Marketing Plan:



MKT454W: Dr. Katrichis

Alissa Hoffman

***1. Executive Summary***

***1.1 Introduction***

Roku Inc. is a digital media company that currently has a centered focus on streaming media to the consumer. With a mission of being the TV streaming platform that connects the entire TV eco system and land in everyone’s home, Roku is centered in the consumer tech world to make the common streaming culture, so much easier. Roku focuses not only on the consumer but also business to business through advertisement space for companies to purchase. With multiple areas of focus, Roku must define goals more clearly, with a primary goal to focus on improvement on the Operating System, known as RokuOS. While creating value for the consumer to purchase a tangible device, and value for third-party businesses to advertise on the Roku platform, improving what already is will add to the success of Roku.

***1.2 Situation Overview***

 The current state of the world puts Roku is a state of transition, as the rest of the world is also experiencing. Roku’s operations and overall businesses focuses lack true definition and goals. Currently Roku is battling a few situations:

1. Competitive Market

ii. Economic and Global Environments

iii. External Technological Improvements

In order to solve these situations, it’s vital that Roku look at the current target market, competitors and environments.

***1.3 Goals***

 The goal for Roku currently is to increase overall net income with an understanding of the current economic and societal effects of the pandemic. It’s vital that Roku understand the potential decrease in overall usage hours from the consumer side, along with decrease of income because of the world desire to return to an in-person post-pandemic world. In addition to this, once this temporary baseline drops, Roku will look to an increase in user accounts, tangible devices purchased and an increase in collaborations with other companies.

***1.4 Action Overview***

 To battle the competitive market, it’s important that financial and company strategy become focused on one primary goal. After analysis, Roku would best benefit from strategizing the operating system. As sub-goals, it would also be beneficial for Roku to look at strategizing and improving the Hardware and also advertising space that they do so well currently.

***1.5 Conclusion***

 Roku must strategize and improve their already standing business practices and product line in order to compete with the current market environment. By setting a primary goal, it allows Roku to set forth strict efforts and be able to control and perform evaluations as need be. Roku must be creative, innovative and focused in order to stay afloat in the current environment of streaming.

***2. Strategic Analysis***

Currently, 80% of all American households have at least one “Internet-connected TV device” and 57% have some form of streaming service. This cultural and technological focus on streaming, subscriptions, and smart-tv’s speak greatly to the market and interest of Roku.

Roku’s core competencies and defined strategic success are due to the technological increases set forth by streaming services and enhanced further by the global COVID-19 pandemic. Within the company, there are strengths of the company divided into two sections- players and platform in which are reflected through both online retail presence and quarterly statements of operations. Roku’s overall success is backed by their advertisement efforts put forth through the platform strength. In the U.S alone there are 55.1 million active accounts as of early August 2021 and based on the U.S population of 328.2 million, Roku is serving approximately 16.78% of the United States Population. This opportunity to serve a variety of consumers is vital- but even more so for the strategic advertiser and brands that are choosing Roku for their advertising efforts. Roku currently holds a global/international presence and has a smaller overall market share when compared to the global presence of streaming. However, domestically within the United States, they hold about a 37% share on the streaming marketplace.

Roku is divided into several sections of actual products (tangible & intangible technology) that are offered to the consumer market:

**Roku Players/Accessories:** Roku players are the main product offered through a variety of different options and generations. Currently, there are 9 products specifically sold directly through Roku’s retail website, however, there are an additional 3 players that are exclusive through Walmart and Best Buy. These streaming players are in a wide price range of $29.99 to $179.99. Placing aside the retailer exclusives, it’s interesting to see that the Roku products are essentially segmented for various needs of the consumer. Roku also sells various products and accessories including audio accessories, remotes, headphones, and adaptors. However, these are included in their main product line.

**Roku TV:** This product is introduced as an operating system in which the technology and platform of the Roku streaming capabilities are combined into one. With streaming services featured alongside Roku such as Netflix, Hulu, Disney+, Apple TV, etc., it allowed the consumer to be served with great convenience. Within this and the application, Roku holds it’s own platform, recognized as the Roku Channel.

Currently, the market competition is made up of Google (Alphabet), Amazon, Apple, and others (Nvidia, Xperi, Cable Companies). Consumers are willing to be streaming-centered if it means fewer remotes, lower cost, and overall convenience. With the recent pandemic, there was a great surge in overall users of streaming services, streaming devices, and screen time. This was a great opportunity for Roku to connect consumers with advertisers and to connect to the potential consumer that was spending an excessive amount of time on devices as a result of the pandemic.

With the current state of streaming culture and an increase due to the pandemic, it’s apparent that financial performance has peaked for the company. However, the conducted operations for Roku have shed light on a few performance issues and will explain the overall profit margins showcased through the financial statements.

**Net Revenue:** Mirrored through the financial statements after the 2020 year, it’s mentioned that gross profit came from platform rather than a player with a shocking 43% compared to 2%. The company is following suit with an increased change in net revenue in comparison to past years. From 2019 to 2020, there was a 71% increase of $526,968 million in platform alone. This is attributed to the increased efforts of advertisement. Although there was a 32% in actual player revenue, it’s important to consider the economic, social and culture-based effects of the society during this time concerning the COVID-19 pandemic. Moving forward, it should be predictable of a slight drop in revenue in the coming post-pandemic months. This can be suggested based on various consumer behavior of other streaming services and stock trends of various other companies. Netflix, a company attributed with Roku, saw an 11% share price drop this past April due to the pandemic happenings and the pandemic surge coming to a close.

**Market Summary:** The market prices can be tracked recently, as we can see a high point of stock price at 468.67 USD as the highest peak dated to February 12, 2021. Tracing back to 2017, there has been a 1,090.69% increase. Although this proves both market growth and significant performance, it’s important to consider the increase, in which Roku accredits the pandemic push. Before the pandemic, the company was in fact on the rise and was seeing growth in terms of financial and brand awareness. Just from 2019 alone, there was a $649,467 million positive change.

The goal of the company is to seek financial growth with a % change of net revenue. However, their revenue is not being produced through their actual products, but instead, the platform advertisement, which explains the increased cost of revenue to connect with higher content licensing fees, programming fees, and credit card processing fees. The main performance gap of Roku seems to be the lack of financial success in regards to the actual tangible product line. Ideally, product line should be sufficient to withstand its own net income. It’s clear that the focus with Roku is centered on the advertisement efforts and this will not and cannot be a long-term action alone.

Mirrored through the financial statement of Roku, it’s apparent that the strength of the company is its focus on bringing the consumer to the brands. The company has a dedicated page just for those who are looking to advertise through Roku which showcases the benefits and strengths of Roku to be able to connect brands with those consumers that are traditionally not met or unable to be met. With the platform of OneView TM, there’s an amazing focus on OTT and campaign effectiveness for those looking to target potential consumer segments. This is tied with the efforts of the audience, ad experiences, content experiences, and outcomes, all with the advertiser in mind. Their strengths are even greater extended through partnerships of companies that help drive the idea of marketing advertising to a full potential such as Acxiom, Kroger, FOURSQUARE, Nielsen, HIS market, branch, Experian, adjust, IRI, and more.

A weakness presented would be circled back to the financial reliability strictly on the platform rather than the actual product. Although they can create a unique way to reach the consumer, consumers are increasingly pushing away from advertisements, paying additional fee’s just not to view advertisements. Advertisers and strategic marketers must now look to the brand and advertise in ways that aren’t presented IN the consumer's face. Another disadvantage due to the market size is the increasing competition of various other streaming platforms and integrations with technology. Roku continues to partner with companies such as TCL, Hisense, Philips, SANYO, element, JVC, and more. However, companies such as Google, Apple, Amazon, are in direct competition to also find partners and or create their technologies to out-perform Roku.

***2.2 Market Overview***

Roku’s current reach to the customer base is broad and can be divided into a few main sections. These sections reflect a general depth. As always there will be a few outliers and consumers that are reached that do not fall in the general, specified segment.

1. Influencers (12-17)
2. First Household (18-22)
3. Young Household (23-30)
4. Cord Cutters (31-55)
5. Adders (56-65)

More than that, there is the consumer that seeks technological improvement or even learning. This would include those consumers over the age of 65 that are seeking an easy device and cut back on the complicated nature of most smart TVs. There is brand recognition amongst a younger market as well. Children are becoming more and more adapt to technological advances and learned from a young age how to use these devices. Although it wouldn’t be beneficial for Roku to target a consumer this young, integrating their platform to appeal to children has also been an effort put out by the company. Through their ROKU channel platform, they introduced kids and family channels. This continues to address brand recognition into a consumer segment that may not be the most relevant but still addresses those needs. Based on the overall progression of Roku and their financial standing, it’s clear that relying strictly on their tangible devices will not provide much growth in the future, and so a portion of the customer base is other businesses.

***Collaborators:***

Roku stands with a wide variety of collaborators in different areas of business through both their tangible product line, selling, and overall business strategy. It’s vital to understand the breadth of collaborators that contribute to the overall success of the business. This includes all other businesses that are not just Roku and contribute to the existence of Roku. In addition to the overall business collaboration, the Roku customer is also a collaborator. As Roku’s vision is to be in every home, when a consumer purchases into the company, they are aiding that goal, collaborating with them to expand their vision.

           **Nielsen:** “Audience is Everything” to Nielsen. This data insights company partnered with Roku in 2021 to integrate the Advanced Video Advertising division of viewership tracking. This decision is so vital to Roku’s success as most of their intake revenue is based on advertisement. This large acquisition speaks to the fact that Roku itself is not a Roku device company, but instead an advertising platform.

           **Streaming Services:**Streaming services are not direct collaborators with Roku, but instead a customer to Roku for the consumer. However, the fee paid by these companies such as Disney+, Netflix, Hulu, etc. is looked at as a collaborator or partner in the consumer's eyes. This plays into the business success of Roku as these 3rd party companies are essentially a consumer to Roku’s platform to increase their brand recognition. Roku has integrated these streaming service companies for a cost of $1 per customer on quick-launch buttons on tangible items. To rent space on the homepage of Roku, it was estimated at a mere $1 million. Roku is not falling short on interest from these companies because of the space that Roku takes up nationally.

**Retail Stores:**Roku’s collaboration with retails stores comes as an expansion to their online store. These stores include Amazon, BestBuy, Costco, Target, Walmart, and more. However, Roku partners specifically with retail stores to put out specific deals and savings when shopping at these stores. Black Friday for example is an amazing opportunity for Roku to show its brand in these retail stores. Not only are these stores then distributors for the tangible items but also advertisers.

           **JBL AND TCL (Partnership):**JBL and TCL are two companies that have partnered with Roku regarding product line expansion. JBL partnered with Roku for a limited time to include earphones with their remotes so audio can be outputted via headphones. TCL has also partnered with Roku for the creation of ROKU TV, a smart TV with RokuOS integrated within the device. This idea that a smartTV can integrate RokuOS is important to the actual success of the physical product success of Roku. This strategic partnership should be used as a model of what Roku can do in the future.

***Competitors:***

**Amazon (Fire Stick):** Amazon is one of the main competitors of Roku, based strictly on the efforts made by the platform. Amazon itself is much broader and appeals to a wider amount of consumers because of the variety of services that they offer. Amazon itself is broadening itself into a household name, and with this comes FireTV (platform) and Fire Stick (device). Amazon is also targeting businesses as a consumer through the platform as renting space for advertising. Their technology sets them apart within the industry, and with a total company net income of $7.8 Billion in the second quarter of 2021, it’s clear that the Fire Stick and platform is a big-name competitor.

**Google (Chromecast):** Google is another big-name competitor for Roku to be up against. Not only is their operating system integrated within a device, mirroring its competitors, but are looking to work with TV providers globally and Cable-Box manufacturers (ABC,2021) in the coming months. Both Google and Amazon have an ecosystem and are beginning to integrate more and more technology within the various devices. With a net income for the fourth quarter of 2020 OF 15.2 billion for Alphabet as a whole, it’s clear that their financial success is no issue. Alphabet is a leader in the advertisement space and is yet another business that deals with a lot of business-to-business integration with ad space. Through platforms like YouTube and Google, this company has to advertise down to algorithms and artificial intelligence.

Apple (Apple TV): Apple is a tech giant that has also entered the space of streaming devices with Apple TV. This higher-priced item combines the classic Apple operating system and interface that is integrated with the ecosystem as a whole to appeal to those who enjoy the same look and feel. Apple has also become a common name in the tech world for the common consumer regardless of the higher price tag. Brand Loyalty is a big competitor and consideration for Roku since there are so many Apple users, to begin with.

**Other Systems:**Although AppleTv, Chromecast, and Fire Stick are the main relevant competitors, there are still other devices that make up the space of streaming sticks and devices. Shield TV and TIVO are two additional devices in the market that are direct competitors with Roku. Shield TV is an android based player that integrates streaming and affordability all in one. TIVO is another competitor of a simple plug-in streaming stick and box.

**Streaming Services:**All current streaming services are facing Roku for their platform known as the Roku Channel. This free streaming service is only available through Roku devices and includes original content, movies, and TV shows. Although a great service for free, this channel is facing competition from streaming services like Amazon, Hulu, Netflix, Paramount+, and more.

**Gaming Consoles:** The streaming opportunities within a gaming console such as PlayStation or Xbox can be seen as a direct competitor to the ROKU devices because they can access the same platforms as a Roku. If a gamer wants to cut down on the number of devices used and it’s all capable in one box, the use for yet another device falls short. With a culture of gaming on the rise and 4 out of 5 American Households owning a device to play video games, it’s no surprise that Roku also needs to battle the well-known XBOX and PlayStation.

**TV Advertisement/Social Media Platforms:**Looking at more of the advertising side of Roku, they are also battling those platforms that allow businesses to advertise. Platforms like Twitter, Instagram, and Facebook are targeting a broader generation that’s technologically tuned. If a streaming platform such as Netflix or Hulu can target those types of consumers for a lesser price (than $1 million) with more information on individual customers, Roku must strategically work on the ad space, even though there is financial success currently.

***Macro Environment:***

1. **Economic:**A big factor in the increase of overall streaming deals greatly with the COVID-19 Pandemic and the stay-at-home culture that was adapted over the last year. World Wide, streaming surpassed one billion subscriptions as an effect of the global pandemic (WSJ, 2021). This speaks to the increase in technology overall and can also speak to the increase in sales AND advertising that Roku was able to experience. Most businesses cannot thrive when the consumer is stuck inside, but if their already existing market was in the homes of the consumer, this is an easy adaptation. The company saw an overall surge in users and purchases of the tangible item, and a 50% increase in overall streaming through the device (Forbes, 2020). It comes as no surprise that with the consumer interest in technology and overall screen time that the company would essentially be flourishing in a time of intense economic fluctuation. However, because of the slow return to a post-pandemic world, these types of companies will see some form of decrease. As the average consumer returns to work and the economy begins overall recovery, the move away from the screen is going to result in less streaming and device time.
2. **Technological:** The technological environment of devices and electronics is seeing fast and rapid growth when compared to the last 20 years. The actual manufacturing of this technology which is housed by a single chip is seeing current delays as an impact of the pandemic. This global “chip shortage” and the supply chain is causing a direct setback in potential sales and manufacturing of all electronics, Roku included (NextTV, 2021). The industry itself will be affected greatly and Roku is strategically planning with the shortage. Roku’s realistic outlook on this technological (and economic) setback has been communicated to investors and can provide some warning.
3. **Social/Cultural:**Streaming culture has increased over the last decade and has only increased due to the pandemic. The United States has more streaming subscriptions than people, and this is only expected to increase (Media Post, 2021). As more streaming services come to the market, the consumer continues to find interest in streaming subscription services and a “cutting the cord” mindset becomes adapted. A drop from 2015 from 76% to 56% of Americans that receive cable or satellite TV, showcases the cultural shift and consumer interest in streaming as a whole.
4. **Regulator:**Regarding specific U.S Regulatory efforts, there are several that apply specifically to the streaming industry that can have a direct effect on Roku.
	1. **Net Neutrality:**Put into effect by the U.S Federal Communications Commission, net neutrality is an effort for internet service providers to treat all online content equally. This means that certain speeds and tolling through internet speeds cannot be adjusted based on the favoritism of certain services. At the core of this (Reuters, 2017), is Roku which worked with the FCC to put this effort into place after Comcast blocked both HBOGo and Showtime to create more traffic and prioritize the cable giant’s services. As of 2018, net neutrality was repealed, allowing internet service providers to decide what is shown to the consumer. Net neutrality as a whole continues to be of great political debate although repealed three years ago and has seen many filings from states and businesses (NSCL, 2020).
	2. **HDCP Technology:**High-bandwidth Digital Content Protection is used to protect any content from being recorded, screenshotted, or showcased through another screen or external monitor like an HDMI connection. This integration helps with piracy laws and data interception. Roku currently integrates this technology within its systems to battle this issue.
	3. **Protecting Lawful Streaming Act of 2020:**As another regulation for streaming in efforts to battle copyrighting, this act increases criminal penalties for illegal streaming. Considered a simple misdemeanor before the act, the act now addresses unlawful reproduction and distribution on a large scale (USPTO,2020).
5. **Ecological/Physical:**Global challenge and physical environmental efforts that are being battled with overall technology usage, with power and production at the core of issues that Roku should and does address. Addressing recycling efforts in efforts to cut down on waste in landfills can be solved through rechargeable batteries, which Roku was able to integrate (TC,2021). Power saving (Roku named “Eco Mode”) is another effort created to delve into an environmental issue of energy saving for overall efficiency and time. In regarding the physical environment, Corporate Social Responsibility and addressing ethical practices is also needed to be addressed based on the current nature of society.

***2.3 Target Market***

Roku’s target market is currently not clearly defined because of its broad service that can appeal to a wide variety of consumers. The simplicity of their physical design appeals to both a young and older audience because they are market the actual devices and technology as easy to use. The technological benefits provided by both the actual platform and the device sets an interest with a mid-generation that relies heavily on technology and streaming services, to begin with. To definite the target market on behalf of Roku would be a broad age range of 18-60, however, most consumers that would be targeted would be the 31-55 range. Not only is this consumer buying it for their personal use, but for others (children, families, gifts, etc.). This directly focuses on the consumer who may be a single household or maybe the traditional average U.S family of 4. If Roku desires success across the board, approaching the needs of the consumer 18-60 will be most beneficial.

A portion of the target market is businesses. Roku is an apartment building. They are housing the rooms (space on the platform) and every space can be purchased, rented, and sold. As showcased through the financial analysis the overall success of Roku comes from the advertising space that is available to others. Roku needs to target these companies with advertising opportunities to see continued success within the platform field. Not only are their overall collaboration efforts with businesses (retail stores) allowing the actual sale of the physical product to the consumer, but Roku is also able to extend those efforts into something greater. Business to business efforts is where Roku will be able to strategically compete.

**3. Goal**

The central goal is to increase overall net income with an understanding of the current economic and societal effects of the pandemic. Roku must aim to increase revenue by an overall 30% increase from the previous year. This would conclude a total net income of the closing year at 2,311,904 million. In comparison to the 2019 to 2020 change of 58%, this goal seems minor and underserved, however, it’s important to be understanding of external factors that may subsequently affect the overall vision and idea of both the device and the company, this goal should be set for the annual year (4th quarter) and should be re-evaluated at the 2nd quarter to be aware of potential over or under performance. To do this successfully market objectives must be aligned with the financial efforts:

           ***Customer Objective:*** 55.1 million active accounts are currently being processed as the live consumer base for Roku. It’s important that the focus to see that statistic grow over the next 4 quarters to gather more information, create a larger consumer base, and be able to reach more Americans (speaking strictly domestically within the US). Quantitatively, active accounts should reach 59.5 million, an 8% increase over an annual length of time, with the option to look towards a 2% increase every quarter for stability and consistency.

           ***Collaborator Objectives:*** Streamlining from the various collaborators that Roku is currently involved with now, companies such as Samsung, LG, and Sony are creators and technologically successful companies. Any opportunity to partner and collaborate would provide both brand awareness for Roku but also financial benefits. This may prove to be difficult due to the already set operations system and the psychographic/demographic difference of segmented target markets. In addition to this, collaboration with 50-100 influencers may create brand awareness and media presence for the company. The shows that are chosen to be placed into the catalog on either Roku TV or even the other various streaming services, may provide insight on famed figures to collaborate with.

***Company Objectives:*** Providing an industry-leading platform for consumers and advertisers with a large focus on the future success of streaming behaviors. A streamlined platform for all ecosystems and households across American is the main objective to be planned towards.

           ***Competitive Objectives:*** Further efforts for advertising and connecting the advertisers with the consumer with the personal brands' platform will differentiate Roku from other competitors. Companies such as Alphabet are focusing on their technological advances such as Cloud, services, and other applications, and Amazon is focused on retail expansion and business efforts. Roku has an advantage because the focus can be put directly onto the product line and target segments with the continued focus of advertisement through the platform division.

**4. Strategy**

Roku needs to begin to form a primary focus to organize the company’s future success. The current strategy involves too many wide goals and holds a lack of defined goals which has presented itself in a way that spreads the company thin. To begin this process, criteria must be a source of measurement to focus on what needs to be prioritized (See Appendix 1.0). These criteria include industry experience, relation to the mission statement, cost, sustainable competitive advantage, long term-revenue, short-term revenue, resources, and then a sum of scores anchored 1-10. Once conducted, the main foci include Operating System, Hardware and Advertisements, with the primary focus being Operating System.

By defining primary goals for the company, it will allow there to be an expansion of target markets and collaborators all based on OS improvement and increased user adoption.

***4.0.1 Operating System***

**Customers & Collaborators:**The customer base regarding the operating system has an overlap with collaborators because of advertisers (3rd party businesses) and distributors. In this case, even agencies that Roku continues to work with to create the operating system and conduct research on what is needed and what consumers like would be considered a collaborator. This should be expanded as the operating system continues to increase and is also built out. Any device, TV, or potential mobile device that the Roku OS can run on, runs through the collaborative space. It would be a long-term goal that Roku can be partnered with companies like Apple and Samsung to have a built-in app on all phones/tablets, however, is currently difficult to battle since companies like Apple are in direct competition with Roku.

**Company:**Because the operating system needs to be recognized as the primary focus, the company must continue to improve the technology concerning its competitors. Because technology will continue to improve over the years through tech upgrades and an overall change in consumer wants, Roku must keep up with this. In addition to this, to battle the current market, Roku needs to move into mobile device integration. This means creating a platform where Roku isn’t just on TV but can be brought with the consumer on phones, tablets, and laptops. According to Nielsen data, 30 million consumers are watching content on their mobile phones. This opens the market to so many more consumers in addition to a younger demographic. Consistency and conveniences are so vital to the consumer experience as humans by nature are satisfied by instant gratification. Roku already solves that issue because it cuts the time down for a consumer to have to go through 4/5 different streaming apps. It’s important to recognize as well, that Roku’s advertisement focus can also be expanded through mobile app integration because advertisers will be able to reach that 30M consumer base. This indirectly affects the two marginal goals for the company, hardware, and advertisements.

Roku needs to consider the psychological aspects of app creation to the consumer, for them to return as a loyal user of the mobile app. As mobile phones and devices become more and more prominent in our culture, there is an addictive aspect of these apps, and if Roku can integrate these tricks, it will create a user experience that is enjoyable and addictive. Playing on the fear of missing out (FOMO) phenomenon, integrating collaboration, leaving a positive impact but creating a weak positive emotional response with constant change is so important. All these variables including advertisers are all within consideration for Roku. If Roku can build a media source that connects streaming services with the consumer's social world, while doing what a classic Roku Stick already does, their success will grow.

**Context:**Possible issues that face with Roku when discussing improvements made to the operating system could be directly related to the issues of hardware and chip shortages that are happening globally. If this continues to be an issue, the actual OS rollout with hardware can be delayed and can cause actual distribution issues. Roku will continue to be the center of the net neutrality issue as well. As political and corporate debates continue, it’s difficult to say what the net neutrality laws will become, but as a digital media company with streaming service integration, it’s no question that Roku will continue to be at the center of this debate. It’s also important to understand the potential reactions from the competitors that are currently in the market.

***4.0.2 Hardware***

**Customers & Collaborators:**Collaborators will need to be increased for the hardware itself to do well. This includes those retail stores and spaces that place the tangible item in front of the consumer for purchase. These collaborators are so vital to the sales of the actual items. Retail stores will continue to play a role in the actual distribution efforts of the tangible items of Roku. By running promotions and continuation of displays, it helps support the sales of Roku’s tangible devices. By continuing collaboration with these stores, it allows Roku to track data, understand consumer behavior and continue to forecast sales and success of promotions as the sales seasons undergo fluctuations. 3rd party businesses are a broad term to be able to fit both streaming services that pay into Roku but also contribute to Roku’s success and other businesses that can assist in overall success, such as Nielsen. Distribution centers of the actual items and companies that support hardware improvements are so vital. Customers' target markets can continue to increase as long as Roku continues to show a sustainable competitive advantage over their competitors.

**Company:**Physical Hardware of Roku needs to continue to challenge the market. This may mean the physical design of their products, to differentiate them from their competitors. This could include a change in design, something small than the current device or even creating hardware that could target a younger generation. Many consumers are aware of the consumer desire for technology even at an early age. In 2017, it was found that 80% of children have access to a tablet and are using it for entertainment purposes. If this is only increasing, Roku can take advance of this and create hardware that targets that market. There already is a market for tablets, and they already have a minor focus on the younger generation through their kids’ channel that they continue to push, creating a RoKids Tablet that fulfills all those needs and begins to open the target market may find success. Roku itself can work with streaming services like Netflix and Hulu to create a kids-only platform on a tablet. These streaming services already have kid-friendly “profiles” that restrict R-rated and NR content. It’s scientifically proven that when technology is used properly, “it can increase social and cognitive skills..”.

It’s important to note that if Roku moves into the mobile app device market, the hardware then would be pre-existing within the consumer's world. There would be no need for physical tangible items as they would be integrated strictly through the OS. This continues to showcase benefits for Roku because it would be financially smart as it would save on cost.

**Context:**The global chip shortage will continue to be a problem for physical hardware for Roku. In addition to this, it’s important to recognize the economic recovery for Roku in a post-pandemic world. Although they saw a huge increase in sales and overall account creation, the average consumer is now returning to work and has less downtime. There’s a desire to be back in person in both education and career. Therefore, the overall screen time for the average consumer will drop. Roku needs to work with this and begin to differentiate itself from the market to increase consumer desire and interest.

***4.0.3 Advertisements***

**Customers & Collaborators:**Businesses are the main collaborators in this space, but they are also the customer. This focus is multi-faceted because of the shared duality. Roku must be able to advertise the company, have spaces for businesses TO advertise, and sell both to the consumer AND to 3rd party businesses. This should be expected to expand tremendously asRokupartners with more and more companies. With the consistent focus of mobile device integration, the customer base will only continue to expand and in turn, increase the visibility of advertisements with direct relation to CPM.

**Company:**Roku’s strong focus on advertisements currently is very strong but can be improved by increased outreach to more businesses. Their ability to rent space can be expanded if they chose to go into a mobile device platform.

Actual advertisements for Roku can be separated into two different media outlets, social media, and TV. Both are great spaces for Roku to air ads, and to act in a creative way that will catch the consumer's eyes. It’s up to Roku’s creative team to work uniquely and “trendy” way especially when dealing with streaming services.

**Context:**The advertisement space for businesses and the efforts that Roku places into ads is what is currently keeping the company afloat. Ad space and collaboration are little to no cost for Roku, and instead of a very profitable area for the company. They need to be aware of the potential competitor markets such as Apple or Amazon that have the ability also rent spaces and take up a larger portion of the market.

**4.2 Value Proposition**

           Customer, Company, and Content Value Proposition will not see any changes, because of the efforts and recommendations that are to be implemented.

**5. Tactics**

***5.0.1 Operating System Tactics***

Tactics to support the OS goal would surround both incentives, communications, distribution, and brand. The brand recognition of Roku must be integrated through the OS to boost consumer awareness and overall downloads. When creating mobile applications, the communication about the app must be integrated well throughout social media and on mobile devices. Because the application and integration of OS would be on mobile devices, advertising on these devices will make downloads easy and quick. Communicating frequently with those who are assisting in the updates and creation of RokuOs and the consumer is also vital.

It’s also important that working with TV manufactures to integrate the operating system continues to occur. Having the Roku Operating System in as many TVs and households are simply fulfilling the mission and vision of Roku.

***5.0.2 Hardware Tactics***

           Tactics for hardware require strategic pricing, service, and distribution efforts. Because Roku prides itself on being affordable for the consumer, keeping the actual hardware and tangible item below market to compete with the various competitors should be continued. Service is important for that target market that may need additional assistance in setting up the Roku or working the device. Although simple for most, having help that is accessible to all is important.

***5.0.3 Advertisements Tactics***

Incentive tactics are vital within the advertisement space. This may include collaboration with streaming services for free trials- or some type of promotional tool towards the consumer. A tactic that Roku is already integrating has to do with the promotional incentives with retail stores. Things that are limited time and or special edition for the consumer provides a sense of urgency and create a need for the consumer to purchase. For the business to business advertising space, creating offers for those businesses to take up a percentage of space for x amount of time, maybe creating deals with the amount of advertising space as well. For the actual pricing of advertisements business to business, it would be beneficial for them to stay right below market price to hold the idea of affordability of the Roku brand. By keeping Roku affordable not just for the consumer, but for also those wishing to advertise it keeps a sense of consistency.

**6. Implementation**

***6.1 Resource Development***

 Current resources are fulfilled overseas in China. Essential Resources can be fulfilled by previously used factories in order to cut down on costs. It’s important to note that the potential context of global chip shortages may become of issue for Roku when dealing with the tangible build of these products. Development of ideas and progression of ideas for the company will be resourced by an additional creative team and efforts of additive employment within the company. Roku should not have an issue regarding development of ideas and of tangible products as they are presently doing so.

***6.2 Offering Development***

 Offering development will be an integration of current efforts along with new. These efforts will combine product strategy and placement, promotion and design. This development will need to be applied to the recommendations by section, as different recommendations will need to see different market offerings:

1. Operating System
2. Hardware
3. Advertisements

These three base recommendations and improvements will need to be analyzed through offering development in order to understand if it’s worth it for the company to continue with production and execution of ideas.

***6.3 Commercial Deployment***

 As a set plan for Roku, it would be smart to launch improvements and proposed ideas with the following schedule. Maximized time while also being able to test and stay relevant within the market is vital:

 Improvements to the OS System: 2024

 Mobile Application Platform: 2024

 RoKids Tablet/Children’s Entertainment Integration: 2025

 Advertisment Space/Continued Work: 2022

**7. Control**

***7.1 Performance Evaluation***

Performance both in company efforts, CSR, and financial standings all need to be evaluated consistently in order seek improvements. This would include:

1. Company Culture
	1. How many employees are there?
	2. Rating of overall employee satisfaction
	3. Areas of improvement within the workplace
	4. Performance of time adherence
	5. How many teams and employees were added since last data collection/
2. CSR/ESG Efforts
	1. What sustainability efforts are in place?
3. Financial/Platform Performance
	1. How many Roku Users are there currently?
	2. How many devices were sold?
	3. How many new advertisers (B2B)?
	4. Penetration Rate (How many Roku users during the past 12 months?)
	5. Utilization Rate (How many devices used within one household during each year?)
	6. How many crashes/outages reported within the last year?
	7. Market Share & Market Share Price (change in %)
	8. Feedback on platform
	9. ***Environmental Analysis***

 As Roku continues to be affected by economic and global trends, it’s important to continue to analyze trends, culture and the environment as a whole. This analysis can be adjusted through the following questions:

* Changes in consumer preference and attitudes regarding company and streaming as a whole
* Tech Market Changes & Additions
* Consumer Value and computed CLV(customer lifetime value) changes
* Changes in Internal and External Manufacturing
* Changing in regulatory, economic and sociocultural environments

Appendix

Appendix 1.0

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Experience | Mission | Cost | SCA | LT Rev | St Rev | Resources | Total |
| Adv. | 8 | 3 | 9 | 6 | 8 | 10 | 10 | 54 |
| Hardware | 10 | 10 | 7 | 9 | 9 | 9 | 6 | 60 |
| O.S | 9 | 10 | 10 | 10 | 10 | 7 | 8 | 64 |

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