

Case study presentation of jcdecaux marketing essay



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JC Decaux is a French outdoor advertising company, and is the leader on his market. (The second in the world and the first in Europe and Pacific Asia in term of communication outside)

It is the inventor of the concept of street furniture in 1964.

JCDecaux is the leader of cycle in self service in the world.

Actually, the company operates in more than 56 countries and is composed with more than 10 000 employees, and his principal competitors are Clear channel and CBS Outdoor.

There are several brands in the J C Decaux's group:

Provides outdoor solutions for advertising, and street furnitures, especially bus stop advertising system, benches and signage, columns bins, integrated services, modern Anisette public toilet...

Provides advertising solutions for airports, like digital airports panel, zonal beacons, interactive sheets, advertising on gateways...

Provides innovative advertising for his clients in the city, with innovative concepts, original supports...

Provides custom-made outdoor solutions (with an original concept), like electroluminescence ads, neonlight, glass clings, magic mirror, polling station, showcase, showscreen, touchscreen, upstares media, floor projection, Mobil campaign, special builds...

JCDecaux touch more than 300 000 people everyday all around the world thanks to a unique network outside support of communication.

The company has realized a turnover of 2350 million of euro in 2010.

The group possesses three business units:

The street furniture(1st in the world)

Transport(1st in the world)

Billboard(2nd in the world)

The group is divided in different jobs:

Technique

Sales & marketing

Administration & direction

Contract relations

R&D

Objectives of JCDecaux:

The strategy of the group to maintain its position on the market consists on three important actions:

Follow the intern growth by gaining new advertising contracts in local, subways, airport most frequented and the most attractive.

Strengthen its position on the market thanks to the multiplication of acquisitions to keep the position of leader or gain market share.

Optimize the commercial potential and the profitability of its advertising networks in all the countries where the group exercises its activities

Internal analysis

Historical Development

1964: JC Decaux invented the concept of street furniture (public services with advertising) -Lyon free bus shelter

1972: Citylight Information Panels (MUPI) is implemented

1973: Bus shelter in Paris and launching of the first Citylight information panel.

1980: Automatic toilets (Paris and worldwide)

1881: launch of Electronic Bulletin Boards in order to broadcast messages in cities (about cultural events, city information)

1988: Advertising panels reunited in one single site.

1992: launch of the multi-service column

1994: creation of automatic toilets accessible to all

1997: Invention of “ infobus” (real time information)

1999: Acquisition of Avenir, (n°1 worldwide in airport advertising)

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2001: launch of displays on plasma screens in airports.

2002: invention of the first generation of self-service bicycles (Austria then Spain)

2003: Aéo: the first TV media dedicated to passenger/airport relations (Roissy-Charles-de-gaulle airport),

2004: bus shelter in Japan

2005: launch of the new XBOX 360 in Parisian bus shelters.

2007: self-service bicycle installed in Paris (Vélib').

2008: Dubai International Airports' exclusive advertising contract for 10 years

2009: Mobile device recharging points (JCDecaux Airport and Samsung) for Paris passengers Airport.

2010: JCDecaux UK bought some asset of the competitor Titan outdoor (This one is not thus any more a competitor)

Strategic Growth Development : Ansoff Matrix

Citylight information panels (MUPI): This is the first activity of the company, these billboards in the street

Bus Shelter: They are billboards to bus stops, here we have the same market, which is advertising signs, but it's something fairly close.

Automatics toilets: toilets in the street, it's a totally different product than the original in a new market

Electronic bulletin boards: they are electronic boards installed in cities to provide information, such as cultural, it is the advertising market but the product is a little different.

5. Advertising panel: These panels with several advertisements in motion even if the product is a means of advertising, it is now moving so slightly different.

6. Multi-service column: These are “ colones maurice” are a way to display advertisements, but the support is a bit different from the original panels.

7. Automatic toilets for all: they are the toilet in a street with access for disabled people and that clean themselves. It is a totally new product in a new market, away from the display.

8. Info Bus is a system that provides bus schedules in real time. We're still a little in the field of billboards, but the electronic display is rather new.

9. Advertising on plasma screens: These are TV screens in airports. The display on screen is fairly new but it remains on the market for display ads.

10. Self-service bicycle: It is the first “ Veli'b”. Making available a bike is a new product into a new market

11. Aéo: It's the screen that keeps the relationship between airports and passenger. It remains on the display market but through a different medium.

12. Mobile Device Recharging points: Allows people to recharge their mobile phones. This is a new product into a new market. But the brand is clearly displayed so we have a quite close to the display.

External analysis

PESTEL

We choose to analyze the PESTEL of the United Kingdom

Political & Legal:

Law concerning the town planning in 1990

A new regulation concerning the control of the display (billboard...) in 2007.

To do advertising on the street in UK, brands need Authorizations with compulsory deposit (warehouse) of a declarative file.

Regulation on alcohol advertising in 2004. Alcohol brands cannot do Town planning advertising.

Importance of liberalism economy in UK, flexibility of the market.

Interesting tax system

Le project Companies Act Facilitate the setting-up of companies in the United Kingdom but also their development afterward (UK Trade and Investment)

Economic:

International tourism

The sixth-largest economy in the world, (the second-largest economy in the European Union) with a GDP of 2 246 billion dollar.(GDP: weak growth in 2010 and 2011 : + 1, 5% in 2011)

Many people use credits to consume, and get into debt.

Unemployment: 7. 7% in September 2010.

The national Debt of UK is 571 billion pounds (43, 2% of GDP)

UK is the unique country which not enter the Euro zone , so it has its own money (the pounds). It can be an advantage of drawback for the country, it depends of the rate of the Euro and the Pound(many fluctuations)

The British Government implemented a wide-ranging stability and recovery plan (fiscal stimulus package, bank recapitalization, and credit stimulus schèmes)

RPI (Retail Price Index) Inflation Rate: 3, 2%

Socialcultural:

Population : 61 524 872 people

The population is influence by advertising and media

The population is composed on:

0-14 years old: 16, 7 %

15-64 years old: 67, 1 %

65 years old and more: 16, 2 %

90% of the population is living in a city.

The employment rate is very High (approximately 73%)

The underground and bus allow people to move easily (advertising is omnipresent in the underground)

Technological :

First European market on IT and software and E-commerce.

Government investment in R&D

Internet expansion and Development

New technologies for town planning advertising (digital technologies)

Importance of the patent in UK(6th rank)

Environmental:

Regulations concerning the recycling

English people pay attention on the environment

The choice of the country

We have decided to choose two countries in Europe, United Kingdom and Italy.

After an analyze of both countries we decide to choose United Kingdom for many reasons:

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UK in the 6th world economy whereas Italy in the 7th.

UK has a better GDP(2 246 billion dollar in 2010 and continue to grow up in 2011) than Italy(2 313 billion dollars GDP in 2008 and have lost 4, 8 % in 2009)

UK possesses one of the strongest densities of population in Europe.

Italian market represent less opportunities than the Britannic market for JCDecaux because the Britannic market is more flexible concerning working , licenses, qualify workers, interesting tax system and flexible legislation

UK allow to have an international opening

The government is involved in companies' favors in the helps (assistants) which it grants.

The country offers a favorable environment in Development of the business and an approach opened to the foreign direct investments (IDE)

Strengths & Weaknesses (SW)

CRITERIA

STRENGTHS

WEAKNESSES

The business model

The business model of the group is based on a good and long term management. The group provides street furnitures, transport advertising and billboards. JC Decaux was the first to combine advertising services with

public services. By this way, it can provides street furnitures and moreover sells advertising spaces on this same ads support. Moreover, the group is innovative because it creates automatic toilets.

International presence

The group is the european Leader for street furniture and advertising and operates in 56 countries.

The power of the state can be very influent in some countries because it set up laws, and can forbid some advertising (for example in countries where freedom of expression is restricted, like China)

Local alliances

The group's implantation is based on local alliances with local partners. By this way, the group can use of the experience and the knowledge of the market from its partner, and can adapt themself easily and quickly.

The group is highly dependent from its local partner, and without them the implantation and the growth of the company can not be as effective.

Ecological approach

JC Decaux is a responsible company, and the group encourages the ecological behavior, and respect the environment, with renewable energy, street furnitures for selectives trash and by recycling their products.

Some associations or laws want to reduce the advertising spaces to preserve the visual environment.

Culture of excellence

Culture is the guideline of the group. The culture of the group is based on transparency, and quality, to provide innovative products for a better city life with advertising.

Main competitors

The international group's main competitors are Clear Channel Outdoor and CBS Corporation, through its subsidiary of outdoor media: CBS Outdoor.

Clear Channel Outdoor:

Clear Channel Outdoor owned to Clear Channel Communication created in 1972. CCC is an American multinational company specialized on the broadcasting, urban advertising and in concerts and festivals organization.

Originally specialized in urban posters on bus shelters, the company diversifies its activity into radio. The CEO developed synergies between radio and urban advertising. The company bought several radio stations and TV channels. In 2005, CCC is divided in 3 companies: Clear Channel Communications, a broadcast company, Clear Channel Outdoor for urban advertising and Live Nation which organizes events and festivals

Clear Channel Outdoor Holdings is the leader of outdoor media with 970 000 advertising panels in 60 countries and 8 000 employees. In 2010, the turnover of the group was 2 798 million dollars, an increase of 21% compared in 2009.

Strengths

Weaknesses

American multinational company

High revenue growth

Strong network

Quick international growth

Significant debt

Lack of scale

Opportunities

Threats

Online radio growth,

Growth in outdoor advertising

Intense competition

New technologies

Regulations on outdoor advertising

An International Billboard Company: CBS Outdoor

CBS Outdoor owned to CBS Corporation which is one of the leaders in outdoor media in the world. The group has several activities: broadcast television (CBS and the CW, a joint venture between CBS Corporation and Warner Bros Entertainment), Radio, online advertising (CBS Interactive, CBS Paramount Television, CBS Televisions stations, CBS radio, CBS records....). CBS Outdoor count 1 600 employees in USA, and has a revenue of 2 billion dollars worldwide.

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Strengths

Weaknesses

High notoriety (Brand name)

Few competitors

An Innovative company

Leader on the international market

Joint venture with Warner Bros

fragile brand

Lack of scale

High dependence on the US market

Opportunities

Threats

Alliances and Acquisitions possible on different markets

Emerging markets and expansion abroad

More Innovation possible.

Intense Competition

Cheaper technology

External changes (government, politics, taxes, etc)

Lower cost competitors

There are several locals competitors into the countries where JC Decaux is located.

Royaume-Uni: Titan Outdoor et Primesight

Italie: Cemusa and Damir

In addition of internationals competitors present in UK market like UK: Clear Channel UK and CBS Outdoor, we are going to present you locals' competitors in the studied countries

Analysis: United Kingdom and Italy

Competitors' analysis in UK

Competitor: Primesight

Primesight was created in 1984 and sold to Scottish Media Group in 1999 for 35million pounds. Originally the activity of Primesight is to make bus advertising, but in 1994 the company developed its “ 6 sheet portfolio” and exited the bus advertising market. In October 2007, the company was sold to GMT Communications. Primesight offers innovative solutions and a distribution which cover more towns than any outdoor competitors. The company has an important presence on the UK market that makes us an important actor on the market.

The company provides quality assurance, construction and quality control, strong maintenance environment policy: general recycling, backlight skins (billposting firms for our backlight posting recycles 100%). The vehicles of

the company are on diesel (moving to hybrid) and to clean the sites of the company, it use deionised water.

(Competitor 2: Titan Outdoor was bought by JC DECAUX UK in 2010, than it's no more a competitor for the company.)

Competitors' analysis in Italy

Competitor: Cemusa and Damir

Cemusa is an international company specialized in the manufacturing of street furniture but also of the installation and maintenance of it. The company was founded in 1984 and today is present in 11 countries in Europe, North, South and Central America (with 111 000 structures integrated). It's counted 900 employees. Cemusa is a subsidiary of FCC group (Fomento Construcciones y Contratas), a Spanish group. In Italy, the head office is in Milan and there are other offices in Genoa, Bologna and Parma

Cemusa defend different values:

Flexibility: (Cemusa adapts its outdoor advertising to the requirements of each city). The company cares about the client satisfaction and the quality of service. Cemusa wants to be an important actor, than it proposes a high quality through high quality materials with a strong maintenance and cleaning. Cemusa ensures the respect of the environment, indeed, the company use recyclable materials and design products with energy resources (like in Miami the company used solar energy panels to provide lights the night). Cemusa wanted to be an innovate actor. Cemusa is

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continually using new technologies into their portfolio. For example:

Automatic public toilets, Illumination with LED technology and solar-powered bus shelters

Damir (There are nothing about this company only the fact that it's an advertising outdoor company in Italy)

Decision Making & Recommendations

Being a Leader can be related to a person, but also to a company with a significant, dominant position in the market. Both have to be able to lead, motivate people, and to be listened by them. A company that has a leader position in the economic market has many competitors who are jealous and envious of their position. They are competing with each other. For these reasons, if a company such as JC Decaux wants to stay the best, she has to be aware of the evolution and the trends of the world economy, and the country in which the company is operating.

JC Decaux is a very dependant company. In that way, alliances have to be made between the company and local companies into the country in which JC Decaux wants to operate. However, local alliances can cause some disagreements in terms of rights, power; if the local company decide to break a deal, JC Decaux will lose his position in the country, and money. In the same way, alliances with local companies permit JC Decaux to get instantly the “ knowledge”, the understanding of the market. It helps the company to operate more effectively, and penetrate instantly the market in the country (thanks of information's exchange between the two). This will improve their notoriety and their turnover.

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It could be strategic for the company to make an external growth in doing an “ acquisition” with local companies. There will be advantages for both companies. JC Decaux will see his position reinforced in the United Kingdom, where local companies will be beneficial from the knowledge, and the performance in terms of advertising of JC Decaux.

Our company is yet implanted on the UK market but to reinforce its position we are going to make an acquisition with a local company which owns an important share of market: Primesight. To diversify itself on the market and have the monopole faced to ClearChannel and CBS Outdoor, 2 important competitors. We know that it would be complicated to acquire Primesight because this company owns already to GMT communications, an important European private group. Even if the strategy of the group is to develop in buying other companies and expanding its capital, we can propose it an offer to acquire the company “ Primesight”. If this strategy doesn’t work, we can make an internal growth in proposing to GMT an alliance with Primesight. It could be an alternative for GMT which could keep its company and shares its knowledge of the market with us and we share our financial performance and human resources. Also, we don’t have to penetrate the UK market, an acquisition is not necessary but it’s better to keep the UK market.

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