

The marketing strategy of dyson



The analysis section will describe in detail the marketing strategy of Dyson, this will refer to the 4 ps of marketing and other tools such as Segmentation, PLC and the Boston Matrix. At this stage all three questionnaires have been filled out and their information processed into graphic data such as bar charts and pie charts.

This section will look at which marketing strategies and tools Dyson are using and will describe the results mainly looking at the consumer questionnaires but also observing both retailer and producer questionnaires. Each of the producer and retailer questionnaires have been filled out leaving the consumer questionnaires. These were filled out by random group of people of whom 53 % were male and 47 % were female. The people were mainly adults with the age groups ranging from 10-18 to 65+.

The income group also showed that a stratified random sample had been carried out with people from all income groups from dependents to pensioners. From the results there is an obvious clear trend in consumer reactions and in the marketing strategy of Dyson. Market Segmentation From the results from the producer questionnaire it is clear that Dyson does not use segmentation strategies in all factors apart from age in which the vacuum cleaners are focused on independent adults. From the consumer questionnaire there wasn't a significant trend in adult age groups but there was a vivid trend in terms of household income. Although the producer of have not aimed Dyson at any income groups consumers who own Dyson do generally have a larger income than those who do not. This must be due to its extremely high prices which makes consumers with smaller incomes make do

with other vacuum cleaners that can be purchased for less than half the price.

From the graph it is more evident. The people that were questioned who earn over £40 000 all own a Dyson where as those who earn below £20 000 only 11% of them own a Dyson. Half of those who earn in between £20 000 and £40 000 own a Dyson and the other half do not. Out of the people questioned there were a few single men, 80% of them fell into the between £20 000 and £40 000 and they all owned a Dyson. Even though Dyson so not segment regarding income there is a big gap in those who own a Dyson in term of income. There are two main groups of consumers who purchase Dyson, these are older people who are usually parents with larger incomes and a lot of money to spend the other group consist of single or newly wed people who are young with an average income.

The first group of people have a lot of spare cash and are willing to spend it on buying the better product, they see it as a luxury item. The second group of people are young and want to buy something that is new and what they see as trendy and fashionable. ProductDyson is a very popular product and is known for its thorough performance. From asking random people on the street whether they had heard of Dyson and knew what it was, it was not surprising to find that 94. 5% of people knew what Dyson was. However there were a mere 5.

5% of people who had not heard of Dyson. With Dyson's high prices it is only fair that the product should be of a high standard and in this field Dyson does do itself justice. From the following graph I asked the consumers who

already own a Dyson why they bought it. The majority said Performance and a chunk of the consumers said Design.

From this information it is clear that Dyson compete largely on the quality of the product with its competitors. Also it is the quality of the product that has made it so popular with consumers and sales, this is what differentiates it from its rivals and makes consumers purchase it regardless of the price.

Dyson's rivals such as Hoover and Electrolux rely on their design and ease of maintenance against other vacuum cleaners excluding Dyson. Hoover and Electrolux both have the advantage of price against Dyson, their Aesthetics also appeal to consumers as it allows the vacuum to maneuver easily.

However both Hoover and Electrolux cannot compete with Dyson's performance or Ergonomics. This gives it a differentiation which distinguishes from all the other vacuum cleaners.

The Packaging of the Dyson did not prove to be as successful as the quality of the product with the consumers. The packaging does not reflect certain aspects of the product such as Design and Performance. From the graph below the top two areas in which the packaging can improve are Promotion and Information. The protection, durability, size and shape are all satisfactory, these all provide the foundations for the packaging but the packaging cannot gain extra sales without Information and Promotion. These provide the exterior bit of the packaging and should say something about the product in which Dyson could do well in as they have nothing to hide in terms of reliability and obviously excel in terms of performance.

PriceThe price of Dyson is a factor that pushes the consumer away from the product. The price is very expensive and this is one of their biggest liabilities. It is glaringly obvious from this graph that the general feeling amongst consumers is that the price of Dyson vacuum cleaners are expensive. A huge 90% of consumers said that the price was expensive and commented that the price was the sole reason that they would not purchase a Dyson.

However the mere 10% of people who thought Dyson's pricing was average or reasonable all had high incomes over £40 000. This could be saying that some people purchase Dyson for its high prices Dyson making it a luxury or prestigious product in its specified market. Dyson maybe sought for its high prices by a few consumers like Rolex or Rolls Royce but it appeals to the wider market and the majority of people would stop purchasing Dyson if its prices were raised. When asked in which areas the product could improve in 64% of consumers said price and a mere 9% said performance which also backs up the theory that Dyson is a prestigious product. Another similar question was asked to consumers who did not happen to own a Dyson, the question asked for what reasons the consumers did not purchase Dyson.

The results generally pointed in the same direction, this time with a massive 76% saying price or expense. The rest of the 24% all said that they owned a perfectly good vacuum with which they were happy with. The 24% portion were all happy with their vacuum and would not want to trade it, the majority of these vacuums were Electrolux which has brought satisfaction to many consumers. Again the advantage that Electrolux possess over Dyson is even more transparent here because it does a slightly lower standard but similar job and is a lot cheaper.

If a consumer were to buy an Electrolux he or she could get it around £100 where as if a consumer were to buy a Dyson he or she would have to search deeper inside her pockets having to pay about £250 for a Dyson. Most of the people who fell into the 24% category were older people with an average income, some were pensioners living on their pensions. Other vacuum cleaners were also listed in this segment such as Kirby, Hoover and Hitachi. The producer questionnaire is not very clear when it comes to pricing strategies. The producer questionnaire stats that all the following market orientated pricing strategies are not used these are Competitive pricing, Penetration pricing, Skimming pricing and Price discrimination. However in a later question which asks what factors influence price the question is answered indirectly.

The costs of research and development and materials regulate the price. The retailer questionnaire has a different answer agreeing to Dyson using both Competitive pricing and Skimming pricing. This is true to an extent as when the new machines come out they start at a high price and slowly decrease until they reach a level price at which they remain, changing slightly due to other factors. To identify the elastic demand of Dyson another question was asked.

The question asked how consumers would react to a £30 decrease in cost per vacuum cleaner. The producer questionnaire said that this would create a slight reaction in the sense that consumers would strongly consider purchasing a Dyson. The results from the consumer questionnaires backed this up with 50% of consumers saying that they would strongly consider purchasing a Dyson. 40% of consumers said that it would have no affect on

them or in anyway attract them to purchasing a Dyson as the prices are so high.

When I asked the same question for Electrolux the results were vastly different, 60% of people who did not have an electrolux would go and buy an Electrolux vacuum straight away because of the reduction. 25% of people said that they would strongly consider it and 15% said that it would not affect them at all. This does give Dyson a problem, Electrolux could gain a larger market share by reducing their prices by about ten or twenty pounds and for Dyson to gain sales they would have drop prices even more than £30 maybe £50. The results show that Dyson is a lot less elastic than its competitors such as Hoover and Electrolux, this mainly because of its extremely high prices.

Promotion The question which is addressed to the consumers as in which ways can Dyson improve, the first and main way is Price holding 63% of the votes, the second way in which Dyson could improve is Promotion which takes up 18% of the votes. After Price the second weakness that Dyson has compared with its rivals is Promotion. When Dyson is advertising its products it aim is just to inform the consumers not persuade them relying on the consumers to take the first step in buying the Dyson. Dyson also uses very little sales promotion which can be very useful in bringing in consumers especially if it is reducing the price or something that will lower the overall price value. With its high prices sales promotions could be very useful as they bring in consumers and in the broader spectrum will gain sales.

With the packaging dull and unattractive and little promotion Dyson is bound to have lost out on many potential consumers which are innovators and are willing to take risks and buy new products just for the sake of change. Dyson is concentrating more on technology and developing better technology so the product will be the best in its market, but it is losing many potential consumers due to lack of thorough promotion. When asked how often they see Dyson products advertised consumers said that Dyson was only advertised sometimes and that it was rare to see Dyson being advertised in a medium other than television. In fact television took over half of the votes when consumers were asked where they had seen Dyson being advertised and how effective it was. Television was used the most having 60% of the votes, television is also the best medium for a mass market. The magazine took 21% of the votes which is quite a lot, this is probably because Dyson wants to aim the product at a segmented group of people.

Newspapers gained 6% of the share and Posters gained 11% of the share of votes, Dyson are using posters to either inform people or reinforce the product with the people, posters are good for this because they are seen by many. Radios and Cinemas are hardly used to promote Dyson. Another question was asked to people who own a Dyson, the question was how did you first find out about Dyson. The results were quite similar to the previous question.

Television got 56% showing that Dyson have always used television to get their message across, it has also been very effective. Posters and billboards got 12% of the votes, this is saying that Dyson used Posters and Billboards more than they do now this is because they wanted to inform as many

people as they could about Dyson and posters were a good medium to do this. Newspapers and Magazines got 9% and 4% respectively showing that they were not used as much at first. The category Word of Mouth got 18% of peoples votes this is quite a lot and reveals that Dyson obviously did not promote their product thoroughly enough. When the question what type of sales promotion does Dyson use was asked to the producers they replied back saying that Dyson only use Sales Promotion rarely. They do use one sales promotion and that is Price reductions, this will make the price look lower to the consumers and will probably increase sales.

However Dyson only use sales promotion rarely, by this I think Dyson are trying to gain as much profit as possible. Dyson do use other forms of promotion, they have there own website which is very informative and easy to use. However on this address one cannot order Dyson products using credit cards. Dyson also use some of their retailers to promote their product, by that they have an in home sales team. This sales team are located across the country by geographical region and are concerned with everything from the Customer service and market information to profits and market share.

The sales team contribute a good deal to the sales of the company. Overall Dyson has an open approach to promotion but could gain more sales if it were thorough. PlaceThe producer questionnaire says that Dyson only uses one channel of distribution this is from the Manufacturer via the Retailer to the User. The distribution channel does not include the Wholesaler and an Agent but they have an in house sales team which are quite similar to Agents. Furthermore Dyson can only be purchased at superstores or specialist vacuum shops or through the internet by order.

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This is quite shallow and simple minded having only two places through which you can purchase a product. When a question from the consumer questionnaire asked the consumers who own a Dyson where they bought it from, the results were partly confusing and partly predictable. 85% of consumers purchased the Dyson from a superstore, 8% ordered it of the internet and the rest of the 7% got their Dyson from either Wholesaler or a Manufacturer. This does not make sense because the producer questionnaire said that Dyson were not sold in Wholesalers or Manufacturers. Regarding where the product is located in the shop the producer does not authorize this so the location varies from shop to shop. The retailer questionnaire said that the Dysons were situated at the entrance or exit in that particular retail outlet.

The producer questionnaire said that the Dyson was located in either the entrance or the aisle. The consumers also had a tie between the entrance and the aisle. The entrance/exit got 44% of the votes and the Aisle got 56%. Therefore more consumers bought their Dyson in the aisle. When consumers were asked about the availability of Dyson most thought that it was very high in supply. 55% of consumers said that Dyson was in abundance, 42% said it was sufficient and the rest said otherwise.

Basically this information says that Dyson is very available and therefore in high supply. The high supply is because of the high price or low demand, however Dyson is not in low demand it is demanded more than any other vacuum cleaner. PLC ; Boston Matrix Both the questions regarding PLC and Boston Matrix were addressed in the questionnaire and both gave the same answer. For the Product Life Cycle both producer and retailer said the

product was at its maturity or peak, however they both also answered that Dyson uses Extension strategies. After a slow growth Dyson has reached the maturity stage in the product life cycle and sales have leveled off. Dyson has been using extension strategies constantly over the last few years this has created a gradual staircase effect in which sales go up slowly as the extension strategies are used, so because of this staircase effect sales are still growing.

When sales start to decline even slightly or saturate Dyson uses extension strategies so that sales will grow again and then mature. Usually when this happens Dyson often add another vacuum cleaner to their range, this will usually generate interest in the product again. Dyson do use other methods for extension strategies like promote more or lower prices. Dyson at the moment is using extension strategies and gaining more market share as it goes along. The Boston Matrix was answered as high rate of growth and high market share. This is to say that the product is a Star, it is in a high rate of growth which means it sales are rising or growing as they are gradually by using extension strategies.

A star has a high rate of growth and produces generates large amounts of money, this is true for Dyson. The relative market share refers to the market share possessed by Dyson and divide by the market share possessed by Dysons fellow rival. This tells the product where it is in terms of market share in comparison with its main competitor. Dyson has the highest relative market share in its specified market and is above any of its rivals.