

Bài tập 06: Chiến lược sản phẩm

L.C. Goyal, Director, VCB Ltd., was seriously considering the proposal made by Pradeed Chatterjee, to make a change in the product strategy, in order to solve the problem of declining profitability.

VCB was one of the largest manufacturers of cement blocks, which was used by the construction industry. VCB was started in 2004, as a part of vertical integration, to support their businesses and the dealership of cement from ACC Ltd.

VCB was known for its superior quality compared to its competitors. The raw material required for the production of cement blocks included gravel, cement, sand and dust. VCB has three production units. The production cycle was 5 days.

The company's profitability was affected due to rising cement prices as well as price war on cement blocks. According to Pradeed, cement block was considered as a commodity and customers purchased based on two key factors: price and relationship.

Pradeed recommended to Goyal that the company should change the product and pricing strategy from high price high quality to competitive price and medium quality.

Goyal was reluctant to change the company image, due to the company's use of A grade cement instead of low price B & C grade cement used by competitors. Goyal was also considering production of bricks using ash with new technology.

What changes in the product strategy would you recommend to L.C. Goyal?