

CASE ONE

Karaoke: Teaching the World to Sing

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Case Objectives

- To understand the concepts of needs and wants.
- To explore the basic marketing process for meeting needs and wants.

Case Synopsis

- Karaoke was created when Daisuke Inoue had requests by his guests for recordings of his performance for sing-along during corporate events. He placed his recorders in hotel rooms and restaurants and it became a popular entertainment in Japan.
- Roberto del Rosario created a karaoke system called “Minus One” and patented his invention. Today’s karaoke systems consist of a digital collection of songs and software to manage the karaoke system. Individuals can sing along tunes with the help of lyrics, both music and lyrics provided by the system.
- One form of karaoke entertainment is the karaoke box where a group of friends can book a private karaoke room and sing selected songs among themselves. Another form of karaoke entertainment is the karaoke pub, club or lounge where patrons in different tables request for songs and take turns to sing their requested songs.

Case Questions and Answers

Question 1

What needs and wants are fulfilled by karaoke singing? Can these needs and wants be satisfied with other products, services or activities?

- Needs are states of deprivation and tends to be general in nature. The physical need served by karaoke singing is the need for entertainment. The social need served by karaoke is the need to get together and feel belong. The self esteem need served by karaoke is the need to impress others and feel accepted and praised.

- The physical need for entertainment can be fulfilled by other products or services such as movies, television programs, reading, going to a theme park and dancing.
- The social need served by karaoke can also be fulfilled by other products and services such as having a meal together, going to a movie together, going shopping together and going for a holiday together.
- The self esteem need served by karaoke can also be fulfilled by other products and services such as achieving high scores in arcade games, achieving the ability to fly a plane or beating an opponent in a chess game.
- Wants are preferences for specific objects. They represent inclination to use specific products or services to meet needs.
- For entertainment needs, some people prefer to stay at home and watch television while others may prefer to dance in the dance floor or sing in a karaoke lounge.
- For social needs, some groups of friends may prefer to go on a holiday together, go diving together, or go shopping together. People who love singing may choose to book a karaoke room and sing together.
- For self esteem needs, some people may show good performance in a quiz show, beat all his friends in a golf game or achieve top of class in an educational program. People with good voices and natural ability to sing tend to like to sing in a karaoke lounge.

Question 2

What trends in the environmental forces (social, economic, technological, competitive and regulatory) identified in Figure 1-1 in the chapter work for and work against the karaoke business in your country?

- Politically, operators of karaoke lounges or rooms need to comply with local regulations such as fire safety, licensing requirements and sale of alcohol. Legally, these operators have to pay royalty payments for the songs included in their karaoke systems.
- Economically, economic outlook and performance in a country will affect the entertainment business in general and the karaoke lounge, pub or room business in particular, since this area of spending tends to be considered as discretionary by consumers.

- Socially, in some countries, people tend to sing along more. In some countries, karaoke tends to be more common for business events and business entertainment. Social trends will also affect the languages, types and genre of songs sung during karaoke sessions.
- Technological developments will affect the features in karaoke systems offered in karaoke lounges and rooms, both in the process of selecting songs and in the singing of selected songs.
- The competitive structure for the karaoke business can be different in different countries with more fragmented structure and more independent operator in some countries and more concentrated structure and more chain operators in other countries.

Question 3

What are the different segments of customers which you can identify for the karaoke business? How are the requirements and expectations of the different groups different? What kinds of karaoke activities and facilities best satisfy the different segments?

- One way to segment the market is by age. Younger customers may look for different genre of songs and they can only be sold food and non-alcoholic beverages. Older customers may look for songs of 60's and 70's and may want to be served alcoholic beverages.
- Another way to segment the market is by business and consumer market. The business market consists of marketing and salespeople bringing their customers to karaoke clubs or rooms for entertainment or business firms organizing corporate events or functions for employees which incorporate karaoke singing. Business customers tend to be less price sensitive as the company will be footing the bills. They tend to require the place to be well decorated and have good ambience and prestige factor especially if their customers are involved since it will affect their reputation. They may need more foreign songs such as Japanese ones when they entertain foreign customers. Business customers, when entertaining their customers, may need other services such as provision of hostesses. The consumer market tends to be more price sensitive and less concerned about decoration and ambience.

Question 4

What kind of focused communication and promotion actions might a KTV operation like Meoldy or Holiday to reach their target customers?

- For business customers, they can do direct mailings (physical ones and emails) to managers and secretaries, advertise in business magazines, and offer corporate account and credit facilities.

- For consumers, they can advertise in magazines targeted at various age groups, distribute flyers to mailboxes or at bus stops and subway stations, and give weekday specials.

Question 5

If you are a chain KTV operator like Cashbox in Taiwan seeking to enter overseas markets, (a) what are some criteria you would use to select country markets to enter, and (b) what three or four countries meet these criteria best and are the most likely candidate?

- Criteria for selecting country markets include income level and buying power, size and growth of population as a whole and subgroups, presence of competitors, infrastructure and real estate space for operation, and similarity of culture.
- Singapore and Hong Kong qualify for most of the criteria but have high competitive intensity.
- China appears to be quite attractive as income is growing and competitive intensity is still quite low. Another possible market in the longer run include Vietnam. The Chinese population within Malaysia (such as those in Kuala Lumpur) and Indonesia may also be targeted.