wooster Brush Company was in the process of developing additional new products to meet the paint application needs of its customers.
MARKETING PLAN SUMMARY

1. **BACKGROUND.** Many painters have problems with their mini-rollers. Because these rollers are smaller than traditional rollers, they are great for getting paint into tight places and corners. On the other hand, the small size of the roller sometimes causes it to stick after a certain number of uses. Painters often become frustrated when they have to drag a stuck mini-roller down a wall. This consumer problem led to a whole new product line called the Jumbo-Koter, and to a marketing plan that effectively leveraged the strengths of the Wooster Brush Company.

2. **MARKET REVIEW.** The paint applicator industry is made up of a relatively small number of companies, and it changes only slightly from year to year. A trend identified by Wooster Brush was the influx of foreign competition into the mini-roller market. Because of the effectiveness of using a mini-roller for detail painting jobs, the market for these small rollers was growing. As this was happening, several manufacturers were importing mini-rollers from China and other offshore sources. Wooster Brush was being forced to compete with these lower-priced imports.

3. **CONSUMER USAGE AND ATTITUDES.** A program of store interviews and personal observations enabled Wooster Brush management to determine that mini-rollers were gaining market share and were eroding paintbrush usage more and more. Consumers represent the bulk of the unit sales; however, they tend to buy what is available and recommended in paint and hardware stores, and these stores typically display and recommend what is used by professional contractors. Through quantitative and qualitative research, Wooster Brush

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1 Wooster and Jumbo-Koter are trademarks of The Wooster Brush Company, and are used with permission.
learned that painting contractors generally perceived Jumbo-Koter as a significant improvement over the mini-rollters that were currently available in the market.

4. PLANNING ASSUMPTIONS. Prior to launching Jumbo-Koter, the management of Wooster Brush made a series of assumptions regarding the outcome of the implementation. The following is a list of the key planning assumptions made by Wooster Brush Company:

A. Paint and hardware stores will generally accept distribution of Jumbo-Koter because of the success these retailers have had with previous new products from Wooster Brush.

B. The fabric on Jumbo-Koter rollers will be accepted by professionals and consumers.

C. Professional painters will want to use Jumbo-Koter mini-rollters.

D. Pricing on Jumbo-Koter will be accepted as long as the price points are similar to those of the low-priced mini-rollters currently on the market.

E. Should Jumbo-Koter not be successful, Wooster Brush will still be able to capture a share of the mini-roller market with its current mini-roller system.

F. Over the next few years, Jumbo-Koter could make it possible to eliminate the old mini-roller system.

5. KEY STRATEGIC MARKETING OBJECTIVES. Based on the above planning assumptions, the management of Wooster Brush set up a series of specific key strategic marketing objectives for the Jumbo-Koter venture. The following are the key strategic marketing objectives set by the management of the Wooster Brush Company:

A. To entice consumers and professionals to purchase a mini-roller system that is not interchangeable with other mini-roller systems.

B. To get the majority of the twenty-four different Jumbo-Koter rollers and two frames into broad-scale distribution.

C. To time the expansion of distribution so that production is able to keep up with retail sales.

D. To achieve specific sales volume objectives that will enable the venture to pay back the investment in new equipment within a specific time frame.

E. To launch the Jumbo-Koter line nationally in the initial distribution targets within three months.
F. To overcome the potential objection by retailers and customers that the Jumbo-Koter covers do not have a fabric covering on the end of the rollers.

6. MARKETING PLAN ELEMENTS

A. **Brand name.** The new mini-roller system was launched under the overall brand name Wooster Jumbo-Koter. This name appeared on all packaging and display header signs. Also, seven additional names were used to differentiate the different type of covers: Super Fab™, Pro Doo-Z™, Mohair Blend™, 50/50™, Super Twist™, Painter’s Choice™, and Pro Foam™. The overall brand name strategy was to leverage the power of the current Wooster Brush image.

B. **Product line.** Jumbo-Koter is a comprehensive line of twenty-four different mini-rollers and two different frames. The short-handle frame has a 14-inch handle, and the long-handle frame has a 26½-inch handle. Both of these are cage frames, which turn much better than the traditional wire frames. Both the short-handle frame and the long-handle frame have a 4-inch arm, even though there are 4½- and 6½-inch roller covers. A unique button on the end of all of the 6½-inch roller covers plugs into the frame, enabling the frame to be used with both the 4½-inch and the 6½-inch roller covers. The fabrics used for the roller covers vary and are differentiated by brand name, pile, and width. Most of the covers are packed two per package, although there are some covers that are packed six per package.

C. **Pricing strategy.** The Jumbo-Koter product line was set up with a different price point for each of the different products in the line. The pricing strategy was to hit the price points of the low-priced imported competition. Management felt that if Jumbo-Koter’s prices were within a few pennies of those of the low-priced imports, it would have the advantage. Jumbo-Koter mini-rollers were launched at lower prices than domestic products, including other Wooster Brush mini-rollers. When the program was launched, a 10 percent introductory allowance was offered on the entire line.

D. **Sales and distribution methods.** The Wooster Brush Company sells its products through a national network of distributors and buying groups. It does have some direct accounts; Lowe’s and Home Depot, for example, are direct accounts. Jumbo-Koter was to be sold into national distribution by the Wooster Brush Company’s sales force and network of service personnel.

E. **Advertising copy strategy.** The objective of the Jumbo-Koter advertising was to communicate to paint and hardware stores that a new improved mini-roller was coming on
the market and that this mini-roller would be available only from the Wooster Brush Company. Wooster used trade advertisements that took advantage of the strong reputation of the Wooster Brush Company name. These advertisements emphasized that these new mini-rollers rolled smoothly and required fewer trips to the paint bucket because they held more paint and did not stop rolling. The net result was less cost to the painter.

F. Advertising media strategy. Jumbo-Koter advertising was designed to be run in trade publications such as Do-It-Yourself Retailing and other magazines targeted to paint and hardware stores. There was no consumer advertising of Jumbo-Koter. One- and two-page spreads were placed in these magazines at the time of the product launch.

G. Sales promotion. The line was launched with incentives for retailers to use a display with the Jumbo-Koter line. These discounts were to be offered at pro shows and at distributor shows. A consumer discount was also offered upon introduction of the program. A premium pack that included a frame and six roller covers in a box was to be sold during the product launch. It was to be put on a counter or on the rack. The consumer bought the six covers and got the frame free.

H. Publicity. Public relations was also used to introduce Jumbo-Koter. A press release was sent to all of the key trade publications prior to placement of the print advertising. Wooster Brush Company management anticipated that a significant number of articles would result from this press release because Wooster Brush was a regular advertiser in all of these magazines. The press release introduced Jumbo-Koter as a new product from the Wooster Brush Company and included the major points from the advertising copy.

I. In-store merchandising. It was felt that a key to success in getting the full Jumbo-Koter product line into retail stores was an in-store display program. The cornerstone of this program was a two-foot freestanding merchandiser that included the full Jumbo-Koter product line. Wooster Brush would give the rack free to retailers. A piece of literature for the consumer was included with the display.

J. Timetable. After Wooster Brush pushed the button on a major development effort, it took eighteen months to complete. It took another three months to achieve the initial national distribution. At the time of this writing, Jumbo-Koter has been in national distribution for one year.

7. FINANCIAL PROJECTIONS. The financial projections were conservative in that they did not include any estimates of sales from the large national accounts such as Lowe’s or Home Improvement stores.
Depot. Only sales from paint and hardware stores were included. The reason for this was to add stability to the forecasts. Wooster Brush management felt that it could confidently predict potential sales from the traditional paint and hardware stores, based on a long history with these accounts. Predictions for the large national accounts were much less reliable. Management did not want to develop production capacity based on speculative assumptions.

8. **CONTINGENCY PLANS.** A pricing contingency plan was set up in case the competition decided to lower its prices in response to this program. Wooster Brush management decided that it would not reduce the Jumbo-Koter prices if that were to happen. Management felt that by the time the competition was able to implement a price reduction, Wooster Brush would have established the Jumbo-Koter line as a viable one in the market. It felt that most customers would continue to purchase Jumbo-Koter products at the initially established price.
CHAPTER 3

Benefits Must Be Perceived by Customers

Example: Philips Long-Life Lightbulbs

Except for gifts, people will rarely buy a new product or service unless they feel that it has some specific benefits that are important to them. Many business ventures have succeeded because they provided meaningful benefits that were clearly recognized by their customers. This chapter provides an example of how Philips identified its product’s most significant benefit and created something new around that benefit, and then how the company used positioning to communicate this benefit. You should always make a point of finding out what benefits potential customers feel they will get from your product or service. You want to know specifically what these benefits are and why they are important to your customers.

Philips Lighting Company, headquartered in Somerset, New Jersey, is the U.S. lightbulb division of Philips Electronics North America Corporation. In 1998 the management of Philips Lighting Company decided to try to make a significant impact on the consumer lightbulb market. It began this effort by doing some serious market research to see what was really important to consumers of lightbulbs. The idea was to find out what benefits consumers wanted, then provide those benefits and wrap an entire marketing program around them. The result was an incredibly successful marketing plan.
Philips Decided to Become the Long-Life Lightbulb Company

The results of Philips’s market research clearly indicated that long life was the most important feature that consumers would like to have in a lightbulb. Many consumers indicated that they simply did not want to have to climb up a ladder every two months to change a lightbulb. The management at Philips found this believable because of Philips’s long history with long-life lightbulbs. A major problem uncovered by this research, however, was that there was a lot of consumer confusion concerning the category. For example, although the expected number of hours was printed on lightbulb packaging, people had no idea how many hours a lightbulb should last.

Philips decided to provide the consumer with long-life lightbulbs and at the same time take away the consumer confusion. It would do this by offering a series of new long-life lightbulbs. This would involve a good, better, best strategy. DuraMax would be the good lightbulbs, with a guaranteed life of one year (twice as long as the average lightbulb). Halogena would be the better lightbulbs, with a guaranteed life of two years. Marathon would be the best lightbulbs, with a guaranteed life of five to seven years.

This long-life strategy took over the entire Philips consumer incandescent lightbulb product line. As of this writing, Philips has become the only company whose whole consumer line is long life. It has become the long-life company. In fact, long life has become a worldwide strategy for Philips lightbulbs. The current Philips worldwide marketing vision statement is, “Philips is the brand of lightbulbs that helps to enhance the quality of your life. Philips delivers a full line of long-lasting lightbulbs that satisfy your lighting needs and are guaranteed to perform.” In the United States, this was brought down to “light bulbs that last.”

This long-life strategy has been very successful for Philips. The company is achieving strong consumer sales of all three of its new product lines: DuraMax, Halogena, and Marathon. It has also been very successful from a retail distribution standpoint. Philips has been able to show retailers its consumer research, which indicated total confusion at the point of purchase. Philips has then been able to explain to the retailer how it has been able to take the confusion out of the lightbulb business with its good, better, best strategy.
This has resulted in broad-scale distribution in Home Depot and many other major retailers of consumer lightbulbs.

History Shows Long Life as the Number One Attribute for Lightbulbs

Over the past thirty years, long life has come up several times as the number one attribute that consumers look for when buying a lightbulb. In 1983, Philips substantially expanded its lightbulb business in the United States by purchasing all of the lamp divisions of the Westinghouse Electric Corporation. One of the things that came along with that acquisition was a product line that had a longer-life strategy. Prior to that, Westinghouse had had several successes with long-life lightbulbs.

In 1977, Westinghouse had launched a major venture selling long-life lightbulbs through grocery stores. The venture was called Turtle-Lite. Turtle-Lite was based on a wealth of consumer market research obtained from 1972 to 1977 that indicated that consumers wanted lightbulbs that lasted longer than current offerings. Turtle-Lite was a long-life lightbulb that was unconditionally guaranteed to provide the consumer with two years of service. Turtle-Lite lightbulbs were sold off of a unique freestanding in-store merchandiser and were supported with heavy consumer advertising and promotion.

Turtle-Lite successfully achieved distribution in most of the grocery stores in the western United States. The program was successful in generating substantial consumer sales in each of the stores in which it operated. This proved that consumers were interested in purchasing long-life lightbulbs. The program was eventually discontinued as a result of competitive pressure. Strong competitive couponing brought the price of standard incandescent lightbulbs down so low that Turtle-Lite became uncompetitive. This was coupled with the movement of the grocery trade away from freestanding displays.

When Westinghouse was acquired by Philips, its lightbulb product line included a uniquely shaped long-life lightbulb called T-Bulb. This lightbulb enabled consumers to get about a third longer life than the standard incandescent lightbulb without a significant reduction in lumen (light) output. That was the premier product when Philips acquired the Westinghouse light-
bulb division. Philips kept this product in its line for several years. From 1992 to 1996, however, Philips concentrated mainly on the industrial and commercial side of the market. As a result, the long-life product kind of faded away. Even the unique shape of the T-Bulb was discontinued because of its cost.

In reviewing the past history of lightbulbs, Philips identified a number of products providing different consumer benefits. Some focused on the quality of the light given off, some focused on energy usage, and some focused on environmental issues. Long life surfaced as the most consistently well received consumer benefit. Energy was very popular at times, such as in California when energy was scarce. Nothing, however, ever moved long life away from the top spot.

The Project Began with a Thorough Review of the Market for Lightbulbs

As part of the overall strategy development process conducted in 1998, Philips completed a thorough review of the overall lightbulb market. By this time the company had become very fact-based and had an excellent market research department. The research department provided a review of all of the available data on the lightbulb market, as well as data from several custom studies. Store checks and interviews with retailers were also conducted to provide a hands-on view of the current marketplace.

The consumer market for incandescent lightbulbs has five retail distribution segments: grocery stores, hardware and home center stores, mass merchandisers, drugstores, and a category labeled “other.” Grocery chains had previously been the dominant source of lightbulbs, but by 1998, this dominance had shifted dramatically to the home centers and mass merchandisers. The grocery segment was declining, and the mass merchandiser and home center segments were increasing.

Consumers saw that stores like Home Depot carried one hundred feet of lightbulbs, including every type of lightbulb they might need for the home. In comparison, a grocery store would carry maybe twelve to sixteen feet of lightbulbs and certainly did not have every type of lightbulb. Home Depot alone sold one out of every five lightbulbs. Purchases in grocery stores now
tended to be those where the consumer was shopping in the store and remembered that one of his lightbulbs had burned out, so he bought a four-pack just to make sure. However, if the consumer was doing a lighting project and was buying fifteen or twenty lightbulbs at one time, she would do this at a home center.

GE was the dominant player in the grocery chains and mass merchandisers. Philips was the dominant player in home centers because Philips was the primary supplier of lightbulbs to Home Depot, which sold 20 percent of all the lightbulbs sold in the United States. Sylvania was number three among the major brands. The other factor was private label. Some retailers were selling lightbulbs imported from the Far East under their own private label. Some imported lightbulbs were also being sold under the Westinghouse brand name, which was licensed from Viacom (the current owner of the trademark).

Sophisticated Qualitative Market Research Used to Pinpoint Key Benefit

In 1998 Philips conducted a series of market research projects to determine consumer perceptions of the most important benefits related to lightbulbs. This research began with a series of consumer focus groups held in various parts of the United States. Psychographic screening questionnaires were used to bring in males and females who demonstrated the ability to deal effectively with abstract concepts. This initial qualitative research was followed by a series of in-depth one-on-one interviews with consumers of various brands of lightbulbs.

During the initial focus groups, respondents engaged in a brainstorming session on their idea of an ideal lightbulb. This brainstorming generated a long list of perceived benefits of lightbulbs, which respondents then evaluated with the help of several highly sophisticated projective techniques. Benefit chains were used to stimulate the respondents’ ability to create lists of alternative benefits. Forced relationships were then used to help respondents compare current lightbulbs. For example, respondents were at times asked to imagine what type of animal different types of lightbulbs might be and
then describe their attributes based on the animal they selected. The follow-
ing are two examples:

“That major-brand lightbulb reminds me of a dog, which is man’s best friend. So many families have them. It’s a comfort—a big name that you are comfortable with, and you know they probably will be good.”

“That generic-brand lightbulb is a turtle. Turtles are relatively unimportant and in the background. Nobody is paying attention to them.”

Concept statements created in the focus groups were presented to consumers during lengthy in-person interviews. As the series of interviews progressed, the concepts were modified to reflect consumer attitudes. The concepts included a number of the most popular benefits identified during the focus groups. Different facts about lightbulbs were also presented to respondents to determine their believability.

Long Life Identified as the Only Lightbulb Benefit Worth a Premium

The consumer focus groups revealed that a typical consumer perception was that lightbulbs burn out too soon. Consumers wanted long-life lightbulbs, but they thought that current claims of long life were not believable. They felt that a better lightbulb would be one that lasted longer, and that this was the only benefit that would be worth a premium. They felt that long-life lightbulbs would be less annoying and safer, and could save money in the long run. Many respondents also felt that a guarantee would add credibility to claims of long life.

The personal in-depth interviews with consumers refined their perceptions of the long-life benefit. Many of the consumers included in this research felt that a full line of long-life lightbulbs would be more credible than one new long-life lightbulb. Respondents liked the full-line concept because they
would be able to choose the ideal lightbulb type for different locations. For example, they would be able to buy expensive, very-long-lasting lightbulbs for some locations and other, less-expensive lightbulbs for other locations.

**Philips Assumed That Its Customers Would Accept a Long-Life Strategy**

On completion of the market review and market research, Philips decided to proceed with the launching of a major strategic effort to transform itself into the “long-life company.” It made assumptions about the likely reactions of consumers and retailers to the strategy. It made assumptions about the planned pricing for the new products, and even about the technical design of the new long-life lightbulbs. The following are Philips’s key planning assumptions:

1. A long-life strategy would effectively differentiate Philips’s lightbulbs from those of the competition.

2. As previous long-life products by Westinghouse and Philips had shown, and as indicated by the market research, consumers would buy into the long-life lightbulb idea.

3. The long-life strategy would help Philips’s retailers compete with their competitors. Philips believed that retailers were tired of seeing the same products advertised in a Sunday circular at different prices. For example, Home Depot would see Wal-Mart, in a Sunday ad, cutting its price on the same GE lightbulbs that Home Depot was carrying. Philips believed that many retailers were not happy about this and wanted to differentiate their products, but did not know how to do so. Philips believed it had the answer.

4. Premium pricing on a line of superior products would be acceptable to retailers and consumers. Philips did not want to compete on the basis of price because it knew that it could not be the low-cost leader. With the long-life strategy, the company would be bringing out a line of products that could not be compared directly with competitive lightbulbs. Philips would have a different product that would last longer. It would take
Philips out of the direct comparison situation, such as matching the price of its four-pack with that of GE’s.

5. The Philips engineering department had identified the proper line between life and light, so that it could provide the consumer with a series of lightbulb products that would be ideal for home use.

Marketing Plan Written with Two Primary Objectives

Based on these assumptions, the new marketing plan had two primary objectives. First, Philips would introduce a series of lines of long-life lightbulbs that would be significantly different from the lightbulbs offered by the competition. Second, because they were superior, these new product lines would be sold at premium prices, which would generate higher margins for Philips and for Philips’s retail partners.

The New Corporate Long-Life Strategy Included Three Brand Names

Philips Marathon was the name used for the longest-lasting or “best” lightbulbs (guaranteed for five to seven years), Philips Halogena was the name used for the second-longest-lasting or “better” line of lightbulbs (guaranteed for two years), and Philips DuraMax was used for the entry-level or “good” line of lightbulbs (guaranteed for one year). Marathon and Halogena became available in 2000, and DuraMax was added two years later.

The name Halogena was given to the U.S. operation by Philips’s European operation, as this name had been previously used in Europe. Marathon and DuraMax were developed in creative sessions involving Philips management and Philips’s advertising and public relations agencies. A series of names were tested among consumers, and those two names were picked as suggesting reliability and long life.

The Long-Life Lightbulb Formula Is Tricky

It is the coil and some of the chemicals inside that make one lightbulb last longer than another. There is a mix of inert gases, such as carbon, krypton,
argon, and neon, inside of a lightbulb. The coil that is used in an incandescent lightbulb is made of tungsten, and if the coil were stretched out, it would be quite long. The thickness of the coil and the number of turns are part of the science of making a lightbulb. It is the combination of the differences in the coil and the slight differences in the gases that fill the vacuum that differentiate one lightbulb from another.

The long-life formula is tricky. If you put too much life into a lightbulb, the light output goes down. A lot of imported lightbulbs have tried too hard to maximize life. For example, a company would come out with a three-year incandescent lightbulb, but the light output from these lightbulbs would drop dramatically. The life of a lightbulb is important, but the quality of the light is also important. You can’t just bring out a long-life lightbulb; it also has to have sufficient light output. The trade-off between life and light has to be optimized.

The challenge at Philips was to develop an incandescent lightbulb that would last at least one year. Consumer research showed that consumers might accept a six-month life, but Philips felt that at least one year would represent an improved product. This was the “good” lightbulb. Philips then added halogen technology to create a “better” lightbulb with a two-year life. Finally, Philips used fluorescent technology to create the “best” lightbulb, with a life of between five and seven years. Management felt that this would take Philips lightbulbs out of the commodity class and make them products with real value-added qualities.

**DuraMax Lightbulbs Last One Year**

DuraMax was the line of “good” light bulbs, which would have a minimum life of one year. These were incandescent lightbulbs that were comparable to GE incandescent lightbulbs, which typically had a life of six months. Depending on the particular lightbulb, this longer life was achieved through the use of a larger coil, a different gas, or a combination of the two. DuraMax had a full line of different incandescent lightbulbs.

Although DuraMax lightbulbs had twice the life of a traditional incandescent lightbulb, they were designed to have the same perceptible light output. For example, if a GE incandescent lightbulb had a light output of 880
lumens for a sixty-watt light bulb, the DuraMax light bulbs might have 860 lumens for that same sixty-watt light bulb. That difference would not be perceptible to the human eye. Philips knew that if it were to use an even thicker coil and reduce the light output to 800 lumens, that would be perceptible, so the company did not do that. It was a trade-off that was very carefully done.

**Halogen Lightbulbs Last Two Years**

Halogen was the line of “better” light bulbs, with at least a two-year life. Halogen was a product line that had been made by Philips in Europe for several years, but had never been introduced into the United States. It was added to the mix to fill in the good, better, best strategy.

Halogen technology was a little different. It had an incandescent coil in a quartz glass container. Instead of argon or neon, it used a halogen gas. Halogen gases replace the tungsten in a burning coil constantly. When an incandescent light bulb heats up, little bits of tungsten flake off. Eventually the coil gets a weak spot because too much tungsten has flaked off. Then when you flip the switch, you hear that “pop” and the bulb burns out. That happens because the coil has been weakened at that one spot. This happens more slowly with halogen technology, which is why Halogen light bulbs last two years.

There are several other advantages to Halogen light bulbs. The light from these light bulbs is actually whiter and brighter than that from standard incandescent light bulbs. An incandescent light bulb usually generates fifteen to seventeen lumens per watt, whereas a Halogen light bulb can go up to twenty-five lumens per watt, making it more efficient. Halogen bulbs do not burn hotter because their shape keeps the inner burner far away from the bulb wall, so that the heat does not really affect the outer wall.

Even though they are based on a different technology, Halogen light bulbs are practical for home use. Halogen light bulbs can be screwed into any incandescent light bulb socket. They are even dimmable, just as incandescent light bulbs are.

**Marathon Lightbulbs Last Five to Seven Years**

Marathon would be the “best” light bulbs. They would have a minimum life of five to seven years, depending on the particular light bulb selected. These
lightbulbs are based on a technology that is very different from that of an incandescent lightbulb. They use fluorescent technology, where most of the energy is captured as light and not heat. That is a huge difference. Philips invented compact fluorescent lightbulbs back in the 1970s. When they first came out, compact fluorescent lightbulbs were designed for commercial use, where companies wanted to save electricity because they had to keep their lights on all the time. With Marathon, these lightbulbs were adapted for home use.

It took a lot of years to get a compact fluorescent to mimic the look of an incandescent lightbulb. Philips had to get these compact fluorescents to burn in the same yellow color range as incandescent lightbulbs to make them look like the other lightbulbs in the home. Now the Marathon lightbulb can go anywhere in any home and look exactly like incandescent lightbulbs. Philips has a demonstration room where, in a simulated bedroom, it asks you to tell which is the incandescent and which is the Marathon. Maybe one out of fifty people will figure it out. You can’t tell the difference.

In addition to the much longer life, a major advantage of Marathon lightbulbs is that they save a lot of money on electricity. To get the amount of light you are used to from a sixty-watt incandescent lightbulb, you have to use only fifteen watts with a Marathon lightbulb. That is four times more energy-efficient. The reason for this is that you are not losing energy to heat, as most of the energy is going to light output. Because they have been made very compact, Marathon lightbulbs can do anything regular incandescent lightbulbs can do. They can dim, they can be three-way, and they can fit into any socket.

### Traditional Lightbulb Shapes Were Used Except for Decorative Bulbs

During the development stages of this marketing plan, Philips discovered that the design of a lightbulb (the shape of the bulb) is very important to consumers. Research was done with different shapes, and consumers said that they wanted their lightbulbs to have a traditional shape, except when
they were using them for decorative purposes. This became the basis for the
design of Philips’s lines of long-life lightbulbs.

Marathon was the most difficult. From a design standpoint, Philips had
to make a fluorescent lightbulb look like an incandescent lightbulb. In the
past that had always been one of the barriers to fluorescent technology. Peo-
ple were used to the shape of an incandescent lightbulb. When Philips had
come out with bulbs that looked like little fluorescent bulbs, it had had dif-
culty selling them. Because of this, many of the Marathon lightbulbs were
designed to hide the fluorescent tubing and to look exactly like an incandes-
cent lightbulb.

DuraMax lightbulbs were based on traditional incandescent technology
and had the traditional lightbulb shape. Halogena, however, departed some-
what from tradition. Because of the beauty of the light from a Halogena light-
bulb, many consumers wanted to use these bulbs for decorative purposes.
Therefore, the shape of these lightbulbs was designed to be more artistic, so
that they would be appropriate in a fixture that showed the lightbulb.

Vibrant New Packaging Was Created

Philips felt that this marketing effort gave the company an opportunity to
create vibrant new packaging that told a better story to the consumer. It
wanted to create packaging that would help sell the product off of the shelf
without confusing the consumer. Philips felt that with its old packaging, and
with the packaging of GE and Sylvania, the consumer had trouble figuring
out which lightbulb was better and why. The company felt that, in addition
to advertising, the good, better, best story would have to be told on the pack-
aging.

On the new packaging Philips designed, wattage was the most promi-
nent number, and how long the lightbulbs would last was the second most
prominent number. Philips felt that consumers could not relate to life repre-
sented in hours, so it stated the life in years. It also gave the guarantee on
the packaging: The lightbulbs were guaranteed for one year, two years, five
years, or seven years. Finally, the packaging visually showed the consumer
the shape of the lightbulb and where it should go in the home. The idea was to simplify the shopping process.

A Local Production Strategy Was Implemented to Ensure High Quality

Philips decided to manufacture the consumer product line in its own factories. Philips has enormous production capacity. The total consumer and industrial Philips product line includes over three thousand different types of lightbulbs. Philips has seven factories in the United States, one in Canada, and one in Mexico. It also has additional production facilities in Europe. By producing all of the lightbulbs internally, Philips believed that it would be able to maintain much better quality than if it imported the lightbulbs from the Far East. The company felt that this would represent an advantage over some of the competition.

Sales and Distribution Strategy Was Based on Heavy Trade Involvement

At the time this marketing effort was being planned, except for the private-label lightbulbs, there was mostly one brand per retail outlet. There were some exceptions. For example, at Home Depot, GE and Philips were the two major lightbulb brands, and then there were six other brands on the shelves, including Panasonic, Toshiba, and Westinghouse. ABCO licensed the Westinghouse brand name from Viacom and put it on imported lightbulbs from China.

The Philips factories generally shipped lightbulbs from the factory warehouse to a Philips combination warehouse, where all of the different types of lightbulbs were brought together. The retailer’s regional depot orders would come into these facilities, and the products ordered would go to the retailer’s regional warehouses. The retailer would then generally distribute the lightbulbs to the stores. There were some exceptions where Philips would ship directly from its combination warehouse to a retail store. Usually, however, Philips would deliver to a chain’s warehouse for store-level distribution.

Philips did a lot of research with the retail trade in preparation for this
major new marketing strategy. The sales force was involved in this research, but so were a lot of marketing people. A lot of the higher-level meetings were not limited to a salesperson, but included a vice president of marketing, the category leader for the products, and sometimes even the president. Philips presented to retailers what its research had shown, and explained how the new Philips product line would differentiate the retailer’s offering. Category management suggestions were an important part of these meetings. Philips showed retailers how they could earn substantially more money from the same amount of shelf space with the new line of Philips lightbulbs because of the premium pricing of these superior products.

The long-life strategy worked well. Home Depot eventually made Philips its exclusive major brand of lightbulbs. This was significant because Home Depot sold one out of every five lightbulbs in America at that time. Home Depot felt that the new Philips strategy would help it differentiate its lightbulbs from those sold by Wal-Mart and other competitors. Other retailers also switched their lightbulb brand from their previous source to Philips. Wegmans, for example, switched to Philips because it is a store that likes to sell better products, and it saw that switching to Philips fit its overall strategy.

**Premium Prices Resulted in Substantial Hidden Savings for Consumers**

The pricing strategy for DuraMax and Marathon light bulbs was to provide the consumer with a longer-life lightbulb, and to enable the consumer to save money at the same time. The strategy for Halogen was different. Halogen was to be sold at a premium price because of its longer life and the uniqueness of the lightbulbs. Halogen lightbulbs provided a refreshingly whiter light that was unavailable with traditional incandescent lightbulbs. The Halogen lightbulbs were also useful as decorative bulbs because of their attractive shape and glass.

The price of a sixty-watt incandescent lightbulb from GE varied from store to store, but was often about fifty cents. This lightbulb typically had a useful life of six months. A Philips DuraMax lightbulb with the light output of a sixty-watt bulb would also cost approximately fifty cents, yet it would
have a life of one year. A Philips Halogena lightbulb with the light output of a sixty-watt lightbulb would have a two-year life and would cost about four dollars. The Philips Marathon lightbulb with the light output of a sixty-watt bulb would have a life of five years and would sell for approximately nine dollars.

There was a substantial additional hidden savings with Philips Marathon lightbulbs. Over the five-year life of this lightbulb, the owner would save approximately thirty-five dollars in electricity costs. Naturally this would vary depending on where the consumer lived. The financial comparison with a sixty-watt GE lightbulb is very interesting. Over five years the consumer would have paid approximately five dollars for ten GE lightbulbs with a six-month life each. Over the same five years, the consumer would have paid nine dollars for a single Philips Marathon bulb, or an extra four dollars. However, the consumer would have saved thirty-five dollars in electricity costs, for a net profit of thirty-one dollars.

The Advertising Message Was “Light Bulbs That Last”

To introduce consumers to the new Philips long-life strategy, an advertising campaign called “light bulbs that last” was created. Philips’s advertising agency came up with a number of humorous television and radio commercials and magazine advertisements depicting situations in which a lightbulb had burned out. These advertisements were run in eight- to ten-week flights on introduction, and then periodically for about two years. The campaign was successful and won numerous advertising industry awards.

The Halogena television commercial showed a young man on a ladder that he had made out of a couch and a chair. His friend walked into the room and explained to him that if he replaced that lightbulb with a Halogena bulb, he would not have to go back up on that ladder for two years—guaranteed. This advertisement was quite humorous and emphasized the two-year guarantee.

The Marathon television advertisements talked about the five-year guarantee. One commercial opens on an empty room from the vantage point of a ceiling lamp. Then you see a young man arriving at college, accompanied by his parents. They’re carrying moving boxes. Next, you see the family walk
into the empty dorm room. The overhead light is flicked on, and the bulb burns out. The father pulls a Philips Marathon bulb out of its box and screws this new bulb into the lamp fixture. As the commercial develops, you see the young man studying, at a sports victory party, playing his guitar, and slow dancing—always from the vantage point of the bulb. Finally, you see him on graduation day in his empty dorm room, unscrewing the bulb to take it with him. The copy says, "He finished up in four . . . the bulb is on the five-year plan. The Marathon bulb by Philips."

As a second Marathon television commercial opens, you see a man in his mid-thirties climbing up a scenic mountain trail. He arrives at a rustic cabin at dusk. He then goes to turn on the overhead light and the bulb burns out. He is noticeably displeased. The man then checks a message on an old answering machine and sets down his old manual typewriter. During the commercial, he is directed by the phone message to various storage areas to check on amazing quantities of supplies.

"Hi, it's Gayle. Hope you found the place OK. Use the cabin for as long as it takes to finish the book. You'll find plenty of toilet paper in the closet . . . 400 pounds of dried beef in the cellar . . . loads of canned goods in the pantry . . . that should do it. Oh, yeah, there's a five-year supply of light bulbs in the top left drawer.

Call me.

It's getting a bit darker as time goes by, and the man is visibly concerned about the lack of light inside. Finally, when he is directed to the drawer in the kitchen, you see one bulb. Eventually light is restored to the cabin, and all is well. A voice-over says: "The Marathon bulb by Philips. Good for five years. Guaranteed. That should be long enough. Philips. Light bulbs that last."

**Philips Halogen Light Bulbs Tied Into Times Square Publicity**

In addition to advertising, the Philips long-life lightbulb strategy was the basis of a highly successful public relations campaign. The campaign cen-
tered around Philips Halogen lightbulbs. When Philips heard that a new ball was being created for the Times Square New Year’s Eve celebration in New York City, it called the organization responsible and offered to work with that organization on including Halogen bulbs. The result was that Halogen became the official Times Square lightbulb for five years, including the huge millennium celebration. This formed the basis of the public relations campaign.

Philips began the campaign with a press conference, then implemented a broad national publicity tour. The most watched event of the millennium New Year’s celebration was the dropping of the ball in Times Square. Because of its use for this, Halogen lightbulbs were broadly publicized in print and on television, including the Today show. The end result was a three-inch book full of press clippings. Retailers also participated in the event. Home Depot, for example, provided an end aisle display of Halogen lightbulbs for the six weeks surrounding New Year’s Eve. All of this resulted in the sale of a lot of Halogen lightbulbs.

Individual In-Store Merchandising Done for Retailers

Philips worked with each retailer to help that retailer customize the in-store displays for its light bulbs. A lot of retailers were very conscious of the look of their stores, and they wanted manufacturers to work within their framework. In most categories, things were done on an individual basis. For example, Philips found that Wegmans and Walgreens had very different requirements, and special solutions had to be developed for each of these important chains.

Home Depot had a whole wall of lightbulbs, and Philips provided the chain with a detailed plan-o-gram and recommendations to help it help its customers to find what they needed quickly. For example, Philips suggested educational materials to quickly direct people to the right lightbulbs. Philips provided signs and operating samples of products.

Philips also provided occasional off-shelf displays. The company suggested that the best way to sell some of these lightbulbs was to cross-merchandise them with other products. For example, if the retailer was selling fixtures, it was told that it should sell lightbulbs with them. Retailers