

what is matav's strategy? essay sample

[Business](#), [Company](#)



Matav restructure into four business area: business services, residential services, Internet and mobile. The mid-term strategic plan of Matav is: expansion in Hungary; regional penetration; organic growth in existing product lines. Business units operate separate management teams, allowing each unit to focus on their areas of enterprise. They develop mobile services to attract customers in order to pick their product over competitors. Also, Matav was keen to expand through the Balkan region and southeastern regions of Europe such as Bulgaria, Romania, Serbia, due to its well performance in getting the controlling interest of MakTel. Their second target is Montenegro Telecom because Montenegro is very small and it is only fixed line operator.

YES, it has been successful.

Matav has registered a gradual growth after the implementation of this strategy. They changed to a customer-oriented company, which offered all telecom service to both individuals and corporations. As the monopoly telecom company in Hungary, Matav had a very high percent market penetration. Also, regional expansion in MackTel received huge revenue and became the biggest employer in Macedonia. Performance measures showed Matav in the Internet area that the number of subscribers growth of over 40 percent in 2 years.

Does Matav have any competitive advantages in its domestic markets? YES. Matav's ownership changed from the government of Hungary to Deutsche Telekom (59.5% controlling interest). Matav moved from an inefficient government agency to an efficient customer-oriented organization. The new shareholder, Deutsche Telekom and Ameritech International, gave

experience to Matav both technical expertise and customer service. There were 30 to 40 expats that came from Germany to help with the network development and network reconstruction". High quality of technology in Eastern Europe made Matav become a monopoly in Hungary with 80 percent of country's fixed line telephone system. After privatization finished, Matav emphasized to match the organization to the customer. From year 1990 to 1997, the company shortened a waiting list of 600, 000 people to 0, whom just asked for fixed telephone line.

Does Matav's international expansion plans make sense? Why? YES

Rational expansion experience with the success of MakTel made Matav as a local expertise in Southern Europe: " Matav transferred its knowledge of a financial control system, professional regulatory management and tariff packages to rebalance fixed line fees". MakTel increased the number of fixed lines by 21 percent from 2000 to 2003 and mobile subscribers were five times higher in 2003 than in 2000. MakTel's performance was a possibility to show Deutsche Telecom that Matav was capable. After result of MakTel, Deutsche Telecom offers it capital and other financial support and treats Matav like a Central/Eastern European hub. An unsaturated market in fixed line and mobile business made Montenegro a place worth to be acquiring. Also, Macedonian experience helped Matav get into the Balkans become a lot more international.

If you were a member of the strategy group, what would you recommend as a mid-term strategy to Andras Balogh? Matav will achieve continuous growth

while remaining an integrated telecommunication company. Market need to subdivide into segments, but company need to operate as a whole. Need to seek for unsaturated markets in and out of Hungary. Maybe in Hungary, It is hard to find out unsaturated markets no matter in fixed line, mobile phone or broadband. But looking around, things become different. Matav have gain experience through the success of Makel. It is easy to make duplication in other countries. To some extent, Matav, in the process of international expansion, will act a role as its parent company-Deutsche Telekom. To the target company, Matav will offer not only technology in telecom but also financials and management.