

Competitive markets and marketing strategies

[Business](#), [Marketing](#)



Part 1 - The `It` Car for Gen Y?

Scion targets consumers under 30 with its slick design and full range of features. The pricing policy is also appealing to younger consumers as both Scion models, xA and xB, are sold at the base price well under \$15, 000 (\$13, 280 and \$14, 480 respectively for automatic transmission) (Moody, 2003). The fact that the advertised price is the same as offered at the dealership also helps young consumers to handle the buying process as they do not expect having to pay more than advertised.

Besides, knowing that young consumers do not like to be imposed upon and brainwashed into purchasing anything, the company created for them a low-key environment and simplified the purchasing process by assigning one manager to oversee the process from beginning to the end. In addition, to make even more innovations in the selling process, Toyota introduced online customization that enables computer-savvy youngsters to “ build the car online” (Burke, 2004).

Acknowledging the buyer’s independence in decision-making is the strength of the Scion brand marketing that is especially attractive to younger consumers. Joe Jardina, Toyota brand manager at Gentile Automotive Group, says that in selling Scions, they take their visitors “ to the discovery area, and then we pretty much leave 'em alone” (Burke, 2004). Trusting the consumer to make the right decision is an important feature that makes marketing targeted at ‘ Generation Y’.

Aggressively targeting a specific age group certainly has its advantages and disadvantages. On the positive side, the brand is now associated with a

distinct consumer group, giving ' Generation Y' a chance to distinguish themselves from the rest of the crowd and buy something that will further connect them with their age group. Besides, speaking of a younger group, such positioning has the advantage of creating brandloyaltyto Toyota cars at an earlier age. These consumers may want to change to Toyota Camry or Corolla in their 30s and to Lexus if their income allows it in the later age.

However, on the negative side is the restriction it places on the target market. Since Scion appeals to youth, older consumers will not probably want to purchase such cars. On the contrary, they will stick to the old, conventional brands. Besides, the youth market is more volatile and subject to changes in fashion and poses difficulties to marketers and designers who have to be on the alert for changes.

The concept of societal marketing as defined by Philip Kotler holds that " the organisation's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors, in a way that preserves or enhances the consumer's and the society's well-being" (Webber, 2001). This concept adds more stakeholders to the organisational activities than just its managers or employees - consumers, society in general and other involved parties become an important focal point of business.

With Scion's pricing, Toyota relieves dealers and buyers of a lot of stress that was associated with negotiating. Joe Jardina communicates that " people don't enjoy the (negotiating) process - they hate it" and so do the dealers (Burke, 2004). By offering the same base price across dealership, Toyota helps dealers demonstrate fairness toward customers. Transparency of the <https://assignbuster.com/competitive-markets-and-marketing-strategies/>

pricing process is something that delivers the desired satisfaction to clients in this way fulfils the requirements of societal marketing.

Of great value for society is “ low-key, no-pressure salesphilosophy” that is adopted at this point by Scion dealers (Moody, 2003). This philosophy creates a more ethical relationship between clients and dealers, removing the look as if dealers are imposing on customers. Leaving consumers on their own to make decisions is also contributing to clearing the atmosphere of a lot of unnecessary pressure and in the end leaves the whole society better off because relationships between buyers and sellers have been improved.

Part 2 - Marketing Spotlight - Microsoft

Microsoft`s marketing approach for the Xbox 360 differs radically from the other products that were manufactured and distributed by the software company. Instead of taking it to the professional exhibition, the Electronic Entertainment Expo (E3), the Microsoft presented the platform directly to consumers. This created a frenzy of expectation for the new product and added steam to the marketing campaign with the direct approach to the consumer. This strategy targeted the market, allowing it to absorb the news long before the major competitors, Sony and Nintendo can present their new products.

The shift into viral marketing is also a new strategy that can be increasingly used by the company in the years to come. Building loyalty by offering exclusive access to the site Ourcolony. net, the company connects keen gamers to its offerings, creating an atmosphere of anticipation with teaser images long before the actual release.

The difference from the past rollouts lies in the strategy that allowed the company to “ sidestep the industry shindig and talk directly to potential consumers” (McDonnell, Jackson, 2005). This bypasses the usual cycle that takes the product from hardware developers contributing to research and development to industry analysts at professional events and then to consumers. In this way, the typical 5-year cycle for game consoles is reduced as “ the time the Xbox 360 hits U. S. shores, the original machine will have been out for only four years” (McDonnell, Jackson, 2005). Besides, the fact that consumers will have a say in building the console and game design is reshaping the industry is an important change in the company’s strategy. The rest remains similar to the previous rollout - Microsoft is doing presentations to industry professionals, partners, developers, and consumers, but this time they come in a different order.

However innovative and interesting Microsoft’s marketing might be, the company has had its share of flops in the 1980s and 1990s. Examples include Microsoft Bob, an interface that failed because its cartoony look seemed too childish to be marketed to adults; MSX and MSX-II revealed in 1983 aimed to integrate PCs with other electronic devices; Microsoft at Home (MAH)/Microsoft at Work (MAW) also designed to integrate computers with other officetechnologysuch as faxes and printers; Microsoft Home dropped in an effort to concentrate on Internet technology, and finally, Microsoft Actimates, “ robotic toys, sold by Microsoft in conjunction with a radio-controlled interface and software games” and abandoned after a weak marketing campaign (Dvorak, 2005). However, the story of MS Windows that has become a dominant operating system and success of MS Office and

application software such as WordPerfect and Lotus 1-2-3 gives ground to think that the company has also had some sizzling marketing successes.

The risk inherent in the direct-to-consumer approach that creates future issues for Microsoft lies in the fact that it may shorten the life span of existing hardware and software. As the change continues to accelerate in IT business, technological firms see themselves faced with a merciless race toward success and suffer from consumers quickly abandoning the once-revered products. Although Microsoft with its strategy puts pressure on competitors to deliver goods to the market soon, it may risk consumers losing interest in its existing products long before the new console hits the market. The effect can be ruinous to both hardware and software sales and will be felt for a few months. Besides, the untimely revelation can create the enhanced risk of piracy that is already plaguing software sales in many countries.

Part 3

1. One of the big positioning errors is the self-praise that presents the company as the leader in some industry. This sounds unnatural for relatively obscure companies that have not turned into household names, and will not make a major differentiation point.

Second, many companies make the mistake of using terminology they coined on their own to describe their product. This is not interesting to the consumers and can have them lost in details they do not understand.

Another mistake is the overly broad definition of the target market like "Everyone from the Fortune 500 to small businesses use our services"

(Holland, 2004). Such positioning will leave clients reluctant to use generic product or services even if it accomplishes its goal.

2. Ricketts Heating and Air is at the moment concentrated on selling products (heating systems); however, it can go one step further in delivering value to the consumer and bundle this product with a service to support it. The service can be sold in conjunction with the product. The organisation can choose to deliver the service free of charge so that the price can be already factored in the price of the heating system; alternatively, it can offer clients to purchase the service in addition to the heating system.

Ricketts Heating and Air can supply support services to oversee the functioning of the systems. It can add to its menu of offerings the services of a professional technician who will go around homes to inspect heating systems. Alternatively, it can install an outside regulator for the heating system that will be turned on and off by the technician.

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