

Philips sense and simplicity



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The case describes the challenge faced by the CEO and newly hired Chief Marketing Officer to reposition the Philips brand and drive the organizational changes to support the new vision. Central to the vision was the Sense and Simplicity marketing campaign, which came to embody a whole new way of doing business at Philips. The primary target of the Sense and Simplicity campaign was customers aged 35-55. Philips was not thought of as a cool and attractive brand by Generation Y consumers. Philips must rewire the Sense and Simplicity campaign for the Generation Y market.

Answer the following questions-

a). The results revealed that consumers across various countries seek simple technology, i. e., ‘ technology without hassles’. In this background, how did Philips utilize its technological strength to connect with the customer?

Philips has a brand promise of sense and simplicity and they differentiate themselves through their innovation process, the way in which they develop customer relationships and the focus from their own staff on providing a superior experience related to customer. But with the impact of Social Media becoming the most important activity on the web, they have identified that there are many areas into which they must expand their horizon to keep the customer promise fresh and focused.

About more than 200 million users joined facebook in a single year and 34% of bloggers blog about products and brands. In this environment it's not enough to know that this is happening – you need to know what people are saying – and you need to find the best way to react. With only 14% of consumers trusting advertising, companies need to be reaching – and

reaching positively – the 78% of consumers who give and rely on peer-to-peer recommendations.

First thing is to take note, and then the service teams can ENGAGE with and supply SUPPORT to the clients. Mainly where there is negative response, the plan is to change this into positive advertising. Likewise to other companies such as Apple and Dell, Philips is also driving channels for peer-to-peer support. More than 50% of question from customers are answered by other customers. All of a sudden it's not just a conversation; it's a community of support and commitment. Effectiveness on the whole is measured using very simple KPIs (upholding the brand statement) and the main focus is on the delivery of true support.

Today Philips provide products and services in three main areas:

Healthcare

Philips is the leader in top-of-the-range medical diagnostic equipment, helping surgeons in the battle against heart disease and cancer.

Progressively more consumer health and well-being have also become a focus.

Philips Healthcare is using Net Promoter and Social Media strategy to revolve health-care into human-care through the approach of active listening. They unite social media streams to NPS strategies to distribute a holistic experience for their customers. Supervision comes from a global level but delivery, execution and empowerment is based at the local level. Even as Marketing makes the promise to the customer, the Service association is

then liable for keeping the promise. And the Social Media approach is part of delivering on the promise.

Lifestyle

Philips innovates in their lifestyle segment with their Ambilight TV and DVD recorders. The company has recognized a leadership position in lighting and has introduced electrifying new products such as the Senseo coffee concept.

Technology

Philips' semiconductor and lighting products are embedded in the cars we drive, in the offices where people work and in sports stadiums. Philips proves its presence at world level; it illuminates monuments such as the Pyramids, the Eiffel Tower and events like the 2004 Olympics in Athens.

Philips Electronics has unveiled its newest brand movement, which focuses on bringing the impression of simplicity more rapidly to customers around the world. Building on the company's 'sense and simplicity' brand positioning, the drive focuses on prominence the benefits offered by simplicity, as well as allowing consumers to openly experience simplicity first hand.

The new drive spans TV, print, online and outdoor media in 10 markets across the globe – China, France, Germany, U. K., U. S. A., Brazil, Russia, The Netherlands, Italy and India. The drive will also see Philips spread out on the creativity and uniqueness that has already been applauded for new ideas that advance the consumer experience, such as the sole sponsorship of CBS's '60 Minutes', a agreement to bring the contents pages of Time, Fortune, People and Business 2.0 to the first four pages of the magazines, <https://assignbuster.com/philips-sense-and-simplicity/>

and allowing visitors to access premium content on the Wall Street Journal and ESPN websites for free.

To widen the envelope further outside traditional advertising means, Philips' most recent campaign will also comprise experiential marketing activities for the first time in each of the countries to help allow customers to fully understanding simplicity in action. Some of these activities will comprise 'Simplify New York' which will provide New Yorkers with free access to the premium online service from The New York Times, free copies of the magazine, The Week and a set of online tools to make their daily lives easier; the launch of SimpliCity. com, a website (www. philips. com.

br/simplescidade) which will supply people in São Paulo and Rio de Janeiro with the first central online resource to access and share valuable information and tips that simplify life in these cosmopolitan cities; and a Simplicity Squad in Canada providing customers with free vouchers for products and services to simplify their lives, as well as activities in other markets.

To promote the discussion and debate about simplicity, Philips is also sponsoring an online forum to let people from all over the globe to voice their opinions and share their experiences of simplicity. The www. livesimplicity. net discussion forum allows people to contribute to online discussions and also begin thought of their own about simplicity in areas as varied as travel, business, communication, health and wellness, and technology. The site gives everybody a opportunity to have their say, interact with others and discuss problems. It is hoped that this interactive dialogue will contribute to helping find the solutions to meet future needs.

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b). “ New products, new services, new solutions, business creation, strategy, research, brand architecture, contact with customers – everything must be driven by the brand positioning.” What internal changes did Philips initiate, to link its processes with the theme of ‘ Sense and Simplicity’?

Sense and simplicity characterize the whole thing that Philips does and reflects that it is market oriented – i. e. everything is intended to meet consumers’ needs and is based on customer insights.

For more than a century, the company has been interacting with people in their daily lives. More than a million Philips’ products are purchased each day. It is trusted as one of the world’s top brands, with an incomparable understanding of how people interact with technology.

Philips was established in 1891 and made lightbulbs – an easy product. Right through the years the company enlarged its portfolio into technology products that became too complex for most users. When Philips realized this, it determined to make life easier and so launched a brand repositioning all about simplicity.

The term positioning refers to where products and brands are located in a market. What is more crucial is where consumers see such products/brands being located in the market. For example, customers might see products as giving ‘ good value’ or ‘ poor value’ for money. They may associate a brand with ‘ high quality’ or ‘ low quality’. It is key to carry out market study to spot suitable positions to take in the market.

A suitable position is one that suits customers’ necessities. The term ‘ repositioning’ refers to a cognizant strategy to alter the site of
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products/brands in the market. The new ‘best’ position should be based on market research.

How Philips repositioned itself

‘sense and simplicity’ is the brand guarantee that Philips has recognized through its research as the best one to take.

Since the launch Philips has made immense improvement. This has been recorded by achieving milestones down the route. Excellent examples are the creation of a Simplicity Advisory Board (SAB) and the launch of a range of thriving products such as Senseo®, a coffee machine that is stylish and simple to make use of.

Creating a repositioning strategy

A responsible strategy

The stages involved in moving a product are:

carrying out research to find out the weaknesses of the preliminary position

researching a right track to take

Creation plans and taking actions to improve the position.

A difficulty that faced Philips in 2003 was that its media investment was somewhat unfocused and was spread thinly among too many different product segments. The table shows just four product areas and the target audiences for each, which were being addressed. In addition Philips’ products were marketed beneath lots of names, using a range of dissimilar

advertising approaches. It was no wonder that there was great uncertainty in customers' minds.

The challenge in front of Philips, therefore, was to generate a clear vision that would help the company to reposition itself and all of its linked brands. A brand promise was then set out that is clear and easy to follow. The brand promise is 'sense and simplicity'.

In the recent high-tech age, consumers are faced with a lot of hard product choices. What most of us want are clear-cut communications about the settlement that these products will provide for us. This is as true of medical professionals ordering brain scanning equipment for a hospital as it is when you or I want to buy a light bulb, electric toothbrush or cordless kettle.

Three main elements

This is why the brand promise 'sense and simplicity' is so significant to Philips.

Creating consistency and direction

In order to move ahead it was crucial to recognize the key issues. The difficulty facing the company was lack of loyalty and direction. Resources were being spread too thinly across too many products, with developments in numerous countries. Decision making within the wider Philips organization had develop into patchy. This was plain to see – there were in addition many products, too many markets and a lack of consistency in advertising. For the customer it was tough to tell what was and what not a Philips product was.

Meeting customer needs

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The first challenge was to modify the Philips image. This was built about ‘sense and simplicity’. The message that Philips is getting across at present is that the whole thing it does is focused on meeting customer needs.

The entire thing that Philips does now is based on this concept. The message is spread through the organisation, making sure that all business processes are founded on ‘sense and simplicity’. Everybody who comes into contact with Philips, whether they are employees, customers, shareholders, suppliers or other stakeholders, should observe this brand promise. For example, it is publicized in the company logo and all the company operations from top to bottom.

‘Sense and simplicity’ is shown in all the new products that Philips develops, as well as in existing ones. When the company designs a latest electric kettle, its concern is to offer a state-of-the-art, easy-to-use product. The same principle applies to medical equipment, flat screen TVs, and food mixers and so on.

New Philips’ products are:

advanced – based on market leading technologies

designed around you – based on the result of careful customer research

Easy to experience – easy to use.

Philips is also looking at all of its existing products to make sure they fit the wants of ‘sense and simplicity’.

The third key element of ‘sense and simplicity’ is communications. All Philips’ exchanges should be easy to understand. The message given is directed at the target audience and is simple to follow.

One of the key ease milestones has been the launch of the Simplicity Advisory Board (SAB). This is a think tank of independent experts from the fields of information technology, healthcare, fashion, design and architecture. It has been able to give an outside-in view of what simplicity means and how this can be legal across the organisation. The members of the board were selected for their wide ranging knowledge and expertise.

Illustrating the strategy – products

Philips image

We can demonstrate the new repositioning strategy by taking the example of several of the high-tech products that Philips has just worked on. A good example of this is Senseo®. Senseo® Coffee System has been developed through a joint venture between Philips and Sara Lee, a Fast Moving Consumer Goods (FMCG) supplier.

The key aspects of Senseo® are:

cool design

easy-to-use technology

Amazing coffee.

Between 2001 and 2005 more than 10 million of these coffee machines were sold in eight countries – an impressive total. The product embodies what

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Philips is trying to achieve in everything it does. This is to join an exciting state-of-the-art product with simplicity. The coffee makers are combined with Douwe Egberts Senseo® coffee pods to give customers the taste they want.

Recently Philips launched its own Simplicity Event. This provided Philips with a prospect to share, with stakeholders, how far it has come in its assurance to ‘sense and simplicity’. Products that already deliver this promise were exhibited, together with living prototype demonstrations of how Philips envisions simplicity in the future.

Senseo® is one example of ‘sense and simplicity’ in action.

Communicating “sense and simplicity”

At the heart of business achievement is good communication. This means sending messages from individuals or organisations to others (receivers).

Good contact involves:

communicating a brand promise, in this case ‘sense and simplicity’

in a clear and easy to understand way

to the right target audience

Using the right media.

There are a number of ways that Philips does this:

As it is a worldwide company, it is essential to direct contact from the centre.

This ensures that the ‘Philips message’ is conveyed consistently.

Philips believes that there should be a single insight for each product (not mixed messages).

All innovative work carried out by advertising agencies must be based on the ‘sense and simplicity’ promise.

Television and print (for example, magazine) adverts are offered in a standard way – at least three Philips adverts in a single magazine – in a campaign that might last for eight publications of the magazine.