

## MARKETING STUDY OF UNINTERRUPTIBLE POWER SUPPLIES

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### **Abstract**

*The article "Marketing Study on Selected Product Assortment" deals with marketing study application at uninterruptible power supplies (UPS). For the purpose of the marketing study, there was selected a business subject, which represents selected market – it was company called Altron a.s. The company has already been present at market ten years and in 2000 year has the company occupied the largest market share among all the concurrence. The study is elaborated on market standby resources analysis and consequently marketing strategy analysis of the Altron a.s. When evaluating reached information, there are suggested certain changes in Altron procedures for the marketing strategy of the company to be in perfect harmony with present market development and also with increasing Internet influence on business. The term Internet is often mentioned as a medium, providing alternatives of marketing instruments solution. The Internet significance (when focusing on marketing and logistics in business) should not be in any way underestimated. The substantial part of the suggestions and recommendation for the company is based on Internet utilisation possibilities for marketing purposes. Market consolidation effect intra-Internet provides almost unlimited potential, which could be (when it is well understood and good timed) effectively used particularly in marketing area out. The article is author's contribution to faculty subprogramme research "Competitive Strategy Creation".*

**Key words:** Marketing, Marketing strategy, Marketing Mix, Uninterruptible Power Supply (UPS), Internet, Online marketing

### **INTRODUCTION**

The Czech Republic has been experiencing market economy for more than ten years. It has been a long way from centrally planned economy and the situation has remarkably changed. Existing markets became saturated and new emerging markets are drawing to the same situation. Technology is getting more important than it has been for last decade and the speed of technological development is escalating. When markets become saturated the process of selling products and services gets ever more difficult. Such state of affairs requires particular methods that allow companies to sustain or even increase their sales within the range of individual markets. Relatively complex set of tools and approaches bringing solutions of above-mentioned issue is **marketing**. Marketing started as an exceptional element of business structures. Later on, after its contribution was generally understood, marketing departments became indivisible component of modern business structures. But the development went even further, and currently marketing is the main essence of many entrepreneurial activities. The scope of marketing is a constantly developing range of approaches, understandings and perspectives. There is a group of tried and working methods, but the more technology impacts our lives, the faster must even the marketing visions be adjusted to current development trends. This article tries to describe and analyse current situation of selected business unit with respect to marketing activities. The next parts are dedicated to marketing

strategy changes and extension proposal based upon the analysis of current market trends. The article as a whole attempts to bring a new outlook to a company's marketing strategy as a reaction to recent evolution within the market.

### **MAIN PURPOSE OF STUDY**

The main goal is to recognise current development and market trends of uninterruptible power supplies market and suggest marketing strategy adjustments for selected business unit. The base for the whole study is a detailed analysis of uninterruptible power supplies market and associated products from marketing point of view. Important element of the whole study is marketing strategy analysis of Altron, joint stock company (Altron) – a representative of selected market. Final recommendations and proposals regarding changes in Altron's marketing strategy are focused on providing the company with up-to-date information which allow Altron to modify its strategic objectives to sustain its competitive position.

### **METHODOLOGY AND TECHNIQUES**

Detailed analysis plan elaboration regarding analysed market, selected company, information sources, data capture and evaluation methods, schedule, etc; choosing a representative of selected market; first contact with the company, discussion over the topic of the study and agreement on mutual co-operation; collection of information; some of data were provided

by Altron such as accounting statements, annual reports or marketing plan outline. To keep objectivity it was used also external information sources from renowned organisations and companies e.g. Czech Statistical Office, Prague Business Journal, Ernst & Young, Deloitte and Touche, ARBOMedia, IPSOS-ASI Census, Specialized magazines (Chip, PC Magazine, PC World) and various Internet resources. Then there will be provided uninterruptible power supplies market analysis based upon acquired information; Altron marketing strategy analysis with respect to current market situation; SWOT analysis of internal environment (strengths and weaknesses) and external environment (opportunities and threats); results evaluation. Marketing strategy changes proposal based upon analysis conclusion; suggestion of several steps concerning standard marketing approach and also new methods of Internet-based promotion and brand building activities.

## RESULTS AND OUTCOMES

### Market Charakteristic

The market of uninterruptible power supplies or backup power sources appeared at the moment when there was demand for stable and safe supply of electric current. Its size has significantly increased since that moment and it is still growing. The more are people and businesses dependent on electric appliances, the bigger the market gets.

As we all can see, information technology is number one in the speed of development in recent few years. Manual processes are being automated, analogue data structure is being digitalized and decision-making is more often realized by computers. The shape of computer is not limited with the PC you certainly have on your table, but computer chips and data processing devices are being used in almost every industry starting with agriculture and ending with health services or space research. The market is not saturated yet. There are a lot of companies selling UPS devices, but only some of them specialize in this field and offer complex solutions. We can distinguish three groups of companies according to three main parameters:

- ✓ Revenue
- ✓ Services provided
- ✓ Market share

#### 1) First category

This "elite" category includes just two companies. These are Altron with 55 employees and another Czech company from Brno UPS Technology s.r.o. with 40 employees. Those companies reach revenue higher than 100 million CZK. Both companies are specialized in providing complex solutions. Their services begin as early as the demand is accepted and the offer project

created, continue with implementation and end up as a service organization maintaining the system.

#### 2) Second category

Companies with revenue about 50 million CZK and they do not offer complex services. Even though they are not offering only the hardware (products), the complexity of the service offered is a level lower compared to the first group.

#### 3) Third category

All remaining companies present on this market. This group contains computer companies, wholesalers and also the secondary distributors of companies introduced in the first category.

According to the specialists, the real boom on the market is still expected. People have not still realized the real significance of stable electricity supply and possible impact when outage occurs. From the long-term point of view this development seems to be untenable.

The demand for stable power supply solutions will be growing with increasing investments (foreign and home), technology upgrades (across industries) and the overall computerization of the society.

It is difficult to locate the market itself into some specific branch of economy. It belongs partly to the market of information technologies, power industry, healthcare, heavy industry etc. It belongs wherever there is need for safety in the area of power supply.

### Market Strategy

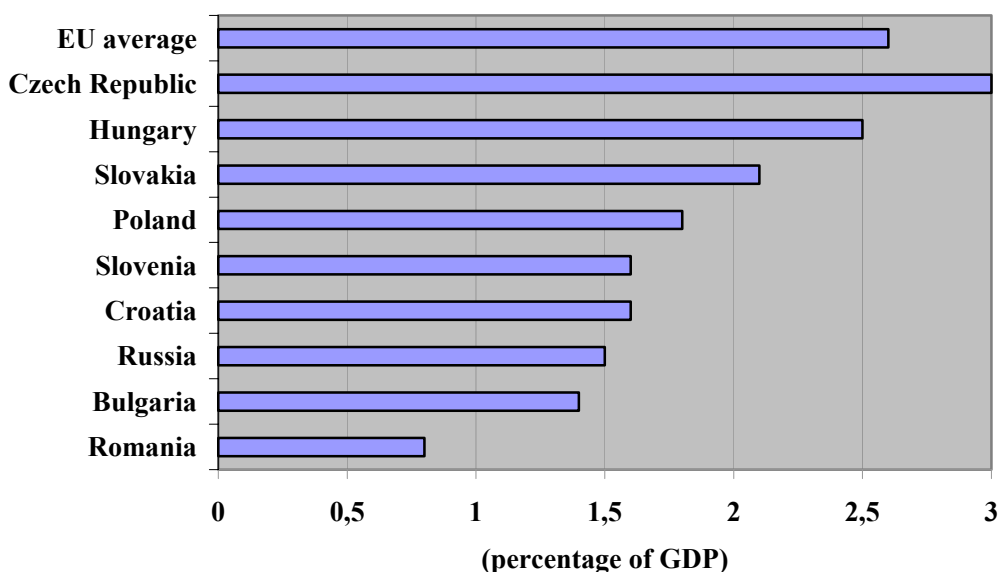
When it was compared and analysed company using SWOT analysis, some imperfections or defects has appeared. There is low awareness of Altron brand among the users, Internet presentation seems to be incomplete and on the other hand there is evident threat of Internet shakeout period and electronic commerce issues.

The marketing strategy is a very complicated and complex list of steps, tools and methods how to sell products and services, promote brands, attract customers, inform, educate and spread awareness. The scope of marketing is constantly changing, so it is difficult to keep it up to date. There are tried-and-true approaches and there are always new methods, mediums or attitudes tempting to be employed or rejected. Considering the results of SWOT analysis it was divided proposal into two main subcategories. The first one describes "standard" and time-proven tools used in the area of company's marketing. The second one contains suggestions and proposals of "new" methods considering possibilities of using Internet marketing. Standard marketing tools that it was recommended with respect to Altron's position on them market are in the field of promotion – take advantage of promotional possibilities within the range of services interconnected

with free Internet Service Providers – and in the field of distribution – economise on still increasing of expenditures on information technologies in the Czech Republic. As a base for this recommendation it was taken statistical survey carried out in 2001 year Czech statistical Office. Just for

illustration, the following graph shows the amount of money invested into information technologies in the year 2000 within European countries expressed as a percentage of country’s Gross Domestic Product (GDP).

Fig. 1 :- Expenditures on information technologies in 2000



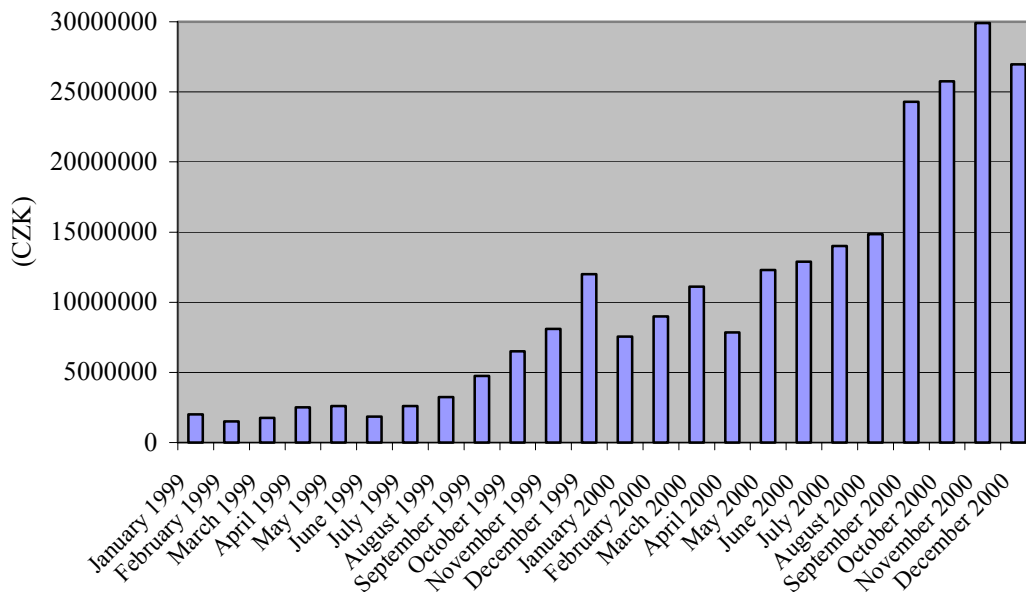
Second and major part of recommendations considers new methods of marketing, mostly Internet oriented activities. Internet as a medium offers variety of marketing tools. The tendency in Internet advertising were substantially rising last two years, when the main “boom” of Internet business reached its peak values. The development of the local Czech market is to a certain extent influenced by the largest market in the world, the Internet market of United States of America. The online business has been going through disillusion period and sobers up in last few months. Exorbitant expectations proved to be false, venture investors woke up and a lot of start-ups have gone out of the business. This development is sometimes incorrectly explained as a proof of non-functioning of Internet markets. The true explanation is different. People were too eager to grab a piece of “Internet” for themselves and many enterprises accessed Internet markets with imperfect business plans, too optimistic expectations or just because it was popular. Inevitably it ended up in a chain of bankruptcy, staff reductions, great losses and an overall disappointment. That is how Internet business and Internet marketing respectively perceive public and part of professionals.

The eternal process of increasing efficiency is one of the basic market economy effects on companies. Effective and strong can than survive, weak and non-productive must leave. That is exactly what has been going on the Internet in these months. The technological development is still faster, and online environment is capable to absorb the changes much faster than standard market. It means the time of depression will not last longer than one year from now and then it is over, the chances of Internet business will be even bigger than were one or two years ago.

**Electronic Shopping Issues and Outlook**

Even if there is currently a shakeout period in the Internet business, shopping portals are gaining popularity. People are being encouraged to shop online not only by lower prices and wide choice, but also because they do not have to leave their houses or offices. With respect to higher safety of online transactions and current trend of banking institution, which encourage people to use credit cards, the future of shopping portals seems to be rosy. This can be illustrated by following graph:

Fig. 2 : E-commerce revenues in the Czech Republic (1999,2000)



(Deloitte&Touche, 2001)

**Online Marketing**

According to the results of SWOT analysis and marketing mix analysis of Altron one of the most significant deficiencies of overall marketing strategy is ability to promote the Altron as a brand and the increase of the general awareness among end users, decision makers, and executives. So the primary goal of outlined online marketing campaign will be improvement of Altron perception as a brand and increase in the awareness. It is a matter of **branding campaign**.

The branding campaign is very similar to a traditional print, radio or TV campaign, but there are some important distinctions. The core concept behind a branding campaign is that if you put a positive message on your company in front of enough people for sufficient time, they will think about your company when they're ready to buy. The main objective of our branding campaign is to stimulate **brand association** - people think of the attributes (ideally positive) when they hear or see a brand name. The objective of proposed branding banner campaign is following brand association:

**“Altron = power safety = reliability = tradition = brand name”**

As every other marketing activity, even the effective planning of online marketing promotional campaign requires setting of objectives, selecting the target audience, choosing the message, choosing the medium,

creating the budget, launching the campaign, and evaluating the results.

**CONCLUSION**

The analysis of Altron’s marketing strategy demonstrated how eligibly could be theoretical background used in practice. Marketing proved to be very useful instrument of competitive rivalry and its proper usage helped Altron to become market leader in the year 2000. On the basis to find several deficiencies in general marketing strategy are proposals aimed as situation improvement. During the creation of study it is often mentioned the Internet as new factor playing significant role not only by means of its communication capabilities. The Internet is bringing revolution to the common understanding of marketing. Such global impact as Internet-based marketing offers is not possible to achieve by using common techniques. World Wide Web consolidates the whole world into one interconnected system and it seems to have no borders. Despite the current Internet shakeout period, its further expansion seems to be inevitable. One day when there is convenient legal arrangement, city or country will not limit businesses, but the scope of their business will limit just demand or physical production possibilities. The final advice is not only to Altron, but also generally to all companies planning to live long and prosper. They have to try to keep pace with fast and earthshaking changes in understanding of basic business principles, because rigidity and standpattism can be fatal

combination even for flourishing company. *The world is getting faster and only the fastest can survive.*

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