

CHAPTER 4

MARKETING STRATEGY

The marketing strategy is evaluated using the 4 P 's of marketing, i.e. Product, Price, Promotion and Place. (Kotler, 1996)

4.1 Product.

The initial strategy was to market only efficient and environment friendly technology products with high electrical consumption in ET Shoppe. The targeted products range were freezer, air conditioners, water heater and new products like the microwave oven, dishwasher and clothes dryer.

The new products are at an infant stage in the market and the strategy is for ET Shoppe not to compete with traditional retailers in the market but instead create a niche market. However, since these products were not easily accessible in Malaysia at the initial stage, Et Shoppe could not proceed with the initial concept, ET Shoppe was not ready take the risk of importing these expensive products.

Instead ET Shoppe is treated more like a trial project and carries traditional products like television, refrigerator, VCR, Washing machine, hi-fi sets that is in direct competition with normal electrical retailers. The range of that ET Shoppe carries at its initial stage of operation i.e. from 1994-1996 and its latest product range is illustrated in **Appendix 1 and 2.**

There is no energy consumption rating on the its product display. Basically, the same products brand and range are marketed by ET Shoppe right from the initial stage until today.

Customer do not perceive energy devices as a primary criteria for their choice. Customers are inclined to decide based on product features and a rich choice of brands that the shop carries.

4.2 Price

- The initial price strategy was outlined by Ibex Marketing Sdn. Bhd. The cost price based strategy was adapted where Ibex demanded a 13-15% margin for all the products. This makes ET Shoppe products more expensive than the normal retailers: After some time, it was found that the strategy doesn't work.

ET Shoppe reverted to a competitive price strategy, with the prices now still as cost based but the margin is reduced from 8-12 % depending on the products. The prices are comparable to department store pricing (for example Jaya Jusco) and are approximately 10% - 15% higher when compared to established electrical appliances shop (e.g. Seng Heng) or the up coming trend in warehouse shopping (e.g. Makro).

The volume of sales is RM208,080 in 1996. This is equivalent to RM570 sales per day or one appliance sale every other day which is a low turnover of sales for products with low profit margin.

- ET Shoppe Sales are for cash purchases or three installments at the same price as cash price.

- To get rid of old stock , ET management had endorsed selling old stocks at 10% below cost.

4.3 Promotion

ET Shoppe official opening ceremony was given good coverage and publicity by the news and television media. However, many have not even heard of ET Shoppe and its concept of efficient technology is still new to the public. Educating the public will be a slow process.

The expenses for promotion has increased 14 times, from RM727 in 1995 to RM10,956 in 1996. This represents 5% of sales. The main promotion was the road shows where ET Shoppe displayed their products at various TNB premises.

Although 5% of sales is reasonable percentage, ET Shoppe is still new in the market and more aggressive promotion should be planned.

4.4 Place

The ET Shoppe is located at a shoplot in Taman Tun Dr. Ismail, Kuala Lumpur. A bill collection center is located at the end of the shop where bill payers will have to pass through the product display. An estimated average of twenty people pay their bills at the ET Shoppe everyday. These are mainly office boys for the officers nearby and not the original target group i.e. housewives that live in the residential area nearby.

The area is very congested and it is difficult to find parking space. ET Shoppe is located next to Singer electrical franchise shop. With Singer's brightly colored banners for decoration, ET Shoppe seems to be 'missed' by passers by.