Soren Chemicals Case Discussion Preparation:

Synopsis

Jen Moritz, marketing manager for Soren Chemicals, is struggling with the poor sales performance of Coracle, a new clarifier for smaller, residential-size swimming pools. Against a budget of $1.5 million in sales, the company has sold only $111,000 in five months, and the selling season is rapidly drawing to a close. This is surprising because the Coracle product has similar benefits and the same underlying chemical formulation as the very successful Kailan MW used in larger-size commercial pools.

Soren Chemical distributes Kailan MW through a group of chemical formulators that serve the commercial pools and water parks market. The company has chosen to use wholesale distributors to sell Coracle, which was developed specifically for residential pools. Whereas Kailan MW is generally sold as a private-label brand for the formulators, Moritz believes that it is possible to build brand recognition of Coracle. Furthermore, the company believes that the residential swimming pool market is a significantly larger market than the commercial market.

Moritz suspects that the go-to-market strategy for Coracle may be flawed, but she is unsure where the problem lies. Her colleagues raise different concerns, including the problem of consumer awareness and ensuring that the economic incentives of channel partners are aligned.

In preparing the case please look at the following questions:

1. **Market Potential**
   a. What is the addressable market size for Coracle?
   b. Is the first-year goal of $1.5 million sales reasonable?

2. **Sales and Distribution Strategy**
   a. Why is Soren Chemical struggling to sell Coracle?
   b. What are the implications of the channel structure for pool chemicals?
   c. How would you describe the selling process for Kailan MW versus Coracle?

3. **Pricing Strategy**
   a. What is the highest price Soren Chemical can set for Coracle?
   b. What is Coracle really worth to end-users? Given its superior performance, how can Coracle be priced relative to the competition?
   c. What are the constraints?
   d. What is the impact of a higher retail price on distributors? Retailers?

4. **Recommended Action**
   a. What action plan do you recommend for Coracle?
   b. Should Soren Chemical adopt a "push" or a "pull" strategy?

Please be prepared to be cold-called on any of these questions and/or presenting a recommendation with logical and analytical support. No PowerPoint or other presentation will be necessary but you may be asked to show your work on the whiteboard.

**Note:** There will be a **pricing in-class competency check** at the end of the morning session. It will **focus on pricing strategy**, please make sure you are prepared and read the marketing book chapter on pricing. I also suggest doing the exercises.