

AUSSIE POOCH MOBILE – CASE STUDY

ADM3322 A – Services Marketing
To Prof. : Marzena Cedzynski

Key Assumptions: (Please refer to appendix A)

Key Issues:

Taylor, the creator of Aussie Pooch Mobile, faces with a challenge toward business expansion due to strong competition and low barriers to entry. The options that she sees fit her situation are either to continue focusing on franchising her business domestically or to expand into where her competitors are setting their foot in international markets.

Analysis (Strength of opportunity, industry, business model)

Taylor has always been passionate about grooming dogs. She decided to follow her dreams and peruse her own business. Taylor saw an opportunity in the market to serve customers at their convenient. According to BIS Shrapnel Survey, 11% of consumers' expenditures are allocated to dog services and 10% was allocated to purchasing dog products (lovelock, C., p.506, 2008)(see appendix B). Aussie Pooch Mobile is considered a successful business; it offers mobility hydrobath and grooming services to customers' dog, covers large geographical area to make the business more reachable, offers profitable franchising opportunities with a support system "FAC", and utilizes attractive marketing activities and word-of-mouth.

The industry of dog grooming has low entry barriers. That means that anyone can enter this market, meaning that the competitors will increase and places pressure on the existing businesses. Competitors of this industry are Jim's Group and Hydrodog, which Taylor needs to watch and monitor their activities to keep her business on top. Also, customers have high buying power. If the service provider does not fulfill their needs, they will look elsewhere. For that reason, word-of-mouth type of marketing is very important to take it seriously in APM's business.

The business model was previously depending on serving the customers at the family garage. It started from picking up the dogs, wash them, and groom them, then returning them to their owners. However, the business model has changed and the service has become mobile to reach to as many consumers in the area. Then, after being successful in one area, Taylor decided that franchising is more profitable and the best way to go to expand her business to cover large geographical area yet still control the company's image and advertisement ideas.

Alternative 1: continue franchising domestically

In this alternative, Taylor will not considered expanding her business internationally. Instead, she will focus on expanding domestically. Franchising in Australia has seen a major growth due to demographic trend: dual-income families, which entail outsourcing more household services including pet grooming (lovelock, C., p.506, 2008). Also, property and business service sector in the franchising systems was increased to reach (20%) in 1999 and expected to continue growing (see appendix C)(lovelock, C., p.506, 2008). Since the franchise is profitable and the business is keep growing, Taylor must keep it up and monitor the franchisees activities. She must have master franchise to help

her control the business properly. Furthermore, conduct SWOT analysis is very important in every business to monitor the market activities. Taylor is a hard-worker and very intelligent woman. Even though she may not completed her high school degree, she has done well on managing the franchising processes and successfully motivating her staff and franchisees to give their best. In addition, franchisees will reap the benefits: getting support from a Franchise Advisory Council (FAC), ongoing and strong training, insurance coverage in the first 6 months, and ongoing marketing activates which and advertorials. Having mentioned that, Taylor needs to allocate more budgets on advertising in different media to expand her business and gain large network of her franchise.

Alternative 2: Expand internationally

In this alternative, Taylor will consider expanding her business to USA. The reason is that Taylor believes that the concepts of APM business and the franchising in addition to the support system that she created are transferrable. If the business was to succeed, it needs to cover larger area of the USA. The risk that APM should consider heavily is finding a trustworthy master-franchising operator to handle the franchisees there. Also, business environment requires the company to adapt and customize the business to suite the local customers' need and understand the culture. The population of USA is 15 times that of Australia (lovelock, C., p.504, 2008). Furthermore, American society is one where 62% (72.9 million households) have their own pet (dog or cat) according to the American Humane Association (AHM) (U.S. Pet - Dog and Cat Population Fact Sheet, n.d.). Additionally, it is estimated in the AHM "...U.S. households that own a dog – 37 to 46% (43.5 to 54.1 million households)" ((U.S. Pet - Dog and Cat - Population Fact Sheet, n.d.). These facts prove that dog grooming business in the USA has huge franchising potential for Aussie Pooch Mobile. It also represents an opportunity for future profitable business for APM. Even though Jim's Group, one of the main competitors of APM, failed in developing and continuing its business in the USA; Taylor's business model and business process in managing the franchisees will help to have international expansion; but she must have a master-franchising operator to take over staffing and recruiting qualified franchisees.

Recommendation:

It is recommended to choose the Alternative 2: Expand internationally. The company has the capabilities and the resources (e.g. the support system, the marketing communication plan, and qualified passionate people) to run the business and transfer the knowledge and skills abroad. There is a huge potential for APM to succeed in such markets where the average percentage of 41.5% of the population have dogs. Taylor is keen on the idea of challenges she will experience with this expansion. Finding the right master-franchising operator is key to solve the problem of handling franchisees abroad, and investing heavily on training the franchisees on how the conduct the business in a consistency manner.

Appendices

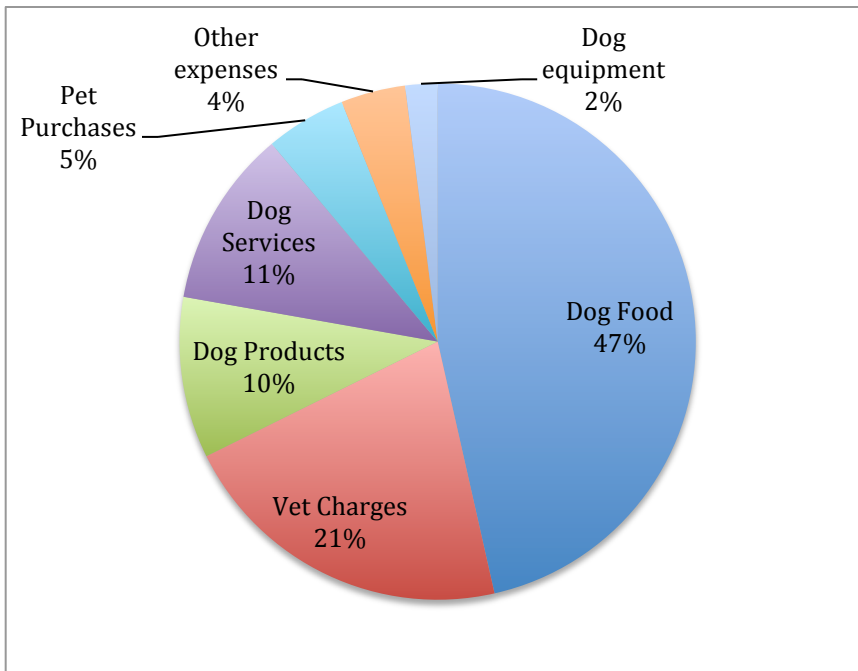
Appendix A

Key Assumptions:

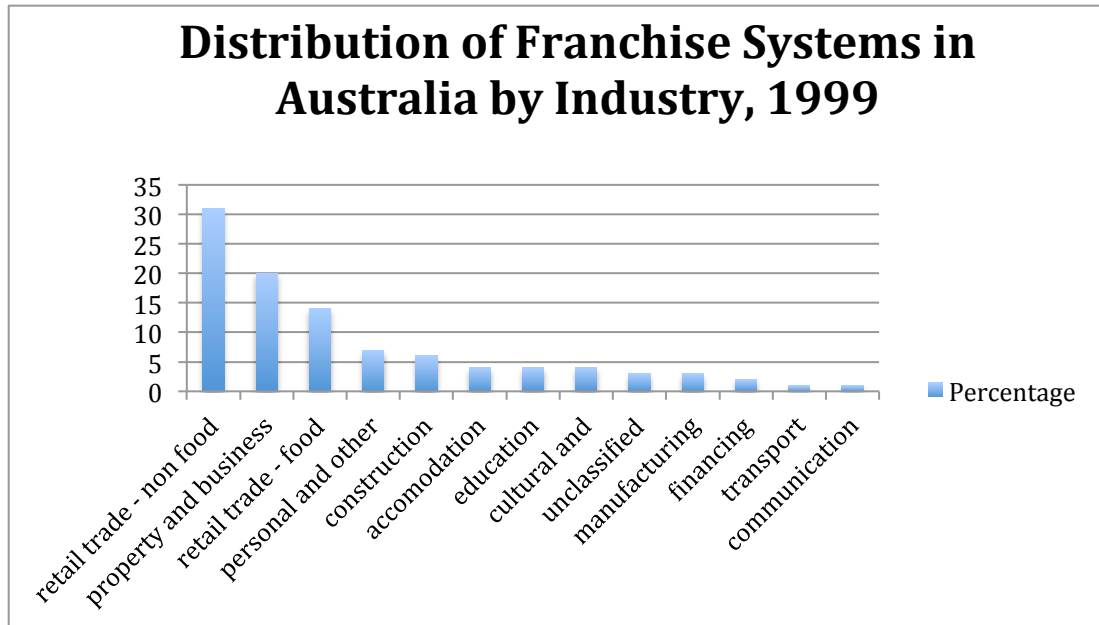
- SWOT analysis should be made to monitor competitors' activities
- Australia government facilitate franchising activities to increase the overall GDP
- Taylor was the first to serve the customers and groom their dogs at their homes. This is very convenient to customers
- Marketing activities are an important component of Aussie Pooch Mobile
- Since the business is growing, Taylor should allocate more marketing budget in different types of media such as Radio and TV advertisement

Appendix B

Distribution of Consumer Expenditures on Dog-Related Goods and Services, 1995



Appendix C



Bibliography

Lovelock, C. H. (2008). *Services marketing--people, technology, strategy, Canadian edition* [by] Lovelock/Wirtz/Bansal. Toronto: Pearson Education Canada.

U.S. Pet (Dog and Cat) Population Fact Sheet. (n.d.). *American Humane Association*. Retrieved October 30, 2013, from <http://www.americanhumane.org/assets/pdfs/pets-fact-sheet.pdf>