

# Amazon kindle fire marketing flashcard



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Introduction In this paper, we are going to continue investigating Amazon Kindle Fire, the newest tablet in the market. It is interesting to analyze this to the strongest competitor, Apple iPad. We will discuss what kind of category Kindle Fire belongs to, how is its product life cycle and its branding strategy. And we will take a look at what distribution strategy it applies, what the pricing strategy is as well as its promotion strategy. Finally, we will make some recommendations to Amazon Kindle Fire's marketing mix, which are product, price, place and promotion. Classification of products

Amazon Kindle Fire belongs to the Shopping product category. •Purchase behavior of Consumers: Consumers will only buy Kindle Fire occasionally. Once they own one tablet, they can use it for a long period of time and don't need to buy it again. Consumers will also be comparing the prices. They would like to compare Kindle with other similar products to see which one is better and which one satisfies their needs the most before they make a decision. •Product: The products of shopping goods are cameras, TVs, briefcases and clothing. As an electronic device, Kindle Fire tablet belongs to this category without doubt. Price: The products of shopping goods are fairly expensive. The price of \$199 in the market is lower than any similar product. But it is still higher than those products we use frequently. So it is fairly expensive. •Place (distribution): There are many places where you can buy Kindle, such as FutureShop, BestBuy and Wal-mart. You can also order online. In a word, anywhere with electronic devices potentially has Kindle for sale. •Promotion: There are many commercials are available on YouTube to promote Kindle Fire. And there are many websites that give out the comparison between Kindle Fire and iPad.

Consumers will easily see what the differences are. Product life cycle

Introduction Stage: When Amazon Kindle Fire was first introduced to the market, not so many people knew about this tablet. In this stage, Amazon was actually building awareness among consumers. There are many commercials in YouTube and many advertisements to promote Kindle Fire. And the sale should be increasing slowly and there should be little competition. However, Amazon hasn't released any data to show how Kindle Fire was doing when first released. Growth Stage: When products enter growth Stage, it has a rapid rise in sales.

And many consumers already know about this product and will encourage other to buy. It is said that Kindle Fire has become the top 1 sale in Best Buy (Mills, 2011). There is no doubt that Kindle Fire has entered Growth Stage and it is staying at this stage right now. At this stage, competition will become fierce as other competitors are aware of what it is mean to their target market. Maturity Stage: After a period of time, Kindle Fire will enter Maturity Stage. The sale will stay at a certain level because other competitors have increased their sales, making Kindle Fire no longer advanced to all.

At this stage, Amazon will soon reintroduce any tablet which is advanced than Kindle Fire to the market in order to earn money and maintain its target market. Decline Stage: After a new product is introduced, Kindle Fire would be no longer produced as much as before because it is no longer advanced. Its sale declined rapidly and it cannot help the Amazon earn money. It may be even stopped coming out from the manufacture. No promotion, no

distribution as well. Branding When considering Kindle Fire tablet, we will think of Amazon. It is 17 years since it was founded by Jeff Bezos.

And Jeff named his company after the world's largest river, Amazon. It is the world's largest online retailer now. Amazon is so well-known that it has separate websites in so many countries. And the fact that consumers have been exposed to and interacted with Amazon for a long time creates strong brand equity as well as brand loyalty. According to a survey (Amazon overtakes Apple in brand loyalty survey, 2011) using both in-person and telephone interviews, technology brands take 20 spots among the top 50 brands commanding the most customers loyalty and Amazon is the top one.

It is easily seen that Amazon brand has a remarkable fascination. In addition, Amazon has applied for its own patents, copyrights and trademark to protect its products, brands as well as its company. •Brand Loyalty of consumers:

Some consumers are very loyal to brands, but some don't. The loyal customers will only buy the products from the company they stick to.

Amazon loyal consumers will definitely prefer Amazon Kindle Fire rather than any other company. However, consumers can also accept substitute products, such as Apple iPad, HP Touchpad and Samsung Galaxy Tab.

Distribution strategy

When Amazon Kindle Fire was released, it was only available within United States and there were even no schedules for international shipments. In America, consumers can buy Kindle Fire at Best-Buy, Wal-mart and other electronic stores as well as online buying. The intermediaries Amazon use to sell Kindle Fire are straight-buy and retailer Straight-buy: some consumers

are easy. They don't want to shop. They prefer sitting in front of the computer and make their order. This kind of consumers will do the online shopping. When consumers order products online, they are actually negotiating directly with the company.

Consumers pay for what they order in Amazon's website and Amazon will mail the products straight to consumers. There are no middlemen, no retailers or any other agent. It is going from producer to consumer. Retailer: not all the consumers would like to go online and buy items they need. Some of them prefer to shop in the market. They want to touch and compare it to other similar products. And this is what Amazon focuses on because there are so many retailers available to consumers. Amazon contacts with retailers, such as Best-Buy, to let them make the purchase orders.

After Best-Buy gets the items, it will sell it directly to the consumers. It is going from producer to retailer to consumer. And consumers can also get the pre-sale and post-sale services from the retailers, which will, in a degree, enchant consumers purchasing decisions. Pricing strategy As the strongest advantage, the price of Amazon Kindle Fire is only \$199, which is lower than any tablet in the market. When Amazon decides the selling price of Kindle Fire, it should follow 6 steps to set the final price. •Make special adjustments to list or quoted price The product was very recently released at price of \$199.

At the moment there are no promotions or discounts. Product is just introduced to the market; customers are still doing research on the product. •Set list or quoted price There is only one kind of Kindle Fire. \$199 is the set

price for this product. It only comes in one size, memory and in only one color (black). •Set an appropriate price level Profit oriented approach: Since our product is \$199 dollars, making it the cheapest tablet on the market, the sales will be very high because it's in the introduction stage and everybody is looking for a cheap tablet out there.

Demand will go up for the product because of its low price. Amazon will be making a lot of profit from this product. •Estimate cost, volume and profit relationships In Amazon Kindle Fire's case, it is sold at a loss. That is to say, no matter how many tablets are sold, the profit will be a loss. And the greater the volume is, the bigger the loss is. •Estimate demand and revenue It is estimated that the pricing strategy will increase the demand of Kindle Fire. However, as Kindle fire is sold at loss, the revenue will definitely be negative. Identify pricing constraints and objectives The pricing constraints of Kindle Fire will be how much is its price and volume to break even and how much consumers want to pay. Promotion strategy In order to sell the newest product, Kindle Fire tablet, Amazon will use various marketing communications. Sometimes it uses one promotion tools only. Sometimes it uses different communications combined. However, Kindle Fire was only been to the market for less than 1 month. So there is no data released by Amazon to show what it uses to promote and how to do it.

Generally, there are 5 marketing communications to use: Advertising, Personal Selling, Public Relations, Sales promotion and Direct Marketing. In addition, Amazon hasn't given out any information how much it is going to promote Kindle Fire. Therefore, let's assume Amazon put enough money for promotion. Introduction stage: when Amazon announced Kindle Fire, it put <https://assignbuster.com/amazon-kindle-fire-marketing-flashcard/>

lots of effort on advertising. Amazon built a lot of TV commercials and magazines in order to get public attention. The main purpose of that was to build awareness among consumers as it is the newest tablet and consumers knew nothing about it.

Consumers got information from Advertisings to help them know the products. And advertising also created interest from the public, which was due the information provided by the advertisings. Before Kindle Fire was released, a survey led by BetaNews showed that 31.66 percent already preordered Kindle Fire and another 23.26 percent plan to purchase within 3 months (Wilcox, 2011). It is so amazing to see how much interest Amazon's advertising had created. Growth stage: after a period of time, the sales of Kindle Fire will enter growth stage, which is exactly where Kindle Fire is.

At this stage, personal selling is dominating the marketing communication. Amazon salespersons represent the company to do the trading. They try their best to provide all the information that can persuade consumers to buy Kindle Fire, which directly helps Amazon gain profit. This approach no longer needs to build public awareness. Instead, it helps stimulate demand.

Personal selling effectively motivates consumers to buy Kindle Fire due to salespersons' excellent speech. In addition, personal selling can reinforce consumers brand loyalty.

Once salespersons succeed in persuading consumers to buy Kindle Fire, they will give consumers benefits, such as asking for e-mails to provide latest news about Kindle Fire or some free trials of magazines, TV shows and etc. . Consumers will think the benefits are so great and may come back later on.

Besides personal selling, Amazon also uses advertising to promote at this stage. Because it is useless unless consumers are with the salesperson, it advertises to get consumers out to the store or advertises to persuade consumers to order online.

Maturity stage: at this stage, the market of Kindle Fire will become less competitive. The sales of Kindle Fire will not increase any more. Because of that, Amazon will perform sales promotion to get rid of its inventory.

Consumers will think this is a very great deal for Kindle Fire on sales. It also advertises to remind consumers of Kindle Fire, but its advertising may not help the sales of Kindle Fire. The usage of marketing communications is to reinforce consumers brand loyalty. The more brand loyalty Amazon can create, the bigger the market will be when its next product comes out.

Decline stage: when Kindle Fire enters this stage, there is no doubt that Amazon is likely to stop producing Kindle Fire because it will not help Amazon gain profit any longer. There will be little personal selling, advertising or sales promotion. It may even stop putting money into promoting Kindle Fire. This stage will have no promotion objectives and the promotion budgets will be very small. Recommendations Product We want to produce the best product at the best price. We should hire the best engineers and look at cutting down our production costs.

The cost of hiring these engineers might be expensive at first, but we will save and make a lot more income in the end. Also it is essential to increase the memory to stay competitive. Price The price in its self is about or near our competitors. We can help to cut down some overhead costs by cutting



costs on advertising and manufacturing. Right now we are losing \$2.70 per kindle sold. We can cut down the overhead even more. I know we are waiting for our tablets to come out so we can start selling them and turning an overall profit, but there is no reason we cannot turn a profit on both items.

If we can start turning a profit on the kindle, we can turn an even higher profit on our tablets. Place Product is already selling at most of the electronic stores. It is a pity that Amazon Kindle Fire is only available in United States. But consumers can find it in almost every electronic store in America. In the Future, Amazon should set up schedule to ship it to different countries to broad its consumers market. And it should put Kindle Fire online for consumers to order. Promotion We are just at the introduction stage of this product at this point.

Product was released on Nov 14, 2011. Promotion should not go on any promotion at least for another month. Our product's price is already pretty low. Consumers are still discovering the product. Conclusion In conclusion, Amazon Kindle Fire is the most influential product to the tablet market at this moment. It belongs to shopping goods and its product life cycle will follow introduction, growth, maturity and decline. Due the correct application of Amazon's distribution, pricing and promotion strategy, it has been successful since it was released.

However, the limitations of Kindle Fire will hinder the developments in the long run. So Amazon will try its best to improve Kindle Fire to meet the public' needs in order to succeed. Since it is only less than 1 month to the market, it hasn't greatly impact Apple iPad's market. But there is sign

showing Kindle Fire is taking over iPad in some features. It will be interesting to see what influence Amazon Kindle Fire has on the tablet market. But one thing is for sure, Amazon has come to the top in the tablet market.