

# Tweeter

Business



Objectively and subjectively, is Tweeter price competitive? Why or why not?

Tweeter is an electronics store that pride itself on selling middle and high end goods. To see If they were price competitive, we would have to evaluate them with similar stores Like Cambridge sounds waves as opposed to Walter.

Before APP In 1993, It would not have been possible to evaluate Tweeters price competitiveness since there was no systematic benchmarking present.

However with the APP, objectively, I think that Tweeter did try to price their goods competitively with other similar goods. The APP strategy showed that their prices were competitive even in comparison with cost leader competitors like Lecher. This indicated that Tweeter was price competitive not only In Its on niche market of high end goods but also overall within the electronics market. Subjectively, when customer's perspective were added into the equation, Tweeter price was not viewed as competitive. Customers did not perceive price objectively.

In Tweeter's early years, their vision of " commitment to value, quality and service" and We don't carry all brands, only the ones that count" were working to their advantage as customers perceived them as a premium brand and students then were interested In high end products. However, In 1993 before the APP. Entrance of other retailers start the price war and later through the focus group, 4 out of 5 customers viewed Tweeter as being more expensive. With the implementation of the APP, customers were still aware that Tweeter were priced the same or higher compared to bigger retail chains.

To conclude, there is a huge gap between the objectivity of Tweeter's price and the reception of customers.

The APP policy clearly demonstrates that Tweeter's price is competitive whereas customer perception does not align. This could have been because for 40 years, Tweeter had positioned itself as a premium brand and even though its marketing strategy had changed, the perception of the brand remains. 2. Who are Tweeter's core customers and who are Tweeter's competitors for these customers? Are these the right customers to be going after?

Tweeter's core customers in the past were students who were interested in the quality of the product. From there, Tweeter continued to position itself as a premium retailer selling middle-high end goods of quality and they pride themselves on good service. Their customers therefore are those who are interested in buying high quality products. High quality customers are not as price sensitive although price is still important to them - this is evident in the focus group study where the "Quality/Service Customer" formed Tweeter's larger customer type of 70%.

However, they have Lecher and Circuit City who own 10% and 15% respectively of the market share for the "Quality/Service" Customer type. I think that it is the right customer to go after since they own the largest market share of 70% amongst customer type "Quality/Service" Customer. By serving those customers, it is a niche area that they can focus on and avoid competing in the market based on price. The company can compete by differentiating themselves based on premium products and good service which makes up their brand image.

From the results, customers do associate quality with Tweeter. 3.

How does current buyer behavior fit with Tweeter's new marketing strategy?

How is APP designed to alter that buying behavior? The new marketing strategy is made up of 3 parts: to eliminate "sales", introduce APP and change the marketing mix to spend marketing budget on TV/radio ads and through direct marketing efforts. By canceling sales, it tells buyers that Tweeter is not positioned to be a cheap brand but rather a premium brand with good quality products - this is in line with the current buyer behavior.

Introducing the APP furthers enhances Tweeter's customer behavior where they believe that they are getting the best goods for the best price, price being matched the same or lower than Tweeter's other competitors.

Customers now perceive Tweeter as expensive but not more than its other competitors. By changing the marketing mix and including the buyer guide, it tells the customers who are interested in high quality, the features of the products and ensures them that they are taking a calculated decision.

These customers who are particular about the product now appreciate Tweeter's efforts to provide technical advice and provide fair advices about the product through the guide.

Doing all these helps change the customer's perception of Tweeter of being expensive, it is trying to convey to customers that their price on the high quality goods are matched to its other competitors. Its unique selling proposition of "high quality and customer service" is embedded in the minds of its customers and that's how they are differentiating themselves from the other retailers.

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I think overall, their new marketing strategy really fits well and targets their niche market of “ Quality/ Service” customer. Such customers are interested in premium products yet concern about price and I think Tweeter’s marketing message and marketing mix really argues those customers. I also think that the buyer’s guide is Tweeter’s great way of establishing itself as the tech-go to and standard for tech products, similar to Kelly’s relationship between its customers and the brand.

This could lead to more loyalty.

Once customers are convinced of Tweeter’s prices, which is helped by APP, I think they would turn to Tweeter for goods. 4. Has APP proven effective for Tweeter? What factors need to be in place for APP to be effective? Based on the initial implementation for Tweeter, the case talked about sales growth and development of additional stores. However, Tweeter did have to make payments of \$780, 000 which questions if their pricing were truly competitive.

APP was probably effective in the beginning as it was an innovative concept and it created a lot of buzz marketing in the industry boosting the brand’s awareness and improved customer’s perception of Tweeter’s prices. That could have led to the positive reaction.

For the APP to be effective, customers will constantly need to be explained what APP is and how it worked, according to the survey, some customers let that Tweeter was still more expensive and others did not understand what APP meant.

Some confused Tweeter's APP policy with other competitors and did not understand the value of the APP. Tweeter could communicate its automatic reimbursement system and differentiate themselves on that point to take full competitive advantage and really convince its customer base that they take price fairness seriously. Next, the APP could be better communicated via the marketing mix strategy so that customers can associate APP with Tweeter and realize that APP is a Tweeter's initiation and advantage point.