NIVEA FOR MEN

THE TIMES 100

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Developing a marketing plan

Introduction

The NIVEA® brand is one of the most recognised skin and beauty care brands in the world. NIVEA creme was first introduced in 1911 and the NIVEA brand now extends to 14 product ranges worldwide from suncare to facial moisturisers, deodorant and shower products.

In 1980 when Beiersdorf, the international company that owns NIVEA, launched its NIVEA FOR MEN® range internationally, it broke new ground with its aftershave balm product. It was the first balm on the market that did not contain alcohol, which can irritate the skin. It proved to be very popular with consumers.

In 1993, NIVEA FOR MEN developed a fuller range of male skincare products. This reflected the growing social acceptance of these products with male consumers. The brand was able to exploit its knowledge of the skincare market. The company's research showed men mainly wanted skincare products that protected the face after shaving. Men were willing to buy products that helped calm and soothe irritated skin caused by shaving.

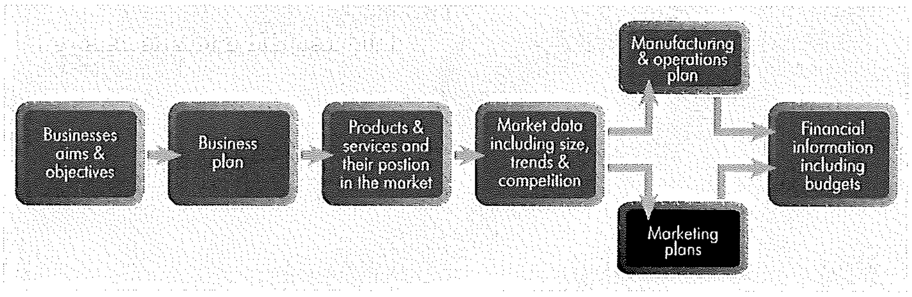
The NIVEA FOR MEN brand was launched in the UK in 1998. At that time total annual sales of men's skincare products (facial and shaving preparations) in the UK were only £68 million with the male facial product sector worth only £7.3 million.

Sales of male skincare products have grown steadily since the launch of NIVEA FOR MEN and the market in 2008 was worth over £117 million with male facial products worth £49 million.

NIVEA FOR MEN wanted to increase its share of the UK male skincare market. This case study examines how NIVEA re-launched the NIVEA FOR MEN range in 2008. This was part of its overall plan to develop the range in the UK. It shows how the company developed a **marketing plan** for the relaunch and organised its marketing activities to achieve its **aims** and **objectives**. The study focuses on how a company can respond to changes in consumer expectations, **external influences** and business aims to achieve those objectives.

What is a marketing plan?

A business needs to set its overall direction for the company through a **business plan**. This plan sets out how the company is to achieve its aims. The aims and objectives of a business inform and shape its business plan. A vital part of the overall business plan is the marketing plan. The relationship between the two plans is shown in the diagram.



CURRICULUM TOPICS
- Marketing plan
- SWOT analysis
- Marketing strategies
- SMART objectives

GLOSSARY

Marketing plan: A plan to identify and then meet consumers' requirements.

Aims: The general end purposes towards which an organisation focuses its activities.

Objectives: The end purposes that an organisation or individual seeks to achieve.

External influences: activities beyond the control of the business that affect its performance and shape its market. These are a combination of social, legal, political, economic, environmental and technological factors.

Business plan: describes the future activities of the business, across financial, production, and resourcing issues.

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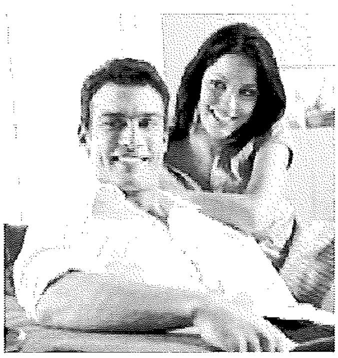
GLOSSARY

Brand: A name, symbol or design used to identify a specific product and to differentiate it from its competitors.

SWOT analysis: Identification and evaluation of the strengths and weaknesses inside a firm and the opportunities and threats in its external environment.

Return on investment: The return on the funds invested in the business.

Profits: money that is earned in trade or business, after paying the costs of producing and selling goods and services.



NIVEA FOR MEN

Marketing involves identifying, anticipating and satisfying customer needs. A marketing plan takes the stated aims and objectives and then puts in place a series of marketing activities to ensure those objectives are achieved. Marketing plans can cover any time period, but normally set out activities for the next one to five years at either a business or brand level.

The main sections of the plan cover:
- SWOT and competitive analysis – to assess where the business or brand is currently and what competitors are doing
- objectives – what the plan needs to achieve
- the marketing strategy – how the objectives will be achieved
- sales forecast – by how much sales are likely to increase
- budget – how much the marketing activities will cost and how the plan will be financed
- evaluation – how outcomes will be monitored and measured.

There is no set model for a marketing plan. The structure of the plan – and the amount of detail – will depend on the size of the brand, the timescale involved and how the market and economy is behaving. However, NIVEA's marketing plan for the relaunch of NIVEA FOR MEN follows closely the outline described here.

Assessing the market

The first step in devising a marketing plan is to conduct an evaluation of the business, its brands and products. This should include an assessment of the **brand's** position and the state of the market. NIVEA FOR MEN needs to know what its male customers want and what competitor products exist. As well as targeting the male consumer, women are also an important target market for NIVEA FOR MEN. This is because women often buy male grooming products for their partners as well as helping them choose which products to buy. NIVEA FOR MEN used a **SWOT analysis** to help it assess the market. This takes a detailed look at the internal strengths and weaknesses of the business, as well as external opportunities and threats in the marketplace.

NIVEA FOR MEN identified several strengths

- NIVEA FOR MEN was the UK market leading male facial skincare brand* which gave it strong brand recognition.
- The company had a sound financial base, so it had the resources to put together a strong marketing campaign.
- It also had staff with relevant skills – researchers with the scientific skills to develop products that men want and marketing staff with the skills to help promote these products effectively.

As the leading male facial brand, NIVEA FOR MEN needed also to be aware of any weaknesses

- Was the product range still relevant for the target audience?
- Did it have the right sales and distribution outlets?
- Was its market research up-to-date?

One clear opportunity was that the market was growing

- NIVEA FOR MEN had seen an increase in the sales of male skincare products and it wanted a greater share of this market.
- The company wanted to take advantage of changing social attitudes. Men were becoming more open, or certainly less resistant, to facial skincare products.

However, as the market for male skincare products grows, there are threats

- Consumers were becoming more knowledgeable and price conscious. They often expect sales promotions such as discounts and offers.
- The risk of competitors entering the market. NIVEA FOR MEN needed to differentiate its products in order to ensure that, in an increasingly competitive market, its marketing activity gave positive **return on investment** in terms of sales and **profits**.

* NIVEA FOR MEN the UK's leading male skincare brand (IRI Data to 27th Dec 2008).

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Setting objectives

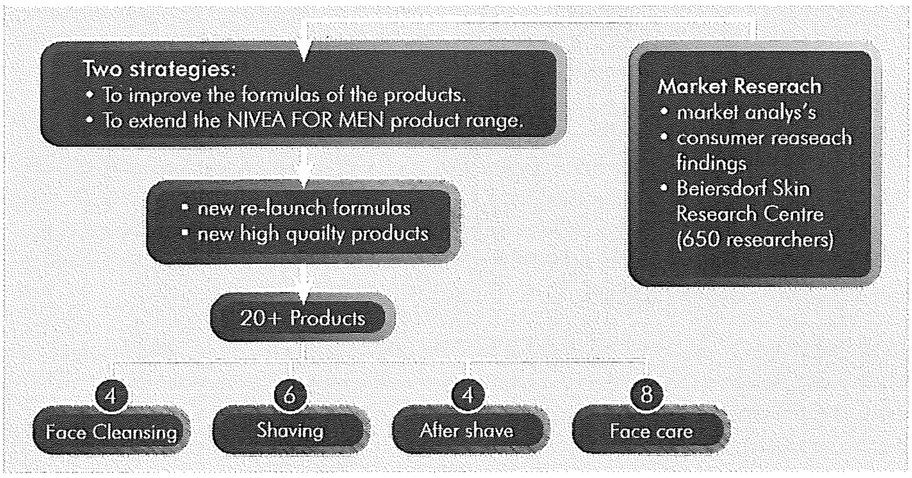
A successful marketing plan relies on setting clear and relevant objectives. These must relate directly to the business' overall aims and objectives. In other words, the marketing plan must fit with the overall company strategy that is set out in the business plan. Beiersdorf states its goal as *'...to increase our market share through qualitative growth. At the same time we want to further improve our sound earnings performance so that we can fulfil our consumers' wishes and needs with innovations today and in the future. This will give us a strong position within the global competitive environment.'*

The marketing team set **SMART objectives** for the NIVEA FOR MEN relaunch. These are Specific, Measurable, Achievable, Realistic (given the available resources) and Time constrained (to be achieved by a given date). The marketing team used research data to forecast market trends over the next three-to-five years. This helped them set specific targets for increasing sales, growing market share and improving its brand image.

Beiersdorf wanted to increase its UK market share for NIVEA FOR MEN, but also wanted greater market penetration for male skincare products. In other words, it wanted not just a greater share of the existing market; it wanted to expand that market. It wanted more men buying skincare products. One key aim was to move men from just considering skincare products to making actual purchases. It also aimed to sell more male skincare products to women. Research had indicated that women were often the initial purchaser of skincare products for men. NIVEA FOR MEN used this key fact as a way to increase opportunities for sales. Another objective was to develop the NIVEA FOR MEN brand image. The NIVEA brand has always stood for good quality products that are reliable, user-friendly and good value for money. The brand's core values are security, trust, closeness and credibility. These values would be strengthened and expanded on with the re-launch, to get more men and women to think of NIVEA as first choice for skincare.

Marketing strategies

The NIVEA FOR MEN team devised **marketing strategies** to deliver its objectives. These strategies set out how the objectives would be achieved within the designated budget set by the management team.



This focus on product development combined with an emphasis on consumer needs is a key differentiator for NIVEA FOR MEN. It is a major reason why in the UK the brand is still the market leader in the male facial skincare market*.

Another cornerstone of the UK marketing strategy for the re-launch was **promotion**. NIVEA sought to build on and develop the approach it had used in the past. In the 1980s, advertising in men's style and fashion magazines along with product sampling was a major promotional tool. In the 1990s, the company used radio, television and press advertising together with sampling. Since 2000, there has been a greater emphasis on consumer needs and an increasing use of experiential activities in the promotional mix. Experiential marketing is about engaging consumers through two-way communications that bring brand personalities to life and add value to the target audience. This helps build an emotional connection between the brand and the consumers.

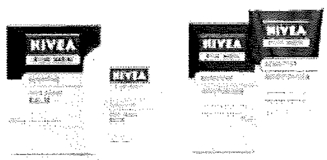
* NIVEA FOR MEN the UK's leading male skincare brand (IRI Data to 27th Dec 2008).

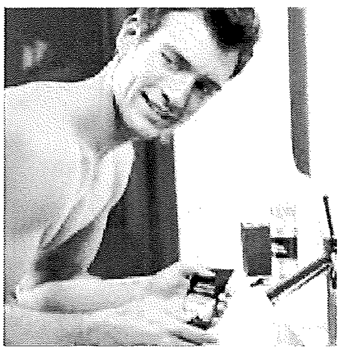
GLOSSARY

SMART objectives: Framework for constructing objectives in a way that meets a business aim.

Marketing strategies: Long-term plans designed to enable an organisation to identify and meet the wants and needs of its customers.

Promotion: Making products and services better known through a range of activities.





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GLOSSARY

Above-the-line promotions: Direct expenditure on advertising, such as for a TV commercial.

Below-the-line promotions: Indirect expenditure on promotion, such as through free gifts, PR or competitions.

Brand affinity: How well customers identify with the brand.

Evaluation: A systematic process that seeks to determine the worth, value or meaning of something.

Key performance indicators: Financial and non-financial measures to monitor performance across a range of activities within a function, department or role.

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It is important to get the promotional balance right. NIVEA FOR MEN promoted the new launches of its products through a mixture of **above-the-line** and **below-the-line** promotion. The use of sport was a key element here. NIVEA FOR MEN supported football events at a grass-roots level through its partnership with Powerleague to build positive relationships with men. This helped create stronger **brand affinity** for NIVEA FOR MEN among men. It also allowed the brand to build and maintain a consistent dialogue with men, which helps to drive sales.

Above-the-line promotion included television and cinema adverts, which reached a wide audience. By using links with sport, NIVEA FOR MEN aimed to build a positive male image associated with male facial skincare. The brand also benefited from press advertorials in popular men's magazines, making the daily usage of their products more acceptable.

Promotions were used to attract new customers. For example, the distribution of free samples encouraged trial of NIVEA FOR MEN products which drove purchase. These promotions have helped build up brand awareness and consumer familiarity which reinforce the NIVEA FOR MEN brand presence. There is a dedicated NIVEA FOR MEN website to support its products and provide information to educate men on their skincare needs. To enhance the brand a tool called a 'Configurator' was created on the website to help customers specify their skin type and find the product that best suits their needs.

Conclusion - evaluating the plan

The marketing plan is a cycle that begins and ends with **evaluation**. The final stage in the marketing plan is to measure the outcomes of the marketing activities against the original objectives and targets. Continuous evaluation helps the marketing team to focus on modifying or introducing new activities to achieve objectives.

NIVEA FOR MEN adopted a range of **key performance indicators** to assess the success of the NIVEA FOR MEN re-launch in the UK. It looked at:

- market share - Did the re-launch accelerate this growth and help achieve its market share objectives? NIVEA FOR MEN is market leader in many countries and is consistently gaining additional market share.
- overall sales - Was this in line with objectives? Internationally, NIVEA FOR MEN skincare products grew by almost 20%. Its sales in the UK market at retail in 2008 were nearly £30 million and in line with expectations.
- brand image ratings - NIVEA FOR MEN was the Best Skincare Range winner in the FHM Grooming Award 2008 for the fifth year running. This award was voted for by consumers. It illustrates that NIVEA FOR MEN has an extremely positive brand image with consumers compared to other brands.
- product innovation - In response to consumer feedback and following extensive product innovation and development, the NIVEA FOR MEN range has been expanded and the existing formulations improved.

These results show that, in the UK, the NIVEA FOR MEN re-launch met its overall targets, which was a significant achievement, considering the difficult economic climate. The marketing plan for the re-launch used past performance and forecast data to create a new marketing strategy. This built on the brand and company's strengths to take advantage of the increasing change of male attitudes to using skincare products.

Questions

1. Describe two pieces of data that NIVEA used when preparing its marketing plan to relaunch NIVEA FOR MEN.
2. Explain why NIVEA used football sponsorship to help increase its sales of NIVEA FOR MEN products.
3. Using the case study, put together a SWOT analysis of NIVEA's position just before the relaunch of NIVEA FOR MEN.
4. Discuss how effective you think the marketing plan for NIVEA FOR MEN has been.

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Australian Learning, Training and Education Centre (ALTEC)

BSBMKG609A Develop a Marketing Plan

BSB60507 Advanced Diploma of Marketing

LEARNER'S GUIDE

Mode | Classroom Delivery

Assessment Tasks and Schedule

These assessment tasks are planned for this unit of competency;

#	Assessment Task/Activity	Type	Assessment Method
1	Case Study: Nivea for Men: Developing a Marketing Plan	Formative	Written
2	Develop Marketing Strategies	Formative	Written
3	Project: Develop and Present a Marketing Plan	Summative	Written and Observation

The evidence gathering techniques that have been chosen are based on this unit's method of assessment, performance criteria, critical aspects of evidence, dimensions of competency, required knowledge and skills and the principles of assessment and rules of evidence.

Required skills, knowledge and employability skills relevant to this unit are integrated into the design of the assessment tasks and tools or where this unit is part of a cluster. The required knowledge is assessed using questions and answers that test the learners underpinning knowledge.

6. Assessment Tasks

Assessment Task 1:

Assessment Task	Case Study: Nivea for Men: Developing a Marketing Plan
Schedule	Week 4
Outcomes Assessed	**Performance Criteria:** 1.1, 2.1, 3.1 Also addresses some elements of required skills and knowledge as shown in the Assessment Matrix

Description:

You will be analysing a marketing planning case study in this assessment task. The Nivea case study, "Nivea for Men: Developing a Marketing Plan" is used for this task (Case Study Source: Times 100 Business Case Studies).

The NIVEA® brand is one of the most recognised skin and beauty care brands in the world. NIVEA creme was first introduced in 1911 and the NIVEA brand now extends to 14 product ranges worldwide from suncare to facial moisturisers, deodorant and shower products. NIVEA FOR MEN wanted to increase its share of the male skincare market. This case study examines how NIVEA re-launched the NIVEA FOR MEN range in 2008.

The complete case study is provided separately. Ensure that you receive a copy from your trainer/assessor.

This task must be completed during a designated session in presence of a trainer/assessor.

Read the attached case (Case Study: "Nivea for Men: Developing a Marketing Plan" – Source: Times 100 Business Case Studies) and answer the following questions;

1. Describe two pieces of data that NIVEA used when preparing its marketing plan to relaunch NIVEA FOR MEN
2. Explain why NIVEA used football sponsorship to help increase its sales of NIVEA FOR MEN products
3. Using the case study, put together a SWOT analysis of NIVEA's position just before the relaunch of NIVEA FOR MEN
4. Discuss how effective you think the marketing plan for NIVEA FOR MEN has been

Write your answers below;

Q1. Describe two pieces of data that NIVEA used when preparing its marketing plan to relaunch NIVEA FOR MEN?

Q2. Explain why NIVEA used football sponsorship to help increase its sales of NIVEA FOR MEN products.

Q3. Using the case study put together a SWOT analysis of NIVEA's position just before the relaunch of NIVEA FOR MEN.

Use a separate sheet of paper if you run out of the space or need a larger space.

Q4. Describe how effective you think the marketing plan for NIVEA FOR MEN has been; including your views on the marketing mix

Assessment Criteria

The following assessment criteria will be used for marking this assessment task. Ensure that you have addressed all of the criteria in your work.

- Answered all the case study questions in presence of an assessor
- The answers are within the context of the case situation and reflect understanding of the marketing planning process
- Identified NIVEA's market assessment needs – focusing on the both the market and the consumer with examples of each
- Discussed NIVEA's promotional strategy and its use of football sponsorship
- Sponsorship context aligns with NIVEA's sales and market expectations
- Conducted a SWOT analysis for NIVEA prior to the launch of the new product
- Identified and explained the strengths
- Identified and explained the weaknesses
- Identified and explained the growth opportunities for NIVEA

- Identified and explained the external threats for NIVEA
- Provided a concise summary and analysis of NIVEA's strengths, weaknesses, opportunities and threats (not just copy and paste from the case)
- Described key aspects of the marketing plan that impinge upon its effectiveness for NIVEA
- Described relationship and interdependence of various components of the plan in evaluation
- Explained the components of NIVEA's marketing mix and their effectiveness within the company's marketing plan

Submission Guidelines

Submit:

- Completed answer sheets

This assessment task must be completed in a designated session in presence of a trainer/assessor.

Complete the attached answer sheet and submit for marking. Electronic versions of the assessment task and email/electronic submission arrangements are at further discretion of the trainer/assessor.

As this assessment task is given as a formative assessment, the trainer/assessor may provide an opportunity for corrections/improvements as a feedback. Where corrections/improvements are required, the students will be allowed to resubmit their works for marking without any academic penalty. Only two such attempts will be allowed before a final grade is decided.

Assessment Task 2:

Assessment Task	Develop Marketing Strategies
Schedule	Week 6
Outcomes Assessed	**Performance Criteria:** 1.1, 1.2, 1.3, 1.4, 1.5, 1.6 Also addresses some elements of required skills and knowledge as shown in the Assessment Matrix

Description:

Note to Trainers/assessors: *As this and the subsequent assessment tasks are project based, this task should be handed out at the beginning of the term to set the project in motion and allow the students to gradually develop the relevant concepts in conjunction with classroom learning sessions. Some project time can also be allocated in each session to practice and complete relevant parts of the project.*

Approach to assessment in this unit is project based and this assessment task will form first stage of the project. You will assume a role of a marketing manager and develop marketing objectives and strategies for a new product or service for a company/organisation of your choice. As the project is intended to simulate a real-life work activity, you will need to either use your existing or previous organisation or choose a well know company for the purpose of this task. It is critical that you are aware of company's business model, environment, markets, products and consumers as you will need to align your strategies with company's business goals and capabilities.

You may also obtain a business plan of a company from published and/or public domain sources and use the company information (as well as information on company's website) as the basis for this assessment task. For a real-life context, you may choose an existing organisation, such as Apple or Google and develop a concept and plan for a fictitious product or service that can be launched in the Australian market. If you have any difficulty in accessing a workplace, obtain a business plan for reference or conceive an organisational background, ask your trainer/assessor for assistance and guidance.

In this assessment task, you will be developing marketing strategies for a fictitious product of your choice. Marketing strategies are generally built around the concepts of:

- Specific target and/or goals to be achieved within a specified time period
- Target market and market segments for products/services
- Key features, characteristics and benefits of products/services
- Unique selling proposition or unique value proposition

A strategy is a plan of action designed to achieve the goals of the organisation. Marketing strategy considers a portfolio of products and takes into account the anticipated moves of competitors in the market. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives (quick MBA).

In this assessment task;

1. Select an appropriate organisation/company for context and reference
2. Conceive a new product or service and determine its features, characteristics and benefits
3. Identify and select an appropriate target market
4. Develop marketing objectives
5. Conduct a SWOT analysis to analyse company's strengths, weaknesses, opportunities and threats
6. Identify gaps, if any, that exist between marketing objectives and company's capabilities

7. Conduct a PESTLE (or PEST) analysis to analyse company's external macro environment
8. Identify if factors in external environment impact upon company's marketing objectives
9. Devise appropriate marketing strategies that align with company's overall goals and objectives

Learners/students are advised to keep copies of their work as the work completed in this assessment task will be utilised in the next task. Ensure that you cite all the external sources using the Harvard Referencing System.

As this assessment task is given as a formative assessment, the trainer/assessor may provide an opportunity for corrections/improvements as a feedback. Where corrections/improvements are required, the students will be allowed to resubmit their works for marking without any academic penalty. Only two such attempts will be allowed before a further assessment is made on learner's specific learning needs.

Assessment Criteria

The following assessment criteria will be used for marking this assessment task. Ensure that you have addressed all of the criteria in your work.

- Used an appropriate company or organisation as a basis for this task
- Obtained relevant information such as business environment, products/services, markets, consumers and company dynamics
- Summarised company goals and/or objectives
- Conceived an idea or a concept for launch in a new market
- Selected an appropriate market for the launch
- Determined market segment and consumer profiles for the planning purpose
- Market assumptions and targets are realistic and resemble a model business approach
- Developed marketing objectives
- Objectives are specific, measurable, achievable, realistic, and time bound
- Marketing objectives are in alignment with overall company goals and objectives
- Conducted a SWOT analysis to determine company's strategic situation
- SWOT is relevant and realistic in relation to the chosen company or organisation
- Identified and explained gaps between marketing objectives and company's capabilities
- Conducted a PESTL or PEST analysis and identified external factors that impact upon marketing processes
- Marco analysis is realistic and correctly reflects company's current external environment
- Developed marketing strategies
- Strategies address stated objectives and aim to achieve the expected outcomes
- Strategies are realistic and cover product, market and unique selling/value proposition of the company
- The document is written in a formal style using appropriate headings and subheadings to organise the information

Submission Guidelines

Submit:

- Completed marketing strategy document

This assessment task must be completed in a designated session in presence of a trainer/assessor.

Complete the attached answer sheet and submit for marking. Electronic versions of the assessment task and email/electronic submission arrangements are at further discretion of the trainer/assessor.

Assessment Task 3:

Assessment Task	Project: Develop and Present a Marketing Plan
Schedule	Week 10
Outcomes Assessed	**Performance Criteria:** 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 2.1, 2.2, 2.3, 2.4, 2.5, 3.1, 3.2, 3.3, 3.4 Also addresses some elements of required skills and knowledge as shown in the Assessment Matrix

Description:

This is continuation of Assessment Task2: Develop Marketing Objectives. You will use the information collected and developed in Assessment Task2 to further develop a marketing plan for the selected product/service of the sample company/organisation.

A marketing plan is a product specific, market specific, or company-wide plan that describes activities involved in achieving specific marketing objectives within a set timeframe (Business Dictionary). A market plan begins with the identification (through market research) of specific customer needs and how the firm intends to fulfl them while generating an acceptable level of return.

A marketing plan should answer these questions (Ref: smallbiz Toolkit):

- What is unique about our product / service?
- Who are our customers?
- What do our customers want or need?
- What need will our product / service fulfil?
- Why will customers buy from us and not our competitors

Using the information generated in Assessment Task2, develop a marketing plan using a model structure that contains the following parts/section;

- Research and Planning
    - Environmental audit
    - Current business position
    - External environment (PEST/PESTL)
    - Internal environment (SWOT)
    - Competitor analysis
- Marketing Strategy
    - Marketing Objectives
    - Marketing Strategies
    - Marketing Mix
- Implementation of the Strategy
    - Marketing tactics
    - Expected costs
    - Coordination and monitoring mechanisms
    - Legal and ethical requirements

- Actions and Control
    - Action plan
    - Measurements and analysis
    - Performance evaluation

You would have completed most of the first two parts of the plan in Assessment Task2. In this task, new parts includes marketing tactics, cost projection (budgetary considerations), and controls. This is a major project and learners/students must ensure that they keep pace with relevant learning sessions and practice to develop the required knowledge and skill to complete this project.

Once you have completed the plan, you will need to present it to the class and collect the feedback. You may need to develop feedback form to obtain and analyse the feedback.

Assessment Criteria

The following assessment criteria will be used for marking this assessment task. Ensure that you have addressed all of the criteria in your work.

- Conceived an idea or a concept for launch in a new market
- Selected an appropriate market for the launch
- Determined market segment and consumer profiles for the planning purpose
- Market assumptions and targets are realistic and resemble a model business approach
- Developed marketing objectives
- Objectives are specific, measurable, achievable, realistic, and time bound
- Marketing objectives are in alignment with overall company goals and objectives
- Conducted a SWOT analysis to determine company's strategic situation
- SWOT is relevant and realistic in relation to the chosen company or organisation
- Identified and explained gaps between marketing objectives and company's capabilities
- Conducted a PESTL or PEST analysis and identified external factors that impact upon marketing processes
- Marco analysis is realistic and correctly reflects company's current external environment
- Developed marketing strategies
- Strategies address stated objectives and aim to achieve the expected outcomes
- Strategies are realistic and cover product, market and unique selling/value proposition of the company
- Developed a marketing mix that reflects a strategic approach
- Developed appropriate marketing tactics to implement the marketing plan
- Tactics include coordination and monitoring mechanisms for scheduled activities
- Legal and ethical requirements are identified and referenced using the legal framework
- Expected costs and marketing expenses are projected in an appropriate format
- The plan includes performance evaluation measures and procedures
- The plan is written in a formal style using appropriate headings and subheadings to organise the information
- Presented the plan to the audience
- Presentation was clear, concise and covered major aspects of the plan
- Feedback was obtained and recorded to improve the plan

Submission Guidelines

Submit:

- Word processed marketing plan

- Copies of presentation slide/notes
- Copies of audience feedback forms

This assessment task must be completed in a designated session in presence of a trainer/assessor.

Complete the attached answer sheet and submit for marking. Electronic versions of the assessment task and email/electronic submission arrangements are at further discretion of the trainer/assessor.

7. Academic Policies and Processes

Students with Special Needs

If leaners/learners have any special needs (e.g. physical disability, learning difficulty) regarding assessment, they should be directed to discuss these with the Course Coordinator. The college will endeavour to make all possible and reasonable adjustments to any aspect of assessment in order to address those needs.

Recognition of Prior Learning (RPL) and Credit Transfers

Learners may apply for Recognition of Prior Learning (RPL) by providing evidence that they have the required skills and knowledge in the specific areas of competency through work/industry experience and/or completed eligible assessments in equivalent or higher qualification.

Appropriate credit transfer may be granted to eligible learners against each unit of competency on evidence to successful completion of the same unit in an equivalent or higher nationally endorsed qualification. Credit transfer learners will finish the course in a shorter duration and are advised to consult appropriate authorities/bodies for applicable criteria if planning further study or stay in Australia.

Applicants who have completed formal training or who have relevant and current work or life experience and consider they are able to meet the unit purpose may seek recognition.

The college acknowledges skills and knowledge obtained through:

- Formal training (conducted by industry or educational institutions in Australia or overseas)
- Work experience
- Life experience

The main focus is on the learning outcomes of these experiences, not on how, when or where the learning occurred.

To be granted RPL, applicants will be asked to:

1. Present evidence of their achievement;
   and/or
2. Undertake a challenge test;
   and/or
3. Attend an interview with specialist staff.

This evidence will be validated through either satisfactory supporting documentation of support from a recognised industry or workplace representative or challenge testing

Academic Policies and Procedures

Applicable policies and procedure related to this course including plagiarism, assessments, appeals and complaints, can be found with the course coordinator as well as in the "Policies and Procedures" section of the college's website.

Online Case Study (PART TWO)

IKEA: A Long March to the Far East

From its humble beginning as a small general retail store in a village situated in the south of Sweden, IKEA has grown into the world's largest furniture retailer with 279 stores in 36 countries today. The name IKEA is formed from the founder's initials I. K. (Ingvar Kamprad) plus the first letters of Elmtaryd (E) and Agunnaryd (A), the farm and village where he grew up. Specializing in furniture and home decoration, IKEA has an annual turnover of 19.8 billion euros (source: IKEA, www.ikea.com, accessed 25/03/2012). The IKEA catalogue is printed in 52 editions with 25 languages, with a global distribution in excess of 160 million copies.

IKEA's success has been nothing short of a global phenomenon. Edvardsson and Edquist (2002) have accounted for the company's rise to global success following the timeline of three development phases. In phase one, IKEA's core concepts were formed as a result of adapting to the market circumstances. The important moments during this period were publishing the first IKEA catalogue in 1951, opening the first furniture showroom in Älmhult in 1953, introducing flat packages in 1956 and finding the key to low cost production in Poland in the early 1960s. Phase two is characterized by the company's initial internationalization expansion when it reached out to its Scandinavian neighbours in the 1960s. Since the 1970s, the company began to expand farther into other European countries, Australia and Canada. In 1985, IKEA arrived at the world's largest consumer market—the United States where first experienced North America as a market very different from those in Europe. Armed with its international experience in Europe and North America, IKEA took the company into the third phase of its development by embarking on a major expansion into the Far East, in particular Japan and China.

IKEA sees the Far Asia as an emerging market still in its infant stage. Its number of retail outlets in Malaysia, Singapore, Taiwan, Beijing, Shanghai and Hong Kong are very small and comprises a mere 3% of the company's total sales. These stores were expected to be more successful in the near future. IKEA's imminent strategic expansion into this region exemplified its ambitions to dominate this emerging market.

IKEA's entry into Mainland China started in 1998 when it opened its first store in Shanghai, followed by Beijing in 1999. IKEA took its time to get to know the Chinese customers. This prudent approach to market entry took IKEA the following 5 years before it opened its first full-scale standard IKEA store in Shanghai in 2003. The store occupies 33,000 square meters and retails more than 7,000 products. Its signature Småland children's playground is 170 square meters and the free parking area holds 800 cars. A record of 80,000 visitors flocked to the store on the opening day. This new Shanghai store represents an important landmark for IKEA's business development in China.

It is the largest of its stores not only in China, but also in Asia. In the same year, the president of IKEA China, Ian Duffy, unveiled a long-term plan to open ten more stores in mid-sized cities, such as Dalian and Qingdao, by the end of 2010. This plan would require a US$600 million investment. The expansion plans underscored IKEA's confidence in China considering none of IKEA's retail stores in China have yet turned a profit, making them the only loss-making stores in the entire IKEA group (Wei, 2007). Its expansion in China nonetheless saw its sales revenue increased by 500% from 2000 to 2005.

IKEA brought its distinct organizational culture and retail strategies to China. Its Chinese stores look very similar to its store in Europe with its blue and yellow painted logo hung up high outside the building. Customers walk through the showrooms where they can see and try the products before making a decision on which ones to take home. After making up their minds, customers make notes of the details for collecting the products. They then find the products in flat-pack in the warehouse on the ground floor according to the correspondent aisle and shelf numbers. Once it is paid for, customers can choose to transport the shopping themselves or have it delivered by IKEA with a surcharge. The so-called IKEA retail experience is no different after being 'transplanted' into another country. The core concept of showrooms, flat-packed products and do-it-yourself remain intact.

In China, IKEA successfully differentiates itself as an international brand that provided modern furniture with elegant, western design. Unlike the local furniture brands, IKEA promotes a 'complete solution' to decorating the home. Apart from selling well-designed furniture, it also sells various necessities for the home including cooking appliances, lighting, and bedding. IKEA was probably the only store in China that offers such a wide range of products for home decoration and a 'do it yourself' furnishing concept. It promotes its philosophy of 'how it is not wrong to be different' by offering its customers a range of options to suit the customer's preferences and living requirements. Although this 'individualistic' value is in contrast to the local tradition, Chinese customers seem to gradually appreciate this difference. They start to appreciate the simplicity of light-coloured, Scandinavian style and even consider going to IKEA as experiencing another culture.

Despite the phenomenal growth in the number of visitors and sales volume in recent years, IKEA struggles to break even from its sales revenue. There is a large gap between customers who visit the stores and those who make a purchase. Those who make purchases tend to be small decoration products with low profit margins (which make up 45% of total sales). Continuous losses suggested that the challenges for IKEA in China were complicated and demanding.

To appeal to its Chinese customers, IKEA has made a lot of efforts to adapt its products to the local tastes and demands. For instance, IKEA would release a series of products to celebrate the Chinese New Year, which is the most important festival for the Chinese people.

In 2006, a red rooster appeared on many IKEA products, greeting the year of the Rooster. This move had won IKEA many customers. It introduced a series of products under the FANBY range that feature red pigs to welcome the coming year of the Pig. The colour red suggests good fortune in Chinese culture and is commonly used in decorations to bring good luck. Apart from that, the Swedish kitchen section provides IKEA with an important store differentiation from its competitors in the Chinese market. While emphasizing its Swedish origin, IKEA also takes into consideration the Chinese style of cooking and eating. For instance, IKEA Shanghai provides 3 kinds of meat cleavers and 3 kinds of chopsticks together with Western style of knives and forks. Approximately 5% of the products IKEA sells in China are for China only, in contrast to 1% in IKEA's European markets.

While brand new designs for a single market may be very effective in terms of delivering customer value for a specific market, it is an expensive strategy that does not chime well with the IKEA way of being cost conscientious at every step. It is more cost effective to produce small adaptations to the features of existing products. For example, the SULTAN HÖGBO series of sprung mattresses are sold in Malmö in the categories of 80 × 200 cm, 90 × 200 cm, 140 × 200 cm, 160 × 200 cm and 180 × 200 cm. In China, different kinds of the SULTAN HÖGBO series are marked as single, double, standard double and big double. The difference is due to the fact that in Sweden, people are used to putting two single-sized beds together to form a double-sized bed to ensure a good night sleep free from the disturbance by the person sharing the bed. This idea does not fit well with the Feng Shui of Chinese culture as couples who sleep in two separate beds symbolizes a bad relationship between the couple and is believed to bring bad luck.

Product pricing in the Far East, in particular in China, presents a unique challenge for IKEA. IKEA derives its competitive advantage in developed countries from the low cost production in developing countries supported by aggressive control over the supply chain. Large amounts of raw materials are sourced in the developing countries and production outsourced to factories in countries with low cost labour such as Malaysia, India and China. The gap in the raw material and the production costs between developing countries and western countries is the main source of IKEA's low prices. This cost advantage however cannot be maintained in the Chinese market. As a developing country, China's GDP per capita of around US$1,000 is still low even compared with other developing countries in Asia. Prices of furniture provided by local stores are much lower because they often do not invest on original product designs. Most local firms imitate the designs of famous brands (including those of Ikea) and produced furniture at a much lower cost since they are able to access cheap materials and labour locally, as well as use less expensive transportation methods. For example, a sofa sold at RMB3000 in IKEA would be priced at around RMB2000 at a regular local store such as the OrientHome (www.orienthome.com.cn).

In addition, many Chinese consumers do not like IKEA's DIY concept to home furnishing especially in the light of having to accept the highly priced products without the accompanying personal services, assembly and home delivery. Although it is making in routes into the pro-western 28-35 consumer groups, it is failing to turn the majority of people in more common households into actual buyers. Many young customers, who like the design of IKEA's furniture and decorations, turn to other local stores to buy after wandering around the IKEA store due to the high prices of IKEA's products. There is a perceived incoherence between the consumer groups who understand the IKEA concept and the groups who can afford the product. Chinese consumers with high incomes normally opt for expensive foreign brands, whereas those with a medium or low income tend to shop at local stores. In this regard, IKEA's low price strategy seems to create confusion among Chinese consumers. Foreign goods are perceived to be more expensive than local brand products. For consumers who are able and willing to pay a high premium for foreign produces, foreign brands like IKEA which prides itself as a low price retailer make little sense. For those seeking low prices, they find IKEA products more expensive in comparison to the local brands. Therefore, given the 'low price' image that IKEA associated itself with and the relatively high actual prices, it is difficult for the Chinese consumers to recognize IKEA's value and accept its prices at the same time.

A highly efficient distribution and logistics system plays a fundamental role in enabling IKEA to keep its prices competitive and contributes to every percentage of its profit margins. Under pressure to cut costs and deliver lower prices, IKEA needs to increase sourcing its products locally by collaborating with local manufacturers. Its efforts of improving its distribution system are shown in building 2 logistics centres in Shanghai. After finishing the first logistics centre in Song Jiang District in December 2005, IKEA is building the second one in another district, Feng Xian. The latter is IKEA's first logistics centre with a quality control centre attached to it. Once it is finished in 2010, both logistics centres can hold 300,000 cubic metres of products. Before these products are distributed to the IKEA shops in the Asia-Pacific region, they will undergo a series of quality control tests (Chen, 2006).

IKEA's efforts to establish an efficient and economic network of logistics and distribution have been met with significant challenges. Distribution systems in China are still relatively underdeveloped. With a large population of 1.3 billion and an inadequate basic road infrastructure, most companies can only access a small part of the population in the most affluent cities. Due to relatively low private car ownership, the locations of most IKEA store in China have to be situated in the city, which is traditionally considered 'non-IKEA' when IKEA's retail strategy is concerned. For instance, IKEA Shanghai is built in one of the most expensive districts downtown Shanghai, Xu Jia Hui District, where there is convenient public transportation and opens from 10am to 10pm daily. Apart from the high retail property costs, transporting thousands of products to city stores inevitably increase distribution costs due to road congestion and logistical complications.

Further expansion into the Chinese market cannot be materialized without significant investment in developing its supply chain in China.

Japan has one of the most established consumer markets in the world. Many international companies have tried to establish themselves in Japan without succeeding. Although Japan has started to open up its market to foreign competition since the recession in the 1990s, it remains a culturally challenging market to succeed for foreign organizations.

IKEA first entered into the Japanese home furnishing market in 1974 through a franchise arrangement with a Japanese trading company. It had to withdraw from the Japanese market in 1986 after 12 years of mediocre financial returns. It took IKEA another 5 years to establish a much deeper understanding of the Japanese consumers before deciding to re-enter the country. During this period, IKEA conducted research on more than 100 Japanese homes in order to understand their way of living and their needs in everyday life, and develop products which would fit well with the Japanese consumer perception.

In 2006, IKEA went into the Japanese market for the second time. Instead of using a franchised arrangement, it opened two IKEA-owned retail outlets: one in Funabashi (Tokyo) and one in Kohoku. It has opened two more stores in 2008: one in Kobe and one in Osaka. All the stores have IKEA's largest store design in the world occupying 40,000 squared meters with an in-store restaurant of over 700 seats. This series of substantial investment signifies IKEA's ambition to dominate the market with one of the world's wealthiest consumers.

On the opening day of IKEA Funabashi, the store attracted 35,000 visitors. Since then, the store generally maintains 30,000 to 40,000 visitors at every weekend. Not unlike other markets, the most important target group for IKEA in Japan is families with children. Their customers tend to be relatively young with those in their 30s being the largest age segment. The average household size among this group of customers is three people per household and the annual household income is 40,000 to 45,000 Euros per year.

For a nation which values simplicity in many aspects of living, the Japanese consumers were expected to appreciate IKEA's well-designed, light-coloured Scandinavian furniture. Compared to other European or Scandinavian furniture manufacturers, IKEA products are priced very competitively making them very accessible for most Japanese consumers.

IKEA's biggest challenge in Japan is to make the home a more important aspect in the Japanese lifestyle. By any measure, Japanese homes are tiny with approximately only 50 to 60 squared meters making it very hard for household owners to make their homes beautiful while having to considered storage space for all of the family's belongings. Most Japanese consumers see their home as a place to sleep and store their personal belongings.

Culturally, home furnishing is therefore not regarded as important hence little time is spent on decorating the home. It is not in their nature to invite guests over to their homes. As Japanese people have a tendency to socialize outside their homes, they spend more time and money on products and accessories such as Prada or Louis Vuitton handbags, mobile phones and cars that they can show off in society.

To overcome this cultural apathy towards home furnishing, IKEA needs to find ways to enthuse Japanese consumers to develop the idea of making a home more than just a place to sleep, and make them realize that with home furnishing they can make even small spaces more enjoyable. For instance, IKEA demonstrates this by displaying Japanese-sized apartments in their stores that incorporate a kitchen, a bathroom, a sofa that turns into a bed, and several storage areas. To make it more realistic in relation to Japanese style homes, IKEA uses the Japanese traditional 'tatami' measures for their display rooms - the only IKEA store in the world where this is practiced. Tatami mats are a traditional type of Japanese flooring. They are made of rice straw in individual mats of uniform size and shape bordered by brocade or plain green cloth. All kitchen appliances such as sinks, taps, dishwashers, fridges etc. must fulfil Japanese law requirements, and all cabinets have to be earthquake-safe. While this is a great opportunity for IKEA to be a catalyst of cultural change, this changing process is taking some time as the Japanese view of their homes is deeply rooted in their cutural values.

As in China, the Japanese consumers do not appreciate the DIY concept of self-service, self-delivery and self-assembly. This aspect has generated some confusion and discussion since a high level of customer service is something that Japanese consumers are culturally accustomed to from every retailer in the country. Although more staff members are now employed in their Japanese stores to adapt to this culture, IKEA limits itself to the amount of service that customers receive. Despite this extra investment, the Japanese customers are still not happy. Customer surveys show that 'staff attitude' to customer service tends to score very low in the results.

In conclusion, IKEA's ventures into China and Japan are laden with unique marketing challenges which it had not encountered before in other international markets. Its ambition to conquer the vast Asian markets is reflected in its substantial financial investment and long-term management commitment. Although IKEA strives to implement its own brand of retail strategies that has brought tremendous success in the European markets, it has yet produced comparable success in Japan and China. Are IKEA's current strategies in these markets going in the right direction? Is the company's retail concept appropriate for the Chinese and Japanese consumers and eventually be widely accepted? Is it impossible for IKEA to largely ignore the needs of the local consumers as well as it is perhaps very difficult for the company to adapt itself fully to the local culture?

This case is based on:
Chen, H. (2006), IKEA's investing 1.2 billion RMB on another logistics hub of the Asia-Pacific region in Feng Xian District, Shanghai, *National Business Daily*.

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Questions

1. Based on your analysis, what are the opportunities and challenges for IKEA in their market operations in (a) China; and (b) Japan?
2. In reference to Chapter 7 Fig. 7.2, discuss the market entry strategies that IKEA adopt in China and Japan respectively.
3. What are IKEA product, pricing, marketing communication and distribution decisions in the two Asian markets? To what extent these marketing mixes have been adapted to the preferences and needs of these markets?
4. For each of these markets, discuss and justify what, in your opinion, IKEA's marketing strategy should be in the near future to gain market shares and achieve higher profitability.

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WALMART'S EVOLUTION FROM BIG BOX GIANT TO E-COMMERCE INNOVATOR

WALMART, THE WORLD'S LARGEST RETAILER, EMBRACES SOCIAL, MOBILE, AND THE STARTUP SPIRIT TO COMPETE AGAINST AMAZON. WILL IT BE ENOUGH?

BY FARHAD MANJOO
14 COMMENTS
EMAIL

Jeremy King was ignoring the largest retailer in the world. For a month, he'd been getting calls from a Walmart recruiter. King was used to being wooed, since he was well known in Silicon Valley as an engineer who built key parts of eBay's infrastructure. The calls kept coming. Finally, he picked up the phone and let Walmart know exactly what it would take to get him to interview. "I was like, 'Why don't you get the CEO on the phone--let him talk to me and then maybe I'll come in?'" recalls King, who didn't even know who the CEO of Walmart was. "I was being cocky. The CEO of the world's largest retailer wasn't going to meet with me just so I'd do an interview."

The next thing King knew, Walmart arranged for him to join a videoconference with CEO Mike Duke. "It was the strangest thing," King says. "Mike's office in Bentonville is the original one that Sam Walton had, complete with 1970s wood paneling. I was looking at this video, thinking, Where is this place?"

Over the next 45 minutes, though, Duke made what King calls an irresistible pitch. After years of seeing his company lag online, Duke swore that digital was now a priority for Walmart. Duke had restructured the company, placing e-commerce on equal footing with Walmart's other, much larger divisions. He had made serious investments in high-tech talent, acquiring several startups. One, a 65-person social media firm called Kosmix with expertise in search and analytics, was the impetus for Walmart rechristening its Valley operations "@WalmartLabs." Duke was looking for people who would revive the company's sites and services, and energize its entire culture. He hoped to turn a company famous for rigid, coldly effective business processes into one that's flexible, experimental, and entrepreneurial. In other words, Duke wanted to inject a bit of Silicon Valley into Bentonville, Arkansas. In the summer of 2011, King signed up as CTO of Walmart.com. "We've hired hundreds of incredibly talented people, in Silicon Valley and around the world," says Duke of his aggressive moves. "We are playing to win."

"We are uniquely positioned to give customers anytime, anywhere access by combining the smartphone, online, and the physical stores," says Walmart CEO Mike Duke.

WalmartLabs is now housed in a boxy office tower in San Bruno, California, a few miles south of San Francisco. In just over a year, it has helped Walmart.com revamp its search engine; presciently identified the potential of the now red-hot "social gifting" market, where companies use social media cues to suggest presents; and this fall launched a test that offers same-day shipping to customers.

This last move is a clear signal of Walmart's serious intent to compete in digital e-commerce--and blunt the looming threat of Amazon, which has its own same-day shipping experiments. Having marginalized Barnes & Noble and Best Buy, Jeff Bezos has his eyes on a bigger target. Amazon has been moving aggressively to sell Walmart staples such as diapers, soap, pet food, and cereal, even letting customers subscribe for items they want to receive regularly. Walmart is the world's biggest grocer, and a central part of its strategy is that the millions of folks who visit its stores weekly to buy food will purchase a lot of other stuff. That's a key reason Walmart's 2011 revenue of $419 billion dwarfed Amazon's 2011 sales of $48 billion.

In e-commerce, however, Walmart is a distant challenger. The company has never broken out its Internet revenue, though in 2011, the analyst Internet Retailer estimated it to be $4.9 billion. In October, Walmart projected that global e-commerce would be $9 billion in the year ahead. Meanwhile, Amazon has been on a tear, with sales rocketing toward $100 billion annually in 2015. Analysts I spoke to believe Amazon has eaten into Walmart's sales of books, music, DVDs, electronics, and even toys. "When people started to say that Amazon was going to be the Walmart of e-commerce," notes Scot Wingo, CEO of ChannelAdvisor, an e-commerce technology and consulting firm, "that's when we started to see more signs of life from Walmart."

It would be a radical oversimplification to chalk up Walmart's digital revival solely to a hungry competitor (and Walmart execs often insist, perhaps a bit too strenuously, that they are not fixated on Amazon). No, Walmart needs to get digital because that's where its customers are headed. Soon everyone's phone will be smart enough for easy shopping. With Internet-enabled tablets selling for well under $200, lower-income families are already turning into online customers. "The way our customers shop in an increasingly interconnected world is changing," Duke says.

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"I'm not going to be Chicken Little and tell you the company is going to go away if we don't get the Internet and mobile right," adds Neil Ashe, the company's top-ranking e-commerce executive. "We have an obligation to the mission to get this thing right because the customer expects it of us." Like the best Internet companies, Walmart obsesses about its customers more than its competition.

In 2012, Walmart celebrated its 50th birthday. In its first 25 years, Walmart became the world's biggest general merchandise retailer. But Sam Walton wanted to be a grocer as well. "A lot of people said that was crazy," says Joel Anderson, the CEO of Walmart.com U.S. who joined the company in 2007. "Twenty-five years ago, we couldn't even spell *grocery*. People thought we'd never figure it out."

Anderson says the next 25 years are about becoming a digital company. "In the first few years, were we tinkering and experimenting and not moving? There's some truth to that. But look at our history. When Walmart leans into something, it's like a tidal wave."

In April 2011, Walmart bought Kosmix for a reported $300 million. Kosmix's expertise lay in simplifying the sprawl of the web for users; its algorithms were novel because they tried to understand what a user wanted rather than just match her query text. For example, if a user searched for "presidential election," Google would return pages that contain variations on that term. Kosmix could find pages that were part of that topic even if the pages didn't contain the specific phrase. It then sorted them into categories such as candidate biographies, news stories, and polling data. Only in the past year have Google and Microsoft's Bing added Kosmix-like topic pages to their search results, but Kosmix's founders, Venky Harinarayan and Anand Rajaraman, hit upon the idea way back in 2004.

Walmart wanted to apply Kosmix's artificial intelligence to commerce, but it also wanted the real brains behind the tech. Harinarayan, 45, and Rajaraman, 40, both born and raised in India and graduates of the prestigious IIT Madras university, have been inseparable friends since they met as PhD students at Stanford in the 1990s. Both skinny and short, they have more than a passing physical resemblance, and they operate as a united pair. In the Valley, which loves its duos (such as Bill and Dave, Jobs and Woz, Ev and Biz), they're known as Venky and Anand.

The pair first tackled the problem of organizing the web in 1996, when they founded Junglee.com. In 1998, Jeff Bezos acquired the company for $250 million in stock. He realized that Junglee's technology would help its customers compare prices with other online stores, a bold move toward transparency that turned out to further solidify the company's hold on those customers. Rajaraman became Amazon's director of technology, while Harinarayan was charged with creating Amazon's Marketplace, where any merchant could sell its wares on Amazon's site. "I'd meet with Jeff for a couple hours every week," says Harinarayan. "What we came up with in 2000 was pretty much what Amazon has executed on since then." Analysts estimate 40% of the goods sold on Amazon are via Marketplace.

The duo left Amazon in 2000, and after a four-year stint as venture capitalists, founded Kosmix. The company had a unique ability to find meaningful information in the cacophony of the web. An application it built, called Tweetbeat, became one of the hottest ways to explore Twitter during the 2010 soccer World Cup, because it made it easy to discover who was talking about your favorite team or even individual players. That's part of what lured Walmart execs--they salivated at the idea of bringing this kind of intelligence to shopping. People are always offering clues about products on social media--writing reviews, liking brands, checking into stores, announcing the products they want to buy.

And what lured Harinarayan and Rajaraman, besides the money? They saw an opportunity to do something more interesting than merely replicate their work at Amazon for its rival. (In a delicious irony, Bezos profited from the Walmart deal--he was an early investor in Kosmix.) "What has changed since Amazon became big?" Rajaraman asks rhetorically. "You can connect the social experience, the in-store experience, and the online experience. Nobody could do that."

When the Kosmix team landed at Walmart in the summer of 2011, they found a mess. "The only thing Silicon Valley about Walmart was that we had an office in Silicon Valley," says Gibu Thomas, the senior VP who heads up Walmart's mobile tech team and was one of the first executives to approach Kosmix about a deal. "It was run like a traditional IT organization," he says, explaining that Walmart used outsourced, off-the-shelf systems to power key parts of its site. Worse, Walmart's 27 worldwide subsidiaries used incompatible technologies; the sites did not connect seamlessly with the stores or with Walmart's legendary supply chain.

Walmart.com's search engine epitomized its failure. "Executives at Walmart--at the board level--were running searches and saying, 'This is embarrassing,'" says Sri Subramaniam, the WalmartLabs exec who ran the rebuilding effort. If you used Walmart.com's old search engine to check out "smartphones," you'd get links to a couple of cell-phone chargers, not the iPhone. A "cotton socks" query returned results for cotton candy and balls of yarn.

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The Kosmix team, so deeply ensconced in the ways of Silicon Valley, worried that cultural differences would hamper their efforts to turn the site around. "My first reaction was, Wow, this is going to be interesting," says Chris Bolte, who works on Walmart's search marketing systems. But those fears proved unfounded. More than a half-dozen people on both sides of the acquisition say that Kosmix's integration into Walmart was amazingly smooth. "I think part of it was that Walmart knew that they needed us, that this was a turnaround situation," Subramaniam says.

Their first job was to create a new search engine. It took just 10 months, with just a dozen or so engineers. Walmart will not discuss specific sales figures, but execs report that the improved search tools have increased the number of people who are converted from visitors to buyers on Walmart.com by as much as 15%. If you search for cotton socks now, you'll actually find them.

When Harinarayan and Rajaraman transformed Kosmix into WalmartLabs, they put roughly half the staff on such boring but crucial tasks. They deployed the rest as true lab workers, with the freedom to experiment in small teams on far-flung new ideas. "We organize these teams as mini startups with six to eight people," says Harinarayan, who learned from Bezos's organizational innovation of so-called two-pizza teams. "One person acts as CEO, and they have a clear business goal. We step out of the way and let these guys run it."

One of the first projects born from this approach was Shopycat, a gift-recommendation app that Walmart.com launched on Facebook before the 2011 holidays. Shopycat scans your friends' profiles to identify interesting gift ideas from their stream of likes, comments, and status updates, discerning if the "Ted" your pal is raving about is the geeky ideas festival or the Seth MacFarlane stoner comedy. Shopycat then seeks out an appropriate gift for such a stoner/thinker from Walmart's product database. Walmart says Shopycat led to an increase in purchases on the site, though it won't say by how much. For the 2012 holidays, the team built Shopycat into a section of Walmart.com called Walmart Gifts; customers will log in with their Facebook or Twitter account to get personalized recommendations.

"We're going to find ways to live at the edge," says Walmart e-commerce chief Neil Ashe. "Every three or six months, you'll see something come out from us that will make you say 'Wow.'"

Another clever retail application of WalmartLabs's core technology has been to use spikes in social network chatter to predict demand for out-of-the-ordinary products. Last year, the team correctly anticipated heightened customer interest in cake-pop makers based on social media conversations on Facebook and Twitter. A few months later, it noticed growing interest in electric juicers, tied in part to the popularity of the juice-crazy documentary *Fat, Sick and Nearly Dead*. The team sends the data to Walmart's buyers, who right now are only using it to confirm its other research. But as these signals become stronger, execs say it will play a larger role in purchasing decisions.

WalmartLabs has also created projects that just get customers to think differently about Walmart and e-commerce, including Get on the Shelf, an online contest for people to submit their own inventions to go on sale at Walmart. Get on the Shelf was a social marketing blockbuster, garnering more than 4,000 submissions, over 1 million votes, and news hits in small towns across America. Then there's Goodies, a subscription service in which Walmart customers pay seven dollars a month for home delivery of a gourmet food box--creating a discerning test market for the grocer in the process.

By themselves, none of these projects will single-handedly boost Walmart's e-commerce business. Taken together, though, they showcase a new dynamism at the retailing giant. "We're going to find ways to live at the edge," says Walmart e-commerce exec Ashe. "Every three or six months, you'll see something come out from us that will make you say 'Wow.' "

The next step, says Harinarayan, is about "scaling up Labs." But he and Rajaraman won't be part of it: In June, Harinarayan and Rajaraman announced that they were leaving WalmartLabs. To many outsiders, the abruptness of the founders' departure seemed troubling. It had been only a year since the acquisition, and they hadn't completed the "earn-out" phase, meaning they wouldn't receive their full share from the sale. Was their departure a sign that dynamic tech entrepreneurs felt smothered by Walmart's corporate culture? Or was it that Walmart could no longer tolerate leaving these hands-off leaders in charge?

Harinarayan and Rajaraman dismiss the speculation. They say they had spent eight years on the startup, and they were simply ready for time off. One Friday not long after the announcement, I meet Harinarayan at a coffee shop across the street from Kosmix's first office in downtown Mountain View. He's the picture of a relaxed man. After chatting about Walmart and Amazon for an hour, he told me he was free to keep talking, as he didn't have anything else to do that day. And he is quite sanguine about walking away from the money. "Given the fortune that Anand and I have had in our careers, if you're doing anything just for money, at this point it's going to be the wrong thing to do."

Jeremy King took over as the head of WalmartLabs, and to get a sense of where he will bring the skunk works, I visit the gleaming new Walmart store off the Almaden Expressway in San Jose where Jonathan Sherman, a WalmartLabs product manager, gives me a peek into the digital dimension being woven into this temple of American retail.

That future begins, like everything else, with a smartphone app. Walmart imagines that as you go through an average day, you'll remember things you need--milk, bread, a new tennis racquet, a toy truck for your nephew's birthday--and tell the voice-enabled Walmart app. The app will list each item's location inside your local Walmart and include product info; eventually, it will also learn your preferences and offer recommendations. And once you're actually in the store, you'll be able to summon an associate to help you.
Walmart's current iPhone app has only a few of these features: The voice-list system works very well, and, depending on which store you're in and what you're looking for, the app can sometimes locate your product.

At the moment, though, it won't show you extensive product info for all items, and it won't summon store help. The company has begun to test mobile checkout in select stores. As part of it, Walmart presents customers with a running tally of their total bill as they shop, the first explicit nod in my journey through WalmartLabs to the fact that millions of Walmart shoppers are on tight budgets.

This effort to reinvent the in-store shopping experience is an argument that Walmart's physical stores are a great asset, not a liability. "We are uniquely positioned to give customers anytime, anywhere access to Walmart by combining the smartphone, online, and the physical stores," Duke says. "Ultimately, that will give us an edge over any competitor." When I ask Walmart executives about Amazon's moves to offer more customers next-day and same-day shipping, many were amused. "It's fun to see them trying to be us," says Walmart.com CEO Anderson. "We have more than 4,000 forward-deployed fulfillment centers and we're already doing shipments from some of them. Some people call them stores."

"If you think about the last 20 years of retail, how people shop in a store has not changed," Thomas says. "The question we're asking is, how do you bring to a store the capabilities that have made e-commerce successful? With 200 million customers a week, if you can increase the average basket size by a dollar--that's billions of dollars every year." In fact, it's more than $10 billion--more than its projected annual e-commerce revenue this year.

If Walmart fails in its digital transformation, it won't be for lack of resources or possibilities. Ninety-six percent of Americans live within 20 miles of a Walmart. No one has as much money; no one has a better supply chain; no one has such a close connection with so many customers. Walmart execs know this. "We'll spend more on capital expenditures this year than Amazon has spent in its entire history," Ashe tells me (hyperbolically).

http://www.fastcompany.com/3002948/walmarts-evolution-big-box-giant-e-commerce-innovator

That size, however, is also Walmart's greatest enemy. WalmartLabs's two-pizza teams can come up with a thousand innovative ways to improve shopping, online and off, but none matter if the company's execution is slow and bureaucratic. And the fact is that implementing these ideas will always be complex. Every change to how items are delivered, or how customers navigate stores, or how applications work with the company's existing IT structure is a maneuver that requires the coordination of thousands of moving parts.

But Walmart can succeed online without becoming the Amazon of the web. The phrase I hear most often from Walmart people is that the only way the company will win online is "by being Walmart." And they're right. Walmart doesn't need to be something radically different. The company that mastered IT in the service of unbeatable prices must now master web technology. It doesn't need to chase Amazon so much as it needs to identify how a digital Walmart can be as much a part of its customers' lives as the stores are today.

And it has to think long term. It may take a decade or more for Walmart to be a successful digital retailer. "Somebody at one of the board meetings asked me, 'Neil, how long is this going to take, and how much is it going to cost?'" Ashe recalls. "And I said, 'It's going to take the rest of our careers, and it's going to cost whatever it costs. Because this isn't a project, this is the company.'"

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Evaluate International Marketing Opportunities

LEARNER'S GUIDE

Mode | Classroom Delivery

Assessment Tasks and Schedule

The following summative tasks are planned for this unit of competency.

Summative tasks as assessed and required evidence collected to determine satisfactory outcome in tasks and competency in overall unit.

These summative tasks as supported by in-class learning, including completion of formative tasks and trainer/assessor feedback.

#	Assessment Task/Activity	Type	Schedule	Assessment Method
1	Case Study: IKEA: A Long March to the Far East	Individual	Week 4	Written
2	Case Study: Walmart's Evolution From Big Box Giant To E-Commerce Innovator	Individual	Week 6	Written
3	Project: Evaluate and Recommend International Marketing Opportunities: Granny Smith Apples	Group	Week 10	Written and Observation

These assessment tasks/activities have been described in detail in the following section.

Task schedule to be advised by trainer/assessor based on the lesson and session plans.

6. Assessment Tasks

Assessment Task 1:

Assessment Task	Case Study: IKEA: A Long March to the Far East
Schedule	Week 4
Outcomes Assessed	**Performance Criteria:** 1.1, 2.1, 2.2, 4.1 Also addresses some elements of required skills and knowledge as shown in the Assessment Matrix

Description:

From its humble beginning as a small general retail store in a village situated in the south of Sweden, IKEA has grown into the world's largest furniture retailer with 279 stores in 36 countries today. Specialising in furniture and home decoration, IKEA has an annual turnover of 19.8 billion euros (source: IKEA, www.ikea.com, accessed 25/03/2012). The IKEA catalogue is printed in 52 editions with 25 languages, with a global distribution in excess of 160 million copies.

IKEA sees the Far Asia as an emerging market still in its infant stage. Its number of retail outlets in Malaysia, Singapore, Taiwan, Beijing, Shanghai and Hong Kong are very small and comprises a mere 3% of the company's total sales. These stores were expected to be more successful in the near future. IKEA's imminent strategic expansion into this region exemplified its ambitions to dominate this emerging market.

This Case Study illustrates how IKEA's ventures into China and Japan are laden with unique marketing challenges which it had not encountered before in other international markets.

Read the attached case (Case Study: "IKEA: A Long March to the Far East" – Source: Oxford University Press) and answer the following questions;

1. Based on your analysis, what are the opportunities and challenges for IKEA in their market operations in (a) China; and (b) Japan?

2. Describe the market entry strategies that IKEA adopt in China and Japan respectively.

3. What are IKEA product, pricing, marketing communication and distribution decisions in the two Asian markets? To what extent these marketing mixes have been adapted to the preferences and needs of these markets?

4. For each of these markets, discuss and justify what, in your opinion, IKEA's marketing strategy should be in the near future to gain market shares and achieve higher profitability.

Assessment Criteria

The following assessment criteria will be used for marking this assessment task. Ensure that you have addressed all of the criteria in your work.

- Attempted and answered all the case study questions
- The answers are within the context of the case situation and reflect understanding of international marketing challenges and opportunities

- Identified and articulated social, cultural, logistical and economic factors that contribute towards company's marketing challenges
- Identified and articulated market conditions and trends that create opportunity for company's products and business model in China and Japan
- Company's strategic initiatives are adequately analysed and discussed with respect to each market
- Strategic scope includes market perceptions, consumer behaviour/preference, operational challenges and pricing models
- Provided an overview of company's marketing mixes in China and Japan with specific focus on product, pricing, marketing communication and distribution decisions
- Discussed how the company had to adapt to prevailing market conditions in order to set its marketing mix
- Identified and described how economic, political, social and cultural factors affected company's marketing decisions
- Answers collectively reflect an understanding of IKEA's International marketing model and operational marketing structure for servicing the international markets

Submission Guidelines

Submit:

- Case study analysis with an assignment cover sheet

This assessment task must be completed in a designated session in presence of a trainer/assessor.

Complete the attached answer sheet and submit for marking. Electronic versions of the assessment task and email/electronic submission arrangements are at further discretion of the trainer/assessor.

Assessment Task 2:

Assessment Task	Case Study: Walmart's Evolution From Big Box Giant To E-Commerce Innovator
Schedule	Week 6
Outcomes Assessed	**Performance Criteria:** 1.1, 2.1, 2.2, 2.3, 3.3, 4.1 Also addresses some elements of required skills and knowledge as shown in the Assessment Matrix

Description:

Walmart is the largest grocery retailer in the United States. In 2009, it generated 51 percent of its US$258 billion sales in the U.S. from grocery business (Zimmerman, 2010). Wal-Mart has established itself as an innovative retailer by responding rapidly to changing consumer and market trends and devising innovative retail strategies.

Responding to the digital revolution of the last decade, it established an e-commerce arm, WalmartLabs responsible for technological innovations and advancements. WalmartLabs is now housed in a boxy office tower in San Bruno, California, a few miles south of San Francisco. In just over a year, it has helped Walmart.com revamp its search engine; presciently identified the potential of the now red-hot "social gifting" market, where companies use social media cues to suggest presents; and this fall launched a test that offers same-day shipping to customers (Manjoo, 2012).

In this case study, you will analyse how Wal-Mart embraced social, mobile, and the start-up spirit to compete against Amazon.

Read the attached case (Case Study: "Wal-Mart's Evolution from Big Box Giant to E-Commerce Innovator" – Source: FastCompany) and answer the following questions;

1. Outline the market and competitor factors that influenced Wal-Mart's decision to focus on the e-commerce business. How does the e-commerce model fit into Wal-Mart's traditional retail model?

2. Describe the strategies that Wal-Mart adopted to develop its technological base and expertise

3. Describe how Wal-Mart plans to capture the emerging e-commerce market for its products and achieve a competitive advantage

4. In your view, what risk factors are involved in Wal-Mart's e-commerce and digital transformation? What can the company do to counter these risks?

Assessment Criteria

The following assessment criteria will be used for marking this assessment task. Ensure that you have addressed all of the criteria in your work.

- Attempted and answered all the case study questions
- The answers are within the context of the case situation and reflect understanding of international marketing challenges and opportunities
- Analysed the prevailing technological environment and threats from emerging competitors that contributed towards e-commerce decisions

- Provided a detailed analysis of market conditions and trends that forced Wal-Mart to invest in e-commerce platform
- Company's strategic initiatives are adequately analysed and discussed with respect to market competition and business needs
- Strategic scope includes shifting consumer behaviour/preference, advancement in technology and long term business objectives
- Analysed existing competition and described how the company plans to leverage its market position and capabilities towards creating a competitive advantage
- Described how the new e-commerce model responds to new and emerging business opportunities
- Analysed relevant risks to the new business in view of company's investment, changing nature of technology and consumer behaviour
- Suggested risk mitigation strategies that could help the company counter perceived market/business, financial, and operational risks
- Answers collectively reflect an understanding of Wal-Mart's e-commerce model and marketing/demographic challenges in implementing the same

Submission Guidelines

Submit:

- Case study analysis with an assignment cover sheet

This assessment task must be completed in a designated session in presence of a trainer/assessor.

Complete the attached answer sheet and submit for marking. Electronic versions of the assessment task and email/electronic submission arrangements are at further discretion of the trainer/assessor.

Assessment Task 3:

Assessment Task	Project: Evaluate and Recommend International Marketing Opportunities: Granny Smith Apples
Schedule	Due Week 10
Outcomes Assessed	**Performance Criteria:** 1.1, 1.2, 1.3, 1.4, 2.1, 2.2, 2.3, 3.1, 3.2, 3.3, 4.1, 4.2, 4.3, 4.4, 4.5 Also addresses some elements of required skills and knowledge as shown in the Assessment Matrix

Description:

Note to Trainers/Assessors: *This project should ideally be handed out in the first week of the term to help students work towards it as they progress through the unit. Likewise, delivery sessions and activities should cover salient features of this task to prepare the students towards the final project.*

The project business case in this task can be changed. *The Granny Smith Apple is given as one of the examples of products that can be used for completing this task. Similarly, you may research key Australia innovations and products and give different students a different business case if desired. Students may use their own product/organisation if they have a viable idea. Any variations to the task or use of other business cases must be documented with a copy provided to the Course Coordinator for moderation purposes.*

Granny Smith Apple, considered one of the major innovations in food and agriculture in Australia, was discovered in 1868 as a chance seedling by "Granny" Anne Smith of Ryde, New South Wales. The earliest record of the Granny Smith Apple appeared in the Farmer and Settler, June 25, 1924 (Aussie Apples, 2013).

Maria Smith died in 1870 and sadly her apple didn't become a commercial variety in her lifetime. However, it continued to be cultivated by local orchardists and in 1891, it was exhibited as "Smith's seedling" in the Castle Hill Agricultural and Horticultural Show, winning the prize for cooking apples (Aussie Apples, 2013).

In 1895, the NSW Dept. of Agriculture, named "Granny Smith's Seedling" as a suitable variety for export and it has since become a much loved apple variety, known world-wide.

In this assessment task, you will evaluate and recommend international marketing opportunities for Granny Smith Apple for an international market with which Australia has a trade treaty (e.g. Malaysia, Thailand, Singapore, Chile, USA, and NZ. You may also select a market where trade agreements are currently under negotiation (http://www.dfat.gov.au/fta/) and assume the likely impact of the trade agreement if came in force. For this task, assume that you are working for an organisation that has exclusive rights to the product (e.g. patent, copyright etc.) The final document should be in form of a Market Analysis with the following areas/sections included;

- Target market overview
- Market trends (industry-specific), and economic conditions
- The need/case for export (rationale)
- Trade agreements and their Impact on International Marketing Opportunities
- Australian and international standards expected from the company and its practices
- Social, Political, Environmental, Legal, and Technological Environment in the target market
- Key marketing opportunities
- E-Commerce opportunities
- Cost-benefit analysis and financial viability
- A short projection of revenues and anticipated ROI

- Likely risk factors and risk mitigation strategies
- Applicable laws and regulations related to e-commerce
- Recommendations (ranking of marketing opportunities)

The underlying concept for this task will be that information/recommendations produced in this project will be used to develop a broader export/international marketing plan for the organisation.

You will be expected to conduct considerable research; especially on trade agreements, market and economic conditions, and SPELT environment. Make reasonable (but realistic) assumptions considering that this is only an exercise in concept.

Once completed, present your analysis to the class assuming class audience as workplace audience.

Assessment Criteria

The following assessment criteria will be used for marking this assessment task. Ensure that you have addressed all of the criteria in your work.

- Prepared an international market analysis based on the given/chosen company scenario/case
- Contents are relevant to the company and provide a real-life context to international marketing activities and planning processes
- An introduction is used to summarise the contents and salient features of the analysis
- Product selection is appropriate for the international marketing operations and approach
- Researched an overseas market to identify industry-specific trends
- Identified and articulated market needs relative to the business
- Identified and used appropriate trade partner and provided an overview of the trade agreement
- Analysed the likely impact of trade agreement on business and marketing activities
- Researched and analysed key Social, Political, Environmental, Legal, and Technological factors that influence the target market
- Identified and articulated key marketing opportunities based on external environment analysis (SPELT) and market economic conditions
- Developed a context/rationale for e-commerce part of business with analysis of influencing social, cultural, legal, and technological factors
- Illustrated key Australian and international (OECD) consumer protection laws and regulations relevant to e-commerce
- Identified and analysed perceived political, financial stability and/or corruption risk factors for the target market
- Identified and described applicable Australian and International standards (e.g. environmental matters, human rights, labour relations, packaging, risk management) relevant to the opportunities
- Developed and proposed risk mitigation strategies to counter the risks
- Developed a quantitative cost-benefit analysis comparing the likely cost of implementing each marketing opportunity against likely benefit to the business
- Determined financial viability of business for a specified duration based on market assumptions
- Provided a project of revenues, expenses and likely return on investment
- Made recommendations in order of preferred (ranked) marketing opportunities
- The document is written in a formal style using appropriate headings and subheadings to organise the information
- Presented the outcomes and recommendations to the audience
- Presentation was clear, concise and covered major aspects of the proposal
- Feedback was obtained and recorded to improve the proposal

Submission Guidelines

Submit:

- Word-processed international market analysis with an assignment cover sheet
- Copies of relevant documents (e.g. laws, regulations, market data etc.) as appendices

Electronic versions of the assessment task and email/electronic submission arrangements are at further discretion of the trainer/assessor.

7. Academic Policies and Processes

Students with Special Needs

If leaners/learners have any special needs (e.g. physical disability, learning difficulty) regarding assessment, they should be directed to discuss these with the Course Coordinator. The college will endeavour to make all possible and reasonable adjustments to any aspect of assessment in order to address those needs.

Recognition of Prior Learning (RPL) and Credit Transfers

Learners may apply for Recognition of Prior Learning (RPL) by providing evidence that they have the required skills and knowledge in the specific areas of competency through work/industry experience and/or completed eligible assessments in equivalent or higher qualification.

Appropriate credit transfer may be granted to eligible learners against each unit of competency on evidence to successful completion of the same unit in an equivalent or higher nationally endorsed qualification. Credit transfer learners will finish the course in a shorter duration and are advised to consult appropriate authorities/bodies for applicable criteria if planning further study or stay in Australia.

Applicants who have completed formal training or who have relevant and current work or life experience and consider they are able to meet the unit purpose may seek recognition.

The college acknowledges skills and knowledge obtained through:

- Formal training (conducted by industry or educational institutions in Australia or overseas)
- Work experience
- Life experience

The main focus is on the learning outcomes of these experiences, not on how, when or where the learning occurred.

To be granted RPL, applicants will be asked to:

1. Present evidence of their achievement;
   and/or
2. Undertake a challenge test;
   and/or
3. Attend an interview with specialist staff.

This evidence will be validated through either satisfactory supporting documentation of support from a recognised industry or workplace representative or challenge testing

Academic Policies and Procedures

Applicable policies and procedure related to this course including plagiarism, assessments, appeals and complaints, can be found with the course coordinator as well as in the "Policies and Procedures" section of the college's website.