

Ramesh is repenting on his diversification decision. Orders for product are low owing to high costs. The diversification was ventured as the idea of selling altogether new multiple use paint. Was quite convincing, it stuck well with promising perk up benefits. The reality turned out to be different. New venture is not even upto BEP. Ramesh is getting full support from franchiser. New product specifications and value additions from companies end are continuously communicated. The product is doing well in other part of nation state company sales representative.

Ramesh, proprietor of 'Gypsy Coolers', an authorized distributor of Air conditioner and Industrial Refrigerators. He has a show room of these products in the heart of city and a specious godown outskirts of city to avail benefit of octroi for the delivery to clients out of city. The godown measuring 1000 sq.mtrs. of which only 40% portion is utilized for inventory of the said products. In fact specious godown was constructed with a view to accommodate expansion and or diversification plans. Gypsy Coolers is doing well and has earned good name in local market on the basis of quality product and expertise in services. Mr. Ramesh is generous by nature and known as a gentle person, he is also a member of few industrial and merchant associations of repute and remained president of Raotract Club.

Mr. Ramesh applied in reply for an advertisement in newspaper for the franchise for a paint company of repute. He bagged in franchise investing 20 lakhs for the plant and machinery and additional 5 lakhs towards franchisee charges. The machinery includes oven to beak painted surface after paint is applied. The paint is a new technology called polyurethane paint. This paint has extensive application and can be applied on any surface viz. wood, clay and any kind of metal than living beings. Paint has many features over other paints as follows:

1. Paint is scratch proof.
2. Touch up is possible.
3. Virtually all possible shades are available.
4. Designing is possible i.e. lining, checks, flowers.
5. Non corrosive
6. Anti fungal.
7. Colors do not fade in sunlight.
8. It does not have any impact of any weather including rain.

Every version of color is tested in laboratory. The colour is enriched, a substitute to powder coating colors and anodizing. One more peculiar version of this colour coating is available, a clear coat. Clear coat is like a lamination which is generally used to protect original color, colors of vehicles; protection from fungus for wall colours etc. Company has preferred personal selling since organizations, industry and individuals with higher income prefer these colours. Company Sales executive had scheduled one day visit to franchisee and on prior intimation to regional manager. The period of visit can be extended to two to three days. In this executive visits discussions with franchisee, heads on details about new products, existing scenario, problems faced by franchisee and bill settlements are the common issues. Mr. Ramesh finds that companies support is excellent. He had entrusted responsibility of selling this unique paint product to one of his sales person from Gypsy Cooler. His salesman reported that the price quoted is almost 5 folds as compared to powder coating and 8 folds as compare to anodizing is causing him more trouble to close the deals. There are potential customers for paint but price of product is serving as deterrent. Mr. Ramesh is convinced with the quality and applicability of this type of colors but it is not materializing in market.

Suggest marketing strategy to Mr. Ramesh.