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Jones Blair Case Study with Swot Example

Jones – Blair Case Analysis Davenport University Case Recap Jones Blair company is a privately held company that produces and markets architectural paint under the Jones Blair brand name. In addition to producing a full line of architectural coatings, the company also sells paint sundries although they are not manufactured by Jones Blair. Sales for the company in 2004 were \$12 million with a net profit before taxes of \$1. 14 million. Sales have been increasing roughly 4 percent per annum over the past decade while paint gallonage has actually remained rather steady. In 2005, Alexander Barret, the president of Jones Blair decided after a meeting that the company needs to deploy new corporate marketing efforts.

This case summary will provide a summary and analysis of Jones Blair company's options and an examination into the company's strengths, weaknesses, threats and opportunities. Problem Identification The problem currently being faced by Jones Blair company is how to go about deploying corporate marketing efforts among the various architectural paint coatings markets served by the company in the southwestern United States. In the past, Jones Blair relied mainly on their sales representatives personal relationship with distributors to further the brand awareness. Along with personally promoting the paint brands, sales reps engaged in coordinating cooperative

advertising programs with different Jones Blair paint dealers. National paint firms are spending nearly ten times the dollar amount in advertising as Jones Blair. In order to further their brand awareness, Jones Blair must devise new corporate marketing efforts. Case Analysis The Jones Blair company markets its paint and sundry items in over 50 counties in the southwestern United States.

The company maintains its manufacturing facility and headquarters in the Dallas-Fort Worth area. The metropolitan DFW area is the major area for Jones Blair in terms of sales and business operations.

Jones Blair distributes its product through over 200 independent paint stores, lumberyards, and hardware outlets. 40% of these outlets are located in the 11 county DTW area. The rest of the outlets are in roughly a 39 county service area. Many of the larger retailers that Jones Blair supply, carry only the Jones Blair line while very few carry several lines with Jones Blair being the premium and higher priced product. While the Jones Blair company has several downfalls it also does have its own internal strengths. The strongest facet of Jones Blair strategy, is its sales representatives.

The company employs eight sales representatives who are responsible for monitoring inventories in retail outlets as well as taking orders, assisting in store displays and coordinating cooperative marketing efforts. In a survey of Jones Blair paint dealers, it was found that sales representatives were well liked, helpful, professional and very knowledgeable about paint products. The national paint suppliers do not usually maintain such a relationship with their customers. As the president of the company said "Our reps are on a first name basis with their customers and it is common for our reps to discuss business and family over coffee during a sales call. " This is an invaluable tool in creating brand loyalty within these retail outlets. Even though Jones Blair has an excellent sales staff, the low number of sales representatives is a hindrance to the company. With only eight sales reps, the possibility for sales growth is limited as the amount of time each sales rep can spend on an account is also limited. Currently, Jones Blair only supplies a 50 county region in the southwestern United States and would be very pressed to increase their service area with such a limited number of sales representatives. Externally, there are a number of threats to the Jones Blair company.

The architectural coating market, which is the company's main market is a very mature one. Industry sources estimated the market to be a \$12 billion per year with only a small sales growth of one to two percent annually. Generally architectural coating sales are based on the level of new home building and remodeling which is definitely in a slump at the moment as the economy is in a period of recovery. A very large threat to the Jones Blair company is the consolidation and competition in the architectural coatings segment. Many of the companies that were unwilling or unable to make capital and research and development commitments necessary to remain competitive sold their paint businesses. There are only an estimated 600 paint companies currently which is 40% fewer than in 1980. The number of paint companies is currently declining at a rate of two to three percent per year. With this consolidation in the market, Jones Blair is essentially competing with massive companies who can afford to put forth great deals of money into research and development as well as advertising. On the same token of market segmentation, Jones Blair is afforded an advantage.

With most paint companies becoming so massive, many consumers are looking for a high quality locally produced product. Since mass marketers are producing large quantities of paint, they will be unable to reach the niche markets that Jones Blair can. Evaluation of Alternatives There are a number of alternatives that Jones Blair can choose when changing their marketing and business strategies. One strategy would involve keeping marketing at current levels while lowering prices to consumers. Another strategy would to keep prices at current levels while significantly increasing advertising expenditures. The strategy of lowering prices to increase market share or at the least maintain current market share is based in part on research. A shopper research program that the company created shows that customers will completely back off from the brand when they are the slightest bit price sensitive.

Currently, the Jones Blair brand is priced about 20% higher than the mass marketed national brands. Lowering the prices by such amount would increase market share that would hopefully be compensated for by increased number of purchases.

Increasing presence in the do it yourselfer market could most easily be achieved by increasing brand awareness

through increased marketing efforts. Research from the company has shown that a large number of do it yourselfers choose a store before even selecting a brand. This is important because in the same research, it was shown that customers do think about paint they have seen advertised when they are choosing a brand. This being said, increasing brand awareness would ultimately increase bottom line profits and this can only be achieved by increasing marketing expenditures. Recommendation The most beneficial of all the alternatives in marketing strategy would be to focus on the non DFW areas. Currently half of the sales and more than half of the paint dealers exist outside of the DFW market.

The DFW market is already heavily saturated with paint suppliers, further still, Jones Blair has an excellent market share there and is unlikely to increase it with any amount of marketing effort. Penetration into other markets could be easily achieved with the addition of only a few more sales representatives. With the current sales staff, market penetration is only at 16% in the non DFW areas. Adding sales representatives at a cost of \$60,000 per year would pay off in the long run. Placing these new sales reps in the DFW area could not generate enough revenue to the per rep cost of hiring them. These new sales reps would follow the strategies and cooperative marketing campaigns that are undertaken by sales reps in current markets.

Conclusion By focusing on the non DFW market, Jones Blair will position itself for growth well into the future. Implementing this recommendation would obviously involve substantial financial input. Training new sales representatives will not be an easy task and will require a long timeframe. While sales will not increase immediately they will over a longer span of time. The investment will bring in returns that will far outweigh the initial cost associated with the project. |SWOT |Sales Force |Marketing |Advertising |R/D |Segmentation |Offerings | | | |Mix | | | | |Internal Strengths |*On a first name basis |*Uses knowledgeable |*Uses personal selling |*Continual improvement | |*Offer unique, | | |with customers. sales staff to sell |techniques through |to products and |*Specializes in |high-quality product| | | |directly to |sales reps. |safety. |Do-it-yourselfer paint | | | |wholesalers. | |applications | | | |*Extremely knowledgeable| |*Cooperative program |*Higher quality than | | | |of paint products. |*Strong regional |with customers |mass marketed brands |*Premium quality | | | |market share in | | |products. | | | |Texas. | | | | | | | | | | | |*Uses

company | | | | | | employees to market | | | | | | products | | | | | | Internal Weaknesses | *Very few sales
reps. | *Limited to only a | *Little to no | *Not enough funding for | *Cannot compete well for | *Only offers 1 of | |
| Only 8 in total. | 50 county region in | advertising through | significant research. | consumers who base their | the
3 paint lines, | | | Texas. print and television. | | purchase decision on | Architectural paint. | | | | | price
rather than | | | | | *Allocates only 3% of | quality | *Paint products are | | | | budget to advertising. |
| much higher priced | | | | | | than competitors' | | | | | | similar products. | SWOT | Economic
| Competition | Consumer | Technology | Industry | Legal regulatory | | | | Trends | | Market Share | | | External
Opportunities | *United States paint | *Mass marketers make | *High quality paint | *No external | *Very large
| *No legal or | | | market is very large at | lower quality less | popular with | opportunities noted | marketshare in
the | regulatory | | | over \$16 billion annually. | specialized paint. | professional painters | | DFW area.
opportunities | | | | | | available. | | *Industry Paint sales | *Number of competing | | | | | | projected to
increase 1% | paint companies is | | | | | | to 2% per year. | decreasing around 2% | | | | | | per year. | | | |
| | | | | | | External Threats | *Less household repainting | *Mass marketers are | *Do it yourself
| *Competitors have | *Mass Marketers such | *EPA is mandating | | | due to higher quality | beginning to create |
| much more | as TruValue are | reductions of | | | longer lasting paints. | their own paint lines. | | technologically
creating their own	volatile organic					advanced longer	brands and taking	compounds in										
*Competitors have more		lasting paints. over market share	architectural and				advanced products.											
industrial						maintenance coatings.				*Nearly all competitors						have lower prices.		
	a																	