

Panasonic industrial automation organisation



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The marketing plan is design for Panasonic Industrial automation organisation focusing on the servo system mainly. The main purpose of plan is to increase sales and profits. The Panasonic has good product line and from external marketing audit through analysis of macro environment and micro environment and internal marketing audit, with SWOT analysis. In next step we find out the best market strategy for Panasonic using marketing mix and development to organisation strategy to achieve forecasted targets. Most crucial stage to apply all the analysis and developed strategies in to the market. The planning, implementation and control is very much important and it is the continuous process of development to achieve marketing objective. As a Japanese company they are following “ Kaizen” continuous development method to improve their method of operations.

2. Executive Summary:

The Pinnacle Industrial Control Pvt. Ltd. is an Industrial Automation Company and involve in the marketing of Panasonic Servo Motor and Drive. Panasonic is leader in the electronics product and it has significant share in industrial automation market as well. The analysis allows us to outline the best strategies to follow for the achievement of the company’s strategic goal of increasing the sales of servo system in India. This marketing strategy will enable to reach a forecast sales growth of around 70% over the next two years (Pinnacle sales report, 2010).

FIGURE 2

(Source: Panasonic 2010 Annual report)

From the graph we can say that sales of servo system in India increase by large amount and mainly from last few years the servo system is much popular in the industries. Which result tremendous increase in sales of Panasonic servo. The company has expected same growth in the following years.

FIGURE 3

PANASONIC SERVO SYSTEM SALES INDIA

(Source: Pinnacle Industrial Control Sales Report)

3. Overview of product:

FIGURE 4

(Source: Panasonic)

Motor revolution up to 3000 RPM

High speed frequency response

20 bits/revolution

The input/output pulse 4Mbps

High functional real time auto tuning

Encoder temperature monitor

4. Business Mission:

FIGURE 5

(Source: Panasonic)

To sharpen our competitive advantage by drawing on the strengths of a diverse work force in order to enhance innovation, growth and customer satisfaction.

The Panasonic believes that the diversity is a business necessity and also an opportunity to achieve greater business success. The Panasonic is constantly developing new products for their customers and making them eco friendly to save the environment (Panasonic, 2010).

Accordingly Panasonic is committed to the development of a work force that reflects the diversity of its customers.

5. External Marketing Audit:

FIGURE 6

(Source: Marketing made simple)

5. 1 Macro Environment:

5. 1. 1 Political and legal environment:

Privacy regulation: there is major concern of piracy of software . In order to monitor or program servo derives the user will require a software called “ Panatrem”. Without the software it is not possible to get maximum efficiency from the system (Panasonic, 2010).

5. 1. 2 Economy:

Recession: during last recession many companies stop buying the new systems and also stop manufacturing the machineries. So sales of the

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system remain stable during last year. The economy is now become strong and demand of consumer product also increases so that demand of servo system is also increases and in next 2 years the growth will be expected as more than 65%.

Exchange rates:

Before the recession approximately \$1 = ¥100. In this case as servo system is manufactured in Japan the profit was more and the supply was stable.

During recession \$1 = ¥85 which affect the profit of the company and affect the overall marketing of the company (Pinnacle sales report, 2010).

5. 1. 3 Ecological and environmental force:

FIGURE 7

(Source: Panasonic 2008 Annual report)

Environment friendly components:

During 2007 Panasonic has launched “eco idea” for generation next people around the world and the mission begins with green life innovation to change people’s life and green business innovation to bring forth innovation in our business-style.

FIGURE 8

(Source: Panasonic)

Energy conservation:

Energy conservation is big issue now days. Panasonic is now using energy efficient component in their servo system to minimise the power consumption.

As per international standards now using software program the user can use the power saving mode of the device (Panasonic Eco idea, 2010).

Recycling and non-wasteful packaging:

The global warming is major concern now days so company is now using components and packaging equipments can recycle, to make product more environment friendly. They are using eco label as well on the package of the product (Panasonic Eco Idea, 2010).

5. 1. 4 World population growth:

Population is increase the demand of consumer products are also increase. The company's now producing more products and also increasing production capacity. There is wide chance of increasing the sales of our products as per market condition.

5. 2 Micro environment:

FIGURE 9

(Source: Jolink)

5. 2. 1 The market:

The total automation market in the region is on boom. The market is rising faster than expected and it is fastest growing market in India. Many companies are now looking for automation of the machineries and they have

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competition with the European machine manufacturing market like Germany. The total share of the servo system is more than 40% in the automation market in India (Market research, 2010).

5. 2. 2 Customer:

The customers in this market are OEM's and end users. OEM's point of view the product should be efficient, reliable and work under any condition(heat/moisture) so that there is less maintenance required and can be compatible with other automation equipment also like PLC's and other controllers. If we see the purchasing behaviour of the customer the behaviour is changed from last few years. The manufacturers looking for balance between quality and price of the product. Before that they used to see the price of the product and look for cheap option. Also they want to make standard machines with standard equipment, so once the product starts performing as per customer requirement it is difficult to replace that product by some other company. There are other products available in the market like stepper motor, spindle motor etc. but the performance is the main criteria so it is difficult to replace the servo system with other system.

5. 2. 3 Supplier:

The main supplier is Panasonic for the servo systems and its manufacturing plant is in Japan. The main advantage of the Panasonic is all the component is manufactured by Panasonic itself, so Panasonic can control the supply of servo system.

5. 2. 4. DISTRIBUTION:

During last recession there was shortage of supply and most of the customer switch to some other brands like Delta, Fuji and Telemecanique etc. this will affect the market position of the Panasonic in future. The main objective of distributor or service provider is to satisfy the customer by providing required solution and obtain maximum performance with the system. Also have to teach the customer about the specification of the system so that they can use the servo system in their other product as well and also encourage their user to buy Panasonic servo system.

5. 2. 4 Competition:

The industrial automation is very large market in the country. Siemens, ABB, Delta, Fuji and Allen Bradley are the major players in the servo market. The servo system offered by these companies are of very high standards and specifications, normally user won't required that much functions but as per end user specification have to use the product from those companies. Panasonic has all the standard functions and some functions are equivalent to Siemens and ABB and the price is very low compared to other companies.

5. 2. 5 Entry Barrier:

The industrial automation industry is big industry and don't have any entry barrier. There are lots of small instrument manufactures exist in the market for small components. We can say that this market is open to any manufacturer.

6. Internal Marketing Audit:

6.1 Operating Results:

FIGURE 10

(Source: Arcweb)

From the world wide servo market data we can imagine that servo market is increasing constantly worldwide. Despite the recession the sales of the servo system increased and demand of the system is going to increase next year.

NET SALES ¥B

OPERATING INCOME ¥B

FIGURE 11

(Source: Panasonic Annual report 2010)

From the graph we can say that sales was low during the year 2009 and results fall in operating income of the company but after that economy is coming out of recession and dollar yen ratio results increase in sales and especially in the operating profit increases by great amount.

FIGURE 12

(Source: Marketing made simple)

6.2 Strategic Issues Analysis:

The market is segmented in different ways like industries wise, customer wise.

There are different industries using servo systems like Pharma, cutting, processing, packaging, filling etc. on other hand different type of customers like OEM's, end users, distributors or freelancers etc.

The position of the product in the market is very important to analysis. Where the product stands compared to other product in terms of price, function, availability, performance etc. what are the positive and negative factors compared to the product of competitors.

The main advantage is the price and service available for the Panasonic servo system. The system is also compatible with other automation component like PLC's, HMI and other controllers etc. the software Panatrem is also user friendly and it provides real time auto tuning function which improves the performance of the servo tremendously.

6. 3 Marketing Mix Effectiveness:

FIGURE 13

(Source: Bbmms)

Product:

The servo system consists of Driver and Motor. The driver is programmable and connected to motor and will control the motor as per user requirement. The motor has in built encoder for precise measurement. There are lots of variance available as per user requirement like capacity in terms of Watt, inertial, torque and revolution etc. The size also varies from the model to model. Panasonic servo motor is available in compact size which is advantageous in machine manufacturing. The main specifications are

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High Functionality Real Time Auto Gain Tuning. Offers real automatic gain tuning to low and high stiffness of the machines with combination of adaptive filter.

High speed and high response. Velocity response (Bandwidth) of 1 KHz.

Reduction of vibration - damping control (Panasonic A4 servo catalogue).

Promotion:

The servo system is an industrial product, so promotion strategy is different that the consumer product especially in terms on advertisement.

The main source of the promotion of the automation equipment is exhibitions or trade fairs like Eleccrama, Asean, Pro pack etc. so that the company can demonstrate the capability of product physically in front of customer.

Products launch event and training of new product given to their distributor and regular customer (Pinnacle sales report 2010).

Price:

The price of the product depends on various factors depending on the customer and the requirement of the equipment. The price of the servo motors and drive from various manufacturers are shown in the table. The prices are for 1000W servo with 2000 RPM.

Manufacturer**Panasonic A5 series****Delta****A series****Fuji****Î±-5****Motor****Price****£410****£480****£450****Drive****Price****£520****£540****£540**

TABLE 1

(Source: Alpha Engineering)

The Delta and Fuji are main two competitor in terms of price. Both the manufactures have almost have product with same functionality. But compared to them Panasonic has advantage of the price which is most

important in this price competitive market (Alpha Engineering sales report, 2010).

Place:

The geographical location is important while selling the product to particular industry. The servo system requires onsite installation or servicing.

Especially when break down occurs in between the production and immediate maintenance required. Mumbai is connected with around the world and major cities of India. Also there is large number of machine manufacturer around the Mumbai which makes easy for door to door marketing of the product. The price also gets affected by the location makes big difference in the sales figures.

6. 4 Marketing Structures and Systems:

According to Panasonic marketing plan have to target different industries of the market like injection moulding, textile, pharma, packaging, cutting etc. all these industries required large number of servo motors and specially in these industries there no substitutes of the servo motors as they are highly dependent on the speed and accuracy of the machines.

Panasonic also encourage in development of new machines or application in order to increase the sales and test the product on optimum level. Once the machine is developed then it is difficult to replace the servo system with other manufacturers. Since again it requires lots of money and time to develop same application with other brand (Conversation with Mr. Sunil Raut, Pinnacle Director).

7. SWOT Analysis

7.1 Strength:

Good reputation and brand name: Panasonic has excellent reputation in manufacturing the electronics product.

It has strong innovation and product development capability.

Good software support.

Servo system is compatible with all the automation equipment.

Compact size and reliability.

Product specification around the world remains same E. g. Ratings and dimensions.

Repairing of the servo system.

7.2 Weakness:

High competition and rising manufacturing cost.

Availability of the product in market.

Cost of complementary products. E. g. Encoder, Power and Motor Cables

Cannot use individually have to use with other electronic controller in most of the applications. E. g. PLC's, HMI etc.

7.3 Opportunity:

Increasing GDP of the country it is 7.4% in 2010 (Indexmundi, 2010).

Competition with European manufacturers decreases in terms of price.

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Due to global recession manufactures are looking for quality and cheap machineries and India become good market for them.

International companies opening their manufacturing plant in the country.

7. 4 Threats:

Change in the dollar rates.

Various small manufacturers as there are no entry barriers.

Changing government polices and taxation.

8. Marketing Objectives:

FIGURE 14

(Source: Taydeaburto)

8. 1. Strategic Thrust:

Market Penetration:

Bring updated version of the product with new functions and strong software support. At present Panasonic has A4 model which is highly sophisticated in terms of functions and performance.

Product development:

Panasonic used to bring new servo system in the market every four years with technological improvement. In 2010 they have introduced new servo system A5 model in the market and is superior then A4. In future Panasonic focusing on development of environment friendly product (Panasonic sales report 2010).

Market development:

In automation industries development of market not only depends on the equipment manufacturer but it depends on the machine manufacturer as well. Since they are the one who is going to use the product and are responsible for the new machine or application development.

8. 2. Strategic Objectives:

Increase market share by attracting new customers in the industries or by developing new applications

Attract competitors and new customers

To retain customer interest among competition

Increase the market share by keeping margin low, in order to enter in to new market segment.

9. Core Strategy:

The strategy of the marketing is mainly to determine the objective to be achieved. The marketing audit and SWOT analysis will provide the base of marketing strategy. The focus of the marketing is on particular product or market segment.

We can say that competitive advantage is an advantage over competitors by offering best price of the product, either by means of lower selling price or by providing greater benefits or after sales service that can justify the higher price competitive strategies in marketing.

FIGURE 15

(Source: Mbaknol)

Target market:

From the marketing audit and SWOT analysis the Panasonic automation can develop their product for specific market segment. They are targeting the local manufacturer who needs basic function of the servo system for torque or speed purpose. So focus is more towards the selling of the basic models to small manufacturers.

Competitor targets:

There are few competitors in the market where Panasonic is focusing their main objective but there should be always chance of getting advantage on competitor's weak point. It is clear that on higher side of the market manufacturers like Siemens and ABB has strong technical support and the products are also high end. On lower side the market is large but also has more number of manufacturers but main advantage of the Panasonic has is they are doing repairing of the servo which is main advantage over their competitor.

Competitive advantage:

The main advantage over the competitors is the price of the product compared to ABB, Siemens and Rockwell. The product they are offering is of high functionality but in majority application all the functions are not required in that case consumer will purchase some other brand like Panasonic and this is the big market in India, it is cost effective also and gives chance to enter in the new market over the big players.

10. Marketing Mix Decisions:

To achieve the above marketing objectives it is important to implement a customer focused and competitive marketing mix.

10. 1 Product:

Panasonic's product development strategy and its R&D investment should be directed towards development of new product and technology in order to make product more efficient and environment friendly. In order to increase the range of product Panasonic working on new servo A5 system which is more advance than its previous version A4 and can compatible with CAD software also, in order to obtain better result and simple programming (Panasonic, 2010).

10. 2 Promotion:

The Panasonic has strong brand and electronics products are also well known in the consumer market. Consumer has trust on Panasonic because of the brand image in the market and product reliability. The Panasonic is promoting their brand and product indirectly as well as they have many consumer products and involved in environment friendly activities. Advertising is main focus in this segment of the market as it is related to indirect marketing and Panasonic is using multibillion dollar motor sport Formula1 to advertise the brand and their environment activates (Panasonic, 2010).

10. 3 Price:

The Panasonic has good strategy in terms of deciding the price of the product as it has various models depends on the functions and capacity. The

price of the product is highly competitive compared to the rivals. The price of the product mainly depends on the technology used and the capacity of the product; in this case Panasonic has large number of product suitable for each requirement. E. g. it has motor of capacity from 50W to 10KW with different functionality. This can provide good price benefit over the rivals.

10. 4 Place:

In automation industries place do not make big difference as it is the open market and every manufacturer has to face same issues from the government and local communities like labour union etc. but Panasonic has advantage over other competitors as it has service centres nearby industrial areas.

10. 5 Process:

High quality of after sales customer service provided by the distributor network and Panasonic also has help line for the customers and end users for the servicing of the systems. But main source of providing information is distributor or programmer, who exactly knows the customer requirement and application. The main disadvantage of providing perfect solution is operating condition inside the factory or manufacturing plant, as servo system affected by some other faulty electric/electronic equipment.

11. Budget:

In budget we divide the total spending in to four main parts as Product, promotion, Price and Place. The table illustrate the percentage spending by Panasonic on each item per year.

PRODUCT

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Development of New product

15%

Research and Development

20%

Software Update

5%

Up gradation of Existing product

5%

Training and servicing

10%

PROMOTION

Exhibition and Trade Fairs

20%

New Product Launch

3%

Literature and Catalogue

5%

sponsorship

2%

Demonstration of product

3%

PRICE

Change of Value of Currency

2%

Discount to distributors

4%

PLACE

Incentives of sales and marketing persons

8%

Environment friendly products

4%

Eco packaging

2%

TOTAL

100%

TABLE 2

(Source: Pinnacle Industrial Control financial report 2010)

12. Organization, Implementation and control:

We can say that an effective organisation matches people and work responsibilities in such a way that is best for the firm's marketing strategy. At first they have to decide how to organise available man power in to organisation and assign responsibilities to the various mix components that make up marketing strategy and has important influence on performance. Panasonic has to take care of that their organisation structure must be match to their marketing strategy that they have innovated, developed and implemented. And it should be regularly evaluated. As Panasonic is Japanese company they believe in continuous improvement, for that they have to carry out their own marketing analysis depending on the different industries and regions, and target specific market one by one around the country. The supply of product also has to be continuous as per analysis.

From last couple of years the Panasonic has given target to their employee that if they achieve particular sales figure in a month they will get 7.5% bonus monthly basis (Pinnacle sales report, 2010). Since then it is observed that sales is increased by considerable amount. So this strategy should be carried out in following year also in order to increase sales and employee happy.

13. Reflective account:

Before starting the MBA course, I had very little sales experience. After few days of lectures, I come to know that for marketing people customer is

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always right. I have not had any exposure to direct marketing within the organisation and was involve in installation projects and planning. The course had helped me to understand the terms and principle of marketing and assignment gave me an opportunity to understand better those principles and the applications of the same. The course and assignment completely changed the way of thinking, and applying the theoretical concept to practical scenarios.

When I started the assignment the first challenge was to select the product and brand. While looking at marketing template it appears logical and straightforward but when actually started doing analysis for the company and writing assignment it turn out to be more complicated. As I had sales experience with Panasonic Automation it was little bit simpler for me to select the product but had never applied those marketing concept in past. Research about the product and looking into product frame made me realise that the actual role of marketing in our life. The most difficult part turn out for me was marketing mix effectiveness which made me think about the product which I have never come across while doing the sales for Panasonic. Also I realize some errors in my judgement and strategic issue analysis in the audit and had to correct them.

I found most difficult task in the assignment was to collect the Industrial marketing data for the company's. Also I have found that it is impossible to get exact data for the servo system as there is no single distributor in the country and price of the product also varies from the region to region and customer to customer. There are very few companies have financial report for the individual product. There are lots of big players in the market like <https://assignbuster.com/panasonic-industrial-automation-organisation/>

Siemens, ABB, and Schneider etc. the market research information is of high value in today's extremely competitive environment. Also firms very care full about the information they provide I the public, which can really affect their business in future. The data I have received from previous company Pinnacle Industrial control, Sprint control, Alpha Engineering, Lubi Electronics and Panasonic Automation India and are very help full in determine the marketing strategy and about the future marketing plan for the company to increase the sales of the company as forecasted. Especially in terms of automation industries and manufacturing industries I believe that the job of marketing people is not just to sell the product but also have to increase the sales. After sales service is most crucial factor in these industries to increase the sales of the product, I have experienced this factor while installing and proving service for the automation product.

APPENDIX

FIGURE 16

(Source: Softservo)

From the above figure we can see that function of servo system with other automation equipment. So we can say that there are other equipments also required in automation industries with the servo system. Using PLC and HMI we can control the servo motor through servo drive. Using PLC numbers of pulses given to the servo derive and as per programming servo drive will make servo motor to run/rotate for number of revolution. The speed of the motor can be determined from the PLC and as per user requirement.