



## COMPANY ANALYSIS

### PHILIPS

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## TABLE OF CONTENT

	<b>PAGE</b>
TITLE PAGE	i
ACKNOWLEDGEMENT	ii
LIST OF FIGURES	iii
LIST OF TABLES	iv
EXECUTIVE SUMMARY	v
<b>1. INTRODUCTION</b>	
1.1 Background of the Study	1
1.2 Problem Statement	1
1.3 Purpose of the Study	2
<b>2. COMPANY INFORMATION</b>	
2.1 Background	2
2.2 Organizational Structure	3
2.3 Products/Services	5
2.4 Business, marketing, operational strategy	
2.4.1 Business strategy	7
2.4.2 Marketing strategy	8
2.4.2.1 Product	8
2.4.2.2 Price	8
2.4.2.3 Place	8
2.4.2.4 Promotion	8
2.4.3 Operational strategy	9

<b>3. PRODUCT ANALYSIS</b>	
3.1 SWOT	10
3.1.1 Strength	10
3.1.2 Weakness	11
3.1.3 Opportunities	11
3.1.4 Threats	11
<b>4. FINDINGS AND DISCUSSION</b>	
4.1 Findings	12
4.1.1. Problem 1	12
4.1.2. Problem 2	12
4.2 Discussion	
4.2.1 Suggested solution for problem 1	13
4.2.2 Suggested solution for problem 2	13
<b>5. RECOMMENDATIONS AND IMPROVEMENT</b>	13
<b>6. CONCLUSION</b>	14
<b>7. REFERENCES</b>	15
<b>8. APPENDICES</b>	16

## LIST OF FIGURES

<b>Figure</b>	<b>Caption</b>	<b>Page</b>
2.2	Organizational Structure	3
8.1	Add new function such as air humidity	16
8.2	Example of disinfection solution	16
8.3	Example of essential oil	16

## LIST OF TABLES

<b>Table</b>	<b>Caption</b>	<b>Page</b>
2.3	Product provided by Philips	5
3.1	SWOT analysis	10

## **EXECUTIVE SUMMARY**

Philips company is an international company that is focused on improving people's health and enabling better outcomes across the health continuum from healthy living and prevention, to diagnosis, treatment, and home care. Philips company is also known as a technology company has been producing many electronics which can categories into several types such as sound and vision, personal care, mother and child care, household products, lighting, health, and automotive. Since there are many types of products that have been produced, I would like to develop their air purifier in my case study. Since people nowadays almost spent their time at home.

Furthermore, since my case study focuses on air purifiers. I have done my analysis, investigation, and identified the problem that will be for that product. To complete that analysis, I have been used SWOT analysis which is it can determine their strength, weakness, opportunities, and also threats for air purifiers. Based on that analysis, I have found a weakness of their product which only has one function. This weakness has been giving me the idea to produce a new product that comes from innovation from the original air purifier. Not only that, but I also can find their strength in their product which can be used to make sure the new product can compete with other brands. When Philips company can fulfill customer satisfaction for every product that they have been produced. Indirectly, it will help this company to stay along in this industry.

# 1. INTRODUCTION

## 1.1 Background of the Study

An air purifier or in simple words known as air cleaner is a device where it is the best way to clean your air indoors. From history, the idea of how they produce air purifiers are starting from Charles Anthony Deane. He has been awarded for the patent the device comprising a copper helmet with an attached flexible collar and garment. A long leather hose was attached to the rear of the helmet and it can be used to supply air. The original concept will be to use double bellows as a pump. While John Stenhouse filed two patents that applied the absorbent properties of wood charcoal to air purification, thereby the first practice has been created.

Until now as we can see, the demand for air purifiers becomes high, especially during pandemic Covid-19. It is because people need to stay at home. After all, the governor gives us notice to stay at home for our safety. When people start to stay at home and difficult to go outside, the indoor air becomes often and more polluted than outside air. This situation can expose people to poor air quality and put them at a risk for several ailments. So, using an air purifier will help them to create cleaner and healthier air in their home or office.

As we can see the main function of an air purifier is a device that removes contaminants from the air in a room. These devices are marketed to allergy sufferers and asthmatics and it reducing or eliminate tobacco smoke. Not only that, it helps to maintain a healthy environment by removing pet dander, mold spores, ragweed, and more. Therefore, many companies have been starting to produce air purifier and Philips company are one of the companies that do not miss this opportunity. They also produce several models that will be related to the air purifier.

## 1.2 Problem Statement

As we can see nowadays the market for air purifier in our country since pandemic covid-19 are increasing. It is because during this pandemic people need to stay at home for their safety. When people start spending time at home for a longer time, a healthy indoor climate becomes very important. According to WHO, the indoor air is up to 5 times more polluted than the air outside. In that case, people need good quality air. Regardless of how to clean the air, relative humidity is also decisive for optimal air quality. If the indoor climate is out of balance due to the heavy pollution and the air being too dry. It will give a negative

impact on our health. When this situation occurs, they need a product that can solve their problem.

### **1.3 Purpose of the Study**

The purpose of this case study is to identify and analyze Philips Company and focus on its air purifier product. Various aspects can be considered under this subject matter such as business, marketing, and operation strategy of the company. To analyze the internal and external problems that have been faced by the company, I have done a SWOT analysis which is strength, weakness, opportunity, and threat as a way to detect the problem. By doing this in the case study, the best implementation of innovation can be added to the given problem. Not only that it also helps to improve the quality of the air purifier to a more effective air purifier that has 2 in 1 function in one product.

## **2. COMPANY INFORMATION**

### **2.1 Background**

Royal Philips which was originally known as Philips Electronics, is a Dutch multinational company founded in 1891 by Frederik and his son, Gerard Philips. However, the company was established in Malaysia in 1960 and was known as Philips Malaysia Sdn. Bhd. The company is based in Petaling Jaya, Selangor, currently the headquarters of the company. Philips Malaysia is a healthcare, lighting, and consumer electronics company that manufactures, exports, sells and markets its goods. Philips merges technologies and design into people-centric solutions, related to basic customer insights and the brand promise of "sense and simplicity," as a pioneer in healthcare, lifestyle, and lighting products.

Philips' Sense and Simplicity marketing campaign represents the company's vision for the new world, in which modern consumers appreciate the ease of use and a seamless user experience. Consumer today expects technology to make their lives easier without getting in the way, and they don't want to waste time setting up new items or reading through lengthy manuals. The new motto is simple and inclusive, which is vital for Philips because it now operates in multiple nations. Because it has such a large presence, its marketing strategy must be dynamic and vary from country to country in order to meet

local needs and wants; as a result, the tagline must be flexible enough to accommodate its many marketing methods around the world.

Since Philips, constantly creating improvements and innovations in every product produced, the success of this company will continue to grow in line with technological advancement in the present. In advance, Philips has over 450 innovative products and services. They believe that they are ready to compete with other companies to give better services to their customers.

## 2.2 Organizational Structure



**Frans van Houten**  
**Chief Executive Officer**  
Chairman of the Board of  
Management and the  
Executive Committee



**Sophie Bechu**  
**Executive Vice President**  
Chief Operating Officer



**Abhijit Bhattacharya**  
**Executive Vice President**  
Chief Financial Officer



**Marnix van Ginkel**  
**Executive Vice President**  
Chief Legal Officer



**Andy Ho**  
**Executive Vice President**  
Chief Market Leader of Philips  
Greater China



**Roy Jakobs**  
**Executive Vice President**  
Chief Business Leader  
Connected Care



**Deeptha Khanna**  
**Executive Vice President**  
Chief Business Leader  
Personal Health



**Bert van Meurs**  
**Executive Vice President**  
Chief Business Leader Image  
Guided Therapy



**Edwin Paalvast**  
**Executive Vice President**  
Chief of International Markets



**Shez Partovi**  
**Executive Vice President**  
Chief Innovation & Strategy  
Offer

Figure 2.2 Organizational Structure

## 2.3 Products

No.	Product	Description
1.	<p>Philips Air Purifier 3000i series</p> 	<ul style="list-style-type: none"> <li>❖ Removes 99.97% of allergens</li> <li>❖ Purifies rooms up to 104m<sup>2</sup></li> <li>❖ Intelligent auto purification</li> </ul>
2.	<p>Philips Perfect Care Azur Elite Steam Iron</p> 	<ul style="list-style-type: none"> <li>❖ Guaranteed no burn and no temperature settings required with OptimalTEMP Technology.</li> <li>❖ Dynamic mode releases the perfect amount of steam when you need it.</li> <li>❖ Turbo steam pump for up to 50% more steam through the fabric for creases to disappear faster.</li> <li>❖ Smart calc reminder and Quick Calc release in 15s for long-lasting steam performance</li> <li>❖ Best gliding and scratch-resistant soleplate.</li> </ul>

<p>3.</p>	<p>Philips Stand Smart Fan</p> 	<ul style="list-style-type: none"> <li>❖ Stand smart fan is efficient</li> <li>❖ Stand smart fans are saving money</li> <li>❖ Easy to carry</li> </ul>
<p>4.</p>	<p>SpeedPro Cordless Stick Vacuum Cleaner FC6728/82</p> 	<ul style="list-style-type: none"> <li>❖ Captures up to 98% of dust and dirt with 180° suction nozzle</li> <li>❖ Two-speed settings to suit different floors and dirt types</li> <li>❖ Integrated handheld unit, crevice tool, and brush to clean ceilings and shelves</li> </ul>
<p>5.</p>	<p>Philips AVENT Fast Bottle Warmer</p> 	<ul style="list-style-type: none"> <li>❖ Warms quickly and evenly</li> <li>❖ Come with features of a handy defrost setting and can also warm baby food.</li> <li>❖ The bottle warmer can warm 150ml/5 oz of milk in just 3 minutes.</li> </ul>

Table 2.3 Product provided by Philips

## **2.4 Business, marketing, operational strategy**

### **2.4.1 Business strategy**

A business strategy is an outline of the actions and decisions a company plans to reach its goals and objectives. A business strategy defines what the company needs to do to reach its goals, which can help guide the decision-making process for hiring as well as resource allocation. A business strategy helps different departments work together, ensuring departmental decisions support the overall direction of the company. Headquartered in Amsterdam, Philips is a multinational company and is one of the world's largest electronics companies and is currently focused on the area of lightning and healthcare. Philips was founded in the year 1891, by Gerard Philips. Philips currently employees around 75,000 people spread across 100 countries. Philips is a technology-focused and company and aims to improve health and enable better outcomes across the continuum of health from prevention to healthy living, diagnosis to treatment, and home care. Philips has over 110 production facilities spread across 100 countries and has a strong R&D department and leverages advanced technology with deep consumer insights to deliver solutions across home care and consumer health. The mission statement of Philips is, "At Philips, we are striving to make the world healthier and more sustainable through innovation, to improve the lives of 2.5 billion people a year by 2030." And the vision statement of Philips is "We aim to expand our strong positions across the health continuum, extend our solutions capability to address our customers' unmet needs, and so deliver the full benefits of data-enabled connected care." The target market of Philips is wide and it differs in age, culture, status, etc. With products ranging from home appliances to beauty appliances, medical instruments. Philips targets consumers that are not conservative and are not skeptics. It targets the consumers that are willing to try new innovative products that Philips comes up with. It mostly targets the younger generation who are more open to experimenting on new products and aims to satisfy them with the brand promise that Philips tries to fulfill.

## **2.4.2 Marketing strategy**

Philips' marketing plan will examine its brand using the marketing mix framework, which encompasses all 4 Ps. Product, pricing, location, and promotion are the 4 Ps of marketing. Philips will benefit from these marketing methods. It will assist the organization in achieving its business goals and objectives while positioning itself competitively in the market.

### **2.4.2.1 Product**

Philips is a well-known corporation that manufactures electronic goods. Philips supplied a wide range of product lines. Philips produced consumer lifestyle items such as TVs, stylers, and grooming kits, as well as bottle warmers and sterilizers, vacuum cleaners, drives, and storage. They also provide services such as Philips lighting capital and healthcare products such as hospital respiratory care.

### **2.4.2.2 Price**

Philips uses a competitive strategy in its marketing mix for its products because there are more competitors in the electronic business, such as Sony, LG, and Samsung. This price technique is used because buyers or consumers have more bargaining power and may simply switch brands based on their preferences. Because the prices of competing brands are practically identical, Philips concentrates on giving the highest quality items to its clients.

### **2.4.2.3 Place**

Philips began operations in the Netherlands in 1891, and the corporation has developed at an exponential rate since then. Philips goods were available in more than 60 countries throughout the world, including Malaysia. Philips has its own branded stores where its items are sold and services are provided. Philips also promotes their products through an online platform, which can be purchased from any e-commerce website.

#### **2.4.2.4 Promotion**

Philips' promotional and advertising strategy includes the corporation participating in promotional activities on television, radio, print, social media, events, and sponsorships. Philips, like other corporations, has sought the help of celebrities such as actors and actresses to promote the brand. As part of their promotional strategy, Philips also offers discount cards and vouchers. The company is also active on social media platforms such as Facebook and Twitter to address consumer concerns and improve interaction with people to raise brand awareness.

#### **2.4.3 Operational strategy**

Philips is a company operating into three businesses namely healthcare, consumer lifestyle, and lighting. The company is well known for its innovation and for producing new products. This company also has research campuses in China, India, and the Netherlands which are required to identify the needs of the consumer and indirectly provide a concept for new development. Philips also uses much software to facilitate in smoothening their operations including SAP and SAVO. For the process of management Philips is well-maintained as it focuses on providing greater value to their consumer. On the other hand, Philips is focusing so much on innovation that its focus on customers becomes low and is termed as a product-centric business. Not only that, but they also follow lean management and are termed as Six Sigma lean programs. They manage the capacity well with the help from research campuses that help to identify the demand of each market in each season. However, the demand is uncertain therefore to manage this uncertainty change demand is followed in which demand is changed for each month.

### 3. PRODUCT ANALYSIS

#### 3.1 SWOT

Strength	Weakness
<ul style="list-style-type: none"> <li>Removes 99.97% of particles as small as 0.003um</li> <li>Have an intelligent sensing and automatic purification</li> <li>Real-time air quality monitoring</li> <li>360 air purification</li> <li>Quiet as a whisper</li> </ul>	<ul style="list-style-type: none"> <li>Expensive</li> <li>Only have one functions</li> <li>Cannot get rid the odor</li> <li>Cannot put any essential oil or disinfectant</li> </ul>
Opportunities	Threat
<ul style="list-style-type: none"> <li>High demand</li> <li>Different design from others brand</li> <li>Add new features in a product</li> </ul>	<ul style="list-style-type: none"> <li>Have a big competition with existence and new brand</li> <li>The similarity features between existence brand</li> <li>Healthy and environment concept are behind</li> </ul>

Table 3.1 SWOT analysis

##### 3.1.1 Strength

The strength of Philips Air Purifier 3000i has a certification from ECARF which is a certificate for allergy-friendly. This company gets this certification because their product can remove 99.97% of particles as small as 0.003um and also can remove up to 99.9% of viruses and aerosol from air. Here we can see that it has a better air quality that helps to prevent allergies, asthma, and respiratory issues. It also can be a safeguard air in our home because it has a smart air quality sensor that can continuously scan the indoor air 1000 times per second. This function can detect and remove indoor air pollutants include ultrafine particles, dust, pollen, gases, bacteria, and viruses. It also has a digital display to show the real-time indoor air quality level and we can control and monitor the air quality using the Clean Home+ App. It is also a fast and efficient air purifier because has 360-

degree airflow that enables fast purification in large spaces. Lastly, it can be set as sleep mode, display a dimmed light and the air purifier operates in near silence as low as 34db. So, it is also suitable for babies because it does not disturb their sleep. Not only that, the quiet as a whisper has been certificated by Quirt Mark.

### **3.1.2 Weakness**

The weakness for this product as we know are price. It is not an affordable price that all people can afford. The other weakness because this model cannot get rid of the odor and cannot put any essential oil and disinfectant inside the air purifier. It almost focuses on the purification function. So, people need to buy another model or product for that function.

### **3.1.3 Opportunities**

The opportunities that Philips company can grab are it is a high-demand product. During this pandemic, people will more care about how to improve their health. This air purifier is one of the important products that help to reduce the chances of health issues caused by indoor pollutants. Not only that, the Philips Air Purifier model is different from other brands. As we always saw, the air purifier comes with the cuboid model but the Philips model is the cylinder and the design is elegant. So, it is easier for people who want to decorate their room or house and at that same time can take care of their health. They also can grab the chance to put a new feature on their product. Which is not only focusing on purification but also humidifiers.

### **3.1.4 Threat**

The threat for Philips company needs to face is it will have a big competition with the well-known company which also has a product air purifier. For example, air purifiers from Xiaomi, Sharp, Dyson, and more. When many companies produce air purifiers, so the probability of the feature having similarities between the company is high. Therefore, it will have a big competition between this company to have a great model for air purifiers. Other threats are about the knowledge on the healthy and environmental

concepts. Some people do not understand how an air purifier can help to improve their health and environment.

## **4. FINDINGS AND DISCUSSION**

### **4.1 Findings**

Philips company has been produced one of the best air purifiers on the market which is Philips Air Purifier 3000i. It has got certification from ECARF which is a certificate for allergy-friendly and has a function to monitor the air quality using the Clean Home+ App.

#### **4.1.1 Problem 1: Air purifier does not have multi-function**

As we can see, this air purifier only focuses on the purification function. The air purifier is used to clean the air by removing or otherwise inactivating pollutants from the air. The basic components of air purifiers are a fan and filter surfaces. In most air purifiers, the air is passed through the model, pollutants are trapped or removed on a filter and clean air is emitted back into the room. So, these air purifiers do not add any moisture to the air. The air becomes drier and will give an impact on our health. If people want to use the function like humidifiers, they need to buy another model for that function. This will lead to the user more space for these two models.

#### **4.1.2 Problem 2: Cannot get rid the odor**

Another problem is it cannot get rid of the odor. Almost every house will face this problem, especially when the house has many people inside there. Every family has different habits when it comes to hygiene and domestic cleanliness, but the bad odors that you cannot see, to eradicate are not simply happenstance. They are the result of chemical compounds in the air, whose volatility makes them noticeable to your olfactory sense. According to CDC, these nasty smells are not only a nuisance but present tangible air pollution capable of causing adverse health effects.

## **4.2 Discussion**

### **4.2.1 Suggested solution for problem 1:**

Add another feature to the air purifier which is an air humidifier.

Air humidifier is also important because it can be improving the quality of life by effectively increasing the humidity indoors. There are many reasons why Philips company needs to combine this function such as can make people stay healthy. If the level of humidity is not high enough, it can put a strain on our whole immune system and make us ill. In addition, flu viruses can survive for a longer time in dry air than in rooms where there is an ideal indoor climate, thus it can increase the chances of falling ill.

### **4.2.2 Suggested solution for problem 2:**

Add a space where people can put any solutions such as essential oil or disinfectant. This will be a great air purifier if Philips company can add this space. It is because it can eject a scented mist into your space and help to mask any lingering odors. As we know, it would be hard-pressed to find a house without its unique smell, but many of these smells are undesirable and even embarrassing. Some of these smells are distinct especially pungent cooking smell, pet dander, and musty mold smells. So, this essential oil can help to remove this smell as it has many flavors that can be chosen.

## **5. RECOMMENDATIONS AND IMPROVEMENT**

Based on the SWOT analysis, the product of Philips which is an air purifier has many advantages and a few disadvantages. The major problems of their air purifiers are it does not have a function for humidification and cannot add any essential oil or disinfectant inside there. By that, Philips company should be able to create a new product which comes from innovation from their air purifiers which can solve the problem. If they are successful in producing this product, it would be a one-of-a-kind product in comparison to other companies.

One of the recommendations that can be suggested to settle down the problem is to upgrade the function of the air purifier. I would like to propose a new product name as smart air washer. The main objective of this product is to make sure people just need to buy a model

which has 2 in 1 function, instead of they need to purchase two models for two functions. So, when Philips can produce this produce people who usually buy these brands does not have to find other brands because Philips company also can produce a good quality air purifier. Since the air purifier that have been produced get many certifications, it will give more benefits to Philips company because it can increase people's confidence to buy their product. The other objective of this product is it can make sure people stay healthy. When people almost spend their time at home or in a room. They need a good quality of air, to ensure it a good quality of the air they need to balance the humidity also. So, this is a good solution to solve this problem.

## **6. CONCLUSION**

To conclude, an air purifier that has been produced by Philips is good enough but if they make some innovation on an air purifier, it will be great. It is because important for every house to have at least one air purifier. Yoda et al. (2020), has been proving that air purifier was able to lower the pollutant level in a single-person household. The innovation from a single function of air purifier to the smart air washer will help customers to save money. It is because they just need to spend on one model only. This improvement actually can increase customer satisfaction and indirectly this product can ensure Philips company can be one step further than other competitors and also can increase their sales.

## 7. REFERENCES

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## 8. APPENDICES



Figure 8.1 Add new function such as air humidity



Figure 8.2 Example of disinfection solution



Figure 8.3 Example of essential oil