

Marketing theory and concepts



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Introduction

Sagem International S. A. has changed the name in 2009 to Sagem Wireless. The company specialises in designing, developing and distributing mobile phones, services and associated accessories, on behalf of and under the brands of partners (Cambridgewireless. co. uk 2010). Many handsets are customised for a range of brands such as luxury, sport, fashion and operators in order to suit everyone's style and taste. Thanks to its proactive approach to the market the company continues to stand out. Unfortunately, mobile phone marketing strategy is often implemented at ad hoc basis and the link between company's organisational strategy and mobile phone marketing campaign is weak or even missing (Leppäniemi & Karjaluo, 2005). Hence, to effectively distinguish mobile phone marketing strategy, it is critical to establish how mobile phone marketing relates to a firm's organisational strategy. Therefore, this paper will use marketing theory and concepts to critically evaluate Sagem Wireless marketing strategy and develop marketing strategy for a new application.

General evaluation of Sagem Wireless Marketing Strategy

It is essential to emphasise that a marketing strategy is a foundation of company's all marketing activities. Furthermore, " a marketing strategy involves selecting and analysing a target market and creating and maintaining a marketing mix that will satisfy that target market" (Pride et al. 2008 p. 432). Ever since 1960s the marketing mix approach has been the leading design for marketing strategy building and development. Generally speaking, the marketing mix is the set of expedient tactical marketing tools that the firm combines to produce the desired response among the target

audience (Kotler et al. 2005). The concept of marketing mix was introduced by Borden (1964), and McCarthy's (1960) 4Ps classification: product, price, place, and promotion has been the basic guideline for marketing research and useful accomplishments. Consequently, marketing mix is a part of marketing strategy that involves different techniques to influence perception favourably towards the product (Keller & Kotler 2006). The main parts of marketing mix are four P's which are known as product, price, place and promotion as mentioned before:

Target Market

Kotler et al. (2001) suggested that marketing strategy involves recognising the target audience. Sagem Wireless target market is male and female, age group 15- 65, working professionals, students, people over 50, who live in urban or semi urban places.

Product

- Sagem's Puma Phone, tailor designed with technology and services that enhance customers experience and connect a brand community.
- Sagem's Cosyphone an ultra-simple connected device for the over 50's market
- New Android-based mobile device
- Sagem Porsche Design, luxury car branded mobile phone.

Promotion

Marketing communication which is a different term for promotion constitutes part of the marketing mix. It is not a single entity but rather, involves a wide range of activities that aim to convey marketing messages to target

audiences (Pickton & Broderick, 2001). Those activities can be classified into four overlapping headings.

Consequently, marketing strategy is not only about developing good product or targeting the right consumers. Organisations need to effectively communicate with the customers to be successful. In order to converse, companies should use various methods such as ads, sales promotions, public relations, personal figure 2. Sagem Wireless is using a mixture of those. A few examples: informational advertising, which is used when a new product is first being introduced; the emphasis is on promoting the product name, benefits, and use. Furthermore, cooperative advertising which is a system that allows two parties manufacturer Sagem Wireless and distributor Puma to split advertising costs since they share the same interest in selling the product. Also Sagem wireless offers joint sales promotions, personal selling via mobile phone operations. Finally, many PR campaigns that deliver news releases directly to Internet readers that are using different websites and portals.

Place

Place is a distribution and it is the process of moving goods from manufacturer via retailer to customer (Aker, 1995).

Sagem Wireless does not sell handsets to end-users directly; instead the customers enrol in mobile phone calling plans from service providers or buy the mobile phone from mobile phone operators such as o2, T-mobile. Sagem Wireless sells its phones to the mobile phone operators after manufacturing the products.

Price

The next part of the marketing mix is the pricing strategy as this will indicate what kind of ROI (Return on Investment) the company will have (Dewhursts & Burns, 1989). However, the charge has to be competitive but still allow the company to make a reasonable profit (Barrow et al. 2005). In this case 'reasonable' will depend on the customer. Therefore, it is important to set the price at the correct level if customers are to be persuaded to buy. Since, mobile phones have short product life cycle the earliest launch phase price will be high to account for development costs. Furthermore, products that are technologically advanced such as Sagem Wireless will be sold at premium to reflect the initial research and development that has gone into them. Thus, the Puma Phone will become available in April in Europe, Asia and Africa with a price tag of about €400 (Phonesreview. co. uk, 2010).

An assessment of the importance and the use of information in Sagem Wireless marketing strategy.

Knowing what customers value and how the solutions a company provides meet those values is key to developing a viable marketing strategy (Lilien & Kotler 1983). The use of information in Sagem's Wireless marketing strategy is very important since marketing's primary strategic role lies in implementing strategies that differentiate the company's products from the competition. Sagem Wireless needed to gather a lot of information in order to develop a communications strategy that effectively position brand relative to other mobile phone manufacturers. The use of information therefore, is of great importance since it represents a firm's decision of how and where it will employ its distinctive value creating competences to generate competitive advantage (Czepiel, 1992).

A discussion of how Sagem Wireless marketing strategy is related to the overall organisational strategy.

Unfortunately, mobile phone marketing strategy is often implemented at ad hoc basis and the link between company's organisational strategy and mobile phone marketing campaign is weak or even missing (Leppäniemi & Karjaluoto, 2005). Hence, to effectively distinguish mobile phone marketing strategy, it is critical to establish how mobile phone marketing relates to a firm's organisational strategy. Furthermore, marketing strategy's difference is that it serves a border line function between the firm and its customers, competitors and stakeholders. Marketing is able to assess consumers' needs and the firm's potential for gaining competitive advantage, which in due course must point into the overall organisational strategy. Sagem Wireless marketing strategy is based on analysis of consumers, competitors (Appendix 1) and other environmental forces (Appendix 2) which then are combined with strategic inputs such as financial, R& D and human resources. Consequently, at Sagem Wireless marketing strategy is related to the overall organisational strategy through R&D resources and also through several partnerships that have been established allowing it to access high level skills in mobile technologies. Furthermore, Sagem Wireless organisational strategy has a marketing perspective which is providing inputs to strategy generation and then evolved strategies are tested against the reaction of consumers, competitors and stakeholders. Therefore, Sagem Wireless is able to combine expertises in Europe and Asia in order to provide the best in user experience and industrial design.

An analysis of how the global context has been incorporated into Sagem Wireless marketing planning.

The global context has been incorporated into Sagem's Wireless marketing planning through partnership with different companies. Sagem Wireless partnership with mobile Republic and Cellmania in order to create a platform which will enable Sagem Wireless to deliver a customisable connected online experience for leading consumer brands and mobile operators (Sagem Wireless, 2010). One of the examples is Puma Phone a customised mobile device. The marketing planning for this product incorporated the global context of the company. Another example is collaboration between Sagem Wireless and UPEK where the Sagem Wireless is planning to launch a range of new devices together with new Android-based mobile devices.

Furthermore, partnership with ST-Ericsson a world leader in wireless semiconductors and platforms will help to sustain a major part of the range of products in the Sagem Wireless portfolio. As a result, Sagem Wireless will expand and combine its innovations on these platforms and different partnerships will allow the company to broaden their market reach into the global context. Consequently, through different partnerships, Sagem Wireless will reveal its capability to build up an eco-system of leading edge partners for key technologies. As a result, the global context has been incorporated into Sagem Wireless marketing planning and it consists of an international network of related firms and individuals working together to address the challenges of foreign market entry and global expansion. Thanks to different partnerships Sagem Wireless could grow internationally at a lower cost, with less risk, and at a faster pace.

A reflection on how Sagem Wireless has embraced e-business strategies in the marketing.

The Internet has great potential to change distribution strategy (Stern et al. 1996). The promise of electronic commerce is the improved interactivity between the firm and its customers, which could offer great potential for exchange of customer value and product information. The new technologies allow the creation of direct relationships between the firm and its customers (Roman, 1989). This means that companies such Sagem Wireless can customise its offers and more effectively and efficiently target its marketing resources. Database marketing also enables firms to track the “lifetime value” of individual customers in terms of sales and profitability over time. The embracement of e-business strategies in Sagem Wireless marketing can be effectively tracked and future resources can be targeted at high-value customers. Therefore, Sagem Wireless could not do without e-business strategy since the number of competitors already online plus the vast amount of content and information made it crucial for any company to get their product noticed through all the “noise” (Cumbrowki, 2008).

Developing a marketing strategy for a new product or service that you think Sagem Wireless should offer.

Sagem Wireless should develop an application that can be downloaded into Puma smartphone. The application will allow to access peer-reviews and up-to-date information about different places of interests, whenever and wherever. This application will help people who would like to travel, easily locate their places of interest and be able to retrieve more information about their desired tourist spot from other tourists, who have actually been there before. WANDR application will combine unique features with mapped

advertisements of local business that will make it the first application of its kind.

The Target Market

The customers will be segmented by their geographical area and the WANDR application will accommodate many different languages, updating the interface of the application, so that every customer from different country speaking different languages could use it without any restrictions. Generally, the target market will be any tourist, but unique strategies for sub segments such as students, families will be developed. The sub segments will be divided further into two groups. The first group will be familiar with similar applications like the WANDR and will know how to interact with current internet applications (Google map etc) and will desire a convenient and affordable way to access it. The second group will not be as familiar with such device and the Internet, and will be simply looking for a more convenient guide with more reliable and relevant information from people just like themselves.

Competition

Although this application will have the first-mover advantage, Sagem Wireless will face some direct competition from existing tourist guides in the market which include the various tourist guide books, tourists' websites, local tourist information centres and even some GPS devices. In addition, Apple offers a tour service around London area using an application for the iPod called Soundmap, that provides audio tours. The device is aimed at tourists and local communities and later, the company plans to utilise GPS technology. However, based on WANDR competitive advantages, it is

believed that the majority of tourists will prefer to use this application as compared to other types of tourist guides available in the market.

The Value Proposition

The value proposition would be the unique combination of the Google Maps, my Location technology which provide location based on user reviews, with mapped local business advertisements. What is more, WANDR's capability to allow customers to review up-to-date information about where they are at anytime will be a competitive advantage amongst other mobile phone guide applications.

Product and Service

WANDR would be a first-of-its-kind application that would help tourists to roam around the city or countryside with no difficulty. With the help of this application, the tourists will be able to know where they currently are, which locations of interest are near to them and which places would be good for them to visit. WANDR, with the collaboration of social websites such as Lonely Planet, World 66 and My Travel Guide, will enable the mashing-up of user-reviews on places of interests. This information may assist tourists to make an informed decision of whether to visit those places or not.

Marketing Mix

Marketing strategy will be based on 4P's which stands for Product, Price, Place and Promotion. Getting the mix right will be critical in order to successfully promote this application.

- Product: WANDR a first-of-its-kind application that would help tourists to roam around the city or countryside with no difficulty.

- Price: application for £20 at the beginning then the price will be lowered.
- Place: The tourist will have a choice to download online from Sagem Wireless website or from Puma phone website. The electronic commerce improves interactivity between Sagem Wireless and its customers and this could offer great potential for exchange of customer value and application information. Furthermore, by eliminating channel intermediaries, Sagem Wireless is able to capture some of this margin as enhanced profitability while lowering prices to customers at later stage.
- Promotion: Advertising will take the form of web advertising (sidebar ads or banner ads). However, the company should focus on getting some publicity thanks to positive comments from users. Sagem Wireless should give away this application for free to few customers and let them use it. Then invite them to write their comments in blog. As a result, Sagem Wireless will have some publicity and promotion. Furthermore, this may lead to viral marketing since giving away products or services such as WANDR application will attract the attention. As a result, this will encourage individuals to pass on a marketing message to others while creating the potential for growth in the message's exposure and influence. In the end, contributing to the promotion of the application.

Conclusion

After analysis of Sagem Wireless marketing strategy it can be concluded that marketing strategy is a foundation of the company's all marketing activities and it entails target market that will be satisfied by accurate marketing mix.

Sagem Wireless marketing strategy composes of innovative and reflecting the spirit of famous brands handsets with competitive prices, communication plan and distribution channel. However, Sagem Wireless needed to gather a lot of information in order to develop a communications strategy that effectively position brand relative to other mobile phone manufacturers. Finally, the promise of electronic commerce improved the interactivity between Sagem Wireless and its customers and offered great potential for exchange of customer value and product information and lead to introducing a new application which was WANDR.

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Appendix 1

Sagem Competitors and Market share

Mobile Phones Manufacturer market share February 2010 (World)

World Mobile Phone Market has one major key player which is Nokia with 51.4 % of the whole market share then Sony -Ericsson with 13.65% of the market share followed by Samsung 9.91%. Sagem is at the bottom of the table above with only 0.03% of the market share.

Mobile Phones Manufacturer market share February 2010 (Europe)

After comparing both tables it can be concluded that Sagem is doing much better in Europe as the company has 0.16% of European market share.

Competition

Sagem is competing with different mobile phones manufacturers some of them are in direct competition such as Siemens, Pantech and Nec in the world market and Sharp in European market according to the table Mobile Phones Manufacturer market share. However, in indirect competition will be Nokia, Sony -Ericsson and Samsung since they have bigger market share.

Appendix 2

Sagem Environmental Forces

Porter's five forces:

This theoretical model helps companies to understand the industry context in which the firm operates. Porter (1980) identified five competitive forces that shape every industry and every market. These forces determine the intensity of competition and show the attractiveness of an industry and its potential in this mobile phone industry.

- Threats of New Entrants – Low
- Threat of New Entrants is low since any newcomer will need economies of scale to be successful. A small player will need to have efficient manufacturing processes and strong relations with suppliers otherwise it will not be possible for him to produce at a low cost. This may result in failing to gain bigger market share or be forced to incur losses. Furthermore, sophisticated technology to manufacture mobile phones is essential. Any company that wants to compete in this market has to have well developed R&D unit.
- Threat of Substitutes- High
- It can be seen as the quality of semiconductors keeps changing constantly. It gets smaller, cheaper or faster. Moreover, the cell phone industry is so dense and demanding, that people are shifting to substitute products due to functionality, price or size. Moreover, the excessive demand which is ahead of supply creating shortage and people switching to competitors.
- Bargaining Power of Suppliers- low

- Bargaining Power of Suppliers is low due to the fact that there are so many of them. Companies in mobile phone industry are currently fighting for cheaper imports from countries such as China and Taiwan (Armstrong & Kotler 2008). With many who are relocating manufacturing facilities to these countries, price competition is growing. Due to the price war suppliers are increasingly forced to cut their prices or go bankrupt as their customers go to other suppliers who are able to offer lower price.
- Bargaining Power of Customers high
- Buyers, who purchase pay as you go phones from Phones 4 U or sign the contract with o2 or any other.
- Competitive Rivalry between Existing Players- high
- There are numerous firms competing in this market. Furthermore, the competition is quite stiff, aggressive pricing. It is visible that over the years, the nature of the business has dictated manufacturers such as Sagem to offer frequent innovations with improved models. Moreover, brand name is no longer as important as it used to be (Anderson, 2008). Consumers are now looking for handsets that offer their desired features at the lowest price, regardless of brand.