

Background

The first mountain or off-road bikes were made in California in the late 1970s. Throughout the 1980s and 1990s, the market grew rapidly. Although initially slow to recognise the growing market opportunities, Wombat, a manufacturer of road bikes aimed at adults and children and racing bikes aimed at the enthusiastic amateur, entered the market in 1987 with a small range of medium quality, medium priced mountain bikes which it sold throughout Europe. In common with most other bicycle companies, the majority of their manufacturing was carried out in China and Taiwan.

At the beginning of the 2010s, the company restructured and concentrated its mountain bike operations in a new division which it called The Wild Outdoors Bicycle Company (referred to hereafter as WOBC); the division now accounts for 75% of the company's overall sales.

By the middle of 2017, the company was firmly established as a middle ranking player in the mountain bike market with annual sales of £126 million.

The 2018 Planning meeting

In October 2017, the marketing planning team met to update the company's annual plan and develop the 3 - 5 year strategic marketing plan for Europe. The meeting began with the Marketing Director giving an overview of the market and WOBC's performance. Amongst the points made were:

- (a) The market is becoming increasingly competitive and showing all the signs of polarisation, with customers and retailers at the bottom end becoming more and more price sensitive, while at the top end they are looking for more sophisticated and innovative products.
- (b) One of the most important critical success factors is access to a broad distribution network. Increasingly, the big three manufacturers are trying to tie up distribution with a series of special offers and incentives.
- (c) The bigger retailers are looking for more promotional and merchandising support and over the next year or so will probably begin rationalising the ranges they offer. Because of this, some of the smaller and less specialised players will find it increasingly difficult to get wide distribution.
- (d) Margins throughout the industry have been dropping over the past two years.

Turning to WOBC's performance, he highlighted the company's *slightly* higher than average sales and profit growth from 2003-06.

Leaning forward and looking intensely at his colleagues, he paused for dramatic effect before saying, 'It's obvious that the market out there is changing. Everything points to a shake-out over the next 2 - 3 years. To make sure that we survive, we need to be much more aggressive than we have been in the past. One of the problems that we face though is that we haven't done enough brand building and don't have a sufficiently strong brand strategy. It's obvious that there's a lot of potential out there. We can see that some of the competition is vulnerable. They're vulnerable because they've made a lot of money in the past and now they're fat, lazy and complacent. With margins dropping, they simply don't know how to respond. So let's get out there and start winning some market share. Let's stop talking about being a challenger, let's go and do it.'

As the others around the table needed, the Marketing Director turned to the newly appointed Marketing Analyst. 'As a first step, let's get some ideas on how to go about this. I suggest that we meet in a week or so and look at the situation again. So, I'd like you to prepare the papers on how we might go about challenging some of the others in the market and how we can go about developing a stronger branding strategy.'

As the analyst, you have the task of preparing the briefing papers for the meeting.

- (a) In the first of these, you should outline the possible dimensions of a **full marketing** strategy for WOBC. In doing this, you should make reference to the probable resource, cultural and implementation implications of such a strategy.
(30 marks)
- (b) You should then prepare a paper detailing the key elements of a brand strategy and how such a strategy might be developed and implemented over a 3 - 5 year period.
(20 marks)

(50 marks)