

Polaroid market analysis



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Market Analysis 1-People – Target market Polaroid digital-imaging products are targeted to mostly middle and upper income bracket consumers, mostly young adults regardless of age or cultural background that invest in these product for personal use.

They are also geared to attract photojournalist, professional photographers and business such as; real estates and advertising agencies. 2-Product: Digital-imaging products market exploded in 1994 and the demand was rapidly expanding to include various models of individual product. Some digital-imaging include, digital camera where photos can be stored on a hard disk and process and retrieve through computers and software, the film camera and scanner which comprise of a magnetic disk that is use to print photos from a computer. There is also the video camera and frame grabber that works with a compact flash, memory stick and magnetic diskette which allows photos to be transmitted via internet, in addition, this product has an optical disk to show images through projectors.

However, the product that seemed to attract more attention and demand is the digital-camera also refers to as the filmless camera. Although Polaroid had begun investing in research and development in digital-imaging in the 80s, it wasn't until early 1990s that their first product called Helios Medical Imaging entered the market but started fading by 1996 mainly due to poor marketing strategies. With new entrants by competitors, such as: Kodak and Fuji, Polaroid was forced to reinvent its marketing strategies to maintain its presents in the digital-imaging market. PRODUCT POSITINGPolaroid has always been successful in positioning its products in the market due to the following strategies: •Continuous investment in Research and Development

thereby maintaining awareness of new needs and behavior of its customers.

- Invest in recruiting professional staff whenever a new product is identified.

- Polaroid has been a household name for decades.

- A very innovative company, that always seeks to develop new electronic products to meet the needs of the population. FIVE PRODUCT LEVELS These are as follows: Core – Manufacture digital-imaging cameras to meet the needs of target customers. Basic – Provide additional capability to store photos on hard disk to be viewed on computer. Expected – As the core and basic levels became routine products offered by all digital-imaging companies, customers begin to expect more extended services. For instance, the increase in storage memory of digital camera, the production of film camera and scanner with magnetic disk to enable photo-printing to printers. Augmented – A level where competitors become an issue, therefore, this is where the Polaroid procure to enhance the quality of current product and procure new and unique ones to offer customers.

For example, video camera and frame grabber with memory sticks and optical disk to enable photo sharing via internet and projectors. Potential – In the near future, Polaroid will need to find solution to difficulties facing the digital-imaging market, such as; making it more user friendly digital cameras and improving on the quality of photo-printing. PRODUCT DIFFERENTIATION

- Polaroid has been in the electronic manufacturing business since 1937 and enjoyed tremendous success for decades making brand positioning easily among customers. Polaroid is equipped with competent and experienced electronic imaging groups to develop lasting and reliable products.

- Capacity to develop unique product, such as, the Helios Medical Imaging, a revolutionary chemical-free, dry imaging system for radiology, which intended to replace X-ray machines.
- Polaroid is famous for its technological strength nationally and internationally.
- Invest in mass-market retailers such as Wal-Mart and Kmart, thereby steering from direct competition with other competitors who use specialized stores to sell their products.

PRODUCT LIFE CYCLE Polaroid digital-imaging products entered the Decline Product Life Cycle during late 1996 and early 1997, where sales dropping rapidly which led to an additional overall decline in profit and market share. Efforts to revive its image in this rapidly growing and highly competitive market proved futile.

3-PRICE PRICE POSITIONING The digital-imaging marketplace currently has considerable competition in providing various products to the target population, but there are opportunities to promote broader competition by lower prices and higher quality services.

This is the approach adopted by Polaroid in positioning price whenever possible.

PRICING STRUCTURE In setting on new products Polaroid took into consideration prices currently offered by competitors while ensuring that the company maintains its major quantitative goal of profit maximization. An affordable price offered to customers would lead to increased sales and hence increased cash flow.

PRICING METHOD AND ACTUAL PRICE Pricing method is based on uniqueness of product. If similar product is unavailable on the market, pricing is set based on product cost and consumer perception of value. Otherwise, pricing is set taking into account the current market price offered by major competitors for similar product and pixel (image size).

For instance, the PCD-2000/40 with 1, 200 x 1, 600 pixels digital camera was priced at \$3, 700 in 1996, a relatively good price compared to similar products from other companies. 4-DISTRIBUTION CHANNEL CHANNEL

STRUCTURING Polaroid distribution channel is at O level, where the products come from its warehouse and shipped to the retailers, they go through a packaging process and then delivered to the relevant distributors on a timely manner. PRODUCT FLOW Physical Flow- All products move from the warehouse to retail distributors, such as Wal-Mart, Kmart, food stores and pharmacies among others. Title Flow – Once the product is bought it becomes the property of the buyer.

Payment Flow – Once retailers received payment from customers, the agreed amount after commission is deducted and sent to Polaroid through their bank. Information Flow – Initial information on the products flows from Polaroid to target customers via advertisements or sponsored promotional events. Promotion Flow – The demand for a particular product is created by the customer due to his/her needs but it is management of Polaroid that decide if, how and when to make such product available to the market. In most cases, the company's decision is highly influenced by the status of the market pertaining to the products. 5-PROMOTION Polaroid invests mainly in advertisement through promotional magazines on electronics, and direct marketing campaign targeting customers while they shop at the retail stores that carry their products.

Public relations promotional tools via internet/ websites, sponsored trade shows are also used in marketing their products. Personal sales flyers/ letters sent directing to potential customers are not common with Polaroid.

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Conclusion: Critical Issues: •Polaroid's failure in the digital-imaging was mainly due to its inability to compete with strong competitors, like Kodak, Fuji, Sony and Casio, who are new entrants to the market and continue to be profitable in the industry. •Need to make their products and marketing positioning clearer and be more market segment focus.

•There is notable lack of effective leadership within the various key sections of the company, especially in the customer service area. •Financial situation of the company is alarming and bankruptcy is probable if management does not act immediately. Recommendations: Need to create three main working groups/ task force: •Create a team comprising of key managers as a ' think group', to explore new ideas and product suitable for the market, and to focus more on ways to increase revenue rather than cost-cutting. For example, ensure payroll expenses do not exceed revenue. •Develop a competent marketing team to focus exclusively on current and potential competitors and developing strategies to stay ahead in the industry.

•Enhance customer service team by offering some incentives in order to achieve increased marketing awareness and loyalty. This team needs to constantly monitor customers' satisfaction. •Need to partnership with other companies, such as; internet companies, to enhance its goals and objectives.