

Commerce 3MC3: Applied Marketing Management(C06)

Case Analysis: National Music Studio

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Introduction and Problem

The National Music Studio (NMS) wants to expand into two suburban areas, but it has to deal with issues like unclear demand, a little marketing budget, and low brand awareness (3% unassisted recall and 38% aided recognition). The key obstacle is balancing the objective of achieving significant brand recognition and sustaining enrollment levels with the current low visibility and market ambiguity. Because mass marketing is impracticable, NMS needs to use data-driven insights to determine the best locations and employ cost-effective tactics, such as digital marketing, strategic alliances, and referral programs, to create a competitive presence.

Marketing Audit

Target Markets

Children, teens, and families in the Halifax-Dartmouth region, which includes Bedford and Sackville, are the main target audience for NMS. While a smaller percentage of students are 26+ and between the ages of nineteen and twenty-five, the majority of students are between the ages of zero and eighteen and participate in preschool music programs and school-based classes. Families from the middle to upper classes who value music education are drawn to the institution, where students study for their own enjoyment or to prepare for RCM exams. Referrals from public school music teachers are crucial in attracting dedicated students looking for possibilities outside of the classroom.

Four P's

1. Product: NMS offers thorough music education that includes teaching in a variety of instruments and vocal technique. It is well known for its outstanding professors and provides

individualized teaching. Additionally, the studio offers RCM exam preparation and has a solid reputation in the field of modern music education. In an effort to engage pupils at a young age, NMS recently started a pre-school music awareness program in which teachers visit pre-schools to teach music.

2. Price: NMS primarily serves middle-to-upper-class families, the case does not specify exact pricing, suggesting a pricing strategy that is probably moderate to premium in character.

Sessions of instruction are structured into three-month courses, and many students continue their studies for two or three years. Although the pricing structure is vague, Paul noted that students typically commit to a course for a predetermined length of time rather than choosing to enroll in individual classes.

3. Place: NMS operates two facilities: one in the business sector of Dartmouth, close to large residential communities, schools, and shopping malls, and another in a Halifax residential neighborhood, next to a junior high school and a supermarket. Parking is a problem at the Dartmouth location, which has been a commonly expressed worry. The Halifax site is newer and provides better accessibility. Given the demand for music lessons and demographic considerations, NMS is thinking about expanding into either Bedford or Sackville.

4. Promotion: In the past, NMS relied on monthly ads in The Mail Star and referrals spread by word-of-mouth from music teachers in public schools. After taking over as manager, Paul expanded marketing efforts by launching a direct mail campaign in 2022 that targeted middle-to-upper-class communities. As a result, there were 30% more queries and 20% more registrations. However, just five out of 180 respondents (less than 3%) were able to recall NMS in an unaided survey, indicating that brand awareness in the suburban areas is still quite low.

Paul has a limited promotional budget, with a maximum of \$20,000 set enough for marketing initiatives at both current locations and a potential new site.

Internal Analysis

Strengths:

NMS has built a solid reputation for providing top-notch music instruction, distinguished by knowledgeable teachers and individualized instruction that has received positive reviews from parents and students alike. The school stands out for its excellent track record of getting students ready for RCM exams, making it a popular choice for those seeking official certification. With its two well-established facilities in Halifax and Dartmouth, NMS has a steady clientele and solid ties with public school music teachers, both of which help to increase enrollment rates. Additionally, the 2022 direct mail campaign has proven to be a successful marketing tool, resulting in a 20% increase in registrations and a 30% increase in inquiries, demonstrating the effectiveness of targeted advertising. An additional benefit is the pre-school music awareness program, which makes it easier to introduce music education at a young age. This program helps NMS improve student retention and build long-lasting ties with families.

Weakness:

NMS has a number of intrinsic weakness that can restrict its expansion. Suburban areas' low brand recognition is a major problem, as study results show that only 3% of respondents in Bedford and Sackville could recall NMS without being asked. This implies that the brand's visibility has been limited by inadequate marketing attempts. Numerous customer complaints about accessibility at the Dartmouth location indicate that the parking difficulties there are a recurring problem. Potential fresh enrollments may be discouraged by this circumstance.

Additionally, the marketing budget is limited to \$20,000, which limits NMS's ability to launch larger advertising campaigns that may raise brand recognition in both new and existing markets. Rather than using formal promotional techniques, the company mostly relies on word-of-mouth and recommendations from music educators in public schools. This dependence makes it more difficult for it to grow in areas where it lacks existing connections. Furthermore, if other products are thought to be more cost-effective, NMS may find it more difficult to draw in price-conscious clients because it does not clearly differentiate its prices from those of its rivals.

In conclusion, NMS is a somewhat strong business, which may be attributed to its stellar reputation, excellent educational standards, and successful marketing techniques. To sustain expansion and successfully enter new areas, however, significant barriers must be overcome, including marketing constraints, brand awareness difficulties, and accessibility concerns. NMS has the potential to become a much more powerful competitor in the music education industry if it can increase its awareness, strengthen its marketing efforts, and address accessibility issues.

External Analysis

Opportunities:

There are many chances for NMS to grow in the outside world, especially in Bedford and Sackville, where poll results show a high desire for music education. Due to the large number of families with children living in these suburban areas, there is a steady supply of potential students. Teachers of music in public schools continue to have a big impact on student enrollment, therefore strengthening ties with schools in developing nations could lead to more

referrals. The pre-school music awareness program aligns with the growing focus on early childhood education, giving NMS a competitive edge in attracting younger students who will probably continue their study as they get older. Additionally, families still prefer structured extracurricular activities, which supports the long-standing need for private music instruction.

Threats:

NMS faces a number of external threats that could negatively impact its plans for growth and development. Strong competition from private teachers and other music schools remains a major obstacle, as many of them provide flexible schedule and cost alternatives, making it more difficult for NMS to stand out from the competition. Enrollment may also be impacted by changing discretionary spending habits and economic instability, since families may cut back on extracurricular activity spending when their finances are tight. Additionally, the parking difficulties at the Dartmouth location make it less accessible for students, increasing the possibility that potential customers will choose competitors with better accessibility. Another issue is the long-standing patronage of the music schools in Bedford and Sackville, which could make it difficult for students to enroll at a new institution. Finally, if competitors offer more flexible virtual learning options, NMS may be at a competitive disadvantage due to the growing trend toward online and hybrid music training.

In conclusion, there are more opportunities than threats in the external environment, as shown by the strong demand for music education, the sizeable target market, and the growing interest in early childhood education. NMS is well-positioned to take advantage of market expansion prospects by raising its brand awareness and adjusting to changing consumer preferences, despite the substantial risks posed by competition, economic uncertainty, and accessibility

issues. NMS has the ability to expand successfully and increase its market share in suburban areas if it can strategically address its obstacles and effectively leverage its strengths.

Alternative Strategies

Alternative 1: Expansion into Bedford or Sackville with a New Location

Marketing Strategy:

According to the data, Sackville is the best place to grow because it has a larger population overall (54,310) than Bedford (20,055) and a far greater proportion of people in school (12,708 vs. 4,370). Furthermore, there is higher demand in Sackville than in Bedford, as seen by the 106 homes there that are interested in taking music lessons—more than twice as many as Bedford's 48 households. Sackville is still feasible for NMS's pricing structure because it is in the middle-to-upper-class category, even though Bedford has a higher median household income (\$74,800 vs. \$65,100). Additionally, NMS's possible market share is increased because Sackville has less rival music schools. Sackville is the best option for growth because of these elements, which provide greater enrollment potential and reduced risk of competition.

Pros:

- a) Enters a market with strong family demographics and significant demand to increase market reach.
- b) Diversifies revenue sources and lessens reliance on the current Halifax and Dartmouth

locations.

c) Addresses accessibility issues while offering suburban families more convenience.

Cons:

a) Demands a large upfront expenditure for people, equipment, and building rental.

b) Slow enrollment growth may be the result of low brand awareness in suburban areas.

c) As operational complexity rises, more managerial resources are needed.

Alternative 2: Strengthen Marketing Efforts for Brand Awareness

Marketing Strategy:

Targeting both present and potential students in Halifax, Dartmouth, and the surrounding suburbs, NMS prioritizes growing its presence in its current locations before exploring new ones. In order to promote multiple enrollments, it will introduce family discounts and referral benefits while keeping prices the same and continuing to offer private music lessons and exam preparation. NMS will improve social media marketing, broaden direct mail campaigns, fortify relationships with public schools, and support neighborhood events in order to raise brand awareness.

Pros:

a) Addresses a major shortcoming by raising brand recognition in both new and existing markets.

- b) Carries a lower financial risk than setting up somewhere else.
- c) Increases word-of-mouth recommendations by fortifying community and school ties.

Cons:

- a) A \$20,000 marketing budget limits the reach of promotions.
- b) There is no assurance that enrollment will rise right away, and results take time.
- c) Ignores the parking problem in Dartmouth, which continues to be a turnoff for patrons.

Alternative 3: Introduce Online and Hybrid Music Lessons

Marketing Strategy:

By providing live virtual sessions and hybrid models that blend online and in-person instruction, NMS hopes to draw in students with hectic schedules and those who live outside of its service region. Existing locations will act as instructor centers, minimizing the need for new buildings, and a tiered pricing structure will distinguish between in-person and virtual classes. NMS will run a social media campaign, provide free trial sessions, and work with nearby schools on digital learning initiatives to spread the word about this project.

Pros:

- a) Reduces parking and accessibility problems while extending the market's reach beyond physical places.

- b) Gives NMS more freedom, setting it apart from rivals.
- c) Lowers facility costs, lowering the financial risk of expansion.

Cons:

- a) Calls for possible instructor retraining as well as investment in digital infrastructure.
- b) Adoption may be restricted by some parents' preference for conventional in-person instruction.
- c) Lesson quality may be impacted by technological constraints (internet problems, difficulties with student engagement).

Recommended Strategy

Strengthen Marketing Efforts:

Without necessitating a significant financial outlay, this approach directly addresses NMS's greatest shortcoming—low brand awareness. NMS can boost awareness and encourage enrollments in current and new markets by growing direct mail campaigns, utilizing social media advertising, and fortifying relationships with public schools. This strategy also has the lowest financial risk because it doesn't call for facility expansion and operates within the current marketing budget of \$20,000.

Why Other Alternatives Were Rejected:

The expansion into Sackville or Bedford was turned down because of the weak enrollment growth and substantial financial risk. In these places, low brand awareness translates into large expenditures for marketing, staffing, and real estate, with uncertain cost recovery.

Present Due to operational issues and unclear market acceptance, online and hybrid lessons were rejected. It is less effective than raising brand recognition because it necessitates new learning models, digital infrastructure, and instructor retraining, and there is no assurance that it will be widely used.

Implementation Plan

Phase 1: Initial Marketing Expansion (Months one-three): Through school alliances, social media advertisements, and direct mail marketing, the emphasis will be on raising brand awareness. To promote enrollments, a referral incentive scheme will also be implemented. NMS's position in current and prospective markets will be strengthened by these initiatives.

Phase 2: Community Engagement & Promotions (Months three-six): Through open houses, free seminars, and sponsorships of neighborhood events, the focus will turn to direct student participation. While Google Ads and website upgrades will increase online visibility, temporary promotions like discounts and family packages will encourage enrollment.

Phase 3: Performance Analysis & Strategy Adjustment (Months six-twelve): Cost per lead, enrollment growth, and the success of marketing initiatives will all be evaluated in-depth. The most effective tactics will be used to modify the budget. Improvements in brand awareness will be used to reevaluate the viability of expansion in Bedford or Sackville.

Phase 4: Scaling & Long-Term Sustainability (twelve+ Months): In order to increase retention, successful marketing tactics will be maintained and extended, along with improved school connections and a student loyalty program. Expansion might be re-examined if Bedford and Sackville have high levels of brand awareness.