



MKT202e
Marketing Management

Group-based Assignment

July 2017 Presentation

Group-based Assignment

This assignment is worth 30% of the final mark for MKT202e Marketing Management.

The cut-off date for this assignment is **10 October 2017, 2355hrs.**

This is a group-based assignment. You should form a group of **4 members** from your seminar group. Each group is required to upload a single report to MyUniSIM via your respective seminar group. Please elect a group leader. The responsibility of the group leader is to upload the report on behalf of the group.

It is important for each group member to contribute substantially to the final submitted work. All group members are equally responsible for the entire submitted assignment. If you feel that the work distribution is inequitable to either yourself or your group mates, please highlight this to your instructor as soon as possible. Your instructor will then investigate and decide on any action that needs to be taken. It is not necessary for all group members to be awarded the same mark.

This assignment covers materials studied in Units 1, 2, 3 and 4. You should review all your materials in the text book and study units before commencing on this assignment.

The total length of the report should not exceed 3,500 words, excluding the cover page, table of contents, references or appendices. Please use font type Times New Roman, font size 12 and 1.5 spacing in your report.

Important Note: Grading of TMA/GBA/ECA Submissions

Marks awarded to your assignment are based on the following guidelines:

1. 80% of the marks are allocated to the content of your answers:

- The marks awarded to *what your answers cover* depend on the extent to which they cover the key points that correctly and comprehensively address each question.
- The key points should be supported by evidence drawn from course materials and, wherever relevant, from other credible sources.

2. 20% of the marks are allocated to the presentation of your answers:

Wherever applicable, the marks awarded to *how your answers are presented* depend on the extent to which your answers:

- form a sound reasoning by developing those key points in a clear, logical and succinct manner;
- provide proper and adequate in-text citations and referencing to content drawn from course materials and other credible sources;

- strictly follow APA formatting and style guidelines¹, in particular for:
 - in-text citations and end-of-report references;
 - the identification of figures and tables;
- use, wherever relevant, the specialised vocabulary and terminology commonly used in discussions about the topic(s) covered by each question;
- provide a reference or bibliography at the end of the main report;
- include the less relevant details in an Appendix;
- use sentence constructions that are grammatically and syntactically correct;
- are free from spelling mistakes; present the workings, numerical formulations and results in a logical manner that follows the APA formatting and style guidelines;
- design and present graphs, diagrams and plots that follow the APA formatting and style guidelines;
- are highly original;
- have proper formatting, which may:
 - include a properly formatted cover page;
 - respect the answer length/word count set out in the assignment guidelines, if any is prescribed;
 - present answers in paragraphs with proper spacing and page margins;
 - include page numbers and appendices, if necessary.

¹ You can find a short tutorial on the APA formatting and style guidelines here: <https://is.gd/mgEOnC> . Additional details (pertaining to tables and figures) can be found here: <https://is.gd/O4vDdT> .

Hyflux dips toes into wellness, beauty market / Hyflux banks on oxygenated water for consumer market

In City Square Mall, a new store offering bath facilities has opened its doors to shoppers. This marks Hyflux, the company better known for its desalination plants, first foray into the brick-and-mortar retail sector with its budding consumer business. The Singapore-listed company will open Elo Lab officially on 8 September 2016. This retail outlet is a physical representation of Hyflux's bet on the consumer water business – in particular, on a special oxygenated water termed Elo Water.

Said to contain three times more oxygen than tap water, Elo Water was the reason behind Hyflux's US\$8 million investment in European firm Kaqun Europe in November 2015. It also forms the basis for the group's new bath facilities, as well as bottled drinking water and skincare gels that it sells online. "Oxygen can increase the cell's ability to generate more energy," Hyflux group chief financial officer Lim Suat Wah explained in an interview with *The Business Times*. "A cell with sufficient oxygen can actually generate 15 times more energy than a cell without sufficient oxygen. So this Elo Water puts the two together, the water element as well as the oxygen."

The venture into the consumer business came as Hyflux sought to see how water, besides being used for daily needs, could also be used to improve health. It conducted a research and uncovered a company which produced similar oxygenated water in the US a few years ago, but the oxygen level in the water produced with their technology wasn't stable. On the other hand, Kaqun was able to produce oxygenated water that contains stable oxygen levels which can be easily absorbed into the body. This has been shown to reduce mental and physical tiredness, according to Kaqun's website.

The oxygenated water is said to have been developed from more than 10 years of research work by a group of doctors. Hyflux holds the exclusive rights to manufacture, sell and market Elo Water in the Asia-Pacific, Middle East and Africa. It holds a 70 per cent stake in Elo Water Pte Ltd with Kaqun Europe owning the rest.

"We're quite excited about this business," said Ms Lim. The group hopes to add its proprietary membrane expertise to purify the water and also use its know-how to scale up production of Elo Water while ensuring consistency in quality. For a start, Hyflux has commenced clinical trials to test the properties of Elo Water. The first of these have just been concluded, with observations of improved skin condition after the use of Elo Gel.

The clinical study, conducted by Seoul-based clinical trial institute, involved 22 women aged 49 to 52 years old who applied Elo Gel every morning and night on half their face for eight straight weeks. During this period, skin wrinkles, colour elasticity, hydration and radiance were observed to be "significantly improved" on the side of their faces treated with Elo Gel. The study validated some of the observations that they have been hearing from people who have already used it.

But even before conclusive trial results on the drinking water and bath come in – expected to be only in 2017 – news of the products and their effects have travelled by word of mouth. Bottles of Elo Water and Elo Gel have been snapped up, causing the company to run out of stock of the products on occasions. A pack of six 1.5-litre bottles of Elo Water costs S\$63.80 and a single tube of Elo Gel, S\$68, according to its website. Still, Hyflux will not actively

market the products until it has more substantial trial results. Currently, the business in Elo Water still remains small, as Hyflux only sells them in Singapore via an online channel.

The firm is hoping that Elo Water might bring a new breath of life to its business and broaden Hyflux's reach to a new group of customers – consumers. How large the business could grow into would depend on the number of cities Hyflux moves into. More investment will also be needed in marketing, IT systems and building up a logistics network.

Singapore will be the starting point for sales, and a valuable one given its credibility and governance. "If it can be established in Singapore, then other cities and countries will look at (Elo Water) with more trust." In 2017, the group plans to expand sales to other Asian countries such as Malaysia and Indonesia. China, too, is on the radar, said Ms Lim. The Elo Water is also generating interest from consumers in countries like Australia, Hong Kong, Thailand and China. The firm has already received enquiries on when its Elo products will be marketed there.

Hyflux is also hoping for positive clinical trial results to give the products more credibility, especially within the medical field. Anecdotally, users have said that Elo Water helps to improve certain medical conditions, and some medical clinics are already ordering the gel and drinking water through the Elo Water website. Said Ms Lim: "Some heard from their patients who tried it and went back to them, so they know that there's some effect there. But they can't actively promote it at this time (without the clinical trial results)." "When the results come out, "hopefully, at that point in time, it will take off on a larger scale", she said. In the coming months, Hyflux will be conducting clinical trials to determine if the water can help benefit those with diabetes and prediabetes (blood glucose levels that are higher than normal, but not yet high enough to be diagnosed as diabetes).

For individuals such as homemaker Audrey Koh, however, personal experience alone suffices. The 49-year-old has been drinking Elo Water for the last six months and also finished a cycle of soaking sessions for 14 straight days. "People who have not seen me for a year or even six months and saw me recently remark that I look as though I have lost weight," she said, adding her complexion has improved, and body more toned.

Asked whether the price tag would deter her from continuing on another cycle of soaking sessions or drinking Elo Water, she said the opportunity cost of being ill is higher than the cost of water. Ms Koh added: "How do you place a price on health?"

(Adapted for academic purposes: "Hyflux dips toes into wellness, beauty market / Hyflux banks on oxygenated water for consumer market," by Andrea Soh, The Business Times, 6 September 2016.)

Question 1

- (a) Using the Elo Water as an example, explain the potential impact of product quality on customer satisfaction and company profitability. (15 marks)
- (b) Propose *three (3)* appropriate dimensions of product/service differentiation that Hyflux can adopt for its Elo Water. (18 marks)

Question 2

Analyse *three (3)* possible social and personal factors that can have an impact on a consumer's decision to purchase the Elo brand of oxygenated water for personal consumption.

(24 marks)

Question 3

Hyflux needs to fashion a brand positioning strategy for its Elo Water. Based on this statement, answer the following questions:

(a) Discuss Elo Water's competitive frame of reference by establishing the:

- Brand's target market
(*Hint: Apply appropriate segmentation variables to describe the target market.*)
- Competitive brands that are Elo Water's rival

(15 marks)

(b) Examine the possible Points-of-Parity and Points-of-Difference that Hyflux should adopt in order to position the Elo Water and differentiate itself from the competition.

(17 marks)

Question 4

Hyflux would like to expand its sale of Elo Water and Gel to countries such Malaysia, Indonesia, Thailand, Hong Kong, China and Australia. Discuss whether Hyflux should adopt the Sprinkler approach or Waterfall approach to entering these markets. Give *two (2)* reasons to support your choice of approach.

(11 marks)

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