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## Solution

- We recommend that Best Buy discontinue its plan to customize stores based on demographics because this will have a detrimental effect on brand consistency in the mind of the consumer.
- We also suggest that Best Buy improve the purchasing experience by offering extensive, unbiased customer reviews for all products.

By using the Problem Solving Format, we found that Best Buy can increase consumer perceptions of the brand as having non-customized stores if it discontinues tailoring stores to the population demographics surrounding each store. If this change is not implemented, we believe it will have a negative affect on the brand consistency in consumers' minds.

We also believe that Best Buy can increase consumer perceptions of the brand as offering a high level of product feedback by providing extensive customer reviews. These reviews will consist of product reviews. We believe it is very important for consumers to hear personal experiences, good or bad, about Best Buy products.

These solutions can be used effectively by providing customers with a high level of customer service, unbiased product feedback and customer reviews, and non-customized stores nationwide as we explain in our core benefit proposition. Also, the implementation of specific MAGIC strategies will enable Best Buy to protect its marketing plan.

# Market

- Overall Market
  - Retailers
    - Business Electronics
    - Consumer Electronics
    - Clothing
    - Sporting Goods
    - Automobile
    - Cosmetics
- Focus Market
  - Consumer Electronics Retailers
    - Cell Phone
    - Television
    - Camera
    - Camcorder
    - Computer
    - DVD
    - Digital Music (MP3, IPOD)



Using the Problem Solving Format, the first step in our analysis is to define the market, which is retailers. The retail market can be further divided into retailers of business electronics, consumer electronics, clothing, sporting goods, automobiles, and cosmetics. We chose the focus market of consumer electronics because this allows us to eliminate other retailers that are not substitutes for Best Buy. Within the consumer electronics retailer segment, Best Buy faces competition from substitutes like Circuit City, Radio Shack, Amazon.com, Dell, Target, Wal-Mart, and K-Mart.

# Segmentation Variables

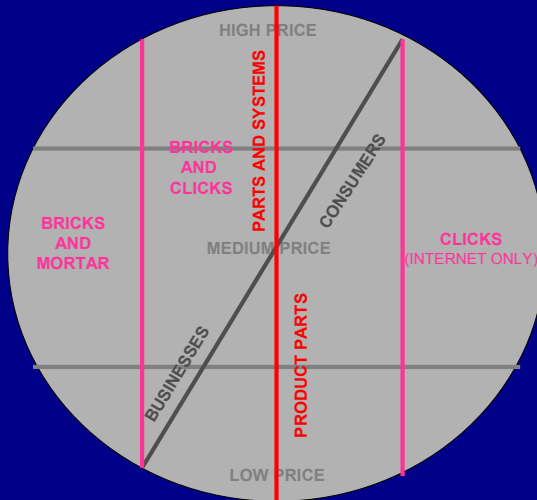
- Price Sensitivity
  - High
  - Medium
  - Low
- Type
  - Product Parts
  - Product Parts and Systems
- Purchasing Avenue
  - Bricks and Mortar
  - Bricks and Clicks
  - Clicks (Internet Only)
- Type of Customer
  - Consumer
  - Business



To determine our market coverage strategy, we needed to decide on the variables that will enable us to segment our focus market. We believe that the variables which segment Best Buy the best within the consumer electronics market are: price sensitivity, type, purchasing avenue, and type of customer. We chose these segmentation variables because they all pass the standard “test,” which means that there could be a store or brand that sold only to consumers of consumer electronics who had a high, medium, or low price sensitivity; or consumers who purchased only product parts or product parts and systems, etc. Each subcategory of the segmentation variables could be sold through its own brand.

We chose price sensitivity because there is a vast spectrum of consumer electronics that are priced anywhere from very cheap and affordable all the way up to so expensive only a few consumers could ever dream of purchasing them. The consumer electronics market could be segmented to target each tier of price sensitivity. When we decided on type we were thinking about stores that offer strictly product parts and stores that offer both product parts and systems. Depending on the consumer they might be looking for a place to purchase a battery for their camcorder or the actual camcorder itself. Next, we chose purchasing avenue. Consumers have different preferences on how they like to shop. Some enjoy going to an actual store (brick and mortar) where they can see, touch, feel, and test the actual product they are going to purchase. While others enjoy shopping from home and using the Internet (clicks) to make their purchasing by relying strictly on pictures, descriptions, and customer reviews. There are also people who enjoy a little bit of both (bricks and clicks). The last variable that we chose was the type of customer, consumer or business. A consumer might purchase an electronics product for his or her own personal use, while a business might purchase an electronics product to suit his or her company's needs.

# Segmentation Circle



The segmentation circle, which is based on our four segmentation variables, visually depicts how we divided up the consumer electronics market. The circle enables us to choose a market coverage strategy that would best suit Best Buy. The circle gives us an actual visual of the many different strategies we could pursue. One option would be to focus strictly on a small portion of the circle with one brand using a concentrated market coverage strategy. Another option would be to use a differentiated strategy by selling products to several markets in the circle with different brands. Lastly, we could focus on the whole market selling products under one brand using an undifferentiated strategy.

# Market Coverage Strategy

- Best Buy is currently using a differentiated market coverage strategy.
  - Best Buy, Magnolia, Futureshop
- In general, the Best Buy brand is using an undifferentiated market coverage strategy because it's going after the entire consumer electronics market.
- We recommend Best Buy continue with this strategy.



We derived the market coverage strategy from the segmentation circle. Best Buy sells a variety of consumer electronics to a number of different segments on the segmentation circle using several brand names. Currently, Best Buy has three brands: Best Buy, Magnolia, and Futureshop. Best Buy uses a differentiated market coverage strategy to cover the entire consumer electronics market using multiple brands. Best Buy and Futureshop offer a wide variety of consumer electronics while Magnolia focuses on home entertainment products, including not only electronics, but furniture, too. Technically, this is a differentiated strategy, but the Best Buy brand is using an undifferentiated strategy by targeting the entire consumer electronics market in general with the Best Buy brand.

We believe that Best Buy should continue using a differentiated market coverage strategy with the multiple brands, while continuing to target the entire consumer electronics market with Best Buy brand in general.

The market coverage strategy defines Best Buy's target market by defining which consumers the brand will target.

# Target Market

The target market for Best Buy is the entire focus market of consumer electronics consumers.



As mentioned before, Best Buy uses a differentiated market coverage strategy by offering multiple brands to cater to the needs of all of the consumers in the consumer electronic market. Best Buy the brand, however, is using an undifferentiated strategy by focusing its one brand on the entire consumer electronics market.

In targeting the entire consumer electronics market, the brand is catering to the widely varied needs of many different segments. These segments, as depicted in our segmentation circle, include price sensitivity (high, medium, low), type (product parts, parts and systems), purchasing avenue (bricks and mortar, bricks and clicks, clicks), and type of customer (consumer, business). When placed in the segmentation circle, these variables divide our target market, which is also our focus market, into many different segments that the Best Buy brand targets.

# Needs and Wants

- Venue
- Product Offering
- Installation
- Delivery
- Warranty
- Reliability/Durability
- Price
- Brand Selection
- Quality of Electronics
- Customer Service
- Product Feedback
- Convenience



The needs and wants are comprised of different variables that consumer electronics consumers desire. They are very important to consumers when making purchasing decisions. By targeting the entire consumer electronics market, a brand has to take into account a wide variety of needs and wants.

Venue is very important to consumers. If a consumer wishes to go to the store and physically test and see the product, he or she is going to prefer a brick and mortar store over a strictly clicks store.

Also, depending on what the consumer has in mind to purchase, the product offering is very important. If a consumer needs speaker wire he or she might go somewhere different then if he or she needed a surround sound system.

Price is a critical element in a consumer's purchasing decision. Price can determine how the consumer perceives a product. A high price can imply quality and reliability, while a low price can give the impression of a cheap, low quality, unreliable product.

A few other very important needs and wants of consumers are installation, delivery, and warranty. After purchasing a product you want to know that someone will be able to deliver it to your home, properly install it, and offer a warranty in case it were to break or malfunction.

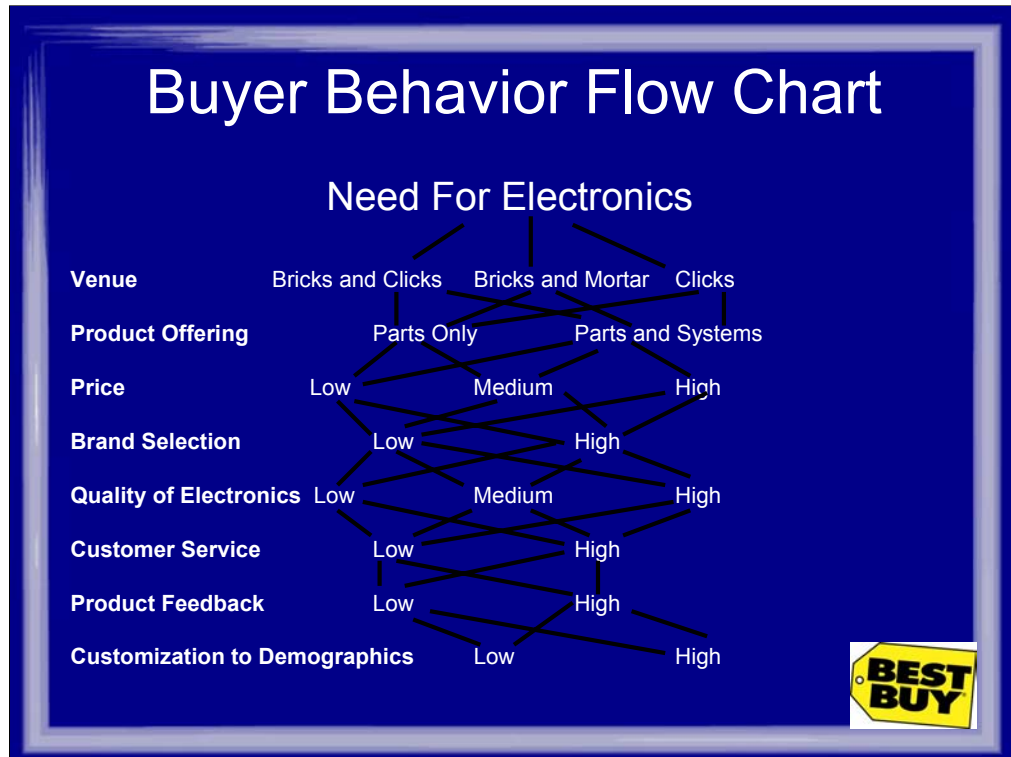
Customer service can play a large role in a consumer's purchasing decision. Most consumers looking to purchase electronics are uneducated about new technology or unfamiliar with certain brands. It is ideal for consumers to find a store that offers them assistance from highly trained and well-educated staff that can walk them through the purchase of the best possible product that will satisfy their needs and wants.

The last couple needs and wants of consumers in the consumer electronics market are product feedback and convenience. Product feedback allows potential consumers to read reviews of products they are contemplating purchasing. This is very important to consumers because most will trust the word of another consumer who has experienced the product versus that of a salesman trying to get the most commission.

A brand must understand these needs and wants of consumers in this market in order to position itself successfully against the competition.



# Buyer Behavior Flow Chart



The Buyer Behavior Flow Chart, which was derived from the needs and wants of the target market, shows the different paths a consumer can take when purchasing consumer electronics. At the top are the most important evaluative dimensions consumers consider when making a purchasing decision. The bottom three evaluative dimensions are the ones that Best Buy should focus on to successfully position the brand against competitors.

First, consumers decide on the venue where they wish to shop when looking for consumer electronics. They decide whether they wish to purchase their product at a store or online.

Second, a consumer looks at the products being offered within the store. Some stores only offer specific parts for systems while other stores such as Best Buy offer both parts and systems.

Third, a consumer takes price into consideration. The price sensitivity of the consumer will affect the electronics they might purchase. Price sensitive consumers may not be willing to spend more money on higher priced electronics.

Fourth, consumers consider whether or not the store offers the brand of electronics they wish to purchase. This shows the brand selection that the store offers, from generic brands to well known brands such as Sony and Pioneer.

Fifth, consumers consider the quality of the electronics. Generally, consumers look for the product with the highest quality.

The next three evaluative dimensions – customer service, product feedback, and store customization – are less important to the consumer, but they are still very important in the positioning of the brand. Great customer service creates a good reputation for a brand, which is very appealing to consumers. Product feedback is important to consumers when they are purchasing products with which they have no prior experience. Reading what other customers have said about specific products helps reduce purchasing anxiety. Finally, customization to demographics allows consumers to shop at stores that are either tailored to the population, or to shop at stores that offer a consistent product offering and are not customized to the local population demographics.

## Summary of Evaluative Dimensions

- Venue
- Product Offering
- Price
- Brand Selection
- Quality of Electronics
- Customer Service
- Product Feedback
- Customization to Demographics



As depicted in the Buyer Behavior Flow Chart, we selected the eight most important evaluative dimensions that consumers contemplate when purchasing consumer electronics. Venue, product offering, price, brand selection, quality of electronics, customer service, product feedback, and customization to demographics are the deciding factors consumers use to choose between when making a consumer electronics purchasing decision. The evaluative dimensions at the top are the most important to consumers. The ones at the bottom are less important to consumers, but more important for effectively positioning the brand.

We believe that Best Buy can successfully differentiate its brand from the competition by positioning itself on the bottom three highlighted evaluative dimensions of customer service, product feedback, and customization to demographics.

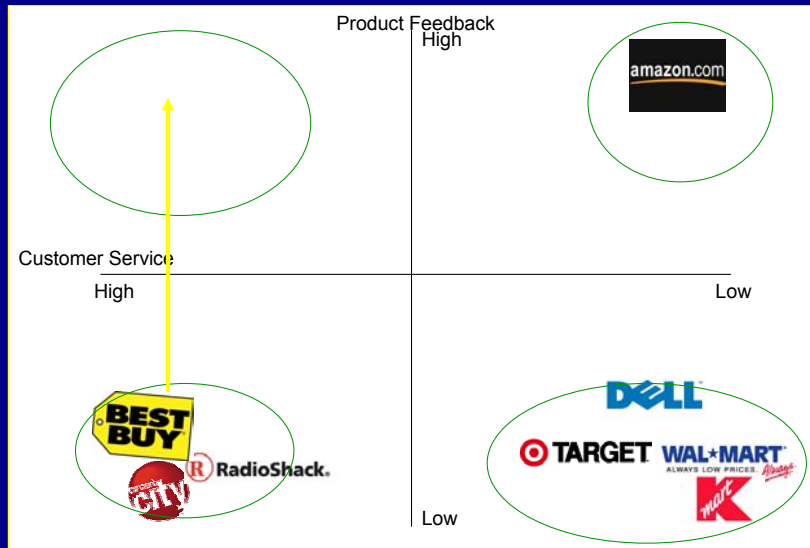
# Positioning Maps

- 1<sup>st</sup> Map - Customer Service vs. Product Feedback
- 2<sup>nd</sup> Map - Product Feedback vs. Store Customization



As highlighted in the Buyer Behavior Flow Chart, we believe that Best Buy can use the bottom three evaluative dimensions to differentiate itself from the competition. Differentiation will be proved by creating two positioning maps: customer service vs. product feedback and product feedback vs. store customization. The following maps will clearly depict where Best Buy is currently positioned and where we think the brand should reposition itself using our marketing plan.

# 1<sup>st</sup> Positioning Map



The first evaluative dimensions examined were customer service vs. product feedback. After considering retailers of consumer electronics, we concluded that Best Buy's main competitors are Circuit City, Radio Shack, Dell, Amazon.com, Target, Wal-Mart, and K-Mart. In the positioning map above, you will see Best Buy and its competitors mapped according to consumer perceptions on the two evaluative dimensions. We perceived Dell, Target, Wal-Mart, and K-Mart as having a low level of customer service and a low level of product feedback, therefore, putting them in the bottom right quadrant. There is significant consumer preference for consumer electronics retailers in the bottom right quadrant because the cost savings derived from low spending on customer service and low spending on the development of product feedback are expressed in the economic pricing of products. Many consumers find that the benefits found in cost savings outweigh the benefits of high customer service and high product feedback.

We perceived Amazon.com as having a very high product feedback component due the insightful customer reviews that give unbiased reviews of the products. Amazon.com was rated low on customer service because the company is an Internet-only ("clicks") brand that does not allow for the in-person service of helpful and knowledgeable staff. This positions the retailer in the upper right quadrant, where there is significant preference for companies with a low customer service component and a high level of product feedback. Customers enjoy reading customer reviews.

Finally, we perceived Best Buy, Circuit City, and Radio Shack as being in the bottom left quadrant because they are positioned as having a high level of customer service and a low level of product feedback. All of these consumer electronics retailers provide helpful and knowledgeable staff to aid customers in purchasing decisions. We feel that Best Buy's selective hiring and thorough employee training program provide it with the utmost customer service when compared to its competitors. Best Buy, Circuit City, and Radio Shack are perceived as having low product feedback because the only feedback they offer is biased from the seller's perspective. They have no forum for unbiased customer reviews. There is a preference for consumer electronics retailers high on customer service and low on product feedback, but we believe there is a much higher level of preference and a greater potential for success for brands with excellent customer service and high product feedback (through customer reviews).

As evidenced by the yellow arrow, we believe that Best Buy should reposition itself as a consumer electronics retailer high on customer service and high on product feedback. By positioning itself as such, Best Buy would be alone in a giant preference circle in the upper left quadrant. As consumer electronics customers ourselves, we believe that a brand offering great customer service and high product feedback through the use of customer reviews would be extremely relevant and helpful to customers making a new purchase. The customer reviews would provide unbiased information that would reduce customers' purchase anxiety and fear of making a bad decision. We believe there is a much higher demand for a brand that offers more product information and reduces purchase anxiety than a brand that does not.

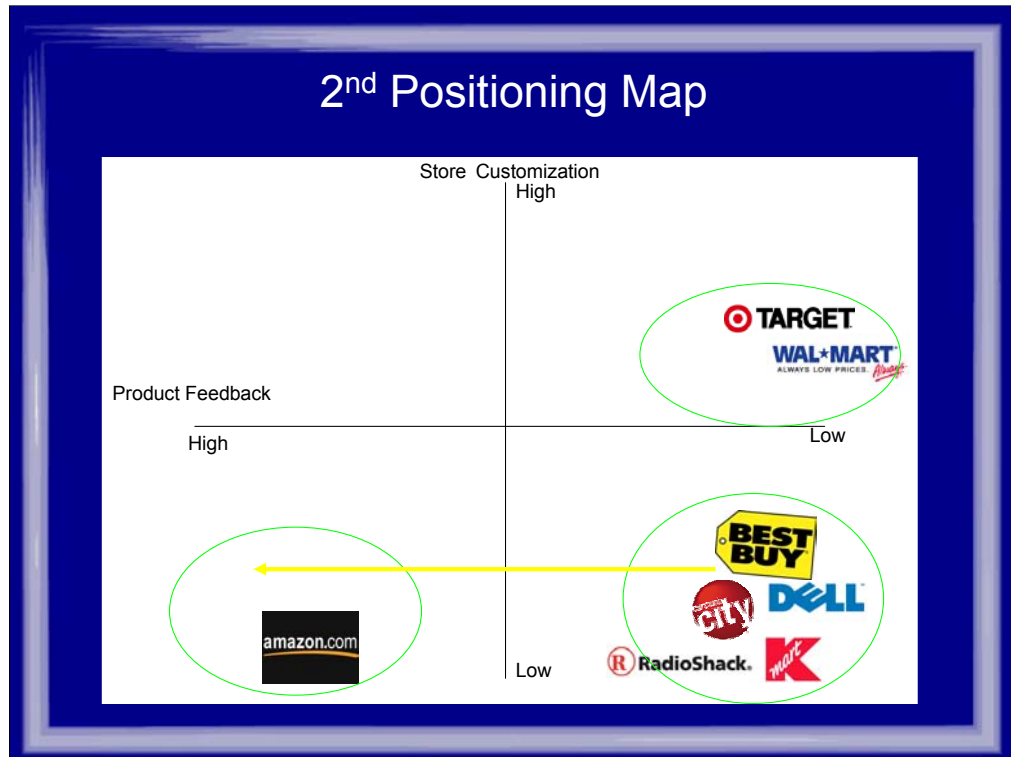
## Explanation of 1<sup>st</sup> Positioning Map

- Best Buy is perceived as having a high level of customer service due to the company's very knowledgeable and helpful staff.
- The company is currently rated very low on product feedback because the only information provided is biased from the seller's perspective. We feel that to provide better feedback, Best Buy needs to include extensive, unbiased customer reviews. These independent reviews would help customers make better, more informed purchasing decisions.

The first positioning map depicts the demand for different brands of consumer electronics retailers in relation to the evaluative dimensions of customer service and product feedback. According to the map, there are significant preferences for brands in every quadrant. A great opportunity is evident in this map because, although there is demand for a brand in the upper left quadrant (high customer service and high product feedback), there is no brand currently positioned there. This is known as a *natural market*. Best Buy can differentiate itself from the competition and take advantage of the empty preference circle by adding customer reviews and dramatically increasing its level of product feedback.

Even though Best Buy could position itself alone in the upper left quadrant, we felt that it was necessary to develop a second positioning map because consumers tend to select a brand based on more than two evaluative dimensions. We also thought the second map was critical for the brand because with regard to the evaluative dimension of store customization, we believe Best Buy is making a serious marketing mistake. The second positioning map will elaborate on that mistake and explain how to reposition the brand for success.

## 2<sup>nd</sup> Positioning Map



The second positioning map examines the evaluative dimensions at the bottom of the buyer behavior flow chart, product feedback vs. store customization. We placed Wal-Mart and Target in the upper right quadrant with low product feedback and slightly customized stores. As evidenced in the Wall Street Journal, these brands have made small steps towards customizing their stores based on population demographics. In general, every Target and every Wal-Mart offers similar products, but based on specific population demographics, one store may have more or less of one good than another. As evidenced by the green preference circle, there is significant demand for such retailers. Customers appreciate the seemingly non-customized stores for their generally consistent product offering.

We perceived Amazon.com as having a relatively high product feedback component and a very low level of store customization. As noted in the first positioning map, Amazon.com has high product feedback because of the insightful customer reviews. The brand is perceived as having low store customization because, as an Internet-only retailer, every customer will have the exact same experience. The Web site's product offering is not customized for different groups of customers. There is significant demand for retailers with high product feedback and low store customization because customers enjoy reading what other customers have said about the products, and they enjoy the consistency in the brand and product offering.

We perceived Best Buy, Dell, Circuit City, Radio Shack, and K-Mart as having low product feedback and low store customization. We believe that there is significant demand for brands in this quadrant for two reasons. First of all, consumers prefer a brand that is non-customized or consistent in its product offering, atmospherics, store layout, etc. In general, customers like to know what to expect; consistency is good. Second of all, we believe that if consumers had a choice, they would choose a brand with a very high level of product feedback, but the standard for almost all consumer electronics retailers is minimal feedback that is biased from the seller's perspective. Most brands do not offer extensive product feedback in the form of customer reviews. We believe that, since most consumers are ignorant to the fact that there are retailers that offer high product feedback through the use of customer reviews, consumers subject themselves to retailers that only offer minimal, biased product feedback.

As depicted by the yellow arrow, we believe Best Buy should reposition itself as a consumer electronics retailer with high product feedback and low store customization. The brand currently competes against Amazon.com, but by repositioning as a retailer with high product feedback, Best Buy would be more competitive against the Internet retailer. There is a large preference circle for brands with high product feedback and low store customization because they offer consumers helpful, unbiased product information and provide consistent product offerings.

## Explanation of 2<sup>nd</sup> Positioning Map

- Several months ago, Best Buy was positioned as a consumer electronics retailer that was relatively low on store customization. Recently, the company revamped its marketing campaign in an attempt to provide customers with stores that are customized based on population demographics.
  - “Jill,” “Barry,” “Buzz,” and “Ray”
- This has been rolled out in approximately 70 stores. The company has plans over the next 3 to 5 years to implement the customization campaign to stores nationwide.

Historically, Best Buy has been positioned as having low product feedback and low store customization. Over the past year, though, Best Buy has completely changed its marketing plan. The brand has decided to customize stores based on specific population demographics. It has segmented the market into four divisions with the following code names: Jill, Barry, Buzz, and Ray. Jill is the soccer mom type who usually shops for the family but tends to avoid electronics stores because she is intimidated by words like gigabytes and megapixels. Barry is a segment comprised of wealthy professional men who are afforded luxurious leather couches to sit on while they shop for big screen TVs. Buzz is a segment comprised of young men in his 20's who are interested in the latest and greatest technology. Ray is the blue collar family man segment who is price-conscious and brand loyal.

Best Buy has completely remodeled about 70 of its stores, tailoring each store specifically to one of the four segments. Due to this initial roll out of the new marketing campaign, the brand is currently perceived as slightly customized.

## Explanation Continued...

- We believe that this is a colossal marketing error because store customization based on demographics will portray Best Buy as 4 distinctly different stores throughout the nation. This is detrimental because *consistency* is essential in establishing a successful brand name in customers' minds. When customers visit different stores, they will be faced with dramatically different atmospheres, aesthetics, and product offerings. Ultimately, this will confuse the customer and deter him or her from shopping at Best Buy.

Within the next five years, the company plans to customize all 660 stores nationwide. Following the customization of Best Buy stores nationwide, the brand would be perceived as having low product feedback and high store customization.

We believe this is an immense mistake because the store customization based on demographics will portray each Best Buy as a slightly different brand. As we have learned in class, brand consistency is extremely important in establishing a successful brand. When customers think of Best Buy, they should think of a consumer electronics retailer for all people, not a consumer electronics retailer specifically tailored to soccer mom's, wealthy professionals, young technology buffs, or blue collar family men.

By creating what is essentially four different stores and, therefore, four different Best Buy brands, customers will become confused or even irritated and likely take their business elsewhere.



# Core Benefit Proposition

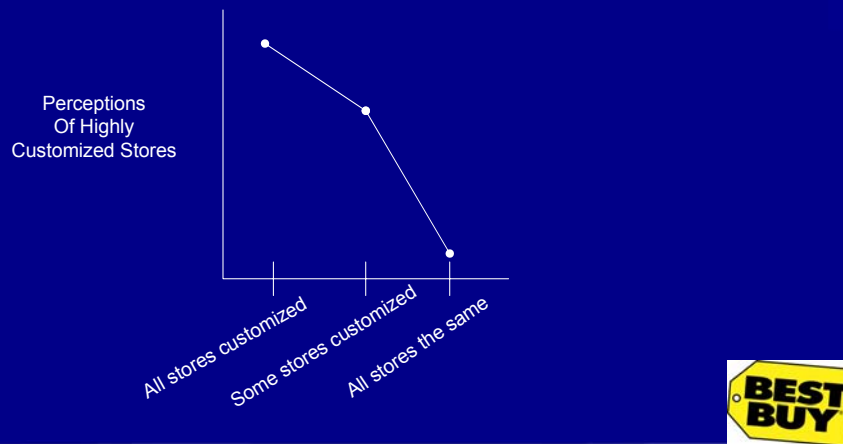
Best Buy is a consumer electronics retailer focused on providing customers with a high level of customer service, unbiased product feedback and customer reviews, and non-customized stores nationwide.

- High Customer Service
- Unbiased Product Feedback & Customer Reviews
- Non-customized stores



Based on the brand's repositioning that we established in the positioning maps, we derived Best Buy's core benefit proposition. This statement establishes the meaning of the brand in the minds of consumers. Consumers will perceive Best Buy as a brand with a high level of customer service, unbiased product feedback and customer reviews, and non-customized stores nationwide.

# Conjoint Analysis

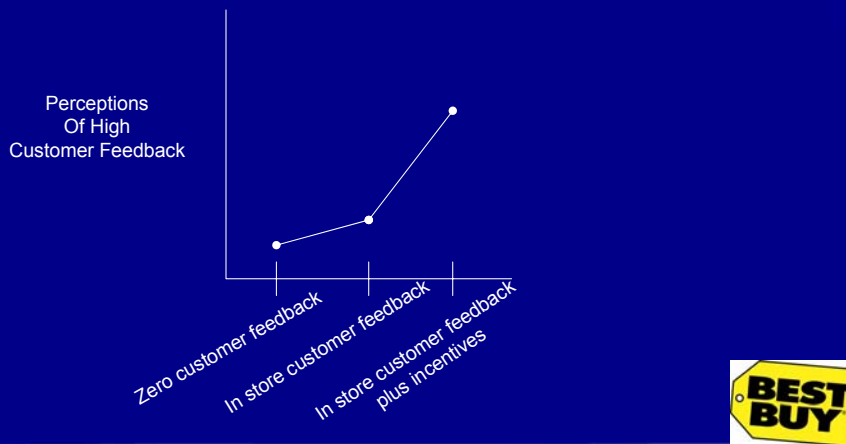


A conjoint analysis is a graphic representation of how consumer perceptions of evaluative dimensions change in relation to increases or decreases in certain discrete variables that managers can control. Because we have proposed changing perceptions of customized stores and customer feedback, we must consider how this can be done.

The first conjoint analysis illustrates how we could decrease the perception of Best Buy stores as being highly customized. This idea supports our positioning analysis. As noted previously, all 660 stores are currently undergoing store customization based on population demographics. We believe that once this store customization is complete, the brand will need to take drastic steps to restore the original consumer perception of the brand as being non-customized.

In order to achieve a perception of being less customized, Best Buy will need to de-customize some of its stores. As depicted in the conjoint analysis, this will decrease perceptions of the stores as being highly customized. In order to achieve a perception of being completely non-customized, Best Buy will have to de-customize every store and essentially make them all the same. At this point, perceptions of the brand as having highly customized stores would be very low or non-existent.

# Conjoint Analysis



The second conjoint analysis is a graphic representation of how Best Buy could increase the consumer perceptions of the brand as having a high level of customer feedback for products. We developed this conjoint analysis to support our positioning analysis.

We believe that with zero customer feedback and product reviews, consumers perceive Best Buy as having a very low amount of customer feedback. The brand can increase consumer perceptions of customer feedback by adding customer reviews and feedback in the stores in the form of a kiosk. We believe that Best Buy can continue to increase the perception of offering a high level of customer feedback by creating incentives for customers to fill out product reviews and leave feedback. As depicted in the graph, in-store customer feedback with incentives would give consumers the perception of Best Buy as having a high level of customer feedback.

This strategy of increasing consumer perceptions of the brand as offering a high level of customer feedback would differentiate Best Buy from all of the other consumer electronics retailers that have a physical presence. The only consumer electronics retailer that could compete on this evaluative dimension is Amazon.com, but Best Buy outperforms Amazon.com in the evaluative dimension of customer service.

## Results of Conjoint Analyses

- In order to decrease perceptions of Best Buy stores as being highly customized, the brand needs to de-customize all stores and create a brand that is consistent in the mind of the consumer.
- In order to increase perceptions of Best Buy as having a high level of customer feedback, the brand needs to offer customer reviews and incentives for those customers to give product reviews.

After conducting two conjoint analyses, we know that in order to decrease perceptions of Best Buy stores as being highly customized, the brand needs to de-customize all stores and create a brand that is consistent in the mind of the consumer.

In order to increase perceptions of Best Buy as having a high level of customer feedback, the brand needs to offer customer reviews and incentives for those customers to give product reviews.

# The 3 P's

- Price
  - Penetration
- Place
  - Intensive Distribution: Available in many areas
- Promotion
  - Pull: Television advertising, weekly newspaper ads, direct marketing campaign
  - Push: Quality service in all areas of the store
  - Sales Promotions: Continue with current customer Rewards program



We derived the three P's of price, place, and promotion from our core benefit proposition, which defines Best Buy's product strategy. The three P's correlate with the brand's positioning strategy (the fourth P).

Best Buy should use a penetration pricing strategy because the brand sells consumer electronics at relatively inexpensive prices; hence the brand name "Best Buy," which implies customers will get great value for low prices. A penetration strategy is necessary because, as evidenced in our Buyer Behavior Flow Chart, consumers place price in the top three evaluative dimensions when shopping for consumer electronics. Low prices are important.

In general, retailers that use a penetration pricing strategy also take advantage of intensive distribution. This makes sense because if a brand is selling products for low prices, and therefore, taking advantage of low margins, a high quantity of goods must be sold to generate significant profits. Best Buy should follow an intensive distribution strategy in conjunction with its penetration pricing strategy. The intensive distribution strategy will also reinforce our core benefit proposition of having non-customized stores nationwide. With Best Buy stores practically everywhere, the brand's consistency will be continuously reinforced in consumers' minds.

Best Buy should use both pull and push promotion. The pull promotion is important because it will emphasize the three components of the core benefit proposition: high level of customer service, unbiased product reviews and customer feedback, and non-customized stores. The pull promotion will target consumer electronics retailers through television advertising, newspaper advertisements, and a direct marketing campaign (using the extensive customer data the brand has collected). Best Buy's push promotion will be used through the great customer service that is provided by well-educated and thoroughly trained employees. Consumers will be drawn to the brand due to the helpful staff.

## Promotional Message

- Best Buy provides customers with a high level of customer service, unbiased product feedback and customer reviews, and non-customized stores nationwide.

It is key that Best Buy clearly communicates its core benefit proposition to its customers. By using the pull, push, and sales promotions, Best Buy needs to clearly communicate the brand's high level of customer service, its unbiased product feedback and reviews, and consistent, non-customized stores.

# Business Model

- Best Buy sells high volumes of products with low margins.
  - Penetration pricing strategy
  - Intensive distribution
  - The new marketing campaign will increase the *quantity* of consumer electronics that customers purchase.



The business model for Best Buy comes directly from its price and place marketing mix variables. High volumes of products are sold with low margins in the Best Buy stores. The new direct marketing mailing campaign will also help increase the quantity of consumer electronics that Best Buy customers will purchase. Consumer perceptions of Best Buy allow the brand to sell products at low prices, which means low margins, but demands that higher volumes of products be sold.

# Current MAGIC Strategies

- Actions that cannot be matched:
  - Brand Name: Best Buy – implies to consumers they are getting the “best buy” for their money
  - Joint Venture: Geek Squad



For the current MAGIC strategies for Best Buy, we will first examine the actions that cannot be matched. The first of these actions is the brand name. Best Buy implies that consumers are getting the “best buy” for their money, which also relates back to the brand’s business model and price marketing mix variables. The phrase “best buy” is also important because it reinforces our marketing plan. Specifically, customers will be able to read extensive customer feedback about products, so they will be able to make a well-informed purchase decision. The ability to make a well-informed purchase decision enhances the shopping experience, creating a “best buy” for the customer.

Another action that cannot be matched that Best Buy is currently using is a joint venture with the computer servicing company, Geek Squad. The Geek Squad will also reinforce our marketing plan by enhancing the high level of customer service that Best Buy offers.

We believe that these actions are positive, and we recommend Best Buy continue to use them in the future.



# Current MAGIC Strategies

- Actions that probably cannot be matched:
  - Store Customization by Demographics
    - “Jill”-soccer-mom not, technological
    - “Barry”- wealthy professional man
    - “Buzz”- young technological man
    - “Ray”- family man
  - Employ well-trained and educated staff to provide the best possible customer service



Next, we looked at current actions that probably cannot be matched. The first of these actions is the customization of their stores by population demographics. Currently Best Buy has been customizing their stores to fit one of four demographic profiles. These profiles include “Jill,” who is the soccer mom and not technological, “Barry,” who is the wealthy professional man, “Buzz,” who is the younger technological man, and “Ray,” who is the blue collar family man. Only a fraction of the stores are currently customized but the current plan is to have all of the stores customized within the next five years. As previously noted, we believe the plan to customize stores based on population demographics is a colossal marketing error, and we recommend that Best Buy *discontinue* with this strategy..

Another action that probably cannot be matched is employing, training, and educating Best Buy staff so that they are able to provide the best possible customer service. We wish to continue with this action in the future.

## Recommended MAGIC Strategy

- Actions that probably cannot be matched:
  - Continue using well-trained and educated staff to provide the best possible customer service
  - Eliminate store customization based on population demographics so all Best Buy stores are consistent in product offering and atmospherics.
- Actions that are not readily visible:
  - Implement a direct marketing campaign aimed at the most profitable customers
    - “Jill,” “Barry,” “Buzz,” & “Ray”



As for our recommended actions that are not readily visible, we suggest that Best Buy continue to use its well-trained and educated staff in order to continue providing the best possible customer service. The highly trained staff will reinforce the great customer service emphasized the first positioning map and in our core benefit proposition.

We also recommend that Best Buy eliminate its current plan to customize stores based on population demographics because of the detrimental effect that this campaign will have on brand consistency. The brand needs to stop the store customization in order to align itself with our recommended store de-customization positioning strategy depicted in the second positioning map and in our core benefit proposition.

However, we believe that the demographic information Best Buy has collected is very valuable. We recommend that the brand use this information instead to implement a direct marketing campaign aimed at the four profiles that are currently being used to customize the stores. The targeted mailing campaign will reinforce our marketing plan by emphasizing, in addition to segment-specific products, Best Buy's promotional message that states: "Best Buy provides customers with a high level of customer service, unbiased product feedback and customer reviews, and non-customized stores nationwide."

# Conclusion

## Best Buy should:

- Discontinue its current marketing plan
  - Eliminate store customization based on population demographics
- Improve the purchasing experience by adding unbiased customer reviews
- Continue using well-educated and highly trained employees to provide the best customer service possible
- Take advantage of the current customer data by implementing a targeted mailing campaign



By using the concepts set forth by the Problem Solving Format we have four recommendations. We recommend that Best Buy discontinue its current marketing plan of store customization based on population demographics in order to maintain brand consistency; improve the customer experience by adding unbiased customer reviews for products; continue hiring, training, and educating the staff in order to provide the best possible customer service; and finally, we recommend that Best Buy take advantage of its current customer data by implementing a direct mailing campaign.

Through these actions we believe the Best Buy brand will be consistent and successful. Consumer perceptions of high quality service will remain high and perceptions of high customer feedback will increase dramatically. Best buy will differentiate itself from other consumer electronics retailers by being a brand high on customer service that provides unbiased customer reviews and non-customized stores nationwide.