

## Marketing plan – Introducing Eco-Friendly Product

Based on a selected company, a student is required to conduct a systemic and detailed marketing plan of a new product offering.

The effects of global warming are with us now. Environmental friendly or eco-friendly product refer to goods or services that claimed to inflict minimal or no harm on the environment.

Companies sometimes use these terms to promote goods and services by making environmental marketing claims and with eco-labels.

Hence, the assignment requires the student to offer an eco-friendly product to the market.

Student must choose any one (1) of the international companies (attached in PDF form) which make up of three hi-tech companies and one clothing company. The companies are:

i) Portakabin

ii) Siemens

iii) Corus

iv) Diesel



### OBJECTIVE:

The assignment would enable students to:

1. Analyse accurately and analytically the situations of the environments in order to provide inputs for making better decisions in marketing.
2. Make accurate marketing decisions and prepare effective marketing plan for a particular product or service that is ideal for a selected organisation.
3. Identify the marketing mix elements to be integrated resulting in a completed marketing plan project.

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## EXECUTIVE SUMMARY

Portakabin modular and portable building construction company was set up in 1961 by Donald Shepherd. It is the market leader in UK in the modular construction. Portakabin is known for its quality and customer satisfaction.

Business to Business market is the target market for Portakabin. Portakabin has a high market share in the UK Modular building construction Industry.

Portakabin uses below-the-line promotion methods like direct mails, press release, magazines, newsletters, trade journals to promote its products. Portakabin also evaluates its promotion campaign to identify the effectiveness and the return from an investment in promotional activity.



## PORTAKABIN

### INTRODUCTION:

Portakabin is one of the market leaders in the modular and portable building construction in U.K. It is the result of the realization of a market need and acting to satisfy that need by the founder of Portakabin Donald shepherd in 1961. This is the first portable building in England (The Patents and Designs Journal, 2002). During the post war period there was a need for simple, easy to make and portable building in Britain. In 1961 Donald Shepherd produced his first portable building and in 1963 registered with the trademark of Portakabin. The purposes for which the Portakabin portable buildings are used in U.K are:

- ❖ Office purposes
- ❖ Nurseries
- ❖ Classrooms in schools
- ❖ Doctors uses in hospitals
- ❖ Surgeries
- ❖ Airport buildings



Portakabin has a well-established and well-known brand image. Even the potential customers are aware of the Portakabin and its products. One of the reasons of Portakabin being the market leader in U.K is its promotion strategy that distinguishes Portakabin from its competitors.

### Market Analysis:

Market analysis of Portakabin shows that it has a greater share in the U.K modular and portable building business. When market is classified based on the type of customers it serves, there are two classification –

- ❖ Business to consumer (B2C) markets where the customer represents individual consumers.
- ❖ Business to business (B2B) market where the customer represent business.

The Portakabin targets the business to business markets. Their customers are schools, hospitals, Airports and business organizations.

Characteristics of business to business (B2B) market: focus on the price discount and the offers and purchases are while usually in small quantities. Business to business market does not give much importance for these benefits.

The main features of B2B market are:

- ❖ It involves buying in large quantities
- ❖ The process of buying is undertaken by a specialist purchase department
- ❖ The purchase department negotiates the price of a company.

The market share is an indicator of the value attached by customers for a range of products. Portakabin has 15 % of the market share and the leader in supplying portable building in the B2B market sector.



The history of innovation of portable buildings by Donald shepherd can be traced to 1961, when the first Portakabin accommodation building was launched. In 1963, Portakabin was registered as a trade mark and started functioning under the name Portakabin.

In 1965 a product named 'Potaloo' was launched that specialized in the quality toilet and shower facilities.

Portakabin started its business in Netherlands in the year 1971 and in France in 1978; Portakabin received 'Queen's Award' for its Export Achievement.

In the year 1980, the company launched 'Yorkon' which involved specialized design and manufacture of high quality and modular buildings for the private organizations, educational institutions and health care departments and health care departments. Portakabin was the first company to receive BBA (British Board of Agreement) certificate for a building module system.

Portakabin's business was extended further and in 1985 its office was established in Belgium.

In 1992 Portakabin received the Queen's Award for the second time for its technological Achievements.

In 1995, Portakabin entered the field of event hire solution. In 1998, design council awarded the millennium products status for Portakabin's Lilliput nursery. It was the first and the only modular building to receive this award.

In the year 2000 Titan the largest single modular building was launched and also expanded its one-stop-shop service by adding air conditioning and furniture hiring businesses. Portakabin also purchased an existing company 'Foremans' that is into supply of pre-owned modular building. Two years later 'Ultima' an office buildings for air leading was launched. In 2004, Portakabin introduced the unique customer charter. In the same year 5 year product and 20 years structural warranties on all products was assured.

During 2005, Portakabin introduced Titan Building system and Potaloo Junior a quality toilet for 1 and 2 year children. It also launched Luxe showers, the quality showers for the special guests.

Foremans launched a new product called construction space which involved in the buying and re-sale of pre-owned portable building for use in the construction industry. 'One-stop- shop solution' extended to 'Total solutions.

2006: To improve staff productivity Portakabin Solus. It also purchased an Ireland's modular building company called 'Allspace Limited'. Portakabin Datakom a networking solution was introduced. At New York manufacturing center Alpha demonstration building was launched and enabled the customers to visit the site. Yorkon won the specialist contractor Award Innovator of the year in 2006.

In 2007, Portakabin came out with new and striking designs and innovative solutions and introduced Glazed Titan and Titan solar.

2008: Biometric site access management solution was introduced. It also received ISO 14001:2004 awards for environmental management system.

2009: The different products of Portakabin like Ultima, Titan and Solus buildings received European Technical Approval (ETA) and the right to bear the CE mark.

2010: Portakabin user the latest energy saving designs and introduced a new product 'Portakabin Solus'. Energy –saver. It also launched a new. Decant school solution. Portakabin received credit score rating of 1 and was in the top 15% of UK companies.

2011: Thus Portakabin completes 50 year in the field of portable building business. The first assembly plant of Portakabin was started in the Europe for providing better and more flexible service throughout the Europe.

### **THE AWARDS AND THE ACCREDITATION'S OF PORTAKABIN:**

The awards and the accreditations won by the Portakabin is the proof of its high standard and service in the field of modular and portable building construction. Portakabin buildings are known for its engineering design and innovation.



1. BBA (British Board of Agreement) Certificate.
2. LABC (Local Authority Building Control) Approval.
3. CE (Continental Europe) mark to bear on Portakabin's buildings like Ultima, Titan and Solar.
4. European Technical Approval (ETA).
5. 5 Year product warranty – All new buildings of Portakabin provides 5 year product warranty.
6. 20 year structural warranty: Warranty for the external walls, floors, roofs and columns.
7. LPCB (Loss Prevention Certification Board): Ultima was awarded LPCB and provides assurance against fire damages.
8. CSTB – Portakabin buildings meets all the building regulations in France.
9. Komo – Portakabin buildings meet all the buildings regulations in Dutch.

ATG: Portakabin meets all the building regulations of Belgium.

ISO 9001: Certification of the Quality Management System in Portakabin.

ISO 14001: Certification of High Standard of Environmental Management by Portakabin.



Dun and Bradstreet have given Portakabin Credit ratings of 1.

Zurich Approval: Zurich Municipal, UK's largest insurer of Local Education Authority buildings has approved Portakabin as its Supplier of interim accommodation.

Government Procurement Service: An executive agency of the cabinet office, government procurement services has entered into a four year agreement for the supply of modular buildings to the public sector.


CHAS (Contractors Health & Safety Assessment Scheme) has approved Portakabin.

Constructionline: The technical & financial systems of Portakabin has been assess and approved.

NICEIC (National Inspection Council for Electrical Installation Contracting): Portakabin provides NICEIC Certification for all the electrical installation of the building.

#### **AWARDS OF PORTAKABIN:**

1. Superbrand – The list of Top 500 Superbrands were published every year and Portakabin was listed as:



Year	Rank
2008	258
2009	233
2010	191

2. Millennium Products: Design Council awarded Millennium Products Status to Portakabin Lilliput nursery building system:
3. Civic Trust Awards: For the outstanding architecture and environmental design Lilliput nursery was awarded with Civic Trust Award.

#### **SWOT ANALYSIS:**

SWOT analysis is analyzing the strengths, weaknesses, opportunities and threats. This analysis is undertaken to identify future opportunities and expand the market and identify threats that are to be faced in the future.

#### **SWOT ANALYSIS OF PORTAKABIN:**

##### **Strengths:**

- ❖ Strong brand name and brand image.

- ❖ Potential customers are also aware of the company's name and products.
- ❖ Financially company very strong
- ❖ High rate of customer satisfaction 9/10 score
- ❖ Known for the quality products
- ❖ On time and on budget promise
- ❖ Long term product and structural warranty.
- ❖ Market leader in portable building in U.K
- ❖ Has a very large market share
- ❖ Large variety of designs
- ❖ Tailor made design and price to suit different customer needs
- ❖ Strong promotional activities
- ❖ Large number of Portakabin hires and service center all over U.K.

#### **Weakness:**

- ❖ Compared to competitors the price of Portakabin building are high
- ❖ In case of failure to compete projects on time, Portakabin faces greatest financial losses as per its customer charter.

#### **Opportunities:**

- ❖ Portable and modular building industry is in the upturn.
- ❖ Portakabin can extend its business beyond the boundaries of European countries
- ❖ Portakabin has many opportunities for joint ventures and takeovers
- ❖ Apart from schools,hospitals, offices,portable buildings are also used in hotels, retails, housing, commercial and industrial field as increasing demand for it.

#### **Threats**

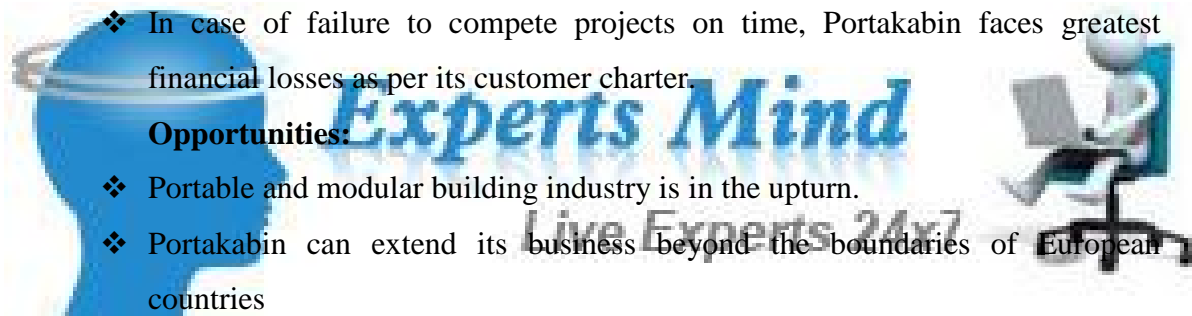
- ❖ There is a risk of company name 'Portakabin' being generalized.
- ❖ Entry of new companies in the portable building construction industry.

### **COMPETITION ANALYSIS:**

Portakabin has a strong market in the portable building industry in the education, childcare, hospitals and commercial sectors. It provides its target market the benefit of customer satisfaction, value addition, on time delivery and on budget.

#### **Competitive advantages:**

The following are the competitive advantages of Portakabin:



- ❖ Good public image
- ❖ Customer satisfaction and good customer feedback
- ❖ On time delivery and on budget with no extra hidden charges.
- ❖ Quick response and emergency services
- ❖ Portakabin was the pioneering in protection warranty
- ❖ For the quality assurance building certifications.

#### **Competitive issues:**

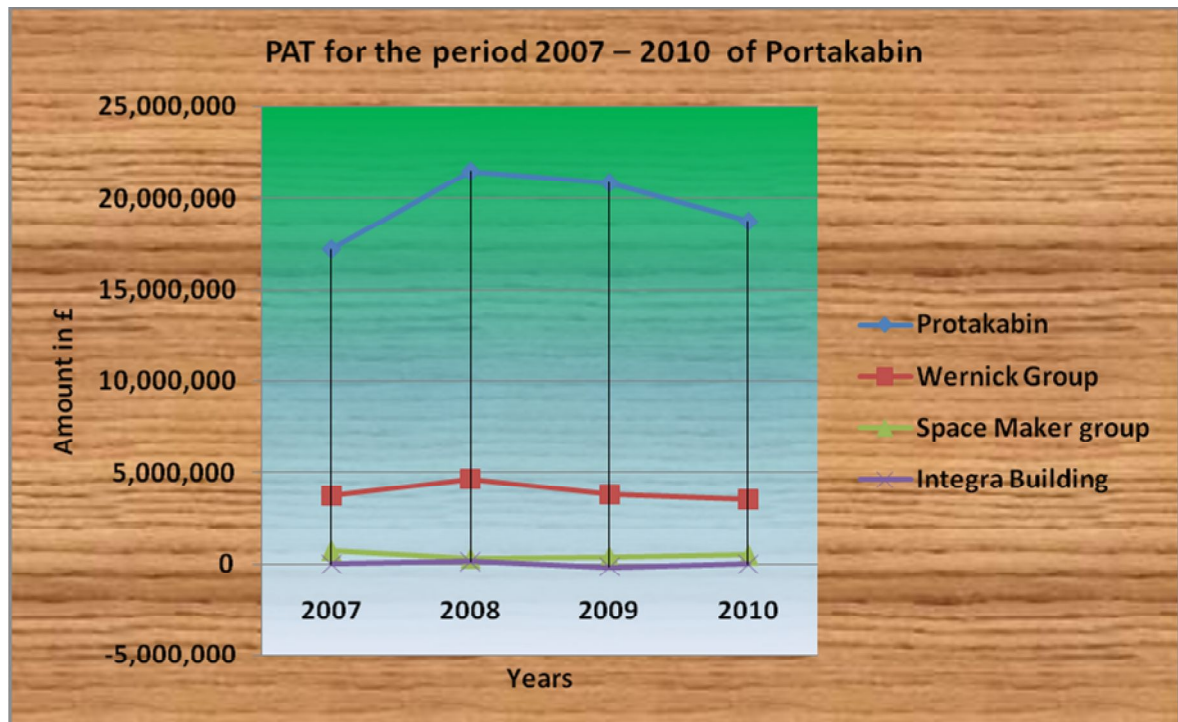
- ❖ Portakabin prices are comparatively high, hence faces price competition
- ❖ No standard rates are publish in the website like other competitors
- ❖ Faces competition from the traditional permanent building construction companies.

The below table displays the profit after tax and turnover comparison of few portable building companies in U.K over the past 4 years:

**1. Table showing PAT for the period 2007 – 2010(Amounts in £).**

<b>Companies</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Portakabin</b>	<b>17,250,000</b>	<b>21,503,000</b>	<b>20,877,000</b>	<b>18,774,000</b>
<b>Wernick Group</b>	<b>3,753,631</b>	<b>4,675,061</b>	<b>3,804,213</b>	<b>3,521,208</b>
<b>Space Maker group</b>	<b>718,893</b>	<b>291,455</b>	<b>389,475</b>	<b>474,664</b>
<b>Integra Building</b>	<b>0</b>	<b>138,085</b>	<b>-159,382</b>	<b>0</b>

**Chart showing the PAT for the period 2007 – 2010 (Amounts in £):**

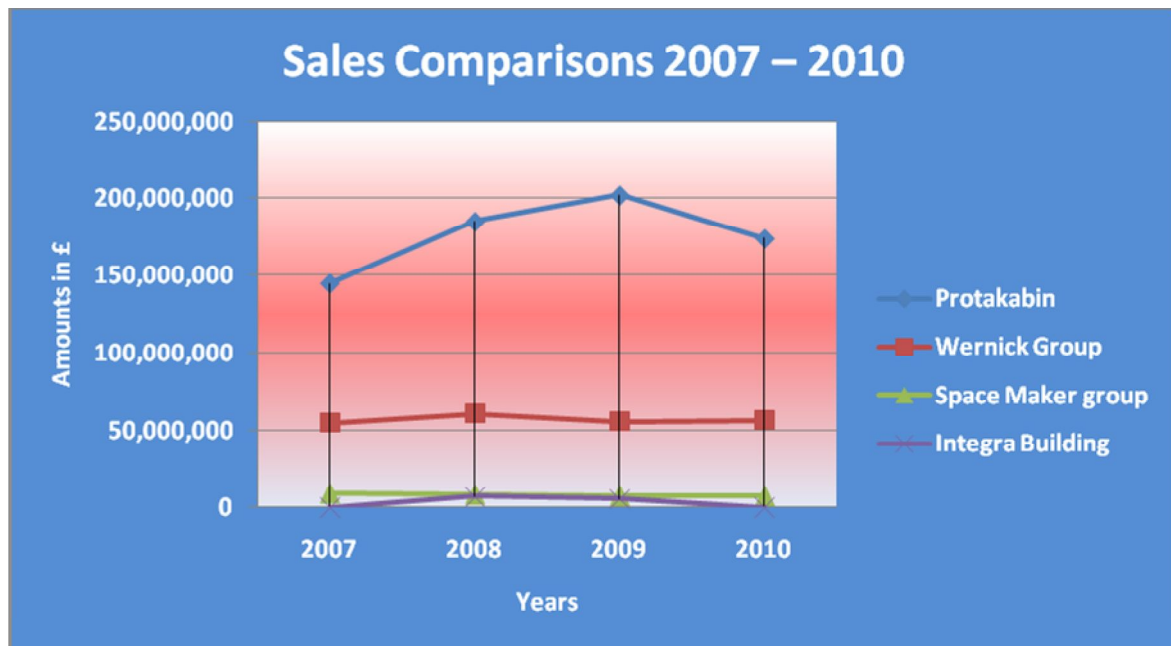


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**Sales Comparisons 2007 – 2010 (Amounts in £):**

Companies	2007	2008	2009	2010
<b>Portakabin</b>	<b>145,123,000</b>	<b>185,325,000</b>	<b>202,094,000</b>	<b>174,327,000</b>
<b>Wernick Group</b>	<b>55,117,010</b>	<b>60,605,974</b>	<b>55,963,921</b>	<b>56,537,326</b>
<b>Space Maker group</b>	<b>9,095,301</b>	<b>8,389,587</b>	<b>7,616,260</b>	<b>7,530,590</b>
<b>Integra Building</b>	<b>0</b>	<b>7,082,570</b>	<b>5,489,039</b>	<b>0</b>

**Chart showing the Sales Comparisons 2007 – 2010 (Amounts in £):**



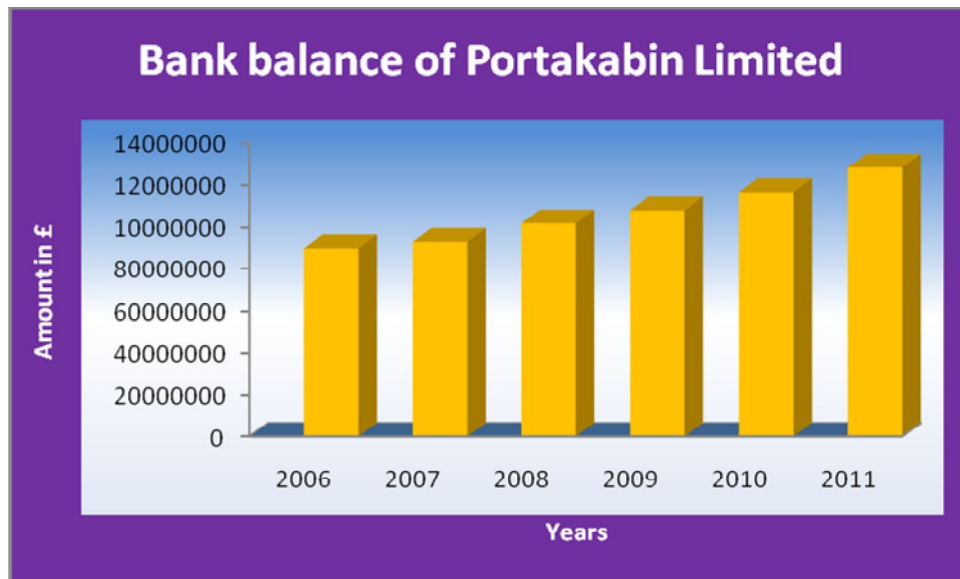
#### FINANCIAL ANALYSIS OF PORTAKABIN:

Portakabin is a UK based international company. The produces most advanced portable building and it is a part of £700 million turnover Shepherd Group. It has employed over 3500 people.

As per the Annual reports of Portakabin cash in hand and at Bank for the year ending 2011 was £ 23,728,000.

#### Bank balance of Portakabin Limited for the period 2006 to 2011

Year	Amount in £
2006	8,97,54,000
2007	9,29,05,000
2008	10,17,74,000
2009	10,81,04,000
2010	11,65,11,000
2011	12,82,34,000



The cash balance was lowest in 2008 and from 2009 it started increasing, representing the Companies Credit Worthiness.

**Net worth** i.e., the shareholders' funds less Intangible assets of the Portakabin Limited for the year ending 2011 amounted to £ 128,234,000.

Year	Amount in £
2006	8,97,54,000
2007	9,29,05,000
2008	10,17,74,000
2009	10,81,04,000
2010	11,65,11,000
2011	12,82,34,000

**Chart showing the Net worth of the shareholders for the period 2006– 2010**  
**(Amounts in £):**

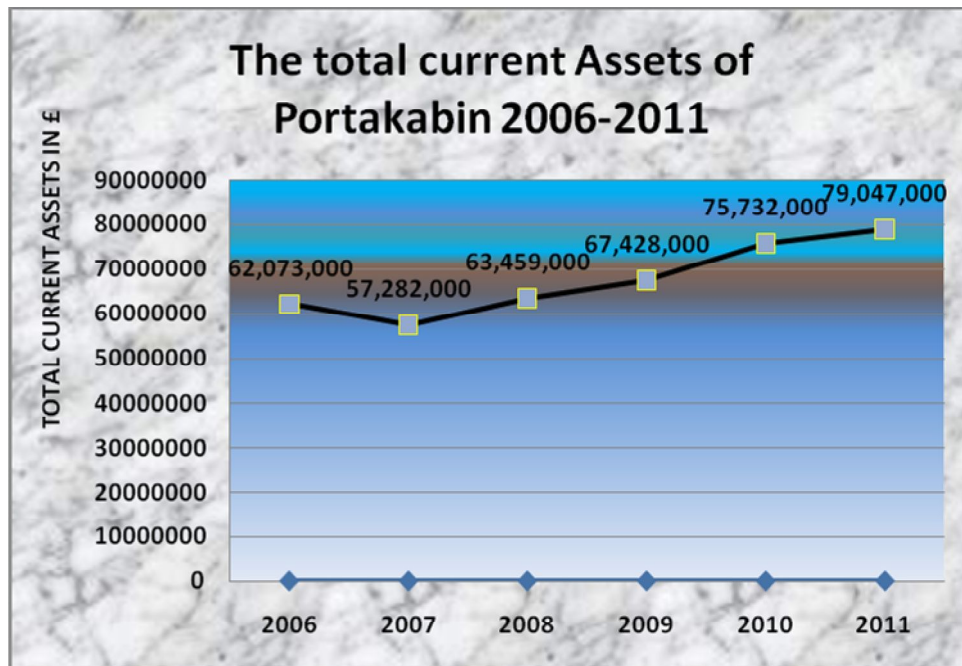


Net worth of Portakabin shows a positive trend which is favorable for the company.

#### Total Current Assets:

The total current Assets of Portakabin in 2011 amounted to £ 79,047,000.

YEAR	TOTAL CURRENT ASSETS IN £
2006	62,073,000
2007	57,282,000
2008	63,459,000
2009	67,428,000
2010	75,732,000
2011	79,047,000



#### Profit after tax of Portakabin for period of 2007- 2011



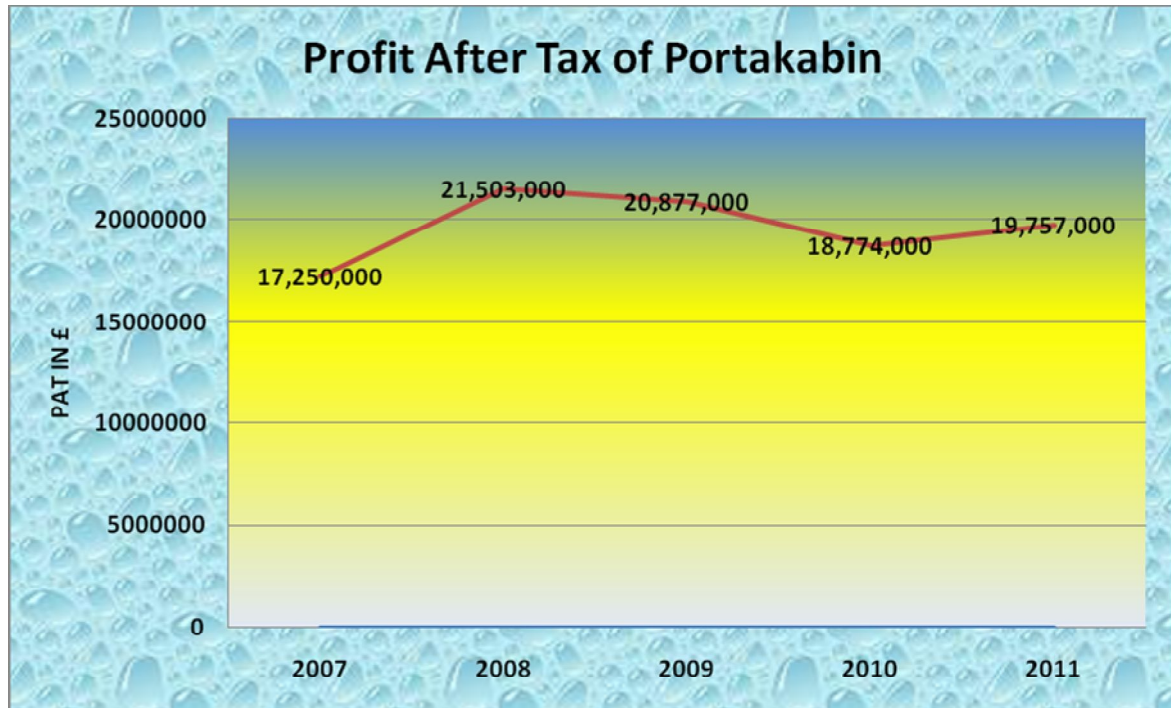
YEAR	PAT IN £
2007	17,250,000
2008	21,503,000
2009	20,877,000
2010	18,774,000
2011	19,757,000



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#### HR PRACTICES IN PORTAKABIN:

Portakabin being one of the market leader and the pioneer in the portable building construction is constantly trying to strengthen its business with high caliber and efficient workers.

Portakabin is a part of the leading private family owned businesses in U.K Shepherd Group with a work force of 3,300 people. Portakabin consists of both skilled workers. Employees are involved in different functions like administration, sales, support functions, engineering, marketing, architectural, and technical, finance, legal and other professional roles ([www. Portakabin.co.u.k](http://www.Portakabin.co.u.k))

H.R practices in Portakabin assure career growth through excellent training, equality and diversity policy of the company assures fairness and equal treatment.

#### MARKETING STRATEGY:

Market research: Portakabin being the market leader in the modular and portable building always undertakes market research. Portakabin has two purpose of undertaking market research:

1. Identify the reasons for being the market leader.
2. To retain its position in the market

The research Portakabin shows that the customers prefer Portakabin products due to the high quality and reliable services. The Portakabin message that accompany the brand name- “Quality- this time- next time- every time.” Portakabin also states that “on time, on budget our promise”.

Customer satisfaction is one of the crucial elements of Portakabin and it uses customer satisfaction index. The index scored 9/10. Hence Portakabin promotional activities concentrated on quality and customer satisfaction.

### **STP ANALYSIS: (SEGMENTING, TARGETING, POSITIONING)**

The STP analysis is the process of analyzing the market segment, Target market and product positioning in the market.

#### **Segmenting:**

Market segmentation means classifying the market or grouping of buyers. Portakabin segments the market based on type of customer it serves. The two board segments are business to customers and business to business. Within business to business segment it has further segmented as education sector, commercial sectors, commercial sectors, healthcare and hotels. The interconnecting units manufactured by Portakabin has facilitated in the centralized medical facility in the health care centers (Nursing mirror and midwives journal, 1973).

#### **Targeting:**

Targeting is a process of prioritizing the segment which becomes the target market for the organization. Portakabin’s target market is business organization and not individual buyers. Its main target market is U.K

#### **Positioning:**

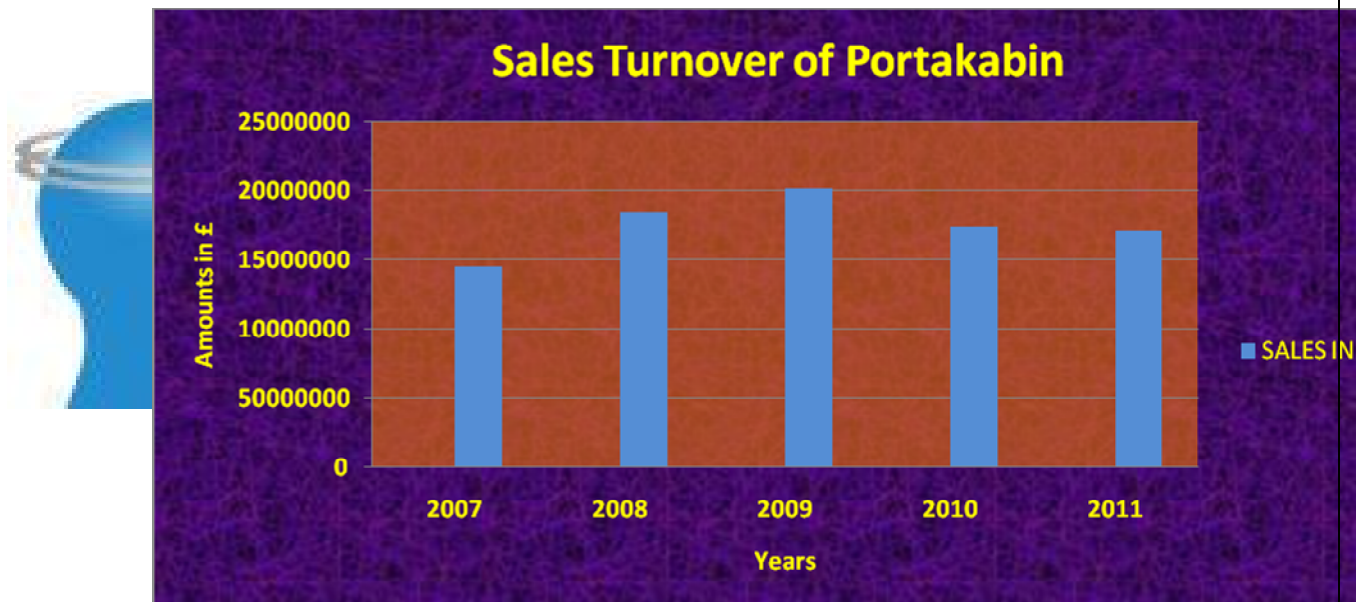
Positioning refers to the process by which the company tries to create an image or identity in the minds of its target market for its [product](#), [brand](#), or organization and thereby creating demand for its products. Including Positioning in the market mix shows the importance Portakabin gives in positioning itself to customers so as to differentiate it from its competitors. The Portakabin was able to sell more than 30000

buildings in just 20 years (British Business, 1980). Portakabin turnover for the past five years is as follows:

**Sales Turnover of Portakabin:**

YEAR	SALES
2007	£ 145,123,000
2008	£ 185,325,000
2009	£ 202,094,000
2010	£ 174,327,000
2011	£ 171,272,000

Chart showing Sales Turnover



**Marketing Mix:**

The marketing mix is a combination of 4 P's - price, product, place, and promotion forms the entire promotional campaign.

**Product:** It is a tangible goods or an intangible service that is mass produced with a specific volume of units (Ramaswamy; 2002).

**Price:** Price is something paid in exchange for goods and services. The price decision depends on the Business as such it can increase or decrease the price based on market conditions.

**Place:** Place is where the products are bought and sold or where the buyers and the sellers meet and deal their products and services. It is often referred to as the distribution channel. It includes physical stores and also sale internet.

**Promotion:** It includes all the techniques a marketer undertakes to sell his products. Business uses different ways of communication to promote its product. Some of these are advertising, public relation, personal selling and sales.

### **The Marketing Mix of Portakabin:**

As discussed above the marketing mix or the balance of elements needed for effective marketing was considered as 'four Ps' such as Product, Price, Promotion and Place. Portakabin has added a fifth 'P' to this mix with 'Positioning'.

#### **Positioning Mix:**

Positioning refers to the process by which the company tries to create an image or identity in the minds of its target market for its [product](#), [brand](#), or organization and thereby creating demand for its products. Including Positioning in the market mix shows the importance Portakabin gives in positioning itself to customers so as to differentiate it from its competitors. It is closely linked to its Unique Selling Point (USP). Portakabin was successful in positioning the brand at the top end of the market by providing high quality buildings and quality services to its customers. This leads to giving customers added value in terms of confidence and peace of mind. The Portakabin Customer Charter promises on time delivery and on budget completion of the work.

#### **Product Mix:**

Portakabin has a verity of products. The products are tailor made to suit the customer's needs. The Portakabin Decant School provides a total accommodation solution designed to enable a school to transfer with minimum disruption. The main products of Portakabin are:

## Modular Building Systems

- Lilliput Nurseries:

Lilliput Nursery is bright, stimulating and safe building system. It is specifically designed building

- Duplex.

It is a cost-effective modular building system for hire.

- Ultima:

Accommodate up to 1,000 people - or more - in spacious, welcoming surroundings.

- Ultima Vision

- Classrooms.

Attractive classroom block featuring two spacious 64m<sup>2</sup> classrooms.

## Portable Buildings

- Titan Building System

Great-value and available in sizes from 70m<sup>2</sup> to 110m<sup>2</sup> - sited in a day!

- Glazed Titan

At up to 67m<sup>2</sup>, *Titan* is Europe's largest self-contained portable building...

- Titan

At up to 67m<sup>2</sup>, *Titan* is Europe's largest self-contained portable building

- Solus

Contemporary, attractive, plug-in-and-go office space for up to 6 people

- Solus Energy Saver

Stand-alone, ready-to-use office space designed to help you cut energy

- Pacemaker

Great-value portable building for up to six people - delivered ready for instant use

- Pullman

Spacious, cost-effective stand-alone building available to hire - for up to 15 people

- Titan Solar

Energy saving self-contained office space

- Arkive

Secure, fire-rated file storage for hire - offering 39% more space

- Portastor

Solid steel, secure storage units available in a range of sizes

### **Portaloo - Toilets Showers and Changing Rooms Building Systems**

- Showers

✚ Attractive, well-equipped buildings fitted with high-performance showers

✚ Disabled Facilities

✚ Premium-standard, easily accessible toilet and shower facilities

✚ Natural

✚ Purpose-designed natural position toilets for multi-faith users

- Changing Rooms



✚ Shower and changing room buildings for team and individual sports

✚ Junior

✚ Colorful, welcoming toilets specially designed for primary school children



- NEW Two Team Changing Rooms
- NEW Large high-quality two-team changing facility
- Toilet Blocks

✚ Bright, welcoming toilet buildings fitted out to domestic standards

### **Events Buildings Building Systems**

- Showers

✚ Domestic-standard energy-saving showers for any location

- Sleepakabin

✚ Self-contained, en-suite, single occupancy bedrooms for site-based staff

- Ticket Offices

✚ High-security, multi-window buildings for fast, efficient ticket sales

- Vacloo

✚ Award winning toilets that cut water and waste by 90%

- Toilets
  - ✚ Robust, hygienic and efficient portable toilets to cater for all your visitors, guests and staff
- Luxe Toilets
  - ✚ Luxe toilets – exceed your VIP's expectations
- Single Plastic Units
  - ✚ Efficient, durable units for the busiest events
- Events Facilities Buildings
  - ✚ High quality facilities for any application
- Wheeled Toilet units
  - ✚ Facilities for the most remote and difficult to access locations

### **Price Mix:**

Portakabin buildings prices are set taking into account the competition level. These prices may sometimes be higher than rivals so as to reflect the better quality of building and service that are offered by the company. Due to its high quality, support services, Customer Charter and on time delivery Portakabin was able to charge premium price for its premium service.

Portakabin buildings are offered at a clear and accurate price. The size and design of the building does not matter, Portakabin offer its buildings to customers at the agreed price without any hidden extra charges. Portakabin visit all customers and fully assess their site and quickly provide its customers with a clear, accurate quote. Since the size of the site and the individual preferences of the customers differ Portakabin does not display a standard price in its web site.

### **Place Mix:**

*Place is where the products can be bought by the customers or the distribution channel that Portakabin uses to reach its customers. Portakabin is a business-to-business (B2B) operation and has 45 hire centers across the UK. The entire customer in UK can reach Portakabin within one-hour drive. Hence Service teams are also close*

to customers so can resolve issues quickly. Portakabin operates in more than five countries and has a place of business in UK, Ireland, France, Belgium and Holland.

### **Promotion Mix:**

*The promotion mix of Portakabin includes both above-the-line and below-the-line methods. Promotion is a vital element in the Portakabin marketing mix. The promotional methods in Portakabin aim at sending positive messages to its existing and the potential customers. This is done to make sure that the companies brand message of quality and the customer satisfaction is retained. Above-the-line promotional activities involve paid-for advertising through targeted channels such as trade magazines. Below-the-line promotion methods of promotional activities include direct mail, public relations and open days. Portakabin [website](#) is also a point of promotion as it provides the customers immediate access to the scale and capability of Portakabin product and services. It also helps in making buying decisions as the website provides detailed information and product images.*

When Portakabin launched Decant School product, it targeted local education authorities (LEAs) and education contractors. To reach them Portakabin used both above-the-line and the below-the-line promotion methods. One of the above-the-line methods was to place a double-page spread advertisement in relevant education and construction magazines. Below-the-line promotion methods used were:

1. Direct mail: This was a letter that had a printed leaflet displaying the decant school complex.
2. Promotional emails: The Promotional emails were sent to the key database of prospects.
3. Public Relations: the press releases were also used to promote this product in the appropriate education and construction publications.
4. Portakabin website included an additional [targeted web page](#) to support the campaign.
5. The stages of a project video were displayed in the Portakabin [website](#) and on [YouTube videos](#).
6. Portakabin hire centers organized Special school open days to demonstrate decant school complex.



## Questions:

### A. What are the main aims of promotion for Portakabin?

Portakabin is the market leader in modular & portable building construction in UK. Its objective of promotional activities is to spread a positive message about the company to its existing as well as the potential customers. Promotional activities are undertaken for the purpose of increasing market share, for widening the customer base and also to increase the number of repeat purchases. Thus the two **main aims of Portakabin promotional campaigns are:**

- a. To spread its brand message of quality products and customer satisfaction.
- b. To generate enquiry about the products and to increase sales.

### B. Why does Portakabin not employ many above-the-line promotion methods?

Above-the-line promotion method is the use of advertising methods like Television, Radio, newspapers, magazines, cinema & posters to reach the mass audience. This method of promotion reaches a large number of consumers and creates general awareness about the brand or a company. Above-the-line promotion method is mainly used in case of business to consumer market. In case of business to consumer market, the promoter has to reach a large number of customers.

Portakabin target market is Business to Business Market. Hence above-the-line promotion methods are not an ideal method. But in certain cases like a group of business has to be targeted. **The reasons for Portakabin not employing above-the-line promotion methods are:**

- a. Above-the-line methods mainly create brand awareness. Portakabin has high brand awareness and need not create it.
- b. Television & Radio advertisements are very expensive.
- c. As the above-the-line method targets mass audience it is difficult to measure responses.
- d. These methods are mainly aimed at consumers and not the businesses.
- e. To maintain a differential promotional method from that of its competitors.

- f. To use above-the-line promotion method only in case of necessity like when group of businesses like educational Institutions or healthcare are to be targeted. In such case, articles and advertisements are placed in the trade journals.

Due to the above reasons, Portakabin depend mainly on below-the-line promotional methods.

**C. Explain below-the-line promotion. Why is this used more often by Portakabin?**

Below-the-line promotion method is the use of a wide range of promotional methods over which the business has direct control and can be targeted at a group of customers. Below-the-line method is more suitable for Business to Business market. The sales promotion activities offered by Portakabin to its customers involve value-based benefits such as adding free air conditioning to a building.

**Types of Below-the-line promotion method:**

- Direct Mail
- Sponsorship
- Charitable Donations
- Public relations
- Sales promotions or merchandising
- Press Releases

**1. Direct Mail:**

Under this method, the business organization sends mails directly with the sales messages to its target customers. This enables the company to maintain personal contact with the customers and can maintain brand awareness.

Portakabin uses this method by sending brochures & leaflets to its existing customers from the database.

**Advantages:**

- a. Easy to measure response
- b. Fast follow-up of enquiries
- c. Inexpensive method

## **2. Sponsorship:**

Sponsorship is one of the promotional methods where the large companies finance events such as Olympics or cricket and during the event they promote their brand name.

## **3. Charitable donations:**

Some business organizations directly donate funds for charity and others participate in the fund raising activities for some charitable purposes such as flood relief or children in need.

### **Advantage:**

- Displayed before large television audiences
- Creates brand awareness.

## **4. Press Releases:**

In case of certain special events or operations companies issue news about it to the press. This might later on appear in the television news and newspapers.

Portakabin issued press release about the nursery accommodation at a hospital in Salford and incubator unit at Papworth hospital in Cambridge shire.

- It creates publicity about the company
- It increases awareness & brand image.

## **5. Sales promotion:**

Under this method, the customers are offered incentives to encourage them to buy companies goods and services. In case of business to customer markets, the following are the sales promotion methods:

- Offers such as buy one get one free
- Price discounts
- Offers to win certain cash prizes or a holiday trip.

- Give always.

In case of Business to Business market, the following are the sales promotion incentives:

- Value based benefits
- Delivering in short period

#### **Advantages:**

- Increases sales
- Creates good image about the company

#### **6. Public Relation:**

Under this method, the company communicates with the outside world such as customers, shareholders, creditors, government and the public.

#### **Advantages:**

- Inexpensive method
- It leads to favorable publicity

#### **7. New media:**

The use of modern technology like computers & internet to promote a product on a company is called new media.

Portakabin uses its website and Google search to promote its products.

#### **Advantages:**

- It is very fast and more effective.
- Less expensive

#### **The reasons for the use of below-the-line promotion methods by Portakabin:**

- a. The use of direct mails is an inexpensive method of promotion.

- b. Direct Mail is also an easy way of promoting to the existing customers as their contacts already exists.
- c. It helps in measuring responses.
- d. This method helps in follow up enquiries.
- e. It targets a specific group of customers and not mass audience.
- f. This promotion method can be custom made to target a specific group.

**D. What are the main ways in which Portakabin evaluates its promotional effort? Why is this important activity?**

The purpose of any promotional activity is to promote a product or a company and to motivate the customers to buy the product. Hence generating sales is the aim of every promotional activity. Portakabin to increase the sales and to generate enquiries.

Portakabin evaluates its promotional campaign in terms of enquiries generated by each campaign. Portakabin considers two factors:

- Response rate
- Return on Investment (ROI)

**Response rate:**

Response rate is calculated by recording the number of enquiries during and after a campaign. Since each campaign has a code, it is possible to identify which campaign has generated each enquiry and response.

**Return on Investment:**

The return on investment is calculated based on the sale value of orders and the cost of promotion campaign. This helps in identifying the return from each promotional campaign and the most effective campaign. The formula for calculating return on Investment is:

$$\frac{\text{Sale value of orders}}{\text{Cost of Promotion}} \times 100$$

### **Importance of evaluating promotional activities:**

By evaluating promotional activities, Portakabin has the following benefits:

- Response rate helps in assessing whether the promotional campaign worth investment.
- Response rate also helps in rating which campaign was most effective.
- Return on Investment calculation helps in identifying whether the campaign was effective and the cash generated from the promotional campaign.
- Evaluating promotion helps in future promotional decisions.



### **CONCLUSION:**

Portakabin is one of the leading modular and portable building construction companies. It has been in this business for 50 years. Based on the past experiences

and market research Portakabin was able to implement an effective promotion method.

Since Portakabin's target market is Business to Business and not Business to Customers. It concentrates more on below-the-line promotion. Above the line promotion and sales promotion are not much use to Portakabin. Hence Portakabin investment in the television radio, newspaper advertisements are very limited.

Portakabin uses below-the-line promotion methods like direct mails, newsletters, company websites and certain trade magazines.

This method of promotion has helped Portakabin to evaluate its promotional efforts and also to reach out to its target customers.



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## **APPENDICES**

Portakabin Financial data and sales information's are extracted from the statistics produced below:

### Company Financials

Data ▲	2007	2008	2009	2010	2011
Audit Fees	£102,000	£84,000	£119,000	£115,000	£145,000
Bank Overdraft	£22,000	£51,000	£16,102,000	£3,357,000	£0
Capital Employed	£104,635,000	£113,688,000	£120,234,000	£127,987,000	£139,030,000
Cash at Bank	£13,977,000	£3,737,000	£5,201,000	£19,889,000	£23,728,000
Consolidated Accounts	£1	£1	£1	£1	£1
Depreciation	£13,083,000	£13,083,000	£16,294,000	£16,008,000	£11,649,000
Dividends Payable	£11,000,000	£15,000,000	£15,000,000	£10,000,000	£10,000,000
Export	£0	£0	£0	£0	£0
Intangible Assets	£4,756,000	£4,755,000	£4,279,000	£3,978,000	£3,677,000
Interest Payments	£400,000	£1,812,000	£1,995,000	£345,000	£399,000
Misc Current Liabilities	£23,040,000	£32,684,000	£29,001,000	£35,258,000	£27,478,000
Net Assets	£97,661,000	£106,529,000	£112,383,000	£120,489,000	£131,911,000
Net Worth	£92,905,000	£101,774,000	£108,104,000	£116,511,000	£128,234,000
No of Employees	1331	1405	1483	1353	1326
Operating Profits	£0	£29,960,000	£30,428,000	£26,075,000	£26,686,000
Other Current Assets	£10,798,000	£18,251,000	£22,335,000	£19,681,000	£21,457,000
Other Long Term Finance	£73,000	£4,000	£0	£0	£0
Other Short Term Finance	£624,000	£861,000	£333,000	£231,000	£218,000
P And L Account Reserve	£96,661,000	£105,529,000	£111,383,000	£119,489,000	£130,911,000
Paid Up Equity	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Profit After Tax	£17,250,000	£21,503,000	£20,877,000	£18,774,000	£19,757,000
Profit Before Tax	£22,463,000	£29,935,000	£30,010,000	£26,196,000	£26,822,000
Retained Profit	£6,250,000	£6,503,000	£5,877,000	£8,774,000	£9,757,000
Shareholder Funds	£97,661,000	£106,529,000	£112,383,000	£120,489,000	£131,911,000
Stock	£14,089,000	£16,804,000	£13,449,000	£14,947,000	£14,190,000
Tangible Assets	£81,245,000	£99,096,000	£108,371,000	£99,394,000	£100,583,000
Taxation	£-5,213,000	£-8,432,000	£-9,133,000	£-7,422,000	£-7,065,000
Total Assets	£143,283,000	£167,310,000	£180,078,000	£179,104,000	£183,307,000
Total Current Assets	£57,282,000	£63,459,000	£67,428,000	£75,732,000	£79,047,000
Total Current Liabilities	£38,648,000	£53,622,000	£59,844,000	£51,117,000	£44,277,000
Total Fixed Assets	£86,001,000	£103,851,000	£112,650,000	£103,372,000	£104,260,000
Total Liabilities	£45,622,000	£60,781,000	£67,695,000	£58,615,000	£51,396,000
Total Long Term Liabilities	£6,974,000	£7,159,000	£7,851,000	£7,498,000	£7,119,000
Trade Creditors	£14,962,000	£20,026,000	£14,408,000	£12,271,000	£16,581,000
Trade Debtors	£18,418,000	£24,667,000	£26,443,000	£21,215,000	£19,672,000
Turnover	£145,123,000	£185,325,000	£202,094,000	£174,327,000	£171,272,000
Wages And Salaries	£41,702,000	£49,022,000	£53,502,000	£48,557,000	£48,610,000
Working Capital	£18,634,000	£9,837,000	£7,584,000	£24,615,000	£34,770,000

Source: [www.companycheck.co.uk](http://www.companycheck.co.uk)



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