

UNIVERSITY OF BRADFORD
MSc Marketing Planning & Strategy
MAN4146M

09 January 2013

13:00 – 14:30 hours

This is a **CLOSED BOOK** examination

Triumph Spares Limited case

Candidates should read the attached case study carefully.

Candidates are not permitted to bring any documents into the exam and will be provided with a fresh copy of the case study with the examination paper.

Question 1 is **COMPULSORY** and must be attempted

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Question 1

As an external Marketing Consultant, Brian Smith has commissioned you to propose a marketing plan (Marketing Audit and Analysis, Marketing Objectives, Marketing Strategy, Implementation and Control; all sections carry equal marks) for Triumph Spares Limited.

(100% of marks)

Clearly indicate any assumptions you make to supplement the case material where necessary.

Triumph Spares Limited Case

Triumph Spares Limited (TSL) is a small family owned business that has been established within Coventry following the closure of the Standard Triumph Ltd works in the early 1980's. The business has experienced steady growth since its inception with turnover peaking at £4,000,000 in 2007. However, in recent years the market place has become more difficult with competitors going into receivership and others changing ownership and becoming part of large conglomerates offering spare parts for a multiple of different manufacturer's vehicles.

The business is run from two sites, one a factory that assembles spares from subcontracted components and the other a small shop just off the city's main shopping centre with good car parking facilities and passing trade. The factory has a staff of 10 assemblers and one foreman whilst the shop, which doubles up as a head office, has a staff of 5 in addition to the proprietors Mr and Mrs Brian Smith the husband and wife ownership team.

TSL's factory provides spare parts at a 50% profit margin to other shops and commercial car restoration businesses that buy in bulk i.e. 50 plus quantities of a single item at a time. The shop provides spare parts at 100% profit margin to the general public and small commercial purchasers –usually buying in quantities of between 1 and 5. The shop is still able to undercut its competitor's shops, who, on average, put a 100% profit margin on top of the bought in price.

Since the early 1990's TSL have been developing a mail order business, particularly in the United States where Standard Triumph Ltd were especially good at selling their small sports car range. The mail order business is operated out of the factory premises and is backed up by a customer relationship database and an e-commerce website.

TSL's current turnover tends to follow Parato's rule, with 20% of turnover from the shop and 80% from the factory direct sales (mail order business and business to business). The high volume sales are negotiated by Brian who personally controls all single relationships with a turnover of 10% of the of the factory output. Such customers are small businesses in their own right, established car parts retailers or commercial restorers who in the main restore other Manufacturer Vehicles as well Triumph vehicles.

Since its inception TSL has been building up a strong reputation as a provider of genuine Triumph spare parts as they were lucky enough to buy the licenses from Standard Triumph Ltd (when they ceased trading) for the spare parts they make. However, TSL have noticed that the customer repurchase cycle for wear and tear components appears to be slowing down (components that wear out with use). Brian believes that this might be due to a change in usage patterns in that Triumph car usage appears to be moving to a more traditionally vintage car user profile of good weather and shows only, rather than the regular daily use seen in the past for commuting to work or a family car usage profile.

TSL's Performance over the last 5 years (£,000)

	2007	2008	2009	2010	2011
Sales Revenue	4001	3980	3990	3990	3800
Cost of Goods Sold	1000	1050	1100	1150	1100
Fixed Costs	1000	1010	1030	1050	1100
Advertising/Promotional Spend	500	500	520	575	525
Net Profit	1501	1420	1340	1215	1075

Competitors

Classic Components

Part of a large car spares conglomerate with outlets throughout the world. Classic Components are the UK branch and cover the sale of parts for most classic cars including Triumphs. UK turnover is £12,000,000 of which £3,000,000 is Triumph spare parts. They are also one of TSL's largest workshop customers.

Spare Parts

This is a company of equal size to TSL but provide spares for a number of classic car manufacturers. It is thought that 40% of their sales are from Triumph spares. However this is also a family run business which specialises in retailing of parts only and as a consequence is also a customer of TSL.

Classic Spares

This is a nationwide chain of 10 shops that sells spares for a large range of classic car manufacturers. Their brand is heavily advertised and promoted to the classic car community although their profitability is questionable having gone into receivership twice in the last 10 years. Within the last 6 months they have come out of receivership, having been purchased by a large conglomerate of spare parts manufacturers of both classic and everyday vehicles. They are also TSL's largest single customer taking 15% of TSL's factory output each year. This figure has been flat for the last 5 years even though their sales have been rising at an average rate of 6% per year.

Spares Shop

This chain of 6 shops has been around for 50 years as a family owned business. It is now run by the grandson of the founder. This business in the last 10 years has begun to specialise in the old Rover/British Leyland brand which includes the Triumph brand. It is estimated that the business turnover is £15,000,000 of which 30% comes from Triumph spares. Again TSL are a supplier to this company although they only take 3% of the factory's output.

ADD Components

This company is part of a large European company that supplies spare parts to the majority of European car manufacturers with an annual turnover of £500,000,000, with annual Triumph related turnover estimated at £4,000,000. It is thought that the classic spares are sold from past stock piles built up when today's classic Triumph cars were in production. It is estimated that they are coming to the end of their stockpile of Triumph spares (probably about 2 month supply remaining). Little is known about their intentions when their supply runs out.