Marketing Strategy for Garmin GPS Systems

MM578 Consumer Behavior

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Table of Contents

Introduction 3

1 Market Analysis 3

Company 3

Customers 3

Competitors 4

Conditions 4

2 Market Segmentation 4

Segmentation Criteria 4

Segments 5

Attractiveness Analysis 5

Target Market 6

3 Product Positioning 6

4 Impact on the Consumer 7

Perception 7

Learning and Memory 7

Motivation, Personality an Emotion 7

Self-Concept and Lifestyle Assessment 8

5 Consumer Decision Process 8

6 Marketing Mix 9

Product 9

Place 9

Promotion 9

Price 9

Service 9

7 Market Plan Assessment 10

Competitor Response 10

Anticipated Results and Contingencies 10

Bibliography 11

# Introduction

The American Marketing Association defines consumer behavior in a variety of ways such as “the dynamic interaction of affect and cognition, behavior and environmental events by which human beings conduct the exchange aspects of their lives.” Simply put, consumer behavior can be explained as the actions of consumers and the different approaches they take to decide if they would like to purchase a service or a product in the decision making process. In this paper I will be Garmin GPS Navigation as I personally find the device be the best on the market.

# 1 Market Analysis

## Company

Garmin is a company that specializes in public global positioning systems and communication devices. The company started its humble beginning with only a handful of employees in 1989 and is now a powerhouse with its headquarters established in Kansas and over 7000 employees worldwide. (Garmin) Garmin is one of the leaders in the GPS industry. Their product manufacturing range from automobile to marine, fitness, cellular and aviation.

## Customers

Because of his or her product variation, Garmin virtually has market share for every customer, from athletes, to boating to the casual driver who likes to take road trips. Garmin has customized their products so that each customer can take full advantage of the technology the company offers. Their devices are not only for people who do not have a sense of direction. But it is for the consumer who would like to have more control over their life and elements around them.

## Competitors

Based on CNET, Garmin has one direct competitor, which is TomTom. A secondary Competitor is Magellan. (Cnet, 2011) It seems that in automotive industry, TomTom and Garmin are the market leaders and their different models are always in constant competition. Magellan only happens to be in the mix as the top 5 best GPS systems.

## Conditions

Market conditions are mediocre as we are still in a “recession” and the consumer purchasing power is not high. Moreover, during the rise of android devices and the hardware of most cellphones becoming more advanced, cellphones can now support GPS capabilities which makes it even harder for a user to purchase a stand alone GPS. However, because of the company’s versatility, they are able to diversify and gain more shares in the marine and aviation industry.

# 2 Market Segmentation

## Segmentation Criteria

As previously mentioned, Garmin has a hand in almost every industry, automotive, marine and aviation. Thus their customer base and segmentation is fairly large. With their technology, Garmin has assured that they can facilitate every person’s lifestyle and control. With more people traveling and getting licenses every year, Garmin has an expanding opportunity to grab new prospects.

## Segments

Given the company’s reputation and good technology for GPS, Garmin.com website has product designs for not only automotive but also aviation where the product helps pilots with direction and positioning. Marine boats are also able to use Garmin to geo locate themselves as well as the fish they are looking for. Garmin also offers electronic marine maps where boat owners can use to determine the marine conditions. Furthermore, Garmin’s fitness devices can track a persons fitness and track history and finally their handheld wireless GPS are ideal for hiking and camping.

Therefore the segments would include, hikers, campers, athletes, pilots, etc.…

## Attractiveness Analysis

In chapter one of our text Consumer Behavior (p. 19) we discussed attractiveness analysis and for a target market of 200 million consumers I would rate as follows:

Segment Size: 9

Segment Growth Size: 9

Competitor Strength: 7

Competitor Satisfaction with existing products: 6

Fit With Company Image: 10

Fit With Company Objectives: 10

Distribution Available: 10

Investment Required: 7

Stability/Predictability: 9

Cost To Serve: 8

Sustainable Advantage Available: 9

Communication Channels Available: 10

Risk: 7

Segment Profitability: 7

## Target Market

Although Garmin mentions that “Garmin’s target markets are currently broken down into its five main business segments – automotive/mobile, outdoor, fitness, marine and aviation. ” (Commission), From looking on BestBuy.com site and walking into electronic stores, I’ve noticed that Garmin’s target market is automotive and marine. I also believe that their demographic would be anyone who has an automobile or a marine device as well as any hikers.

# 3 Product Positioning

The way a company positions its product can be crucial in its level of success. On their website, Garmin saying is “Dreaming big and obsessing about details”. This statement ensures the user that Garmin does not overlook anything and are always looking for the next cutting edge and trend setting technology. Their website showcases their automotive, fitness and outdoors devices on the main page.

On television, Garmin is continuously advertising their automotive GPS. They want to become a household name.

# 4 Impact on the Consumer

## Perception

Through commercials, and constant advertising, Garmin gives the users the constant perception that it is the best product on the market. The company gives the perception that it’s better to have something and not need it, then to need something and not have it. They have also shown that their product is easy to understand and navigate through.

## Learning and Memory

Hawkins mentions, “People acquire most of their attitudes, values, tastes, behaviors, preferences, symbolic meaning and feelings through learning”. One way that people learn is continuous involvement and exposure. Garmin has a vast number of commercials, both viral and TV and attract certain users. When constantly exposed, a user can easily correlate GPS with Garmin. When educating people on the uses of GPS and the benefits it provides, users can know why Garmin is a perfect device to invest in.

## Motivation, Personality an Emotion

What motivates consumers is to think or know that they need to have a Garmin product. Hawkins says “Inner force that stimulated and compels a behavioral response.” is what we call motivation. What would motivate a consumer to purchase the product? Well, Garmin is a company that challenges the status quo, is always trend setting and likes to have control over every aspect of their life. They provide services that allow you to have control of your surrounding. They just happen to make a GPS device. Would you like to buy one? Having control of your surroundings, and knowing the unknown before it presents itself is a great motivation to purchase a Garmin.

## Self-Concept and Lifestyle Assessment

As mentioned above, if you’re a Garmin user, then you’re someone who likes control and certainty and do not like surprises. We learned in chapter 12 that lifestyle is described as “how a person lives. It is how a person enacts her or his self-concept, and is determined by past experiences, innate characteristics, and current situation” (Hawkins, 2010). The activities that users are involved in help determine their lifestyle. The popular saying, “you are what you eat” can be said here “you are what you use”. The good thing about Garmin is that if a user is satisfied with one of their products, they will most likely consider the company for any other product that suits their lifestyle.

# 5 Consumer Decision Process

What makes the consumer buy the product? Well all the factors above from loyalty, lifestyle, motivation all help the user make a decision. We all know that it is frustrating when you cant find that street that used to have a sign or that house that you cant find the address to, or that fishing or camping spot that you thought you knew where it was. Well Garmin assures you that by Geo Tagging and Geo Caching your locations, you can always come to the same spot without any difficulties. Garmin creates scenarios for users that illustrate the benefits and essential use of its products. Do you want to arrive at your destination safe and sound? Then you need a Garmin.

# 6 Marketing Mix

## Product

The product marketed will be the new Garmin Nuvi 3790LMT GPS navigator

## Place

The Garmin Nuvi can be purchased on BestBuy.com, Amazon.com and Wal-Mart

## Promotion

TopTenReview.com who is a reputable reviewing site has reviewed this device as the #1 GPS device of 2012. This advertising will intrigue the user to purchase the device, as it’s a third party claim.

## Price

Suggested retail value is $369.99

## Service

This device includes lifetime map and traffic updates.

# 7 Market Plan Assessment

## Competitor Response

TomTom has tried to keep up with Garmin in 2012, but Garmin’s devices are hold the top 3 best GPS systems in the market currently. However, the rise of GPS technology on cell phones has become a competition for these manufacturers. Nevertheless, Garmin provides a service that most cell phones cant as it has hands free capabilities with turn-by-turn voice navigation. Garmin will remain the market leader for 2012.

## Anticipated Results and Contingencies

The only threat to our success is not being able to smartly market over our competitors. We have access to the same technology as anyone else, however Garmin is able to utilize this technology better in a way where others can understand. Garmin will move forward with the marketing strategy, as the key to success is exposure to mass media. Garmin has enough diversification in the industry that if one market slows down we are able to maintain a successful campaign by concentrating on our other markets. Garmin has been the leader and will be the leader in GPS technology.

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