

# Competitive Strategies: A Comparative Analysis Of Turkish Digital Television Market In Terms Of Marketing Strategies

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## Abstract

In the competitive business world, there are three aspects to the strategy of companies, regardless of the level of the strategy: content, formulation process, and implementation. Strategy content (what the strategy is), Strategy formulation process (how the strategy is arrived at) and Strategy implementation (how the strategy is carried out) are all important one each part of marketing strategy. The body of marketing literature termed as strategic market planning primarily focuses on the content of strategy and process of strategy formulation at the business unit level and the corporate level, and the role of marketing in these spheres of organizational activity ( Kerin, Mahajan, and Varadarajan, 1990).

The competitive variables that feature the digital television market limit the likelihood for new entrants to survive and the incumbent companies have already settled their dominance in the market. Turkish digital television market is an example of this kind of market and two digital television companies comprise all the market.

This paper's aim is to research both competition circumstances in digital television market and marketing strategies which the companies apply to receive too much share from the market. Embark from this consideration primarily this study researched the marketing strategies which were applied by each company and compared the strategies by exploratory research method. A good applied marketing strategy is generally defined as the success of the companies. But no one strategy is best for all companies. Each company must determine what makes the most sense given its position in the industry and its objectives, oppurtunities and resources (Kotler and Armstrong, 1996). Different strategies may be required for different businesses or products. Therefore, competitive dynamics which are appear in an intensive form in media industry inflict the each company to apply own marketing strategy.

**Key words:** Marketing strategy, digital television market, competitive advantage.

## 1. Introduction

Competitive strategy is primarily concerned with how a business should deploy resources at its disposal to achieve and maintain defensible competitive positional advantages in the marketplace. Competitive marketing strategy focuses on how a business should deploy marketing resources at its disposal to facilitate the achievement and maintenance of competitive positional advantages in the marketplace (Varadarajan and Yadav, 2002). To plan

effective competitive marketing strategies in a competition condition, the company needs to find out all it can about its competitors. The company must constantly compare its products, prices, channels and promotion with those of close competitors. Thus the company can find areas of potential competitive advantage and disadvantage (Kotler and Armstrong, 1996). And also it can launch more effective marketing campaigns against its competitors and prepare stronger defenses against competitors' actions.

In some industries there are not too much competitors. Sometimes a market leader and a market challenger comprise all the market. Turkish digital television market is an example of this kind of market. There are two digital television platform in the market. "Digiturk" and "D-Smart" named digital television companies compete with each other in the market. Digiturk seems the market leader in terms of market share and D-Smart tries to catch and exceed its competitor.

The market leader and its nearest competitor apply sometimes different and sometimes similar marketing strategies for exceed the each other. This paper focuses on these two digital television companies' competitive marketing strategy which are applied by means of marketing mix elements. And also compare the market leader and its competitor's marketing strategy is the second important research theme for this study. In the qualitative exploratory analysis, I looked into the application of strategy and practices of techniques conceptually in Turkey. In the empirical analysis, I focused on to analyze the necessary informations which were collected through interview with the administrator of the competitor companies and their web sites. In addition the two digital television companies' marketing strategy content, marketing strategy formulation process and marketing strategy implementation were researched.

## **2 Literature Review**

### **2.1. Competitive advantage and marketing strategy**

The superior performance of some businesses relative to the average industry profitability is attributed to their competitive advantage. Competitive advantage arises from leveraging a firm's unique skills and resources to implement a value-creating strategy that its competitors cannot implement as effectively (Barney, 1991). When such advantage is immune to erosion by competitors' actions, it is construed as sustainable competitive advantage (Porter, 1980). The aim here is the achievement and maintenance of competitive advantage in all sorts of product-market domains.

Porter suggests that there are four basic competitive strategies for achieving sustainable competitive advantage, namely Broad Scope Differentiation, Focused Differentiation, Broad Scope Cost Leadership and Focused Cost Leadership (Porter 1980). He suggests that for best performance, a business unit generally select only one of the four generic strategies and should adopt an organization structure that best reflects the requirements of the chosen strategy (Porter, 1985). Porter condenses the four strategies into three by being restated as Cost Leadership, Differentiation and Focus (Porter, 1985). The three strategies include (Porter, 1985): (1)Overall cost leadership: Here the company works hard to achieve to lowest costs of production and distribution and so that it can price lower than its competitors and win a large market share. (2)Differentiation: Here the company concentrates on creating a highly differentiated product line and marketing program so that it comes across as the class leader in the industry. Most customers would prefer to own this brand if its price is not too high. (3)Focus: Here the company focuses its effort on serving a few market segments well rather than going after the whole market.

These strategies test in some empirical studies (Dess and Davis 1984; Miller and Friesen 1986; White 1986) which provide support for the theory. On the other hand there have been a

number of scholars (Karnani 1984; Murray 1988; Hill 1988; Fulkner and Bowman 1992) who have criticised the theory.

Strategy encompasses the decisions and activities that enable a business in a firm's business portfolio to achieve and sustain a competitive advantage and to maintain or improve its performance.

Day, Weitz, and Wensley (1990) conceive marketing strategy as marketing activities and decisions related to generating and sustaining competitive advantage. Sudharshan (1995) views the focus of marketing strategy as achieving competitive advantage by building relationships with important constituencies (customers, partners, and channel members), offering appropriate products, identifying the timing for changes in relationships and product offerings, and the deployment of sufficient resources to realize the choice of relationships and offerings.

The marketing function in organizations, besides being responsible for the content, process, and implementation of marketing strategy at the product-market level, plays an important role in the strategy formulation process and the determination of strategy content at the business and corporate levels (Varadarajan and Jayachandran 1999).

## **2.2. Four Marketing Mix Model**

According to McCarthy (1960) and Perreault and McCarthy (1999), a firm develops its marketing strategies by first identifying the target market for its products or services. It then develops a marketing mix—a particular combination of product, price, promotion, and place (i.e., distribution and delivery functions in the supply chain) designed to enhance sales to the target market. A unique mix of these elements in a given industry allows firms to compete more effectively, thus ensuring profitability and sustainability.

## **3. The Features of Digital Television Platforms**

Impressive advances in digital signal compression technology are revolutionizing the communications industry (Van Tassel, 1995 and 2001). More recently, cable entrepreneurs have utilized digital signal compression technology to launch a number of additional services such as digital cable, near video on demand, high speed internet access, and a variety of other interactive television services (Kang, 2002). Telecommunications, computer and information technology are gradually integrated, as well as the rise of digital television. Over-the-air television broadcasters are in the process of utilizing digital signal compression technology to convert the over-the-air broadcast system from analog to digital (Van Tassel, 2001). As showed by literatures (Chalaby & Segell, 1999; Prario, 2003) digital television, compared with analogue television, creates four different opportunities:

1. The technical multiplication of television channels for the same transmission resources used;
2. The growth in technical quality of audio and video transmission, cause the distortions' reduction;
3. The possibility to make television interactive;
4. The opportunity to interconnect the telephone line to the television set to transform it into an access device to the services linked to the Internet and to develop access to interactive services.

Along with digital television a new type of television company appears (that differs from the other three “traditional” television companies – public broadcasters, commercial broadcasters and pay-TV). The main feature of this new company is that it does not only supply programs, but also services ( Dosi and Prario, 2005). This new type of television company is named “multi-channel and multi-service television platforms”. The important feature of this type of company operates through networks as cable, satellite and air, which

are able to supply a number of television channels. Each channel supplies a thematic (i.e. focused on a specific subject) and/or segmented (i.e. addressed to a homogeneous public in terms of, for example, age, race or sex) programming (Dosi and Prario, 2005). Channel multiplication enables pluralism of sources and of content, which means a variety of genres, subjects, themes, etc. and the widening of choice, so it can help to accomplish of consumers' desires and tastes.

The multi-channel and multi-service television platform supply is organized in packages (Like the pay-TV supply), with different price of subscriptions depending on the marketing strategies used by the operators. According to Dosi and Prario (2005) there are four categories for viewing multi- channel television platform and pay-TV. Here is how they defined each of these terms:

- Channels with a basic subscription; Basic channels are characterized by a monothematic supply (for example, music, sport, kids, adventure etc.) that can satisfy the needs and desires of different targets. Despite none of these channels being aimed at the mass market, the whole of the supply can attract a broad audience that allows increase in subscribers' base. The restricted price of the content (up to 20 times less than the price of premium channels) makes it profitable and enlarges this type of supply.

- Channels with a premium subscription; Premium channels, supply more programs focalized on attractive and successful contents. More specifically, the content of these channels is represented by recent and successful films and sports preferred by the different national audiences. But premium events are by definition restricted, because their costs and rights are very high.

- Pay per view channels; The main genres of premium channels are also supplied by pay per view channels. This is a form of payment to consumption, linked to a single event or service directly requested by the user. The pay per view channels programming is often enriched by concerts or theatrics' events.

- Near video on demand channels. The near video on demand channels complete the supply of diffusive services. The near video on demand, that is the re-transmission of the same programs on different channels at determined times, allows viewers to watch a film when they prefer.

Digital television supports the viewer to participate. Digital television's interactivity feature enables to viewer to make some transactions such as e-commerce, e-banking, e-race (e.g. e-horse race), etc., through a button.

Digital televisions support and enlarge the tourism sector through some features. IDTV(Interactivity Digital Television) would probably inspire greater confidence to the on-line- tourism buyer, as transactions could be perceived to be safer than they would be on the Internet. IDTV based tourism distribution benefits from several factors (Buhalis, Licata 2002):

- It is a richer communication medium, offering multimedia presentations, video on demand and more realistic footage of destinations and tourism facilities.
- It enables a more relaxed atmosphere than when using the Internet.
- It is interactive and allows video on demand, with full motion pictures and sound.
- It presents content to the family/group rather than simply to the individual and, therefore, it will be more targeted to the home than the business market.
- It does not need to be switched-on through a procedure.
- It is easy to use and people are already using it habitually.
- It is a commodity.

Digital television has numerous features and there are many digital television platforms to convey these features (different contents and services)to the viewers. The most known of

these platforms are BSkyB and Canal Satellite in Europa. Especially the biggest one of this market is BSkyB. BSkyB has announced that its subscriber base in the United Kingdom has grown to 8.9 million as of March 2008.

BSkyB has reached its market share and subscriber number through its interactivity feature, digital broadcast feature as well as its marketing ability and strategy. Most strategic prescriptions merely redefine the ways companies build advantages over the competition. A company needs advantages over the competition to sustain itself in the marketplace. This has been the strategic objective of many firms. Marketing in high tech firms strives requires a broader and more proactive strategic approach, defined as market driving: this concerns the ability of a firm to lead fundamental changes in the evolution of industry conditions by influencing the value creation process at product, market and industry level (Pagani, Prario, Visentin and Zorzi, 2004). The strategy of BSkyB is to create “added value by maintaining and extending[...] (its) position as Britain’s leading digital TV platform and multi-channel content provider” (Sky, 2001).

Development of digitalization in all over the world, Turkish media sector entered the digital television market as well. In Turkey digital television market has growth since last decade. The first Turkish digital television platform is “Digiturk”. In 1999, Digiturk founded and started to give services in 2000. In this period Digiturk’s subscriber number has reached to approximately 2.5 million. Total channel number is over 170. Digiturk offers HD quality broadcast through “Digiturk Plus” service. Besides the national TV channels, Digiturk has got some domestic thematic channels and familiar international channels. Service eventually grew larger, and they added special channels for movies and series and such. It became an HBO (Home Box Office)-like, since it has the resources to buy movies earlier than cable channels, also many running/ended TV series as well. Digiturk has right to broadcast of Turkish Super League, Fortis Turkey Cup, England Premier League, Portugal 1. (Sargas) League, Brazil Serie A, Russia Premier League and Beko Basketball League. Digiturk made its major breakthrough when it acquired the rights to broadcast Turkish Football League, which are subject to quite high prices since the country has a great interest towards football.

The second digital television platform “D-Smart” entered into the market on March 2007 and where upon the monopoly of Digiturk concluded. D-Smart’s owner is Dogan Yayin Holding (DYH). In 2 and a half year the subscriber number of D-Smart has reached to 1 million. D-Smart has over the 100 channels. These channels consist of national channels, local channels, D-Smart’s specific thematic channels, some international music and cinema channels as well as the right of broadcast of Euro Sport channel.

This paper focuses on two Turkish digital television companies’ competitive marketing strategy. More specifically, this paper objectives are to

- Compare the contents of competitive marketing strategy by means of marketing mix elements which are applied by the two digital television platforms.
- And also compare the market leader and its competitor’s own marketing strategy for expanding the total market and expanding market share is the second important research theme for his study.

As this is an exploratory research, a qualitative approach was adopted. The research was mainly based on deeply interview with the specialists of the subjects and the two companies’ homepage and other websites. Then at the analysis stage the informations were analyzed based on the companies’ applications. Furthermore, the paper compared the both companies’ product, price, promotion and place strategy to find the difference of methods of competitive marketing strategy between the leader and market challenger. A standardised but open-ended approach to questioning was used. Certain areas were explored ingreater depth, through probing questions not originally included in the interview schedule. Notes were kept on all additional questions asked. Interviews were taperecorded and tapes were listened to at the

analysis stage for further input. The interviewees' answers were not influenced by the interviewer's comments. The interviews lasted between 90 min and 2 h.

## **4. Case Analysis**

### **4.1. Enter the Market and Penetration Strategy**

When Digiturk entered into the market there was not any other digital television company and multi-channel television platforms in Turkey. Cable TV broadcasted in analog form and also it was not view in everywhere of Turkey. Digiturk started digital broadcast form and enabled to its customers to view many television channels in an excellent quality. Digiturk has rented both set-top box (receiver) and contents to the customers since the first year. All the channels and contents are grouped and some "packages" are constituted. Pricing all the packages and they are rented to the customers. Customers select which they want to view and rent the content of the packages as monthly or yearly. A contract is done between the customers and television company for hold to right to view the company's channels which customers prefer by renting. Customers can change the packages when they want. Digiturk works as both a multi channel digital television platform and a "pay TV". Digiturk has made appropriate choices about strategic expenditures (eg advertising spending, R&D) to accumulate an intangible key resource: brand loyalty. The company gained dealer loyalty and, on the other hand, customers' trust. For this reason, Digiturk heavily invests in R&D and in marketing activities in order to maintain and increase its resources.

D-Smart entered into the market as a second platform in 2007 and there was a market leader in the market. Thus D-Smart primarily select a different strategy and applied it long time. Market penetration starts with the entry strategy (Meyer and Tran 2006). D-Smart set a free of charge subscription in order to penetrate the market quickly and deeply to attract a large number of viewers and win a large market share. The company sells only the set-top box but enables to watch television contents free of charge. The platform's most prominent feature is offer free of charge channels and contents but the free of charge channel's number is limited. If viewers buy a D-Smart's set-top box, they may watch company's channels without any subscription fee. The primarily tactic of the company is to sell more set-top box and win a large subscription amount. The company succeeded with a different strategy and its subscription number reached to 1 million. Long time the company worked as a multi channel digital television platform but in this year the platform started to work as a "pay TV" as well. Except the free of charge channels if viewers prefer to watch the other channels such as local channels, cinema channels, D-Smart's special thematic channels, Eurosport channel, they have to rent a package. At the present time D-Smart applies four different selling and renting of set-top box and content models. (1) sell the set-top box and free of charge content, (2) sell the set-top box and rent package, (3) rent the set-top box and rent package, (4) rent the set-top box, rent package, rent modem and rent ADSL. In particular the third option is as similar as Digiturk's strategy. Consequently D-Smart entered the market as a multi channel digital television platform and currently it is a pay TV as well.

Digiturk entered into the market targeting the top socio-economic group. The platform's subscription profile consisted of A and AB socio-economic groups in early years. Then the company segmented the market and tried to reach different socio-economic groups. So by this way Digiturk targeted to be a mass platform. Though the target group extension strategy, approximately 70% of subscriptions consist of AB socio-economic group. Digiturk's another target group is commercial firms. "Digiturk Business TV" is a stopper circuit television broadcast service for remove the firm's interior communication needs. A lot of well known firms in Turkey have implemented periodical broadcasts for interior communication and training needs by means of Digiturk Business TV since 2001.

D-Smart's first strategy about the target group was to be a mass platform. Primarily acted as a mass platform and reached a large amount of viewer. Afterwards, according to the competitive marketing strategy D-Smart segmented the market and started to serve different segments through different packages.

#### **4.2. Compare the Marketing Strategies with Marketing Mix**

According to Porter (2008) competition increase the average profitability of an industry, when each competitor aims to serve the needs of different customer segments, with different mixes of price, products, services, features, or brand identities. Such competition can not only support higher average profitability but also expand the industry, as the needs of more customer groups are better met. The opportunity for positive-sum competition will be greater in industries serving diverse customer groups.

Firms acquires a competitive marketing advantages with apply a appropriate marketing mix. In digital television market different digital platforms apply sometimes similar and sometimes different marketing mix contents. In Turkish digital television market, Digiturk was the first digital platform and usually imitated well known platform such as BSkyB's marketing mix strategies. Digiturk's and D-Smart's product, price, promotion and place contents formation strategies are arranged below.

**Product:** For digital television platforms every channel and every package is a product. Digiturk has enlarged the target segments as well as the digital television market since the early years. Digiturk take into consideration the subscriber's needs, requirements and interests while constitute a new package. Every package's content is consisted from different channel mix such as channels which have a good quality content and national and international channels mix. Digiturk's packages contents are:

- Economic package: Sport, Documentary, Child, News, Entertainment and Life, National, Music, Radio, Lounges, Digi Active Channels and known channels from world.
- Family package: Economic package + Movie Max, Show Max, My Max, Wedding TV, FX.
- Cinema package: Family package + Gold Max, Gold Max2, Show Max, Foxlife, Drama Max, NBA TV.
- Ecosport package: Economic package + League TV.
- Sport package: Family package + League TV, NBA TV, Sport Max.
- Super package: Cinema package + League TV, Show Max.
- Mega Super package: Super package + Touch TV, Intimacy, Playboy VIP TV.
- Mega Gold package: Mega Super package + Play Park, 4 Lounge Films which you want.

D-Smart entered into the market later than its competitor, hence, as a second platform, D-Smart had to apply a different strategy for exist. In early years, the platform arised unique type product model. The model was "Sell the set-top box and offer the channels free of charge". This model provided a large amount of subscribers to the company and then in progressive time the platform changed marketing strategy and it has offered channel packages besides the first model. This strategy alteration was made for acquire a sustianable competitive advantage and take more market share. Digiturk has made a big investment to the international cinema channels meaning of both costs and relationship for many years. So Digiturk has got a large amount of international channels and their contents are very quality. D-Smart has got a lowly content and package numbers. D-Smart's packages contents are:

- Cinema package: Cinema TV, Cinema TV2, Cinema TV Family.
- Family package: Cinema package + 18 TV channels, 5 Radio Channels.
- Full package: Family package + 5 erotic channels.

- Full HD package: Full package + Many Other Channels.
- Sport Package: D Sport, Euro Football, UEFA European League, ESPN Classic, ESPN America.
- Lodge Package: Lodge 1, Lodge 2.

**Price:** While pricing all these packages, the segments, contents and subscribers' ability to pay are taken into consideration. Some film channels, Turkish Football League and the other international sports channels' right to broadcast costs are quite high. For this reason in particular these channels are put inside the upper segments' prefer packages with high pricing. From economic package to mega gold package, the package price is rise both montly and yearly. Digiturk's package price are:

Table 1 Digiturk's packages price

<b>Digiturk</b>		
Packages	Monthly (TL) (Turkish Lira)	Yearly (TL)
Economic package	22.90	252.00
Family package	38.90	420.00
Cinema package	47.90	507.00
Ecosport package	68.80	705.00
Sport package	84.80	867.00
Super package	93.80	945.00
Mega Super package	110.90	1125.00
Mega Gold package	119.90	1218.00

D-Smart pricing strategy based on to the watch TV as free of charge in early years. However in those days the platform has not got too much channels and also the platform has supported through advertising by Dogan Yayin Holding. (Dogan Yayin Holding is one of the biggest holding in Turkey and owner of D-Smart as well.) Monetary and technological resources allowed **D-Smart** to implement a sales promotion campaign by giving free of charge contents in exchange of subscription of basic packages. When the platform has got a large amount of channels as well as increasing number of subscribers, it decided to seperate the market into the segments and then D- Smart constituted some special packages for the subscribers . While pricing all these packages, the segments, contents and competitor's pricing strategies are taken into the consideration. D-Smart package price is constituted only by monthly. D- Smart's package price are:

Table 2 D-Smart's packages price

<b>D-Smart</b>		
Packages	Montly (TL) (Turkish Lira)	Activation Fee (TL)
Cinema package	14.99	39.99
Family package	27.99	39.99
Full package	39.99	39.99
Full HD package	49.99	39.99
Sport Package	-	39.99

**Promotion:** Modern marketing calls for more than just developing a good product, pricing it attractively, and making it available to target customers. Firms also must communicate with

their customers, and what they communicate should not be left to chance (Kotler, 1996). For most firms, the important question is what says and in what ways. Digiturk has spent much money, time and effort to communicate its subscribers to promote the brand "Digiturk" since the early years. Because of the importance of this fact idea, Digiturk continues to promotion strategies to acquire more market share. Customer loyalty is so necessary for protect and expand the market share as well. Moreover Digiturk holds a superior situation at this moment because Digiturk has got a digital technology, interactive channels and a substantial budget.

Digiturk focused on the channel numbers in former years and its message was constructioned on the channel numbers and technical features. At the present time the family concept come into prominence and the message is "the secret of happy family". Brand publicity and brand familiarness survey is made in every month. Thus, correct target group, correct message and the message which reach the target group are measured. Publicity and surveys are made by SMS, TV, internet and telephone. And also the company's advertising broadcast on different media tools such as TV, internet, billboard, and publish in newspapers and magazines.

Coming callings are seperated according to subjects such as price, content, technic, complain, invoice and then if there is a problem concerned with one of them, the problem is solving in a short time. In 48 hours "satisfaction research" is made with the problem owner. The company applies different campaigns in different times for promote the brand. Some of them are; monthly 9.99 TL and first month league TV and all the channels and domestic set up are all free of charge, all packages are discount 50% to the disabled people etc.

On the other hand, entering into the market was in itself a successful publicity and promotion strategy for D-Smart. Afterwards, the company has applied "package content rent" model and thus the company entered the "pay TV" system. D-Smart offers different contents to the different segments through package rent model as well as free of charge content. D-Smart's marketing communication tries are shown in a sentence that "The Digital Plarform of Turkey". "Pay per view" model, various bonus and tactics, various campaigns which applying in different terms for different target groups are all promotion strategies of D-Smart.

**Place:** Digiturk's first dispersal strategy is to enter to the houses which have a television, an internet modem and a telephone in all around of Turkey and in international markets. Thus, the platform acts as both an interactive service supplier and internet service supplier. The second strategy is to dispersal to the big, medium and small sized hotels, restaurants, cafes. To achieve this aim, Digiturk apply different pricing models to the second target group.

As a "market challenger" D-Smart's primarily strategy is to expand the total market share and give services more houses, hotels, restaurants and cafes such as its competitor. To achieve this aim, the company applies its competitor's and the biggest digital television platform BskyB's marketing strategy. They rent not only different channels or packages but they rent modem and internet to the individual and institution. By this way either companies enter into the different places unlike the houses.

## **5. Findings**

### **5.1. Concentration on an Object**

At the firm level, Porter's three basic competitive strategies, cost-leadership, differentiation, and focus, are identified above. Although Porter's approach concentrations on a competitive strategy is criticised by few scholars, this aspect is more suitable for show the one aim of this paper. Such concentration is appropriate if it enables the firm to gain a competitive advantage in the activity in terms of low cost, whereby comparable value is provided to a buyer more efficiently, or differentiation whereby the product produced provides the buyer with more value at a price premium that exceeds the extra cost of being

unique (Hoskins and McFadyen 1991). At this point the need to decide clearly between cost-leadership and adding to value through differentiation is stressed.

- Initial Digiturk entered the digital television market and has obtained for ten years. In ten years the company has offered the quality channels in particular American well known cinema channels and Turkish Football League channels to the viewers. Mentioned channels' costs are very high to the broadcaster platform. Hence Digiturk has to project these costs to the package price reluctantly. Digiturk is known as a leader platform in the market that hold and offer more qualified channels as well as the owner of high socio-economic viewer segment. Due to this feature Digiturk has not ventured to lost this renown, the channels' price are high and it has concentrated on differentiation by offering high quality contents.

- D-Smart has offered both free of charge channels and low price packages. To have a competitive advantage, the company has constituted package price and campaign price lower than the competitor. D-Smart has not got too much expensive channels and right to broadcast Turkish League TV, furthermore it has to apply a different strategy for survive and gain a sustainable competitive advantage. For these reasons D-Smart has preferred to concentrate on cost-leadership. D-Smart projects the low price to its packages.

## 5.2. Digiturk's (Market Leader) Competitive Marketing Strategies

- Digiturk is market leader due to the market share and the number of subscribers. Digiturk as a market leader has to expand the total market, protect own market share and expand own market share. Digiturk's broadcasting system is a "pay TV" model. In Turkey there are few kinds of television watching system such as Cable TV, satellite broadcasting, digital TV broadcasting. Satellite broadcasting is a free of charge system and this system users' number is 10 million. People prefer to watch TV in a shape of free of charge rather than pay for broadcast. Digiturk has to look for new users, new uses, and more usage of its products (channels, packages) to both expand the total market and expand the own market share. For this reason, the leader has to convince the satellite broadcast users. The leader's marketing strategies for expand the total market and own market share are below:

**Use of substantial facilities:** Turkish Football League is an important advantage for new users and potential subscribers. If the leader lose the right of broadcast of League TV, it will lose the large amount of subscribers. Thus it tries to keep right of broadcast.

**Renewal of infertile terms:** In summer terms in particular the subscribers of sport package and league TV channel are invalidated their contracts. For this reason the platform gives some bonus and special campaign price to the subscribers for continue their contracts

**Focus on new users:** It wants to gain in different socio-economic level groups and reaches to the every type of family with "the secret of happy family" slogan.

- The best defence is a good offence and the best response is continues innovations (Kotler and Armstrong, 1996). When the second digital television platform entered into the market with a different pricing model as a mass platform, the leader acted offensive instead of defensive with a new campaign to new segment. The new segment was as similar as the competitor's target group. Hence the leader targeted to protect both own market share and stopped the competitor's speed by *counteroffensive defense* strategy.

- Digiturk has got two types of set-top box, one of them is SD (Standart Definition) set-top box and the other is PVR (Personal Video Recorder) set-top box. A user can divide the screen into two and four parts for see the different positions of a match while the “live broadcast”. Also a goal position can watch again and again through a button. This kind of set-top box provides both protect and expand the market share besides the loyalty of brand. PVR set-top box and its technology stimulate in particular football team’s fans for buy a sport channel and PVR set-top box. The competitor company has not got PVR set-top box yet. Digiturk brought PVR set-top box and its technology into the Turkey first.

### 5.3. D-Smart’s ( Market Challenger) Competitive Marketing Strategies

- D-Smart as a market challenger has got a competitive marketing advantage than the leader. Digiturk entered the market targeting the top segment customers. This kind of entry strategy provided to Digiturk that it was a snob, unapproachable and cold firm image. Along with the different segmentation this image has started to change. But in currently Digiturk’s image is still thought in same type. Market leader’s weakness is Market challenger’s strengths. While the leader has tried to change this image, market Challenger has launched a *flanking attack*, concentrating its strength against the competitor’s weaker flanks. D-Smart entered the market as a mass platform and with “the platform of Turkey” slogan, it has got 1 million subscriber. Nowadays Digiturk strikes the competitor with an against strategy. The leader has tended to the family concept for correct the snob image.
- D-Smart has got two set-top box as well, one of them is SD set-top box, the other is HD (High Definition) set-top box. Channel D ( the admiral channel of D-Smart) broadcasted in HD format first time in Turkey. HD broadcast content is offered in terms of quality vision feature to the viewers. D-Smart’s set-top boxes’ technological features were approved by notary. D-Smart’s authorizeds use this technological advantage for marketing the company.

## 6. Conclusions

The digital television market itself does not allow a pure open competition, since consumers’ needs are substantially homogeneous. Thus, digital television broadcasting companies’ marketing strategies are similar. However, in many digital television market there is a market leader and the leader determines the marketing strategies. In some cases, market leader’s moves and strategies are imitated by followers. Acting as a follower and this preference is likely to lead followers to end because their capabilities, resources and environmental conditions might be insufficient. In this context D-Smart act as a market Challenger due to its possibilities and recources rather than a follower. D-Smart has come into open competition with Digiturk.

Digital television viewers rather watch and pay for specific and previously chosen programs. Therefore, a digital television company can successfully maximize its revenues only if its content and service supply thoroughly matches single consumers’ demand. Additionally, digital television will be accessible to a greater portion of the population than any other medium (e.g. Internet) and it will allow a greater penetration to the home market as well as to a greater age spectrum.

Although illustrating the comparison of marketing strategies between two digital television companies, this chapter features some limitations. Howsoever, the two competitor’s product, price, place and promotion strategies are similar at each other, D-Smart applied a different strategy for enter into the market and penetration in the market. On the other hand this

strategy appears to be too limited to survive and development for a company in digital television market in a long term. On that account further research on this topic is suggested.

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