

06 December 2017



CB727 – Marketing and the Value Chain

Part I: Individual report on Procter & Gamble (P&G)

Part II: Essay on the Dixons Carphone case study

**BUSINESS & MANAGEMENT WITH A YEAR IN INDUSTRY
SAJNI SHAH**

WORD COUNT (PART I): 1,346 WORDS

WORD COUNT (PART II): 869 WORDS

Part I: Individual report on Procter & Gamble (P&G)

1.0 EXECUTIVE SUMMARY

It is essential for organisations to continuously analyse their internal and external environments in order to sustain a competitive advantage. Good business practice requires organisations to be able to predict changes in their external marketing environments and develop strategies to tackle these. The aim of this report is to critically analyse the micro- and macro environments of the fast-moving consumer goods (FMCG) sector that Procter & Gamble (P&G) operates in using relevant marketing models and frameworks.

The report goes on to identify the target markets of the Gillette brand which is a personal care and hygiene product that P&G specialises in. In addition, the report identifies P&G's marketing strategies and critically discusses the advantages and disadvantages of these strategies as well as provides recommendations on the potential benefits and costs to P&G.

2.0 TABLE OF CONTENTS

1.0	Executive summary.....	2
2.0	Table of contents.....	3
3.0	List of figures.....	4
4.0	List of appendices.....	5
5.0	Introduction.....	6
5.1	Background of the company.....	6
5.2	Analysis of the micro-environment.....	6
5.3	Analysis of the macro-environment.....	8
6.0	Gillette and its target markets.....	9
7.0	Marketing strategies implemented by P&G.....	9
7.1	Innovation strategy.....	9
7.2	Product strategy.....	9
7.3	Pricing strategy.....	9
7.4	Distribution strategy.....	9
7.5	Communication strategy.....	9
7.6	Social and ethical strategy.....	9
8.0	Conclusion and recommendations.....	10
9.0	References.....	11
10.0	Appendices.....	13

3.0 LIST OF FIGURES

Figure 1: Porter's Five Forces model of industry competition.....	7
Figure 2: P&G's distribution channel.....	18

4.0 LIST OF APPENDICES

Appendix A: Porter's Five Forces analysis.....	13
Appendix B: SWOT analysis.....	14
Appendix C: PESTEL analysis.....	15
Appendix D: Marketing strategies implemented by P&G.....	17

5.0 INTRODUCTION

5.1 Background of Procter & Gamble (P&G)

Founded in 1837 by William Procter and James Gamble, P&G is an American-based multinational corporation headquartered in Cincinnati, Ohio. It bases its products mainly in the family care, beauty, fabric and home care, and health sectors. P&G belongs to the FMCG sector with the purpose of catering to the needs and wants of consumers by providing products and services with good quality and value that aims to improve their lives. P&G strive to maintain their integrity through honesty and lawful operations (Pg.co.uk, 2017).

5.2 Analysis of the micro-environment

The micro-environment refers to forces in the internal environment of the organisation that can be controlled. The factors of the micro-environment directly affect, and are affected by, the marketing decisions of an organisation (BusinessDictionary.com, 2017).

5.2.1 Customers

P&G ensure that they do everything possible in order to enhance and maintain long and healthy relationships with their customers. They implement appropriate pollution control strategies in order to show their customers that they are environmentally friendly. This helps to increase their customer base. In addition, P&G take the needs and wants of their customers into account and provide them with good quality, long-lasting products. Monitoring and analysing changes in preference, taste and consumer behaviour is essential for P&G to thrive.

5.2.2 Suppliers

P&G maintain stable relationships with their suppliers to ensure smooth and efficient supply of raw materials needed for their products. Failure to do so could lead to interference in the supply channel which would have an impact on the sale of products. This, in turn, would mean that P&G could lose their customers to their competitors.

5.2.3 Employees

P&G employ staff with adequate and relevant skills, competences and experience. Employees are directly involved in the production process and therefore have an impact on the marketing decisions made by P&G. New idea generation by employees helps P&G enhance their current product portfolio, therefore enabling them to produce more products (Learnmarketing.net, 2017).

5.2.4 Competitors

P&G's main competitor is Unilever. P&G always aims to ensure that they offer benefits that are much better than those offered by Unilever. They strive to do this through product innovation and cost-cutting.

The main tool that is used to determine the intensity of competition in a fast-growing industry is Michael Porter's five forces model.



Figure 1: Porter's Five Forces model of industry competition

For P&G;

- Bargaining power of suppliers – **Low**
- Bargaining power of customers – **Moderate**
- Threat of new entrants – **Moderate**
- Threat of substitute products – **Low**
- Competitive rivalry within the industry – **High**

(Refer to Appendix A)

5.2.5 SWOT analysis

For an organisation's strategy to be successful, emerging opportunities and threats in the external environment must be analysed while taking their strengths and weaknesses into consideration.

5.2.5.1 Strengths

- Brand equity
- Economies of scale
- Exceptional R&D
- Excellent marketing and advertising efforts

5.2.5.2 Weaknesses

- Losses due to the winding up of brands
- They need to make changes according to the current trends
- Lack of innovation

5.2.5.3 Opportunities

- Increase in purchasing power of customers
- Growth in overseas markets
- Mergers and acquisitions

5.2.5.4 Threats

- High levels of competition
- Governments support local brands

(Refer to Appendix B)

5.3 Analysis of the macro-environment

The macro-environment refers to forces that cannot be controlled, but still have an impact on an organisation's long-term strategic decisions. The main tool used to analyse an organisation's external environment is the PESTEL framework theory (West, Ford and Ibrahim, 2015).

5.3.1 *PESTEL analysis*

5.3.1.1 Political factors

- Good political stability
- Rules and regulations
- Increase in e-commerce support from the government

5.3.1.2 Economic factors

- Growth rate of developing markets
- Labour costs
- Changes in prices of raw materials

5.3.1.3 Socio-cultural factors

- Change in demographics, attitudes and lifestyles
- Growing popularity of the youth

5.3.1.4 Technological factors

- Increase in government research and development (R&D) expenditure
- New technology

5.3.1.5 Environmental factors

- Environmental sustainability
- Obeying environmental laws

5.3.1.6 Legal factors

- Foreign trade regulations
- Employment laws
- Consumer protection laws

(Refer to Appendix C)

6.0 GILLETTE AND ITS TARGET MARKETS

Owned by P&G, Gillette was founded by King C. Gillette in 1901 in Boston. Gillette is a brand, operating in worldwide markets, which specialises in manufacturing safety razors for men and women as well as other personal care products and shaving supplies (Gillette.co.uk, 2017).

Gillette aims to cater to men and is a part of the health and grooming sector of the brands owned by P&G. Their target market is men who are willing and able to pay a premium price for superior quality products. In addition, a century after the inception of Gillette for men, Gillette Venus for women was introduced. This company is targeted at women who want good quality products as well as beauty and shaving tips (Gillettevenus.com, 2017).

7.0 MARKETING STRATEGIES IMPLEMENTED BY P&G

In order to sustain a competitive advantage in a rapidly growing market, it is essential for P&G to devise marketing strategies that enables them to allocate their resources correctly while protecting the reputation of the firm.

The strategies implemented by P&G are:

7.1 Innovation strategy

Taking P&G's technological factors into consideration and according to an article in the Harvard Business Review, P&G spend a lot more money on R&D compared to their direct competitors. They innovate their products on the basis of the socio-cultural factors that affect the firm (Brown and Anthony, 2017).

7.2 Product strategy

As stated as a political factor, the increase in e-commerce support from the government has enabled P&G to generate more sales and revenue through its online shop. Therefore, P&G use the internet as a place to generate a lot of their revenue.

7.3 Pricing strategy

In line with their economic factors, P&G ensure that they charge competitive prices on their products due to the changes in the prices of raw materials.

7.4 Distribution strategy

When distributing products to their consumers, P&G ensure that they abide by the consumer protection laws which are in line with their legal factors.

7.5 Communication strategy

Taking their socio-cultural factors into consideration, P&G implement their communications strategy according to the change in demographics, attitudes and lifestyle of their consumers.

7.6 Social and ethical strategy

Taking the environmental factors into consideration, P&G ensure that they reduce their waste production in order to protect the environment.

These strategies tie in with the business objectives of the company which is to constantly grow and improve consumers' lives by understanding their needs and wants.

(Refer to Appendix D)

8.0 CONCLUSION AND RECOMMENDATIONS

In conclusion, Procter & Gamble should continue to create new products to enhance their current product portfolio and increase their customer base. This would help them sustain a competitive advantage. In a market that is constantly growing, it is essential for P&G to develop and implement new technologies which would help them create products that would enrich the lives of their consumers.

It is recommended, however, that Gillette advertise the superior quality of their shaving equipment as compared to their competitors. Although consumers are required to pay the premium price for it, they should be able to realise that it is worth it. However, Gillette should also consider creating shaving equipment that is the cheaper option for consumers who are not able to pay the premium price. Lastly, Gillette should engage in more celebrity endorsements (not just athletes, but also actors and actresses from the East and West). This would help them build brand equity and stand out to people all around the world.

9.0 REFERENCES

- Bhasin, H. (2017). SWOT analysis of Procter and Gamble – P & G SWOT analysis. [online] Marketing 91. Available at: <https://www.marketing91.com/swot-analysis-procter-gamble/> [Accessed 3 Dec. 2017].
- Brown, B. and Anthony, S. (2017). How P&G Tripled Its Innovation Success Rate. [online] Harvard Business Review. Available at: <https://hbr.org/2011/06/how-pg-tripled-its-innovation-success-rate> [Accessed 5 Dec. 2017].
- BusinessDictionary.com. (2017). Read the full definition.. [online] Available at: <http://www.businessdictionary.com/definition/microenvironment.html> [Accessed 3 Dec. 2017].
- Gillette.co.uk. (2017). About Gillette. [online] Available at: <https://gillette.co.uk/en-gb/about-gillette> [Accessed 3 Dec. 2017].
- Gillettevenus.com. (2017). About Venus. [online] Available at: <https://www.gillettevenus.com/en-us/about-venus-history> [Accessed 3 Dec. 2017].
- InformationWeek. (2017). P&G CEO McDonald Seeks More Discontinuous Innovation - InformationWeek. [online] Available at: <https://www.informationweek.com/it-leadership/pandg-ceo-mcdonald-seeks-more-discontinuous-innovation/d/d-id/1102846> [Accessed 4 Dec. 2017].
- Learnmarketing.net. (2017). The Micro Environment. [online] Available at: <http://learnmarketing.net/microenvironment.htm> [Accessed 3 Dec. 2017].
- Ons.gov.uk. (2017). Retail sales, Great Britain - Office for National Statistics. [online] Available at: <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/jan2017> [Accessed 3 Dec. 2017].
- Pg.co.uk. (2017). PVP. [online] Available at: http://www.pg.co.uk/who_we_are/our_approach/purpose_values_principles [Accessed 1 Dec. 2017].
- Pg.co.uk. (2017). Social Responsibility - Sustainability | P&G. [online] Available at: http://www.pg.co.uk/sustainability/social_responsibility [Accessed 4 Dec. 2017].
- Pginvestor.com. (2017). Company Strategy | P&G. [online] Available at: <http://www.pginvestor.com/Company-Strategy/Index?KeyGenPage=208821> [Accessed 4 Dec. 2017].
- Porter Analysis. (2017). Porter Five Forces Analysis of Procter & Gamble (P&G)|Porter Analysis. [online] Available at: <http://www.porteranalysis.com/porter-five-forces-analysis-of-procter-gamble-pg/> [Accessed 3 Dec. 2017].
- SWOT & PESTLE.com. (2017). Procter and Gamble (P&G) SWOT & PESTLE Analysis - SWOT & PESTLE.com. [online] Available at: <https://www.swotandpestle.com/procter-gamble/> [Accessed 3 Dec. 2017].

Us.pg.com. (2017). Core Strengths - Who We Are | P&G. [online] Available at: <https://us.pg.com/who-we-are/our-approach/core-strengths> [Accessed 3 Dec. 2017].

Us.pg.com. (2017). PVP. [online] Available at: <http://us.pg.com/who-we-are/our-approach/purpose-values-principles> [Accessed 4 Dec. 2017].

Us.pg.com. (2017). What we're focused on - Sustainability | P&G. [online] Available at: <https://us.pg.com/sustainability/environmental-sustainability/focused-on> [Accessed 3 Dec. 2017].

West, D., Ford, J. and Ibrahim, E. (2015). Strategic marketing. 3rd ed. Oxford (GB): Oxford University Press, p.69.

West, D., Ford, J. and Ibrahim, E. (2015). Strategic marketing. 3rd ed. Oxford (GB): Oxford University Press, p.39.

10.0 APPENDICES

Appendix A: Porter's Five Forces analysis of industry competition

Bargaining power of suppliers

Low: Suppliers provide P&G with the raw materials and packaging products required for them to be able to successfully make their products. In the market, there are many suppliers that have the ability to provide P&G with the required supplies. Therefore, the bargaining power of their suppliers is low as they would not want P&G to switch to other suppliers.

Bargaining power of customers

Moderate: There is low product differentiation for the products produced by companies in the FMCG sector. Therefore, customers have a broad range of products to choose from. However, customers will continue to purchase certain products made by P&G due to brand loyalty. For example; in the beauty sector, customers are more likely to purchase products that they are comfortable to use on their skin, regardless of their price. This suggests that there is a chance that customers would drive prices down.

Threat of new entrants

Moderate: Due to barriers of entry such as investing heavy amounts of capital and the need for strong distribution channels, it is difficult for new entrants to enter the market. P&G are a large corporation that have the ability to acquire any new entrant that poses as a risk to them. However, smaller companies that enter the market have the ability to serve local industries, and therefore acquire some of P&G's market shares in that area. Once they are successful in doing this, they are able to gradually increase their distribution channels which poses a threat for P&G.

Threat of substitute products

Low: There are no suitable substitutes for most of the products produced by P&G. This is because customers are reluctant to try substitute products made by their competitors due to brand loyalty. The health risk of using other skin products would discourage customers to switch to other products.

Competitive rivalry within the industry

High: The FMCG sector is highly competitive. Unilever make similar products to the products made by P&G. For example; customers may choose to use products made by P&G in the fabric and homecare sector on some days, while use similar products made by Unilever on other days. Therefore, in order to sustain a competitive advantage over Unilever, P&G aim to provide promotions and discounts in order to maintain their customer base as well as appeal to new customers (Porter Analysis, 2017).

Appendix B: SWOT analysis

Strengths

- Brand equity – The brands owned by P&G such as Gillette, Pampers, Vicks etc. are very well known and are available globally.
- Economies of scale - P&G has a large scale of operation, therefore they have a great cost advantage
- Exceptional R&D - All their current products are innovative in nature, increasing their market share (Us.pg.com, 2017).
- Excellent marketing and advertising efforts – Their brands are well known due to their exceptional promotional efforts.

Weaknesses

- Losses due to the winding up of brands – P&G are making losses due to the closure of brands. To overcome this, it is recommended that they generate ideas to enhance their current product portfolio.
- They need to make changes according to the current trends – In order to meet the needs and wants of consumers, P&G should develop new products according to the demands of the market. It is recommended that they introduce new products into the market as per changing market trends.
- Lack of innovation – Their customer base is unable to increase due to the lack of creation. It is recommended that they introduce new products into the market that would also enable them to tackle the threat posed by competitors.

Opportunities

- Increase in purchasing power of customers – The increase in disposable income increases the demand for products.
- Growth in overseas markets – The willingness and ability to purchase products means that P&G are able to expand into other markets.
- Mergers and acquisitions – By acquiring or merging with smaller brands, P&G can enhance their current product portfolio and eliminate competition.

Threats

- High levels of competition – P&G are threatened by competition from Unilever and Johnson & Johnson, among others. It is recommended that they constantly offer benefits that differ from those offered by their competitors in order to appeal to their customer base.
- Governments support local brands – There is a high chance that local brands can pose a threat for P&G in terms of competition. It is recommended that P&G join forces with the local brands as they are a huge company that have the ability to acquire smaller companies.

Appendix C: PESTEL analysis

Political factors

- Good political stability – The political stability of a country in which an organisation operates has a huge impact on business practice. A relatively stable political climate in the UK has led to growth of business in the FMCG sector.
- Rules and regulations – Changes in the rules, regulations and government policy have a substantial impact on how an organisation operates. Companies in the FMCG sector such as P&G must ensure that they are following the rules and regulations of the country they are operating in.
- Increase in e-commerce support from the government – This poses a threat to companies in the FMCG sector as it increases the competitive rivalry. However, it enables P&G to generate more sales and revenue through P&G shop (its online store).

Economic factors

- Growth rate of developing markets – The Improving of disposable income of customers is a driving factor in the growth of the company. This is because customers tend to purchase more products, giving P&G an opportunity to grow in the FMCG sector. High economic growth leads to an increase in demand for products.
- Labour costs – An increase in labour costs would decrease profits of a company. Labour costs are constantly on the rise, therefore it is vital for P&G to improve their use of technology in order to reduce their labour costs and consequently increase their profits.
- Changes in prices of raw materials – For an organisation that imports its raw materials, a devaluation of the exchange rate would increase the amount of money they spend on imports. This would lead to an increase in costs.

Socio-cultural factors

- Change in demographics, attitudes and lifestyles – People's attitudes towards using superior quality and health-related products is continuously changing. This increases the demand of such products. Growing population also affects companies in the FMCG sector because it has an effect on the supply and demand of a product. It is essential for companies to monitor the demographic trends of a population in order to be able to divide its products into various segments to target a large pool of customers.
- Growing popularity of the youth – Young people tend to purchase more beauty, health and grooming products. Therefore, it is essential for P&G to maintain these products in the interests of their customers (SWOT & PESTLE.com, 2017).

Technological factors

- Increase in government research and development (R&D) expenditure – According to the Office of National Statistics, R&D in the UK has continued to grow by 4%, expanding by £1.2 billion to £31.6 billion in 2015 (Ons.gov.uk, 2017). This suggests that the government is investing a lot into R&D.
- New technology – Growing advancement in technology increases the level of production, leading to increased profits. This decreases the cost of labour for P&G.

Environmental factors

- Environmental sustainability – P&G ensure that they reduce their water consumption in their manufacturing process by reusing the same water multiple times. They also ensure to reduce their waste in order to protect the environment. Moreover, P&G are also working towards reducing their energy use by reducing greenhouse gas emissions (Us.pg.com, 2017).
- Obeying environmental laws – P&G ensure that they abide by the different regulations posed by governments in order to protect the environment. This means that they do not litter by throwing their waste products into water bodies.

Legal factors

- Foreign trade regulations – P&G comply with the foreign trade policies when trading overseas.
- Employment laws – P&G ensure that they abide by the employment laws of the countries they operate in. They provide equal opportunities to every employee who works for them.
- Consumer protection laws – P&G ensures that their customers are protected against fraudulent practices.

Appendix D: Marketing strategies implemented by P&G

Innovation strategy

P&G are constantly innovating their ways of operation, with the exception of their values and purpose, in order to better serve their consumers and generate value for their shareholders. They believe that in order to build a better company, they need to be willing and able to change their processes as and when required so as to adapt to changes in market trends and consumer behaviour (Pginvestor.com, 2017).

The type of innovation that P&G implements is discontinuous innovation because they constantly come up with different products that causes a shift in consumer behaviour. For example; the Tide PODS detergent is an innovative product that has a few capabilities all in one (InformationWeek, 2017).

Advantages

- Constantly improving and developing new products leads to product differentiation and appeals more to particular target markets. This strategy gives P&G an advantage over their competitors because an increase in customer base leads to an increase in profit which ultimately leads to an increase in the market share.
- P&G's innovation marketing strategy enables economies of scale for the company.

Disadvantages

- This strategy is costly to continuously implement and can sometimes lead to a waste of time and resources.
- Constant innovation using new technologies can lead to high unemployment rates as many employees can be made redundant.

Value co-creation

Consumers are involved in the creation of the brands owned by P&G through interaction. In the past, P&G has relied on a global participation platform with consumers which has improved their research productivity and formed the Procter & Gamble's Connect & Develop program that is aimed at meeting the needs and wants of consumers (West, Ford and Ibrahim, 2015).

Product strategy – 4P's of the marketing mix

Product

P&G strive to create products that create value and are available to every consumer in their target market. Through this, they have maintained a superior quality of products that vary from their competitors and also satisfies the needs and wants of their consumers.

Price

Most consumers opt for cheaper products when viewing two identical ones. However, due to brand loyalty, most consumers are drawn towards P&G's products even though they may be more expensive than their competitors. This is because of their superior quality.

Place

P&G is a household name, both nationally and internationally. Therefore, their products are available for purchase and distribution in many countries across the globe.

Promotion

P&G utilise various online media to advertise their products. Many celebrities also endorse their products. In addition, P&G also sponsor various television shows in order to create greater awareness of their products.

Pricing strategy

Due to their superior quality, P&G have a competitive pricing policy and therefore maintain a pricing strategy that is similar to that of their competitors. In a scenario where Unilever decreases their prices in an attempt to increase sales, P&G introduces promotions and discounts on their products in order to tackle the competition.

Advantages

- The product strategy enables P&G to set long-term targets for themselves in order to improve the quality of their products.
- Product strategy enables P&G to study the market and set prices of their products accordingly.

Disadvantages

- Implementing the product strategy is highly risky because it is difficult to foresee the success of the product

Distribution strategy

P&G ensure speedy and reliable delivery at a good price in order to maintain convenience through their distribution channel, as below:

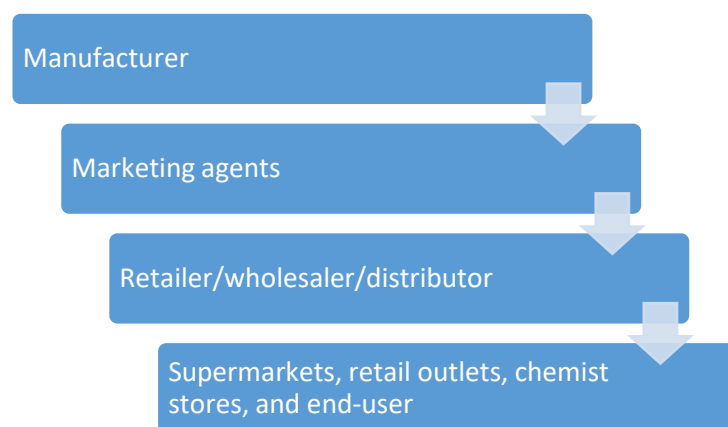


Figure 2: P&G's distribution channel

Advantages

- Distribution strategy saves costs – The members of the distribution channel distribute the products at lower costs as opposed to the end-user simply purchasing the product directly from P&G.
- Distribution strategy is convenient for consumers

Disadvantages

- It causes a loss of revenue for P&G – This is because P&G sell their products to the intermediaries at a lower cost and therefore they do not make profits.

Communication strategy

P&G's communication strategy relates to their core value statement which is "to provide branded products of superior quality and value that improve the lives of the world's consumers, now and for generations to come." They aim to do this by educating their consumers about their brands in order to increase demand for their products and hope to eventually be rewarded through the increase in sales, value creation and ultimately profits (Us.pg.com, 2017).

Advantages

- It is quite costly to implement.

Disadvantages

- Too much information may be leaked to competitors – Sensitive information may accidentally be released and could fall into the wrong hands.
- Product knowledge may be stolen – The idea may be stolen and released into the market before P&G are able to release theirs.

Social and ethical strategy

P&G take their social responsibility seriously by investing in the communities that they work in. They do not engage in animal testing and support the need for being hygienic by encouraging healthy living habits (Pg.co.uk, 2017).

Part II: Essay on the Dixons Carphone case study

According to the Dixons Carphone case study, the consumer electronics sector faced a few changes. In the 1950s, there was a rise in disposable income and customers spent more money on electronics due to which the company made huge profits. In addition, in the 1970s, Dixons developed their own colour televisions which replaced the older black and white television sets that were being sold by companies in the sector. A recession in 1981-1982 meant that companies in the consumer electronics sector suffered a halt in growth. However, profits of companies in this sector increased during the period of inflation in 1984. Furthermore, the rapid expansion of Dixons, both nationally and globally, meant that other companies in the consumer electronics sector were affected. In 2002, the industry was put under investigation due to exploitation and consumer pressure allegations on the sale of extended warranties. However, this sale made by the industry as a whole led to huge amounts of profits. Moreover, the start of the global downturn in 2009 meant that some companies in the industry had to forego their plans to launch their stores which caused a disruption. In addition, according to the Report on Electrical Goods retailing, John Lewis and Currys implemented pricing strategies in order to sustain a competitive advantage. By 2014, after Dixons merged with Carphone Warehouse, it became Europe's leading retailer in the sector. This meant that employment opportunities increased. Furthermore, there was a decline in physical sales by 2015 as customers preferred to shop online. This caused unemployment in the consumer electronics sector and closure of companies. Lastly, in 2017, the UK post-pay mobile phone market was challenged as Dixons Carphone's share price fell.

Future changes in the consumer electronics sector can impact Dixons in several ways. The consumer electronics sector in the UK has grown rapidly over the years, averaging at about 4.4% annually (Gov.uk, 2017). As a result, consumers are purchasing a lot more products than they used to due to the increase in their disposable income. Many organisations including Dixons Carphone Warehouse are improving their products significantly in order to meet the demands of consumers. This has led to intense competition between rival organisations in the sector. Dixons strive to develop products that are better than their competitors to increase their customer base. Although the effect of Brexit is unknown, it is likely to have an effect on Dixons. Being in the consumer electronics sector, international trade may be restricted for Dixons. In addition, Dixons are and could continue facing losses in their profits because consumers are not purchasing mobile phones as much these days due to the fact that they are becoming more expensive. Fluctuations in currency due to Brexit have caused the importing of handsets to become more expensive which has caused a rise in the prices of smartphones. Lastly, EU roaming charges have been abolished which has caused a tremendous effect on Dixons revenues (Williams-Grut, 2017).

In terms of the strategies that Dixons should implement over the next 3 years, they should avoid adding more features into their products in an attempt to offer their consumers the latest technology. This is because there is intense competition in the consumer electronics sector which causes Dixons to lose out. Instead, they should offer core benefits and affordable prices to their consumers as this is likely to attract consumers to purchase their products. This would

also make them stand out in comparison with their competitors which would increase their consumer base (Dua, Hersch and Sivanandam, 2017). Moreover, since consumers prefer to shop online rather than physically shop at the stores, Dixons should encourage them to come into their stores and purchase products by conducting in-store marketing. This would be very effective as it would provide consumers with more knowledge about the particular product they are willing to purchase because they would be shown the features of the product and how it differs from Dixons' competitors. Searching for and purchasing products online are more convenient for customers, however, it does not give the customer a chance to test the product before purchasing it (Hutchinson, 2017). Furthermore, Dixons should focus on targeting the younger generation as they are likely to purchase electronics with the latest features. Reports indicate that the younger generation are highly reliant on mobile phones and other electronic devices that they cannot do without them. Economic development and the rise in disposable income means that consumers are willing to pay the premium price for products. Therefore, Dixons should aim at targeting a market that is willing to pay a high price for their products (Alleyne, 2011).

Overall, the merger between Dixons and Carphone Warehouse has been a positive one. There has been an improvement in sales and profits. Despite the problems caused due to Brexit, the performance in the UK and Ireland has reaped positive results. Dixons has made constant improvements in their prices and service, as well as their technological advancements. One of the reasons why Dixons is doing well in the UK and Ireland is because one of their competitors, Phones 4U, was shut down. This enabled Dixons Carphone Warehouse to acquire a part of the company which ultimately led to a boost in their sales (Kennedy, 2017).

REFERENCES

- Alleyne, R. (2011). The young generation are 'addicted' to mobile phones. The Telegraph. [online] Available at: <http://www.telegraph.co.uk/technology/8458786/The-young-generation-are-addicted-to-mobile-phones.html> [Accessed 6 Dec. 2017].
- Dua, A., Hersch, L. and Sivanandam, M. (2017). Consumer electronics gets back to basics. [online] McKinsey & Company. Available at: <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/consumer-electronics-gets-back-to-basics> [Accessed 6 Dec. 2017].
- Gov.uk. (2017). Electronics and IT Hardware in the UK: investment opportunities - GOV.UK. [online] Available at: <https://www.gov.uk/government/publications/electronics-and-it-hardware-in-the-uk-investment-opportunities/electronics-and-it-hardware-in-the-uk-investment-opportunities#consumer-electronics> [Accessed 3 Dec. 2017].
- Hutchinson, B. (2017). In-Store Marketing in the Consumer Electronics Industry. [online] Expectad.com. Available at: http://www.expectad.com/white_paper/Instore_Marketing_Expect_Advertising_Inc.pdf [Accessed 6 Dec. 2017].
- Kennedy, K. (2017). Dixons Carphone reports strong UK and Ireland performance. [online] Movehut.co.uk. Available at: <http://www.movehut.co.uk/news/dixons-carphone-reports-strong-uk-and-ireland-performance-25904/> [Accessed 6 Dec. 2017].
- Williams-Grut, O. (2017). Dixons Carphone shares crash over 30% as 'people hold on to their phones for longer'. Business Insider UK. [online] Available at: <http://uk.businessinsider.com/dixons-carphone-profit-warning-eu-roaming-phone-sales-honeybee-2017-8> [Accessed 5 Dec. 2017].