

Marketing Plan Project

Part II

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## **1. Marketing Objectives and Issues Analysis**

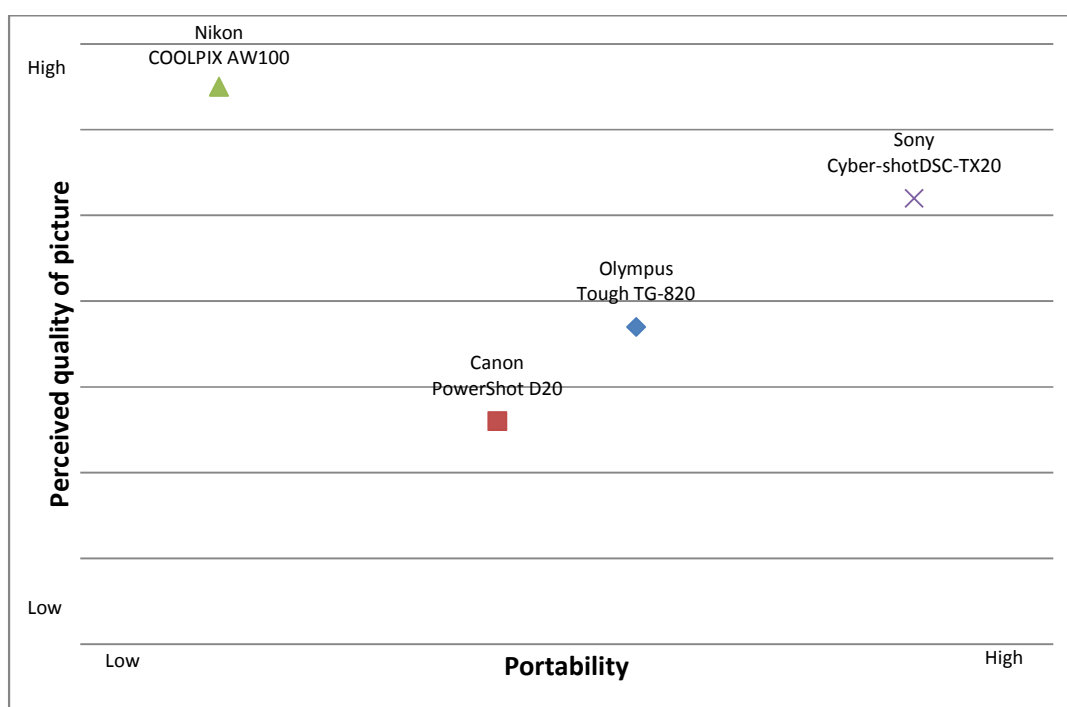
This marketing plan is for dealing with Olympus Tough TG-820. The goal for this plan is to make TG-820 a de facto standard for the waterproof compact digital camera. In recent years, by rise of cost-competitive new entrants from emerging countries and rapid diffusion of smart phones equipped with high-quality cameras, Olympus is losing its market share of compact digital cameras. To achieve the objective and defeat this situation, the company adopts the differentiation strategy and not the cost leadership strategy. Therefore, it continually needs to develop unique products and improve customer loyalty.

## 2. Marketing Strategies and Recommendations

### 2.1. Positioning Strategy

The Figure below shows an insight into the current competitive environment of waterproof compact digital cameras by using a positioning map. In the figure, the horizontal axis is portability and the vertical axis is perceived quality of picture. Their prices are almost same.

Figure1: Positioning Map of Waterproof Compact Digital Cameras



Since Sony, which invented Walkman, is very well known for its small, lightweight portable electronic devices, Olympus competes by quality performance. However, the current position of TG-820 is quite indistinctive in the market. Actually, Olympus is inferior to Nikon COOLPIX AW100 in quality of picture, although Nikon doesn't provide a waterproof case for AW100; therefore, it needs to stand out more. For example, the company enables wide-angle shots than ever before, which is more favorable for taking photos of marine organisms under water.

## **2.2. Product and branding strategy**

To develop unique products, Olympus's marketing department works closely with its R&D department. Also, it creates a BCG matrix, or a product portfolio matrix, by using market growth rate and its market share to improve return on investment. For its product branding, comprehensive naming and packaging as like SONY's Walkman is important. The company never use like a model number as its product name. Moreover, the company creates a high rank sophisticated brand image.

## **2.3. Pricing strategy**

Because of its differentiation strategy, the company adopts a skimming pricing strategy. It sets a price at relatively high. It also aims to be a price leader in middle to high-end models by focusing Cash Cows in the BCG matrix. Of course, Stars in the matrix are core business, it is more important to develop Cash Cows for future. A price of a specific product to consumers should not be flexible but be fixed not to break product brand image. Exceptionally, the company bundles a camera with accessories such as a waterproof case at discount prices. Also, it gives discounts to retailers to maintain consumer prices.

## **2.4. Distribution strategy**

The company has mainly three sales channels. First, it sells the products directly via its online store. Second, retailers are set by region. Most of retailers are electronics retail stores dealing with competitive products; thus, the company makes efforts to build good relationships with the retailers, so they can promote its products actively. Finally, it makes sales through value-added

resellers such as photography magazine publishers to reach advanced photographers who can be high-end customers. The publishers can bundle cameras with their magazines directly or online.

### **2.5. Marketing communications strategy**

The company uses social media such as Facebook, Twitter, and YouTube for maintaining strong customer relationships. Since they are utilized them currently, it reinforces them. Also, it launches a community site only among its customers who have a product number to improve customer loyalty. The community site accepts direct inquiries from them and offers user manuals and FAQs.

Currently, the company focuses on pulling promotion strategy rather than pushing promotion strategy because camera is a consumer product; however, interior designs such as display and decoration are also important to create a brand image as exemplified by Apple's Apple Stores, so the company places importance on that than does now.

To find potential customers, it advertises in photography magazines to promote brand awareness of advanced photographers. Furthermore, for appealing to people who are not familiar with its products especially younger generation, celebrity testimonials are effective. Actually, Justin Bieber used Olympus Tough TG-1 iHS in his music video published on October 12, 2012. He is one of the most influential singers in the world. Taking this opportunity, Olympus aims to make other advertisements featuring him.

### **2.6. Marketing research**

For gathering crucial marketing data for product improvement and development, the company tries two approaches.

To collect primary or secondary information for understanding market trends and potential customers' needs, the company buys some reports or asks marketing research firms such as Nielsen and Synovate to conduct surveys in order to hold the information quickly without spending time and energy by itself.

The company just focuses on analyzing internal data by using business intelligence tools. For instance, the data can be customers' buying and online behavior histories, stored in the corporate databases. Those tools easily allow people to extract internal data, analyze it, and transform into information that can be utilized for making decisions.

### **3. Action Programs**

#### **3.1. IMC**

In addition to efforts to increase regular customers, to reach public, the company puts eye-catching and memorable advertisements in mass media. In the advertisements include its Web site address or search keywords for people who get interested in that.

After paying attention to potential customers, the company gives more information about the products on its Web site, social media. Instead of its existing Web sites, preparing landing pages are a more effective way.

All the accesses to the Web sites are logged, so it distinguishes where people access them from by IP addresses. If the accesses from a specific region are quite high, the company or retailers can send advertisement leaflets to people in the area.

#### **3.2. Message design, content and structure**

The company works with an advertising agency to create a media plan, sophisticated TV commercials, eye-catching billboards, and ads for digital signage. The name TG-820 sounds too technical, so that it focuses more on the feature of waterproof and changes the name to "SeaShooter" which is easier to be associated with underwater photography.

#### **3.3. Media choices**

For corporate branding, it uses TV commercials as in the past and social media such as Facebook, Twitter, and YouTube. It also takes out in billboards and digital signage for product branding. Then, for product sales promotion, it puts pay-per-click ads such as Google AdWords

and Facebook ads. By using them, the company can send promotional messages to targets effectively.

#### **3.4. Promotion mix tools**

Mainly, the company focuses on public relations, advertising, and direct marketing.

Although advertising doesn't permit accurate measurement generally, it can measure and analyze advertising effectiveness by utilizing the internet as a sales channel and a medium. Then, it sends direct mails or e-mails to people likely to be interested.

Because it provides consumer products, personal selling is costly. However, it can cover this element by strong relationships with retailers.



#### 4. Budgets

If the company wants to generate 1,000,000 of new sales of its digital cameras by placing online advertising, and the both click through rate and conversion rate are 1 percent. Also, if the cost per impression is 0.005 dollars (0.5 cent), the total budget for advertising is given below.

The number of impressions needed is found with the following formula:

$$\begin{aligned} & \textit{The number of impressions} \times \textit{Click through rate} \times \textit{Conversion rate} \\ & = \textit{The number of new sales} \end{aligned}$$

$$\begin{aligned} \textit{The number of impressions} &= \frac{\textit{The number of new sales}}{\textit{Click through rate} \times \textit{Conversion rate}} = \frac{1,000,000}{0.01 \times 0.01} \\ &= 10,000,000 \textit{ impressions} \end{aligned}$$

The total budget for advertising is found with the following formula:

$$\begin{aligned} \textit{Total budget for advertising} &= \textit{The number of impression} \times \textit{Cost per impression} \\ &= 10,000,000,000 \times 0.005 = 50,000,000 \textit{ dollars} \end{aligned}$$

## **5. Controls**

To monitor this marketing plan, the company watches several metrics as follows.

Click through rates of ads on search pages are evaluated in a short time of period to decide more effective search keywords for specific products.

Understanding its exact market growth rate and market share by product segment is also important. Those elements are needed to create and update the BCG matrix which is a key indicator for determining what and how the company invests. In this case, the market share is not by shipments but also by sales revenue. Because the company adopts the prestige pricing strategy, it expects increasing the revenue, even if the shipments are decreasing.

Finally, it continually observes the repeat rate to keep track of customer loyalty.

## **6. Conclusions and Recommendations**

In conclusion, since the company faces new threats as mentioned in this first paragraph, it needs to keep up with change and implement its cutting-edge differentiation strategy. Because of this, it reviews this marketing plan constantly by following the PDCA cycle, or the plan-do-check-act cycle. Especially, advertising analyses require to be conducted in short-time cycles. Also the PDCA cycle allows the company to consider, improve, and develop in a short time.

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