The y-Phone product by B&B Company

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Abstract

B&B is a company that operates in mobile phone industry with its headquarters being situated in New York City, the United States. The company has been operating since 1998 and has expanded its operation into 14 states. It has 5 major phone brands that it sells across its market and it is in the process of developing a new product, y-Phone. This has been a strategic decision arising from the competition being experienced in the market and especially arising from the technological advancements being made in smartphones, changes in tastes and preferences by the consumers.

However, in order to develop a product that meets the consumer needs and a product likely to remain relevant in the market for a reasonable time, market research is inevitable. This is because: it helps in product designed among other strategic decision revolving the products, incorporating all the factors in the market that affect sales.

As such, B&B intends to conduct market research in the New York aimed at understanding the market for a successful product development. The product will make use of primary data where information will be collected by the use of questionnaires to 100 respondents who go to receive customer services at Nycity Wireless Centre INC.
Introduction

Background Information

B&B Company is a company that operates in the mobile phone industry in the United States with its headquarters being situated in New York. It was started in 1998 at a time when technological advancements were on the peak, what has remained up to date through the technological changes. Over time, the company has realized extensive growth in revenue; it is a fact that has enabled its expansion across states. It currently operates in 14 states and provides a wide range of technological products, mainly electronics and phones. The company is coming up with a new product, the y-Phone, a product that is expected to be added to the 5 brands of phones that the company currently produces.

Market Situation

The mobile phone industry is one of the most dynamic industries that exist in the world. This, in particular, is as a result of the nature of the market for the products from the industry. In most cases, the market consists mainly of the young people whose tastes and preference tends to changes with time. Producers have had a difficult time to match the needs of the consumers and especially in situations where there is a market leader in technological advancement. This has led to a highly competitive environment that necessitates strategic decisions aimed at maintaining competitiveness of the firms.

The high demand that characterizes the market has been a big motivation for the companies to capitalize on. To achieve this, research and development departments have had to work more to ensure innovativeness and suitability of their products. The extensive research being carried out owe to the fact that, there is no switching cost for the consumer while moving from one product to another, except of the product cost. This is because, mobile phones are
standardized in their basic nature and therefore any other new technological features added are enough to create incentive to change brands across the companies. The major competition does not arise from new entrant due to the high cost requirement to match the technological advancements realized. Rather, competition comes from existing firms, and it depends on how well a company is able to come up with new features to suit the market needs and to predict trends in the consumer tastes and preferences. This has worked well for such companies as Samsung, Apple, Huawei, Sony, ZTE, HTC, RIM, LG, Lenovo and Nokia that rank top ten in market performance.

Consumers no longer use cellphones for communication only; rather, music, internet and cameras have become essential functionalities in a standard product. To remain ahead of the competition, research, development and technology have become essential components in the firms’ strategic operations. Any product that is developed must be based on detailed market research that considers different elements of marketing such as product, prices, placement and promotion. This is the motivation behind this market research.

**Research Justification and Significance**

Market research on the proposed y-Phone by B&B is critical in ensuring that the product matches the consumer’s needs. These in most cases arise as a result of failure to conduct a market research to assess the current situation and possible future situations. The dynamic of the mobile phone industry makes market research inevitable. This result will provide frameworks within which design, pricing and target market decisions can be made. It will also help in ensuring that the product remains relevant in the market and hence ensuring that the product breaks even as well as contributing adequately to the company’s market position before other
competing firms matches up as has always been the case. Such research is also important in providing the current market realities that can help to improve sales of the existing B&B brands.

**Objectives**

The main objective of this proposal is to establish consumer needs in a new smartphone as for the case of proposed y-Phone; specifically, the research will establish:

1. The target market of a new smartphone.
2. The common features that must be included.
3. The willingness to buy by the consumers based on the embedded features in a product.
4. The likely competition from other producers.

**Literature Review**

According to International Standard Organization, user friendliness is an integral feature of any product and it revolves around efficiency, effectiveness and satisfaction in attaining consumers expectations. Hooks and Ferry (2001), state that ‘user friendliness’ differs across different producer depending on technologies availed to them. They however assert that, satisfaction is the most important element of user friendliness of any product. According to Jakob Nielsen (1993), there are five attributes that constitute usability. These include learnability, memorability, efficiency, satisfaction and errors. However, he appreciates the concept of universal usability due to the diversity that exists in the market for user preferences and target population diversities. From this perspective, market should be considered in totality of its complexity. In this regard, the links and deviations between different components of the market should be put into considerations as developers come up with the new products.
Sarah Horton (2005) proposes a universal usability through access-by-design. In this regard new product should be designed in a way that consumers perceive to be simple, quality, flexible and it should meet the necessary standards. Consumer behavior is a complex phenomenon that development team in any company needs to incorporate in their undertakings. As provided in the economic Marshallian theory, consumer’s behavior while buying results from conscious and rational economic calculations. According to Maslow’s Hierarchy of Needs, consumer needs succeed each other. In this regard, whenever one need is satisfied, the consumer seeks to satisfy even a higher need. This means that when one low level of need is satisfied, based on the existing constraints; consumer, in any case, will always seek to satisfy a higher need. The major constraint in technological product is always the level of technology. Therefore, when technological advancements are realized, consumer responds by creating demand for the new advanced technological products.

Owing to the high demand of smartphones in Colombia, the products increased highest volumes of sales by 17% in 2011 compared to other categories of the products. The trend is likely to continue development due to the higher status provided by these phones. The internet services have seen demand for other portable electronics such as multimedia players, netbooks, laptops and tablets. The situation has not been any different in Hong Kong, China. In 2011, sale of mobile phones increased by 1% to 2.6 million units. The trend however indicates that users are shifting into smartphones regardless of their higher prices due to the utility derived. In this market, Apple in 2011 served 26% of the mobile market and 49% of the smartphone market. The position by Apple has been a result of the new iPhone 4S as well as reduced price for the product.
To be able to introduce y-Phone, B&B has to conduct a detailed analysis of the nature of the market to understand market needs, dynamics, competition and pricing strategies among other features that may affect the success of the new product.

**Conceptual Model**

![Conceptual Model Diagram]
This model is based on diffusion of new technology which to a great extent depends on economic and social systems as well as personal traits and reinforced by available communications.

**Research Method and Procedure**

**Population, Sample and Sampling**

The study will make use of primary sources of data through administering questionnaires to individuals going for customer service in Nycity Wireless Centre INC. The sampling frame will consist of people who go for the services while sample will be selected using systematic sampling procedure at an interval of 3 from the first sampling unit. To ensure representativeness, the first element in the sample will be selected using simple random procedure. The sample will consist of 100 respondents. The relatively higher sample size will be aimed at reducing the sampling error and hence representativeness of the results obtained in the entire market.

**Data Analysis**

Data analysis will be restricted mainly to descriptive analysis that helps meet the objectives of the study. This will include getting the ratios, such as those relating to gender and age. Others will include the expected values such as average willingness to buy by the respondents. Similarly, the standard deviations will also be obtained to help determine how the value may vary from the expectations.

**Limitation**

The study will be limited to 100 respondents. Compared to the entire market, the sample size is a small fact that may compromise the external validity of the results obtained. Similarly, the study will be limited to the New York City which may demonstrate different social-cultural features compared to other places in response to new product in the market.
Appendix: Questionnaire

The following questionnaire has been developed by the student from (Institution Name) with the aim to meet academic objectives. Your cooperation in filling the following questions will be highly appreciated. Do not put any name because the information being collected will be confidential. Fill appropriately by ticking where necessary. Thank you for your participation.

1. Gender
   
   Male .................................................................

   Female ..............................................................

2. Age .................................................................

3. How much do you earn per month, on average? ......................

4. Your background
   
   Urban area ...........................................................

   Rural area ...........................................................

5. Which is the most technologically advanced industry, to your opinion?
   
   Mobile phone industry ...........................................

   Motor vehicle industry ...........................................

   Fast food industry ................................................

   Any other ...........................................................

6. Which is you most preferred phone type?
7. What group of people is the main target of mobile phone producers?
   Children .................................................................
   Youth ........................................................................
   Old ............................................................................
   All .............................................................................
   Any other ..................................................................

8. What features are important for you most in a phone?
   Color ...........................................................................
   Size ............................................................................
   Internet ........................................................................
   Memory ........................................................................
   Camera ........................................................................

9. How often do you exchange phones?
   2 months and below ................................................
   2-6 months ..............................................................
   6-12 months ............................................................
   1-2 years ....................................................................
   Above 2 years ........................................................

10. Are you satisfied with the current brand that you own?
    Yes ............................................................................
    No ............................................................................
Yes but I would go for something better if availed

11. How much have you paid for the current brand?
   
   Less than $50
   
   $50-$99
   
   $100-$149
   
   $150-$199
   
   $200 and above

12. How do you learn about new products?
   
   Social network interactions with peers
   
   Advertisements

13. Did your choice of brand influenced your social status or social groups?
   
   Yes
   
   No

14. What matters in your product choice?
   
   Producer
   
   Product

15. What would you recommend to add (change) in a new smartphone?
   
   
   
   
   

http://www.euromonitor.com/mobile-phones
References


