

Marketing strategy of best buy

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March 2010 Marketing Strategy at a Big Box Electronics Store: BEST BUY

Consumer behavior is defined in a variety of ways such as “ the dynamic interaction of affect and cognition, behavior and environmental events by which human beings conduct the exchange aspects of their lives. ” by the American Marketing Association. (2008). In a simpler form, consumer behavior can be explained as the actions of consumers and the different approaches a person may take to decide what to buy and the decision making process.

The decision making process can be effected by many factors all related to a person or persons lifestyle. Determining that behavior can be confusing and marketers need to use research techniques to understand the consumer. Understanding the intent to buy, buying process and post purchase issues from a marketing perspective raises many questions and is an in-depth process. “ The basic marketing concept hold’s that firms exist to satisfy consumers’ needs. ” (2004, Solomon). Once that basic concept is understood, an organization can focus on keygoalsto achieve a competitive advantage.

Marketing strategies are used to gain better understanding of the market, consumers, environment, supply and demand and competition. The behaviors of consumers such aspersonality, emotions, attitudes, learning style, and perception of the consumer helps companies design their marketing techniques. External influences are also need to be studied and factors such ascultureand sub-culture, demographics, social status,

and family structure helps understand the decision making process of the consumer's behavior.

For marketing strategy to succeed, the insight to the consumer's decision-making process is a good starting point. One of the many tools used for knowing consumer behavior are the four P's of marketing, the product, place, price and promotion. By knowing the concepts of the four P's marketers, build a strategy that can be used to achieve objectives necessary to meet companies marketing goals. Through awareness, a consumer can be more knowledgeable in buying behavior if an understanding of the four P's of marketing are considered. [pic] Such strategies are very common in big box electronics stores such as BEST BUY.

Best Buy is a specialty retailer of consumer electronics, home-office products, entertainment software, appliances and related services. Best Buy operates retail stores in many parts of the US and through their web sites under the brand name BestBuy.com and BestBuyCanada.ca. The company is always proposing new ways to increase revenue and provide the best customer service to their customers. Bob Willett, former executive president of operations for Best Buy had said, " Our goal is to create a flexible, high-velocity supply chain operating with better product availability for customers at a lower total cost for the company. Best Buy constantly lowers their prices by beating out all their competitors' prices and maintaining quality customer service. The best way Best Buy uses price elasticity of demand to decrease prices and increase revenue is by making sure that they are offering competitor pricing, and making sure that every week prices are updated by

updating what their competitors are currently selling their items for.

According to the management, the only way to get customers to come into Best Buy is by word of mouth and the only way that is going to happen is by making sure that relationships are being built between consumers and employees.

Best Buy has a strong belief that relationships between energized employees and satisfied customers will lead to profits and growth. Best Buy has been able to maintain its large scale of operations by increasing its bargaining power with consumer electronic vendors and offer more competitive prices. Best Buy has expanded its installation and repair services to consumers through several venues--both on a stand alone basis as well as mixing these offerings in its retail outlets, through Geek Squad. Best Buy Company is also socially committed and believes in educating people about technology.

They are socially responsible company. This kind of behavior gives them good publicity, which is also a good marketable tool these days. The company spent \$13 million in teach Awards for the school to aware them from the new technologies about the classrooms. They also gave scholarships to the students all over the world. “ Best Buy stores have awarded over \$13 million in scholarships to nearly 11, 000 students nationwide”. In this modern world, where every day new technologies are coming up and frequently they are becoming outdated. Under this scenario, the Best buy company has to eep itself up to date and must have to keep watch out for the new technologies. In this way the company can survive under intense competition. The biggest competitors of Best Buy Company

are Dell, Wal-Mart, HH Gregg and all those retailers which are supplying those products on reasonable prices. The company has also brought some changes in their business to stay in the top line. Like, they also offers their products online as other companies are doing to help overcome online competitors, Best Buy allows consumers to purchase their items online.

Consumers then have an option of having the product shipped to their home or picking it up at a local Best Buy store. Best Buy has recently established several new partnerships bringing new products to their stores. Apple, Dell, and Napster are some of the new partnerships. Best Buy became the first retailer in the US to be able to sell the Apple iPhone. Apple sent trainers to each store in order to make each employee more knowledgeable on the iPhone. They became the only retailer able to sell Dell computers.

They also recently bought in to Napster in order to try to increase their subscribers and expand the capabilities in the digital downloading business. Best Buy also bought 50% of a company called Carphone Warehouse in Europe, which was done to expand Best Buy stores into European countries. These very strategic decisions by Best Buy were another successful marketing tool. They became an exclusive place for some of the products like Dell computers and Apple iPhone. Their strategy bought in many new customers as well as increased their repeated customer's sales.

Best Buy has a certain way of targeting their customers by separating them into several different lifestyle groups. The four groups include Urban Trendsetters, Upscale Suburban, Middle America and Empty Nesters. The first lifestyle group is the Urban Trendsetters; this group makes up about

26% of their customers and about a quarter of their revenue. They are between the ages of 23-30 who is typically single. Their second lifestyle group is Upscale Suburban; they make up about 22% of their customers and about 25% of their revenue. The third lifestyle group is Middle America; they are made up of 31. % of their customers, and around 32. 9% of their revenue. The final lifestyle groups owns more than 80% of the personal savings in the US, controls 70% of the financial assets, and are at the height of their earning power. This breakdown of their customers profile helps Best buy understand their customer needs and their spending habits, which they can use in their marketing strategies. Best Buy delivers their advertisements in a very bright and joyful fashion. Most of the paper advertisements have a blue background with several yellows and reds in order to grab the consumer's attention.

Generally if they have a special for the week they will highlight it in red and put it on the bottom of the cover page. Best Buy is most well known for their yellow tag [pic]. All prices for the products are on a yellow tag whether you are looking at one of their advertisements or a price tag in their stores. This unique way of advertising helps them very much at time of promotions and sales to differ themselves from their competitions. In conclusion one of successful electronics store of our time is utilizing all the marketing strategies it needs to create new customers as well as maintain their regular loyal customers.

They use a very competitive pricing policy to give them upper hand with their customers. They offer very exclusive products to their customers, which

customers usually cannot find anywhere else. They use all the publicity they can get through their socially good deeds. They have done a very good research on their customers who comes in their stores and shops on their websites. They are one of the pioneers in advertisements as far as creating funny ads to make their point. All this marketing strategies have made them very profitable companies of our time. WORK CITED

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