



Australian Hardware

Marketing Plan

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1.0 Executive Summary

Australian Hardware was founded by Percy Greenwright in 1921 and was known as Percy's Home Goods until 1952. In 1982, Australian Hardware, seeing expansion opportunities but requiring investment capital, restructured and relaunched as a public company. It was floated on the Australian Stock Exchange in September of that year.

The Greenwright family has retained a controlling interest in the company since its founding. At present, Percy Greenwright's great grandson, Holden Greenwright, performs dual functions of chair of the board of directors and CEO.

Australian Hardware owns and operates 138 warehouses throughout Australia, with plans to continue expanding at the rate of 2–3 stores per year.

At a Glance – Australian Hardware

- Location: Australian Hardware stores are located all around Australia in the major cities and in the larger regional centres.
- Design: (Has been described as having a 'Bunnings feel' crossed with elements of international home design show). Large, open-plan warehouse, *but* suggesting excitement of trade fair containing displays of latest and best Australia and the world has to offer in home design; realistic and interactive, mock-up displays of installed products to provide visual and tactile sense of design quality, aesthetics and luxury attainable for customer's home; product experts at every display or booth; otherwise, no-frills, no-nonsense decor exhibiting sustainability features, such as water tanks, recycling bins, and solar arrays, for example, in plain sight.
- Size: 15–20,000 m² each location on 2–4 hectare sites.
- Employees: Approximately 10,000 across Australia.
- Types of transactions: Retail (point-of-sale) and account (trades customers).

According to the company mission, Australian Hardware provides the best of Australia and the world in quality hardware, homewares, garden supplies and building materials to Australian consumers and tradespeople. Australian Hardware is committed to providing customer value through everyday low prices, product quality, expert service, community engagement and environmental responsibility.

According to the Australian Hardware vision, within five years, Australian Hardware will lead the hardware and home-improvement market in Australia.

Key strategic directions:

- increase sales revenue and gross profit
- maintain or increase market share
- control direct and indirect operational costs
- maintain superior product and service quality standards

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- establish reputation of Australian Hardware as socially and environmentally responsible company.

Marketing objectives include:

- to position Australian Hardware as a provider of top quality, brand name hardware and expert service at attractive price points
- increase foot traffic to 1,000 people per day per store (from 800)
- increase website traffic to 20,000 visits per day
- drive sales and revenue growth in line with financial goals
- establish good will within our target market so that seven out of ten people rate Australian Hardware as socially and environmentally responsible.

This marketing plan has been prepared to ensure marketing activities are coordinated with company strategic directions to achieve company mission, vision and values.

This marketing plan comprises of:

- a situation analysis to identify market characteristics and key strengths and weaknesses of the business relating to meeting consumer demand
- a marketing strategy to identify marketing objectives, leverage strengths, target key segments effectively, and position Australian Hardware to achieve the company mission and vision
- a detailed budget of marketing expenditure for the year
- a section on control of marketing activity, which includes milestones for achievement of marketing objectives and contingency planning.

This financial year represents an important opportunity for Australian Hardware to refocus on core market segments and differentiate its product and service offering, setting the foundation for future revenue growth.

2.0 Situation Analysis

2.1 Market Summary

Australian Hardware has undertaken extensive market research. Information on the market and the attributes of targeted customers has been sourced through:

- market research purchased from private consultancies (Action Marketing, IBISWorld)
- marketing research undertaken by Australian Hardware and Action Marketing on targeted customer groups – information collected at point-of-sale; through website traffic monitoring; social media monitoring; interviews; focus groups; and surveys.

2.1.1 Market Analysis

The profile for an Australian Hardware customer consists of the following geographic, demographic, and behaviour factors:

- **Geographic**
 - our customers live in Australia, generally within 50 km of a major city or regional population centre.
- **Demographic**
 - male and female, ages 20–60
 - full-time employment
 - an average income of \$60,000.
- **Behaviour factors**
 - own home/mortgage or long-term rent and/or own or manage trade business
 - tech literate
 - moderately price sensitive
 - value style and luxury
 - value convenience
 - value quality
 - value customer service
 - value customer experience
 - value ethical and sustainable practices.

Numbers of customers estimated to be up to seven million people. See target market segments for more detailed information on specific attributes.

2.1.2 Market Needs

The basic market need is for an extensive range of quality hardware and homewares at reasonable prices able to be accessed conveniently. Consumers also demand expert and efficient service and socially and environmentally sound business practices.

According to market research, Australian Hardware seeks to provide the following benefits to represent value to their customers.

- **Selection:** A choice of popular national brands.
- **Convenience:** Conveniently located warehouses; e-commerce options.
- **Accessibility:** Street-level premises, wheelchair accessible. All reasonable accommodation made for persons with disability or special cultural needs.
- **Customer service:** Sales employees need to be knowledgeable or expert or able to locate such sales staff quickly and efficiently.
- **Competitive and appropriate pricing:** All products/services will be competitively priced relative to our hardware/home-improvement competition.
- **Ethical and environmentally responsible business practices:** Australian Hardware products are sourced through sustainable sources. Packaging is kept to minimum. Advertising is electronic, or if printed, printed on recyclable material where possible. Triple bottom line reporting is publicised and available to customers.

2.1.3 Market Trends

The following market trends exist for Australian Hardware's target market:

- **Demand for product quality:** Customers expect products to be of the highest quality and be fault-free and fit for purpose.
- **Demand for product innovation:** Customers expect new products with innovative features such as, for example, easy-peel wallpaper or paint that indicates coverage. Information on new products introduced into European and North American markets is readily available and Australian Hardware is expected to keep up with a world-class product range.
- **Demand for service quality:** Customers are increasingly aware of products and highly critical of inexperienced advice or service. Customers expect efficient, expert service.
- **Demand for environmental sustainability:** Customers are increasingly aware of the environmental impact of consumer goods and expect companies like Australian Hardware to conduct business operations in an environmentally responsible manner and to stock green options where possible.
- **Demand for social responsibility:** In addition to environmental responsibility, consumers are increasingly demanding that the activities of businesses such as Australian Hardware should contribute positively to local community and also promote social equity both within Australia and within source countries for products.

- **Expectation of immediate access to information on products, services, promotions, discounts, company practices and policies:** Customers have expectations that information should be readily available to potential customers through internet sources such as websites and social media.
- **Distrust or scepticism towards more traditional, wide-casting media such as newspapers, television and radio:** Delivering promotional messages through electronic social media and word-of-mouth to specific groups of consumers – represents an increasingly popular, effective and cost-effective method of reaching specific target markets. Consumers targeted in this way are more likely to identify Australian Hardware products and services with positive qualities they attribute to electronic social media such as trustworthiness, personalisation, responsiveness, immediacy, and ‘coolness’.

2.1.4 Market Growth

Market research indicates that the hardware/home-improvement market will continue to grow. According to IBISWorld market research, in 2012, the average Australian household was expected to spend \$2,554 on home renovations and improvements. This figure was expected to increase by 4% over the next five years to reach \$2,651 per household by 2016–17.¹

2.1.5 PEST Analysis

Political environment

The political environment includes legislation and government legislative direction.

Relevant legislation may include, for example:

- *Privacy Act 1988* (Cwlth)
- state-based anti-discrimination Acts
- *Australian Securities and Investments Commission Act 2001* (Cwlth)
- *Competition and Consumer Act 2010*, including the Australian Consumer Law (ACL)
- *Corporations Act 2001* (Cwlth)
- *A New Tax System (Goods and Services Tax Administration) Act 1999* (Cwlth)
- *Income Tax Assessment Act 1997* (Cwlth)
- *Fair Work Act 2009* (Cwlth)
- state-based OHS (occupational health and safety)/WHS (work health and safety) legislation
- packaging and labelling laws
- increasingly stringent environmental laws.

¹ 'Aussies Going Blockbusters for DIY', *IBISWorld press release* 18 Aug 2011, viewed August 2012, <<http://www.ibisworld.com.au/about/media/pressrelease/release.aspx?id=266>>

The last two types of legislation may be particularly important for Australian Hardware's business and marketing activities. As noted, sustainable business practices are becoming more important to customers. More stringent packaging laws may allow Australian Hardware to highlight its environmentally sustainable approach to business.

In a similar way, environmental legislation may allow Australian Hardware to promote its low-impact approach to advertising while also disadvantaging the competition, which may need to alter their practices to comply.

Finally, Australian Hardware anticipates that the Australian Government's focus in future legislative direction and fiscal policy will be centred on promoting growth in the face of the continuing international debt crisis, poor growth and subdued consumer confidence.

Economic environment

Interestingly, sluggish growth and moderate increases in the Australian unemployment figures may present an opportunity for hardware and home-improvement retailers such as Australian Hardware. This opportunity exists despite other retailers suffering from low consumer confidence, poor sales and overseas competition, particularly through e-commerce. Hardware retailers have benefitted from the sense among homeowners that now is the time to choose renovation and home improvement rather than selling and moving to a renovated house.

According to IBISWorld, the trend towards home improvements is linked to the increase in residential housing prices, which is due to the housing shortage, easier access to finance and government incentives, amongst other factors. If current trends continue, the industry is expected to grow by 23% over the next five years to reach \$14.2 billion in 2016–17.²

Social environment

Consumers are increasingly aware of the impact of business activity on local community. Consumers demand that the business consider the impact of its activities and work to promote healthy community involvement.

Moreover, consumers are increasingly aware of working conditions in other countries and increasingly want to contribute to better social and economic outcomes globally.

Consumers are also concerned about the environment. Australian Hardware will endeavour to promote itself as environmentally and socially responsible and conduct business operations accordingly. In this way, Australian Hardware will offer value to the socially and environmentally aware consumer and position itself as a leader in social and environmental responsibility.

Technological environment

Internet, information, and social networking technologies continue to evolve and provide new challenges and opportunities for marketing. Australian Hardware will continue with its

² 'Aussies Going Blockbusters for DIY', *IBISWorld press release* 18 Aug 2011, viewed August 2012, <<http://www.ibisworld.com.au/about/media/pressrelease/release.aspx?id=266>>

effective use of its website to promote and sell products and social networking to reach its target markets.

2.2 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses of the company, and describes the opportunities and threats facing Australian Hardware.

Strengths

- excellent staff, highly skilled at sales, product demonstrations and explaining product features
- great locations
- product offerings that meet or exceed competitors' offerings in quality and innovation
- strong marketing budget
- consistent brand recognition across Australia
- 8% market share
- secured real estate to limit growth of competitors
- e-commerce developed with online store for most products.

Weaknesses

- high cost of sales associated with environmental and socially responsible choices
- low customer loyalty to brands.

Opportunities

- strong market potential. A significant percentage of the target market still not visiting Australian Hardware on a daily basis
- extension of business hours
- expansion of e-commerce
- new partnerships with suppliers of innovative suppliers
- opportunity to bulk buy and reduce prices through economies of scale
- opportunities to market and differentiate Australian Hardware on the basis of training, product range, product innovation.

Threats

- competition from new entrants into market, especially e-commerce
- uncertainty of worldwide economic climate and impact on Australian spending

- growth of international e-commerce (exacerbated by strong Australian dollar)
- potential lack of prime locations for large warehouses where Bunnings has already secured prime real estate.

2.3 Competition

Competition

Note: Australian Hardware currently enjoys an 8% market share.

Hardware and Home Improvement Competitor	Market share
Bunnings	15%
Home Hardware	5%
Mitre 10	3%
Tradelink	4%
Masters	5%
Other/independents	60%

2.4 Service Offering

Australian Hardware will endeavour to recruit service staff with a proven record of customer service.

Where skills and knowledge are inadequate, Australian Hardware will commit to training and retraining staff to achieve a level of customer service which distinguishes us from the competition.

In addition, Australian Hardware will provide ongoing training to hone customer service skills, develop staff and promote retention of skilled staff.

As service is seen to be an important expectation across targeted market segments, promotional activities will highlight the skill and knowledge of our staff.

2.5 Keys to Success

From a marketing perspective, it will be important to work to maximise the promotional impact of Australian Hardware strengths, while seizing the opportunity to increase custom and market share.

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Australian Hardware will need to effectively position itself as distinct from the competition, or, where directly comparable, as offering better value.

Key differentiators will be:

- service and staff product knowledge
- product range
- product innovation
- retail space and experience.

Promotional activity will need to highlight our value proposition and be distributed in a way that both appeals to our target market and underscores our stated commitment to social and environmental responsibility.

On the other hand, resources will need to be utilised in the most cost-effective way to reach customers given cost pressures.

Threats may be minimised through positioning Australian Hardware correctly to offset the impact of competitors' marketing activities.

3.0 Marketing Strategy

Australian Hardware takes a two-pronged strategic approach to marketing characterised by product and service differentiation along with select targeted marketing activities. Market research has indicated a growing hardware and home improvement market, particularly for our unique offering. Consequently, Australian Hardware does not need to capture market share from competitors to grow; we focus on underscoring our difference and growing our customer base within our specific target markets.

Australian Hardware does not actually compete on price and simply ensures that its prices are not undercut severely by competitors. As former CEO and Chairman Eric Greenwright once remarked: 'We don't sell really cheap hammers. You can buy a cheaper hammer elsewhere. We sell the singular experience of buying just the right tool for today's needs'.

Australian Hardware's approach may be described as a hybrid of a differentiation strategy and a segmentation strategy. Because Australian Hardware's strategies have evolved over time, to arrive at our present, mixed approach, Henry Mintzberg's emergent model may also be seen to apply.

Because of Australian Hardware's unique customer experience, we are different from our competitors: we sell better, more innovative products; we know more about our products; we showcase our products' lifestyle benefits. Australian Hardware perceives its target markets to be most, but not all, Australians. Our customers are slightly more affluent, slightly more demanding, or have their own trade customers with these attributes.

Marketing activities within our marketing mix will continue to set the foundations for achieving the company vision of building and maintaining the Australian Hardware brand and, within five years, leading the hardware and home-improvement market in Australia. Australian Hardware will lead not so much by directly capturing market share from competitors but by exploiting a large market which is not catered to by our competitors.

To this end, marketing budget has increased to \$100 million. This money will be spent in targeted campaigns to achieve business and marketing objectives.

3.1 Mission

Australian Hardware provides top-quality hardware, homewares, garden supplies and building materials to Australian consumers and tradespeople. Australian Hardware is committed to providing customer value through everyday low prices, product quality, expert service, community engagement and environmental responsibility.

3.2 Marketing Objectives

- to position Australian Hardware as a provider of top quality, brand name hardware and expert service at attractive price points
- increase foot traffic to 1,000 people per day per store (from 800)

- increase website traffic to 20,000 visits per day
- drive sales and revenue growth in line with financial goals
- establish good will within our target market so that seven out of ten people rate Australian Hardware as socially and environmentally responsible.

3.3 Financial Objectives

- generate at least \$300 million in sales per month
- minimum 10% increase in gross profit income each year
- reduce the overhead per store through cost control
- decrease the cost of sales.

3.4 Target Marketing

To meet the needs of all segments, Australian Hardware offers top-quality products, everyday low prices, expert service, community engagement and environmental responsibility.

The market has been divided into three target markets or segments: Home improvers; DYIs; tradespersons (owners and managers of small to medium sized businesses and individual contractors).

Attributes of target segments as well as specific value propositions appear under the headings that follow.

Home improvers: 'I'm on the move up'

According to market research undertaken by Action Marketing, the estimated size of this segment is potentially as much as 3 million people.

The profile of a customer within this segment is:

- aged between 20 and 40
- fun and active
- fashion and trend conscious
- travel internationally and domestically
- luxury moderately important
- single or young family (increasingly may be single-parent, or gay couple)
- single, professional female
- income over \$50,000
- moderately price-sensitive but may see higher price as indicator of quality
- moderately sensitive to service quality

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- sensitive to peer influences
- consider themselves socially and environmentally responsible
- Prefers local and Australian products but will not compromise on price or design quality: 'I like to see Australian leading the world in design quality!'
- very concerned about rising energy prices; worried about impact of carbon tax
- moderately to highly concerned about the environment
- technologically literate: users of online social media
- read home improvement magazines occasionally
- watch free-to-air TV and, increasingly, Pay TV.

Value proposition: Australian Hardware helps you save money with the best of Australia and the world in quality hardware and home improvement products. Let our experts show you how smart, sustainable living can enhance your active lifestyle.

DYIs: 'I've arrived'

According to market research carried out by Action Marketing, the estimated size of this segment is potentially as much as 2 million people.

The profile of a customer within this segment is:

- aged between 35 and 60
- fashion and trend conscious
- young to established family (increasingly may be single-parent, or gay couple)
- single professional female
- family activity, holidays and education highly important
- travel internationally and domestically
- luxury moderately to highly important
- income over \$70,000
- highly sensitive to product quality
- moderately price sensitive
- sensitive to peer influences
- may consider themselves socially and environmentally responsible
- prefers local and Australian products but will not compromise on price or design quality: 'I want my kids to feel proud of quality Aussie design!'
- very concerned about rising energy prices; worried about impact of carbon tax
- moderately to highly concerned about the environment
- technologically literate: users of online social media
- read home improvement magazines occasionally

- watch free-to-air TV and increasingly Pay TV.

Value proposition: Australian Hardware gives you access to the best of Australia and the world in quality, sustainable hardware and home improvement products. Let our experts show you how you can provide your family with the benefits of green, resort-style living.

Tradespersons

According to market research undertaken by Action Marketing and Australian Hardware, the estimated total potential size of this market is 1.5–2 million people, including independent contractors and small to medium sized business owners.

The profile of a customer within this segment is:

- aged between 35 and 60
- owner or operator of trade business
- highly sensitive to product range and product quality
- sensitive to price
- income over \$60,000
- prefers local and Australian products but will not compromise on price or design quality to suit clients: 'My clients prefer Aussie products, but not at any cost'
- customers and clients are very concerned about rising energy prices
- moderately to highly concerned about the environment
- technologically literate: users of online social media
- read trade magazines
- watch free-to-air TV and, increasingly, Pay TV.

Value proposition: Australian Hardware lets you offer your clients the best of Australia and the world in quality, sustainable renovations and home improvements on any budget. Let our experts show you how we can support you as you grow your business.

3.5 Positioning

Australian Hardware is a competitively priced hardware and home-improvement supplier. Australian Hardware consumers who appreciate high-quality, innovative products will recognise the value and unique offerings of Australian Hardware.

For target segments, Australian Hardware positions its product offering as per the following:

- **Product:** Australian Hardware supplies consumers and trades with high quality and world class innovative products. To differentiate on product, Australian Hardware actively seeks Australian and international suppliers who can fulfil requirements for both consistent quality and exceptionally innovative solutions. Our competition, on the other

hand, focuses on a more mass appeal. The competition's customers expect a level of quality consistent with the lowest prices possible.

- **Price:** Australian Hardware prices its products to stay within the range of prices offered by competitors. Australian Hardware offers a range of discounts and incentives for trade customers. Australian Hardware does not collude with competitors on pricing but does not seek to undercut competitors. Such a pricing strategy is intended to maintain margins and signify higher quality and brand prestige. While not seeking to pay more, our customers will generally risk paying a little more for truly unique offerings and to ensure quality and expert service.
- **Service and customer experience:** Consistently high level of fast and friendly service provided by skilled and experienced staff in an exciting and interactive environment. Service is a key differentiator of Australian Hardware's offering. Onsite and offsite service will be delivered as per customer needs and expectations in line with the Australian Hardware market positioning as a premier service. For details see Australian Hardware customer service policy and charter.
- **Social and environmental responsibility:** Social and environmental responsibility is also a key differentiator of Australian Hardware's offering.

As with some competition, Australian Hardware stores use recycled rainwater collected in tanks for use on plants. Australian Hardware also recycles extensively. Australian Hardware also sponsors community and sports events and provides support for charities. The business actively promotes awareness of the social and environmental activities of Australian Hardware through media campaigns.

Unlike our competition, however, Australian Hardware promotes its active research into improving its environmental and social performance. Australian Hardware has committed to public and detailed triple bottom line reporting and associated performance goals. See business plan for sustainability plan.

In addition, our products reflect our commitment to the environment and Australian Hardware customers can expect to find our product range includes world-class green technology. Where our competition has 'hedged their bets', Australian Hardware has fully committed to supporting environmentally responsible living.

Marketing to specific segments will broadly follow the positioning strategy outlined above, but will be tailored, where needed and applicable, to meet the specific requirements of those segments.

3.6 Strategy Pyramids

All marketing activities are coordinated with company strategic directions to achieve company mission, vision and values.

Australian Hardware's key strategic directions (from business plan) are:

- increase sales revenue and gross profit
- maintain or increase market share

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- control direct and indirect operational costs
- maintain superior product and service quality standards
- establish reputation of Australian Hardware as socially and environmentally responsible company.

Australian Hardware marketing objectives and operational tactics have been developed to support the key strategic directions. The marketing objectives are:

- to position Australian Hardware as a provider of top quality, brand name hardware and expert service at attractive price points
- increase foot traffic to 1,000 people per day per store (from 800)
- increase brand recognition and awareness of value proposition
- drive sales and revenue growth in line with financial goals
- establish good will within our target market so that seven out of ten people rate Australian Hardware as socially and environmentally responsible.

Marketing activities are intended to provide the most benefit (in terms of achieving strategic directions) for the least cost. See marketing expenditure section for details on marketing costs.

See the marketing mix section below for specific tactical/operational approaches to achieve marketing objectives.

3.7 Marketing Mix

In general, through an integrated marketing mix, the marketing strategy will seek to maintain and build customer loyalty and brand recognition. The marketing strategy will also aim to demonstrate the value of shopping at Australian Hardware to each target market.

Australian Hardware's marketing mix is comprised of the following approaches to pricing, distribution (place), advertising/promotion, product and people.

Pricing

Pricing is intended to position Australian Hardware as similarly priced to its competitors. This pricing strategy is intended to both increase revenue and underpin Australian Hardware's message of higher quality. Our target market should feel confident that they would not be able to get the same combination of customer service and quality product for a lower price from competitors through any channel.

Place

Australian Hardware warehouses are bright and functional. Warehouses are designed to facilitate easy location of products and services. No-frills, no-nonsense decor exhibits Australian Hardware's sustainability features, such as water tanks, recycling bins, and solar arrays, for example, in plain sight.

Coming to our warehouses is a unique experience for customers. Warehouses are designed to capture the excitement of an international trade show containing displays of latest and best Australia and the world has to offer in home design. Enticing mock-up displays of installed products provide visual and tactile sense of design quality, aesthetics and luxury attainable for customer's home. Local and Australian products feature strongly in the mix of displays. Displays are updated monthly.

Australian Hardware also actively promotes e-commerce and distributes a range of products through its partnership with Australia Post. Australian Hardware positions itself as the easiest and most convenient access to the products our target markets need or expect in the least amount of time possible.

Promotion

The core message that Australian Hardware will seek to communicate to potential and existing customers is that Australian Hardware offers a superior customer experience and superior products. Australian Hardware is committed to providing customer value through everyday low prices, product quality, expert service, community engagement and environmental responsibility.

For any inaccurate trend predictions, promotions will be required to move stock that is at risk of becoming obsolete.

This basic message will be communicated through a variety of methods.

- **Trade publications**

Australian Hardware will advertise in a range of national and local trade publications, including Landscape Manager Magazine, Plumbing Connection Magazine, Australian National Construction Review, and The Australian Woodworker magazine.

- **Paper flyers**

Despite concern for the environment amongst target groups, paper flyers remain an important way to reach our customer. Australian Hardware will continue to use paper flyers until alternative electronic methods such as direct email and digital catalogues are customers' preferred method of receiving information. Australian Hardware will continue to monitor customer response to this method. Meanwhile, flyers will be printed on recycled material as per the Australian Hardware environmental policy.

- **Advertising in local magazines**

A common attribute of all target market segments is that they value their local community. Australian Hardware will therefore place regular advertising in local magazines deemed to appeal to target segments.

Australian Hardware will also advertise in national publications such as, Home and Garden, Grand Designs Australia, and Renovate.

- **Encouraging articles and reviews in local media**

Australian Hardware will attempt to get articles and reviews in local magazines. These can include information on new products and design trends and environmental

practices, etc. Australian Hardware will regularly provide local media with press releases to encourage use of our content.

- **Direct mail/email to local businesses**

Australian Hardware uses direct email/mail campaigns to local businesses to communicate directly with the trade segment.

Additionally, marketing research undertaken by Australian Hardware indicates that trades prefer flyers delivered to their business mailing address/ inbox.

- **TV (Free-to-air and pay)**

According to Action Marketing, TV remains an important method of reaching our customers. However, wide-casting TV advertising is diminishing in importance and so Australian Hardware will focus advertising on lifestyle shows and dedicated Pay TV lifestyle channels.

- **E-commerce/website**

Australian Hardware will continue to build its online presence through regular updating and review of its website. It is anticipated that as expansion plans proceed, the ability of potential customers from a wider geographic area to access online information and perform transactions will become increasingly important. Promotional messages may include discounts and information on special promotional days.

- **Online presence, advertising and social networking**

Australian Hardware will encourage existing customers to interact with Australian Hardware and other potential customers to receive loyalty rewards and discounts. As marketing research indicates, consumers targeted through online social media are more likely to identify Australian Hardware with the positive qualities they attribute to electronic social media such as trustworthiness, personalisation, responsiveness, immediacy, and 'coolness'.

Australian Hardware will ensure that promotional messages are prominent and accessible online. Australian Hardware will also use YouTube to place positive messages with the potential for viral marketing.

Australian Hardware will continue to place targeted, search-related advertising with advertising platforms such as Google, Facebook, etc.

Product and service

Despite the temptation to lower costs through sourcing lower-quality products, Australian Hardware must always ensure the highest possible quality products to remain consistent with our brand. Word of mouth on slipping quality or service standards may severely undermine the marketing strategy.

People

A key aspect of Australian Hardware's marketing strategy is its people. Australian Hardware will continue to train its staff so they both offer the service expected by the market and become effective good will ambassadors for Australian Hardware.

3.8 Product Sourcing

As market research identifies unmet customer needs, Australian Hardware will continue to offer new and innovative offerings to position the company as being responsive to customer requirements. Australian Hardware will actively seek new suppliers and form partnerships to deliver innovative, top-quality products.

Product sales are monitored to gauge market response to menu items.

3.9 Market Research

Market trends need to be accurately predicted to ensure that stores stock the most desired product range for the evolving needs of customers. Service needs and other needs relating to components of the marketing mix will also need to be anticipated.

Product life cycle needs to be predicted so that stock in stores is sufficient to support sales initially but over-stocking – which would give rise to a large accumulation of outdated product – is avoided.

Access to ongoing market research will be achieved through regular research activities carried out by Action Marketing and Australian Hardware. See the implementation milestones section for specific research activities. The Marketing General Manager, Elizabeth Madden, will manage market and marketing research and liaise with Action Marketing.

Customer feedback and suggestions are readily sought for improvement of marketing activities.

4.0 Marketing Expenditure

This section will provide information on budget expenditure for the current and previous financial years.

4.1 Marketing Budget Compared by Year FY20XX-FY20XX

Expenses	FY201X	FY201X	FY201X
Paper flyers	\$12 million	\$11 million	\$10 million
Magazine and trade publication advertising	\$14 million	\$12 million	\$10 million
Media promotions	\$5 million	\$5 million	\$5 million
Free-to-air TV	\$15 million	\$20 million	\$15 million
Pay TV	\$10 million	\$15 million	\$20 million
Online: Social media, viral marketing initiatives	\$1 million	\$3 million	\$5 million
Email, E-catalogues	\$1 million	\$2 million	\$3 million
Website advertising and maintenance	\$3 million	\$5 million	\$10 million
Online advertising	\$3 million	\$5 million	\$10 million
Goodwill and Sponsorships	\$3 million	\$4 million	\$5 million
Research	\$3 million	\$5 million	\$7 million
Total	\$70 million	\$87 million	\$100 million

5.0 Controls

5.1 Implementation Milestones

The following milestones identify the key marketing activities.

Milestones

Marketing General Manager, Elizabeth Madden, will manage most marketing activities, including market and marketing research and liaise with Action Marketing.

Activities	Timeline	Responsible
Promotional campaigns and activity		
Paper flyers	Quarterly	Elizabeth Madden Local store managers
Magazine and trade advertising	Monthly	Elizabeth Madden
Media promotions	Ad hoc	Elizabeth Madden
Free-to-air TV	Seasonal	Elizabeth Madden
Pay TV	Seasonal	Elizabeth Madden
Online: social media, viral marketing initiatives	Ad hoc	Elizabeth Madden
Email, e-catalogues	Seasonal	Elizabeth Madden
Website advertising and maintenance	Seasonal	Elizabeth Madden
Online advertising	Weekly	Elizabeth Madden
Goodwill and sponsorships	Ad hoc	Local store managers
Research	Quarterly	Elizabeth Madden Action marketing

5.2 Contingency Planning

Identified risk	Likelihood	Severity	Mitigation strategy
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Problems generating visibility	low	low	Australian Hardware will continue to monitor effectiveness of paper and online advertising to enable to company to react to changing technology and channel preferences of consumers.
Aggressive sales tactics by competitors	high	low	Australian Hardware will monitor the actions of competitors with regard to pricing and react to keep prices in the same range as competitors. Australian Hardware has already put in place a price guarantee to provide blanket coverage against aggressive tactics.
Difficulty sourcing or training or retaining skilled and experienced staff	medium	high	Australian Hardware will continue to advertise in trade magazines and online sites. Australian Hardware will continually evaluate the skills of staff and train accordingly to both maintain service quality (a key part of marketing strategy) and retain skilled and experienced staff. Australian Hardware will also work to promote staff to more senior positions.
Emergence of a competitor with similar positioning	medium	medium	Australian Hardware will continue to monitor the competition and make changes to its marketing mix to accommodate changes in the marketplace.