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## CASE STUDY OF THE SAUJANA AROMATICA SPA AND BEAUTY: MARKET GROWTH A QUEST TO ACHIEVE SUSTAINABLE ENTERPRISE

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### ABSTRACT

*This case examines the impact of the internal and external environment on enterprise business specifically on spa and beauty business. Financial, human and technical constraints appeared to be a major setback for these companies to grow and expand. Ineffective joint venture and lack of effective marketing plan further worsen the company's earnings as the losses occurred due to poor resources management and limited sources of earning which is mainly from spa service and sales commission. The aim of the case is to emphasis on issues faced by the spa and beauty business specifically registered under enterprise status.*

**Keywords:** *Market growth, marketing mix, resources management, joint venture and sustainability.*

### The Scenario

Resource constraint faced by The Saujana Aromatica Spa and Beauty (The Saujana) especially in term of small size business registered under enterprise status tend to limit its ability to tap an ongoing growth of spa industries which was recorded at 200 percent growth as reported in (the global spa economy 2008). It appears that the company is unable to maximize its potential to grow due to current constraint. Scarcity of financial, human and technical resources that further caused a serious constraint to the company's potential to grow. The high price of spa product currently offered by the company compared to other companies is due to lack of an efficient production process primarily because of the inability to achieve economies of scale. The company was once joined with a company that undertook the responsibility to produce the products but with an inferior quality of output, the company suffered a

huge loss. Currently, the company has discontinued producing its own products; instead, they are selling other company's product for a fraction of a commission based on the number of products sold.

### **The Saujana Aromatica Spa and Beauty Company Profile**

The Saujana was found in March 2008 by Mrs. Jesinia Mokhtar. She has always been interested in spa and beauty and began her business several years after gaining some experience from the other Spa and Beauty Centre. Her interest to pursue a career in the spa and beauty sparked after receiving encouragements from her counselor. Her deep interest in this field prompted Mrs. Jesinia to join the National Youth Training Institutes, in Perak for one and a half years to obtain the National Vocational Training Council (NVTC) in the field of beauty. After graduating with flying colors, Mrs. Jesinia continues to further her studies in salons and beauty by pursuing a Diploma program at Academia LIA for two years. During the first phase, from 2008 to 2010, this small and medium company focused on the multilevel marketing (MLM) business by selling Marisaa Expertic products. The products sold are solely focused on products for facials. During that time, Mrs. Jesinia business location is situated in Taman Sena, Kangar Perlis. The services offered to clients were well received as the company adopted the concept of customer friendly. Furthermore at that particular time, there was less competition because there were not many companies on a spa and beauty. Encouraging business development has helped The Saujana to get repeat orders from their customers. Appendix 1 shows the organizational structure of The Saujanawhich explains the job description for each key personnel. Simultaneously, it describes the processes and procedures that should be followed by every worker. In other words, it puts people in its position.

### **Joint Venture By Alun-Alun Spa**

To ease the operations and sales of the products, The Saujana had a joint venture with a local company; Alun-Alun Spa; who owns a beauty products manufacturing plant in the state of Perak. Upon realizing that they are able to cut a big chunk out of their operational cost, The Saujana agreed with two joint ventures. With a capital of RM80, 000.00, The Saujana conducts its business successfully and now has eleven outlets across the country to market their Beauty Heritage Series products. Nevertheless, after two years of operation, the refinery owned by Alun-

Alun Spa has failed to produce the products which follow the established specifications. Products such as face creams harden and it did not give a similar impact to the user who used to use this product. Sales of the Heritage Series Beauty products fell drastically and complaints from users increased day by day. The Saujana was forced to spend a huge amount of money as compensation to users who have purchased the product. A joint venture with Alun-Alun Spa has failed and Beauty Heritage Series product offering has also been drawn out of the market.

### **Case Background - What Do People Want?**

To survive in the business world with a focus on beauty products and services, The Saujana emphasized on marketing strategy involving product, price, place and promotion (4P's). The Saujana put a lot of focus on the first element which is the product. Mrs. Mokhtar Jesinia believes that every product or service being offered to customers is essential in creating an identity or image of a business. Tangible products produced by The Saujana are inner and outer cosmetic beauty items for women such as toner, anti aging herbs, sunblock, moisturizer, and powder, hair cosmetics such as shampoo and hair fragrance and aromatherapy perfume. The Saujana believes that their products will not be complete and meet the customer's demand if it is not combined with intangible products especially customer service. Therefore, in order to achieve the goal to be more effective and gain attention from all walks of customers, the combination between the two segments of products and services was applied to make their spa and beauty business more effective and efficient. Among the services offered e.g. sauna, facials, bath scrubs, bridal makeup, make over, stress massage and hair treatment.

For those who can differentiate the products of The Saujana with other beauty products available in the market; it is that all beauty products produced by The Saujana is clean, safe and was based on the results of oil abstracts of plants and flowers that have been proven to give impact and have met the ISO standards, HALAL certification from JAKIM and Good Manufacturing Practice (GMP). While among the services offered is stress massage to help reduce stress in the workplace in a room complete with relaxing Balinese traditional tunes; which is not offered by any other spa and beauty centre in Perlis.

In determining the price for each product and service offered, The Saujana rely on the tagline "everybody can afford" by taking into account the population, demographic factors (occupation, gender, level

of income), demand and supply, price of products and services offered by competitors and etc to determine the level of affordable and reasonable price for each product and service offered by The Saujana. The Saujana believes that the market research done is able to determine the most effective price to influence clients; individuals or organizations; who are interested in purchasing products and services compared to the price offered by its rivals.

Additionally, The Saujana also does not forget to apply price adjustment strategies. Pricing adjustments are used by The Saujana to fine-tune the base price or price list of a product. These strategies are short run approaches that do not change the general price level. However, it allows the The Saujana to adjust the price due to different types of customer for example housewife, artist, IPTA & IPTS students, VIP, corporate body and etc. In the same time, the pricing strategy is reinforced and strengthened to provide discounts for new customers who want to try or buy their products and services. There are also discounts for their existing and loyal customers by introducing and creating “4ever loyalty membership card” offered by The Saujana. Then, The Saujana streamlines their strategy by making point redemption system where every customer can earn 1 bonus point for each Ringgit (RM1.00) spent. The total bonus points are redeemable for spa and beauty products for free. List of all products and services offered by The Saujana is shown in Appendix 2.

### **How A Product Gets to the People and Who Will Buy It?**

The Saujana distribute their products and services to customers in several channels. For customers who need products and services, they can walk-in at The Saujana outlets to purchase the products directly whether in small or moderate quantities. This strategy saves distribution costs such as transportation, time, avoid and minimize damage to products that are exposed to the environment. Hence, any information or service experience may be obtained directly from the customers in a short time. The Saujana offered free parking facilities that can accommodate 10 cars at one time and the outlet is filled with the relaxing aromatherapy and fragrances produced from abstract of plant vegetation combined with the refreshing floral fragrance. The Saujana also focuses on customers who make bulk purchases such as organization, agent or dealers alike. The Saujana is involved in direct distribution of The Saujana products to

the retailers and to the end users. It saves 30 percent of the distribution cost in ensuring that the products and services are delivered to end users with a quick and efficient way and the product is in perfect condition. The Saujana has received positive feedbacks from all customers, where items can be passed on to customers as promised. However, some complaint received regarding quantity delivered is not according to the customer invoice. The Saujana has to replace missing products as the guarantee of purchasing.

### **Successful Promotions are Intended to Change Beliefs and Purchase Intent Among Potential Buyers**

The Saujana implemented a concept that combines all aspects of marketing communication, e.g. advertising, sales promotion, public relations, personal selling and direct marketing tools. The Saujana uses an advertising approach via radio channels. Among the radio channel used is Radio Malaysia Perlis, Radio Malaysia Kedah, Malaysia Radio, Radio Klasik FM, Radio Era and Radio IKIM. The Saujana believes that by allocating another RM 80,000.00 as the radio advertising, the sale of goods and services will multiply. After a week of consecutive radio advertising, many customers called The Saujana for further information about their products and the products offered. The Saujana was exclusively invited to do a roadshow and demonstration at one of the leading hotels and it was attended by artists such as Angeline Tan, Linda Onn and VIPs make demos of their product and services. Meanwhile, the ceremony was also attended by well established dealers and agents in the market such as BML, Nona Roguy and others.

Even though, The Saujana understands that advertising through television (TV) involves a very high cost; they believe that the power of advertising through TV will multiply the result of the request of their products and services. This is proven when The Saujana is unable to meet some demands of their customers due to the constraints in the operation. It has been proven advertising strategy through TV has increased their sales revenue between 40 percent and 50 percent one month after participating in NONA program at TV3. From this, additional of employees took place to ensure the company is running smoothly.

In addition, The Saujana promotes their products and services as coverage for Majalah Wanita where The Saujana believes that women are their major customers who contributes increase the sales by 10 percent of

products and services. The last initiative done by The Saujana was through *door-to-door* promotion. This method was not only held in government and private offices, but it was extended to public universities such as UiTM, Polytechnics, UniMAP and also a number of schools nearby.

Through this approach, evaluations can be made through the feedback The Saujana got. This initiative was rated as spectacular by the The Saujana owner, Mrs. Jesinia where she said:

*“Actually, I feel that direct marketing made my company a lot closer to our customers. Through his approach I can get many direct responses from consumers about the advantages and disadvantages of goods and services that the company provides. ”*

*“With this feedback I can improve and enhance the quality of goods and services provided. Numerous experience of hassle, positive and negative criticism from the customers taught me that “Customer is always right”. Without their support my company may not be able to survive. ”*

In addition, the physical environment of business premises for example the sauna room was beautifully renovated to create a comfortable atmosphere for customers. Other than that, the decor of the outlet, finest music and aromatherapy scents can be felt by each customer when step into this outlet. This created a comfortable atmosphere that can be felt by the customer prior to the services offered to them.

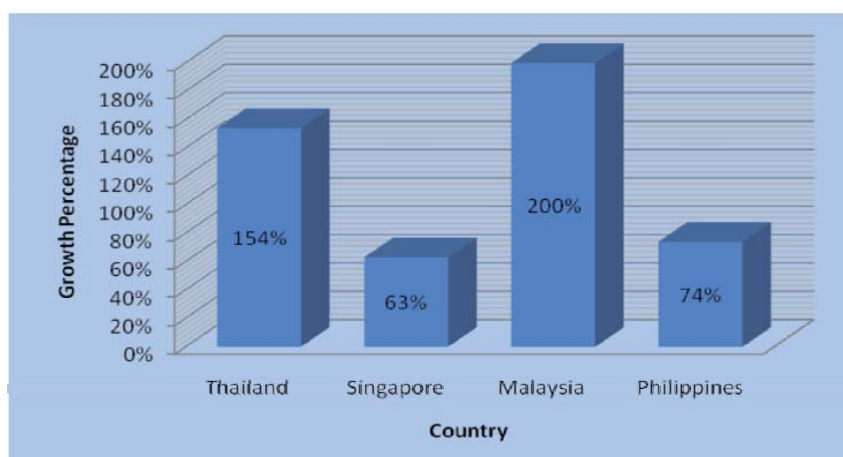
Table 1

*The Saujana – Incremental Sales after Promotional Activities*

Bil	Promotional Activity	Monthly Sales Before Promotion (RM)	Monthly Sales After Promotion (RM)	Percentage of Sales Increase
1	<b>Door- to- door</b>	4,000.00	5,000.00	25%
	<b>Advertising through magazines</b>	5,000.00	6,750.00	35%
2	<b>Advertising through radio</b>	6,750.00	9,450.00	40%
3	<b>Advertising through television</b>	9,450.00	14,175.00	50%

### Company External Issues

The growing concern on beauty and health grooming among consumers in Malaysia continues to provide a strong platform for this industry to grow. The global spa growth is estimated at over \$250 billions as reported in various reports (the global spa economy 2008). However, only a fraction of the companies that was able to capture the opportunities, which are mainly those with well branded and established companies. According to (the global spa economy 2007) define spa as establishments that promote wellness through the provision of therapeutic and other professional services aimed at renewing the body, mind, and spirit. The study reported by intelligent Spa found that the spa industry in Malaysia has reached 200% growth rate since 2002 to year 2007 (Spa industry profile Malaysia, 2002-2007).



**Figure 1** Global Spa Economy (Source: Global Spa Economy, 2007)

The considerable large size of spa industry creates opportunities as well as competition among spa providers especially in terms of service innovation which is one of the most expensive feature that average spa could not afford to possess especially in keeping up with new spa equipment which is constantly available in the market. The majority of the spa in Malaysia is small in size with a small number of therapists and limited facilities; such as rooms and equipments; due to tight financial resource, some of these spas including The Saujana might survive only to cover fixed overhead cost but unable to expand and grow due to limited resources.

Table 2

*Size of Global Spa Industry*

<b>Global Spa Facilities by Type, 2007</b>			
	<b>Estimated Total Number of Spas</b>	<b>Estimated Total Spa Revenues (US\$ billions)</b>	<b>Estimated Total Spa Employment</b>
Day/Club/Salon Spas	45,113	\$21.0	659,106
Hotel/Resort Spas	11,489	\$12.6	269,363
Destination Spas & Health Resorts	1,485	\$6.2	112,239
Medical Spas	4,274	\$4.6	51,843
Other Spas	9,310	\$2.4	130,958
<b>Total</b>	<b>71,672</b>	<b>\$46.8</b>	<b>1,223,510</b>

Source: Global Spa Economy 2007

Table 3

*Global Spa Facilities by Services*

<b>Top countries</b>	<b>Day/ Club/ Salon Spa</b>	<b>Hotel and Resort spa</b>	<b>Medical spa</b>	<b>Others</b>
Japan				
China				
South Korea				
Australia	48.9%	26.7%	9.2%	12.7%
Thailand				
India				
Hong Kong				
Singapore				

Source: Global Spa Economy 2007

**Implication**

There are some entrepreneurial constraints and consequences of the present case scenario that need to be awarded by the company registered under enterprise status in managing their business. Failing to focus on certain aspects of business especially marketing and strategic management elements causes many negative implications toward their business sustainability. In terms of lacking an effective marketing



effort by ignoring a certain important combination tool of integrated marketing such as public relation and it could harm the product and service produced by the company. Whereby, the importance of product information cannot be delivered and separated to the customer at the maximum level. Furthermore in term of the strategic management element, the analysis of the strategic management issue needs to be properly audited. Based on the case study scenario the company suffered huge losses during the implementation of their joint venture which brings about the adverse implication of production failure in the long run.

### Conclusion

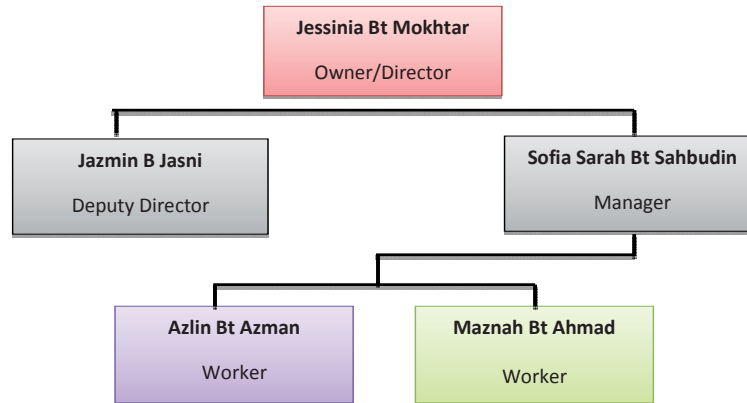
Mrs. Jesinia desired to understand why her marketing effort did not produce much result as expected whilst substantial increases in the spa and beauty industry which accounted 200 percent growth. Despite the rapid growth, this also led to an increasing number of competitors moving into the spa and beauty industry. The increase in competition can eventually lead to the eruption of price wars where profits are shrunk for both existing competitors and new players alike.

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## Appendix 1

### The Saujana - Organization Structure of The Saujana Aromatica Spa and Beauty



## Appendix 2

### The Saujana - List of Price

BIL	PAKEJ	HARGA (RM)
1	<b>Luxury Spa Package</b>	
i.	<i>Aromatica Reviving Spa Package (200 minutes+snack)</i> (Body scrub, steambath, shower, signature aromatheraphy massage, herbal compress ball, aroma eye pillow treatment)	260.00
ii.	<i>Aromatica Harmony Spa Package (180 minutes+snack)</i> (Hibiscus & Rose scrub, steambath, shower, aroma ear candle, nusantara traditional massage, aroma eye pillow treatment)	200.00
iii.	<i>Aromatica Relaxing Spa Package (240 minutes+snack)</i> (Green tea salt scrub, steambath, shower, signature aromatherapy massage, aroma eye pillow treatment, normal facial)	299.00
iv.	<i>Aromatica Ratu Spa Package (200 minutes+snack)</i> (Foot bath, hibiscus & rose scrub, steambath, shower, Cleopatra milk bath, aroma eye pillow treatment)	285.00
v.	<i>Aromatica Rejuvenation Spa Package (150 minutes+snack)</i> (Steambath, lightening milk salt scrub, shower, whitening body mask, aroma eye pillow treatment)	200.00

(continued)

BIL	PAKEJ	HARGA (RM)
2	<b>Economy Package</b>	
	i. <b>Facial Treatment</b>	
	Normal treatment (60 minutes)	58.00
	Acne Treatment (70 minutes)	78.00
	Sensitive treatment (70 minutes)	78.00
	Diamond Peel (70 minutes)	78.00
	ii. <b>Body Treatment</b>	
	Scrub and Milk Bath (70 minutes)	78.00
	Steam bath and massage (70 minutes)	78.00
	Steambath, scrub and milk bath (90 minutes)	88.00
	Steam bath, scrub, massage and milk bath (100 minutes)	100.00
	iii. <b>Slimming package</b>	
	<b>Full body (Chille)</b>	
	- 1 times treatment (120 minutes)	110.00
	- 10 times treatment (120 minutes)	800.00
	- 20 times treatment (120 minutes)	1,500.00
	<b>Stomach and Tight (Chille)</b>	
	- 1 times treatment (120 minutes)	90.00
	- 10 times treatment (120 minutes)	600.00
	- 20 times treatment (120 minutes)	1,100.00
3	<b>Hair Spa</b>	
	i. <b>Shampoo+Head Massage+Blow Dry</b>	
	Aroma hair shampoo	30.00++
	Aroma hair salad	30.00++
	Angel hair shampoo	25.00++
	OGY hair shampoo	20.00++
	Normal hair shampoo	20.00++
	ii. <b>Hair Spa Treatment</b>	
	Hair loss treatment	120.00++
	Aroma hair spa treatment	120.00++
	Angle hair spa	110.00++
	Hair OGY treatment	50.00++
	MK hair treatment	50.00++
	Cream bath spa	20.00++
	iii. <b>Traditional Treatment</b>	
	Coconut hair steam	20.00++
	Kaffir lime	20.00++
	iv. <b>Favourite Style</b>	
	Hair iron style	10.00++
	Hair curl style	15.00++
	Hair blow dry	10.00++
4	<b>Stress Massage (40 minutes)</b>	29.00
	After facial treatment (included head, shoulder, neck, hand and foot massage)	

## Appendix 3

### Company's Competitors

Although The Saujana has implemented multi-channel marketing campaign, they still maintain verbal promotion; that is to promote their products face to face with their customers. Below are some direct competitors available in Malaysian market which competes in perfect market competition.

#### **ST Manufacturing (M) SdnBhd**

ST is one of the leaders in cosmetic and skin care distributor in Malaysia with over 1500 employees. Currently in 2012, the company has 10 subsidiaries, 46 branches and more than 2000 distributors throughout Malaysia including Brunei and Singapore. Started in the year 1999, the primary purpose of this company is to give exposure to traditional herbal medicine as an alternative treatment to the community. ST owns many brands of customer products such skin care, slimming products, health drinks, cosmetic and many more which ingredients is content herbal based. The company is reported to worth RM8.2 million in revenue with a net income of RM2.2 million in 2011.

#### **Marissa Beauty Series Sdn Bhd**

Marissa Beauty Series Sdn. Bhd. was founded in March 2010. The business was started with the help of her husband and two business partners. She ventured into the business after two years of doing research and working with a company in Korea, AI Nelson. Although the product is still new in the market but it is successful in getting the attention of the people across Malaysia including Brunei, Indonesia, Singapore and the Middle East. Effective marketing strategy through the media and highlighting the country's famous singer as its ambassador, Marissa Beauty Series products have managed to capture consumers and their sales increased by RM10 million in 2011. There are a variety of product produced by Marissa Beauty Series including skin care product, fragrance and cosmetic.

#### **Laila Beauty Series Sdn Bhd**

Laila Beauty Series has expanded its global business throughout Asia with a total workforce of more than 3,000 people working in several

countries such as Indonesia and Thailand. The Company is formed solely for beauty product market. The founders and management believes that the sale of beauty products alone will not help them to grow. They took the initiative to market health products, offer services in salons, spas and they are also exploring new areas closer to users and introduced brand of Muslim fashion Muslim Attire. Armed with over 15 years of experience in this field, Laila Beauty Series is capable of generating a gross income exceeding RM18.8 million a year.

### **Teaching Note**

#### **The Saujana Aromatica Spa and Beauty: Market Growth A Quest to Achieve Sustainable Enterprise**

#### **Context**

The immediate issue of the case is to ensure that the marketing effort implemented by The Saujana produced fruitful result (profit and revenue). Regardless of all constraints faced by The Saujana such as issues in resource constraint in term of small size business registered under enterprise status tend to limit its ability to tap an ongoing growth of spa industries. It appears that The Saujana is unable to maximize its potential to grow due to current constraint.

Scarcity of financial, human and technical resources that further caused a serious constraint to the company's potential to grow. The high price of spa product currently offered by the company compared to other companies is due to lack of an efficient production process primarily because of the inability to achieve economies of scale. Due to ineffective joint venture The Saujana was once joined with a company that undertook the responsibility to produce the products but with an inferior quality of output, the company suffered a huge loss. Currently, the company has discontinued producing its own products; instead, they are selling other company's product for a fraction of a commission based on the number of products sold. Based on all constraint, the owner of The Saujana desired to understand why her marketing effort did not produce much result as expected whilst substantial increases in the spa and beauty industry which accounted 200% growth.

### Learning Objectives

1. To examine the impact of the internal and external environment on enterprise businesses specifically on spa and beauty business.
2. To gain an insight on issues faced by the spa and beauty business specifically registered under enterprise status.

### Answer Key

1. **How does The Saujana plan to position its product within the market?**

When an organisation introduces a product into a market they must ask themselves a number of questions\_

- a. Who is the product aimed at?
- b. What benefit will customers gain from the product?
- c. How does a firm plan work to position the product within the market?
- d. What differential advantage will the product offer over their competitors?

The Saujana classifies their product into two segments which consist of tangible and intangible products. Tangible products produced by The Saujana are inner and outer cosmetic beauty items for women such as toner, anti aging herbs, sunblock, moisturizer, powder, hair cosmetics such as shampoo and hair fragrance and aroma therapy perfume; combination between two segments of products and services was applied to make their spa and beauty business more effective and efficient. Among the services offered such as sauna, facials, bath scrub, bridal makeup, makeover, stress massage and hair treatment.

2. **Effective pricing involves balancing several factors in order to generate a turnover. Pricing a product too high or too low could mean a loss of sales for The Saujana. What other pricing strategies implemented by The Saujana?**

### Pricing

Pricing is one of the most important elements of the marketing mix, as it is the only mix, which generates a turnover for the organisation.

The remaining 3P's are the variable cost for the organisation. It costs to produce and design a product; it costs to distribute a product and costs to promote it. Price must support these elements of the mix. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean a loss of sales for the organisation. Pricing should take into account the following factors:

- a. Fixed and variable costs.
- b. Competition
- c. Company objectives
- d. Proposed positioning strategies.
- e. Target group and willingness to pay.

The Saujana can adopt a number of pricing strategies. The pricing strategies are based much on what objectives the company has set itself to achieve.

### **Price strategies**

The Saujana put affordable price in order for their products to be purchased by customers. A few factors have been taken into account such as population, demographics, occupation, gender, income, demand of the product, the price of products and services among the competitor and other factors that can help to determine the range of The Saujana price for each product. The Saujana believes the market research should be done in order to determine the most effective price in influencing clients either among individuals or organizations who are interested in purchasing The Saujana's product and service compared to other competitors.

The Saujana also applies price adjustment strategies. Pricing adjustments are used to fine-tune the base price or list price of a product. It allows The Saujana to adjust the price due to different types of customers and other conditions. This is important since The Saujana has a huge market segment of customers ranging from housewife, artists, IPTA & IPTS students and also customers among the VIP. In the same time, price adjustment strategies should be strengthened by giving discounts to new customers who are interested to try their products and services.

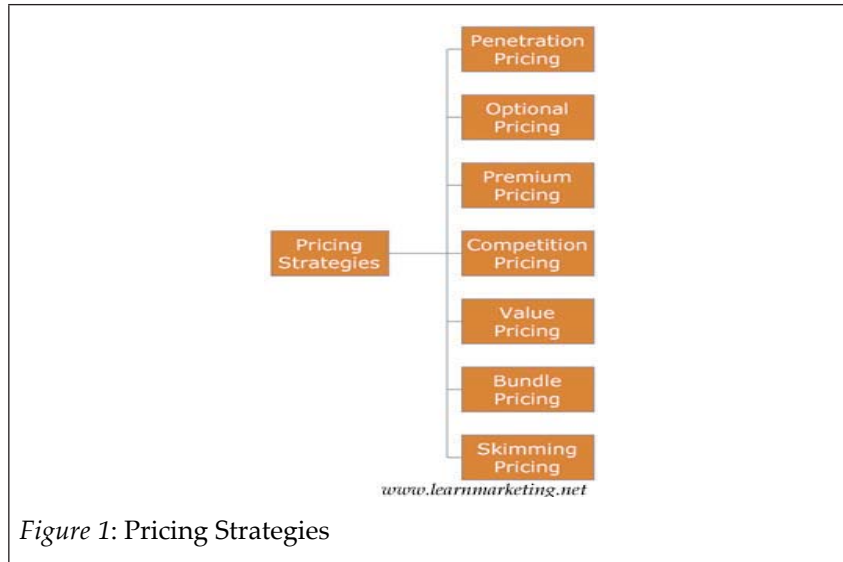


Figure 1: Pricing Strategies

**3. What type of distribution channel should The Saujana use in enhancing its product distribution?**

**Place**

The Place element of the marketing mix is about where the product is made, where is it stored and how is it transported to the customer. The place for each of these things should ensure that the product gets to the right place at the right time without damage or loss. The ideal place will be:

- a. Convenient for the customer and the business.
- b. Accessible for the customer if it is the place where the product is sold.
- c. Low cost or free for the customer if it is the place where the product is sold.
- d. Reasonable cost to the business.

This refers to how an organisation will distribute the product or service they are offering to the end user. The organisation must distribute the product to the user at the right place at the right time. Efficient and effective distribution are important if the organisation is to meet its overall marketing objectives. If an organisation underestimate demand and customers cannot purchase products because of it, profitability will be affected.



Depending on the type of product being distributed, there are three common distribution strategies available:

- a. Intensive distribution: Used commonly to distribute low priced or impulse purchase products.
- b. Exclusive distribution: Involves limiting distribution to a single outlet. The product is usually highly priced, and requires the intermediary to place much detail in its sell. An example of would be the sale of vehicles through exclusive dealers.
- c. Selective Distribution: A small number of retail outlets are chosen to distribute the product. Selective distribution is common with products such as computers, televisions household appliances, where consumers are willing to shop around and where manufacturers want a large geographical spread.

If a manufacturer decides to adopt an exclusive or a selective strategy they should select an intermediary which has experience of handling similar products, credible and is known by the target customers.

There are several marketing channels used by The Saujana to distribute their products and services to customers. For individual customers who need products and services, The Saujana uses the Marketing Channel 1 strategy where it caters customers who wants to purchase the products directly in small or moderate quantities and individuals who come directly to the store to get their products and services. This strategy involves the distribution of products and services directly from The Saujana to customers who “walk-in” at The Saujana outlets. This strategy minimizes distribution costs such as transportation, saves time, avoid and minimize damage to goods that are exposed to the environment. Hence, any information or service experience may be obtained directly from the customers in a short time.

Meanwhile, to attract its individual customer The Saujana offers free covered parking facility that can accommodate 10 cars at a time for its strategic location at the edge of a tranquil town, and the atmosphere is filled with the relaxing aromatherapy and fragrances produced from abstract of plant vegetation combined with the thrashing floral fragrance. The location of The Saujana is situated strategically near to the main roads leading to the town along side a few restaurants and food stalls.

The Saujana also focuses on customers who make bulk purchases such as organization, agent or dealers alike. The Saujana use Marketing Channel 2 strategy which involves direct distribution of The Saujana products to the retailers and end users. This strategy is used when purchasing

products in large quantities involving different factors such as different locations of the northern area, south area, west and east area. This indirectly minimizes the distribution cost in ensuring that the products and services are delivered to end users with a quick and efficient way and the product is in perfect condition.

4. **Successful product and service means nothing unless the benefit of such product and service can be communicated clearly to the target market. Discuss how does The Saujana's product and service can be communicated clearly to its target market.**

#### **Channels of Promotion**

A successful product and service means nothing unless its benefit can be communicated clearly to the target market. An effective communication campaign should comprise of a well thought out message strategy. The message should reinforce the benefit of the product and should also help the company in developing the positioning strategy of the product. Promotional activities for consumer sales will be different to promotional activities for business to business sales. The following elements will influence how a firm chooses to promote its product:

- a. Promotional campaign purpose.
- b. The budget for the promotional campaign.
- c. Legal rules about what company owner can promote and how.
- d. The target market for the product.
- e. The marketing environment in which the firm operates

The Saujana uses an advertising approach via radio channels. Among the radio channel used is Radio Malaysia Perlis, Radio Malaysia Kedah, Malaysia Radio, Radio Klasik FM, Radio Era and Radio IKIM. The Saujana believes that by allocating RM80,000.00 as the radio advertising, the sale of goods and services will multiply.

The Saujana expanded their products and services promotion strategies through the TV. The Saujana understands that even if advertising on TV involves a very high cost, they believe that the power of advertising through TV will multiply the result of the request of their products and services. This is proven when The Saujana is unable to meet some demands of their customers due to the constraints in its operation. It has been proven advertising strategy through TV has increased their sales revenue one month after participating in the program NONA. From the positive effect, additional of employees took place to ensure the company is running smoothly.

In addition, The Saujana promotional strategy is reinforced by advertising their products and services on the front and back cover of Majalah Wanita where The Saujana believes that women are their major customers who contributes to the increase in sales of products and services. The result of this strategy, they achieve the increase of sales as much as 10% of the monthly sales.

The last initiative done by The Saujana was through direct marketing strategy. This strategy was done since the beginning of The Saujana until today. What they did through this promotion is to visit "door to door" its potential customers. This strategy was not only held in government and private offices, but it was extended to public universities such as UiTM, Polytechnics, UniMAP and also a number of private colleges and schools nearby.

**5. What other additional elements does The Saujana have to consider in the marketing mix to market its services?**

**People, Process and Physical Evidence**

The Saujana has to consider three additional elements (**People, Process and Physical Evidence**) under marketing mix in order to market its services.

**1. People**

People are an essential ingredient in service provision; recruiting and training the right staff is required to create a competitive advantage. Customers make judgments about service provision and delivery based on the people representing one organization. This is because people are one of the few elements of the service that customers can see and interact with. This element is present in one of The Saujana's strategies where The Saujana recruited 3 women workers who was trained personally by the owner of The Saujana herself. The Saujana staff is required to have appropriate interpersonal skills, aptitude, and service knowledge in order to deliver a quality service.

**2. Process**

This element of the marketing mix looks at the systems used to deliver the service. All services need to be underpinned by clearly defined and efficient processes. This will avoid confusion and promote a consistent service. In other words processes mean that everybody knows what to

do and how to do it. Based from The Saujana organizational chart, it explains the job description for each key personel. Simultaneously, it describes the processes and procedures that should be followed by every worker. In other words, it puts people in its position.

### **3. Physical Evidence (Physical Environment)**

Physical evidence is about where the service is being delivered from. It is particularly relevant to retailers operating out of the shops. This element of the marketing mix will distinguish The Saujana from its competitors. Physical evidence can be used to charge a premium price for a service and establish a positive experience. This is before The Saujana's customer have even received the service.

Other than that, the decor of the outlet, finest music and aromatherapy scents can be felt by each customer when step into this outlet. This created a comfortable atmosphere that can be felt by the customer prior to the services offered to them.

#### **Assessment**

The proposed teaching approach aims to equip students with necessary analytical skills and problem solving using case studies as a context simulation to reflect the real situation which occurred in business environment specifically registered under enterprise status.

#### **Teaching Plan**

0 - 5 minutes Introduction  
5 - 15 minutes Reading and Discussion  
15 - 30 minutes Case Discussion Question 1  
30 - 45 minutes Case Discussion Question 2  
45 - 60 minutes Case Discussion Question 3  
60 - 75 minutes Case Discussion Question 4  
75 - 105 minutes Case Discussion Question 5  
105 - 115 minutes Wrap-up and Conclusion

#### **Case Resolution/Epilogue**

Mrs. Jesinia desired to understand why her marketing effort did not produce much result as expected whilst substantial increases in the

spa and beauty industry which accounted 200 percent growth. Despite the rapid growth, this also led to an increasing number of competitors moving into the spa and beauty industry. The increase in competition can eventually lead to the eruption of price wars where profits are shrunk for both existing competitors and new players alike.

### **Reflection**

This case study would be a good case for learning purposes for audiences or participants from the undergraduate degree program as well as for Small and Medium Enterprise (SME) attending courses, workshops or seminars.

### **Recommended Reading**

- Abu, N.K. & Kamarulzaman, Y. (2009). *Principle of Marketing*. Shah Alam: Oxford Fajar Sdn. Bhd.
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