

Ergo/2000 Marketing Plan


Objectives

The following objectives will be realized within six months to one year of the official introduction of the Ergo/2000 collection. In some cases, the objective will be achieved before Ergo/2000 is launched. In other cases, objectives are still under development.

Market Perception

Ergo/2000 will be perceived by the market and by the office furniture industry trade press as the highest quality, ergonomically designed furniture available. In terms of marrying new materials, such as shape metal alloys, recycled hardwoods, and synthetic leather with human factors' design for the 20th-century office environment, Ergo/2000 has no peers.

Retail Account Sales

Two of the top ten retail chains will sign exclusive agreements to market Ergo/2000 within the next six months. We expect to have five retail chains ready to distribute the line within one month of the launch and to stagger the rest out according to our projected assembly production. 

Positioning

Since the Corbu Group already has a reputation as the premier manufacturer of office furniture, we can focus positioning for Ergo/2000 around this perception. Positioning here is targeted primarily at high-end executive suites; secondary positioning is aimed at Fortune 500 corporate headquarters

“The Ergo/2000 name means the finest quality available.”


Within our own line of office furniture products we plan to present Ergo/2000 at the high-end of the line, even more so than we did with Ergo/1990. Our emphasis will be on the up-market office furniture market. We do not anticipate this line to be in competition with our older, established lines, such as Prestige and Streamline, because their selling points do not relate to contemporary or ergonomic design. Some of our basic office furniture may, however, be compromised since our products tend to be considered the leaders in ergonomic design.

Currently, we have no knowledge indicating that our two closest competitors, B-Z and Charles Meeters, will be introducing new lines of products that are as original as ours. We have been anticipating a small change of product offerings, but nothing as revolutionary in design and materials as Ergo/2000. Eric Zendelsohn, our chief designer, recently came to us from B-Z because he was seeking a more challenging design task than available with their new line of plastic outdoor furniture. We have assumed that their office furniture line will be similar to what we saw at the last trade show in Geneva.

Because of our perceived innovation in office technology, we have applied for a patent on the design and on the new materials that were developed for Ergo/2000. We anticipate that this will deter our competitors from “knocking off” our new format, at least for the

first year of production. The synthetic leather will definitely be a distinguishing factor, and we are guaranteed a patent on this. (The shape metal alloy usage is innovative, but does not warrant patenting.)

Proposed Pricing

In terms of our competition's products, we plan to position ourselves as 100 percent superior in design, materials, manufacturing, and image. We anticipate pricing this line a mere 5 percent higher than similar products offered by our competitors because we want to underscore the  that value costs a bit more, but not enough more to discourage its purchase (our annual budget reflects this).

Suggestions for a price increase of greater than 5 percent cannot be countenanced in our current marketplace. We do plan to provide discounts for large volume orders, such as those requested by interior designers who furnish offices.

If certain items in the line develop a following, we may be able to increase the price slightly by suggesting that the item is a long-term investment, such as our Corbu chair introduced in 1962 that is now a collector's item and is valued at twice its initial cost.

Projected Sales Revenues

Over the next year, the Ergo/2000 collection has the potential to earn an average 11% profit margin. The attached annual budget shows our anticipated costs for the first part of our launch. In the next few weeks, Finance will provide an income statement as a PDF document that will project our profit margins for the fiscal years 1995, 1996, and 1997. Our initial comparison to the Ergo/1990 line has shown that we can introduce a new produce line sooner

than we have in our previous roll-outs, without compromising our earnings.

Although we expect that Ergo/2000 will be our most profitable line of furniture through the 90's, we anticipate that more than half of the line will be discontinued after the third year, as has been the case in our previous lines. We do feel that several items have the potential of becoming permanent additions to our core product line, although none is expected to be as resilient as our M. Brauer chair. We may introduce additional accessory items (such as lighting) if there appears to be a market.

Figures for revenue sales are being developed and will be part of the formal presentation currently being planned by Finance. Broadly, we are projecting a 15 percent increase over the revenues we achieved during a similar period with the Ergo/1990 line.

Annual Budget

The projected annual budget prepared by Finance is attached.

Promotion

In addition to our formal announcement at the Future Offices show this spring in San Francisco, we have been providing timely press releases and developing public relations kits to send to the press, our usual retailers, and other up-scale retailers who may be interested in being shown Ergo/2000. We have extended our promotion to the major urban areas of Europe and the United States.

We are also planning to send our brochure (see attached) to a wider mailing list (15,000) of interior designers who work with architects in the design of high-tech office space. We are working on developing a database of potential interior designers who may

want to furnish office towers with Ergo/2000 furniture.

We have landed feature articles in *Industrial Design Quarterly* and *Trends in Office Furniture* (a new trade

magazine). The new materials have been featured in *Material Science Journal*, emphasizing our use of shape metal alloys. When our synthetic leather is introduced, we anticipate great interest in various publications.

We have been invited to furnish the Swiss House of the Future at the Berlin Exposition and will be featured in the exhibit catalog. We are also signed up for several trade shows in Europe and the United States.

All of these ideas and more are being actively pursued by PR. The roll-out will be launched with as much publicity as we can attract. The trades guilds in San Francisco and the Future Office Consortium promise to provide additional publicity. Our President is addressing a convention on office furniture that will be held in Paris two months after the roll-out.

As we devise novel ways to bring this product line to wider public attention, we are considering a joint-advertising venture with several of our retailers. Details will be made available as soon as we have finalized them.

Finally, we have prepared a preliminary presentation for the San Francisco tradeshow, which will run continuously on our kiosk.

Distribution

Distribution initially will be limited to our five top retailers (those who also represented the largest distributors of Ergo/1990). As more items are produced we will extend distribution to our usual

core group of retailers. We anticipate distributing items within the larger urban centers of Western Europe and the United States.

The sequence of our roll-out country by country, state by state, and product by product is in the process of being developed and will be available for review at our next status meeting. At present we intend to stay close to our distribution sources and timetable for Ergo/1990 since we are well acquainted with this procedure. This means that the typical capital/headquarter cities will be first on our distribution list. We anticipate that our production initially will not be able to keep up with the demand, but that the costs of revving up to provide twice our normal capacity is not a venture we should undertake, since a normal leveling off of demand is to be expected within the first six months of even the most successful product launch.

Summary

Planning for the distribution of the Ergo/2000 product line is beginning to take shape and will be further developed when this Marketing Plan is reviewed by all of the key people involved in the product line's launch and initial sales.

The Corbu Group believes that the Ergo/2000 line is its finest yet and anticipates that the quality we have built into the line will be readily perceived by a market that displays an emerging demand for ergonomically designed furniture that does not compromise quality in either design, materials, or manufacturing.

We have been pioneers in the manufacture of furniture that addresses human factors, and fully believe that the Ergo/2000 will continue our mission to provide innovative solutions to the office environment.