

Case blockbuster



**ASSIGN
BUSTER**

Case Studies: Blockbuster and Under Armor Week Four, Assignment Two

QUO MGM 4070 Linda Taylor 10 September 2013 Abstract This paper

includes two case studies. The first part is about Blockbuster's growth strategy by acquiring Novelist is or is not improved, and the second part is a discussion on some solutions to the most pressing competitive and strategic issues facing Under Armor, a sports clothing manufacturer. Introduction Blockbuster is a leading global provider to customers of in-home movie and game rentals (Hit, 2010, p. 71).

This industry has undergone changes with new technology that has been developed. Blockbuster's ability to change its strategies in order to take advantage of these new technologies has been done by deciding to acquire Novelist. Novelist is a movie download provider that is associated with the movie production companies. This acquisition was done to help transform Blockbuster from the walk-in, rent a movie, and return the movie store to be able to deliver to its customer's digital content through their computers, or other portable devices and eventually to their home television.

This new technology now available is being used by more and more consumers of movie and game entertainment because of its nonviolence and cheaper price. As this technology develops and becomes cheaper, even more consumers will be using this type technology. It is now an option to send a movie from a computer to a home television set via a HID cable. Consumers can now be at home and downloading the latest releases instead of physically going to a store.

Part I - Blockbuster Minimizing Dependence on Acquisitions The current offerings Blockbuster has for its customers are " primarily through traditional retail outlets, online retailers, and cable and satellite providers" (Hit, 2010, p. 73). The company also has several trademarks they own (Hit, 2010, p. 3). The acquisition of Novelist was to further the competitiveness of Blockbuster by taking advantage of Monopolies technology of digital downloading via online rentals and purchasing for consumers. This was to add value for the consumers thereby growing the company.

The initial failure to produce the competitive advantage expected was the failure of Blockbuster to fully investigate the agreement between Novelist and the movie production studios and the way Monopolies technology worked. " Novelist downloads could not be burned to discs nor did they provide a download-and-burn revive" (Hit, 2010, p. 76). Meanwhile, because of this misunderstanding and some additional equipment consumers needed to purchase, Blockbusters main competitors " movie download service was more favorably received by customers" (Hit, 2010, p. 76).

This acquisition ended up a loss of over \$10 million for Blockbuster in 2007 (Hit, 2010, p. 76). Contrasting COOS An effective leader's ability to lead is connected with how well their competencies match with the needs of the organization. In the different growth stages of a company, different competencies would be required. For example, a leader who might be a great turnaround leader may not be effective as a great start-up CEO. In Blockbuster's case, the latest CEO, Mr. Keyes, and the board of directors became fragmented and lost the vision they were both required to maintain the best interest of the shareholders.

Internal conflict that was experienced with Blockbuster's leaders caused the company to lose its market position ("Lack of leadership, 2011). Past leadership of Blockbuster was at a time when the company was growing as a first-mover in the industry by providing convenience to their customers and providing it cheaper than their competitors. Soon the competition caught up and surpassed Blockbuster using new technology that became available. Internal innovation was seemingly overlooked thereby reducing the value of the company to the shareholders.

In an interview one CEO John Antioch stated (2011), "Work is no longer fun but instead tedious." Antioch confesses, "... As management, we spent much of our time Justifying everything we did." Stimulation Internal Innovation

1. Identify all groups that are stakeholders in the organization.
2. Connect with all customers using focus groups, surveys, and direct contact.
3. Realize both internal and external customers are the same and require the same amount of investment.
4. Measure internal customer satisfaction regularly
- 5.

Elicit feedback from both internal and external customers.

6. Initiate a rewards program that in context with both internal and external customers.

Future Strategic Recommendations Blockbuster's mission is to provide the complete source for movies and video games (Hit, 2010, p. 71). Blockbuster should add a website and partner with technology innovators that will provide more flexibility to meet their customer's needs. Blockbuster should review its stores current location by using their customer database to ensure they are still strategically located.

Blockbuster could also lease out space in their existing facilities to companies such as Subway, Little Caesar, or Quinn's. Blockbuster could also partner with other retailers such as upscale grocery stores. Conclusion In conclusion, Blockbuster should review its distribution channels and review its strategies regarding its current store locations, partnering with other retailers, and add value for its internal customers as well as its external customers. The exploitation of their customer data base could reveal customer behaviors that could be leveraged to maximize revenue.

If these steps are taken, Blockbuster could remain the market leader for years to come. Part II Under Armor is a manufacturer of performance apparel. " Under Armor's stated goal is to be " a leading developer, marketer, and distributor of branded performance products" (Hit, 2010, p. 409). The market this company has been successful in is the sport side of consumer demand by using 'the image and influence of domestic and international professional teams, collegiate teams, Olympian, and other individuals" (Hit, 2010, p. 409).

The company's products have also been well received by other markets such as " non-professional athletics, outdoor enthusiasts, and active lifestyle consumers" by " utilizing broad-based, frequently free endorsements and well-received publicity" (Hit, 2010, p. 409). Environmental Threats Some environmental threats that Under Armor may encounter are threats that consumers' preferences may change (Hit, 2010, p. 415); tax rates may change in a direction that increases expenses, competition from other providers of sportswear (Hit, 2010, p. 413), foreign importers that may have substitute products at a cheaper price, and technology.

There are also threats from the cost of raw materials which at times can be volatile. These are the main external threats that Under Armor should take seriously in the short-term. Market Opportunities There are many market opportunities for a company in the industry such as Under Armor. The company could export to foreign countries especially those who are big on their sports teams. Under Armor could also expand their product lines such as socks and headbands that use the same technology as their t-shirts. Another possible opportunity could be an expansion into other markets such as the military.

Finally, Under Armor could increase the number of retail outlets to increase revenue. Internal Strengths and Weaknesses A main internal strength is the leadership of Under Armor's owner (Hit, 2010, p. 414) and the "team-driven management style" that is exhibited (Hit, 2010, p. 414). Under his leadership and experience in sports, the company continues to grow at a modest pace since inception. The distribution channels the company uses are also strength to the company that is done through third party distributors and partnerships (Hit, 2010, p. 411).

The marketing skills exhibited have thus far also have been a strength to the company in sales of Under Armor sportswear to major leagues and intercollegiate teams across the globe. There is one internal weakness that is concerning. The patent or copy write on the technology used on the apparel. Under Armor could lose valuable customers if the competition uses the same technology. These larger companies with larger budgets could squeeze Under Armor out of the market entirely (Hit, 2010, p. 417). Also the reliance

off limited number of suppliers Under Armor relies upon is another weakness (Hit, 2010, p. 417).

Using Strengths to Address Threats Under Armor has a strong customer service rating that has created brand loyalty. Customer satisfaction and the innovation that Under Armor has plus the high quality of their offerings will help the company succeed even in market downturns. The team-driven style management will ensure internal customer satisfaction as well. Under Armor should continue to develop their market presence in international markets by modifying the present marketing plans. Under Armor should also attempt to move from niche markets into mainstream markets to compete with bigger companies such as Nike and Adidas.

Overcoming Weaknesses The threat of another company gaining the technology that Under Armor is using on its apparel would be lessened by properly patenting the technology. Also the company should integrate its current marketing plan to ensure all sponsorships and endorsements contribute to the value of their offerings. Continued technology development in the apparel industry can help Under Armor stay as a main competitor in the sportswear market. **Conclusion** Overall sales have increased annually since the inception of Under Armor.