

Amd marketing report 13941 flashcard



Computers are now become one of the essential part of our life, we give our lives to the computers on everyday basis: while driving the car, flying the airplane, crossing the road, riding the elevator, you name it. Computers are now taking part of our life, they ease our work, they provide entertainment for us, and lots of other things. Internet is now one of the essential part of living in this country and it also powered by the computers. But, have you ever thought what makes the computer to run, to perform task assigned to them? Computer consist of many parts those parts in their turn consist of other tiny parts. All what we see is the nice picture on the monitor, we use keyboard to type, we use mouse to go through the different document, web pages, computer as a piece allows us to live a more productive life. But, what allows all those parts to run together and to provide us with the convenience of modern computing? The answer is hidden inside the box of your desktop or laptop computer, and it is a Central Processor Unit (CPU). CPU is the main part of every modern computer, it gives the computer it s main computing power. So, actually all the reliability and power of the computer is hidden in the tiny piece the size of the match box.

The topic of this paper is the product called Athlon, the CPU made by a company called Advanced Micro Devices (AMD). This is one of the most powerful product on the CPU market today. Main competitors of Athlon are Intel s Pentium III and Pentium 4. CPU market is duopolistic, AMD and Intel are now two main producers of CPUs all over the world. With AMD taking almost 18% of the market share and Intel having practically all the remainder. What distinguishes Athlon from its rivals and is it really one of the best? This is the question that we will try to answer in this paper.

Let's begin with the short overview of the company that makes this product namely AMD.

AMD was founded May 1st, 1969, in the November of the same year it introduced its first product (4-bit MSI shift register). September 1972 AMD goes public, issuing 525, 000 shares at \$15 a share. January 1973 first overseas manufacturing base in Malaysia.

1975 – AMD's product line includes the 8080A standard processor and the AM2900 family.

1976 – AMD and Intel sign cross-license agreement. This agreement connected with 1083 technology exchange agreement allowed AMD and Intel to share and use each other designs of processors for PCs and other IC devices.

1979 Company shares listed on New York Exchange.

1985 – AMD makes list of Fortune 500 for first time.

March 1991 AMD introduces the AM386 microprocessor family, breaking the Intel monopoly.

April 1993 – First members of the Am486 microprocessor family are introduced.

1997 – AMD introduces AMD-K6+ processor, the processor of the 6th generation it was the rival of the Intel's Pentium+ processor.

1999 – AMD introduces AMD Athlon+ processor, the world's first seventh-generation processor. Also in the same year AMD finished its Fab 30 in Dresden, this facility is now one of the world's most advanced and biggest semiconductor factories in the world. (Historical information source is the AMD official website, www.amd.com).

One of the main aspects in addressing the company, is knowing its mission statement.

AMD mission is:

AMD produces integrated circuits, providing programmable products in concert with applications solutions to manufacturers of equipment for personal and networked computation and communication.

To achieve success, AMD combines innovative concepts with leadership in process technology and design and manufacturing excellence to offer products and services that reduce the cost, improve the performance and shorten the time to market for our target customers worldwide.

Successful accomplishment of this mission will enable AMD to grow faster and earn a higher return on equity than the semiconductor industry. (www.amd.com)

AMD believes that the world is enhanced through informational technology. Informational technology is the essential part in the current environment. AMD is a leading supplier of critical technology in our age of information and technology. In concert with our customers, we empower people everywhere to lead more productive lives by creating, processing, and communicating

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information and knowledge. (www. amd. com) Also AMD believes that respect for people is the essential part of doing business. " People first, products and profit will follow." (Jerry Sanders, President of the AMD)

Now let s approach the actual product.

AMD Athlon+ is the seventh generation of the CPUs with so called x86 architecture, which is now used mainly for Windows+ computing. AMD went in to the CPU market in 1991 with the introduction of AM386 microprocessor family. So, their first processor was at that time the product of so called third generation. With entering the CPU market AMD actually broke the Intel monopoly on the x86 microprocessor market.

AMD continued it effort to gain a market share from Intel in this market and for many years they did not have a lot of success in that area they products came out after the Intel s products, so basically they were the followers on the CPU market, until 1999 when they were the first to introduce seventh generation of the x86 CPU, Athlon.

Athlon was the first processor to outperform Intel s top processors. From that moment AMD finished to be just the market leader follower, Athlon allowed company to set new standards in the High-End computing rivaling Intel in its domain. To give you a glimpse of how significant the changes here is the part of the article from the Electronic Engineering Timesthat gives us a clue of what will happen on the CPU market this year.

Intel (Santa Clara, Calif.) reported total revenue of \$8. 7 billion in the fourth quarter and anticipates a drop of as much as 15 percent in sales this quarter.

Fourth-quarter revenue was flat compared with the preceding quarter, and up just 6 percent from the same quarter in 1999.

A 15 percent sequential sales decline would be the largest in Intel's history.

Meanwhile, AMD reported revenue of \$1.2 billion for the fourth quarter, up 21 percent from the fourth quarter of 1999 and flat from the preceding quarter. AMD expects sales in the current quarter to be roughly flat, Sanders said.

AMD also reported net income of \$178 million for the quarter, while Intel posted net income of \$2.6 billion. Total sales for 2000 were \$4.6 billion at AMD-up 63 percent from 1999-and \$33.7 billion at Intel-a 15 percent gain over 1999. "AMD had the best year in its history," Sanders said (Electronic Engineering Times, 01/22/2001 Issue 1150, p14).

So, why is this product doing so well? First of all it was first on the market and it gave it competitive advantage. Athlon outperformed its rivals in many benchmarks, run by an independent sources. Another strong point in the argument for this product is that supplier (AMD), was able to meet consumers demand for this processor at all times.

AMD introduced Copper chip production full year before the Intel. Although they use it only in their newest plant Fab30 Dresden. This vital technology allows using copper to be used as the material for interconnects (aluminum is used worldwide by other producers). As the copper allows for higher clock speed of the CPU, lower power consumption and lower the heat that the CPU produces during its work.

AMD now want to focus on Athlon s performance characteristics as the way to beat Intel and gain customers. There are some distinguishable characteristics that set this processor apart form its rivals:

1. It provides exceptional processing power on real-world, mainstream Microsoft+ Windows+ software, as well as computation-intensive application for high-end desktops.
2. It provides the most powerful Multimedia experience in an X86 platform with its cutting edge Enhanced 3Dnow instructions as well as having all the instruction of its rivals.
3. It provides the people with tomorrow s technology today by having the most advanced x86 microarchitecture.
4. Atlon provides the most powerful floating point capability today, this allows for the computing applications to run faster and smoother even on such performance requiring environment as 3D design, CAD, CAM, etc.
5. Outperforming rivals that at the same and even higher clock speeds.

Athlon addresses customer needs in all those categories, by providing the high-end processor that enables people to experience outstanding performance, high reliability.

AMD is trying hard to attract corporate buyers and this year is going to be the year is going to be the year when AMD will enter this market, here is some coments from Phil Trent Marketing Director for SMI and founder of MarketingDirector. org:

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AMD needs to have a presence in the corporate market. There are two weapons AMD will use to accomplish this: SMP (symmetric multi-processing), and Sledgehammer (or Hammer), which is AMD's forthcoming 64-bit CPU. In the year 2001, AMD will use its LDT (Lightning Data Transfer) technology in their SMP solution to allow two or more CPUs to work together much more efficiently than Intel's x86 (Newsfactor Network, <http://www.newsfactor.com/>).

Another main advantage of the Athlon and particularly the company is the availability of this product. While Intel is still fighting hard to provide its customers with its last generation microchips, AMD delivers its CPU in the adequate quantities right after the introduction of the product. You can easily find the processor online and in big computer oriented stores, even the latest processors are not hard to get.

Another main aspect is the price, for \$200 today you can get one of the best processors available on the market today, and for about \$2000 you can get high-end computer that can address all your needs in home or office computing.

To see it better here is the comparison chart for the AMD and Intel pricing which was changed a lot of times during past one and a half year, and only recently on the 30th of April new prices were set, boasting a almost 50% decrease in prices.

AMD April 30 2001 April 18 2001

Athlon 1.3 GHz (133 MHz FSB) 183 \$ 350 \$

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Athlon 1. 3 GHz (100 MHz FSB) 173 \$ 318 \$

Athlon 1. 2 GHz (133 MHz FSB) 158 \$ 294 \$

Athlon 1. 2 GHz (100 MHz FSB) 156 \$ 268 \$

Athlon 1. 1 GHz (133 MHz FSB) 158 \$ 265 \$

Athlon 1. 1 GHz (100 MHz FSB) 141 \$ 241 \$

Athlon 1 GHz (133 MHz FSB): 138 \$ 224 \$

Athlon 950 MHz (100 MHz FSB) 123 \$ 182 \$

Athlon 900 MHz (100 MHz FSB) 100 \$ 172 \$

Intel April 30 2001 April 18 2001

Pentium 4 1, 7 GHz 352 \$ 352 \$

Pentium 4 1, 5 GHz 256 \$ 519 \$

Pentium 4 1, 4 GHz 193 \$ 375 \$

Pentium 4 1, 3 GHz 193 \$ 268 \$

But, the interesting fact is that you can now get Athlon 1. 33GHz processor for less than \$183 as a retail price. Price is one of the main weapons in the AMD battle against market leader Intel. AMD tries to reach new customers in the business as well as in private computer market by offering them a competitive product, that sometimes outperforms leading Intel CPUs, at he price that are significantly lower, plus the avaiiability of this product makes

it one of the best choices available. We can see the AMD have followed some certain price strategy namely: AMD has kept its processor prices 30 percent below Intel's and has been reactive to Intel's price changes (Newsfactor Network, <http://www.newsfactor.com/>)

Before going on to the next session I would like to attract your attention to the Awards list of this processor.

United States

1. CPU of the Year, Maximum PC, December 2001
2. CPU of the Year, Maximum PC, December 2000
3. World Class Award Product of the Year, PC World, July 2000.
4. Analyst s Choice Award Best PC Processor, Microprocessor Report, January 2000
5. Technical Excellence Best Component (Hardware Category), PC Magazine, November 1999
6. Wired for 3D Editors Choice, 3D Magazine, January 2000
7. Best Product of 1999 (Hardware), Windows NT Systems, January 2000
8. All-Star Award, Cadalyst, December 1999
9. CPU of the Year, Maximum PC, December 1999
10. Attaboy Award Product of the Year, Houston Chronicle, December 1999

11. Peak Performer Award Best Product (Hardware), System Builder Summit, Palm Desert, California, March 2000.

International

1. Best New Computer Hardware, The Toronto Star, May 2000.
2. Best New Product, Breakaway Canada Computing Technology Association of Canada, April 12, 2000.
3. Best Processor of 1999 (Hardware for Games Category), Game. exe, (Russia), March 2000.
4. Technical Excellence Best Component (Hardware Category), PC Magazine en Espanol (Mexico), December 1999
5. Best Overall Product of the Year, PC Magazine (UK), December 1999
6. Best System Design Processor, PC Magazine (UK), December 1999
7. Product of the Year, PC Expert (France), January 2000
8. Technical Excellence Hardware and Component Category, PC Expert (France), January 2000
9. Year 2000 Star Product (New Technology Category), Info PC (France), January 2000
10. Overall Product of the Year, Info PC (France), January 2000
11. Editors Choice, Generation PC (France), January 2000

12. Product of the Year, PC Compatibles (France), December 1999
13. Product of the Year Processor, PC Direct (France), January 2000
14. Product of the Year 2000, PC Achat (France), January 2000
15. Product of the Year, PC World (Denmark), December 1999
16. Product of the Year, PC World (Norway), December 1999
17. Best CPU for Desktops, PC World Komputer (Poland), December 1999
18. Technology Product of the Year, PC Kurier (Poland), January 2000
19. Millennium Award, Personal Computer Magazine (The Netherlands),
January 2000
20. Golden Knight Award Best Processor of the Year, Home Computer
(Russia), December 1999
21. Best of Comdex (Israel), December 1999
22. Best of World PC Expo 99, Nikkei BYTE/Nikkei WinPC Magazine (Japan),
September 1999
23. Hardware of the Year Award Processors, PC Joker Magazine (Germany)
24. Readers Choice Award, CHIP Magazine, (Poland)
25. Product of the Year Award, MikroPC (Finland), December 1999
26. Product of the Year Award Processors, Tietokone (Finland), December
1999

27. Best Product of 1999, China Computerworld (China), January 2000
28. Top 10 IT Product in 1999, China Computer Reseller Weekly (China), January 2000
29. Highly Recommended Hardware, eNet, January 2000
30. Upgrade Product of 1999, Australian Personal Computer (Australia), November 1999
31. CeBIT-Oscar for “ Trend Setting Technology” Hardware Category, CHIP Magazin (Germany), February 2000.
32. Most Innovative Manufacturer, PC Direct (Germany), February 2000.
33. Reader s Choice Most Innovative Hardware, PC Shopping (Germany), February 2000.
34. Reader s Choice – Company of the Year (Germany), PC Shopping, February 2000.
35. Grand Prix Award, Best CPU Hi-End Use, VIDI Magazine (Croatia), February 2000.
36. Grand Prix Award, Best CPU Games, VIDI Magazine (Croatia), February 2000.
37. Grand Prix Award, Best CPU Office Use, VIDI Magazine (Croatia), February 2000.
38. Innovation of the Year, PC Professionell (Germany), February 2000.

39. Zloty Processor, Teleinfo (Poland).

40. Golden Computer, Computer Bild.

41. Product of the Year, PC Magazine (Italy), 2000.

42. Product of the Year, CHIP Magazine (Poland), 1999.

43. Recommended Product, PC Actual (Spain).

44. “ CPU of the Year Award” for 2000 Maximum PC (www. amd. com)

Sounds like a good deal, isn t it? Competitive Performance, competitive price, and availability are the key points of the Athlon CPU.

But of course you cant go anywhere without the promotion and actually the Athlon chip gets the biggest portion of a 15-18 million annual marketing budget. Here is how AMD planned to get attention to its product:

The effort begins with print ads in November magazines and newspapers. The creative from Hill, Holliday, Connors, Cosmopulos, Boston, targets sophisticated consumers, small- and medium-sized businesses and corporate buyers, delivering messages of how various software programs perform better on the AMD Athlon processor than the fastest Pentium III processor from archrival — and market share leader — Intel Corp (Advertising Age, Oct 4, 1999 p20).

AMD is going to reach its marketing objective by using these tools:

+ Partner presentations (under NDA)

- + Partner or third-party training events

- + Advertisements

- + Web communications

- + Printed collateral

- + Trade show materials

- + Multimedia demonstrations

- + AMD internal communications

- + Any integrated promotional campaigns

(AMD website, www.amd.com)

Positioning Statement

The AMD Athlon processor powers the next generation in computing platforms, delivering the ultimate performance for cutting-edge applications and an unprecedented computing experience. (AMD website, www.amd.com)

The current campaign theme is, AMD Athlon+ – You have the Power. The campaign addresses issues of leading edge performance, most powerful multimedia experience, tomorrow technology today and the power of reliable partner. There is one interesting advertisement attempt which was taken in a 30 second clip, it uses the theme of Who Wants to be a Millionaire by using a show style commercial:

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[it] features an average Joe presented with a choice between an Athlon-based PC and one featuring rival Intel's Pentium III. The winning choice, he is told, will be able to reroute a runaway locomotive heading his way. The contestant chooses the wrong PC and in the time it takes to boot up, the train is seen heading toward him. The spot ends with the charred contestant in front of his wrecked house and the game show announcer saying, " Ooh, that had to hurt." (Brandweek, Nov 15, 1999 v40 i43 p5).

This commercial addresses the issue of performance, and shows that sometimes the performance is crucial in the decision making process. IT approaches a wide range of people from the average buyers of home computers to the corporate buyers of the high-end workstations.

Lat thing I wanted to address is a so called roadmap of the AMD CPUs, basically this is the product line of the company for its processors.

So, as you can see on this diagram the company is going to address all the sectors of the CPU market starting with the value market, where currently we can see Intel Celeron+ and AMD Duron+, all the way to workstation and server market, where currently AMD doesn't have any significant presence.

To summarize I want to say, that this company is a great example of the company that is growing fast despite strong competition and fighting for the new markets with Intel. It is widely believed that by the end of this year AMD will take over 30% of the total CPU market. This company also have great pricing strategy which gives it competitive advantage over Intel. With customers in mind I think this company will grow fast and reliable.

Works Cited

1. Advanced Micro Devices Website, www.amd.com
2. Advertising Age, Oct 4, 1999 p20
3. Brandweek, Nov 15, 1999 v40 i43 p5
4. Electronic Engineering Times, 01/22/2001 Issue 1150, p14
5. Phil Trent, Newsfactor Network, <http://www.newsfactor.com/>