

Zenith hdtv case hbr

Business



Marketing Research Case – HDTV Question 1: How can you assess market potential for the HDTV? Attempt a calculation of an optimistic and pessimistic forecast. * The market potential is defined as those in the population who can possibly buy a product. In this case the market potential would be the total number of households. The total number of households in 1990 is 93, 979, 592. This is all the households who do not have a TV current will buy a HDTV and any household that has a TV will replace their TV with a HDTV next time they buy a TV.

Research that can be done to get an accurate picture of the market potential: * Conducting surveys at retail stores to know what a consumer is looking for in regards to physical appearance, size, picture quality, after sales service etc. * Surveys to find out why people buy products from a different company and not Zenith. * Surveys to find out which aspect ratio consumers prefer and to know how much people are willing to pay. Please find the attached spreadsheet for Optimistic and Pessimistic Forecast Calculations. Assumptions: The Households increase with a growth rate of 1.57%.

Based on data from www.fhwa.dot.gov. * Optimistic forecast is analogous with TV Households and Pessimistic with Cable. * Price per unit = \$1000 * TV Households and Cable growth rate is a Compound Annual Growth rate(CAGR) * $CAGR = (FV/PV)^{1/n} - 1$ Where FV = Future Value PV = Present Value N = Number of years/Period *http://www.fhwa.dot.gov/planning/census_issues/ctpp/data_products/journey_to_work/jtw1.cfm

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Question 2: Outline the assumptions you would make for an optimistic vs. pessimistic forecast.

1. Who is the target market? The target market is any household that owns a tv and will replace their TV with a HDTV next time they buy a TV. The target market also includes all the households that don't own a TV but are potential buyers of HDTV. 2. Will penetration be most similar to VCR's, Color TV or multi-set? I believe the penetration will be most similar to Color TV.

Initially there were no color TV programs hence the penetration was slow but it picked up as soon as color tv programs were introduced. Similar is the case with HDTV. Initially there would be relatively low HDTV programming. The HDTV penetration would pick up after HDTV programming increases. 3. Will NTSC TVs be sold alongside HDTVs? Will HDTV fully displace NTSC TVs at some point? NTSC will be sold alongside HDTVs.

Though HDTV would slowly capture the market share over a period. At some point HDTV will fully replace NTSC TVs. This situation is comparable to Color TV and Black & White TVs. The Color TV market slowly grew and completely captured the TV market. .

What are the compatibility and regulatory issues associated with HDTV? * The Japanese developed a standard called MUSE for HDTV in 1984. * Since MUSE was incompatible with NTSC, the European and ATSC started competing to enforce their own standards for HDTV. * This started a war of sorts where many companies were doing individual research on coming up with their own standards. Externalities: * Technology not approved. * No HDTV programming. * Competition in the HDTV market.

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