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Bullson Inc.:

Becoming Leader Brand through Fast-Second and Spill-over Strategy

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In 1997 the Asian Foreign Currency Crisis hit Korean shores. In its wake, Korean consumers demanded cost-saving solutions which will increase both the use-life and the fuel efficiency their vehicles. Bullsoneshot's effects include increases in gas mileage as well as cleaner cylinders, intakes and exhaust valves, the product was welcomed by an explosive demand from people driving older cars in an adverse economy.

The history of Bullson can be categorized as two major stages. The First stage is lunching era of "Bullone Shot" following competitor brand. The second stage is extension stage of brand and line based on Bullson's positive brand equity.

Mr. Hyun Woo Shin, formal CEO of OXY inc. and also formal vice president of OCI (Oriental Chemical Industries) take charge of New CEO of Bullson. He energetically push the Bullson's family brands and got a desirable results. He also setup ambitious goal : reach 100bn KRW in gross sales within 3 years. "Ripping itself free from 30~40 bn KRW sales range in which the company has stagnated in the last 10 years, Bullson intends to be aggressive enough in marketing to reach 150 bn KRW in sales in 2013, and reach 700 bn KRW by 2018." This is the goal iterated by Bullson's top executive team.

Key words: Beer, line extension, Experiential Marketing, Brand portfolio, Multi-brand strategy

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I. Introduction

“Wouldn’t expanding into automotive sector be a good use of our core competency? I mean, our chemical industry knowhow and capabilities.” Mr. Hyun Woo Shin, CEO of Oxy Inc., Korea’s fabric bleach pioneer and market leader revealed his plans to expand into auto-related market in a meeting in 1996 with these words. These words marked the beginning of the age of branding in the Korean auto aftermarket. Bulls one originated as a business division within OCI (former Oriental Steel and Chemical Industries), the producer of ubiquitous “Oxy Clean” brand of fabric detergents. In 1984, OCI (Oriental Chemical Industries) created the Oxy business division, and in 1991 spun it off as Oxy Inc.

Looking to diversify, Oxy Inc. acquired the auto aftermarket producer “Sang A & Cham”, stepping into this new field. Deploying its knowledge in household chemicals for new use, Oxy Inc. launched Bullsoneshot fuel additive in 1997. This product quickly became the company’s flagship product. Bullsoneshot ended up promoting and securing Korean customers’ awareness of the entire fuel additive category.

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creases in gas mileage as well as cleaner cylinders, intakes and exhaust valves, the product was welcomed by an explosive demand from people driving older cars in an adverse economy.

In 2001 Oxy Inc. sold its household products division to Reckitt Benckiser, an UK firm. In the process, the automotive product division was spun-off as the Bullsoneshot Inc., its current name. By this time Bullsoneshot products’ explosive growth was stunted, and profits had stagnated for 10 years after lunching. It successfully defended its existing market-share, however its potential for further growth seemed to have reach a limit.

However, Bullsoneshot opens a new chapter in its history with the return of Vice-Chairman Hyun Woo Shin to an active management role, determined to break the stalemate of growth by implementing through index based ROI marketing strategy. Vice-Chairman Shin tried to motivate Mrs. Junghyun Yoo, then Marketing Director, by repeating these questions at every meeting: “If we grow 100% every year, we can get to 100 billion KRW in sales very quickly. If we are not growing by repeating the old tricks, shouldn’t we be looking for a radically new breakthrough?”

II. Bullone: Branding Strategy in Automotive Aftermarket

The history of Bullone can be categorized as two major stages. The First stage is lurching era of “Bullone Shot” following competitor brand. The second stage is extension stage of brand and line based on Bullone’s positive brand equity.

2.1 Becoming early leader brand through fast second strategy

It is no exaggeration to assert that Bullone effectively pioneered the Korean auto aftermarket. Of course competitions were in place before Bullone even existed. However, when Oxy Inc. acquired Sang A & Cham in 1996, even combined market presence of aftermarket suppliers was not strong enough for a product category to crystallize within consumers’ awareness. Oxy Inc.’s desire to develop new applications for its household chemicals knowhow played a role in its decision to enter the market. However more important to the decision was the vision of the role that chemicals could play in the future of automotive aftermarket.

When Oxy came to the market, a competitor was already distributing fuel-additives through a network of gas stations. Confident of Bullone’s superior quality, Oxy attempted to attain a dominant market share as quickly as possible.

The Early Leader Strategy was adopted. The goal was to beat the competition and become the recognized market pioneer.

The feasibility of such strategy was noted in a 1993 paper published by Golder and Tellis. In a research conducted on 500 brands in 50 product categories, Golder and Tellis remarked that 47% of market pioneers failed, and their combined market share was at mere 10%. Even when failed companies are removed from the sample, the figure only rises to 19%. On the other hand, Early Leaders which rise to the leadership position in the growth phase of the product lifecycle curve tend to stay market leaders throughout the product lifecycle. The Early Leaders represent an average of 28% market-share, and their failure rate marked lower at 8% failure rate. Early Leader’s generally choose to stay away from the market in its earliest phases. Only when sufficient precedents are established and analysis become possible, will they choose to enter and compete with the first-movers. Early Leaders are well positioned to discover core market opportunities, and are able, based on the analyses, to bet large investments: two factors which significantly increase their success rate. The growth phase of product life cycle is usually marked by entrance of Early Leaders who establish and stabilize the market.

Early Leader strategy depends on timely identification of an immature market and rapid deployment of a product that shall come to de-

fine the market 'standard' within that product category. Here 'timely' and 'rapid' are key adverbs, which determine whether a product will successfully be recognized as 'the standard.' The important question is not 'who made the first entry?', but 'who defined the first standard?' The First Mover relies on faster time-to-market, then hopes that the first-mover advantage will secure them 'the standard' recognition. For the Fast Second, the key is rather in finding the time at which the customers are best ready for a widespread adaptation. In this respect the Fast Second is also distinct from the 'Late-Mover', which waits until the mainstream consumers are already familiar with the product category, and the product standard, already well-established. Far from being an imitator, the Second Mover bases its decisions on a precise understanding of the consumer needs, which allows it to enter the market at the right time with the right kind of price-quality mix.

The business world provides made examples of successful fast seconds. IBM dominated the mainframe computer market with timely introduction of the UNIVAC. Microsoft Windows, Proctor and Gamble's disposable diaper brands, and General Motors, a late-comer onto the US automotive market, all benefited from the Fast Second strategy.

Bullsoneshot deployed a multi-faceted marketing strategy in order to execute its Fast Second strategy. Recognizing that consumers were most concerned with the power-increase

factor in the choice of their fuel-additives, the bull, symbol of power, was chosen to represent the brand. Two different packages were available : red for gasoline and oxen-brown for diesel. The colors not only prevented mix-ups, but, combined with the bull, they were colors that signify power and strength. Each bottle contained a greater dose than the competition, rendering the change brought about by the product more sensible for the consumer. Then Bullsoneshot increased the accessibility by setting up point-of-sales installations at gas stations, and by expanding its distribution network to include auto repair shops and large discount stores. The results of Bullsoneshot's Fast Second strategy speak for themselves. According to a July 2013 report by Nielson Brand Tracking, 90% of the sample responded that they have heard of Bullsoneshot, and 51% chose Bullsoneshot as the 'First fuel-additive brand that comes to mind.' According to another, May 2013 report by Nielson Scantrack, Bullsoneshot has 94% of the market share in the fuel-additive business.

2.2 Fortifying and verifying the quality of Bullsoneshot for flagship product

Since the beginning, Bullsoneshot worked on its credibility by submitting Bullsoneshot to national and international product quality and chemical testing. The resulting credibility allowed Bullsoneshot to introduce the Korean automobilists to the benefits of fuel-additives,

namely, higher gas-mileage and cleaner, smoother running engine. From the rigorous testing and proofing came the superior quality of its products, and consequently, the high sales number. Internal combustion engines tend to accumulate carbon residues in its tract with use, which diminishes both the power output and the operations efficiency. Bullsoneshot removes the carbon residue thereby restoring the engine to its pristine efficiency. SWRI (Southwest Research Institute), an automobile parts researcher found that Bullsoneshot (*Figure 1*) can decrease the carbon residue in the intake valve and the combustion chamber by 39.4% and 45.5% respectively. The research also found efficiency and output increase in the order of 3.3% and 2.8% measured at the intake valve and explosion chamber respectively.

<Figure 1> Bullsoneshot



Fuel additives are difficult to test as multiple

conditions affect test results, notably, the engine temperature (the agents are only active between 300 to 400 degrees centigrade), engine torque and running time. Indeed, there were no institutes dedicated to research in international combustion engine cleanliness in Korea at the time of Bullsoneshot release. Therefore, Bullsoneshot was tested according to the US and the EU standards in order to add credibility and for certification purposes. Bullsoneshot continues to submit its products to be tested by world-wide institutions. *Figure 2* shows a recent certificate delivered by TUV Thuringen, a German technology association vouching for the quality and performance of Bullsoneshot.

<Figure 2> TUV Thuringen Certification, Bullsoneshot



Although Bullsoneshot was developed specific-

cally to maintain engine cleanliness, it was shown to produce a positive side-effect: a boost in fuel-economy. In order to objectively test the product's effect on fuel economy, Bullsoneshot employed a standardised testing model. The standard for official testing certification of fuel-economy is defined by the Ministry of Knowledge Economy in the Rational Energy Utilization Act 2011-242. Bullsoneshot was submitted for fuel-efficiency effects testing by government-sponsored agencies such as Korea Automotive Technology Institute, who certified the claims. The official test results attributed an average 2.8% increase in fuel-efficiency for gasoline engines, with a potential to save consumers 20,000 KRW on fuel for every 5,000 km driven.

Bullsoneshot was also found to have a welcome environmental contribution: a decrease in CO2 emission. If the driver uses a Bullsoneshot per 5000km, It lessens equivalent quantity of CO2 emission of one fine tree. These test results were instrumental in gaining official recognition for Bullsoneshot as environmentally friendly. Bullsoneshot obtained the first Green Product Certification in the fuel-additive category. Bullsoneshot as a company received a "Green

Enterprise" certification from the Ministry of Knowledge Economy and an environmental commendation from the City of Seoul. Based on this concrete product quality, the market share of Bullsoneshot reached almost 100%.

2.3 Extension of line and brand, based of Brand Halo Effect of Bullsoneshot

The next step is the brand and line extensions based on Bullsoneshot's favorable brand equity. That means the want to utilize the halo effects of flagship brand. The halo effect is first described by Thorndike (1920). He coined the term in connection with his observation that supervisors seemed unable to rate their subordinates independently on different characteristics. Rather, supervisors' ratings exhibited a consistently high correlation with their global impression of the subordinate being rated. In the area of advertising spillover becomes relevant when a brand name is used on two or more products that are separately advertised. Consider two products, A and B, that carry an umbrella brand name in common (Balachander & Ghose, 2003).

Bullsoneshot brand family includes products

<Table 1> Fuel-efficiency increase on vehicles using Bullsoneshot

title	Annual saving amount(Kw)	Basics			
		Saving ratio	Standard mileage	Price of gas per liter	mileage
Gas car	21,011	2.8%	13.0km	1951kw	5000km

* Fuel saving effect of Bullsoneshot: Gas 2.8%, Diesel : 2.7%

* Korea Automotive Technology Institute

in three categories: engine care, air care, surface care. (see Table-2)

<Table 2> Bullson major product categories

Product Category	Product
Engine Care	Bullsoneshot fuel additive Bullsoneshot Premium Bullspower Coating Agent
Air Care	Grasse air freshener Polar Family character air freshener Saladin deodorizer
Surface Care	Bullson cleaning agents First Class wax Rain OK wiper blade Rain OK water repellent coating

Bullsoneshot customer database allows the company to determine when and which product sample or introductory literature to offer to which customers, based on the time of the year and the customer's use habits. Through cross-promotion, every product in the brand family can access a large number of trial users, which may eventually lead to sale. Bullson educates the drivers on the benefit of the whole range of its products. The consumer of education goes through all channels: websites, blogs, SNS, mobilized group of car mechanics and even discount store culture center lectures. Using this strategy, Bullson have successfully introduced more than 100 products including

air care and surface care products, which, benefiting from the center of gravity offered by the flagship, have mostly shown satisfactory sales numbers.

Introduction of new products coupled with an aggressive marketing and promotion campaign has resulted in 20%~50% improvement in sales numbers compared to the same period in 2012, one year before. The market share of wiper blade brand "Rain OK" has gone from the 3rd place in its category in 2011 to the 1st place in 2012. By 2012, all of Bullson products have achieved top market shares in every single category that they compete in. Technological innovations have allowed Bullson to obtain Australian TUV certification in 2012 for the Rain OK wiper blade and spray chain.

2.4 Enforcing Bullson positing through proactive marketing communication

Bullson was focused on a niche market of customers actively interested in auto repair, with sales stable between 30 to 50 bn KRW. In 2010, Bullson decided to expand its customer base to ordinary drivers. As shown on Table 3, Bullson increased its advertising budget to 16% of sales revenue, or 11 bn KRW in

<Table 3> Annual advertising expenditure of Bullson

year	2010	2011	2012	2013
Ad. Spending (in billions of KRW)	8.8	10.7	14.2	16.3

2013, evidencing plans to become even more aggressive in marketing. As target market share is in the vicinity of 60-70 bn KRW, advertising budget of 11bn is well enough adventurous.

This sort of proactive marketing decision is based on good knowledge of precedents which Bullsonne constantly uses as benchmark. When Oxy Inc. was still an OCI business division, aggressive advertising allocation had resulted in a loss of 500 million KRW, which at the time was equivalent to the incentive payouts for 600 employees. However, OCI recuperated it and more, when 5 years later, Oxy Clean detergent become a solid cash-cow in the company portfolio, generating 20 bn KRW in annual sales.

Mr. Hyun Woo Shin also cites Clean Wrap vinyl food wrapping as a great success story of an proactive advertising campaign driven by the entrepreneurial spirit. "10 years ago, we spent generously on advertising from clean wrap. Despite competition from 3M and P&G, we still have 70% market share. We kept people from changing their habits."

At the basis of Bullsonne's profitability is its strength to maintain its image as the leading brand.

As the result of such proactive marketing spearheaded by an aggressive advertising spending, Bullsonne succeeded in dramatically improving purchase intention and brand recognition. Bullsonne is now recognized by 90% of the customer base. Bullsonne is rounding out its proactive marketing results by developing new sales

channels and improving its point-of-sales exhibition : results being better exposure and more frequent purchase decision. The proactive marketing was able to finally break the sales growth ceiling reached 10 years ago, allowing Bullsonne sales to grow threefold in last three year period, incidentally boosting the sales of all Bullsonne product portfolio.

In March 2013, Bullsonne launched its "Rain OK" hybrid wiper blades, at the same time creating a market for the premium wiper blade market and establishing itself the dominant player. Rain OK wipers went from 3rd place to 1st place in terms of market share in less than one year. This achievement was not reached by the product quality alone, but was accompanied by a large advertising campaign and point-of-sales exhibition spending; the basis of Bullsonne proactive marketing strategy.

III. Managing Performances through Marketing-ROI Methods

3.1 Company P&L Review and Corporate Level Control

Every month, responsible Bullsonne employees in accounting, marketing, sales and logistics come together to discuss company wide profit and loss, preceded by presentations of P&L analysis according to each departments' specialty.

For example, the Brand Manager from the marketing department will present a profit and loss broken down into per-individual-brand / per-SKU figures, familiarizing everyone involved with each brand's total profit and loss contributions. The sales department will break down profit and loss into accounts. Having the complete picture at hand, the sales department can be empowered to go further than simply maximizing immediate revenue. It salesman can be empowered and held responsible for the ultimate profit contribution of accounts under his responsibility, he can make decisions on which is the most profitable way to promote certain products. These meetings are vital in educating employees about their role within the company's value chain, and enables them to take the big picture into account in carrying out their assigned tasks.

3.2 Maximizing Product Management through SKU-management

Bullstone launched 50 new products in 2012, and plans to introduce 60 new products in 2013. In order to prevent the resulting inventory increase, Bullstone regularly runs a SKU-reduction program. According to the standards set by SKU-Reduction Target Products Criteria products suffering from slow turnover, low profitability, or lack of regular orders come under regular monthly SKU-review by a panel composed of employee from marketing, sales,

supplies / logistics, and accounting; the panel decides which products to discontinue. In the first half-year of 2013, 600 SKU came under the scrutiny of the review panel, among which 200 SKUs are either discontinued or are planned to be discontinued. This practice has greatly improved the company's profitability.

3.3 Company-wide Cost Reduction Meeting

Bullstone sets a monthly cost reduction market. The marketing department is the current designated cost-reduction 'champion,' and oversees regular meetings attended by marketing, R&D, supply and logistics and manufacturing departments, as a part of the organized and continuous company-wide cost reduction effort. At these meetings, the employees are encouraged to present any idea, whether in management or in manufacturing which will reduce cost, such as product treatment, raw material choice, packaging and production methods. These meetings resulted in 2 bn KRW in cost reduction in the year 2012, with the goal to save additional 3bn KRW for 2013.

IV. STP-based Marketing

Better products, more aggressive promotion and marketing allowed Bullstone to grow two-

fold in two year period. In 2012, Bullson is focusing on those brands that have trouble attracting new customers. The goal : to give these brands fresh image and credibility and turning them into champions of the future.

Bullson is tweaking its product line to include products targeted at more precise need groups. *Figure 3* shows Bullsoneshot 'New Car', specifically for owners of brand-new cars. Previously Bullsoneshot were geared toward higher mileage cars. With this new product Bullsoneshot is introducing itself into the new market, while reinforcing its image as the fuel-additive expert.

The original Bullsoneshot received both performance upgrade and a facelift with new packaging.

Bullson switched its core target consumer group from male drivers in their 30s and 40s to

male and female drivers between 25-39 years old. In order to appeal to this new target consumer, Bullson hired Korean-born Hollywood actor Lee Byung-Hun as its model. He is expected to add to credibility, and will speak for the product's tried and tested benefits.

<Figure 4> Advertising Celebrities of new Bullson campaign



<Figure 3> New Bullson lineup



<Figure 5> A Footage from Bullsoneshot TVCF



Bullsoneshot's new campaign will focus on delivering simple, easy to focus messages about the product benefits. Messages such as "Always Fresh as a New Car", which explain the product benefits in easiest possible terms, and "So Easy" a how-to message will be backed up by credibility conferred by TUV certifications.

Bullsoneshot expects to lead the trend by changing Korean consumers' car maintenance habits and concepts. Bullsoneshot introduces the new "I love my car" slogan and started "I love my car" campaign to this effect.

As part of "I love my car" campaign, Bullsoneshot started offering car-maintenance courses for women drivers through culture centers within nationwide retailers such as E-Mart, Home Plus, and Lotte Mart. Bullsoneshot aims to increase the nation's road safety by offering women drivers a chance at learning good car maintenance, and warning them against wrong habits and preconceptions. These classes are also an opportunity to offer trial Bullsoneshot products so that women consumers may experience the products for themselves.

<Figure 6> 2013 Bullsoneshot campaign



In March 2013, Bullsoneshot held "I love my car event" where drivers were encouraged to continue caring for their car as they did when the car was brand-new. Bullsoneshot held a 'car-warming party' for car owners who purchased a new or used car in last 6 months. The event was built around a message that the owner who

takes care of his car will enjoy it more by keeping it longer in new-car like state. Bullsone intends to continue its "I love my car" campaign to firmly establish car maintenance as an enjoyable and beneficial part of automobile ownership.

V. New Challenges, New Projects: Challenges posed by Global Market Expansion

Bullsone top-level accounting, marketing and development executives led by Vice-Chairman Hyun Woo Shin have set for itself an ambitious goal : reach 100bn KRW in gross sales within 3 years. "Ripping itself free from 30~40 bn KRW sales range in which the company has stagnated in the last 10 years, Bullsone intends to be aggressive enough in marketing to reach 150 bn KRW in sales in 2013, and reach 700 bn KRW by 2018." This is the goal iterated by Bullsone's top executive team.

Bullsone is also shooting for an IPO in the year 2015. Core to Bullsone's plans : a strong manufacturing facility in Eumseong, Chungcheonbuk-do. The factory is being outfitted to supply the largest automobile market in the world, China. The revenue generated from this factory alone increased by 50% in last one year period. As automobile culture takes a firm root in China, Bullsone expects the demand for car maintenance

products to grow apace. The factory manufactures 20 million units of product per year including 3.6 million bottles of Bullsoneshot, 3.6 million bottles of windshield fluid, 1.3 million cans of car wax and 2.3 million air freshners. Kim Hun, the factory manager says "All Bullsone product you see in stores all over the country come from this one factory. We continue to invest in manufacturing automation, and the productivity continues to grow." Bullsone is diversifying its sales channels which have traditionally been centered about large discount stores and gas stations. Bullsone increased the number of its exclusive authorized exclusive from 30 to 70 in last 2 years. Bullsone is being sold out of 12,000 car repair centers out of 20,000 national total, with plans to engage 15,000 car repair centers as retail distributors by 2013. In 2013, the sales generated by its authorized dealers exceeded the sales generated from key large discount store accounts for the first time in Bullsone history. This is a welcome development.

Bullsone is constantly trying to expand its sales network. Hi-Shop highway rest area retailers, a Bullsone online store, televised home shopping are all becoming an intergral part of Bullsone network, by increasing both point of customer engagement and the point of sale.

Bullsone sales team is being aided by Bullsone Technical Assistant team, the first of its kind in Korea. The team of 8 experts in car repair and auto tuning travel across the country to visit car repair centers. They offer general car

maintenance training coupled and educate the repairmen and general consumers all over the country on the correct way to use Bullsone product.

Bullsone founded a Chinese subsidiary in 2013. Its Chinese sales efforts will start in the following year. Continually submitting its products for International TUV standard certifications formed a major part of Bullsone long-term international vision. With this endorsement, Bullsone has plans to expand into India, Thailand and European Union.

Mr. Chang-Hoon Lee, CEO, describes the company vision as “The No. 1 Automobile Aftermarket Company in the World” with “The largest sales world-wide in this industry with 700 bn KRW in sales.” He describes the company’s mission as, “producing safe, pleasant and environmentally friendly products and services and products that will improve customer’s relationship with their cars.” Bullsone is has the world in its vision.

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