

# [Marketing plan of dyson analysis](https://assignbuster.com/marketing-plan-of-dyson-analysis/)

This is a marketing plan for Dyson which is UK based leading brand in vacuum cleaners. The document analyzed past, current and forecasted market conditions which have gone (and expected to go) through different phases due to recession. Different types of vacuum cleaners are at different stages of their life cycle and are kept in mind while proposing changes in the current marketing plan, competitive targets and priorities, positioning statement for the adjusted marketing focus, means of differentiation, the right marketing mix required for the new proposal as well as contingency planning to make an exit strategy.

The Background to the Plan

Vacuum cleaners are among few household products which still have potential in the era of recession and its aftereffects. Dyson is a market leader in vacuum cleaners. It has gained thrust mainly through innovation. It is held by the company in which cost saving is utilized in research. Today Dyson products are sold in 45 countries of Europe, Middle East, Australia and United States. Although its sales have declined during recession, still recovery and improvement in sales volume is expected. (Vacuum Cleaners – UK – August 2010). Innovation, which is Dyson’s competitive advantage, can boost its sales through its latest machines that are eco-friendly and can help in reducing energy bills. Below are the current and forecasted trends in vacuum cleaner industry. (graph ki dimentions k titles theek kero)

## Market Overview and Situation Analysis

The local market of vacuum cleaner is divided into many categories but the prominent four categories are upright, cylinder, handheld and multifunction vacuum cleaners. Dyson is the market leader in upright and cylinder vacuum cleaners categories with huge difference as compared to its major competitor i. e. Vax. According to Mintel (2010), the market share of Dyson and Vax was 22 percent and 14 percent respectively in 2009. Although Dyson’s numbers in units sold were decreased as compared to the previous two years (-9. 1 percentage change), yet the share has grown as the sales in overall market had declined due to recession.

## Type

## Market Share Leader

## Upright

Dyson

## Cylinder

Dyson

## Handheld

Black and Decker

## Multifunction

Vax

The market shares are different for different categories of vacuum cleaners.

Dyson is by far the market leader in upright and cylinder vacuum cleaner categories while Vax is the market follower.

Handheld type vacuum cleaner category is occupied strongly by Black and Decker.

In multifunction vacuum cleaners category, Vax is leading the market with a huge difference as compared to market follower i. e. Bissel.

## Internal Analysis

## Strengths:

## Market leader in upright and cylinder vacuum cleaners categories.

## Use of Ball™ technology to help in cleaning by changing directions by turning wrist.

## (http://www. dyson. co. uk/technology/balltechnology. asp

## Use of Root Cyclone™ technology to give a new generation to vacuum cleaners by removing bags and using centrifugal forces for spinning of dust straight into trash. (http://www. dyson. co. uk/vacuums/wmdd. asp)

## No loss of suction.

## No filter or bags to buy.

## Energy efficient products

## Dyson vacuum cleaners are the only vacuum cleaners that are approved by British Allergy Foundation. http://www. dyson. co. uk/vacuums/allergy/

## Environmentally responsible engineering

## Strong market orientation

## Large scale prototyping and use of cameras in product development shows attention to detail.

## Continuous research and development (R & D) efforts.

## Presence of some of the innovative designs into museum spreads positive word of mouth and help in brand positioning.

## Excellent customer service.

## To reflect a focus on corporate social responsibility, Dyson launched a special edition of vacuum cleaner that enabled Dyson to raise 1. 7 million Pounds for research on breast cancer and treatments for it. Such efforts are contributed to Dyson’s strong positioning in the customers mind.

## Safeguard inventions by using biometrics (thumb scanners).

## Weaknesses:

## High prices and costs: Dyson make high-end products which is a sort of weakness as there is a huge price difference between Dyson and even major competitor’s prices.

## Like all other product markets, Dyson products are also suffering from recession.

## External Analysis and Market Audit

## Market Growth Trends:

According to Mintel, The recent growth trends are showing huge growth in handheld vacuum cleaners and B n D is leading in this category. Multifunction vacuum cleaners have shown some growth while cylinder and upright vacuum cleaners sales have dropped during the recent two years.

## Issues emerged from analysis

## Opportunities

According to Mintel, there are particular groups which are of high potential. Serving them according to their specific needs is a big opportunity for Dyson. Following are those groups:

## New vacuum cleaners are mostly purchased by the people with age category of 25-34-years-old. Such people look for performance oriented product and do pay high for it.

## 45-54 age group people look for energy efficient vacuum cleaners.

## There is an increasing pattern in one-person households.

## For single households and youngsters, marketing through social networking sites can be done by focusing on small, colorable models.

Focusing low-age category will lead towards strong positioning in their mind and will be cashed when they reach the youngster age and will be more technology oriented and environmentally conscious.

According to the latest trends, Dyson must focus on one-stop-shops and do trade and sale promotion (like Dyson often does through coupons) as well.

For oldies, position Dyson by mentioning time saving factor, less fatigue and more hygiene products. As such people prefer for easy shopping, Dyson can do catalogue marketing by sending brochures and catalogues with details of products and technology to convince them.

## There is an opportunity to focus more on stores as well as e-marketing as the trend is shifting towards the superstores again. Catalogues showrooms have shown some growth but independent electrical stores are not proffered now.

## Threats

## Imitations are a big threat for Dyson. For instance, Dyson’s bag less technology is copied by competitors and is available in prices lower than Dyson. (http://www. oppapers. com/essays/Dyson-Vacuum-Cleaner-Case-Analysis/167149)

## Bissell (competitor) has done innovations in a product which has power roller technology which helps in deep cleaning in 30 minutes. (Vacuum Cleaners – UK – August 2010 – Competitive Context)

## Life Cycle Projections:

Currently, Dyson’s different vacuum cleaners are at different life stages. For instance, upright and cylinder vacuum cleaners are at maturity level and are contributing to the major source of revenue for Dyson. In future, these products are going to be decline but there is a bright possibility that instead of declining, these mature products would be backed by Dyson’s innovative efforts and supreme technology to prolong their maturity periods for many years to come. Handheld vacuum cleaners category is gaining momentum due to shift of customer focus during recession. For Dyson, handheld vacuum cleaners require some acceleration through marketing efforts as they are in growing phase.

## Positioning statement:

Dyson Vacuum Cleaners can produce finer results through innovative technologies and customer oriented approach with increased focus on handheld and multifunction vacuum cleaners to become a leader in these categories while doing age-group oriented marketing efforts to sustain the market leadership position in vacuum cleaners overall market.

The big idea: The big idea would be to target customers by being specific to age-groups with addition to enhanced focus in handheld and multifunction category.

## Competitive targets and priorities:

Competitive targets are to beat the closest competitor i. e. Vax and B&D into multifunction and handheld vacuum cleaners categories respectively. Defeating them into their strongest territories would raise the barrier for them to focus in rest of the categories especially in upright and cylinder vacuum. It will ultimately benefit in after-recession market when the sales of upright and cylindrical cleaners will gain boost according to Mintel forecasting.

## Approaches to leveraging capability: the three actions/things that would make a difference

Competitive priorities can be achieved by make the prices competitive but it is not possible as Dyson is positioned as high end brand. But Dyson can launch a low priced sub-brand in multifunction and handheld categories with different brand names so that it can create a difference in its high end and low priced brands.

Position the sub-brand in such a way that the parent brand is highlighted to give the feel of Dyson.

Continue the adspend in upright and cylinders categories (like Dyson did for DC26). The reason is to leave high carryover effect so that it can be cashed after recession.

## The bases for differentiation and competitive advantage:

In developing and launching Dyson’s sub-brands, the differentiation would be developed through superior customer service which is available 7 days a week. Also, warrantee of more than a year on full range of spares and accessories for vacuums and the online expert service which helps customers discusses their issues with Dyson experts with a few clicks will act as a catalyst for customer satisfaction. Moreover, the interesting and highly practical positioning of customer care number on the machine rather than on user manuals is also a great value addition. These innovative ways of facilitating customers have always been and will be the critical success factors for Dyson. As Dyson has to launch a low priced brand, the focus on innovation and stylish designs can be reduced to cut product cost and justify the low prices but create value through customer service.

## Marketing Mix

Product: Upright, Cylinder, Handheld and Multifunction Vacuum Cleaners.

Price: To carry the current positioning, same pricing strategies must be continued for upright and cylinder vacuum cleaners. Prices competitive to Vax and B&D are proposed for multifunction and handheld vacuum cleaners categories respectively.

Place: The primary focus for vacuum cleaners placement should be internet, departmental stores and grocery multiplies.

Promotion: Age-group specific promotional efforts are proposed. Promote by focusing

25-34-years customers by highlighting innovation.

45-54-years customers by emphasizing on energy saving.

Youngsters through E-marketing especially in social networking websites.

Catalogue marketing for people who look for easy shopping (old-age category)

## Excellent customer service

## CSR (Ingenious Britain)

Ingenious Britain

James Dyson has called on government to take immediate action to make science and engineering central to its thinking. With advice from leading industry figures including Sir John Rose, Chief Executive of Rolls Royce, Sir Anthony Bamford, Chairman of JCB, and Sir Christopher Gent, Chairman of GlaxoSmithKline, James has developed a series of policy suggestions aimed at boosting Britain’s economy by inspiring and incentivising real, long-term action to make Britain a leading high tech nation.

The Dyson Taskforce has considered a breadth of issues – including culture, education, universities and research and development – targeted at bringing about a step change in both public and political attitudes to science and engineering. Proposals include reforming the school curriculum to teach pure science; a number of new routes to improve the quality of teachers and teaching; offering students more flexible courses with industry experience and improving tax advantages for start-up businesses.

A special edition Dyson vacuum helped raise £1. 7 million, funding the Dyson Microarray Laboratory at the Royal Marsden in London. This state-of-the-art facility helps scientists study thousands of genes at a time, identifying patterns relevant to breast cancer and its treatment.

Having lost both his parents to cancer, the charity holds special relevance to James.

Use of biometrics to safeguard inventions – from experience

Biometrics

At Dyson we use biometrics – thumb scanners – to help safeguard our inventions. Biometric technologies are becoming the foundation of an extensive array of highly secure personal identification and verification solutions. They allow us to be secure but flexible. There are no padlocked doors or passwords to remember. All you need is your thumb.

Staff: They’re a varied bunch, too. Many are design engineers developing new ideas and technology. Then there are specialists who test and improve different aspects of each machine, from the way they sound to what they pick up. Some will have years of experience. Others are fresh out of universities like the Royal College of Art, Brunel or Loughborough.

They share some eclectic engineering pastimes – from building vintage cars to reconstructing medieval catapults. One design engineer also has a jet engine he’ll fire up in the back garden once in a while

## Drops, repetitions and hours

During development a Dyson vacuum will be dropped onto a hard floor 5, 318 times. It’ll run 1, 357km on a turntable rig, which is like being pushed and pulled from the Dyson HQ in Malmesbury to Valencia. And it’ll take 120 engineers 50, 000 hours and 550 tests to be satisfied that it’s tough enough.

Now production of vacuums and washing machines in Malaysia, investment utilized in research

## Microbiology

The Dyson microbiology lab was set up in 2001 and has the sort of equipment usually associated with hospital laboratories. Dyson scientists use the lab to research ways of eliminating allergens to make the home cleaner and safer for allergy sufferers. Dyson is the only vacuum cleaner manufacturer with its own microbiology lab.

## Inventions

Our engineers are grouped together in one space. The team has eight concept areas and 20 specialist labs close by. Sound absorbent panels developed by Dyson engineers help dampen the noise and, more importantly, keep conversations secret. The panels are constructed using a sandwich of two layers of acoustic foam, one layer of rubber and two top layers of PVC-coated glass. This combination allows sound to penetrate the outer layer, where it is slowed by the foam and finally stopped by the rubber.

You can only get in if you have the right pass and your thumb print is recognised. Even then, certain areas are out of bounds. Only one thumb print and pass has totally unrestricted access.

James Dyson Award

For James, getting young people interested in design and engineering is incredibly important. The annual James Dyson Award inspires and encourages students from around the world to engineer a solution to an everyday problem. Contenders have included fold-up scales, water purifiers, a new kind of hammer, an iron you can wear like a glove. And some three day knickers from Japan. The winner gets a £10, 000 bursary and a trip to Dyson’s research facility in the UK. Some of the winners have gone on to join the Dyson team.

Weaknesses:

## High prices and costs

Like most white goods and furniture markets, value sales of vacuum cleaners are vulnerable in a recession.

Cordless

Opportunities

Demographics:

Age group

5-9 – anticipated growth rate: 11. 9% (2010-2015) page 10

25-34: 11. 4%

45-54: 6. 4%

Lifestyle 2010-2015 pg 11

Family: 4. 6%

Third age: 5. 7%

SEC 2010-2015

AB: 8. 7%

An increase in the number of one-person households is a trend that vacuum cleaner

manufacturers are already taking into consideration, and product development is strongly

orientated towards them with smaller and easier to store models (see Who’s Innovating?).

Areas of development that have potential include adjusting advertising and marketing material to

take into account that singletons get the most satisfaction from housework and aim for the floor

to be spotless.

New features that are likely to appeal to them are long hose reach and ease of dust disposal,

but not pet hair removal (larger households are more likely to have pets). Buying behaviour

favours stores rather than online. Singletons also like consumer product reviews and are more

brand loyal than other households.

However, four-person households will also increase by 4%, so there is a need for a wide variety

of sizes and flexibility. Families represent a more challenging target than those who live alone as

they tend to doggedly wait for a cleaner to break before they consider buying a new one.

Within the overall population, there are certain groups that are set to increase more in number,

among them 25-34-year-olds, who are important in terms of home formation.

The good news for the market is new vacuum cleaner purchases peak in this key demographic

group, the purchase likely to have been triggered by buying a home. Also, 25-34-year-olds are

particularly interested in enhanced performance and are willing to pay for it.

Also expanding is the 45-54 age group. Notably, energy efficiency has above-average

importance for this age group (see Consumer – Factors Influencing Choice).

Threats

but Dyson’s unique bagless technology is imitated by other manufacturers with lower price.   Therefore, Dyson need to come up with new ways to differentiate themselves.  http://www. oppapers. com/essays/Dyson-Vacuum-Cleaner-Case-Analysis/167149

. Other manufacturers, unable or unwilling to develop their own vacuum cleaners, still try to copy Dyson technology to no avail.

Bissell’s’ latest product innovation is ReadyDry, which, by employing PowerRoller technology,

allows for deep cleaning and drying carpets in just 30 minutes. Vacuum Cleaners – UK – August 2010 – Competitive Context

The group projected to increase the most though is the over-65s. Unfortunately, the two defining

characteristics of this generation are that they will only buy a new vacuum cleaner if the old one

## breaks and they are totally unwilling to pay more for a high-performance model.

Distribution channels

Dyson advertising expenditure maximum 4400, 000 £ in 2009

Implications:

Innovation – biggest strength, product development, alignment with market trends

Cost reduction – to maintain share growth (find income trend)

New markets to enter

May 2010 ownership pattern:

Upright bagged – 16%

Upright bag less – 41%

Cylinder bagged: 24%

Cylinder bag less: 22%

Half carpet half flooring – upright bagless

More flooring than carpet – cylinder bagless

Pg 20 for positioning

Changes in the economic and employment structure of the country, together with wider

availability of education, have meant that there has been a change in the socio-economic

make-up of the population. In the medium term, there is particularly strong growth projected in

the number of professional ABs.

The above-average levels of vacuum cleaner ownership (91%) and near market saturation

amongst ABs (see Consumer – Ownership and Purchasing) pinpoints the importance of finding

new purchasing triggers. Multiple ownership is significantly above average among ABs/Wealthy

Achievers, but there remains huge potential for growth.

This should help drive more trading up to higher-specification appliances, but there is a need for

manufacturers to demonstrate value for money as price comparison is key to purchase for AB

consumers.

The proportion of C2s is increasing, and this group is more likely to pay more for a better

performance product than ABC1s. This highlights the potential for middle-range brands to charge

a premium for performance products. Another key purchasing stimulus for C2s is dust

## mite/allergen reduction.

Like vacuum cleaners, value sales of most household appliances have suffered in the

recession.

Product development trends in other household sectors mirror developments in the

market for vacuum cleaners, ie noise reduction and energy saving.

US companies are spearheading avenues for growth that remain underdeveloped in the

UK.

The UK market could look to online marketing innovation in the US for inspiration.

While volume sales of washing machines were down in both 2008 and 2009, replacement

purchasing helped to maintain some demand. As well as entry-priced models doing well, the

top end performed strongly.

Other trends in washing machines have been faster spinning, higher energy-saving ratings

and larger porthole doors for easier access.

Penetration of dishwashers has increased on the back of greater energy efficiency (using

sensor technology), noise reduction and differentiated capacity.

Sales of microwaves have held up due to the lower price points in this sector.

Deep cleaning gathers pace

Deep cleaning is a sector that is gaining momentum in the UK. With a reduction in discretionary

spending, some consumers have done more house cleaning and deep carpet cleaning themselves,

rather than using professional services. The quick-dry technology is something that could start to

impact on vacuum cleaner sales.

Vacuum Cleaners – UK – August 2010 – Competitive Context http://academic. mintel. com/sinatra/oxygen/print/id= 540697

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Bissell’s’ latest product innovation is ReadyDry, which, by employing PowerRoller technology,

## allows for deep cleaning and drying carpets in just 30 minutes.

Mintel expects little recovery in the market over 2011-13 in volume terms and forecasts

sales to fall to £420 million in 2015, even though volume sales will improve to 5. 4 million

units.

Market polarisation is in evidence. Innovation has been driving the premium end of the market

## while cash-strapped consumers have played safe with entry-price/own-labels launched with

Newer machines that allow consumers to cut back on energy bills or upgrade to

## more eco-friendly products may also act as a trigger for purchase.

Consumers who have put off investing in a new cleaner may decide that they can no longer put

up with an old machine that underperforms, but may consider spending less than they would like

## to because of renewed concerns over their finances.

## Vax offers carpet cleaners

Dyson maintains its leadership in vacuum cleaners by committing to high levels of product

development and advertising support. Investment in compact cylinder models has helped boost

share since 2007.

It is by far the biggest spender on advertising (see Brand Communication), and its status as a

## pioneer in bagless technology continues to support strong brand loyalty.

Vax has also achieved an increase in market share with a significant widening of product

offerings supported by above-the-line spend.

Long-standing manufacturers such as Electrolux and Hoover have maintained a steady stream

## of product launches, and this has helped them hold onto market share.

With a relatively wide range of bagged and bagless models, Hoover and Electrolux have both

maintained share. Hoover has looked to segmentation of its portfolio, eg Pet and All Floor

models, as a marketing strategy. Electrolux is evolving a more eco-friendly range as well as

## models for smaller households.

Vax dominates for multifunction and Black & Decker for handheld cleaners

Catalogue marketing

Marketing through social networking sites for single households and youngsters – continue with handheld small portable colorful models

One stop shops, sale and trade promotions on such shops

For age group: mentioned in opp 25-34 good opp to make use of technology savvy people, same goes for kids as they will reach the youngster age and they will be more technology oriented and environmentally conscious

Penetrate handheld market

In mid-2009,

Dyson introduced its digital switched reluctance ultra-high speed motor, claimed to be the

fastest motor in the world, in its vacuum cleaners, which was followed by the launch of its

compact vacuum cleaner in early 2010.

Cordless and most silence vacuum cleaner by Electrolux-

Hoover does not has transactional website

## Utility Cleaners

Our range of handy utility cleaners includes multi function machines that wash carpets and dry vacuum, dedicated hard floor cleaners, hygienic steam cleaners and rechargeable dry handheld vacs (Vax)

Innovative retailing concepts

In December 2009, Dyson opened its first pop-up shop at Kent’s Bluewater shopping centre.

The 1, 200 square-foot shop remained open for six weeks.

The outlet was staffed by Dyson employees who encouraged shoppers to use the machines

and ask questions. On sale were vacuum cleaners, handheld cleaners and the recently-launched

Dyson Air Multiplier fan. Visitors were also given a preview of the DC26 cylinder cleaner which

was launched in 2010.

Key analysis: The pop-up shop is a concept that could be further evolved. The potential exists

for other manufacturers, particularly those focusing on design as a core concept, to open a

pop-up shop that could showcase the widening range of cleaners on offer, from handhelds to

sticks and robotic cleaners. This would offer the opportunity for more interactive displays thatcould use different types of flooring to fully demonstrate a cleaner’s capacity and breadth of

function.

Key analysis: Advertising for vacuum cleaners has traditionally featured a smiling woman

using a vacuum cleaner or depicted a machine and listed its attributes. Split-screen adverts

depicting a wider variety of people engaged in vacuum cleaning in different settings and

asking “ Which one are you?” could make a personal connection with more users.

One way to introduce some differentiation to the UK market might be to take a less serious

approach in advertising themes. A review of US TV advertising reveals that humour – gently

mocking “ Clean Freaks” (Hoover) – is integral to a number of adverts, and a greater variety of

users are depicted, eg foolish husband (Electrolux).

Already at nearly 83% in 2005, vacuum cleaner ownership has since risen to 87% in 2009,

which points to a market nearing saturation and flags up the importance of introducing triggers

for replacement purchases, eg innovative product development and ownership of multiple

cleaners.

Others factors pinpointing the importance of finding new purchasing triggers is the aboveaverage

levels of vacuum cleaner ownership (91%) in fast expanding demographic groups –

ABs and 45-54-year-olds.

On a more positive note, new purchases peak in another key demographic group, ie 25-34s,

and falls with age, the purchase likely to be triggered by moving house. Advertising could

feature a young couple moving in together as a theme.

New purchases are at their highest amongst C1s, and this supports the case for growth in

middle-market models. Having a baby in the household is also a trigger to purchase and highlights hygiene as a concern. Larger households are not much more likely than average to

## have bought a new vacuum cleaner in the last 12 months, however.

Sales promotion through coupons. (continue with the current strategy of introducing different deals on different vacuum cleaner models)

Innovative ways of promotion as Dyson did through collaboration with ISSSEY MIYAKE. (Discussed earlier)

People: Highly trained staff that can communicate the customer oriented behavior of Dyson.

Process: Same efficient customer service of free and quick shipping system.

Physical evidence: The parent brand name i. e. Dyson would be the physical evidence for the proposed sub-brands.

## The Mckinsey 7s

## Strategy:

## ——————-

## Shared Values:

At Dyson, hiring of creative staff with a passion towards engineering and problem solving serves as the basis of a team that is all about customer orientation.

## Style/Culture:

Dyson’s success is attributed to the corporate culture that flows directly from the founder’s personality i. e. problem solving through creativity and innovation, research orientation, no complacence when it comes to product features and quality and an unremitting spirit of evolution and revolution.

## Staff:

Every staff member is focused towards bringing new ideas whether it is for innovative design or superior customer service.

## Systems/processes:

Procedures and systems are clearly defined at Dyson. For example, every new model has to be checked through various tests like dropping on the floor to check breakage, run thousands of kilometers to check the quality and life span of machine etc.

## Structure:

Dyson has a flat organization structure because Dyson believes in face to face communication.

http://www. icmrindia. org/casestudies/catalogue/Leadership%20and%20Entrepreneurship/James%20Dyson-Engineer%20Entrepreneur-Leadership%20Case%20Studies1. htm

## Skills:

Highly skilled and innovation oriented engineers.

The McKinsey 7S model

## Contingency thinking:

If the forecasting of market boost of upright and cylinder vacuum cleaners will go wrong, the enhanced focus in handheld and multifunction vacuum cleaners can be helpful in this regard.

If the sub-brand category proposal gets flopped, the only option would be to reduce the prices of handheld and multifunction vacuum cleaners.

If above both options do not work, related diversification would be the ultimate solution.