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Strategic Marketing of Telecom Leaders in the World

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D e c l a r a t i o n

I declare that my diploma thesis with the title “Strategic Marketing of Telecom Leaders in the World” was written individually by myself.

Used literature and other sources are attached
in the list of literature and other sources.

In Prague, on 16th July 2010

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Signature

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Introduction

My diploma thesis called “Strategic marketing of telecom leaders in the world” intends to shed a light on a very interesting topic of strategic marketing. In nowadays turbulent and sophisticated world, there is no place for weak players and thus, a strategy plays a dominant role in all companies doing business in various economic areas. Strategy penetrates all business functions and therefore, there is no wonder that marketing does not stay apart.

I have decided to write my diploma thesis on this topic because marketing belongs to one of my main not only academic focuses. Also, I have been working for almost 3 years in the telecommunication business and that is why I have chosen such a practical application of strategic marketing for my diploma thesis. The telecommunication market is very interesting, very special and very technologically based. These factors open quite wide space for strategies of all kinds.

Moreover, having such a strategic topic, it is possible or even necessary to use “Out of the box thinking” and try to devise something much better than the others which is very exciting. Furthermore, technology aspect offers “the luxury” to become a visionary and to forecast a future development of the whole business segment.

In the beginning of this work, I will devote my time to the theory of marketing and strategic marketing including all the strategic and management aspects which are no doubt connected with the topic of strategic marketing. However, I do not intend to cover all the aspects which are usually covered in many strategic marketing books. I will, from the bigger part, suppress my reflections about a marketing mix in general because I believe that the strategic marketing is more about new trends, concepts, various novelties, strategies, proper strategic analysis and planning based on which it is quite clear how such strategic marketing mix should look like. On the other hand, I will definitely come back to the marketing mix in a few cases when my focus will concern with some “P”.

In the second part, I will investigate all new trends, tools, channels, methods and similar elements which can be used in the strategic marketing. This part will certainly include new marketing channels such as various social networks (Facebook, Twitter, etc.),

new/modern communication channels (like Skype, MSN) and modern/revolutionary ways of doing the marketing.

Later, in the more practical part of this diploma thesis which will be focused on a telecommunication market, I will make analysis of the world telecommunication market and identify key leaders in this field. Also, I will reflect on their strategic marketing activities and make their comparison. This comparison should indicate which company is the leader on the field of the strategic marketing, what the best practise in the strategic marketing is and what the nearest future goals for improvements are.

Consequently, I would like to double-check whether these strategic marketing practises of studied telecommunication companies make actually sense. I will conduct my own investigation/market research which will be focused mainly on the telecommunication value for the customers, new famous channels such as social networks etc. and the strategic marketing in general. This way, I would like to verify whether analyzed telecommunication leaders go the right way.

At the end of this work, I will try to look on the future of the strategic marketing. I will try to forecast some future trends and ways where the strategic marketing and marketing in general could lead. The forecast of internet, telecommunications and other similar key elements and sectors will not be omitted, indeed.

One of the goals of this diploma thesis is to write the comprehensive work about the strategic marketing which will be focused on the telecommunication market. Another one is to identify the key trends which will drive companies into a sustainable development and ensure them a possible competitive advantage against the rivals. Also, I would like to suggest which new prospective marketing channels should be utilized so that companies would stay modern and close to the customers. To predict a future development of the strategic marketing as a whole is the next goal of this thesis.

My literature sources will be exclusively the quality marketing and management literature from the library located at University of Economics, Prague. Moreover, I will make use of various proven internet sources focused on marketing and technology issues. I will also rely on interviews and discussions with experts from particular fields (telecommunications, mobile & internet marketing etc.) and my own market research.

1. Evolution of business concepts to Strategic Marketing

Business activities went through a long evolution. From the beginning, there could not be any word about marketing. Let us briefly look at this evolution to see the changes in thinking of people, customers and business leaders. These insights can help us to understand the crucial points of the (strategic) marketing.

Firstly, we could notice a **production concept**. Since the consumers asked for simple and cheap products and there was an excess demand over a supply, a basic idea of this concept was to produce these goods in the most efficient way. The focus of this concept was thus on the cost minimization. Best-known examples of companies which used and brought this concept to the perfection are Ford (Henry Ford) and Baťa (Tomáš Baťa).

Secondly, the production concept was succeeded by a **product concept**. In this case, customers demanded higher quality, more innovative and modern products.

Thirdly, when the supply outweighed the demand, a **sales concept** was introduced. In this stage, there were many suppliers and substitutes and therefore, companies had to try to sell as much of their production as possible at the expense of the competitors. This concept is sometimes mixed up with a marketing concept which is absolutely incorrect because the sales concept tries to sell what was already produced which is not the case of the marketing concept.

Fourthly, a **marketing concept**, as it was already indirectly indicated, tries to discover wishes and desires of customers and consequently, to produce it better, faster and cheaper than the competitors.

Lately, many modifications of the marketing concept were emerging. Each of them wants to satisfy slightly different wishes and desires of people which follow current trends or various goals of companies. The concept of Social marketing dealing with CSR related issues, the socio-ecological concept dealing with environmental issues, the socio-ethical concepts dealing with more ethical issues and others can be good examples of those new trends.¹

¹ [1], pages 14-18 and [15], pages 34-44

2. Strategic Marketing

These **newest concepts** can be considered to be a part of the current strategic marketing. Being strategic, it means among others to follow current trends, desires and wishes of customers. Under the strategic marketing, companies together with customers create new values (sometimes, they even create them by themselves since customers do not know what is even possible – example of the majority of companies dealing with new technologies). Under the old concepts, companies created some value themselves and then just distributed it.²

Another very important aspect of the strategic marketing is a **future orientation and sustainability**. Companies cannot stagnate; they have to be dynamic, plan and predict the future, constantly search for new opportunities, but also watch prospective threats. Therefore, there is no doubt that the strategic marketing is well connected with a strategic marketing planning which will be elaborated in more detail in the next parts of this work. Horáková connects the strategic marketing with the search for a competitive advantage which is a source of the long-term sustainable and strong development.³

Customer Relationship Management (CRM) is another important aspect of the strategic marketing. Since we agreed on the fact that customers and their wishes are the centre of the strategic marketing, CRM represents a tool which simplifies the customer analysis for the company and which can encourage and upgrade the relationships with customers. The purpose is to gather key information about customers (their behaviour, decision-making and purchase process etc.) and to establish a loyalty of the customers and a long-term mutual “cooperation”. Having such a long-run relationship, companies can gain even more insights regarding their preferences, behaviours, wishes and so on.

Pursuing CRM, companies try to be in touch with customers as much as possible for example by sending them new information and offers via email or inviting them to some special events, competitions or sending them best wishes with some bonus or small gifts when they have birthday and many more. If the company can say that it lives with their customers, it knows exactly what customers want and what they have in their minds, then, company practiced CRM successfully.

² [1], page 45

³ [2], page 11-15

It is also important for companies to at least estimate **value of the (new) customer**. This information gives them a clue how much to invest in such a particular customer in terms of the money and effort spent on activities such as CRM and the others. It is more than clear that for example telecommunication companies take care of business clientele significantly more than of private users. At the end of the day, such relationships have to be mutually beneficial because if it was not true, companies would not do it.

As Kotler in his book contends, **value selection** (segmentation, targeting and positioning) is also very significant strategic marketing function.⁴ As it was already said, company cannot focus on all customers simultaneously. It is almost impossible if some company tries it with uncustomized, unified product or service or just one marketing concept (of course excluding rare exceptions like The Coca-Cola Company and some others). Therefore, marketers have to categorize their customers into as homogenous groups/segments as possible and do necessary changes and adjustments to the offered value to meet specific needs of each particular segment. Again, a company is not able to satisfy everybody and thus, another strategic decision has to be taken. This decision should strategically select the most profitable segments which should be taken care of (targeting). At the end of this process, the company must successfully position its product(s), brand(s); easily the whole offered added value to those selected and at the same time the most profitable segments.⁵

However, strategic marketing is not only about customers. Such a strong market orientation requires great relationships with all other **stakeholders** like own employees, suppliers, legal entities, community etc. It is a lot about the ethics in a continuously changing business environment. Having such a turbulent environment, the company pursuing the strategic marketing should have all the stakeholders on own side to be able to be really successful.

In my opinion, a further key aspect of the strategic marketing is **the never ending development and the search for new marketing concepts, techniques and channels**. For example, there are many new places (both virtual and real) where the people like to spend their time (money) and therefore, companies have to find some ways how to get

⁴ [15], pages 255-277

⁵ [3], page 190-222

closer to them. Since I believe that this part of strategic marketing very important is, I will devote to it whole solid chapter of this diploma thesis later.

2.1. Strategic Management

As it was previously implied, the strategic marketing is well connected with the strategic management. The strategic marketing provides the key information to the management for a final decision-making which makes the strategic marketing very influential. It is no doubt that this important position of the strategic marketing is justifiable because the marketing is in touch with customers and knows what customers want. Thus, the strategic marketing stays in the centre of the strategic management and naturally, each top management is partly responsible for it since all strategic functions are in its competence. However, all levels of the management and other employees should be a part of this entire process.

Generally speaking, to be or to think strategically means to look and think “out of the box”. It is necessary to take into account all possibilities, variables and on that basis to make proper decision. Moreover, it is necessary to be very flexible, have some backup solutions and be ready to react and change quickly whatever is needed.

Good strategic management will every time need classical consequence of following activities: **analysis – planning – organization/coordination/implementation – control**. These activities will be described in more detail later. This whole process however starts with well defined vision, mission, goals, strategies and tactics. Generally speaking, the **vision** of the company should be its future picture. Based on the corporate values and philosophy, each company should set own vision in order to have some future orientation. It should not be only a vague sentence, but it should unify and motivate all people/employees who should consequently work in the way that this vision comes true in the future.⁶

The **mission** of the company is slightly different from the vision, even though many people consider them equal. The mission is some kind of justification of the company's existence. It should explain the sense and the purpose of the company's business and

⁶ [16]

declare the long-term values of the company and the norms of behaviour.⁷ Goals and strategies of companies will be described later in more detail.

2.2. Strategic Marketing Planning

If we speak about a strategy, any strategy cannot function well without being properly planned because the strategy is intended consequence of steps which is thoroughly planned in advance and matched with the most probable steps of the competition to reach desired goals. Many companies speak about a marketing planning as being the central role of the strategic marketing and I can just agree with this statement because brilliant strategies cannot be done randomly.

The strategic planning has to be understood as a dynamic tool because we are living in an ever changing environment. In the past, the Communists parties undervalued this fact and created long-term plans which did not change and were not regularly adjusted which was the big mistake. Since our environment is so colourful and inscrutable, the marketing strategic planning is one of the hardest tasks within the marketing.

Of course, we are able to break down the strategic planning according to a few factors. The most common factor is usually “the time”. Based on the time, we can speak about:

- Short-term marketing strategic planning
- Medium-term marketing strategic planning
- Long-term marketing strategic planning

The other one, as e.g. Jakubíková in her book about the Strategic Marketing shows, can be based on “the style of planning”⁸:

- Top-down planning
- Bottom-up planning
- Goals-down plans-up planning

Even though there are many opinions of different authors regarding appropriate steps of the marketing strategic planning, we can summarize from them following list where they are quite unified or where their opinions meet at least a bit. Probably, it is quite

⁷ [6], page 82

⁸ [1], page 65

similar approach as Jakubíková in her book has chosen since the resulted list is very similar. Discussed steps are:

- Situation analysis & Prediction of the future
- Marketing goals
- Marketing strategies
- Budget

Let us reflect on each step in the following part.

2.2.1. Marketing Situation Analysis & Prediction of the future

As usually, almost each process starts with the analysis. In the case of the strategic marketing planning, it is the analysis of a situation in which company has to satisfy the needs of its customers. Companies have to understand both internal and external factors which influence the situation. Also, it is very important to predict at least the near future.

2.2.1.1. 5C Analysis

One of the most common frameworks for studying situation is 5C Analysis. Each C stands for one area of analysis⁹:

- **Company**

Analysing company, each manager has to examine the corporate culture, goals, product lines, image of the company, company's resources, used technologies and other aspects directly connected with a particular company.

- **Collaborators**

If we speak about collaborators, we take all our partners into account who participate directly or indirectly on the success of the company. In other words, we have to consider partners who are a part of the company's value chain. In this sense, we say that it is necessary to study our suppliers in the beginning of our value chain and our distributors at the later part of the company's value chain. Moreover, we should not forget on various friendly companies and other allies.

⁹ [A]

- **Customers**

Probably, the most important C is this one, Customers. Results of this analysis tell us whether there is some market to focus on, whether it is worth doing any activity on this market. The first step is to look at the customers to find out their number, i.e. market size and growth. Then, it is logical to examine market segments and particular values, wishes, preferences and characteristics of each studied segment. It is possible to go much deeper and investigate various trends, motivations, habits, preferred channels, whole buying process, key factors and so on. As I already mentioned earlier, companies should at least estimate the value of the customer or whole customer groups so that they were able to direct their marketing activities and their effort to the most profitable customers. The customer profitability analysis represents the tool which can ensure important information about the costs and revenues directly connected with particular customers and thus, their overall profitability.¹⁰

- **Competitors**

Competitors are no less important than anything else. It is crucial to watch not only actual and direct competitors, but also indirect and potential competitors because companies which are doing business in some related areas may very easily enter “our market” as well. Speaking about our direct and actual competitors, it is useful to examine their products lines, whole marketing mix, market shares and things like that to be able to determine major strengths and weaknesses of given competitors.

- **Climate**

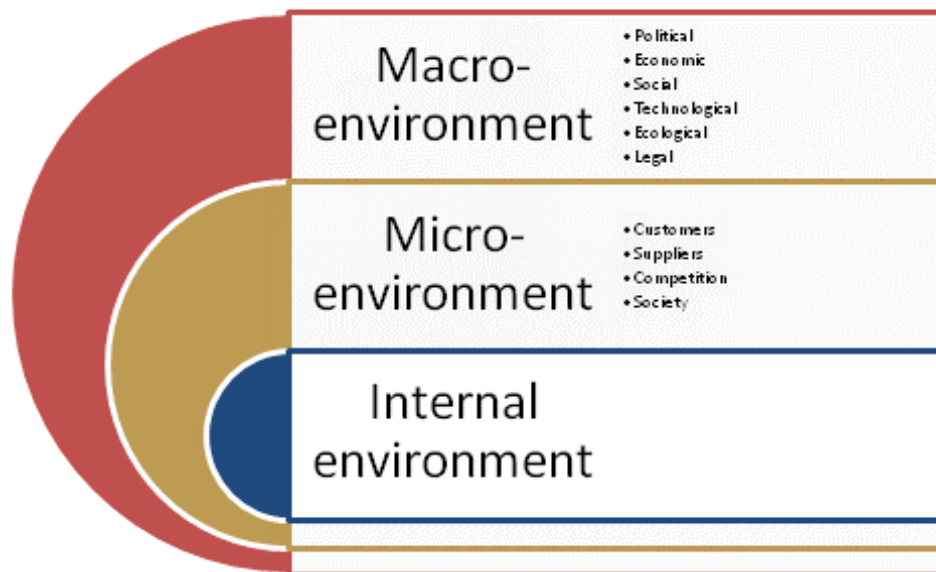
Defining climate, we usually think about major trends which can be described by many tools. One of the best-known is the PESTEL analysis which gradually (as their capital letters suggest) describes Political, Economic, Social, Technological, Ecological and Legal environment.

Some authors even try to enrich 5C analysis about additional 2 Cs (country and costs), but in my opinion, this does not bring any significant added value if 5C analysis is done properly. Country element is basically completed within the climate analysis and costs can be studied within the company element.

¹⁰ [3], page 64-65

2.2.1.2. Advanced structure for 5C Analysis

5C Analysis is a comprehensive tool, but quite general and unstructured. Therefore, I would like to extend this tool with logic advanced structure. Initially, we can distinguish two layers of environment in which company has to create marketing mix. It is external and internal environment. External environment can be further split into macro-environment and micro-environment as it can be seen on the Scheme 1.



Scheme 1 – External and Internal Environment of the company (own work)

Macro-environment can be well described by PESTEL analysis which is a nice and very comprehensive framework well-suitable for this purpose and which we have already touched upon earlier under the climate element in the 5C analysis. Let us develop this analysis in more detail to provide a better picture about macro-environment:¹¹

- **Political factors**

The politics has in general very critical impact on each activity within a given area. Politics sets the rules or general directions how the things are done within a particular society. Key factors to evaluate are the stability of political regime/system, regulation and taxation system, membership in international organizations and so on. Various interest groups and related lobbying has to be carefully considered as well. In some countries, lobbying turns into corruption which must not be omitted in any case. Corruption can have severe effects on the business (taking into account that a given company plays fair).

¹¹ [3], pages 163-188 and [15], pages 150-166 and [B]

- **Economic factors**

Economic factors of the country are quite straightforward. Managers are interested in the growth of GDP, GDP per capita in PPP, interest rates, general level of inflation, purchasing power, foreign direct investments, rate of unemployment, stability of exchange rates etc. At the end of the day, marketers want to find out based on these partial indicators what is the real income of people, what is the structure and how stable or volatile such income is. Consequently, it is helpful to have knowledge about the savings and debt. I mean, it is at least good to know what the attitude to savings and debt is. Moreover, knowing the availability and accessibility of debt is every time a plus.

- **Social factors**

Social factors should not be underestimated. Even though we are living in the global world, social aspects, habits and culture in general change from country to country. It is necessary to know what religion is dominant, what the main and generic cultural values are, what attitude local inhabitants have toward foreign products and services or e.g. whether there any subculture is. We should not forget to take demography into account as well. Among key information belong indicators such as the growth of the population, the age structure of this population and the presence of ethnic groups. Levels of education and types of households should be studied as well. Valid frameworks for studying social factors for example Maslow's hierarchy of needs (physiological, security and social needs, self-esteem and self-realization needs) and Hofstede dimensions (Power Distance, Uncertainty Avoidance, Individualism vs. Collectivism, Masculinity vs. Femininity and Long-term Orientation)

- **Technological factors**

The technology is one of the key drivers of each company. It determines the level of maturity and progress. It significantly influences cost levels and level of innovation as well. It can even change the whole concept of doing business including the marketing. With the ever changing technologies which significantly change the way in which business is done, companies have to closely watch technological factors because technology is a source for new innovations and thus, holds a key to competitive advantages. For example, outlays on research and development or presence of technological parks are

proper indicators which can signal a good technological environment. Number of international patents or number of internet users can be good indicators as well.

- **Environmental factors**

Environmental factors are very important as well. Businesses and people are continuously destroying our environment and therefore, it is well-recommended to analyse this environment to know whether it makes sense to do a business in this particular place (it can be even impossible due to some factors). There is a constant raw materials shortage which is the first sub-factors to watch. Furthermore, companies have to consider the level of pollution, the availability of energy sources which are becoming scarce and more expensive. Also, governments of countries and various supranational organizations (like EU) devote more and more time to these environmental issues and prescribe many obligations in this field and thus, it is necessary to take it into consideration.

- **Legal factors**

Legal factors are quite closely connected to the political factors which were described earlier. Except many laws, rules and instructions which we have to follow and which influence our activities, there are a few more aspects which belong to the legal framework. For example, we can speak about different legal systems such as Continental, Anglo-Saxon or Islamic. Each of them creates a different legal environment. Moreover, company should analyse structure and functionality of courts and other legal institutions. Control of ownership, law enforcement, international transfer of profits, and legal administration of the company are other important fields which should not be underestimated.

Micro-environment concerns more tangible and close aspects such as customers, suppliers, distributors, competitors (all were already described in 5C analysis – Customers, Collaborators, and Competitors). Moreover, we can include in this part society as a whole. A great tool or framework for studying micro-environment is Porter's model of 5 forces which will be in more detail described later.

Internal environment is fully focused on the company itself (in 5C analysis equivalent to Company). Each company should evaluate all its values and functions based on the prospective impact on own prosperity. Main values and functions which should not be omitted are: financial stability and ability, in-bound logistics, own operation,

technologies used, out-bound logistics, marketing, sales, after-sale service, research & development (R&D), human resources, general management, know-how and other very important aspects like these already stated.

Based on these insights, each manager should understand the company the same way as he or she understands own body. Each individual knows what his or her body needs and what is more or less able to do with it. The same is valid with the company, if we understand the company well; we know where it can go, what it needs and where the limits are.

2.2.1.3. Prediction of the future

Once we know what environment we are facing, it is well recommended to at least estimate or predict a near future because companies do not only face current conditions, but have to look a bit further than that. As we already discussed many times, the planning is one of the key activities of the company and how could company plan for the future without having at least some basic assumptions about the near future. On the other hand, no good plan can be prepared based on the bad future prediction. We can generally contend that the company with the most successful prediction of the future is usually the winner in the market because it is organized and planned based on the best assumption about the reality.

The prediction of the future is a very complicated discipline because there is vast amount of variables which has to be taken into account. Politics, international affairs, macroeconomics, competition, technology are just general fields of studies which consist of many more sub-variables which have to be concerned.

Many companies prepare at least following 3 main forecasts¹²:

- Sales forecasts
- Technology development
- Development of human resources

¹² [1], pages 90

2.2.1.4. Particular tools of situation analysis

We have already described a situation analysis in general. Also, we know what the purpose of the situation analysis is and what we should know about a company's environment to even have a chance to be successful. In the following paragraph, I would like to introduce a few more useful tools and methods which can ensure us the right information for the proper decision-making. Of course, I am not going to provide an exhausting list of tools, but I would like to show the most effective and the most frequently used ones.

2.2.1.4.1. SWOT analysis

First of all, almost everybody knows a SWOT analysis. As it is quite popular in the business, the name of some method, tool or whatever else hides the main elements of it. SWOT analysis is not the exception. The SWOT analysis wants to summarize and highlight following elements:¹³

- **Strengths** describe the benefits of a company and the activities which are done extremely well or at least above the average in the given industry.
- **Weaknesses** identify weak points of a company. Those are activities which are done poorly by a firm or much better by the competitors. However, those weaknesses can serve as a “to-do list” for future improvements.
- **Opportunities** are possible areas which could increase demand for the company or bring new customers and things like that.
- **Threats** are facts, trends or events which may cause significant troubles for the company and consequently, demand could decrease, customers could be unsatisfied and so on.

Generally speaking, the SWOT analysis wants to identify the current condition or the standpoint of the company (described by the strengths and weaknesses which focus on the internal environment – the company itself) and possible future factors of development (described by the opportunities and threats which focus on the external environment).¹⁴

¹³ [3], pages 33-38

¹⁴ [1], pages 103-104

2.2.1.4.2. ABC analysis

ABC analysis is very popular in many companies which produce/work with many goods or services. It is a very comprehensive and smart tool which can identify what kind of products/services/processes etc. or groups of those are the key ones for the company and which are not.

This method can be modified for many tasks such as the identification of the main costs centres, identification of the most profitable products or groups of products etc. Based on this knowledge, various strategies such as even restructuralization or crisis plans can be prepared because company knows after this analysis, what products are unprofitable or which processes do not make any sense and do not bring any added value.

It is recommended and quite obvious to devote the most of the time to the group A (the most profitable products, the key processes etc.) in all data gathering, analysis, strategy creation, day-to-day operation etc.¹⁵

2.2.1.4.3. Porter's Five Forces

Porter's Five Forces is another quite simple, but powerful and heavily used strategy tool at the same time. As the name reveals, it concerns with five main forces which help to understand the current position of a company and help to assess the attractiveness of an industry. With this knowledge (i.e. who poses the biggest power and whether the industry is attractive enough), each company can adjust to this situation with an appropriate strategy and thus, improve own position, eliminate mistakes and weaknesses. To be specific, Michael Porter identified following the most crucial powers which should be taken into account (also presented in Scheme 2)¹⁶:

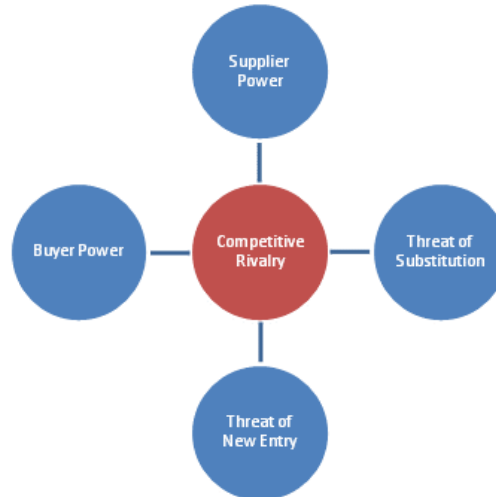
- **Supplier Power**

Generally speaking, the power of suppliers is higher, the fewer suppliers are available. The basic principle of economics (the scarcity) rules, of course. The other aspect of the supplier power can be uniqueness of their goods and services and related switching costs. For example, if there is just one supplier which is able to deliver exactly what the company needs, then this supplier can easily increase prices and the company is almost "held hostage". On the other hand, if

¹⁵ [1], pages 121-122

¹⁶ [9], page 86-93 and [5], page 234 and [C] http://www.mindtools.com/pages/article/newTMC_08.htm

there is a severe competition among suppliers, then it is a pleasant situation for the companies doing business in the consequent level of a value chain because their suppliers do their best to make them as happy as possible and thus, to keep them as clients.



Scheme 2 – Porter's 5 Forces (own work)

- **Buyer Power**

Buyer power is very much the same as the supplier power. The number and importance of buyers play a significant role in the final price determination. If we consider the case where there are many buyers, their power is not so high because a company is not so stressed about individuals and moreover, companies are usually not willing to negotiate with many individuals and to create specific conditions for each buyer because it is not effective and efficient for them. On the other hand, if there are just a few big and important customers/buyers, companies are forced to customize all conditions in order to satisfy and keep particular customer.

- **Competitive Rivalry**

Again, the number of competitors is the key indicator in this area. Using the microeconomics theory¹⁷, having many competitors in the market leads to the monopolistic competition setting where each company has no power. On the contrary, being the only one in the market (or having just a few competitors) is a much more pleasant situation because this setting approximates a monopoly or an oligopoly where there is an immense power available for the participants.

¹⁷ [17]

- **Threat of Substitution**

Logically, if the product or service is so unique that it is almost impossible to substitute it, then such a company holds a tremendous power. On the other hand, if the consumer succeeds in substituting our product or service with something probably cheaper which satisfies customer's needs to some degree as well; then, we have a problem because in this case, we have no power and have to "beg" for a business.

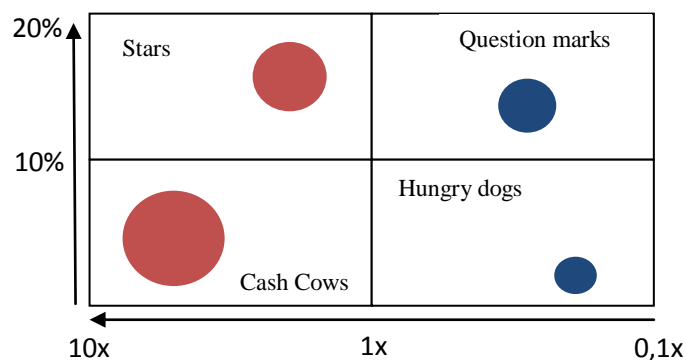
- **Threat of New Entry**

Here, we are coming back to the monopoly/oligopoly issue and related barriers to entry which can have various forms (patents, special technology, exclusivity for some materials, economies of scale or other competitive advantages). If we can protect our market, our power is high. To do that, companies use many tactics such as different kinds of signalling to the prospective competitors, predatory pricing, etc.

In order to assess the situation and whole industry right, each power has to be considered and its relevant factors thought through. Having such analysis done, it is usually quite clear how it affects particular company and then, it is all about inventing strategies which strengthen the company's position.

2.2.1.4.4. BCG matrix

This matrix is based on the assumption and idea that revenues created by the individual business units are closely related to a market growth rate and a relative market share. As it is obvious from the Scheme 3, significant values divide our graph into four segments. These segments are called:¹⁸



Scheme 3 – BCG Matrix (own work)

¹⁸ [3], pages 227-231 and [1], pages 105-109

- **Question marks**

They are usually new products which have a low market share, but a significant growth rate. Questions marks (as already the name suggests) pose some kind of dilemma whether to invest in or not. If the appropriate marketing mix is used, they can become Stars or Cash cows, which is a big potential worth investing. On the other hand, they can be also very unprofitable and lots of money can be wasted.

- **Stars**

Stars hold one of the premium positions within the matrix. Both the high growth and the high market share present a big promise for the future to become cash cows once the market is penetrated and the growth stagnates.

- **Cash cows**

Cash cows are the main cash generators for the company and thus, are extremely important. They operate on the stagnating or moderately growing market, but having a significant market share. There are no major investments, just in the case, when there is a chance to prolong the “life” of such a cash cow which is no doubt worth.

- **Hungry dogs**

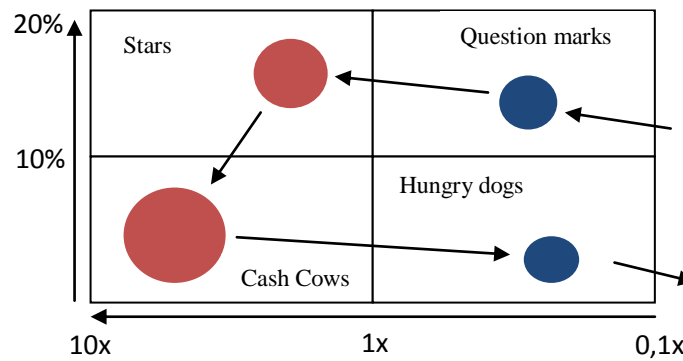
Hungry dogs are in a very poor situation and have no perspective/future for the company. There is no reason why to invest in these products or services. We can even speak about “miserable dogs” (if the growth is negative and market share is still relatively fine) or about a “trash can” (if the growth is negative and market share is very low).

The proper identification and separation of own product portfolio can help the company to better organize future marketing strategies. Probably the best is to have a balanced portfolio which can ensure a smooth future development. Somebody could think that having all cash cows is the best what company could have. Yes, but only for very limited and probably short period of time because soon (when cows would become dogs), such a company would go bankrupt. This approach would be very short-run oriented which is not strategic at all.

Even though this analytical tool is simple, it leads to the relevant results. Moreover, there are some upgrades of the BCQ matrix as you will be able to read in the next paragraphs.

2.2.1.4.4.1. Analysis of Product Live Cycle

Product Live Cycle is well connected with the BCG matrix. Every product has own development over the time and there are various specific aspects attached with these development stages. We and almost all authors speak about Introduction, Growth, Maturity and Decline. Ideally, the process should look as it is on the Scheme 4¹⁹:



Scheme 4 – Ideal Product Live Cycle (own work)

- **Introduction = Question Mark**

Once a product or service is introduced on the market, it is desirable to be ranked as at least a Question mark which is a position that is promising for the future.

- **Growth = Star**

During the phase of growth, this item should be sold heavily, thus gain some more market share and continuously move into the left top corner to become a Star.

- **Maturity = Cash Cow**

When those massive sales stop and the pace of a market growth starts to decrease, this product or service should be ideally located under the cash cows within the BCG matrix.

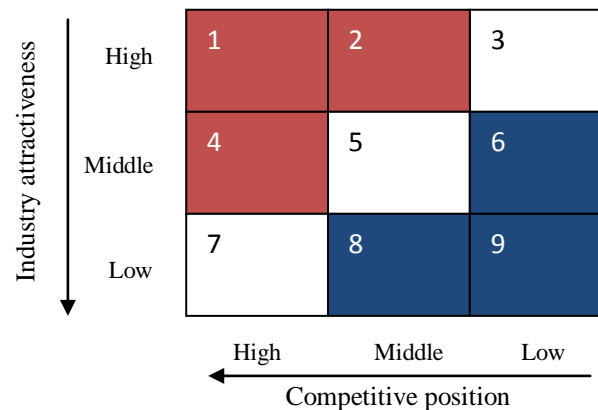
- **Decline = Hungry dog**

With the decline of the product or the whole market, the cash cows start to change in hungry dogs that are unprofitable for the company and thus, these products or services are usually quite soon discontinued.

¹⁹ [1], pages 109-111

2.2.1.4.5. GE matrix (McKinsey)

As it was already mentioned, GE matrix is kind of an upgrade of the BCG matrix. The GE matrix created by the McKinsey company is built on the two factors where each of them is constructed based on more variables. Those two factors are called the industry attractiveness and the competitive position. We can see how such a matrix looks like in the reality from the Scheme 5.



Scheme 5 – GE Matrix (own work)

The industry attractiveness consists of partial variables such as a market growth, profitability of industry, stability of prices and sales, availability of inputs etc. The competitive position is on the other hand determined by a relative market share, relative profitability, relative production potential, relative level of R&D, quality of management etc. From all of these partial variables, a value of the factors is calculated based on special techniques; it is usually scoring method together with weighted averages.

As it is quite obvious from the Scheme 5, positions 1 to 4 are the best. They represent companies/activities in industries in which it is worth investing. Since it is more comprehensive (than the BCG matrix), it is much more realistic and relevant. On the other hand, the results can be very tricky because they depend on a subjectivity of the analysts who decide about the variables which will be taken into account and weights among them.²⁰

²⁰ [1], pages 111-113 and [3], pages 232-233

2.2.1.4.6. Analysis of experience effect (Experience curve)

It is generally known that with the higher amount of production, a company can arrive at the lower unit costs. However, it does not have to be the case every time automatically. This is happening not just because of the decreasing fixed costs per unit principle, but because of the fact that a company finds ways how to do it more effectively and efficiently. Therefore, with an increased experience, companies can become much more effective and efficient in their activities. In other words, if we can increase our market share (production volume), it will bring us a significant competitive advantage or future benefits such as lower unit costs. If the company is able to sell all of it, then, it can be the real success.

On the other hand, it is a trade-off between specialization and diversification. If we want to use the experience curve and specialize in one or a few products, such a company will not be stable at least during a recession and vice versa. The analysis of the experience curve provides us mainly with many insights for the price determination, but not only for it.²¹

2.2.2. Marketing goals

Each plan has to have some goal to reach, otherwise there would be any point why to build such a plan. The successful planning requires a logical interconnection and hierarchy of such goals. It would be very sad to see that for example some goals are contradictory or that some would cannibalize on each other. Furthermore, goals should be concrete, well defined and measurable. If this is not true, it is very hard to evaluate whether we are/were successful or not in pursuing these goals. Moreover, it is recommended to determine some time-frame for the accomplishment of particular goals. This fact can induce an increased motivation to fulfil such a goal. Also, companies should not forget to be realistic and make sure that desired goals are achievable, but challenging enough, that the company has appropriate resources for it and that all employees identify themselves with these goals and want them to be fulfilled.²²

²¹ [1], pages 114-116

²² [P]

Goals can be various. We can distinguish two main categories:

a) Monetary or economic goals

Standard measures like market share, number of products sold, profits earned etc. belong under this category.

b) Non-monetary, psychological and other goals

This second category is much more creative. Companies can have goals like good image, transparency, being perceived as CSR leader or leader in quality, having environmental friendly label and many more.

To be a bit more specific, I would like to show one example how a marketing goal of a company could look like: “We want to sell 2000 pieces of our new product XY within the year 2010”.

2.2.3. Marketing strategies

A strategy is defined according to Hambrick and Fredrickson as: “*The central, comprehensive, integrated and externally oriented set of choices of how a company will achieve its objectives.*”²³ Each good strategy should not forget to address important areas such as²⁴:

- a) Arenas** – specific business(es) in which a company is or wants to be active
- b) Vehicles** – specific ways how to make this strategy work
- c) Differentiators/Economic Logic** - what is the competitive advantage over the competition
- d) Sequencing** – what is the timetable of activities

Horáková speaks about the strategy as about the scheme of steps which leads to the set goals.²⁵ Generally speaking, top management and higher levels of management are almost exclusively engaged in creating strategies. Hyperbolically, we can compare a strategic game with the management of the company. In both, it is a lot about thinking and devising strategies which lead to the defeat of the competitor.

²³ [14], pages 51-62 or [5], page 221

²⁴ [5], page 221

²⁵ [2], page 11

If we want to differentiate among various strategies, management and marketing literature writes usually about following. Very famous economist Michael Porter identifies in his work²⁶ two (three) main areas of the strategy. Specifically, it is:

a) Low-Cost Strategy (sometimes called also **Cost Leadership Strategy**)

The philosophy of this strategy is to produce the same or similar products as competitors do, but to produce them more efficiently and effectively. In other words, producing the same or similar product and offering it much cheaper than the competitors can. The key issue is that the product has to be the same or quite similar, there is no difference in the quality. Therefore, such company pursuing this kind of the strategy has to strive for cheaper raw materials, streamlined value and supply chain and use better and more efficient people, processes and technologies etc.

b) Differentiation Strategy

In this case, the philosophy is reversed. A company which wants to differentiate wants to provide the customers with better products which bring a superior value. It is clear that the company does not compete with the price, but with the quality, the innovativeness and the added value features like that. Of course, such a company cares about their costs as well, but their costs do not need to be necessarily lower than the costs of competitors because “premium price” which corresponds with a superior value of the product outweighs such a difference.

Another strategic aspect of these two general strategies is a focus. Depending on the focus which can be narrow or broad, we can distinguish further specific strategies. The application of a focus strategy on a narrow/niche market is very interesting and nowadays quite popular. I would call it:

c) Niche strategy (Michael Porter calls it **Focus Strategy**)

It does not matter if the company decides to go the low-cost or differentiation way. In the current highly competitive and almost saturated market conditions, it is very strategic to find some niche which is not served by big and powerful companies. These big companies are usually not so flexible to serve each niche on the market and therefore, it is a great opportunity for smaller players.

²⁶ [7]

Cullen and Parboteeah introduce in their book²⁷ the concept of competitive strategies and its versions are:

a) Offensive competitive strategies

Offensive competitive strategies really want to attack concrete competitors and gain some more market share at the expense of such rivals. There are many methods starting with adding special features, having price wars and ending with acquiring strategic and/or the best supplier or even acquiring the whole competitor.

b) Defensive competitive strategies

Defensive competitive strategies are on the other hand strategies which try to prevent or mitigate the offensive competitive strategies described above. The best known defensive strategy is probably “Counter-parry” which discourages the attack or potential attack of a competitor in one country by attacking usually the home country of such a competitor.

If we want to speak about an international or a global environment and create marketing strategies for it, we have to also consider a cultural aspect which is connected with this. Following strategies segment markets according to the willingness to group different countries and cultures. In other words, based on the products which are offered by the company, this company has to make a decision how to customize its strategy (products, etc...) for international markets. Keegan & Schlegelmilch identified in their book following options:²⁸

a) Ethnocentric approach

In this approach, the home country is absolutely superior. The home country/market stays in the centre of everything. In this sense, an international expansion following this strategy is not so much flexible and international-friendly. In other words, a success on the home/local market is just transferred or exported to an international environment without any modifications.

b) Geocentric approach

Geocentric approach pursues global culture which tries not to be 100% connected to any particular country. Such company produces global products which may have just slight local variations and modifications, but generally, it is

²⁷ [5], pages 229-231

²⁸ [13], pages 17-21

the same product everywhere and everybody knows what is going on. Good example is Coca-Cola.

c) Region-centric approach

This approach identifies some culture differences, but thinks that they are quite similar within certain regions and thus, tries to group some countries into somehow homogenous units and to adjust all products or services for such a segmented group.

d) Polycentric approach

Polycentric approach is the most extreme one from the point of view of the culture (it can be said that it is the flipside for the geocentric approach). Being polycentric means to consider each single market as being unique and to adjust own products and services for such markets which is on one side very respectful to those countries/markets and very customer-oriented, but on the other side it is very demanding and expensive.

Another approach how to distinguish strategies is the one based on the market share or market position and the market dominance. In this case, we could identify following strategies (market participants). Firstly, it is **Leadership strategy** (Leader). Secondly, we speak about the **Challenger strategy** (Challenger). Challenger is usually the second biggest and successful company which attempts to become the leader. Thirdly, majority companies on the particular market pursue **Followership strategy** (Followers) and lastly, there are a few highly specialized companies which choose **Niche strategy** ("Nichers"). Even though niches are usually very small, they can be very profitable because of no or almost no competition in these small segments of the market. Each of these market participants has many suitable strategies at disposal. For example, Leaders can utilize Position Defence, Pre-emptive Defence or Counter-Offensive Defence. Challengers attacking leaders can try Frontal Attacks, Bypass Attack or Guerrilla Attack and so on.²⁹

2.2.4. Budget

Budgeting is concerned by both calculating and approximating costs connected with our marketing plans and estimating potential cash inflows as well.

²⁹ [3], pages 249-270

Usually, there is more than one option prepared to choose from. Each option has its own at least estimated budget. This can be one clue based on which manager can decide which strategy/option to choose. If e.g. manager has limited budget and just the cheapest option fits into this budget, then it is “no-brainer” for such a manager. Of course, it is much better if the manager can make proper decision based on the other factors such as the risk, the prospective profits and so on.

Good budgeting does not omit the prediction of potential cash inflows of each strategy/option. Here, we speak about sensitivity and scenario analysis. Different scenarios depending on an unknown future (risk) are made (pessimistic, neutral and optimistic for instance) where each has different probability and underlying assumptions. This is another aspect which can influence the decision-making of a manager. Universally, it can be said that the more risk manager is willing to bear, the more money (profits, etc...) he or she demands if the positive result comes true.

2.3. Implementation

We have many times said that the marketing strategic planning is very difficult, demanding and very important at the same time. Due to this fact, everything behind this point becomes very critically important because a possible mistake later in the process potentially destroys all that demanding and difficult work which was done before. Thus, all employees have to support it (as already mentioned in the section regarding marketing goals), they have to take part in this process and do their best to bring the project into the successful end. Nothing can be underestimated. Important factors of the implementation phase are **cooperation, coordination, motivation, responsibility, accountability, team work and communication**.

In this work, I will not go in the implementation phase into more detail (particularly, reflections about whole marketing mix) because I believe that strategic marketing is more about creating and choosing strategies, analyzing general trends, doing proper and detailed strategic marketing planning than about creating the final marketing mix based on those activities noted. I am not saying that there are no strategic elements in the whole vast marketing mix. I just want to focus my diploma thesis on different interesting aspects of the strategic marketing. I will come back to the marketing mix at least partially later because I will address and deal with new strategic marketing

channels, tools and concepts and other new and modern aspects of promotion and marketing communication.

2.4. Control

The control used to be underestimated in the past, but it constitutes a quite powerful tool for reaching better results. Especially, **proactive or preventive control** might have interesting and outstanding outcomes. It can catch prospective problems which could make bigger problems in the future. The best point is that this potentially problematic activity did not even get started and preventive control already identified it.

Continuous control works in the similar way, but the problem is identified during the process, but still at the time when it is not too late to fix it. This is in my opinion very nice added value of both proactive (preventive) and continuous control.

At the end of the activity, there is a **feedback** (or **ex post control**) which is not inferior to those controls described earlier. The feedback represents the continuous chance for improvements when we speak about cause-effect repeating events and processes. In this case, products can be continuously improved based on the experience from the previous lines (the same products) for example. If the company misses this wonderful source of knowledge and improvement, it is not so effective and strategic oriented.³⁰ Among ex post control, we can include the control of quality and other controls at the end of the production process.

Moreover, Jakubíková mentions 4 types of marketing control³¹:

- **Control of annual plan**

The annual plan is controlled from obvious reasons. The year is a very long period of time and thus, a lot can happen. Therefore, it is important to revise these plans and make proper adjustments.

- **Profitability control**

To control various profitabilities is very important. We can speak about profitability of products, customers, group of customers or profitability of other marketing activities. Each company should know where it can be profitable and where it cannot so as to be able to react on this fact. Nobody wants to be loss-

³⁰ [3], pages 514-516 and 550-554

³¹ [1], page 68

making. In the big companies, some unprofitable elements can be hidden behind those which are highly profitable. E.g. ABC analysis which was described in more detail earlier can identify such elements.

- **Strategic control**

The strategic control is no less important. With the change in some economic, political, social or other factors, the chosen strategy cannot make sense any more. Therefore, it is necessary to periodically double-check the strategy itself and all the factors which can be influential to make sure that the company is led in the best direction.

- **Control of effectiveness and efficiency**

With more and more experiences gained by an increased amount of time spent on one or a few topics/activities (more details about experience curve were provided earlier), effectiveness and efficiency of all employees and processes should increase. In no case, there should be a decrease in effectiveness and efficiency if anything extraordinary did not happen. Such a control is important because it can discover potential problems which slow down well-working processes and the overall success of the company.

2.5. Strategic marketing plan

At the end of this whole process, a company should arrive at some strategic marketing plan. The strategic marketing plan is sort of culmination of whole this effort and demanding process. It is kind of synthesis of all what was already written in this part.

If we want to summarize the main features of the strategic marketing plan, we have to state that the strategic marketing plan should be continuous; it should concern the strategic thinking about what the company should do, where to be active and how. Also, such a strategic plan has to be very flexible, changes have to be expected and more than one option should be offered.

The strategic marketing plan should follow similar principles which were presented in the part regarding marketing goals. It should be easy to understand, clear, precise, detailed, realistic and motivational.³²

³² [1], pages 68-72

3. New Marketing Environment

New and ever changing environment we live in brings still new ideas and new opportunities. People want to be trendy, want to improve their lives, want to move forward and therefore, they utilize these new trends and opportunities to enrich their lives. We can see it everywhere around us. Let us consider Facebook. What was Facebook a few years ago? Almost nobody knew it and now, it is the leading place where people spend a lot of time. People even use it for business purposes. Of course, there is not just Facebook and other social networks, but also new ways of communication like Skype, MSN and other modern novelties which are popular among many people.

Before we start to deal with them in more detail, I would like to introduce general, but new/modern marketing trends, concepts or techniques based on which these novelties work. I believe that these modern marketing concepts are inseparable part of the strategic marketing of successful companies already at present. Moreover, I believe that this is the trend which many companies begin to follow and that it will be “a must” in the future.

3.1. New trends, concepts & techniques in marketing

There are many new trends and concepts in the modern economic environment and all are very interesting. As people/consumers are in new places (like Facebook or Second life) and as they may have new needs (CSR activities) and so on, the marketing has to at least adjust to these new trends to be able to have some impact on final customers. Ideally (for the companies), the marketing should create new trends which will be attractive for the customers. Also, it is a great success if the marketing can get to the places where it can influence some potential clients without being actively noticed or even if a customer herself/himself spreads unintentionally the marketing message further on the next prospective customers in his or her social networks. Let us discuss the main trends in the following part.

3.1.1. Viral marketing (Word-of-mouth marketing)

Viral marketing is one of the leading trends or concepts in the nowadays marketing. It is from the bigger part thanks to the tremendous development and usage of social

networks like Facebook, Twitter and others. Viral marketing has many definitions, particularly, I like simple, but to the point definition from Dr. Wilson, E-Commerce Consultant: *“Viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence.”*³³ The word “viral” is really pertinent here because the message multiplies here like viruses do when they infect all the people in a surrounding. However, some authors speak about viral marketing as about a word-of-mouth marketing or network marketing. Buzz marketing is also quite close to the viral marketing because its main purpose is to open some tricky topic and to create buzz around it which should lure many people who should spread it further and further.

There are a few elements which should increase the success-probability of the viral marketing. Firstly, the **word “free”** is almost magical. Giving or offering something for free is very powerful. Of course, everything cannot be for free and there has to be some good strategy behind it how to generate the money. Secondly, a message has to be **easy to transfer** further without any degradation and at minimal costs. Digitalization, the evolution of internet and e.g. social networks facilitated its rapid progress. Thirdly, **scalability** can ensure fantastic results. Recipient of viral message should be able and willing to send it further on. Fourthly, a creator of the viral message/marketing should target on the **greediness of people**. Fifthly, it is necessary to exploit **social aspect of people**. Each individual has some network and it is the best to target on the people who has their network very broad and who can influence that network. We do not need to think about executives (who would be the best because they have a lot of impact and power), but for example doctors, cashiers in the supermarkets, employees at the reception desks, or waiters in the restaurants or bars serve the same purpose as well. Lastly, if we can exploit others' resources (media etc.), it is even better.³⁴

A viral marketing allows us to address vast amounts of prospective customers at very low costs. Another positive feature of the viral marketing is its universality, i.e. being creative, each company can use it. It is well recommended to use a viral marketing as a complementary tool. It is quite clear that the viral marketing cannot work individually. Unfortunately, positive results are uncertain and to create a successful viral marketing is quite complicated and demanding.

³³ [D]

³⁴ [D]

3.1.2. Guerrilla marketing

Guerrilla marketing is another big phenomenon which became famous all around the world. Jay Conrad Levinson is considered being a founder of the guerrilla marketing in his book from 1984. The guerrilla marketing is unconventional, aggressive and unexpected way of promotion, advertisement or marketing which aims to wake up a maximal interest with the minimal budget. Usually, energy, hard and creative work are substituting the money. This kind of a creative marketing is currently used by all companies across the board no matter what their size is.

An effective guerrilla marketing should include following principles. Firstly, it should be **completely unexpected**. The purpose is to surprise because once the person is surprised, the attention skyrockets. Secondly, it should be **drastic**. Being drastic helps to reach maximum effects, but marketers have to be careful because once the limit is broken, the message can be judged negatively. Thirdly, it should be full of **humour** from obvious reasons. Fourthly, the guerrilla marketing is said to be “**one shot game**”. Exposure is very limited to both maintain the uniqueness and keep the costs low. Fifthly, it should be **cheap** which one of key factors is. Of course, the budget can differ depending on the size of segments we want to address, but at the end of the day, the cost difference between a guerrilla and a traditional marketing should be visible. Lastly, it is a **goodwill and customer benefit**. Obviously, it is crucial to give something to the customer even though it should be just a smile.

The guerrilla marketing can have many forms. Just to name a few: Undercover marketing, Ambush marketing, Wild posting, Ambient marketing or also Viral marketing. With regards to the channels, the guerrilla marketing can be applied almost everywhere. E-mail, Social networks, search engines, mobile phones, online games or public areas are ones of those heavily used.³⁵

3.1.3. Event marketing

Event marketing can be sometimes called the experience marketing or even the face-to-face marketing. This segment of marketing is one of the fastest growing. The event marketing is based on personal experiences from some event and it is a great tool how to deepen the relationships with partners, customers and other stakeholders and in

³⁵ [E], [F]

consequence, enhance their loyalty as well. Thus, the event marketing has positive influence on the image of a company and its products or services.

We can include almost all events we can come up with under the event marketing concept. It can be seminars, concerts, banquets, conferences, teambuilding events, sport competitions/events, culture events, exhibitions, various parties (Christmas party) and many more.

As it was already implied, event marketing works both externally and internally. We can motivate employees and increase their loyalty to the company by certain event marketing activities as well as we can stimulate our partners or even our final customers.

Someone can consider an event marketing being some kind of the sponsorship or philanthropy, but this would be the wrong conclusion which would not reflect the long-term strategic investment into relationships with important stakeholders. If the customer is satisfied, there is not much motivation for a change. Moreover, providing some extra value, care or favour induce some kind of a virtual/psychical obligation to return some other favour back (maybe in terms of the next purchase).

3.1.4. Social marketing (CSR activities in the marketing)

The social marketing is well connected with the activities which should support society in some way and thus, create a positive image and feelings about a company. The experts speak about the social marketing as about a strategy which uses the marketing techniques to change behaviour of target groups and to improve the society and environment as a whole³⁶. In this sense, the social marketing and CSR activities used in the marketing are almost identical topics.

Enderle & Travis defines CSR as follows: *“The policy and practice of a corporation’s involvement over and beyond its legal obligations for the benefit of the society at large.”*³⁷ In other words, we can say that CSR is a commitment of companies to behave ethically, to contribute to the better lives of all stakeholders, to protect our environment

³⁶ [H], http://www.marketingovenoviny.cz/index.php3?Action=View&ARTICLE_ID=2872 Available on 14th March 2010

³⁷ [G], page 209

we live in and to generally be oriented on sustainable development and not on short-run exploiting goals. Key aspect of CSR is its voluntarism.

The social marketing and CSR should not be seen as some sponsorship/philanthropy or the pure cost for the company, Porter and Kramer emphasis in their work following benefits which CSR can bring and which are of a significant value for each company:³⁸

- Higher loyalty of customers
- Improved image and brand
- Higher transparency and reliability
- Higher profits
- High quality employees desire to join the company
- Access to more capital resources³⁹

Looking at the benefits which are most likely, the social marketing and CSR present a possible competitive advantage for the company and a better treatment of people and environment. This is classical example of the “Win-Win” situation which is so desired everywhere. Therefore, I do not worry to contend that CSR can function as a strategy itself and in consequence, be an effective part of the future strategic marketing. Increasing awareness and demand for CSR⁴⁰ just confirm this fact.

The social marketing and CSR are not just super positive as it could seem right now, indeed. It is clear that companies pursuing CSR have a great CSR image/label. Consequently, it is crucial so that they do not misuse it for some super premium pricing strategy because then, CSR activities would become standard products or services which should not be the purpose. Pretending that CSR is pursued and in reality it is not the truth is probably the worst case. Moreover, some part of the society does not believe that the marketing can drive a sustainable consumption, because marketing professionals do not understand the sustainability and that mainstream customers do not care about responsible brands⁴¹. I can partially agree that it will take some time to change minds of mainstream customers, but who else should persuade customers than the marketing. Assuming that the mainstream customer is manipulable by marketing

³⁸ [10]

³⁹ [11], [12]

⁴⁰ [J]

⁴¹ [I]

tools as reality and my own market research shows⁴², the marketing possesses a unique power to change this trend. This to happen, top managements of companies have to build CSR into their corporate cultures and the (strategic) marketing.

3.1.5. Marketing in Electronic Media

Direct marketing in the electronic media is no doubt a modern trend of the marketing. It is not so revolutionary new and modern (many companies use it quite often), but on the other side, development in this area did not reach its limits at all. I would say it is still in its beginnings compared to the traditional marketing.

3.1.5.1. Mobile Marketing

The Mobile Marketing Association speaks about the mobile marketing as about a way how a company can communicate with their current and prospective customers fast, interactively and relatively cheaply through mobile phones and their networks.⁴³ Thanks to the mobile marketing, a company can in real time address customers, offer products & services, but also entertainment and many others.

Low costs connected with such a marketing, a broad offer of services, swiftness, easiness of a change, convenience for the customer, opportunity to get to know customers better, possibility of an immediate feedback and processing of results belong among the main benefits of the mobile marketing. The mobile marketing can be used almost everywhere we can imagine. Information about news, new products & services, last minutes, information about the company itself, tips for the free time and many more can be handled by the mobile marketing. With the evolution of smart phones this area moves rapidly ahead. More information will be provided later in the more appropriate part devoted to Mobile and Smart phones.

Of course, all of us do not want to be disturbed or tracked by our mobile phone. Therefore, it is quite crucial to secure the privacy for those who do not want to be reached by this medium which is very much complicated.

It is good to realize that telecom providers not only promote themselves by the mobile marketing, but that they provide/sell this mobile network or communication channel (in

⁴² Results of own market research – Appendix 2

⁴³ [K]

marketing sense) to the rest of the companies in various industries so that they could practise some mobile marketing as well. Thus, strategically oriented telecom providers should be the driving force which should push the development of the mobile marketing forward so that they could financially capitalize on it.

3.1.5.2. Internet Marketing

Generally speaking, the internet marketing is a marketing of products and services over the internet. The scope of internet is almost never ending and continuously developing. Except standard web pages of companies or online stores, marketers can use many more specific and modern ways how to influence current and potential customers such as the Search Engine Marketing, Marketing in online/internet games, Banner ads and many more.

The internet marketing provides unlimited field for creativity, offers immediacy, fast feedback, and possibility to immediately measure and evaluate marketing activities on the internet. The big benefit of the internet marketing is somewhat anonymity of final customers. They feel safe and thus, are willing to participate in marketing activities even more.

3.1.6. Product placement

Product placement can be defined as a special way of promotion of branded goods and services which are put into some context (movie, etc...). Sometimes, it is even called an “embedded marketing”. The product placement is well-known if we speak about showing some products in movies. It is no secret that the money from the product placement is the major source for movie funding/financing. It is a quite smart attempt to place a product into a relatively neutral setting (moreover, used by famous person). In some cases, viewers observe it subconsciously and sometimes consciously. No matter what way they perceive the product, they tend to buy it eventually. The success of the product is usually closely correlated with the success of the movie, indeed.

Nowadays, the product placement penetrates many more marketing channels than ever before. It is not just in movies, but in soap operas, sitcoms, various television shows and reality shows. Moreover, a product placement can be found in PC and other games,

virtual words and many other places. Even people themselves can serve as a medium for a product placement.

I would say that the product placement is a quite creative marketing technique which can hold many advantages such as massive exposure and connection with something positive or popular. The product placement can be easily incorporated into or accompanied with an appropriate guerrilla or a viral marketing which can amplify the effect gained.

A possible threat for the product placement is the failure of a medium itself. If the movie or famous person that promotes some product is discredited, the product itself can encounter some negative impact which is not usually case if we speak about the traditional marketing. A failure of the traditional marketing would have most likely no (zero) or minimal negative effect.

3.2. New strategic marketing tools & channels

With the human evolution, there are countless numbers of new discoveries and findings. People still want more and more sophisticated things which simplify their lives or make them at least a bit more comfortable or provide them with some more entertainment. This aspect is a chance for the marketing to use such sophisticated things for much more advanced marketing practices. It is important for marketing departments to at least keep the pace with the new trends or set/create these new trends if possible. In the following pages, I will try to describe modern tools which are either very popular (heavily used) or those which are very much promising for the future (something similar to the “question marks” or “stars” in the BCG matrix described earlier).

3.2.1. Internet

The internet is a worldwide system of interconnected computer networks which communicate each other thanks to the special protocols. For the purpose of this work, the history and technical details are not relevant. I will focus on specific applications/functions of the internet which are used as marketing tools to influence potential customers.

One of the best-known services and probably the first one on the internet was WWW (World-Wide-Web). WWW can be seen as a mixture of text, graphics and other

multimedia and is used for various internet presentations (such as company web pages), but this is nothing new as well as e-mails. On the other hand, e-mails play significant role for example in the viral marketing. It is a convenient and cheap tool which is required so that a viral message is effectively transferred and the whole campaign is successful.

Another internet application can be banners which are nowadays almost on each web page. Interesting ones are Search Engines. The Search Engines play significant role in current people's lives because it is common to "google it out" once one is not sure about anything. To be placed on the top of the lists is a great victory. Specialized companies which focus just on this field (optimization of key words and web pages so that the firm is listed on the top positions in Search Engines) are common businesses in nowadays world.

Online games are another attractive internet segment. In my opinion, it is smart and sophisticated to make some marketing activities in this area. Of course, it highly depends on what kind of a company and products are we talking about. Should we target young male generation, results from an online game marketing would be most likely positive. Moreover, thinking strategically and assuming that this now young generation will be soon the leading working generation; it is then worth establishing good relations or even loyalty.

Various forms of an instant messaging or audio/video communication are other services available online. Social networks are another quite new, but a very promising segment which should not be omitted. I will devote more time to these specific topics later.

3.2.2. Mobile and Smart phones

The launch of mobile phones was no doubt a big milestone in the human history. Having the opportunity to communicate everywhere or to send simple text message was a great progress for everybody. It was the same advantage for marketers because they had got new marketing tools to choose from. Continuously, single Java applications and basic internet functions in mobile phones were available which brought mobile phones a bit closer to the magnificence of the internet.

The introduction of smart phones was another big step forward. The smart phones offer many advanced applications and functions. Operation systems became very similar to

those in computers and generally, everything developed in the way that we can say that the smart phones are basically small computers with an enough capacity/space and the majority of standard functions such as a nice internet explorer, a good office tools package, an email client, a multimedia package and many other functions.

Therefore, the smart phones enabled the mobile marketing to use additional advanced technologies which are better working than the old ones. Once of the most frequently used technologies in the mobile marketing are MMS, mobile games, location-based services, mobile internet and mobile radio or TV. Many people even stopped to read classical newspapers and converted to electronic versions which are available online through a smart or mobile phone.

New and sophisticated smart phones are really multifunctional. The best feature of a smart or mobile phone for the marketing is the fact that our phone is with us almost unlimitedly (24/7). Through special technologies and applications, we could get hot offers immediately when we enter a store, or based on our characteristics we could get offers customized just for us or if we want to buy some product, our smart phone could make comparison whether we can buy it cheaper in the neighbourhood or not.⁴⁴ Marketing possibilities and applications are really never ending and sometimes surprising and what is new and surprising works great with modern marketing tools and concepts (guerrilla marketing etc.).

Development of the mobile marketing in the direction slightly described in the last paragraph is very probable which is going to be another revolution in the history of the marketing. This is one of the reasons why companies should include the mobile marketing and smart phones into their strategic marketing as another channel of the future success.

3.2.3. Social networks

Social networks hold a dominant position in a current social live of people. With an increasing number of friends individuals have, social networks became a great tool how to effectively maintain relationships with all of those friends (at least passive one). Social networks are however not only about friends, but also about other type of entertainment or even business. Thus, people spend a lot of time there which gives the

⁴⁴ [L], <http://www.lupa.cz/clanky/rozsirena-realita-a-mobilni-marketing-jak-na-nej/> Available on 14th March 2010

opportunity to marketers to take advantage of this enormous presence for some marketing purposes.

The marketing in social networks is based on the word-of-mouth from a trusted source (a friend) principle and the related viral marketing. The social networks offer great environment for such practises, because the transmission of viral messages is totally costless and apparently safe since a receiver of the message considers it as a recommendation from own social network. Only one investment from the side of a marketing department is then the time, effort and creativity of marketing workers who focus on this segment.

3.2.3.1. Facebook

Facebook is probably the most famous social network in the world. Nowadays (March 2010), the Facebook has more than 400 million active users and is translated to more than 70 languages.⁴⁵

Facebook was launched in 2004 as an internal networking system for the students of Harvard University. Continuously, other US Universities, companies and other organizations connected to this system and very soon the Facebook crossed national borders of many countries. The original purpose in those times was to maintain the international social network of people which was quite complicated before the Facebook appeared. Thus, the Facebook gained a big popularity.

A user can create own profile, upload and share own photos & videos (and tag his or her friends), use various communication channels such as walls, chat or messaging. Each user can invite the others to some events and all these events (including birthdays) are kept in a special calendar. Users can exchange gifts, trade goods & services in a marketplace, create special thematic pages, suggest new friends to the other members and do many other activities.

Except many activities which are done exclusively among friends (described above), there are many third parties applications and they are very famous as well. Almost each user of the Facebook heard about the applications such as Friends for Sale, Mafia Wars, FarmVille, many different games, tests etc. Both the business and marketing have its

⁴⁵ [M]

place in the Facebook as well. Companies, organizations, clubs or even products have its own Facebook fans pages. Many banners and side advertisement can be seen on the Facebook pages and individuals have the possibility to express their opinion about it (at least by giving thumb down or up).

Unfortunately, the Facebook is not unproblematic as it could appear. There is a massive amount of confidential and personal information to which many applications and people have an unlimited access. Some companies (probably through hackers) can be unethical and collect all these data and consequently use them for their marketing purposes. It is a real question whether it is ethical or not. For example, Beacon was very interesting and marketing-smart application which gathered information about the purchase behaviour on the internet (what each customer buys on the internet etc.). I would not be surprised if some internet store or big company which is active online or which wanted to launch an internet shop were behind this idea how to make their online activities much more effective.⁴⁶

There were a few law suits regarding these issues towards the Facebook, but everything was handled quite well so far. If the Facebook company can continuously work through these sensitive issues, there is no doubt that the Facebook will remain on the top of the popularity among people and that it will be the key channel for each strategically oriented marketing to focus on.

3.2.3.2. MySpace

MySpace used to be the social network number one for a long time, but was defeated by the Facebook lately. MySpace is also an international social network which is translated into roughly 15 languages.

It has many features and functions as the Facebook has. Users can create own profile, groups, communicate each other, express feelings and moods, create blogs, attach multimedia and music. Moreover, there are many other applications such as MySpace TV which is similar to a YouTube video sharing, MySpace New, My Space Forums and MySpace Mobile.⁴⁷

⁴⁶ [N] and [4], pages 42-43

⁴⁷ [AB]

As each social network has difficulties with the privacy, confidential/private information and dishonesty of some users, MySpace is not an exception. There were many scandals which even led to the suicide of one user. Again, social networks have their pros and cons, but one remains the same, it is a great marketing channel which will be important to utilize in order to be successful in the future.

3.2.3.3. Twitter

Twitter is another social network which is considered as the third most visited (behind the Facebook being the first one and MySpace being number two).⁴⁸ It is a service which provides users with the ability to create micro blogs and to share short messages (limited with 140 signs). These short messages are well-known as a “tweety” and they can consist of various links to photos, videos etc.

It is another good way how to communicate with friends or other groups of people. Users can access these messages online for free or they can be sent as SMS at standard telecom conditions.⁴⁹

Lance Armstrong shows a great example how to market own personality and organization LIVESTRONG over the Twitter. Lance Armstrong is communicating with millions of people all around the world and is very successful with it. This can be a good formula for the others to use to market other products, services, ideas, concepts, clubs and whole companies.⁵⁰

3.2.3.4. Linked In

Linked In is a next social network which is however strictly business oriented and its main purpose is to associate business professionals all around the world. Therefore, we are speaking about a professional networking which brings together professionals from the same fields and also across them. Linked In is used by more than 60 million users.

Linked In allows its users to create a whole profile which can contain all academic and professional progress/history, recommendations from colleagues, supervisors and others, summaries, specialities. Of course, Linked In serves as a communication channel between users. Users can create and join groups or even find the job on the Linked In

⁴⁸ <http://blog.compete.com/2009/02/09/facebook-myspace-twitter-social-network/>

⁴⁹ [L], <http://www.lupa.cz/clanky/twitter-pro-zacatecniky/>

⁵⁰ [AC]

job market. Linked In offers many interesting applications such as the SlideShare where users can share their PowerPoint presentations.⁵¹

As I already said, Linked In is selectively business oriented and therefore, it provides a very specific opportunity for companies and the marketing itself due to the fact that users are well segmented already from the beginning. The marketing can be thus much focused and specific which is usually better than to stay on a general and unspecific level. From this point of view, it is clear that Linked In is perspective as well.

3.2.4. YouTube

YouTube is a special website where people can share videos. With the increasing popularity of videos which are available online, YouTube presents a next promising channel which can be utilized for a smart future marketing.

Posting a funny video which then circulates on the internet, plenty of people watches it and tells about it to their friends can be the very cost-effective marketing tool. Good example can be Vodafone with their funny Christmas advertisements.

This way, a company can establish and maintain good relationships with their customers and without any pressure stimulate their awareness about the brand, their loyalty and things like that. Being entertained by the company is not perceived as being massaged in the marketing way, even though it is actually the same. Again, the viral marketing and the word-of-mouth work perfectly in this case.

3.2.5. New ways of communication

Communication is one of the key elements of the human existence. Communication is crucial for many activities and the marketing cannot stay apart because the purpose or the goal of a marketing is to communicate some message to the public and thus, persuade them about the added value which can be gained thanks to the product or service offered.

People want to communicate still more effectively and cheaper at the same time. Although mobile phones and telecommunication costs connected with their usage

⁵¹ [L], <http://www.lupa.cz/clanky/linkedin-pro-zacatecniky/>

gradually decrease, customers got to like the other means of communication which for example the internet technology provides.

3.2.5.1. Skype

Skype is a software which enables the user unlimited internet calls, instant messaging and audio- or videoconferencing for free. Of course, there are many more features from which some are paid such as to call out of the Skype network (to networks of standard telecommunication providers). Even though the quality of calls out of the Skype network is usually quite low, general consumers are able to tolerate it. Skype is definitely not suitable for businesses at all.

Nowadays, Skype has roughly 450 million registered users and sometimes, there are up to 20 million people calling at the same time.⁵² This colossal concentration of people cannot be missed by strategically thinking marketers. Currently, there is just a little advertisement and marketing on Skype which clearly represents the gap or the opportunity on this market. If anybody is able to penetrate this channel, it will be a tremendous success for such a company.

Certainly, there are many ways how to reach such a challenging goal. Strategic partnerships, subsidized calls with a better quality with some kind of the advertisement or marketing in exchange and many others could be the ways how to address all these potential customers. Satisfying these customers would have no doubt a big beneficiary effect on the company as well.

3.2.5.2. MSN

MSN is a very similar concept like Skype and therefore, it does not make much sense to go into details. It is good to mention that MSN is much broader than Skype because MSN users have more services such as Hotmail email address/server, MSNBC News, sports, MMS videos, games, weather, shopping, celebrity gossip and other entertainment available.

Having more services available, logically, there are more opportunities for the marketing as well. Therefore, MSN is another very promising channel for the future marketing.

⁵² [O]

3.2.6. Virtual worlds – Second Life

Second Life is apparently the most successful virtual world/project which was ever created and which offers nearly unlimited possibilities. The Second Life is not an online game which is sometimes confused. It is really a virtual 3D world which can be in an economic sense compared to some small developing country. There are two versions of Second Life – one for teenagers (Teen Grid) and the second for adults (Mature Grid).

All happenings in the Second Life are caused by their users/players. Many useful and sophisticated tools are available and based on them, users can accomplish everything what they want; it is just about their creativity. There is no problem to shop, dress, equip house, and attend concerts, whatever people do in the real world.

An interesting part is the economy. The Second Life has own currency called “linden dollars” which are transferable for real US dollars approximately at the exchange rate 270 linden dollars for 1 USD. Money can be exchanged or earned directly in the “game”. There are many people who devote their time just to the Second Life and have it as an employment. Using the money, “players” can buy whatever they want, e.g. own land or island where they can build own empire.

The Second Life can serve as a meeting place where people can organize different seminars, lectures, trainings and many more events without travelling all over the world. It is possible to establish some lecture or conference room where user can hold a presentation or stream video (even live). Some companies use this platform for further purposes such as a self-presentation, a place for new innovations, e-learning activities, recruiting processes etc.

Also, the Second Life is used for marketing activities as well. Companies can test their new marketing ideas, informally communicate with their customers, conduct market researches, introduce some revolutionary new products or innovations and observe reactions of the virtual market. Many big companies have their real subsidiaries in the virtual worlds where visitors can get lots of important information about the company, its products and novelties (maybe even more than in the real shops or subsidiary).⁵³

⁵³ [4], pages 35-42 and [L], <http://www.lupa.cz/clanky/second-life-8211-zivot-ve-virtualni-realite/>

The virtual worlds (mainly the Second Life which is the most successful) offer a broad range of opportunities and possibilities how to express and test the creativity of people. Since the marketing is a lot about creativity, it is the right place for a development of sophisticated marketing strategies, new marketing concepts, tools and all things connected with it. It is also another way how to reach many people in an easy, smart, interactive and effective way and that is why, companies should not omit such a chance.

3.2.7. eBay and other means of E-Commerce

E-Commerce is without any doubt another modern trend which changes old standards and a thinking of people. Customers continuously leave real shops and concentrate on the online shopping. There are a few ways how people make their purchases online. Firstly, internet stores are well visited. Secondly, there are websites which offer the internet auctions. Both are very interesting and promising channels which will become even more important in the future shopping.

The eBay auction is one of the leading auction portals worldwide. Of course, there are many national modifications or imitations, but eBay is usually best-known. Again, these new places (even though they are virtual) where there is a high concentration of people are necessary to penetrate in a marketing way. A standard internet advertisement is one option, but companies have to think creatively and out of the box to come up with many more and better marketing activities.

4. Analysis of International Telecommunication Market

In this part, I would like to analyze the international telecommunication market and identify key leaders who determine the ways in which telecommunication market develops. For my analysis, I will take the Fortune Global 500 ranking for year 2009 into account⁵⁴ and compile my list based on the 2008 annual revenues in USD.

Except general information about the companies and some financial figures, I will try to reflect on their (strategic) marketing in case they perform something special.

4.1. Ranking

As it was said, the Fortune Global 500 for year 2009 will be the major source of the information. It is possible to filter out the Telecommunication industry where all companies which are somehow connected to telecommunications are displayed. According to this methodology, we can observe following ranking. I will focus on the companies which will belong to the so called “TOP 10” list.

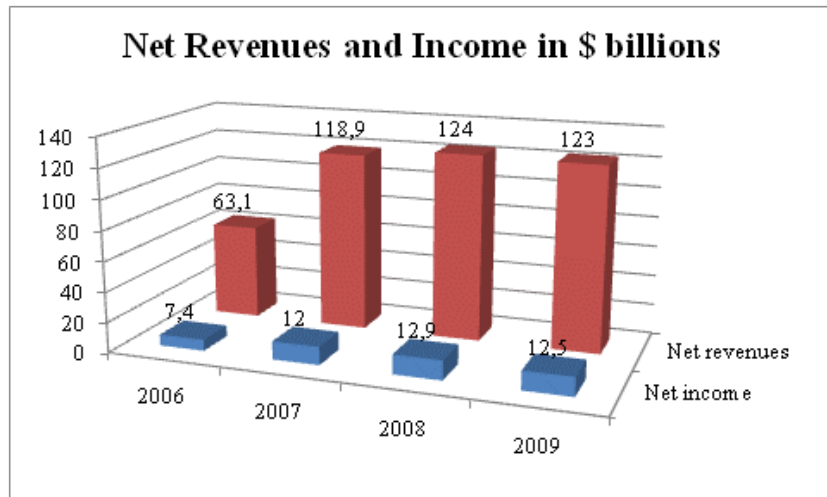
4.1.1. AT&T

The highest revenues among telecommunication companies are reached by AT&T which figures on the overall 29th place. Their revenues amounted to \$124,028 million. AT&T is a big American company which has logically quite broad portfolio of services ranging from voice services and data services to providing TV connections. As it was mentioned, AT&T is the US company which focuses on the US market. AT&T is recognized worldwide as a company which is the leader in providing services based on the IP technology. Moreover, AT&T runs on the most advanced 3G network.⁵⁵

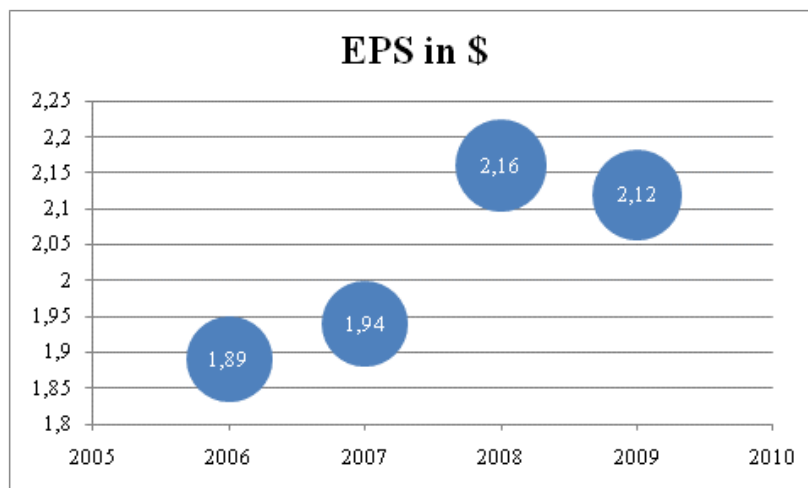
Further below, you can see some more financial indicators of the company such as development of net revenues and income in the past years on the Graph 1. The biggest growth was recorded in year 2007 where net revenues and income almost doubled. Positive news for AT&T is the fact that they handle the crisis very well (revenues and income remained nearly unchanged). Having such great financial results, AT&T was able to even increase Earnings per Share (EPS) as it is obvious from the Graph 2.

⁵⁴ [Q]

⁵⁵ [R], <http://www.att.com/gen/investor-relations?pid=5711>



Graph 1 – AT&T Financial results (Data source: <http://money.cnn.com/quote/financials/>)



Graph 2 – AT&T EPS (Data source: <http://money.cnn.com/quote/financials/>)

Regarding marketing activities which could be considered as strategic or future-oriented, AT&T definitely cares about the society and thus, pursues a CSR. AT&T encourages the citizenship and sustainability. They do it in a way that they want to strengthen communities by providing good jobs, supporting and promoting the education programs and voluntarism. They invest in the people, strive for integrity and minimize their environmental impact. Also, they try to lead in the innovations which should ensure some development for society. Another activity is sponsorship of sport, culture and other activities which make sense in their eyes. Moreover, AT&T tries to address disasters, promote diversity & inclusion and devote lots of effort and care to the customer safety.⁵⁶

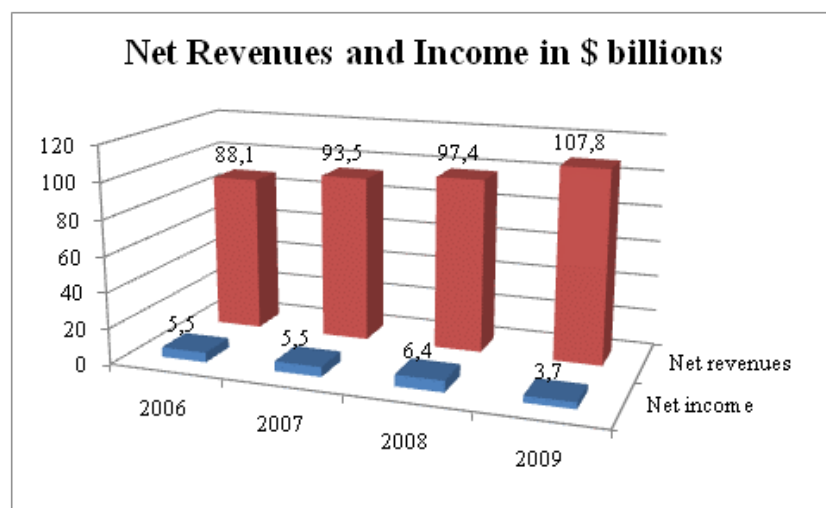
⁵⁶ [R], <http://www.att.com/gen/landing-pages?pid=3309>

Looking at the usage of new marketing channels, AT&T is present on various social networks such as Facebook, Twitter, MySpace, Linked In and YouTube.⁵⁷

4.1.2. Verizon Communications

Verizon Communications as the biggest competitor to AT&T on the US market takes the 2nd place among telecommunication companies. The overall position of Verizon is on the 54th place. Verizon was able to reach revenues of \$97,354 million. Again, considering developed American market, companies have to offer a broad portfolio of products and services as their competitors to be able to survive and keep customers. Thus, Verizon provides not only voice services, but also internet/data and TV connections.⁵⁸

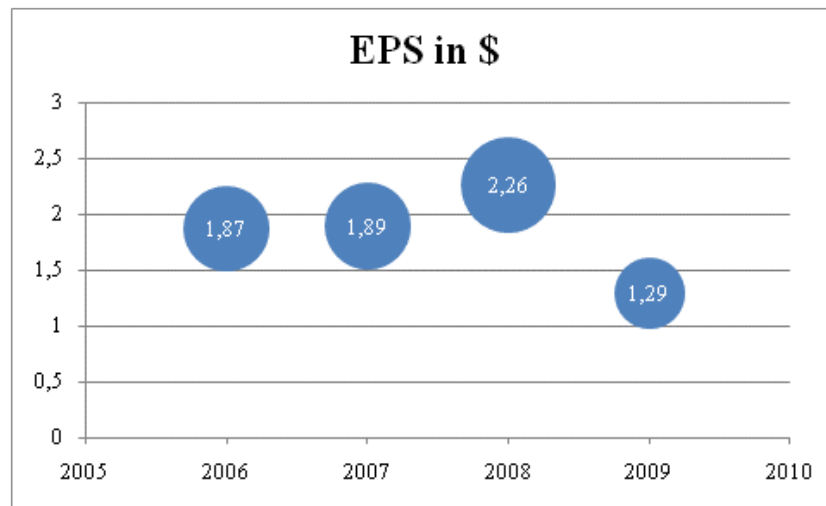
Annual net revenues and incomes are shown in the Graph 3 below. Verizon is constantly growing and continuously becomes the equivalent competitor to AT&T. However, the last year (2009) growth in revenues was accomplished by the “low-margin” strategy which can be remarked in the net income decrease. The same trends can be seen in Graph 4 regarding development of EPS.



Graph 3 – Verizon Financial results (Data source: <http://money.cnn.com/quote/financials/>)

⁵⁷ [R], <http://www.att.com/gen/press-room?pid=5000>

⁵⁸ [T], <http://www22.verizon.com/about/>



Graph 4 – Verizon EPS (Data source: <http://money.cnn.com/quote/financials/>)

Speaking about a new marketing in Verizon Communications, we can notice quite strong accent on the Corporate Social Responsibility. A company's code of conduct stresses the ethics & integrity as a key element of corporate culture. Company believes in their employees, supports and empowers them. Important parts of Verizon's CSR are activities such as the protection of environment, the effort to improve health care and partnerships with communities. Moreover, Verizon wants to be involved with the community by various kinds of sponsorships and by the activities of own foundation. This whole CSR program is aimed to improve the quality of life not only for their employees and to reduce the environmental impact people have.⁵⁹ Regarding modern marketing channels, Verizon is on the Facebook, Twitter, Linked In and YouTube and participates in the Second life as well.⁶⁰

4.1.3. Nippon Telegraph & Telephone

The third highest revenues were reached according to the Fortune Global 500 by the leader on the Japanese and whole Asian market – Nippon Telegraph & Telephone (NTT). NTT experienced a stable time period considering net revenues and incomes in the last year which is a clear sign that the company was well prepared for the crisis. Their annual revenues were \$94,400 million which classified them on the overall 58th place.⁶¹ NTT is a much diversified company offering broad portfolio of products &

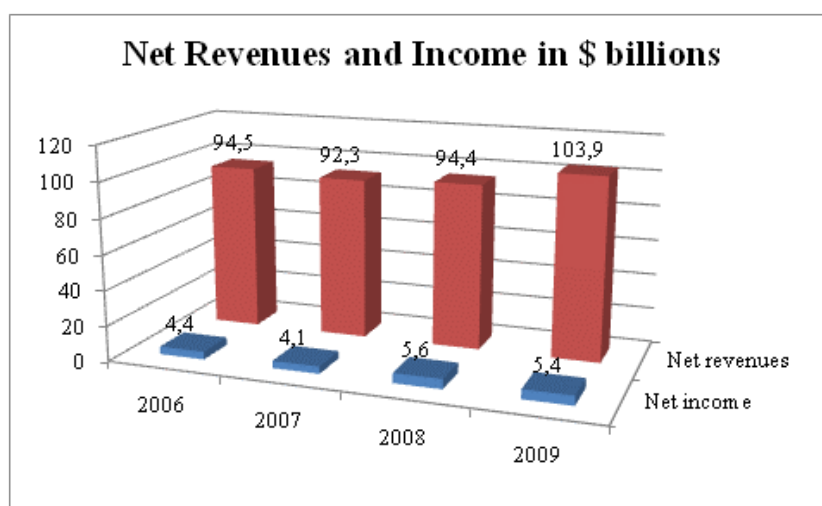
⁵⁹ [T], <http://responsibility.verizon.com/>

⁶⁰ [T], <http://newscenter.verizon.com/kit/vcorp/factsheet.html>

⁶¹ In the case of NTT, I have identified mistake in the Fortune Global 500 ranking. NTT is the only one company which is compared/classified based on the revenues in 2009 (the rest based on the revenues in 2008). I decided to place them by myself taking into account revenues in 2008.

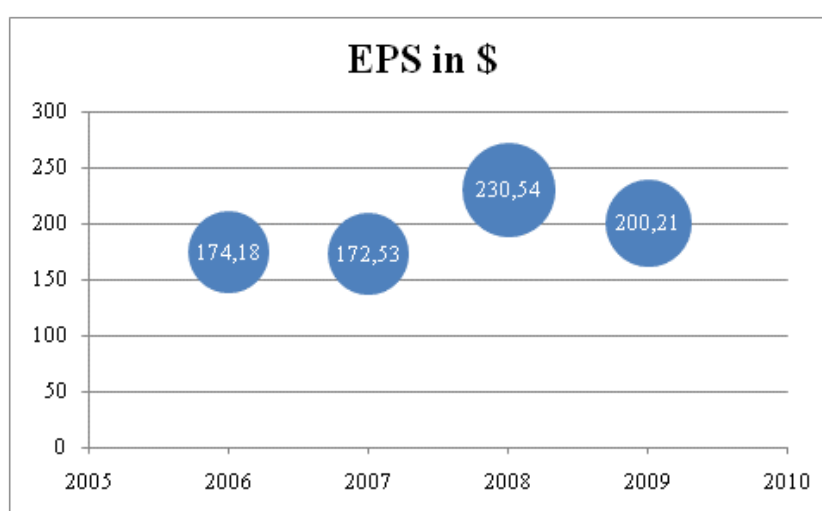
services (some of them are not telecommunication related such as electronics, financial services etc.) which probably contributed to the discussed stability.⁶²

NTT supports a research & development whose goal is to provide high-quality services which are safe and encourage the society in the further development. Also, they cooperate with international organizations such as International Telecommunications Union (ITU) and International Standards Organization (ISO) to achieve some standardization on the telecommunication market.⁶³



Graph 5 – NTT Financial results (Data source: <http://money.cnn.com/quote/financials/>)

Detailed development of financial figures can be viewed in the attached graphs. Graph 5 demonstrates steady net revenues and incomes during last 4 years. The only exception is a pleasant growth of revenues in 2009. Graph 6 looks into EPSs paid in this period.



Graph 6 – NTT EPS (Data source: <http://money.cnn.com/quote/financials/>)

⁶² [S]

⁶³ [S], http://www.ntt.co.jp/active_e/index.html

Regarding special marketing activities, NTT is well engaged in Social & Environmental initiatives (CSR). Based on the NTT Global Environment Charter NTT strives for ecology-friendly business operations. Their main CSR Priority Activities are mitigation of global warming, waste reduction, reduction of paper consumption, information security, ensuring stable and reliable services as critical infrastructure, activities to promote diversity and equal opportunities and corporate citizenship activities.⁶⁴ Considering new marketing channels, NTT is on Linked In and YouTube and just unofficially and partially on Facebook and Twitter.

4.1.4. Deutsche Telekom

Deutsche Telekom is the highest ranked (4th place in my list) European telecommunication company. An overall 61st place belongs to this broad company which constantly expands on further markets in Europe. Nowadays, it is not only German Deutsche Telekom itself located in Bonn, Germany, but whole family of T-Mobile and T-Systems subsidiaries in many countries: Slovak Telekom, Magyar Telekom, T-Hrvatski Telekom and a few more. Being more country-specific, Deutsche Telekom does a telecom business in countries such as Germany, Czech Republic, Slovak Republic, Austria, Poland, United Kingdom, Nederland, Croatia, Hungary, but also United States of America. Its main focus was on voice services, but continuously, it diversified its portfolio towards internet/data services and now, Deutsche Telekom can offer full spectrum of telecommunication services. They are usually the ones who set the technology trends in the (at least European) telecommunication market.⁶⁵

More precise financial data about the company are displayed in the attached graphs. We can notice on the

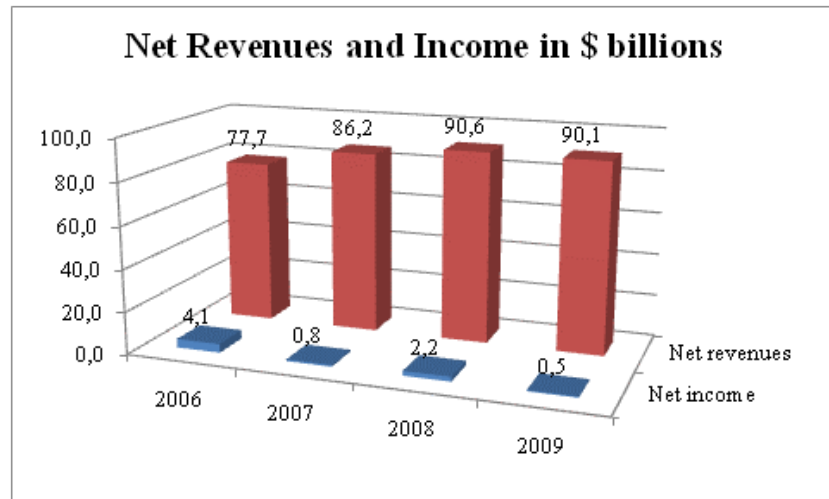
Graph 7 that Deutsche Telekom had some difficulties with the profitability in the last three years, but still it is in black numbers. Low EPSs on the Graph 8 are just a logic consequence of this situation.

Regarding the strategic marketing of the company, Deutsche Telekom claims that it is big on CSR activities. Expect quite general CSR practises which can be seen almost everywhere, Deutsche Telekom tries to emphasis the diversity, they try to involve

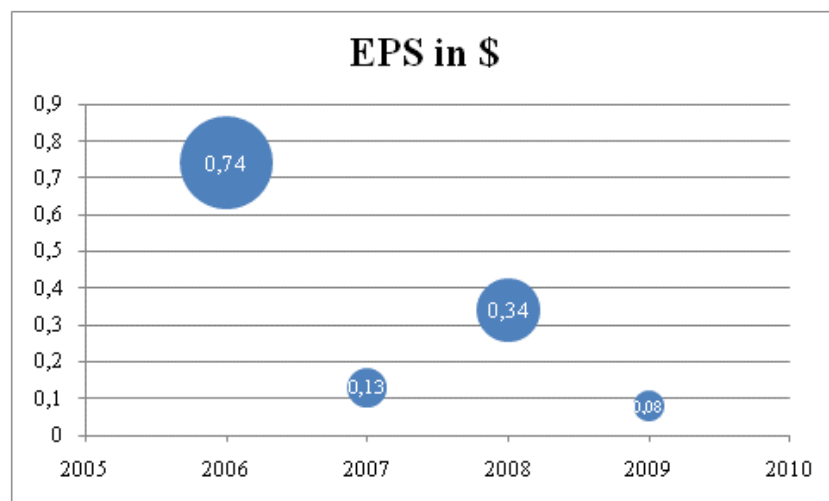
⁶⁴ [S], http://www.ntt.co.jp/csr_e/2009report/csrmanagement01.html

⁶⁵ [U]

females more than it is usual in other companies and thus, balance males with females. They were one of the first ones who introduced a women's quota. Also, it is well-known that Deutsche Telekom is one of the biggest sponsors of the sport (mainly football) and the music. It is possible to meet Deutsche Telekom in the following new channels: Facebook, YouTube, Twitter, Linked In and MySpace.⁶⁶



Graph 7 – Deutsche Telekom Financial results (Data source: <http://money.cnn.com/quote/financials/>)



Graph 8 – Deutsche Telekom EPS (Data source: <http://money.cnn.com/quote/financials/>)

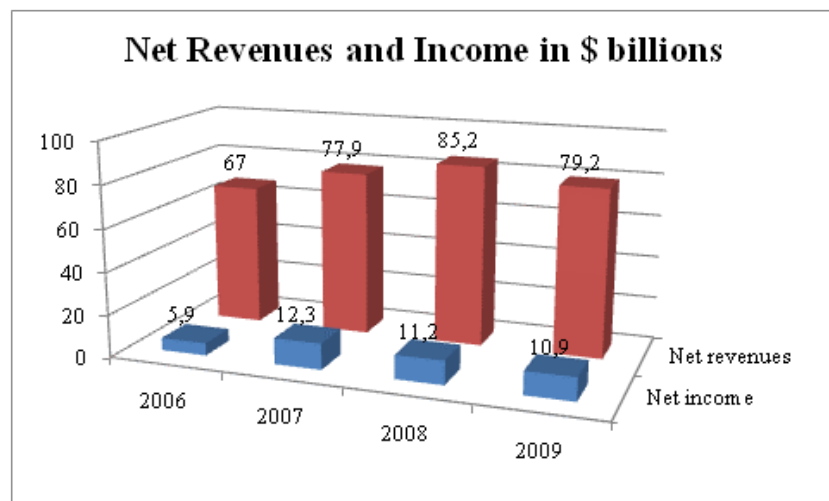
4.1.5. Telefónica

Telefónica is another European based company which is probably the oldest one from this list. Its headquarters is located in Madrid, Spain and thanks to the broad portfolio of services reached revenues \$84,815 million which classifies them on the overall 66th place. Due to its long history and origin, Telefónica had a good chance to penetrate

⁶⁶ [U], <http://www.telekom.com/dtag/cms/content/dt/en/30352;jsessionid=43C47183A821784A315F550212E99529>

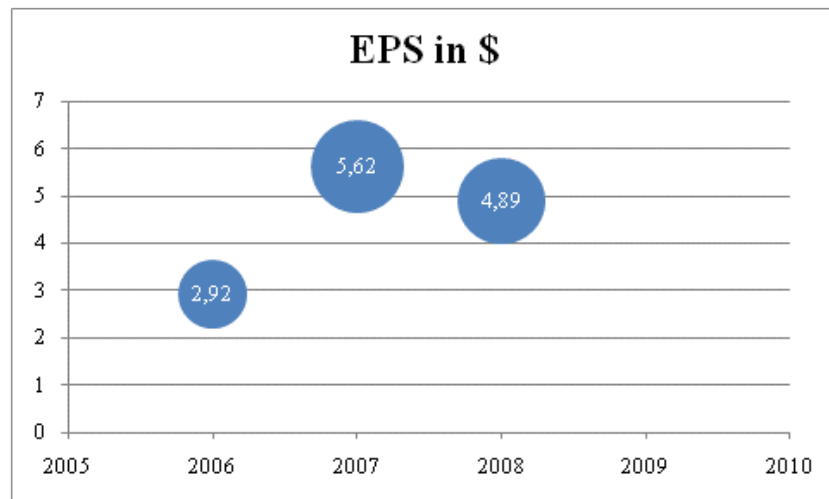
world-wide territories. Currently, it is present and it mainly focuses on two main territories (Europe and Latin America). Particularly, we can speak about following countries: Spain, Czech & Slovak Republic, United Kingdom, Ireland, Germany, Italy, Argentina, Brazil, Chile, Columbia, Peru, Guatemala, Venezuela, but also USA, China and many more. Telefónica is based on the following general principles: Honesty, Trust, Respect for the Law, Integrity, Human rights and Transparency.⁶⁷

For the better understanding of financial figures of Telefónica, please see graphs below. Graph 9 shows a net revenue decrease in 2009 and net income decreases in both 2008 and 2009. Even though there are those decreases, a general level of the net income in each year is more than satisfactory for the company (for example compared with the situation of Deutsche Telekom). This fact is confirmed on the Graph 10 where EPSs bring nice returns to the shareholders of the company.



Graph 9 – Telefónica Financial results (Data source: <http://money.cnn.com/quote/financials/>)

⁶⁷ [V], http://www.telefonica.com/en/about_telefonica/html/home/home.shtml



Graph 10 – Telefónica EPS (Data source: <http://money.cnn.com/quote/financials/>)

Touching the strategic marketing activities, Telefónica exercises CSR policies and practises as well. They want to contribute to all economic, technological, social and environmental progress. Telefónica declares that the way in which the results are reached is as important as those results by themselves. Concretely, Telefónica carries out social activities which are focused and should encourage young people, the education and the environment. Also, they try to improve quality of life for disabled people. The sponsorship is another crucial activity. Telefónica is engaged in sponsoring of sport, music, culture and technology. Exclusive activity of Telefónica is development of arenas all around the world which then serve multifunctional purposes.⁶⁸

Telefónica is quite advanced in using new and strategic marketing channels. We can come into contact with Telefónica on the Facebook, Twitter, Linked In, MySpace and YouTube. Moreover, Telefónica participates in the virtual world “Second Life” where it attempts to practise new ways of the marketing and the marketing communication.

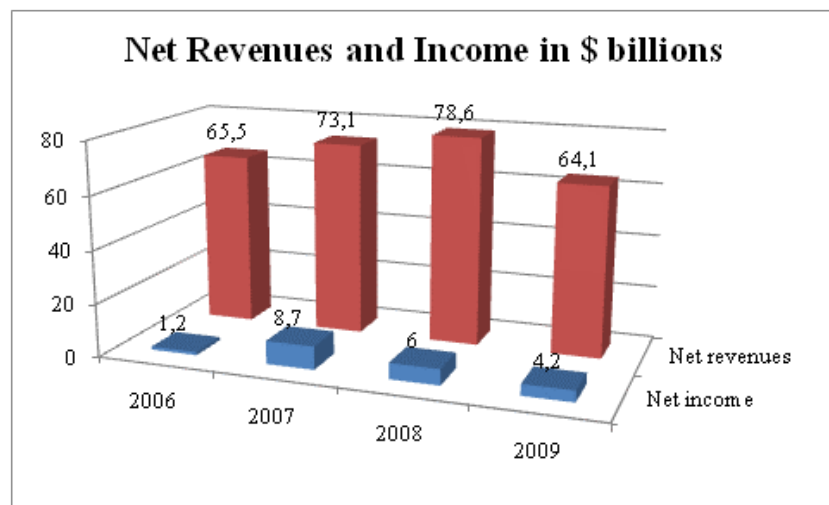
4.1.6. France Télécom (Orange)

The third European giant on the telecommunication market is French France Télécom which is 6th among world telecommunication companies and the 77th among entire Fortune Global 500. Revenues of France Télécom amount to \$78,290 million and as its competitors, France Télécom have many more services than just voice services in its portfolio. Also, the international presence of this company is very wide and quite different to its close and big competitors. Except doing business in developed and

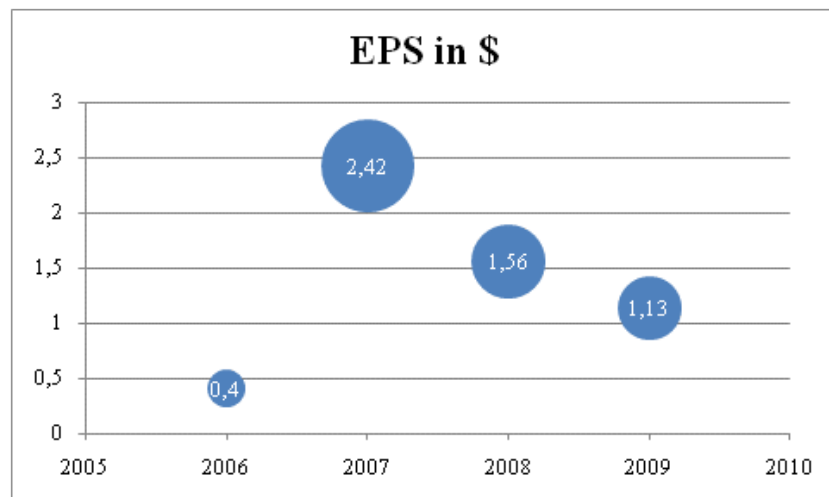
⁶⁸ [V], http://www.telefonica.com/en/corporate_responsibility_enviorenment/html/home/home.shtml

developing Europe as the others, France Télécom focuses also on African countries such as Cameroon, Botswana, Egypt, Kenya, Uganda, Tunisia, Near East countries such as Jordan, Israel and also exotic islands like Madagascar, Saint Kitts and Nevis and many more.⁶⁹

Analyzing financial data of the company, it is obvious that Orange will experience fall in the next issue of Fortune Global 500 because its net revenues significantly dropped in 2009 as presented on the Graph 11. Although the profitability keeps decreasing from 2008, it is still better than the case of Deutsche Telekom. Considering annual EPSs on the Graph 12, they have a decreasing trend, but they are not anyhow critically bad.



Graph 11 – France Télécom Financial results (Data source: <http://money.cnn.com/quote/financials/>)



Graph 12 – France Télécom EPS (Data source: <http://money.cnn.com/quote/financials/>)

⁶⁹ [W], http://www.orange.com/en_EN/group/

The marketing of France Télécom can be described as follows. France Télécom or Orange has an immense presence on the internet. Moreover, they are encouraging the use of the mobile internet. Except being quite successful with their IPTV, they are continuously working on its sports information channel which would give them even a bigger power. Orange is not behind with the sustainability and responsibility compared to the other, indeed. Moreover, they practise lots of philanthropy and sponsorship.⁷⁰

Looking for Orange/France Télécom online, we can find them on the Facebook, Twitter, YouTube, Linked In and even Second life. Particularly, their activities in the Second life are admirable. Orange has own “Orange Island” and users can listen to the music, talk each other, play games and have other entertainment. For instance, exhibitions and other events are hosted here.

4.1.7. Vodafone

On the 7th place (overall 94th place) with the revenues of \$69,138 million, British Vodafone can be found. Vodafone focuses mainly on voice and data services which may be a reason why the revenues are not so high. If we compared only the mobile phone services segment, results would be different because Vodafone is the leading mobile telecommunication company in the world, but this is not the benchmark here in this ranking. Also, the international presence is very wide. Spain, Portuguese, UK, Ireland, Nederland, Germany, Czech Republic, Italy, Cyprus, Greece, Hungary, Albania, Russia, China, India, Australia and some African countries can be the examples which belong to the Vodafone’s country portfolio.⁷¹

Vodafone used to and still tends to be aggressive in its expansion and therefore, we can note the continuously increasing revenues of the company. However, such an aggressive expansion caused (at least partially) the loss in 2006 as it is displayed on

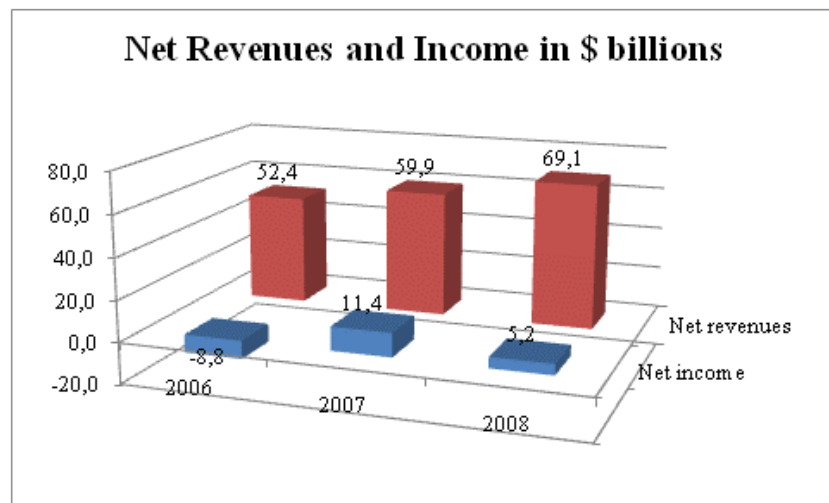
Graph 13. EPS data on the Graph 14 shows that the company cannot provide high returns to their shareholders so far.

I will not speak about CSR and Sponsorship of Vodafone, because it is an inseparable part of the company and by describing it, I would pretty much create duplicities with the similar information stated at their competitors. I would like to rather touch upon the

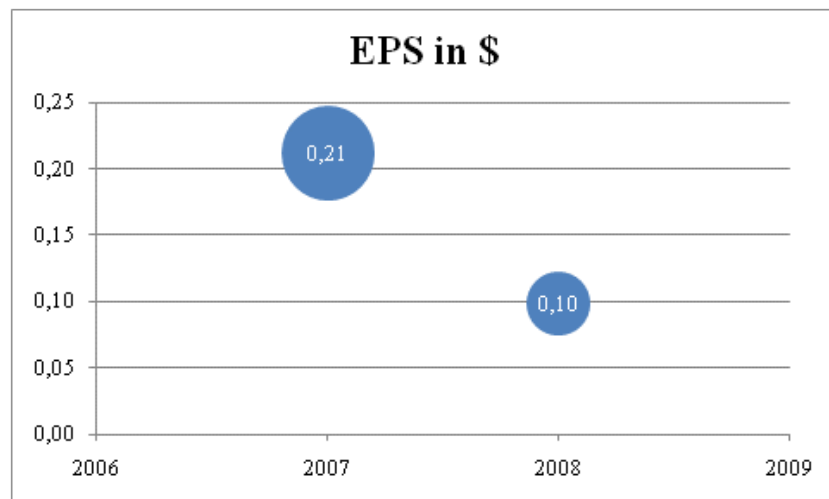
⁷⁰ [W], http://www.orange.com/en_EN/responsibility/

⁷¹ [X], http://www.vodafone.com/start/about_vodafone.html

Vodafone's special corporate culture which is a unique marketing activity itself. Being extremely casual, customer-oriented, open and friendly, Vodafone produces some kind of a unique marketing which spreads by a positive word of mouth very quickly. Generally speaking, having the first-class customer orientation with the 5-star customer service is the key for today's success and Vodafone knows that very well and that is why they have such a corporate culture as well. Moreover, this effort is encouraged even by the standard marketing and advertisement activities which are every time very innovative and funny.



Graph 13 – Vodafone Financial results (Data source: http://www.vodafone.com/annual_report09/index.html)



Graph 14 – Vodafone EPS (Data source: http://www.vodafone.com/annual_report09/index.html)

Vodafone takes extra care to choose the right channels for the marketing communication. Even sponsoring activities are well chosen to have a good exposure

(e.g. Vodafone McLaren Mercedes in F1)⁷². Coming back to the new strategic channels, Vodafone is almost everywhere. They have unified all Vodafone sources, links and online activities onto the one unique Facebook page which now serves as a clear crossroad to the other social networks and places on the internet such as Twitter, YouTube, Linked In, various blogs etc. Vodafone is not missing in the Second life, indeed. It is good to mention that they also heavily engage in (or at least they try to) a mobile marketing or even a guerrilla marketing.

4.1.8. China Mobile Communications

China Mobile Communications Corporation is a dynamically developing company and the leader on the Chinese telecommunication market. It continuously climbs up the ranking and in the last version of Fortune Global 500, it settled on the overall 99th place and the 8th among these telecommunication world leaders. Its revenues currently accounts to \$65,015 million. With the tremendous potential and development in China, China Mobile will probably continue its rapid expansion. Even though China Mobile concentrates just on the mobile phone services and lacks international presence, its revenues are so high mainly thanks to the gigantic size of the Chinese market.⁷³

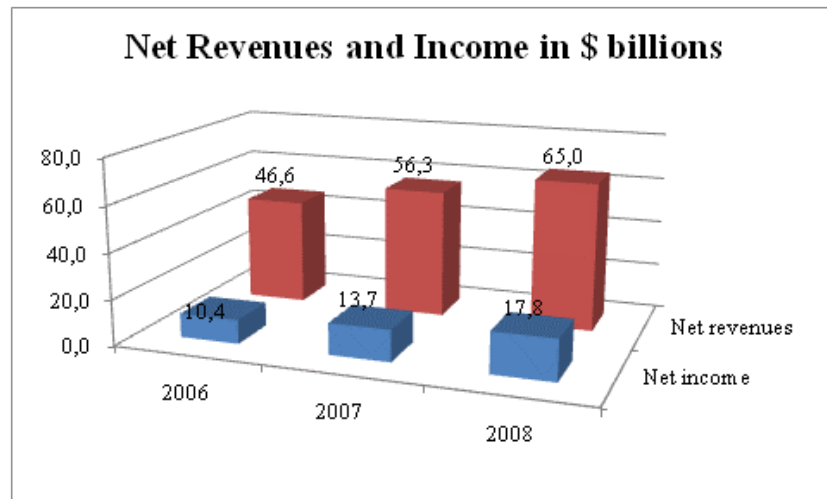
Financial data on the Graph 15 emphasis this fact and moreover, show very gratifying and continuously rising net incomes. There is no sign that this trend should dramatically stop. The profits of China Mobile are the highest compared to the rest of the companies on this list, only AT&T and Telefónica approximate these results. However, raising EPS ratios presented on the Graph 16 are still not among the best ones when benchmarked with the competitors.

Analyzing strategic marketing activities of China Mobile Communications, I have to state that this company belongs to the weaker ones among already described competition. If we look for example on the CSR activities, we can find some, but they do not have such extend as it was the case of the international competition. On the other hand, China is a totally different market than very developed American, European or Japanese markets. Therefore, we can be at least glad that China Mobile takes their competitors as examples and tries to move forward in this field as well. Main activities of the company are in having an energy-efficient enterprise and in raising the awareness

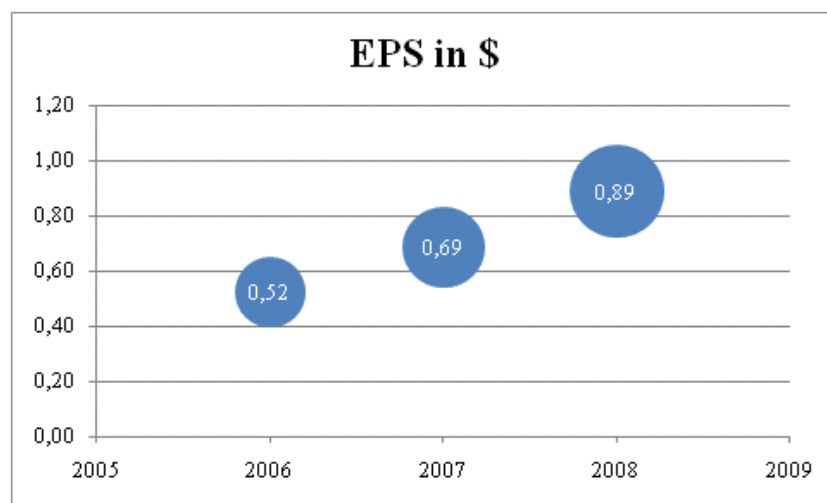
⁷² [X], <http://www.vodafone.com/start/sponsorship.html>

⁷³ [Y], <http://www.chinamobile.com/en/mainland/about/index.html>

of the environmental protection by e.g. launching “Green boxes” for a recycling. Although China Mobile does not have so broad portfolio of CSR activities, they were the first Chinese company included into the Dow Jones Sustainability Index which is a great reward for the company.⁷⁴



Graph 15 – China Mobile Financial results (Data source: <http://www.chinamobileltd.com/op.php?menu=1>)



Graph 16 – China Mobile EPS (Data source: <http://www.chinamobileltd.com/op.php?menu=1>)

Reflecting on the usage of social networks and other modern ways of the marketing communications, I have to say that China Mobile is again among those who did not advance too far in this area. They have quite limited presence on the Facebook and Twitter. A better position can be noticed on Linked In and YouTube.

⁷⁴ [Y], <http://www.chinamobile.com/en/mainland/corporate/index.html>

4.1.9. Telecom Italia

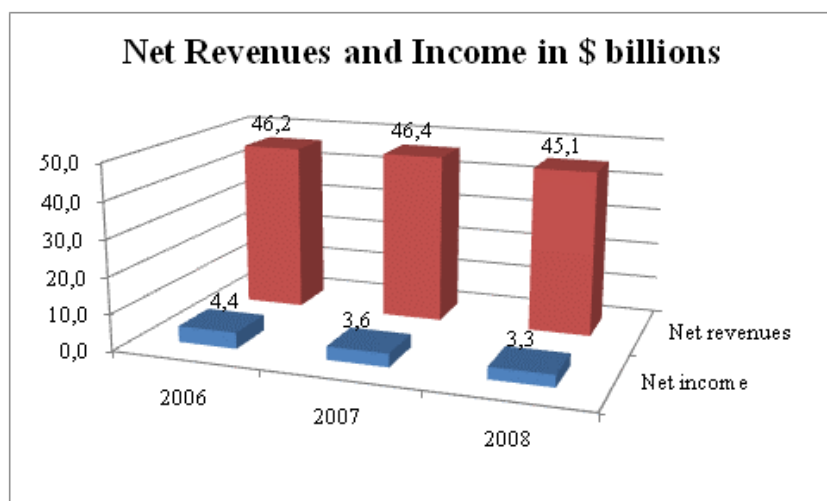
Telecom Italia can be found on the 9th place among world telecommunication leaders (overall on the 166th). Revenues of this company reached \$45,118 million. Understandably, we are speaking about the biggest telecommunication company in Italy. The product portfolio is broad ranging from landlines, mobile phone and internet services to complex and advanced ICT office solutions. Moreover, Telecom Italia is the owner of one Italian television company and therefore, it is also in the TV and media market which gives the company significant, not only marketing, power. Telecom Italia does the business internationally as well. We could find their products and services in countries such as Germany, France, San Marino, Netherlands, Brazil and Argentina.⁷⁵

Telecom Italia is based on the financial data which are published below on the graphs economically stagnating and a bit suffering under the current economic crisis. Graph 17 demonstrates permanently falling revenues as well as net incomes in the studied period of time. The situation is not better with EPS indicators shown in the Graph 18 which are both low and declining.

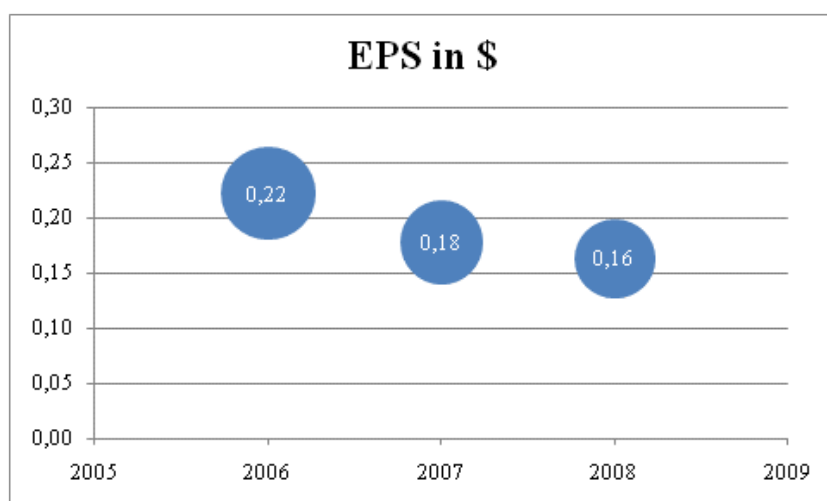
As well as by the others already described, the main strategic marketing pillar of Telecom Italia is the CSR which deals with the three main goals: Economic, Environmental and Social sustainability which should be in balance.⁷⁶ Telecom Italia is also pretty active on the field of new marketing channels. Telecom Italia can be found in all key channels like Facebook, Twitter, YouTube, Linked In and Second Life. I believe that Telecom Italia chose the right (at least marketing) way and if they continue in their effort and penetrate the rest of strategic channels, their financial data will start to improve in the near future.

⁷⁵ [Z], http://www.telecomitalia.it/tiportal/en/corporate/il_gruppo_ti.html

⁷⁶ [Z], <http://www.telecomitalia.it/tiportal/en/corporate/sostenibilita.html>



Graph 17 – Telecom Italia Financial results (Data source: www.telecomitalia.it/tiportal/en/corporate/investitori.html)



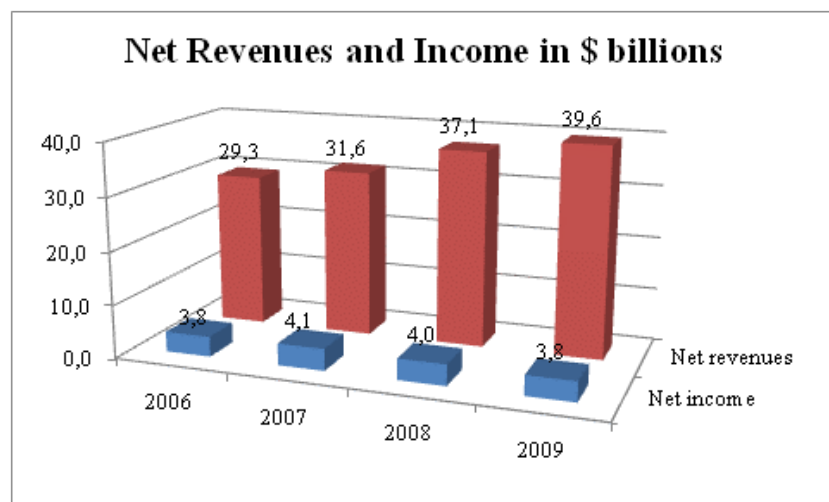
Graph 18 – Telecom Italia EPS (Data source: www.telecomitalia.it/tiportal/en/corporate/investitori.html)

4.1.10. Vivendi

The last participant of the TOP 10 list of the biggest telecommunication companies is French company Vivendi with \$37,166 million which places them on the overall 207th position. Vivendi is not a pure telecommunication company. It owns Canal+ Group, Vivendi Entertainment, Activision Blizzard and other subsidiaries which allow them to be active on many more markets than just the telecommunication one. They do the business in music, film, video games, television and publishing as well. Taking into account just telecommunications, their portfolio of services consists of fixed-lines, mobile phones and internet services. Geographically, Vivendi can be found in the home

market France, then Morocco and Brazil. Always, it is number one or two on those markets.⁷⁷

Graphs which are attached below confirm the stability of the company which is brought about by its diversification. As it is clear from the Graph 19, net revenues of the company unceasingly rise and the level of profitability remains roughly constant which can be easily justified by the current tougher market conditions during the economic crisis. Earnings per share from the Graph 20 prove fair returns for the shareholders taking into account the present environment.

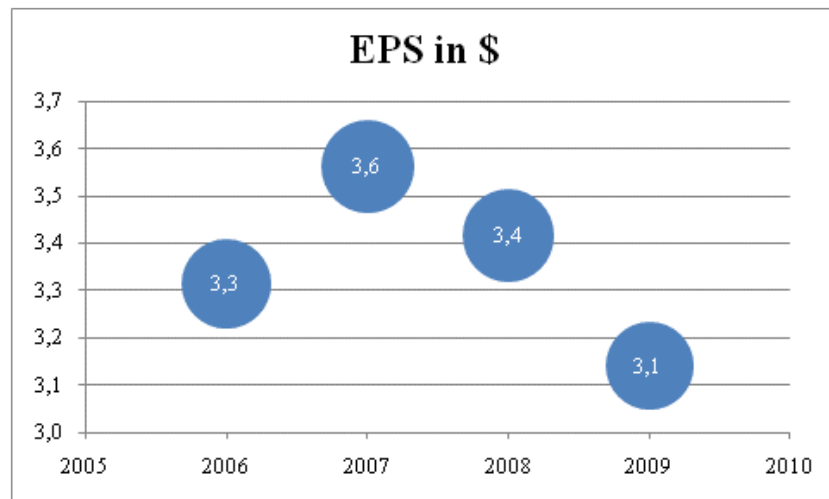


Graph 19 – Vivendi Financial results (Data source: www.vivendi.com/vivendi/IMG/pdf/20100318_doc_ref_2009_du_17032010.pdf)

It is obvious that with such an arsenal of possibilities, Vivendi can pursue many special marketing activities within all its markets. Having for example own television channel or a company dealing with video games or a company engaged in the movie production, it is a great opportunity not only for a product placement which was theoretically described earlier above. Returning to the CSR again, Vivendi has quite standard commitments regarding economic, social and environmental sustainability. Specifically, Vivendi tries to focus on a youth protection, a cultural diversity promotion and a knowledge sharing.⁷⁸ Also, some or all of its subsidiaries are on the Facebook, Twitter, Linked In, MySpace or YouTube. As I already said, this company with its potential has many great opportunities and options available how to practise the excellent new strategic marketing.

⁷⁷ [AA], <http://www.vivendi.com/vivendi/-Group->

⁷⁸ [AA], <http://www.vivendi.com/vivendi/-Sustainable-development->



Graph 20 – Vivendi EPS (Data source: www.vivendi.com/vivendi/IMG/pdf/20100318_doc_ref_2009_du_17032010.pdf)

4.2. Comparison & Best strategic marketing practise

For the comparison of the strategic marketing activities of described telecommunication leaders I have created the comparative table or matrix which is attached in the appendix as Table 1. I have listed all companies on one side and all already studies relevant marketing factors (strategic marketing activities or new marketing channels) on the other side. Then, I have set the importance of each such a marketing factor (I assigned a weight for each.) and consequently, I have analyzed each single factor for each single company once again and put a value corresponding with the progress of such a particular company in that field.

I have been deciding among three alternatives. Firstly, if the company does not engage in such an activity or very marginally, the company's value for this criterion is 0% (0). Secondly, if the company is somehow active in such a field or at least trying hard to develop such a marketing activity, then the score corresponds to 50% (0.5). Lastly, if the company focuses on such a studied activity, it is standard for the company or if they reached some noticeable result(s) in that field, then the assigned value is naturally 100% (1). Having all weights and individual values for each analyzed element, it is uncomplicated to calculate the final values based on which we can draw some conclusions about a company's usage of new strategic marketing practises.

Of course, since this field of study is hard to measure and it is very difficult to distinguish tiny nuances in the strategic marketing activities of companies and I am not speaking about final outcomes for those companies at all, I am aware that this analysis

does not need to be precise at all. There are a few more factors which make it even more complicated. First of all, it is the subjectivity of the evaluator/analyst which can unintentionally favour one company over another. Second of all, lack of corporate data can play very significant role as well. These data can be for instance confidential or there can be pure unawareness/insufficient awareness about the company which may do a business in different parts of the world. All this can cause that the analyst does not come across with such a company adequately.

Therefore, it is necessary to take this analysis as a demonstration of the situation which is viewed by the outsider (for example potential customer). This fact/view can be however very beneficial for the company because it is some kind of the feedback regarding their activities which reveals the successfulness of those activities. For example, some company can think that they are doing very good job in this field, but such an analysis of an outsider/customer can tell them (companies) that the general public does not perceive it the same way as those companies. Thus, I believe that it is beneficial for each company to take such an analysis into consideration, adapt it to company's conditions and make some adjustments or decisions about their strategic marketing activities for the future.

Particular goals of this analysis were to find out which company engages in the strategic marketing the most and which strategic marketing practises/activities or new channels are the most intensively used by these world telecommunication leaders.

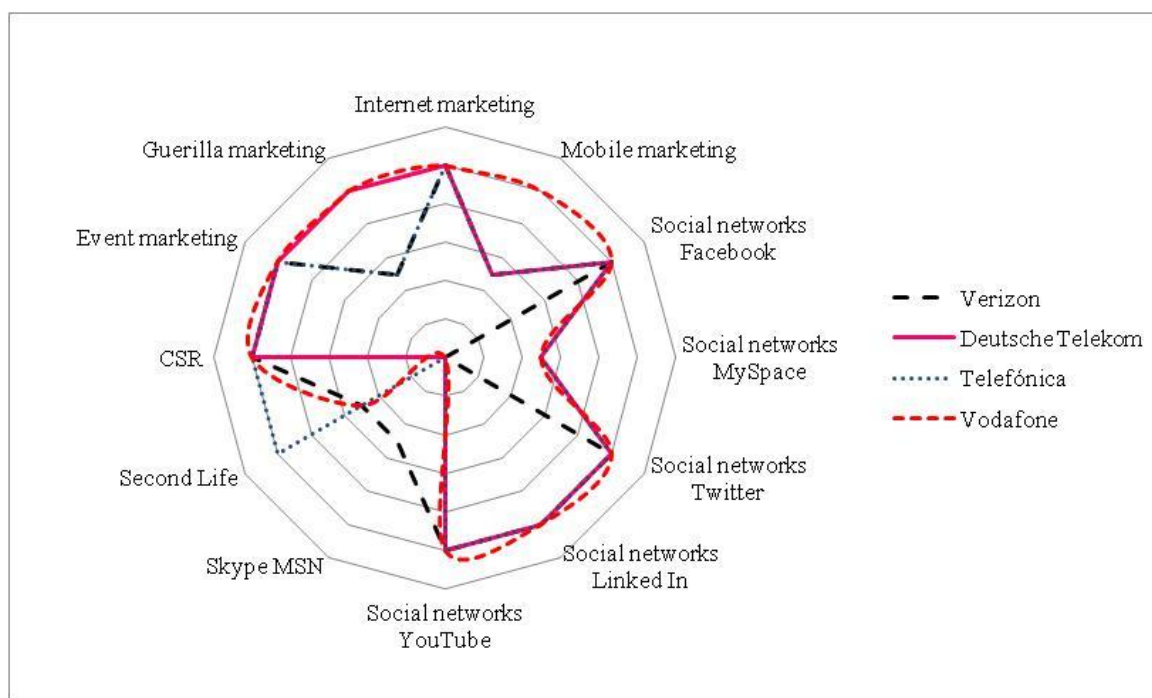
Based on my analysis (results are in the appendix as Table 1), Vodafone is the leader in the strategic marketing involvement among the studied telecommunication companies. Vodafone is the dynamic company which tries to penetrate each possible channel. It is good to see that Vodafone successfully performs even a guerrilla marketing. Open possibilities and future opportunities for Vodafone are in the Second Life or maybe some partnership activities with Skype or MSN. Of course, even though I evaluated Vodafone with full points in many criteria, it does not mean that they cannot improve their strategic marketing activities in those segments as well. There is every time some progress possible and some room for improvements available.

The very close second place belongs to Telefónica which has the biggest strengths in its Second Life activities, its Czech subsidiary Telefónica O2 can be a perfect example. Telefónica as well as Vodafone penetrates quite successfully all key social networks

and is not behind with the already pretty standardized marketing activities such as CSR and the event marketing.

The next ones in the row are Verizon Communications and Deutsche Telekom. Both can be still considered as advanced concerning the strategic marketing. In the case of Deutsche Telekom, the penetration of the Second Life would even bring them on the overall level of Vodafone. Verizon on the other hand seems to be almost everywhere, but usually on a general level. Certainly, more focus on some activities would markedly improve their position as well.

These first 4 companies which ranked on the top of my comparison are graphically displayed in the following spider diagram marked as the Graph 21.



Graph 21 – Spider Diagram (Data source: Results of own analysis – Table 1)

The overall leader in revenues AT&T is not doing badly at all, but similar conclusions as it was the case of Deutsche Telekom could be applied. Imaginary losers in this competition seem to be the Asian participants. I have to repeat that being the last among these world giants is no shame because they are doing very good job in this discipline compared to all companies doing business all over the world. Simply, the benchmark is too high among this TOP 10 list and as I also said, there can be some inaccessibility of relevant data about these Asian companies which could cause their valuation to worsen.

Looking at the special strategic marketing activities and new strategic channels itself, it is clear that Internet marketing, Event marketing, Social marketing (CSR) and Social networks (Facebook, Twitter, Linked In and YouTube) are intensively used for marketing purposes. Mobile & Guerrilla marketing are on the rise and represent a good opportunity for many companies.

The main channel in which I personally see plenty of future potential is the Second Life (virtual worlds in general). It is good to see that some companies are trying to join these virtual worlds and to perform some new marketing activities. Honestly, even though companies cannot count with a massive success and penetration through the virtual worlds, virtual worlds can be considered at least as a great laboratory setting for the development of real marketing activities which are later launched in the reality. This trial can eventually improve and amplify the effects which are eventually reached in the real markets.

It is important to note following regarding the social networks. Social networks are spaces where participants can create own content which is on one side positive, but on the other one dangerous. Word of mouth element is clearly positive, but under the condition that that word is correct and favourable. Therefore, I believe that companies should control and care what is written or said on their “unofficial” for example Facebook pages over which they do not exert any power/control and consequently, they should at least try to discuss it with authors and preferably to fix it.

To conclude this subpart, I would like to specify what the “Best practise in the strategic marketing” on the telecommunication market is. Inseparable parts of this best practise are no doubt CSR activities (Social Marketing) and the presence in the majority of successful social networks which are available online such as Facebook, Linked In, Twitter and YouTube (Viral or Word-of-Mouth Marketing). These modern ones together with standard marketing activities (standard Media marketing, Internet marketing, Event marketing and many more) which are performed by basically every company create a compact marketing kit which is able to successfully influence or even persuade targeted segments of customers.

Looking at the nearest development and opportunities which are available for the companies, we can quite easily predict in which way earlier described “Best practise in the strategic marketing” will be changed or updated in the near future:

First of all, with the rapid development of smart phones and mobile phone networks and technologies, a boom in the mobile marketing is probably inevitable. Second, more intensive marketing activities in virtual worlds may be expected in the future as well. Initially, there were just a few pioneers, but nowadays, there are many famous companies “playing” in the virtual world which is a clear sign that virtual worlds are not just places for “computer and IT geeks”. Third, guerrilla marketing could also have some impact on the further development of the strategic marketing. Guerrilla marketing is nothing super new, opposite is the truth, but still, the full potential of guerrilla marketing was never utilized. That is why I believe that the guerrilla marketing has a chance to break through more.

5. Telecommunication Value for Customers

As it was many times contented, the strong orientation on the customers is an aspect which must not be omitted if we speak about the good and successful marketing or strategic marketing. Therefore, I have conducted my own market research where I tried to study those customers and find out many insights mainly regarding a telecommunication value for such customers and their attitude towards new means of the marketing communication and the particular marketing channels.

5.1. Methodology of Market Research

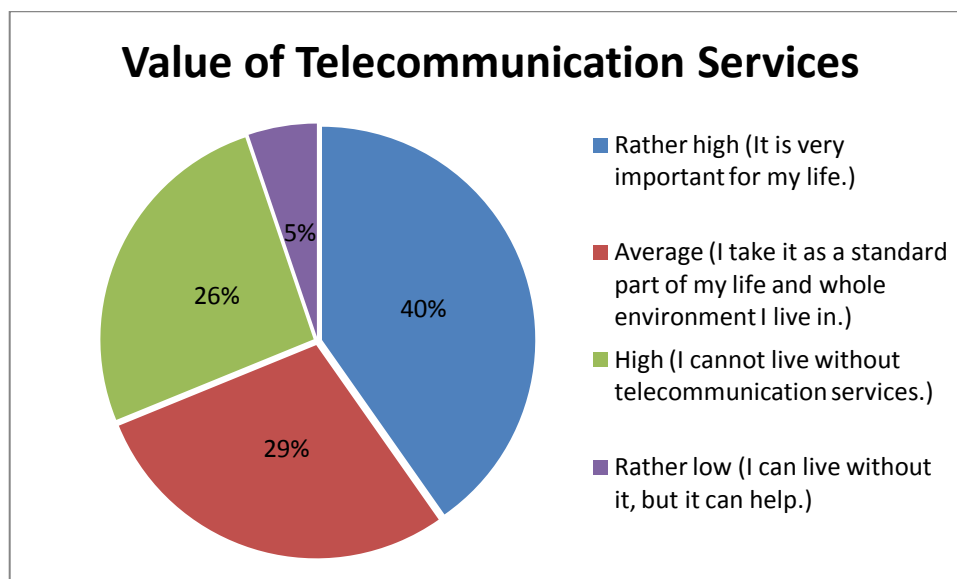
I have prepared a questionnaire which was distributed within my international network. Even though there was a majority of respondents from Europe, participants from all around the world took part. Taking into account the age, I have focused this market research on the university students, graduates and young managers who are the group which is strategic to target on because they will become a “decisive body” in the near future. This questionnaire can be found as Appendix 1. Results of this questionnaire (attached as Appendix 2) encouraged by my telecommunication experience and knowledge/findings from interviews with the telecommunication experts should confirm or refuse the previous parts where I wrote about the strategic marketing activities (mainly on the field of new marketing channels, tools and techniques). In other words, the aim of this part is to decide whether the described strategic marketing activities (i.e. Best strategic marketing practise on the telecommunication market) make sense and whether they can be successful.

5.2. Findings

If we speak about a telecommunication value in general, the telecommunication services play significant role in our lives. Almost 95 % of respondents consider telecommunications to be an inseparable part of their lives. As it can be seen on the Graph 22 on the next page, 40 % of people attach “Rather high” value, 29 % “Average” value and 26% “High” value.

The most important feature of the telecommunication services is their reliability (and related quality) which is the opinion of 61 % of respondents. On the other hand, almost

68 % is price-sensitive and tries to save money on telecommunication services whatever services they get.⁷⁹



Graph 22 – Value of Telecommunication services (Data source: Results of own market research – Appendix 2)

These two important factors are confirmed if we investigate priorities of the purchasing decision. Looking at the Graph 23 below, we can clearly see that the price is taken into consideration by 84 % and quality by 66 % of respondents. Another very important feature which will be applied in more detail later and which is considered when something is bought is the Word of Mouth and related positive references from friends and other close influential people. The word of mouth interferes in 40 % of cases. Very similar results were observed in another independent question which was targeted on the same goal.

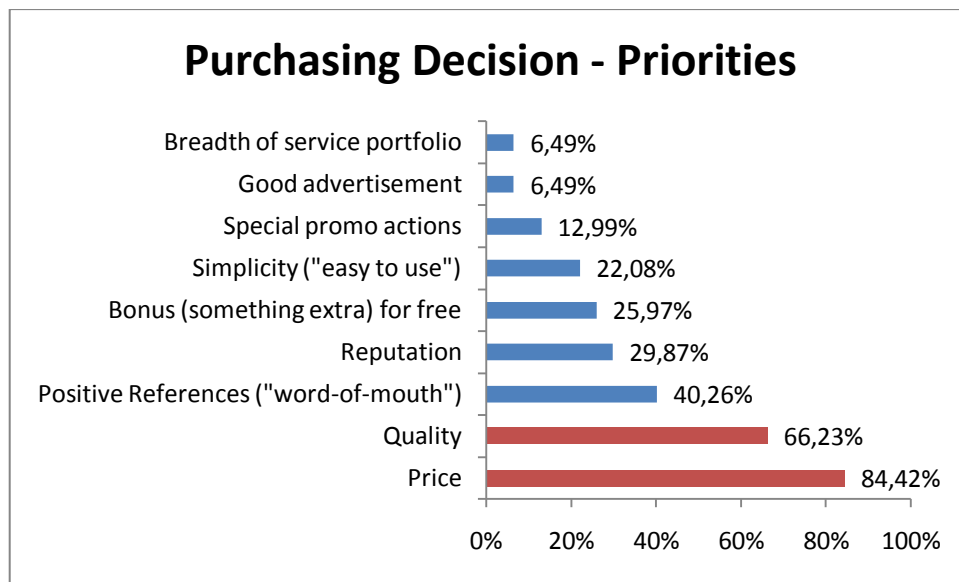
Investigating more marketing issues such as various marketing channels, tools and techniques, following interesting observations can be concluded. Firstly, more than half of the customers (58 %) prefer Internet or TV marketing communication. People accept to some extent a direct personal marketing communication (21 %) and a written communication such as through emails and letters (19 %). Totally rejected remained just an indirect personal type of the marketing communication (through telephones).⁸⁰

The good message for the marketing departments is that well suited advertisement and marketing communication can persuade customers to change a product or a provider, to buy something new and so on. This fact is confirmed by 56 % of respondents, but I

⁷⁹ Results of own market research – Appendix 2

⁸⁰ Results of own market research – Appendix 2

believe that some part of those who said that they are loyal can be subconsciously influenced and get persuaded as well. This fact is supported by further important information. Loyalty can be overcome by already mentioned two key factors (Quality & Price). If there is some superior product or service on the market, 45 % of respondents is willing to switch. If lower price is offered by the competition, it is also the reason to forget the loyalty.⁸¹



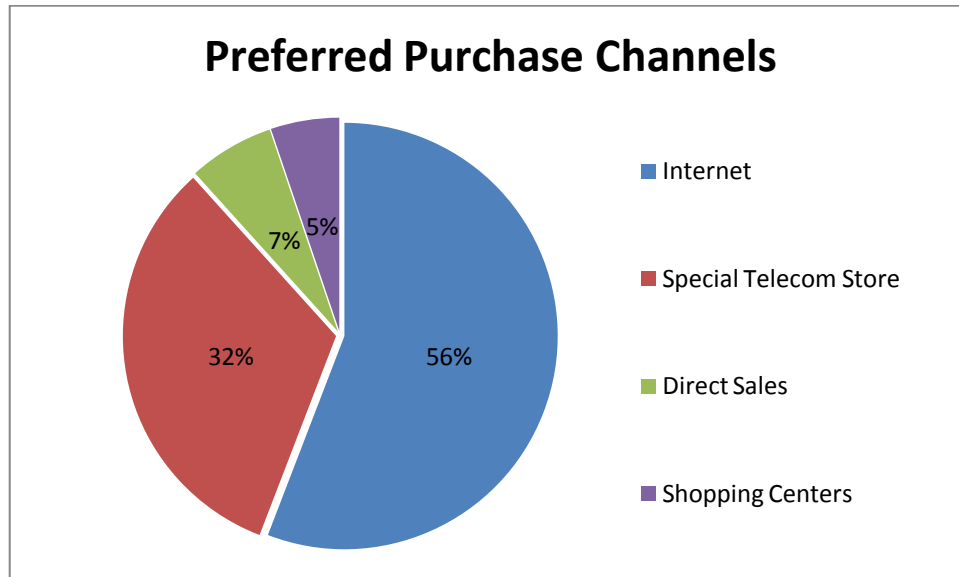
Graph 23 – Purchasing Decision - Priorities (Data source: Results of own market research – Appendix 2)

Graph 24 shows that almost 56 % of business/purchases of telecommunication services take place online. This is another justification for the strategic marketing why to concentrate on the online/internet penetration and why to meet customers at the modern places where they spend lots of time (such as social networks etc.).

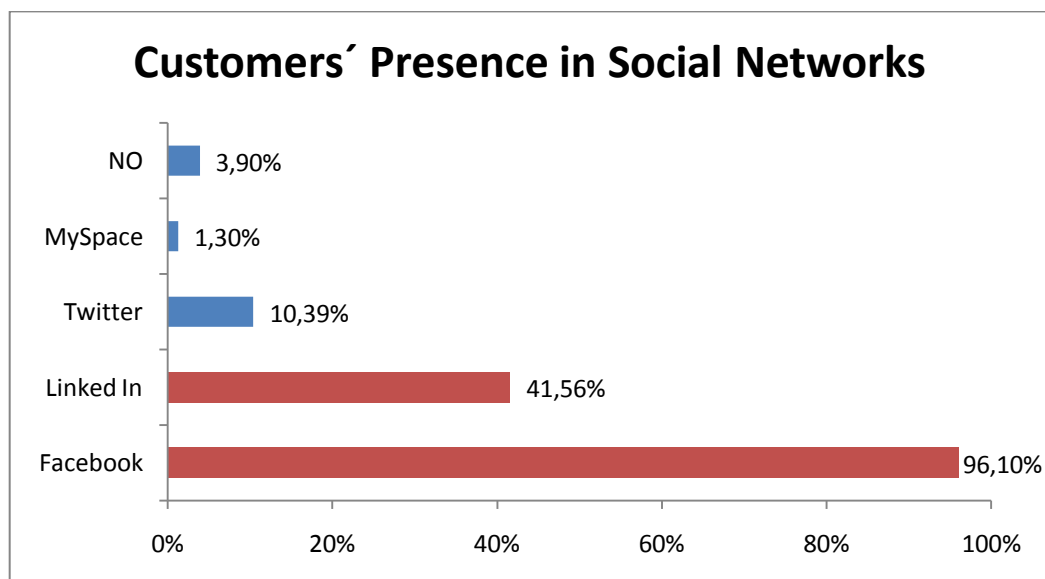
Social networks were another well studied topic in my market research. Initially, it is good to mention that social networks enjoy increased interest from the side of people. As the Graph 25 describes, number one among social networks Facebook hosts a fantastic number of my respondents (96 %). Generally speaking, young generation likes to be online and it is hard to find individuals who do not have own Facebook account. One simple rule can be formulated based on my market research: *“If you do not have a Facebook account, you do not participate in any social networks online.”* (Sum of figures of “No presence” and “presence in the Facebook” is 100 %.) Also, nice results are reached by Linked In which provides a platform for almost 42 % of respondents. The rest of social networks do not enjoy such a big presence of people as Facebook and

⁸¹ Results of own market research – Appendix 2

Linked In. I believe that this is partially caused by the respondents' structure. Since Twitter is not so much famous in Europe so far, Twitter is used by only 10 % of respondents. Having more respondents from for example USA, the percentage would be most likely much higher. The same can be said about MySpace.



Graph 24 – Preferred Purchase Channels (Data source: Results of own market research – Appendix 2)

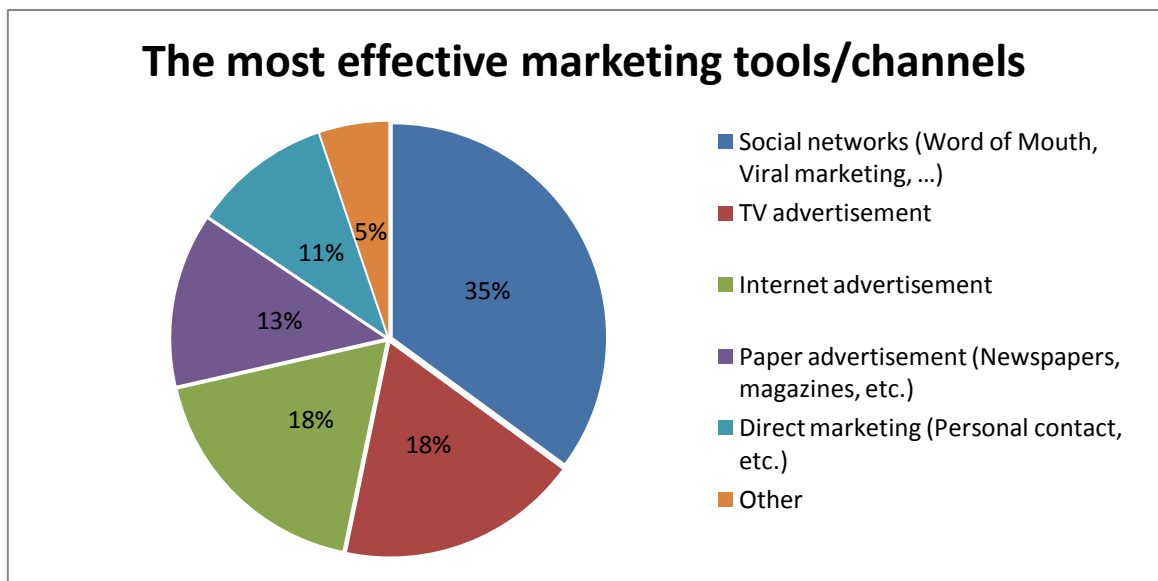


Graph 25 – Customers' Presence in Social Networks (Data source: Results of own market research – Appendix 2)

According to my findings, almost 90 % of respondents spread a word of mouth which is the basic working element of the viral marketing. Social networks encourage spreading words of mouth and therefore, having such concentration of people/customers who are moreover voluntarily spreading words of mouth within whole network, social networks

are wonderful places for the modern marketing activities. Furthermore, 69 % of respondents honestly believe that marketing in social networks is effective.⁸²

It was surprising to learn from the results of my market research that the marketing channel or tool “Social Networks (Word of Mouth, Viral Marketing, etc.)” is considered to be the leader among others. If we would merge results of Social Networks and other Internet advertisement, we would put together the majority of respondents (more precisely 53 %). The next Graph 26 presents complete data.



Graph 26 – The most effective marketing tools/channels (Data source: Results of own market research – Appendix 2)

Since the marketing in social networks is regarded as the most effective overall, it is quite clear that it took the first place among the “new” marketing channels and tools as well and that it was even more significant. This opinion was expressed by 87 % of respondents. Taking into account the other new marketing practices, mobile marketing is also positively rated as being successful (26 % of respondents). Furthermore, we can note a few really technologically advanced, future- and strategic-oriented respondents who see big potential and usefulness in the marketing in the virtual worlds (approximately 10 % of respondents).⁸³

5.3. Implications

Comparing the above specified best strategic marketing practise on the telecommunication market and results of my market research, one can conclude that

⁸² Results of own market research – Appendix 2

⁸³ Results of own market research – Appendix 2

both match quite closely which is the proof that the best strategic marketing activities of world telecommunication leaders make sense, are thought through and effective in the way that they meet and satisfy lots of people.

Justification of CSR activities within the strategic marketing was confirmed already earlier in the work.⁸⁴ Internet marketing itself is clearly well-founded since more than half of the business happens online. Another very significant part of the strategic marketing best practise (both presence in and effectiveness of social networks) was validated in my market research as well. Social networks become a driver of the modern marketing communication which is all effective, strategic, easy to use, inexpensive and thus, very smart. Not following this pattern puts companies in the obvious disadvantage.

The assumption of near development of strategic marketing best practise seems to be right too. With the increasing popularity of Mobile marketing & Marketing in Virtual worlds among both customers and companies, these new strategic marketing practises have definitely some chance to be fully adopted and to be truly successful.⁸⁵

⁸⁴ [J]

⁸⁵ Results of own market research – Appendix 2

6. Forecast of Future Development

It is important and strategic not to remain on the same spot, not to stagnate. Strategic and future oriented individuals want to constantly go forward, to grow, to come up with new and revolutionary things which bring them some competitive advantage that helps to beat competitors. There are many sources where such a competitive advantage can be found or these sources can serve as an inspiration to devise some new competitive advantage. We will look at mainly one well-know source called BT Technology Timeline and based on it we will try to predict a future development not only of the telecommunication segment, but of other related segments which influence the telecommunication one to some degree. These findings will definitely support our understanding of future possible changes in the strategic marketing.

6.1. Forecast of Development in various sectors

As it was said, the knowledge gained from BT Technology Timeline will be utilized in this section. BT Technology Timeline is a quite renowned source which is issued periodically. It tries to forecast a future development in various not only technologic sectors. It was proven over the time that many forecasts which were done by BT Technology Timeline came true (of course not all of them). It is quite obvious that nobody can be 100% correct about the future. Even though some of the forecasts can be viewed to be wild or unrealistic at the moment, they can be realistic and possible in the future. We can present many past examples which can confirm such a statement. Let us consider the mobile phones which are an inseparable part of our lives nowadays. Our grandparents could not ever imagine when they were young that they would ever use a thing like that. Furthermore, many of the others would not think that they will be able to “surf” on the internet through their mobile phones etc.

Although it may be sometimes almost “a sci-fi”, it is good to stay open-minded and at least consider all options and possibilities. It is beneficial to be a visionary and brainstorm “out-of-the-box” because new ideas and innovations usually possess a competitive advantage against the competitors.

6.1.1. Telecommunications

Looking at the development forecasts in telecommunications, BT Technology Timeline⁸⁶ predicts that the domestic internet demand reaches 50Mbit/s per home and that the download over the network will be 10 times faster than before. Targeted year should be 2015.

It is also predicted that in 2012 there will be 60% of internet accesses from mobile phones. This fact will definitely increase the power of mobile and smart phones. Another interesting forecast is the integration of emails, phone calls etc. into single address which could significantly ease the work for marketing departments because the number of marketing channels which needs to be taken care of would decrease.

Probably the most surprising thing which could happen according to BT Technology Timeline in next 5 years (till 2015) is the fact that people will be able to call free of charge. Everyone can notice continuously decreasing prices for calls, but this would be a major change. I see a few logical explanations of this situation. One of them could be activities of various companies which would subsidize those calls or compensate telecommunication companies so that these companies could use this important communication channel for their marketing purposes which would be in consequence the source of that money paid and naturally of own profits.

6.1.2. Business & Education

In this field of Business & Education, BT Technology Timeline forecasts following⁸⁷. The usage of a streaming will be essential for network based learning. Superstar teachers will hold lectures for millions of views and listeners thanks to the telepresence. This will provide many opportunities for both telecommunication and marketing activities.

Almost everything is moving online and government services will not be the exception. Full portfolio of these services should be available online in 2012. Since we can see lots of progress nowadays, this goal will be most likely reached. Government services are basically for everybody and therefore, a new effective marketing place could be created.

⁸⁶ [AD], pages 12-13

⁸⁷ [AD], page 5

The telework is another future phenomenon. Already at present lots of workforce in the international companies is teleworking some part of their work time (using teleconferences, working from home using internet and other telecommunication connections, etc.). It is predicted that telework centres will even dominate over the home working till 2020 which will understandably require more and more telework centres. This fact implies many new marketing activities and possibilities.

6.1.3. Demographics

BT Timeline deals also with demographics.⁸⁸ This section indicates clear trends such as the growth in India and China population and in internet users in Asia-Pacific region who should overtake US in this indicator until 2012. Coming back to the point where we found out that Asia telecommunication leaders are probably a bit behind in the strategic marketing compared to the rest of the sample, this fact provides a nice opportunity for them to balance these factors.

Generally, 50% of world population will have an internet access and a processing capacity sometimes between 2013 and 2017. With the increasing number of world population (in 2040s should reach 10 billion) and internet & other technology users, many new strategies open for the companies. Definitely, various economies of scale combined with low margin strategies can be further developed in these settings.

6.1.4. Shopping & Money

Very interesting and practical forecasts are listed by BT Technology Timeline under the Shopping and Money section.⁸⁹ In 2012 the latest, shops should start to fulfil exclusively the function of “try-on outlets”. Moreover, these shops would be financed by manufactures who easily want to effectively sell their products (online). This would be totally a new concept. Personally, I believe that this eventually comes true, because many of us already at present go to look in the stores just for the inspiration or to try on some cloths and later we buy it online because it is cheaper.

Furthermore, with the increasing number of competing products and services produced by various companies/competitors, these producers will have to enter into some kind of

⁸⁸ [AD], page 6

⁸⁹ [AD], page 12

an auction so that they were even able to get their products and services on the shopping list. Predicted target year should be 2017. Also, this would be another new concept which is not practised currently.

Sometimes between 2011 and 2015, RFID technology should replace most of the barcodes and should be placed almost everywhere which will significantly facilitate further marketing activities as it is on many examples demonstrated in the book “Marketing a nová ekonomika” from Štědroň and co-authors.⁹⁰

As it was already noted, many things are being sold online. Particularly, most books should be sold online in 2012 and similar is valid for the music in 2015. Everything is continuously turning into electronic versions; the electronic money and tickets should be largely used already in 2015.

In-store positioning systems should be evolved. They should be shortly very precise (within 1cm) and they should even enable personalised guides which no doubt strengthen marketing practises in the stores because without the customization, being close to the customers and meeting their precise needs, it is very hard to succeed.

6.1.5. Life & Leisure in a Cyberspace World

BT Technology Timeline predicts that most of the towns could be echoed in the cyberspace until 2017. Network based telepathy could pop up in 2020s and experience recording in 2030s. These are very visionary thoughts and forecasts and only the time will show us whether they are realistic or not.⁹¹

6.1.6. Machine Input/Output

This section of BT Technology Timeline offers really technologically advanced forecasts which could be viewed by a general public as a “sci-fi”.⁹² In the very close future (approximately 2012), we should come across more often with holographic animated or video advertisements and e.g. personalized TV & Radio. Mainly the latter one stresses the customization which is the key for the great customer service.

⁹⁰ [4]

⁹¹ [AD], page 8

⁹² [AD], page 9

In the following years (2020s), holographic displays for continuous video, thought recognition, holographic TV, full direct brain link and virtual displays may appear. These devices would enable the marketing and advertisement to be almost everywhere, to be very sophisticated and targeted on exact customers' needs.

6.1.7. Processing, Memory and Storage

This category of BT Technology Timeline speaks mainly about computer-related forecasts.⁹³ With an increased artificial intelligence, computers are continuously being used for the creativity enhancement. Also, personal memory sticks will probably quite soon totally replace hard drives for an everyday use. Super fast computers will be produced which will constantly come closer to the human beings. There will be so called DNA computers (probably already in 2015) and computers as fast as human brains (predicted in 2017). Also, the Windows should lose its majority dominant position which will cause a future diversification in this area.

6.1.8. Transport & Travel

Innovations in this field are usually very helpful and they are predicted by BT Technology Timeline as follows.⁹⁴ Assisted lane keeping systems in cars, trucks and buses are being presented which will definitely increase the safety on the roads and justify various billboards and other marketing on the roads. GPS systems are permanently being improved; engine management systems will limit speeds automatically quite soon. Drivers will need to book time slots to use some crucial highways, roads etc. (forecasted in 2015). Urban car co-pilots can be seen rarely nowadays, but the development leads to fully auto-piloted cars.

6.2. Future Development & Changes of Strategic Marketing

As it was already noted, the nearest development of the strategic marketing will most likely concern and be connected with the rapid development of smart phones and mobile phone networks and technologies which will lead to the more advanced mobile marketing.

⁹³ [AD], page 10

⁹⁴ [AD], page 13

Another big phenomenon is and will definitely further be the internet and the internet marketing. With an increasing speed of the internet (both download and upload), wireless solutions, growing online stores, electronic media etc., the internet has still plenty of space for development in all ways and the internet marketing cannot stay apart. Future sophisticated internet marketing will be closer to the customers and thus, even more effective than now.

Strategic marketing will also have to deal with new patterns of business and working life. Teleconferencing and other technologies which help to shorten the physical distance are on the rise and therefore, it would be smart and appropriate to penetrate these channels as well.

RFID is creating a new marketing channel with broad possibilities. One of these possibilities is that the RFID marketing will have precise and complex information everywhere in the real time which will enable immediate precisely targeted marketing to the customers. Having such a power, it necessarily has to be an inseparable part of the future strategic marketing.

If we consider longer period of time and try to be visionaries, we have to think about virtual words, cyberspace, advanced holographic applications and things like that.

We have already covered a lot about the virtual worlds. The virtual worlds will probably not stagnate and will try to find more and more supporters. Millward Brown company (renowned marketing company doing research and consultancy) can be a good proof of this situation because they opened their subsidiary in the Second World and they started to conduct the marketing research in this virtual world already.⁹⁵

It will be more and more important for each company to customize and personalize the marketing to their customers so that they would keep them or even gain some new ones. Successful companies will have to stay close to their customers and effectively target their needs. This is the only way how to maintain own position or even improve it. All these discussed technologies, novelties and future developments should certainly streamline and facilitate this effort.

⁹⁵ [AE]

Conclusion

This diploma thesis dealt with the theory of the strategic marketing. Basic elements of the strategic marketing were elaborated. The main attention was devoted to the key element, strategic marketing planning. It was not only about the theory. Practical implications and e.g. tools for studying particular fields were presented.

New specific concepts, trends, techniques of the strategic marketing were discussed and the close focus was devoted to the modern marketing channels and tools (like internet, mobile and smart phones, social networks, virtual worlds etc.) which should be an inseparable part of the current strategic marketing of the majority of companies.

All this previous, more theoretical, part was applied on the analysed telecommunication market. The interesting comparison analysis was conducted from which is very clear what strategic marketing studied companies practise and which companies are the best in it.

Results from this creative part were verified by own market research. Many interesting findings which came up from this market research were presented and discussed. These findings also confirmed the majority of results and assumptions from previous parts which brought the validity and significant added value.

At the end of the work, many future possible ways, outcomes and innovations in telecommunications and other related sectors were forecasted with the help of the renowned BT Technology Timeline. Based on these, the future orientation and changes of the strategic marketing were predicted. Only the time will show whether it is realistic or just a dream.

Coming back to the goals which were set in the introduction of this work, I would say following. First, I believe that the reader of this diploma thesis will have a good understanding what the strategic marketing means and how broad the topic is. Meaning that there are many other applications and directions in which the strategic marketing can evolve. Moreover, the application of the strategic marketing to the telecommunication business is comprehensive enough. Second, the key trends which could drive companies into a sustainable development and ensure them some competitive advantage were identified and outlined. Third, new and modern marketing

channels which will help companies to stay close to their customers were offered and elaborated on together with their advantages and future development. Fourth, the future development not only of the strategic marketing was predicted. An objective person can and should review all these goals and make own conclusion and judgement whether they were accomplished or not.

To sum up the most crucial core of the strategic marketing and this diploma thesis, one should state the following points:

1. Strategic marketing is a long-term oriented discipline. Companies striving for the strategic marketing should not work just for short-term goals and profits so that their accounting books and economic results look great now (but with the fact that the future, environment and everything connected with it is already exploited). It is necessary to see “bigger picture” than only to take care of current issues without any respect to the future needs. All businesses should be sustainable in the long-run and the strategic marketing can contribute to this goal. To do so, it is essential to predict the future and plan for the future having more possibilities and scenarios ready to go.
2. The fact that the customers should be the centre of every activity of the company is must within the strategic marketing concept. Providing almost 5-star customer service should be the benchmark for the strategic marketing. Strategic marketing should go however beyond this benchmark and these limits and should try to satisfy the majority or all possible stakeholders. In other words, the strong focus on all customers in the markets and whole not only economic environment should be one of the biggest goals each company should have.
3. New trends and concepts which lead to never ending development and new innovations are another building stone for each successful company. It is necessary to stay open-minded, not to become satisfied with a current position and to have a drive to go constantly forward and become better and better. Without this attitude, a company easily misses the key movements in the market and consequently finds that it is behind the companies against which it had some competitive advantage in the past.

If a company can accomplish above stated key points, then it can possess some competitive advantage over the competition which is the source of the superior power in

the markets. Since it is a goal of each company to have such a competitive advantage and the strategic marketing can help to gain it, the strategic marketing is no doubt a useful company function not only for telecommunication companies. Thus, each company should engage in the strategic marketing.

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Table 1 – Comparative analysis of new strategic marketing activities and new marketing channels

Company	Internet marketing		Mobile marketing		Social networks				Skype MSN		Second Life	CSR	Event marketing	Guerilla marketing	Value	Ranking
Weights	5%	10%	5%	10%	Facebook	MySpace	Twitter	LinkedIn	YouTube	5%	10%	10%	5%	10%	100%	N/A
AT&T	1	0,5	1	0,5	1	0,5	1	1	1	0,5	0	1	1	0,5	75%	5-6.
Verizon	1	0,5	1	0,5	1	0	1	1	1	0,5	0,5	1	1	0,5	78%	3-4.
NTT	1	0,5	0,5	0,5	0,5	0	0,5	1	1	0	0	1	1	0,5	60%	9.
Deutsche Telekom	1	0,5	1	0,5	1	0,5	1	1	1	0	0	1	1	1	78%	3-4.
Telefónica	1	0,5	1	0,5	1	0,5	1	1	1	0	1	1	1	0,5	83%	2.
France Télécom	1	0,5	1	0,5	1	0	0,5	1	1	0	1	1	1	0,5	75%	5-6.
Vodafone	1	1	1	1	1	0,5	1	1	1	0	0,5	1	1	1	88%	1.
China Mobile	1	0,5	0,5	0,5	0,5	0	0,5	1	1	0	0	0,5	1	0	50%	10.
Telecom Italia	1	0,5	1	0,5	1	0	1	1	1	0	0,5	1	1	0	70%	7.
Vivendi	1	1	1	0,5	0,5	0,5	0,5	1	1	0	0	1	1	0	68%	8.
Value	100%	60%	90%	25%	80%	100%	100%	100%	100%	10%	35%	95%	100%	45%	N/A	N/A

Telecom Value for Customers & Strategic Marketing

1. What telecom services do you use?

- | | |
|--|--|
| <input type="checkbox"/> Standard telephone service (fixed line) | <input type="checkbox"/> Internet |
| <input type="checkbox"/> Mobile phone service | <input type="checkbox"/> Teleconferencing service |
| | <input type="checkbox"/> Cable, satellite or IP TV |

2. What is the value of telecom services for you?

- ☐ **Low.** I do not need it, it is a redundant service.
- ☐ **Rather low.** I can live without it, but it can help.
- ☐ **Average.** I take it as a standard part of my life and whole environment I live in.
- ☐ **Rather high.** It is very important for my life.
- ☐ **High.** I cannot live without telecom services.

3. What is the most important feature of telecom services for you? (What do you value the most?)

- | | |
|---|--|
| <input type="checkbox"/> Quality | <input type="checkbox"/> "Easy to use" feature |
| <input type="checkbox"/> Reliability & Accessibility (non-stop) | <input type="checkbox"/> Innovativeness |
| <input type="checkbox"/> Price | <input type="checkbox"/> Other: |

4. Are you price-sensitive regarding telecom services?

- ☐ YES, I try to save money on telecom services - whatever quality I get.
- ☐ NO, I am willing to pay more for better services.

5. How much are you able to pay for 2MB ADSL internet in €? (What is the fair price in your opinion?)

- ☐

6. What is your monthly budget (limit) in € for your mobile phone services? (How much are you maximally willing to spend?)

- ☐

7. What is your major reason to use telecom services?

- ☐ Private use (Connection to the world – for fun.)
- ☐ Business use (Inevitable tool for my work.)

8. On which basis are you deciding about your provider of telecom services?

- | | |
|---|--|
| <input type="checkbox"/> Reputation | <input type="checkbox"/> Breadth of services portfolio |
| <input type="checkbox"/> Good advertisement | <input type="checkbox"/> Positive references (word of mouth) |
| <input type="checkbox"/> Price | <input type="checkbox"/> Bonus (something extra) for free |
| <input type="checkbox"/> Simplicity ("easy to use") | <input type="checkbox"/> Special promo actions |
| <input type="checkbox"/> Quality | |

9. What is your preferred distribution channel where you feel comfortable to buy telecom services?

- | | |
|--|---|
| <input type="checkbox"/> Special telecom store | <input type="checkbox"/> Shopping centres |
| <input type="checkbox"/> Internet | <input type="checkbox"/> Telemarketing |
| <input type="checkbox"/> Direct sales | <input type="checkbox"/> Other: |

10. Which of the new marketing channels/tools do you consider being successful?
- ☐ Mobile marketing ☐ Marketing in virtual worlds
☐ Social networks (Facebook, Twitter,...) ☐ (Second life, etc...)
11. What kind of marketing communication do you prefer?
- ☐ Direct personal ☐ Written (emails, letters)
☐ Indirect personal (telephone) ☐ TV or Internet advertisement
12. Can advertisement persuade you to choose or to switch the telecom provider?
- ☐ YES ☐ NO, I am loyal.
13. Can anything overcome your loyalty?
- ☐ NO ☐ Superior service or quality
☐ Low price ☐ Other:
14. Are you spreading positive word of mouth when you are satisfied with your services?
- ☐ Yes, very often. ☐ No
☐ Yes, but rarely.
15. Do you use (participate in) social networks? Which?
- ☐ Facebook ☐ Linked In
☐ MySpace ☐ NO
☐ Twitter
16. Do you consider marketing in social networks effective?
- ☐ Yes ☐ No
17. What marketing channel/tool do you consider the most effective?
- ☐ Social networks (Word of Mouth, Viral marketing, ...)
☐ Internet advertisement
☐ TV advertisement
☐ Paper advertisement (Newspapers, magazines, etc.)
☐ Direct marketing (Personal contact, etc.)
☐ Other:
18. What can positively influence your purchase decision (decision-making)?
- ☐ Good advertisement ☐ Something for free
☐ Low price ☐ Discounts (special actions)
☐ Good quality of the product
19. Are you looking forward to some new technology (special application) which will ease your life (change your life significantly)? (It does not have to be from telecom segment. If yes, then even better.)
- ☐ No, I do not have any clue what is even technologically possible.
☐ Other:
20. I am
- ☐ Man ☐ Woman
21. Age:
- ☐
22. Education
- ☐ Basic ☐ University
☐ High school

23. I am

- ☐ Single
- ☐ In relationship
- ☐ Married

24. I am from

- ☐ Czech/Slovak Republic
- ☐ West Europe
- ☐ Scandinavia
- ☐ East Europe
- ☐ Asia
- ☐ Americas
- ☐ Africa
- ☐ Australia

Appendix 2 – Results of Questionnaire

1. What telecom services do you use?	
Mobile phone service	148
Internet	132
Cable, satellite or IP TV	48
Standard telephone service (fixed line)	44
Teleconferencing service	8
2. What is the value of telecom services for you?	
Rather high. It is very important for my life.	62
Average. I take it as a standard part of my life and whole environment I live in.	44
High. I cannot live without telecom services.	40
Rather low. I can live without it, but it can help.	8
3. What is the most important feature of telecom services for you? (What do you value the most?)	
Reliability	94
Price	30
Quality	20
Easy to use feature	10
4. Are you price-sensitive regarding telecom services?	
YES, I try to save money on telecom services - whatever quality I get.	104
NO, I am willing to pay more for better services.	50
5. How much are you able to pay for 2MB ADSL internet in €? (What is the fair price in your opinion?)	
10	48
15	22
20	22
8	6
5	4
12	4
30	2
14	2
3	2
25	2
Other	6
6. What is your monthly budget (limit) in € for your mobile phone services? (How much are you maximally willing to spend?)	
20	26
30	18
50	16
10	12
25	12
15	12
40	10

60	4
150	4
5	4
Other	22
7. What is your major reason to use telecom services?	
Private use. Connection to the world – for fun.	124
Business use. Inevitable tool for my work.	30
8. On which basis are you deciding about your provider of telecom services?	
Price	130
Quality	102
Positive references (word of mouth)	62
Reputation	46
Bonus (something extra) for free	40
Simplicity ("easy to use")	34
Special promo actions	20
Good advertisement	10
Breadth of services portfolio	10
9. What is your preferred distribution channel where you feel comfortable to buy telecom services?	
Internet	86
Special telecom store	50
Direct sales	10
Shopping centres	8
10. Which of the new marketing channels/tools do you consider being successful?	
Social networks (Facebook, Twitter, etc...)	134
Mobile marketing	40
Marketing in virtual worlds (Second life, etc...)	16
11. What kind of marketing communication do you prefer?	
TV or Internet advertisement	90
Direct personal	32
Written (emails, letters)	30
Indirect personal (telephone)	2
12. Can advertisement persuade you to choose or to switch the telecom provider?	
YES	86
NO, I am loyal.	68
13. Can anything overcome your loyalty?	
Superior service or quality	70
Low price	62
NO	22
14. Are you spreading positive word of mouth when you are satisfied with your services?	
Yes, very often.	72
Yes, but rarely.	64
No.	18

15. Do you use (participate in) social networks? Which?	
Facebook	148
Linked In	64
Twitter	16
NO	6
MySpace	2
16. Do you consider marketing in social networks effective?	
Yes	106
No	48
17. What marketing channel/tool do you consider the most effective?	
Social networks (Word of Mouth, Viral marketing, ...)	54
TV advertisement	28
Internet advertisement	28
Paper advertisement (Newspapers, magazines, etc.)	20
Direct marketing (Personal contact, etc.)	16
Nothing	6
Quality and price of service are more effective	2
18. What can positively influence your purchase decision (decision-making)?	
Good quality of the product	116
Low price	108
Discounts (special actions)	50
Something for free	40
Good advertisement	28
19. Are you looking forward to some new technology (special application) which will ease your life (change your life significantly)? (It does not have to be from telecom segment. If yes, then even better.)	
No, I do not have any clue what is even technologically possible.	86
Nothing	54
20. I am	
Woman	84
Man	70
21. Age:	
24	60
23	32
22	16
25	16
26	14
30	4
27	2
19	2
32	2
40	2
Other	4

22. Education	
University	140
High school	14
23. I am	
In relationship	80
Single	72
Married	2
24. I am from	
Czech/Slovak Republic	108
West Europe	22
East Europe	12
Scandinavia (North Europe)	6
Americas	4
Australia	2