IBM Company and Marketing Mix

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Abstract

International Business Machines Corporation (IBM) is one of the most famous information technologies companies that operate globally. The company does its best to adapt its services and products to a changing marketplace. Nowadays, IBM is the foremost software company that operates in many countries including India, UK, Japan, Russia and others. The main IBM marketing strategies aim at helping customers to increase benefits and reach success. The company and its marketing are client-oriented.
IBM Company and Marketing Mix

Marketing is all about consumers, media and the way in which companies actually cooperate with their potential consumers. The main objective of the present paper is to look at IBM Company and its main lines of business. The paper will also discuss how the company implements the 4P’s marketing mix concept and what are the differences in the implementation of this concept in different countries.

One of the most famous information technologies (IT) companies that operate globally is International Business Machines Corporation (IBM). It should be mentioned that this is one of the world’s largest companies that work in this industry. Moreover, the profit generation of IBM is bigger than that of any other IT company in the last fifty years (Rouse, 2006). The statistics dated from 2012 state that the net income of the company was $16.6 billion with the total revenue of $104.5 billion and total assets equal to $119.2 billion. The number of employees worldwide is 434,246 people (“About IBM”, n.d.).

IBM products include software and hardware for a line of storage products, business servers, application software, and custom-designed microchips. Thereafter, this company receives revenue from a variety of outsourcing and consulting services. With the low-cost microchip arrival on the market, distributed computing, personal computers, and the Internet, the dominant position of IBM is challenged by other companies. A single company is far not enough on the global market. Yet IBM’s base of customers continues to impress its competitors and investors. What is more, the company appeared to be the best among Fortune 100 and middle-sized businesses. The company’s skill to adapt its services and products to a changing marketplace is fascinating.
IBM was built by Thomas J. Watson who set the business machine of the future. Further, he called the company International Business Machines. By the middle of the century, the period which could be called the era of computers, there appeared such companies as Digital Equipment National Cash Register. IBM is famous for its vaunted salespersons force with ties and white shirts. The force was led by Watson and his son, Thomas Jr. Many investments were made into the research.

At the beginning of the 1960’s, IBM has introduced a unified standard for the sector of large business companies with System/360. The standard was designed as constantly compatible. OS/360 is a program written for the operating system of System/360; it is running until today. It should be noticed that this is the IBM's larger eSeries main operating system known as z/OS. Later, the interactive display terminal gradually replaced the punched card. The company started to compete with HP and DEC in small business computers with its System/3. However, in the 1980’s, the Apple’s personal computer made a revolution in the industry which was soon realized by IBM. As a result, the competition was quickly overtaken with PCs series which have become the business use standard. Finally, that led to an accidental creation of a future competitor known as Microsoft that strongly occupied a position of the main dominant player on the PC software market (Rouse, 2006). Under its operation, there are five segments, namely Software, Global Business Services (GBS), Global Technology Services (GTS), and Global Financing and Systems and Technology.

The segment of GTS is providing business process services and IT infrastructure services. GBS is responsible for application management services and professional services. Software includes operating systems software and middleware. Systems and Technology support the clients with business solutions that require storage capabilities and advanced computing
power. Global Financing is about leverages, investing in financing assets and management the associated risks. Global Financing acquired Kenexa in December 2012. The acquisition of StoredIQ was completed in February 2013 (“IBM”, 2013).

One of the most important facts about the company’s profile is that it did not collapse during the world market crisis. There was a general change of the approach to the business. IBM is no longer considering the hardware as the key sector. Customers still buy the hardware, but now they are a small portion of this company’s business. Nowadays, IBM is the foremost software company, and evolution in this direction is progressing with every year. The transition of IBM to software resulted in a high stock performance and growth of earnings over the last few years (Blodget, 2012).

IBM is an international company; therefore, it is of vital importance to mention its representatives in four countries such as India, UK, Japan, and Russia. The marketing techniques differ from country to country, as the mindset of people is also different.

The key aspects of marketing plan include the price, concept of a product, promotion, and place. The main aspects are often called the four Ps of marketing (Hunt, n.d.). IBM has its marketing and sales people assigned to markets in specific regions, countries and districts. The marketing of IBM was initially based on a third party (distribution channel). With the change of market in 2001, as a consumer became more demanding, IBM has changed its structure of marketing. Since that time, everything has become not about settling, but about marketing strategies. The main idea of the change was to make the company more concerned about its clients. Besides, it must be driven and motivated by them rather than technology. The main principle goals of IBM marketing strategies are to help customers so they could get more benefits and succeed accordingly in the business and information technologies. Providing value
to stakeholders is another goal of the company. Therefore, it is clear that the concept of the product was changed, which made IBM more attractive to the customer. The fact that the company is selling software and traditional data-center hardware makes it hard to give specific measures to marketing mix, especially the price and promotions. Analyzing all the above mentioned facts, it should be mentioned that there is a more complex approach based on business strategy.

If to mention another part of marketing mix that comprises of prices, the strategy of IBM Company is definitely client-oriented as well as its marketing. If the price is high, it would decrease the number of customers. On the contrary, a low price will result in losses for the company. In order to meet the business needs, a special instrument known as IBM® SPSS® Modeler was implemented. The named instrument can efficiently and accurately analyze and sort information about millions sales of customized products across multiple markets in order to determine optimal pricing (“Setting the Best Price”, 2011).

Promotion strategy is also highly developed in IBM. Such tool as End-to-End Promotion Management helps to reduce complexity and span the process. The first strategy is related to setting of fixed prices. Another strategy is about buying certain amount of products (usually two) and getting a fixed percent of discount to the last one (the third one). In general, the approach is about streamlining the process, so customers could be offered the best prices. In addition, thousands of weekly vendor offers are proceeded (“Promotion Management Solutions”, n.d.).

If to be specific and talk about marketing strategies in relation to the four given countries, it should be said that they are more or less the same. India, for example, is a growing market with a lot of uncovered potential. The marketing mix strategies must be very strong in this country as every company is trying to get into this market and gain the biggest market share. The last
competition was raised against Amazon Web Services (Majumdar, 2013). In the UK, the marketing strategy is similar to that of the USA. In Japan, the environment is also challenging as many local companies provide high level of competitiveness. As a result, IBM must think about new ways to attract the customers. Russian market is the most complicated because of the legislation rules and high level of bureaucracy.

Considering the fact that IBM operates in different countries, the differences between the marketing mix strategies are not diverse. IBM uses similar 4Ps strategies in India, UK, Japan and Russia. However, the company has to adapt to the countries’ policies and social background.
References


