

Encyclopedia britannica: marketing analysis-term case report assignment

[Art & Culture](#)



**ASSIGN
BUSTER**

Encyclopedia Britannica: Marketing Analysis-Term Case Report Table of Contents I. Executive Summary II. History of the Company's digital/internet era III. Competition IV. Analysis V. Recommendations I. Executive Summary: Encyclopedia Britannica is one of the oldest, well known brands in the world. The Encyclopedia Britannica was first published in 1768. Encyclopedia Britannica was the leader in the Encyclopedia industry for over 200 years and established a strong hold in the marketplace for its encyclopedias world-wide.

The information industry struck Encyclopedia Britannica hard in the early 1990's and Encyclopedia Britannica struggled to develop its own niche within this new marketplace The company got on board with the internet and CD-Rom much later than its competitors which caused them to lose crucial ground and market share. Encyclopedia Britannica offers its printed books, CD-ROMS and other printed materials for sale via the Internet, but face uphill challenges with rivals such as Wikipedia and the unlimited amount of free information allowed through the world-wide web. I.

History of the Company's digital/internet era (1990's-Present) In the early 1990's, sales of Encyclopedia Britannica sets fell and this brought increasing competition from CD-ROM encyclopedia versions, such as Microsoft's Encarta. During 1993, Britannica launched a subscription version of the encyclopedias for institutional users only. In 1994 Encyclopedia Britannica's sales were reported at \$453 million, with only some 51, 000 bound sets sold in the United States. Also during the same year, Encyclopedia Britannica sold its Compton's division to The Tribune Company.

In 1996 Jacob Safra purchased Encyclopedia Britannica for 135 million dollars, which was half the estimated value. The home sales force was terminated along with 140 additional employees. Encyclopedia attempted was made to sell encyclopedia sets through bookstores, with a cheaper version, but with the availability of Microsoft's Encarta and other competitors, sales declined. Encyclopedia Britannica introduced a CD-ROM version of its encyclopedia with a price of \$1, 000; Britannica began cutting the price of its CD-ROMs, to \$85 due to Microsoft beginning to include their CD-Rom in some of its software packages.

In 1999, Encyclopedia Britannica launched an Internet service, Britannica.com. The internet site was operated by another company. The website incorporated the entire Encyclopedia Britannica volume and also included article. Britannica.com allowed users to purchase Encyclopedia Britannica CD-ROMs and other products such as the print version utilizing payment options. Britannica issued the largest advertising campaign in the company's history to announce the site's launch. Ten million users attempted to access Britannica.com on its opening day, which caused the site to crash repeatedly. The site was shut down and restarted weeks later, but usage decreased once the site returned. A company executive bravely stated that he hoped it would be profitable by 2002, one year after Britannica.com was started, they laid off 20 percent of their work force.

III. Competition: Wikipedia

Wikipedia was created in 2001 and has become one of the leading reference sites on the World Wide Web with around 68 million visitors monthly as of January 2010.

Wikipedia consists of more than 91, 000 contributors and 15, 000, 000 articles in over 270 languages. Wikipedia allows hundreds of thousands of visitors from around the world to freely make tens edits and create their own new articles to Wikipedia encyclopedia. Encyclopedia Britannica only serves 200, 000 households and offers 112, 00 articles. Citizendium Citizendium was created in September 2006 by Wikipedia co-founder Larry Sanger. Citizendium is different from Wikipedia because that requires contributors to utilize their real names and strictly moderates content.

Citizendium currently has 14, 018 articles on its website. Citizendium's goal is to have a more reliable and trusted source of information than Wikipedia.

IV. Analysis 1. New Entrants -: Citizendium is the newest competitor for Encyclopedia Britannica. Citizendium is a smaller company in the market that is similar to what Encyclopedia Britannica is doing. Citizendium could be the biggest threat to Encyclopedia Britannica if they can provide trustworthy, factual information to their users for free. This would differentiate Citizendium from Wikipedia by offering a more trustworthy . Consumers -: In today's world, buyers have many other options or choices , they can choose from cheaper to expensive brands of vodkas from different manufacturers and new entrants, therefore it has become difficult to hold on to the consumers in a particular market and maintain consumer loyalty. Grey Goose has a strong hold on the premium vodka market. Absolut is a premium vodka, but their Absolut picture advertising doesn't focus on the premium element. This advertising is much more of a hodgepodge approach that appeals to a multitude of audiences.

The problem with this is that the younger audience cannot afford typically to pay \$30 dollars for premium vodka and these advertisements are generally in magazines that are read by an older consumer. This gives the perception to the younger audience that this is “ my parent’s vodka” and alienates Absolut from this market.

3. Substitutes –: Vodka consumers tend to change their preferences quite often to some other brands, mainly due to competitors prices being cheaper than Absolut and the variety of different alcoholic beverages such as whiskey(13. 9% market share) and rum(13. 3% market share), being available in the market place. . Industry competitors and Extent of Rivalry –: During low economic times, consumption of alcoholic drinks increase in the US markets as Americans become more stressed due to the increased unemployment rate(Exhibit 2). The increase in demand by consumers for alcoholic beverages has cause an increase in rivalry by industry competitors to gain this new business. These companies are using strategic marketing strategies to gain this objective.

V. Recommendations

Market Structure: Absolut needs to revamp their marketing structure and in particular their place on the marketing pyramid.

Absolut is on the top of the pyramid selling a premium brand of vodka and an ultra premium vodka, Level, with no other way to go but down. Grey Goose is clearly the leader in the premium market segment, which is causing them to loose market shares from companies such as Svedka that is appealing with a younger, hip market. Svedka revamped their marketing to give their vodka the premium, edgy perception, at an economical price. Absolut needs to produce a lower priced vodka, or malt beverage that can compete in other sections of the pyramid.

<https://assignbuster.com/encyclopedia-britannica-marketing-analysis-term-case-report-assignment/>

Absolut needs to structure this new brand of beverage under a different name, so that it has that product diversification from and does not diminish the premium Absolut brand. Advertising: Absolut has used the same advertising of the “ Absolut bottle” in print ads for over 20 years, even though they utilize different concepts in the pictures, it has aided in over saturation of the product. This over saturation of the print ads has aided in the decrease returns on the Absolute balance sheet. Absolut should revamp their advertising and focus on a target market.

Absolut should advertise their product more utilizing other forms of media like the internet and television to add a spark in their sales. For the premium Absolut brand, they should do sponsorships at premium sporting venues, such as golf and tennis tournaments. This advertising would target their wanted demographic of older, more affluent market segment. Advertising for their new brand, would target a younger, trendier market. Advertising for this market would be based through the internet and with younger marketing reps advertising at bars and night clubs.