

Paper 1: Black and Decker Power Tools Division

BUS 341B Marketing

Professor Pinegar

Student

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VP of Sales and Marketing  
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To: Mr. Gary DiCamillo  
Black & Decker Corporation  
President of Power Tools

Subject: Managerial Marketing Decision

Dear Mr. DiCamillo,

In the last decade, Black and Decker has lost significant ground in the Professional-Tradesmen segment of our power tools division to the Makita Corporation (Dolan 2001). Despite setbacks in the Professional-Tradesmen segment, we have maintained strong footholds in the Consumer and Professional-Industrial segments. The power of the Black & Decker brand name accounts for our strength in the Consumer segment. Strength in the Professional-Industrial segment draws from the high quality standards of our industrial power tools.

Obviously our declining market share in the Professional-Tradesmen segment is cause for concern. In response, I have considered several alternatives to improve our market share in the Professional-Tradesmen segment. I concluded that our best alternative is to abandon the use of the Black & Decker brand name in the Professional-Tradesmen market segment. I propose replacing the Black & Decker brand name with the XYZ brand name, which market research shows to be a far more respected brand among Professional-Tradesmen (Dolan 2001).

## I. SWOT Analysis in the Professional-Tradesmen Power Tools Market (Kotler 2003)

Exhibit 1:

|  |  |
|--|--|
| <b><u>Strengths</u></b> <ul style="list-style-type: none"><li>• High quality tools as proven in lab and field tests</li><li>• Highest power tool brand awareness</li><li>• Higher service rating than Makita</li><li>• Market share in Professional-Tradesmen market is small, which leaves Black &amp; Decker little to lose in making changes to product line</li><li>• Black &amp; Decker owns XYZ, a well-respected brand name that could be used for new power tools division</li></ul> | <b><u>Weaknesses</u></b> <ul style="list-style-type: none"><li>• Black &amp; Decker brand name not attractive to Professional-Tradesmen market</li><li>• Professional-Tradesmen do not respect quality and ruggedness of B&amp;D power tools</li><li>• Black &amp; Decker brand name too closely affiliated with household products</li></ul>                                    |
| <b><u>Opportunities</u></b> <ul style="list-style-type: none"><li>• Professional-Tradesmen market is fastest growing power tools segment at 9%</li><li>• Retailers do not approve of carrying Makita products</li><li>• “Industrial yellow” color not yet used by any brand, which is color associated with safety</li></ul>   | <b><u>Threats</u></b> <ul style="list-style-type: none"><li>• Black &amp; Decker has no access to retail venue of discount stores that Makita dominates</li><li>• There is risk of losing market share in other power tools segments if action taken alienates customers from other segments</li><li>• Yellow color could be associated with a “lemon” or poor product</li></ul> |

## II. Outcome of SWOT Analysis

In response to rising concern over product quality, Black & Decker tested its power tools line thoroughly in both the laboratory and in the field. The Black & Decker power tool line proved to be competitive in performance, reliability, and durability (Dolan 2001). Additionally, test users of unmarked Black & Decker tools deemed the products to be of high quality (Dolan 2001). Results from this experiment prove that Black & Decker products are not mechanically inferior to competing power tools.

Black & Decker is one of the highest rated brand names throughout the world, which should contribute to its growth in the Professional-Tradesmen market segment (Dolan 2001). Black & Decker also rates higher than many other brands, including Makita, in terms of service (per Dolan 2001, see Appendix A). However, Black & Decker still maintains only around 9% of the Professional-Tradesmen market segment.

Due to lack of technical deficiencies with Black & Decker products, the poor performance in the Professional-Tradesmen segment must be attributed to other factors. Professional-Tradesmen do not respect B&D power tools because of the stigma attached to the Black & Decker brand name (Dolan 2001). The Black & Decker brand name is too closely linked to household products (Dolan 2001). The variety of B&D household products like toasters and dust busters destroy the credibility of Black & Decker as a manufacturer of rugged, reliable and quality power tools that a tradesman would be proud to own (Dolan 2001). To take this to an extreme analogy, Professional-Tradesmen would not respect Maytag if they tried to build power tools oriented towards their market.

Despite the fact that the Black & Decker brand name is not respected in the Tradesmen market, we cannot ignore the remarkable growth in the Professional-Tradesmen market segment. The Tradesmen market is growing at a 9% rate, more than any other segment (Dolan 2001).

Boasting a 50% share, Makita dominates the sale of power tools in the Tradesmen segment (per Dolan 2001, see Appendix B). It is our opinion that we must take the offensive and attack Makita's market share. We have found weaknesses in Makita's marketing and sales strategy and we plan to exploit them.

Many retailers resent the carrying of Makita products even though they are so popular. Makita will sell their product through any intermediary, including discount stores. Retailing

power tools through discount stores cheapens the value of retailing a Makita product because there is no exclusiveness to purchasing the product in that particular store. A customer would not be likely to return to that particular store to make another Makita purchase because the product is widely available in many other stores (Dolan 2001). By marketing a line of power tools that is more exclusively available than Makita's power tools, we can make our products more desirable to higher end retailers. Retailing through higher end stores equates to increased quality and brand ratings, which I believe will lead to growth in Professional-Tradesmen market segment.

We believe that Black & Decker's decision not to retail through discount stores serves more as an advantage than a disadvantage. It is our opinion that even though Makita can outsell B&D through discount stores, we can forge a niche in the higher quality market in order to increase our market share in the Professional-Tradesmen segment.

Black & Decker owns the brand name XYZ, which rates far higher in quality than the Black & Decker brand name (Dolan 2001). Due to Black & Decker's small Professional-Tradesmen market share, it is our opinion that we have little to lose in trying the XYZ brand name in the Professional-Tradesmen segment in place of the Black & Decker brand name. Combining Black & Decker quality and service with the XYZ brand name is a promising means of raising our Professional-Tradesmen market share.

The color of power tools is a proven indicator of market share success (per Dolan 2001, see Appendix C). Black and grey tools fair far worse than more colorful tools in the Professional-Tradesmen segment. Black & Decker's past use of black and grey colored power tools makes it necessary that we must differentiate our new product line from the old black and grey colors. No power tool manufacturer has yet used yellow, which is a color often associated

with safety (Dolan 2001). Yellow would be far removed from the conservative black and grey colors of the past. Additionally, the yellow color of the tools would attract attention to our new product line by being distinct from all other power tools.

It is our opinion that the yellow color of the power tools would not be associated with a “lemon.” The classification of a XYZ tool as a “lemon” would only be applied after the product displayed poor performance, which high quality standards should prevent. The XYZ product line is explicitly targeting Professional-Tradesmen who would most likely first associate the color yellow with safety due to the safety conscious environment of a construction site. It is our opinion that it would be more likely that an average consumer would make the connection of the yellow XYZ tools to a lemon because of the average consumer’s reduced familiarity with the construction site.

### **III. Recommendation**

The SWOT analysis of Black & Decker’s meager market share in the Professional-Tradesmen segment leads to the goal of improving that share. It is our opinion that Black & Decker can best improve their Professional-Tradesmen market share by eliminating the brand name Black & Decker from the Tradesmen market. Adopting the XYZ brand name and thereby coupling Black & Decker service to a well-respected brand name will build market share in the rapidly expanding Professional-Tradesmen segment.

Sincerely,

Joseph Galli

## Appendix A

|                            | Those Who Prefer Makita |     |
|----------------------------|-------------------------|-----|
|                            | Makita                  | B&D |
| Makes High-Quality Tools   | 82%                     | 51% |
| Makes Durable/Rugged Tools | 71%                     | 48% |
| Proud to Own               | 78%                     | 43% |
| Easy to Get Service        | 44%                     | 67% |
| Stands Behind Products     | 56%                     | 61% |

## Appendix B

| Power Tools, Professional-Tradesmen<br>Approximate Segment Shares |     |
|---|-----|
| Makita  | 50% |
| Milwaukee   | 10% |
| Black & Decker  | 9%  |
| Ryobi   | 9%  |
| Skil  | 5%  |
| Craftsmen   | 5%  |
| Porter-Cable  | 3%  |
| Bosch   | 3%  |

### Appendix C – Color Differentiation: Professional End Users

|                           |  |
|---------------------------|--|
| <b>Professional Grade</b> | <ul style="list-style-type: none"><li>• Makita – Teal</li><li>• Milwaukee – Red</li><li>• Bosch – Dark</li><li>• Hitachi – Green</li><li>• Black &amp; Decker –Charcoal Grey</li></ul> |
| <b>Consumer Grade</b>     | <ul style="list-style-type: none"><li>• Black &amp; Charcoal Grey – Black &amp; Decker, Craftsmen, Skil, Wen, Private Label Products</li></ul>   |

## **Bibliography**

- Dolan, Robert J. (2001). The Black & Decker Corporation (A): Power Tools Division. Harvard Business School. Boston, MA.
- Kotler, Philip. (2003). Marketing Management: Eleventh Edition. New Jersey, Pearson Education.