

Bilkent University

GE401

MARKETING PLAN



Assistant Eye

Team 9

Çağlar Varan

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Abstract

This report contains detailed information about marketing plan of EyeCue Technologies Co. It starts with the objective of the corporate and marketing and continues with detailed market analysis which also contains market survey; the report finishes with offering a marketing mix strategy.

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1. Objectives

1.1 Corporate Objectives

EyeCue aims to establish itself as a foremost in the eye-controlled medical devices industry with the product Assistant Eye, on a local level. EyeCue's target is to ensure a satisfied customer or patient with quick, efficient, and without compromising quality of product.

Our business objectives are:

- Efficiency
- Quick response
- Competitive pricing
- Fast Delivery

1.2 Marketing Objectives

EyeCue's marketing objectives focusses on improve the organization's competitive strength, market position through creating customer value and winning additional market share. Thus, objectives typically fall into two different groups with respect to the projection dates.

1.2.1 Short Term (upcoming year)

In the first 18 months period we are aiming to;

- Create a brand awareness in wheelchair market
- Gain at least 40 clients containing hospitals and individuals
- Extend communication with 50% of target customer
- Increase marketing costs by 100% over next 18 months
- Improve customer loyalty

1.2.2 Long Term (3 to 5 years)

For the next 3 to 5 years, we are targeting to;

- Become number one brand in wheelchair market at the end of year 5
- Increase profit margin of Assistant Eye by 20%
- Gain 15% of our competitors' customers

2. Marketing Strategy

2.1 Introduction

The market for Assistant Eye currently consists of patients with moving disabilities using a manual wheelchair who desire to increase their moving capability and get rid of others assistance. Indeed, the potential market of Assistant Eye is the nearly identical to the potential market for standard wheelchairs and hand-controlled wheelchairs. Furthermore, the patients who cannot move any limb other than their eyes form our additional market which provides an advantage to other wheelchair companies. Despite all, as we accept, the acceptance of standard wheelchair versus the others is higher right now.

A massive potential is based for the eye-tracked medical industry. According to the research done in 2006, approximately 0, 8% of the Turkey population (corresponds to 560 K people) has moving disabilities, and approximately %90 of which are already using a wheelchair. Furthermore, the demand for wheelchair is approximately 55% annually.

The EyeCue has conducted a preliminary market survey at a rehabilitation center in Ankara. 67 patients chosen randomly from the hospital, all with observable moving disabilities, the further information about the survey can be found in Market Survey part.

2.2 Market Survey

The following survey was given to 67 patients at Turkish Armed Forces Rehabilitation and Care Center in Bilkent, Ankara on December 3rd and 4th, the questions we asked during the survey as follows.

Questions of Survey:

1. Do you know have, or have you ever had, a moving disability?
2. Have you considered, or would you ever considered, a better solution technique to increase moving quality via a different functioned wheelchair?
3. If so, would you be willing to pay more money for the eye-controlled wheelchair to increase moving quality?
4. If so, how much would you pay?
 - A) Less than \$1,000
 - B) \$1,000 - \$2,000
 - C) \$2,000 - \$3000
 - D) More than \$3,000

Results:

As 50 participants answered “Yes” to questions number 1 and 2, the following results appeared:

Surveyed	Moving Disability	Consider Assistant Eye	Pay more for a better wheelchair
67	67	57	53

The data about customers who are willing to pay more for the better solution technique will be analyzed in pricing strategy section.

2.3 Targeting Strategy

EyeCue will focus in marketing strategies on building market shares among patients with moving disabilities, offered a branded technology which will help the patient to gain increased moving capability with the track of eye motions. The market survey shows that majority of customer is fewer sensitive to price and we are projecting that this customer segment will tolerate price that we charge.

We observe that market needs of the target segment are straightforward – clients want to improve their moving capability using a process with a more comfortable way. Well combination of movement is of paramount importance for such patients as it allows them not only to be independent from their assistance but also an effortless using chance.

Patients desiring a better solution for their disability typically fall into two different groups with respect to concerns: Outcome – Conscious Patients and Cost – Conscious Patients. Outcome – Conscious Patients constitute the majority of the customer profile (53 out of 57 surveyed), and were willing to pay more in order to achieve the goal. On the other hand, the Cost-Conscious Patients typically felt that the increase in the quality of product is not worth for an extra expenditure.

Outcome-Conscious Patients

The majority of the outcome-conscious population is looking for the superiority of the technology and quality regardless of price. Most of the patients in this group, are aware of the significance of getting somewhere from somewhere either themselves or with the help of their relatives and they know what moving ability adds to their lives, also, they are willing to take any chance to regain the moving ability. So, our primary target will be this group since they can absorb the prices that we offer.

Cost-Conscious Patients

Cost-Conscious Patients form the minority of the population, in contrast to the general assumption of “Money is the second concern in medical situations”; these patients are seeking for the less cost products globally, especially from United States. Although the logistic process and shipment cost is far more than domestic solutions, and the total quality is less in this situation, this group of patients prefer the less total cost products. So, these customers are out of our target scale initially as they do not interest with what we suggest such as high quality and high after customer services.

3. Marketing Mix

3.1 Pricing Strategy

EyeCue’s pricing strategy includes a remarkably complex set of decisions. In the first step, EyeCue decides to apply cost-plus pricing that means determining the price of the product by adding a percentage to the cost. The major reason to choose cost-plus pricing is being financially safer than other approaches. Also, having the monopoly power in the market is another reason to choose cost-plus pricing. In cost-plus approach, we calculated the cost of assistant eye as \$ 1300 that includes variable costs such as material and labor costs and fixed costs. When EyeCue have a better financial situation, we would decide to change costing approach as value-based pricing that means determining the price of the product based on how customers value to our product. We are doing this work because customers are valuable and it is important to determine our price according to them. As it is mentioned at the market survey section, a survey was given to 67 potential customers to find out how much do customers pay for Assistant Eye?

Less than \$1,000	\$1,000 - \$2,000	\$2,000 - \$3,000	More than \$3,000	Total
12	22	10	13	57

The most common value was \$1,000-\$2,000 and the mean value is approximately \$1,900 (with using midpoints and assuming the midpoint for more than \$3,000 is \$3,500 and for less than \$1000 is \$500).

In the first step, EyeCue decides to sell the product assistant eye for \$1,999. This price is designed by using cost-plus pricing and also 50% profit margin is added to the cost. Also, to have a positive psychological impact, we set the price as \$1,999 rather than \$2,000. However, customers consist of disabled people and their incomes are lower than the average income of a person in Turkey because they are not able to work and earn money. Also, in analyzing the results of the market survey, these customers' price elasticity was found to be elastic. Thus, our company modifies the price of assistant eye to achieve different goals and reach different customers. In other words, the price of the product would not be based on these purist pricing approaches completely. Initially, our company needs capital and setting the price low in order to attract customers would be beneficial for us. Our company charges its product approximately \$1,799 in the first six months. After six months, we will set the price \$ 1,999 as we found in cost-plus approach. In addition, using second degree price discrimination to capture more consumer surplus would also be beneficial for EyeCue Co. 2nd degree price differentiation is used with volume discounts and the price varies according to quantity ordered. There will be some discount after using value-based approach. The price will become \$1,899. The price ceiling will be \$1,999 and the price floor will be \$1,799.

The current price of Assistant Eye is \$1,999 and in the future, with advancing technology, it can be possible to produce Assistant Eye cheaper. Then, the targeted profit margin can be caught in next years. We do not account inflation rate in Turkey, even the purchasing power of the customer changes according to inflation, the dollar price will not change.

Although EyeCue does not determine the price of Assistant eye by using market based pricing, we have done some market research to get price information of similar product. Prices of eye tracking systems is generally more than \$10,000, The price of Arrington Research Center's eye-tracking systems range between 9498 to 70798 US dollars. Swedish firm Tobii also presented their eye tracking products starting from a price of \$7000 at CeBIT in March 2011. In addition, a company from Switzerland has shown us that the eye-tracking system can be done more cheaply and launched this product with a \$ 99 price tag.

After some research about the cargo companies, it is found out that price of the delivery of one unit of our product will be around \$40-50. Customers who buy our product will pay the cost of cargo, so that there will be no distribution cost for our company and there is no need to allocate a distribution budget. In addition, there will be no cost for agent commissions because the product will sell to customers directly.

3.2 Distribution Strategy

Products are sold generally directly from the manufacturer, EyeCue, to the customer. No distributor is necessary for our company due to low expected sales. There will be no extra cost for distribution, but we are aware of the situation that we must spend money for the research and effort that we put in to access to the customer. In the short term, it is also decided to make an agreement with stores which sell medical equipment's and some association like FEV (a foundation for the physically handicapped people). The cost of making agreement with an association consists of advertisements and sponsorship costs. In addition to that, e-commerce is beginning to play an important role in medical equipment industry. Thus, as an alternative distribution channel, online stores are into consideration. For now, Turkey is poor about the source of online stores which are supplying medical equipment. There are few more costs for entering this channel, because most of these internet sites do not request a commission from provider, they just buy products cheaper. In that case, the logistics will be provided by shipment companies. As explained in pricing strategy part, the delivery cost of one unit of our product starts at about \$40.

To sum up, for the first channel, it is hard to access directly to the customer and cost of this effort can be high. However, our customers will be pleased with this direct access. For the second choice, it is easier to sell our products in this channel, since these stores and association have customers and patients already. However, we cannot analyze and reach our customers through this channel and the cost of giving sponsorship can be costly. For the last channel, we have an advantage regarding the cost of this channel. However, generally our customers are not eligible to enter internet and sales can be very low in this channel.

3.3 Promotion Strategy

As a new started company, we have almost no customer and it makes the promotion strategy vital. The marketing of Assistant Eye is done by using different tactics; however, our key approach to marketing is to access customer. As explained in distribution strategy, we promote our products through three main distribution channels; in two of these three channels, the most important factor in promoting Assistant Eye to the customer will be its ergonomics and existing technologies.

Firstly, advertising through some medical journals and magazines would be effective and reputable for the product. For our product, another important strategy would be advertisement through brochures for this channel. We will inform our customers about usage of the product, advantages and technical properties of the product on brochures, journals and magazines. With the help of these marketing tools, EyeCue will be able to create brand awareness.

Secondly, representing Assistant Eye in some association interested with disabled people would be another good promotion strategy for initial months. And also, giving sponsorships and supporting these associations would be also reputable promotion strategy. In addition to the associations, the study of Special Olympics Committee in Turkey can be supported and sponsored.

Lastly, shadow advertisements and articles in medical related web sites would be considered as an effective promotion strategy.

3.4 The Competitors

Our competitors can be divided into two main categories: those competing within the field of wheelchair and those competing within eye-tracking system technology. Although there is no similar wheelchair product that is sold to any disabled person in the world, there are some companies and university research centers which are studying on a prototype. Considering the gap in the market, our company has some advantages in the absence of competition. This competitive advantage will help EyeCue to capture a large portion from the market. However, a company which produces or exports an ordinary wheelchair can be our competitor, because it addresses the same customer mass. There are nineteen companies that nine of them produce wheelchair and ten of them are companies which import wheelchair generally from China.

In addition to that, companies that produce eye tracking system can also be our competitor in terms of technology as we will not only manufacture Assistant Eye in the future, but also some other functioned eye-tracking systems. Thus, a rivalry on that area is also a part of competition we should project. There are many research centers and firms that produce eye-tracking systems but they have generally addresses in different areas. To give an example, Arrington Research Center eye-tracking systems used in marketing research, neuroscience, sports and psychology and in each area they have different products for different purposes that vary in usability and compatibility. Swedish firm Tobii also presented their product at CeBIT in March 2011 with using a similar technology. This product tracks eye movement and translates it into mouse action on screen. In addition, the cost of these systems also decreases with advancing technology. A company from Switzerland built this system at a low cost with a camera-based head-mounted eye tracker using two cameras and one infrared LED. Despite all, EyeCue will rely on the superiority of its technology in order to thrive in this competitive market. As marketing strategy of the Assistant Eye, the main consideration will be the effectiveness of the procedure and its superiority over existing technology. The most important factor in promoting technology will be to conduct researches and showing off the results indicating Assistant Eye's superiority over existing technologies.

3.5 Sales Strategy

An effective sales strategy is crucially important for EyeCue. We are designing a sales team, just for initially, consists of two sales employees. The number of employees is expected to increase to three at the end of 2nd year, if desired increases in sales will be observed in that time process. Initially, the most important advantage of our sales team is that we would not hire a new person for this job; we are planning to use the current employees for this intention due to the lowness of projected sales. Thus, training cost is disappeared. A member from our group has all knowledge about the product and he can give all necessary information of the product to the customer. Our sales personnel will sell the product directly to the customer and also through some associations. In these associations, sales team would make presentations about Assistant Eye, since we believe that a well-prepared presentation has a serious effect on customer. We would not consider choosing media or internet as a sales strategy, because face to face communication with customers is a better way to sell a medical device.