

Is it feasible for philips to launch a games console



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Primary research is the process of gathering information directly from people within the target market. For a company that is preparing to launch a new product, a survey is required to ensure that consumers will be satisfied with the end product. Primary research is relevant when a firm is deciding upon launching a new product; in this case Philips primary research involves gathering a wide range of data from customers to make sure that Philips will be able to apply it to the end product in order to satisfy consumers. The purpose of primary research is to aim questions directly at research objectives. This allows relevant information such as consumer satisfaction regarding Philips console to be retrieved.

And so by using this, information can be gathered straight from the marketplace and therefore reduces the possibility of gathering data, which is out of date. The purpose of this research is to obtain relevant details of what consumers believe of competitor's products and allows me to further analyse the feasibility of Philips launching a new games console. In order for me to evaluate and analyse questions effectively I will use the 90/30 technique and also the weighted average. The 90/30 technique was invented by American researchers to help forecast sales.

Therefore this enables future sales to be calculated and also helps to give an idea in relation to how many people will purchase the console. The sample consists of 50 randomly sampled individuals of various ages ranging from 10 to 40+. And the questionnaire is specifically designed to obtain the main points and for ease of tallying. The questions used were close questions and likert scales. These were used because they are very quick and easy to answer and are relatively simple to analyse. Graphical data of

questions Which of the following game consoles do you own? The graph above indicates the percentage of consumers, who own a games console, and that more than half of consumers own a Sony playstation 2; this allows Philips to see what potential competitors are dominating.

The Sony playstation 2 is clearly dominating and people are more aware of the playstation than any other games console. It is clear that competition is high and consumers are purchasing more of the playstation than any other games console, if Philips is going to launch their product into the market then they must be very cautious and require the budget to promote effectively in order to create awareness. Which type of promotion is likely to influence you most when purchasing a games console or pc? Tick 3 boxes. The bar chart shows the number of people who are influenced by which promotion.

The TV is the most influencing promotion followed by test in stores and magazines. This suggests that TV is likely to reach a wider audience and promote an individual product efficiently. Promotion is about communication. It is about telling potential consumers about a product and creating awareness. In order for Philips to do this they need to focus their budget towards advertising.

And if they want to succeed they need to use the most suitable type of channels to promote for example TV. However it will be difficult the market is very competitive, Philips may struggle to actually gain consumers. The bar chart indicates that above the line selling should be used for effective promotion, these include: radio, cinema and TV. However magazines and

friends recommendations are high in influencing someone to purchase a console, therefore Philips should aim to promote their product widely as possible and to distribute their product details into various magazines. This may allow them to create potential consumers. Where would you like to see the product sold? The graph indicates that consumers would like to see the product sold computer stores and specialist stores.

In order to reach consumers Philips need to sell their product at appropriate outlets, however not all outlets will be willing to stock the product as there is limited space available. As many specialist stores such as Argos and index will have limited space available, Philips will need to create awareness through promotional methods in order for specialist stores stock the console. The graph does indicate that specialist and computer stores would be the most suitable place to distribute the console. Computer stores such as Comet or PC world would be an appropriate place to direct the Philips console towards. However due to limited space, Philips may have to gain higher demand or make consumers aware through promotions and build public relations in order for large outlets such as Comet to actually stock the product. This is shows that 271, 104.

6 will buy the console at £180. This is reasonably good, however maybe because the market is price elastic it would be helpful to lower the price in order to generate higher sales. The question reveals that 7. 8 out of 50 people will actually purchase the console. This may not be brilliant however this may be due to the price or competitors.

Consumers may not be willing to pay £180 for a new console as they have alternatives such as Sony and Nintendo. Therefore it will difficult to determine whether price elasticity of demand is affecting sales figures.

Philips may need to reduce price elasticity of demand in order to gain more sales and brand loyalty. Philips could possibly differentiate their product as much as possible in order for consumers to be satisfied and feel that it its superior to its competitors.

Limitations There are various limitations that are evident in the research and are likely to lower the reliability of the results. The first limitation, which is apparent, is the fact that the questionnaire is at risk from bias. As some people may have not been truthful they may have given biased answers to the 90/30 question and therefore calculating it incorrectly. This is a problem because if the forecast are incorrect there is likely to be major problem if the console is launched.

As the survey is only directed at a certain time, if the console is launched consumer behaviours may change quite suddenly and Philips could loose out. Another limitation is that only 50 people have been surveyed, this is not an adequate for effective research and therefore cannot be entirely accurate. In addition the survey was only conducted in one regional area, which was Huddersfield. People may have different opinions and consequently the results may not be as precise.

Conclusion The marketing mix is a marketing tool; it focuses attention on the various elements of marketing needed to carry out the marketing strategy. The marketing mix ensures that marketing effort is correctly targeted. The

components marketing mix need to work with each other in order to sell a product efficiently. For example if Philips launched there product poorly priced it may fail due to the market being price elastic. The product is vital for a firm to sell a product such as Philips.

Looking at the graph it suggest that Philips product quality is satisfactory, this is vital because if Philips launch the console into the market without producing an eye catching console it is inevitably going to fail. Therefore Philips has to make sure the console is at a higher standard than their previous products. Philips will need to focus on tangible and intangible benefits. Tangible benefits being things like the performance the console in term of graphics, and intangible benefits like satisfaction maybe through advertising.

As the console market is very competitive it is essential to make the console stand out from its rivals. In order to attract attention Philips may need to differentiate their product, to modify it so it appeals to consumers. The price at which the product is sold is also essential because if the price is not right then consumers will buy rival products leading to lower revenue. There needs to be a balance between sales and revenue. An understanding of price elasticity of demand will help to set the right price.

The weighted average shows that 7.8 out 50 people will actually buy the product at £180, which isn't excellent. And Out of a possible 50 only 18 people said that they would buy the console at £180. This suggests that maybe the market is price elastic; therefore a reduction in price may increase sales.

It would be appropriate to further research the market and look at price elasticity of demand, however if Philips want to make sure that they gain some market share they may need to use penetration pricing. Promotion is likely to influence sales figures as it reaches far more customers. It is about persuading customers to buy a particular product. The research shows that as the market is very competitive Philips will need to promote effectively.

Launching an advertising campaign would be appropriate to make consumers aware of the console. Philips will need to select the most suitable places to promote, as the graph indicates that TV is the main source followed by the radio and tests in stores. Philips could therefore use TV and radio as there main source to promote. Above the line promoting could be used to appeal to a much wider audience. In addition Philips could use the promotional mix, where a mixture of promoting activities could be used.

In order to sell the product effectively it has to be sold where it will attract consumers. The graph indicates that specialist stores such as index and computer stores such as Comet should be targeted. This is where most people would like to see the product sold. However not all outlets will be willing to stock a new console as there is great competition in the market at the moment outlets may not be willing to sell a product that isn't going to sell.

Therefore Philips may need to build good customer relations in order to persuade outlets such Argos to give up another product for their console. This helps to tie in with promotion, as an advertising campaign may convince outlets to stock the console when the advertising is currently taking place. It

is clearly going to be difficult for Philips to pierce through the market as competitors such as Sony are at their peak. The graph indicates that more people have the Sony Playstation 2 than any other console with 64% of people saying they own the Ps2.

This is rather concerning and difficult to see where Philips may actually be in the market. Before Philips can consider launching their product the marketing mix has to be employed effectively. If Philips has the budget to employ the marketing mix then they could possibly pierce through the highly competitive market however it would be a great risk to attempt this and could possibly leave Philips with the console being a flop.