

# The marketing & instrument study of a company's competitive tactics In the turbulent market

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## Abstract

During the decision-making process about a market position, the measure of uncertainty depends on a degree of authenticity and completeness of the information; therefore it is necessary to do a marketing research to determine a company's position, to make strategic aims and long-term guidelines in accordance with a development of technologies, changes of macroeconomic, political y socio-cultural factors; on the background of these factors, the operating companies build the relationships with all participants of a services market of mobile communication. The research was held by means of an adaptation of general technical approaches to a real analysis of regional services market of mobile communication; this research helps to form an authentic information about market condition, that is: to know about market share, which belongs to a company-operator; to form stable preferences of the buyers, to determine individual market position of the operating company; the research affords to motivate the competitive advantage of the operating company, to develop and to realize the growth strategies of the competitiveness.

## **Introduction**

The hypothesis of the study is based on the relative existence of the positive connection between the complex study of the market of the mobile communication services , the clear identification of a company's market position - which is influenced by the unstable environment – and the efficacy of the marketing strategy in conditions of the highly competitive market.

The telecommunications market of Russia is an important part of the aggregate market of the communication services and is characterized as a complex organizational, economical and jurisdictional structure with a strict order of functioning of its elements. In the structure of this market there can be specified the following criteria: the local market, the regional market, the national market and the world market.

The following subjects are currently operating within the telecommunications market in Russia:

- The traditional operators of mobile communication – companies based on the governmental enterprises which have been privatized and reorganized;
- The new operators of mobile communication – companies licensed after 1990;
- The other enterprises in different sectors of economy offering services of mobile communication.

The federal companies-operators tend to use quite aggressive methods of marketing due to their big expenses on the image making and on the advertising; introducing a new promotional campaign into the market – which usually happens on the federal level – involves federal TV-channels, radio stations, local TV-channels and other means so that the consumers get the idea of numerous advantages of the given federal operator.

The regional operators considerably cede to the federal ones in terms of resources (technical, financial etc); however, they are capable of reacting quickly and flexibly to the concurrent actions. The fact that the management of a regional company is not separated from its basic activities allows getting hold of the current situation of the market and making timely decisions; also this adaptability of regional operators enables them to thoroughly investigate the market and to find the most specific target market, aiming at these customers the most suitable offers and packages of services.

Speaking of the elasticity of the regional market and its potential, there are two main characteristics that make an impact on the elasticity of demand: the cost of the contract with the operator and the cost of a one-minute talk. In a long-term perspective the regional companies are not likely to compete successfully with the federal operators that benefit from the effect of scale and of synergy. For a shorter period of time, there is a possibility of occupying a targeted segment of market and even of competing with federal companies in the regions where local operators are strong enough for it. Uniting under one brand several operators from the same region, controlling expenses while expanding the territory of roaming, concentrating efforts on concrete segments of the market and other measures can stabilize the situation to a certain extent.

Researching the peculiarities of the mobile operators' market demonstrated that the relevant companies tend to use a common system of technical standards; new types of services keep being introduced into the market.

### **Functional & marketing fields of activity of mobile operators**

<b>Fields of activity</b>	<b>Characteristic</b>
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Providing a subscriber with an individual telephone number	The connection of a given telephone number with a united system, which is a structure of national and global scale.
Assurance of cellular communication's work	Cellular network unites a lot of base stations; each of the stations provides the connection on definite territory and guarantees mobile communication to all subscribers of this operator in the service area of the given station (of course, the base station can provide simultaneously a big quantity of subscribers with a mobile communication, but the quantity is limited). Base stations are connected with the united structure by the telecommunication channels (both cable and wireless cable). Besides the base stations, cellular network includes a whole number of other communication centers with a hardware and software support.
Roaming	Possibility to use a mobile phone outside of the "domestic area" without using services of any second cellular communication operator.
	To provide roaming, the operating company uses not only it's own technologies, but the resources of other communication companies: both cellular communication operators and operators providing interurban/international channels. For the efficient use of all necessary resources, a big preparatory work should be done, for example: to make the contracts with companies from other regions of the World, adjustment of a billing system.
Providing a subscriber with the additional facilities.	Communication facilities (sms, mms), information services (sms-sending, Internet access); service facilities (number identifier); entertaining facilities.
Function of a Single Calculation Centre (Billing)	Sending to the subscriber's address of the invoices from different companies providing communication facilities (for example, long-distance telephony), other facilities (games and tunes).

The specifics of using different methods of the marketing research are caused by the peculiarities of the product (in the market of telecommunications) and by the character of consumers' behavior; both aspects should be considered when organizing the routine of a company-operator and also during the realization of the marketing concept.

Currently the most popular method of the marketing research for the market of telecommunications consists in questioning the customers (interviews in the stores or via telephone or Internet, polls, surveys etc). The quality of the results obtained through methods listed above depends on transparency and precision of the questions and on experience of the interviewer who should react flexibly to the customer's responses.

At the present time, within the telecommunications market of the Rostov region the most important brands are: "MegaFon", "BeeLine GSM", "MTS." Among these federal operators there are several local operators, for example, the company "Rostov Mobile Connection" ("ROSS"). The company was founded in 1993 by a foreign company and specializes in cellular network services. In November 2001, the company changed its trademark by entering the European holding company TELE2 AB (Sweden, Stockholm). Holding TELE 2 was established in 1993 in Sweden. In Russia, the services of Tele 2 are presented not in the Rostov region, but also in Belgorod, Irkutsk, Kemerovo, Kursk, Nizhny

Novgorod, Omsk, Smolensk, Chelyabinsk region, as well as in the republic Udmurtiya, St. Petersburg and Leningrad region.

Analysis of the positions of the mobile operator TELE2 allows to determine the main directions of its activities, the aims and objectives of the company within the highly competitive telecommunications market.

The competitiveness of the company-operator depends on the overall efficiency of its operations, the use of modern technology management and marketing, quality of service and marketing activities of a number of other economic and technical parameters of the company. The model of competitive forces in relation to the company operator TELE2 is a powerful tool in the systematic diagnosis of the main factors influencing the market, and for the definition of the impact of each of them. Study of this model is a prerequisite for the formation of systemic vision of competition operating company.

Measurement and analysis of the strategic environment has been made using the adapted for «Rostov Mobile Connection» expert method. Tool to measure the strategic environment was a «scale relations». Evaluation of components and parameters of the environment are carried out on 5-point scale. Assessment of the strategic environment is presented in appendix 1.

To determine the strategy of the organization and conduct of this strategy, the direction of JSC «ROSS» must have an in-depth presentation of both the internal environment of the organization, its capabilities and trends, and the external environment, trends in its development and place of its organization. This internal environment is studied in order to reveal the strengths and weaknesses of the company's mobile phone operator, and the external environment is studied in the first instance in order to expose the threats and opportunities that an organization should consider when determining your marketing goals and to achieve them.

In order to identify strengths and weaknesses of the organization, the organization needs know its strategic potential.

Measuring the strategic capabilities is effected using questionnaires where the experts put their assessments on a 5-point scale. Assessment of the strategic capacity of CJSC «ROSS» TELE2 is presented in appendix 2.

Through the analysis of strategic capabilities, a specific list identified weaknesses and strengths of the organization, as well as threats and opportunities.

Applying the method of SWOT, it's possible to create links between the strengths and weaknesses that are inherent in the organization.

Identification of the chain links allows to clarify the direction of the development of the company «ROSS»: the expansion of coverage, cost reduction, sustainable provision of services, development of new types of services, skills development, improving the quality of services, opening new service centers, the introduction of modern technology in the management, improving the organizational culture.

To determine the strategic position the experts used the method of approximate calculation. According to this method, the strategic position of the organization may be determined by the extent of development of the strategy, by market conditions and industry conditions.

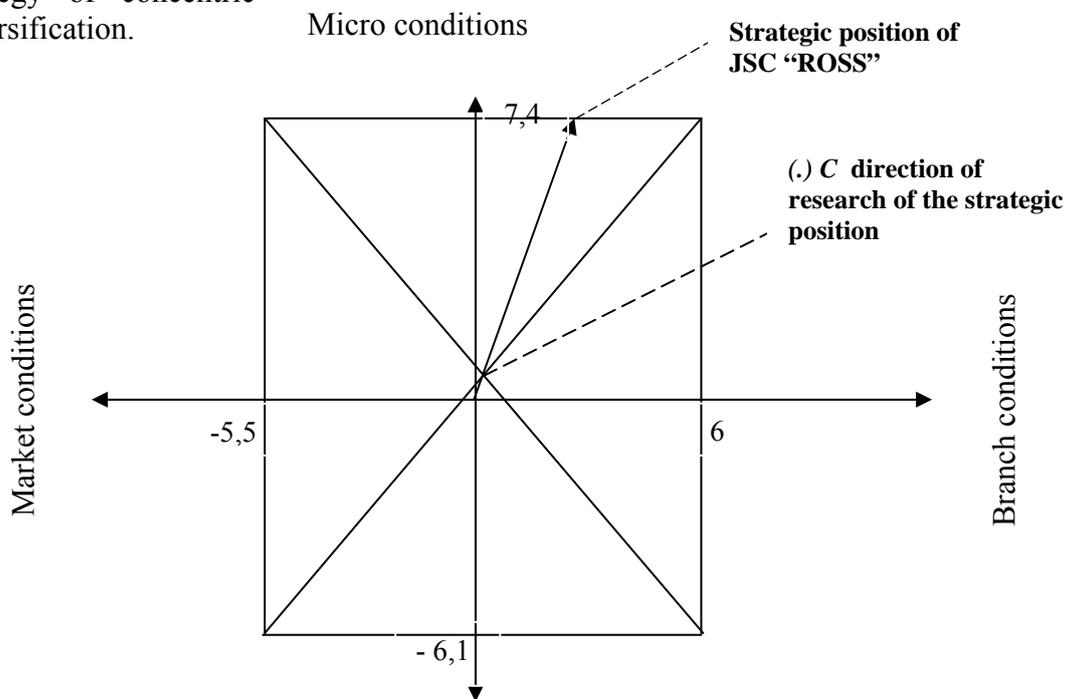
To the executive managers of the company it was proposed to assess the activity of the company. The results of the strategic environment of the situation are presented in appendix 3 (on 9-point scale).

According to these estimates and using the field of strategic positions (model Yefremova VS) it can be concluded that the JSC «ROSS» has the position of «Candidate for Master» in the field of competitive policy positions.

Strategic position for JSC «ROSS» is defined as «a candidate for the master». This position is distinguished by the fact that the organization has an excellent micro and macro conditions to conduct their business. However, the market and the industry conditions of business for the organization are far from good. Adverse market conditions for the organization may be related to the fact that it had not yet received a fair share of the market, or has lost its essential part. This may be due to the fact that market segment of the given organization has not been formed completely yet. Unfavorable industry conditions of the market have been caused by severe competition. Therefore “ROSS” should focus primarily on opposition to competition and is aimed to increase their profit margins through increased productivity. The company has all the necessary internal and external conditions for this.

Present position «Candidate for Master» means that the company carries on its business in an attractive industry and has significant competitive advantages. The strategic potential of the company is able to counter the negative factors of the environment, to reinvest earnings and to maximize profits.

CJSC «ROSS» has the ability to implement strategies to capture the market and for direct and reverse integration; however, given the unique position, it is necessary to apply the strategy of concentric diversification.



**Figure 1 - Position of JSC «ROSS» according to the model Yefremov V. S.**

### Literature review

Theory and practice of marketing and marketing research are reflected in the scientific work of foreign researchers, representatives of various schools and directions, which substantiated the need for market orientation of the subjects on the principles of marketing, made it and discovered the possibility of using for different types of firms in different markets.

Thus, the analytical model developed by Ansoff (1965) provided the opportunity to realize the process of making strategic decisions, and the approach of Andrews, K. (1971), based on the logic of the method of SWOT, allowed managers to conduct an analysis of internal and external environment company and to build a strategy for particular situation. The dominant paradigm in the theory of marketing was a concept developed by M. Porter

competitive forces (1980), which provides a systematic way of thinking about how the competitive forces operating in the industry, the extent to which the pre-level profitability of businesses in different industries and segments. Day J. (1999) gave arguments in favor of the concept of marketing that focuses on services, «focused» on the client and focus on the market. According to this concept, the company is in the process of continuously generating and testing hypotheses about the market. He conducted an analysis (2004) of the role of marketing research and its contribution to the management process. Lamben (2004) considered the market research, as a function serving the information needs of management in general, not only in marketing.

Russian marketing researchers tend to study problems of adaptation of methods of marketing research to the specifics of modern Russian enterprises.

Thus, the basic concepts and methods of marketing research reviewed in the works of Tarasevitch V. M. (2001), Bozhuk S. G. (2005), Kovalik L. N., Maslova T. D., Golubkova E. P. (2004).

In the writings of scholars Rostov school: Anopchenko T.Yu. , B. B. Borisova, V. G. Ignatov, Ketova N. P., Kostoglodova D., Kuznetsova N. G., Simonyan T. V., Fedko V. P., Fedko N. G., there are aspects of marketing research, market opportunities and of the development and implementing strategies to improve the competitiveness of companies in the market.

Features of the development of telecommunications markets covered in the works Golubitsky EA, Kukhareno EG (2005), Razroeva EA (1999), Reznikova NP (2002).

Thus, domestic and foreign researchers of problems of marketing generally formed the theoretical interpretation and identified areas for exploring markets for services. However, the contradictory character of the problems, lack of developed methodological approaches to marketing research of the market of mobile services make it relevant and determine the purpose and objectives of the study.

### **Methodology**

As a theoretical and methodological basis of the research were used: fundamental basics of the theory of marketing as a social and economic process, the theory of marketing research, as well as the theory of strategic management and marketing, and others presented in the scientific literature. The use of these provisions as a source to justify the author's version led to its advantages, deterministic effect of complementarities of different scientific approaches.

The development of problem used instrument and methodological tools, including systematic approach to its subject-object and functional-structural aspects, methods and tools of technology research. Each of these private methods used as the primary, supplementary or test in accordance with its functionality and resolution. In addition, were used special tools for market research, including SWOT-analysis STEP analysis, special receptions desk and field market research: the method of expert evaluations, positioning technology company.

### **Conclusion**

Marketing research allows to build an accurate data basis about the market and is the initial phase of marketing activity. Based on the obtained in the process of research results, the following conclusions can be made.

Study in the investigation of the market for mobile communication services, where conduct their business both federal and regional business operators, showed that companies operating in this market, in practice apply a unified system of technical standards, which provides interaction networks management systems.

The competitiveness of the company-operator depends on the overall efficiency of its operations, the use of modern technology management and marketing, quality of service and marketing activities of a number of other economic and technical parameters of the company. The study defined the position and prospects of the company TELE2 through the analysis of internal and external environment, which allows organizations to identify their threats and opportunities, their strengths and weaknesses. These results are used in the SWOT-analysis to identify areas for development of mobile communications. Based on the analysis of external and internal environment of proposed options strategies to enhance the competitiveness of the company.

### APPENDIX 1

№	Components of the blocks The scale of opportunities	Threats			Opportunities	
		1	2	3	4	5
<b>1. Evaluation of strategic macro climate (STEP - an analysis of the strategic areas)</b>						
1.1	Social, environmental, geographic sphere and the sphere of communication.			3		
1.2	Technological and scientific sphere.				5	
1.3	Economical and financial sphere.			3		
1.4	Political and legal sphere.				4	
Final assessment of the strategic macro climate		3.75				
<b>2. Assessment of the strategic micro climate (analysis of the strategical areas)</b>						
2.1	The area, the market segment: the level of competition, relationships with partners and customers				4	
2.2	The area of investment				4	
2.3	The area of new technologies and of scientific and technical resources				4	
2.4	The zone of raw materials, fuel, energetical resources				4	
2.5	The area of the labor resources				4	
2.6	The groups of strategic influence (at the level of an industry, of a city, of a region etc)				4	
The final assessment of the strategic microclimate		4				
<b>Total</b>						
1	Evaluation of the macro climate				3.75	
2	Evaluation of the micro climate				4	
<b>The final assessment of the strategic environment</b>		<b>3.9</b>				

### APPENDIX 2

#### The assessment of the strategic potential of “ROSS”

№	Components of the blocks	The state of the customer company	
		Strengths	Weaknesses
<b>1. Product unit (assessment of quality, of profitability and of the volume of sales of the product, the status of resource maintenance and of performance of the functions)</b>			
1.1	Condition of the project № 1	4	

1.2	Condition of the project № 2	4		
Final assessment of the product unit				
2. Functional unit				
2.1	R&D, pilot and test works		3	
2.2	Manufacturing: basic and auxiliary		3	
2.3	Marketing and sales	4		
2.4	Services for customers	4		
2.5	Finance	4		
2.6	Administration	5		
2.7	Staff	5		
Final assessment of the functional unit – 4				
3. Resources unit				
3.1	Material and technical resources			
1)	raw materials, fuel and energy	4		
2)	components	4		
3)	equipment and machinery, communication and transportation		3	
Final assessment of the material and technical resources - 3,6				
3.2	Labor resources			
1)	Composition and competence of managers	5		
2)	Composition and competence of professionals	4		
3)	Composition and competence of workers	4		
Final assessment of the labor resources – 4,3				
3.3	Informational resources			
1)	Scientific and technological advance, patents and «know-how»		3	
2)	Economic data	4		
3)	Commercial information	4		
Final assessment of the informational resources – 3,6				
3.4	Financial resources			
1)	Possibility of financing from own resources		3	
2)	The availability of working capital	4		
3)	The availability of funding for salaries	5		
Final assessment of the financial resources – 4				
Total				
3.1	Condition of material and technical resources	3.6		
3.2	Condition of the labor force	4.3		
3.3	Condition of informational resources	3.6		
3.4	Condition of financial resources	4		
Total assessment of resources – 3,9				
4. Organizational unit				
4.1	Organizational structure			
1)	Configuration	4		
2)	Function: composition and quality of the division of labor	5		
3)	Quality of internal and external, vertical and horizontal links	4		
4)	Relations: rights and responsibilities		3	
Final assessment of the organizational unit - 4				

4.2	Technology of all the processes			
1)	Progress of current technologies and methods		3	
2)	Level of automation	5		
Final assessment of the level of technology - 4				
4.3	Organizational culture			
1)	Communicational system	4		
2)	Tradition, experience and faith in opportunities	4		
3)	Work ethic and motivation	4		
Final assessment of organizational culture - 4				
Total				
4.1	Organizational Structure	4		
4.2	Technology of processes	4		
4.3	Organizational culture	4		
Final assessment of the organizational unit - 4				
5. Management unit				
5.1	Overall, functional and project management	4		
5.2	System of management: planning, organizing, monitoring, motivation, coordination		3	
5.3	Style of management (a combination of autonomy and centralization)	4		
Final assessment of the unit of management- 3.6				
Total for the units of strategic capacity				
1	Condition of the product unit	4		
2	Condition of the functional unit	4		
3	Condition of the resources unit	3.9		
4	Condition of the organizational unit	4		
5	Condition of the unit of management	3.6		
Final assessment of the strategic capacity - 3.9				

### APPENDIX 3

#### Assessments of the strategic conditions of the company's position

<p><b>Market conditions.</b>  Assessment of the capacity of market - 7  Assessment of the structure of the market -4,5  Assessment of the age of the market -3  Assessment of the elasticity of demand -5  Evaluation of the key factors of success - 8  Total evaluation of the market 5,5</p>	<p><b>Sectoral conditions.</b>  Assessment of the structure and dynamics of competition in the industry -4  Assessment of the threat of potential competitors - 4  Assessment of depending on the customers - 5  Assessment of depending on suppliers - 8  Evaluation of pressure of the producers of substitute goods - 9  Total evaluation of the conditions of the industry - 6</p>
<p><b>Macro conditions.</b>  Assessment of the political environment - 6  Assessment of the economical environment -5,5  Assessment of the state of society -6  Assessment of the technological conditions -7  Total assessment of the macro conditions - 6,1</p>	<p><b>Micro conditions.</b>  Evaluation of the industrial and technological system - 7,5  Assessment of financial and economic system – 7,5  Assessment of management - 7  Evaluation of the pre-production stage and of the marketing - 8,5  Assessment of the corporate culture – 6,5  Total evaluation of the micro conditions - 7,4</p>

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