

Philips Electronics

European technology companies, such as Philips Electronics, have to face a new reality with increased price competition, with the entry of cheaper products made in Asia. As a result, European companies' sales and profits have been declining. To face these challenges, companies have tried to add services to their products so they add more value to their offerings. For Philips this has meant a focus on health care, integrating the skills in marketing and consumer knowledge of its division of medical devices, to meet increased demand for services that monitor personal health status. With the population aging, there are a growing number of seniors living independently in their homes who need support in managing their health.

The outcome of this Philips investment is the Lifeline service, a medical alert system that allows elderly patients to have immediate contact with a call center, through which they can be helped by a group of professionals with access to patient health profile. These professionals can solve some more immediate problems or can direct the patient to other health professionals. This immediate access is triggered by a button on an electronic bracelet worn by the patient. If the patient does not respond after pressing the button, the operator call center contacts the closest relatives and if necessary, may also call the emergency services.

Other services that Philips is developing in this area are remote monitoring, by physicians, of patient vital signs. Philips is also developing a smart drug box, which detects when the patient is not taking medication. A box with excess tablets automatically sends an alert to an operator and the system reminds the patient to take the medicines.

The strength of Philips brand is crucial for their customers' buying decisions, but Philips need to live up to customer expectations. The Lifeline service is not the cheapest solution in the market, but its high quality and the integrated solution it offers helps Philips stand up from other products and applications.

Exam 28/06/2013

- a) Philips' marketing managers are deciding which brand to use when introducing the new service on the market. The options are (i) Philips (ii) Philips Lifeline, and (iii) Lifeline. What advantages and disadvantages have each of these options? What would you recommend to Philips?
- b) Provide suggestions on how to increase the different components of brand equity:
 - Brand loyalty
 - Brand awareness
 - Perceived quality
 - Brand associations