Soren Chemical Case Analysis

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Since 1932, Soren Chemical has created and sold cleaning products of industrial strength. They have a variety of different products in the chemical industry, and Soren has created robust product lines that have led to success. The product line includes Coracle for small residential pool systems, and Kailan MW was targeted towards large pools, such as those at water parks used for water parks. Coracle is targeted at pools that have less people inside of it, helping filter out particles that should not be in the pool. Kailan MW focuses on fighting and clearing bacteria that should not be within the pool. Commercial use chemical products had a market estimation in 2007 of around 30 million dollars (Rangan & Yong, 2010, p. 4). In this case analysis, I will dive into why Coracle has struggled in the residential pool industry and what Soren can do to enhance its success.

Challenges with Coracle

Coracle was failing to meet its goals set for its target performance. In February 2007, it was severely underperforming, with sales only totaling $111,000. While this is not a great predicament, it does not mean that all hope is lost for the Coracle brand at Soren. It is likely that Soren Chemical has not dumped the same resources into Coracle that they have with Kailan MW. The success of Kailan MW can be replicated with Coracle if the right steps are taken. Soren might want to reevaluate the price of Coracle, as consumers may not feel that the price is worth it for their current needs of residential pool and water systems. There likely needs to be a larger focus on marketing campaigns to properly educate consumers on the product and why it's competitive with other brands. Soren can also put in effort with distributors to help stimulate increased understanding of the product and promotional materials.

Addressable Market Size

Coracle's addressable market size can be estimated based on the number of residential swimming pools in the United States. There are almost 9 million residential swimming pools in the United States alone. There is a fragmented market regarding residential pool clarifiers, with three companies, Keystone Chemicals, Kymera, and Jackson Laboratories being the lead competitors, each holding a 15% to 20% market share. Based on these numbers, I will assume that Coracle wants to reach 15% of the market share themselves. The total market size is estimated to be approximately 52.3 million dollars. Based on this, 15% of this approximated total market size would be 7.85 million dollars. Going back to Soren's first-year sales goal of 1.5 million dollars for Coracle, it is important to take in a variety of considerations.

Market Analysis

According to Soren's first-year goal of Coracle sales, a 1.5 million dollar sales goal would equate to just under 3% of the total market share of residential pool chemicals. This appears to not be too grandiose when introducing a new product. It is also crucial to keep in mind that February is far from the peak season of pool chemical sales. In many places in the United States, it would not even be hot enough to prepare a pool until, at the very least, April. This peak season likely lasts until about September. Coracle will have to break through the market and establish themselves among the powerhouses for pool chemicals. They will need to have strong marketing and distribution processes to persuade customers of other brands.

It is necessary to make it worthwhile for both distribution channels and the retailers that carry residential pool chemical products have incentives for carrying the product. Without these channels being motivated to push the product, it is likely that Coracle will not reach its sales goal

for its first year. Marketing and consumer education will also be very important, as current chemical purchasers are likely not aware of Coracle, how it competes with other current pool chemicals that are currently on the market, and why Coracle is the best choice for residential pool chemical use. Overall, the addressable market size being almost $8 million, it does indicate that Coracle's sales goal for the first year are achievable; however, they will have to tackle marketing, distribution, and retailing efforts head on to pace themselves properly during the peak season of pool chemical purchasing.

Coracle's Struggles

There are a variety of reasons that Coracle may be struggling to be sold by Soren. The first is the usual focus of Soren Chemical. Typically, Soren has focused on B2B sales. With Kailan MW being a recreational pool product targeted towards park pools and water parks, Coracle is a much different product that requires a completely different strategy. Soren Chemical does not have much prior experience within the consumer marketing field. Due to this, it has led to issues with Soren selling Coracle.

Issues with Coracle

Coracle has entered the market without much brand recognition or awareness, which is crucial when marketing to the regular consumer and not businesses. Despite their success in the B2B scene with Kailan MW, Coracle needs a completely different approach than their previous successful products. Coracle also has a higher price point than most of its competitors. When entering a new market, this can be incredibly difficult when trying to persuade consumers away from other options within the market. Apart from brand loyalists, residential pool owners may just see a lower price point and go with that product. Without proper marketing, Coracle may fail

simply due to its price point. Distributors and retailers currently are not incentivized at all to promote Coracle over other products. This leads to lower visibility for Coracle when there is nobody in the buyer process who are incentivized to actually purchase the product. Coracle as a product reduces the need for additional chemicals or water products, but since this is such a complex product selling point, many consumers may not understand these potential benefits and overall lower price.

Selling Processes

Kailan MW has, in my mind, a much easier selling process than Coracle. Soren Chemical targets Kailan MW to large recreational water parks and commercial pools, like public parks. The distribution chain is much simpler, as Soren can sell these chemicals through chemical formulators. This B2B process makes it much easier for Soren, as they do not need to worry about outsider marketing. Soren can use this B2B sales strategy and focus on building business relationships with both owners of commercial pools and chemical formulators.

On the other hand, Coracle is targeted in a more B2C market instead, targeting residential pool owners. Instead of chemical formulators, Coracle is sold through wholesale distributors and targeted to those with residential pools and specialty retailers. As mentioned previously, the ability for Coracle to reduce the need for other chemicals and its importance for water safety are great selling points that are likely not being highlighted right now.

Channel Structure Implications

In order for Soren's Coracle to succeed, they have to naturally rely on distributors and retailers supporting the product. Right now, Coracle has to be incentivized for distributors and

retailers if it is going to hit its sales goals. To do this, Coracle could potentially need additional support, trainings, or margin adjustments. Through proper communication and marketing efforts, Soren can properly position the Coracle product. Consumers have to be properly educated, which may pose a problem since its proposition is quite complex. Highlighting that although Coracle is more expensive, it saves you money in the long run due to not needing additional chemicals. There are multiple intermediaries within the process of selling Coracle, so these need to be fully understood. If Coracle does not get the proper shelf space and promotional materials, it will fail to hit its goals.

Coracle Pricing

It is crucial when strategizing about price to consider what the product offers and how the customers will perceive its usefulness. Coracle offers many different values to the customer, including: improving water safety, less chemicals in the pool, and easy convenience for the customer. Soren also has to consider the pricing of Coracle compared to its competitors.

Keystone: ~$47 annually ($15 per container/$2.34 per treatment)

Kymera: ~$35 annually ($3.50 per tablet/$3.50 per treatment)

Jackson Laboratories: ~$75 annually ($15 per container/$3.75 per treatment)

Coracle: ~$39 annually ($25 per container/$3.91 per treatment)

This means that Coracle could potentially justify a higher price point; however, there will need to be additional marketing services and promotional materials to show consumers why it is worth their money.

Constraints

If they do not fully understand the product and why Coracle is better than the other products on the market, then it is unlikely that pool owners will opt to buy it over their current products. Profit margins are a big point of consideration when it comes to distributors and retailers, which are at 30% and 15% margins, respectively. These margins matter because 'distributors make money by purchasing your product at a slight discount and selling it at a markup. The distributor margin is the percentage of the sale price that the distributor pockets—but it's not pure profit" (Vividly, 2023). Higher prices may make it more difficult for Coracle to penetrate the market. By adjusting the wholesale price, it could improve both distributor and retailer margins and give them more shelf space, marketing and promotion, and recognition among both distributors and retailers.

Pricing in a Value-Based Way

Coracle, with proper consumer education, could show the overall cost savings by highlighting safety and the lesser need of other chemicals. Value-based pricing is important because it "is based on a consumer's perceived value of the product or service in question [and] means that companies base their pricing on how much the customer believes a product is worth" (Bloomenthal, 2024). Because of this, the price of Coracle could be increased to $30 per container while remaining competitive regarding the other prominent products in the market. This will likely increase margins for both distributions and retailers, which will likely increase promotional materials for Soren's Coracle product in the market. Coracle can also offer promotional discounts or educational support to teach potential consumers more about the

product. This will lead to the consumer's understanding of long-term savings and safety of the product.

Coracle's Action Plan

There should be immediate action from Soren Chemical to ensure that Coracle will hit its first-years sales goal. This will include additional consumer awareness, work with distributors, proper pricing strategy, and availability of the product. Through these strategies, Coracle can succeed the sales goals that they set for the product's first year.

Consumer Awareness

The first idea that comes to mind when increasing consumer awareness is marketing campaigns. I would be interested to see what the current marketing campaigns are. I think Soren Chemical should invest heavily in social media and digital marketing. By using these tactics, it will increase the overall awareness of the product. Updating and revitalizing the website to highlight the new product could also be very helpful. I also think that purchasing advertisements on pool-related forums and internet promotion could also be very helpful for Soren. Lastly, infographics and informational videos will be extremely helpful. Showing the benefits compared to other products in the pool chemical sphere can help customers become loyal to the Soren's brand, Coracle.

Distributors and Retailers

As previously mentioned, there needs to be a large focus on satisfying the distributors and retailers. If Coracle is not getting shelf space, then it is highly unlikely that Coracle can hit their sales goals. There needs to be a focus on creating better and stronger relationships with the

most prominent distributors and retailers. Marketing support and providing ample training will help the distributors and retailers feel more confident in the product and its abilities to capture some of the market. Lastly, partnership programs can help the overall success of the product across the nation.

Pricing Strategy and Product Availability

The previously discussed value-based pricing will be extremely important when entering the competitive atmosphere of the residential pool chemical scheme. The SPP Team explains pricing strategizing, saying, “you have to consider elements like how much your clients value your brand, how much they’re willing to pay you to solve their problem, and how much energy and resources were invested in the solution” (SPP, 2023). The higher price point will have to be justified to consumers, which can be portrayed through educational materials on social media sites and Soren Chemical’s website. Limited-time promotions can also help persuade first-time customers to give Coracle a chance and convert them into long-term, loyal customers. Once customers start buying the product and using it, consumer testimonials can go a long way. It will help create brand awareness and credibility with consumers, which will also generate word-of-mouth marketing. Making sure that Coracle is offered in a wide variety of stores, both online and in-person. Managing the inventory will also be necessary to make sure there is adequate reserves to supply all of the distributors and retailers with the product.

Push vs Pull Strategy

A push strategy involves product promotion to retailers and distributors, providing an incentive for carrying the product. This will promote the product through retailers and distributors and build relationships with them. On the other hand, pull strategies create demands

with customers, which entails the consumers requesting the product from their favorite retailers. To properly succeed in the already competitive market, I would recommend that Soren Chemical use a hybrid approach, using both push and pull strategies. Push strategies will establish ongoing relationships with distributors and retailers, which can lead to long-term success of the residential pool chemical. On the other side, pull strategies can target consumer education and brand recognition. A proper hybrid approach will target both distributors/retailers and potential consumers, creating potential new relationships with even more retailers. I would continue to monitor important KPIs, such as total sales revenue, market share, shelf spacing, and website traffic and engagement.

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