

# Smartphone marketing strategy - sonic



Sonic is a young company that was founded 18 months ago. It is trying to launch a new product . This is a multimedia dual smartphone. It is known as the Sonic 1000. The Sonic 1000 is to be sold to specific market segments (Wood 2003). The company is targeting the current telecommunication market in which there is a demand for phones with expanded communications, storage functionality and even entertainment.

The primary marketing objective for Sonic is to achieve sales of up to 500,000 units in the first year. Sonic's primary financial objective is to acquire revenues of up to \$75 million in its first year and to maintain its losses to less than \$8 million in the first year. In its second year of having launched the Smartphone it hopes to break even in the beginning of their second financial year.

### Current Marketing Situation

Sonic is entering an already flooded market. Multifunction cell phones are already being used both professionally and personally.(Wood 2003). The leading company with regards to market share is Nokia which has 45percent of the global market share The second company is research in motion the inventors of Blackberry which has a 13percent share globally but is the largest market share holder in the US with a 42percent market share. Apples product the iphone is the runner up with a market share of 20 percent.

### Market Description.

Sonics' market share is made up of consumers who prefer to use one device for communication, entertainment, information storage and exchange in

their day to day activities. Therefore sonic is looking at providing a product that will enable the consumer to have all these functions in one phone and not have to carry along many devices. (Wood 2003). For this reason Sonic aims at targeting business users such as corporations, entrepreneurs, professionals and even medical users. It is also targeting students as a part of its consumer market.

### Product Review

The sonic 1000 is a Smartphone which unlike other phones will run on a Linux operating system. This is because the Linux OS is said to be less susceptible to attacks by hackers and other threats such as viruses. Other features include a dual cell phone functionality and push to talk instant calling(Wood 2003). It has a three inch color screen for better viewing, organizational functions such as calenders, global positioning systems for direction and maps, a 20 gigabyte memory card with upgrade potential, voice recognition functionality for hands free and other features.

### Competitive Review

Nokia is the leading market leader in the Smartphone market. It's Smartphone's offer full keyboards and models without the full keyboard for users who do not need them. Their phones also offer multimedia capabilities. Nokia recently purchased the Symbian operating system. Apple their second competitor has the iphone 3G that is well equipped for music video and web access. Research in motion is known to produce lightweight blackberry that is popular with corporate users (Wood 2003). Its newest phones have been known to have the blackberry operating system. Motorola is the other

competitor which was known as a global giant but has lost its market share to the other giants, Nokia and Research in motion. It offers a lightweight Smartphone that offers basic functions. However it is highly priced in the market and is available through one provider.

Samsung is the other competitor that offers a variety of Smartphone's for both consumer and other business segments. Its Smartphone is known as the Omnia whose features are similar to those of the iphone. It is available through one provider known as sprint. The last competitor is the palm which has a very low market share. Its product is the palm pre.

#### Channels and Logistics Review

Sonic intends to sell its branded products through retailers in the top 50 U. S markets. Office Max and staples will have the Sonic brand in their stores which will also be included both online and in their catalogs. The Smartphone will also be sold through independent computer retailers (Wood 2003).

Electronic stores such as Best buy will also have sonic products due to its popularity. Online retailers, mainly Amazon. com will give sonic extra promotional placement on its homepage during the pilot phase.

#### Strengths, Weaknesses, Opportunities, and Threat Analysis.

Strengths: Sonics' products have the advantage of being innovative since they offer a number of features on one gadget. They offer security since they run on a Linux operating system, the sonic 1000 is also priced lower than other models.

**Weaknesses:** The sonic 1000 weaknesses are its lack of brand awareness since it is new to the market. Another weakness is the physical specifications of the phone which comes slightly thicker and heavier due to all the combined features it has. This is unlike other phones which come back both slimmer and lighter.

**Opportunities:** The Smartphone is already on demand since it comes with various functions. Another opportunity it has is the availability of cost effective technology that is available at a lower cost. This has allowed the company to add features that will add value to their product increasing profits.

**Threats:** Sonic faces increased competition from other Smartphone producers who have already established their market share. Another threat it faces is reduced pricing due to the flooded market and also increased competition between various companies. Another threat is the fact that Smartphone's have a minimal product life cycle hence the need to constantly add new features.

## **Objectives and Issues**

We have set up various objectives in the first and second year.

First year objectives

In the first year we intend to have sales of up to 500000 units

Second year objectives

In the second year we intend to sell a total of 1million units of our two models, the sonic 1000 and the sonic 2000. We hope to break even during this period.

### Issues

Sonics main issue is the ability to have a well established brand name. Therefore we intend to invest in marketing in order to create a distinctive brand image that will project value, quality and innovation.

## **Marketing Strategy**

### Positioning

Sonic intends to use product differentiation by positioning sonic as a convenient, value added and versatile product for both professional and personal use.

### Product Strategy

The Sonic 1000 will be sold with a one year warranty. In the following year, a better high end model will be introduced in the market known as the Sonic 2000. Inorder to build the sonic brand, its logo and brand will be on the product and its packaging.

### Pricing Strategy

The sonic 1000 will be introduced at \$150 wholesale and \$199 retail. However, on launching the sonic 2000 it will be priced at \$175 wholesale per unit.

## Distribution Strategy

We intend to use selective distribution marketing sonic Smartphone's through well known stores and online retailers. We intend to add partners in the first year until the product is in the major US markets and is in the electronic catalogs and websites.

## Marketing Communications Strategy

By reinforcing the brand name we intend to carry out research on the best media consumption patterns. This will assist in choosing a form of media to reach the consumers before and after production. It will also help to gauge the best time to begin advertising.

## Marketing Research

Research will enable the company to identify the features and benefits that the targeted segments prefer. Therefore, surveys, market tests and focus groups will help develop the sonic 2000.

## Action Programs

In January Sonic will launch a \$200, 000 trade sales promotion campaign. Samples will also be provided to chosen product reviewers and, influential bloggers. In February an integrated print/radio/internet campaign targeting professionals and consumers will be implemented to increase market share. In March the consumer sales promotions will continue. It will highlight how sonic can be used in creative ways. In April we shall have a trade sales contest in which the best salesperson and retail organization will earn a

prize. In may there shall be a new ad campaign in which radio ads will have celebrity voices marketing the Smartphone 1000. In may the radio adverts will add a promotional tagline for the sonic 1000.

### Budget

In the first year analysis we intend to have sales revenue of \$75 million for the sonic 1000. This will be generated from the sales of 500000 units. We also anticipate a loss of upto\$8 million in the first year from the sonic 1000. The sonic 1000 is expected to become profitable after the sales volume are over 650000 in the second year.

### Controls

Measures shall be put up to ensure quality and customer service satisfaction which will help in correcting and dealing with issues that may occur. Signs of deviation from the plan will be monitored through monthly sales by channel and segment. Monthly expenses will also help monitor deviation.