

CASE STUDY EASY WAVES - SITUATION ANALYSIS

The following marketing environment effects were identified at the launch of easy Waves.

Along with the rapid urbanisation of the black population was the fact that the demographic profile of the white population is ageing while the black population has a younger profile. This is important as the cosmetic/hair care market is aimed at the younger sectors of the market. This, tied to the growing disposable income and spending power of the black consumer, positively influenced the entry of Easy Waves into the market.

Together with the growing affluence of the black consumer was a growing trend towards sophistication and a rise in the aspirations of the black consumer. This trend was most vividly illustrated by the new and individual 'Afro' hair styles, and more particularly the wet-look perm. It is not surprising to note that these styles were inspired by black American hairstyles. Black Americans serve as role models and are an important reference group for the emerging black urban consumer in South Africa. In fact, a number of black consumers insist on using very expensive imported American hair care products.

THE INDICATORS OF A GOLDEN OPPORTUNITY FOR EASY WAVES

- a) **a rapidly growing market**
- b) **several, but not firmly established, competitors**
- c) **no major established company present in the market place**
- d) **a lack of sophisticated marketing techniques being employed in the market place; rudimentary packaging and promotion**
- e) **very low advertising-to-sales ratios in the industry**
- f) **inadequate distribution levels, especially through outlets**

In spite of these favourable trends, however, the situation was different a few years later.

Developments in the black hair care market highlight the difficulties faced by marketers such as Easy Waves in dealing with this sector. The general feeling was that the black hair care market was changing, and that the booming growth of 1985/86 had not stabilised and was slowing down. There were a number of other problems facing marketers.

One serious problem was the proliferation of products offered by both multi-national companies and home-market operators resulting in confusion for both the trade and the consumer. There were an estimated 100 companies fighting for a piece of the black hair care market, conservatively estimated at more than R200 million a year. The large number of competitors led to a credibility problem, with some products not living up to the claims made about them.

Another problem was the fight among the outlets (retailers, cash-and-carry wholesalers and hair salons) for a share of the market. Some salons were successfully retailing gels, sprays and so on in direct competition with the chain stores. The salons, which often carry the exclusive professional lines, were able to exert influence on the consumers to buy a specific brand as that used for the perm. Retail chains countered with home-perm type products and lower prices to draw customers away from the salons.

Another result of the proliferation of brands was the choice presented to consumers, as well as the possibility of buying a line that dies quickly or rejecting one that subsequently booms in popularity! It has been noted that brand loyalty is almost non-existent in the black hair care market and that market shares are unsure and subject to fluctuation.

Despite all these problems there was evidence of increased sales through the retail outlets and that supermarkets were beginning to settle on the better supported brands.

QUESTIONS

- i) Conduct an internal strategic audit for Easy Waves [5 marks]
- ii) Discuss the micro and macro environmental factors that **affected and/or could have affected** Easy Waves [20 marks]
- iii) Conduct a SWOT analysis for easy Waves [15 marks]

SECTION B ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION TWO

Using examples and providing detail, discuss **all the steps** in the international marketing process [25 marks]

QUESTION THREE

- a) Define competitor analysis and show the various ways of defining a competitor [5 marks]
- b) Using a diagram, discuss Michael Porter's competitive industry structure [20 marks]

QUESTION FOUR

- a) Based on what you have learnt in this course, define a customer [5 marks]
- b) Discuss the costs of poor customer service [15 marks]
- c) How should a company deal with a dissatisfied customer? [5 marks]

QUESTION FIVE

- a) Describe some of the problems facing small businesses in Swaziland [10 marks]
- b) What are the major demand problems facing not for profit organisations? [10 marks]
- c) What can businesses do to show that they are socially responsible? [5 marks]