

# ANALYSIS OF VIDEO MARKET PLACE (VMP) MARKETING STRATEGY TO ACHIEVE CUSTOMER-BASED TARGET OF XYZ

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## ABSTRACT

*This study aims to analyze the strategy for Video Market Place (VMP) on Segmenting, Targeting and Positioning (STP) and E-Marketing Mix (7P) by use internal and external factors of VMP XYZ. Qualitative method (in depth interview) is used to find out all factors. The main factors will be processed in the planning/ formulation stages of the strategy (EFE, IFE, SWOT and IE and QSPM matrices).*

*EFE matrix shows that XYZ can exploit the potential of existing opportunities and can avoid the threats that appear on the external or scope of the VMP industry. IFE matrix shows that XYZ can utilize its strengths and can handle weaknesses that exist within the internal or scope of VMP. SWOT matrix shows that the strategy that needs is an aggressive strategy. IE matrix shows that the strategy that needs is intensive/ integrative strategy.*

*Recommendations of marketing strategy for VMP XYZ is Segment: Customers who are inside and outside of areas/ regions XYZ, Target: cellular subscribers with category of age is millennial (Age 17-34 years old), Positioning: "VMP XYZ for various VMP applications in one smartphone platform and largest in Indonesia.". Products: genre movie, child restriction hastag feature, quality of video movie, feature to download movies and independent apps. Price: fixed fee to subscribe with subscription system and quota usage/cost and update cost. Promotions: Direct Sales, Advertising, Personal Sales, Public Relations, Sales Promotion. Place: playstore and apple shop, no segments/ circles, youth/ millenia/teenage environment and integrated with My XYZ app and links via SMS / website / pop up. People: customer service and complaint handling. Process: usage tutorial, easy registration, payment in various ways/ media, sharing and buzzer via social media, easy search process, notifications, feedback and maintenance. GUI: UIUX, menus, buttons, features, content according to trend/ moment, automatic notifications and pop ups.*

**Keywords:** Video Market Place, Qualitative, QSPM, Marketing Strategy, E-Marketing Mix

## INTRODUCTION

A drastic change occurs in the telecommunication industry bringing the reality that *digital telco* will be the only one which will survive. There are many telecommunication companies which continuously giving basic telecommunication services (*voice, broadband and SMS*). However, some companies also choose to develop and adapt their products according to what the market needs in the form of establishing a *digital product* ecosystem. XYZ faces major challenges from over the top (OTT) services, such as Google, Netflix, Youtube, Facebook, etc. OTT service has data, information or multimedia content which runs through internet network.

The recent smartphone development increases, especially its use in the community where the smartphone is commonly used at all levels. Smartphones have the ability to display photos, play videos, check and send e-mail, and surf in the Web. Modern smartphones such as iPhone

and Android phones can also run a third-party application which provides an unlimited function in the digital world today. Market share and smartphone penetration level are predicted to continue to increase throughout the Asia Pacific until 2018 and the Asia Pacific becomes the most potential region for companies to compete in giving benefits to the telecommunications customers (Srivastava, 2014).

Some new OTT applications will harm the investment economic value in the broadband network since its innovation has the ability to develop the economic aspect and opportunity aspect for the customers and community. OTT as an innovation in terms of the Internet has a disruptive characteristic for the existing business model. The rapid technology, information, and mobile devices development lead to the community's growing need for the digital product. As XYZ's vision and mission are to become a leader in digitalization era, XYZ has initiated and introduced some digital products to its customers. One of the latest service from XYZ is presenting video content service based on market place or often referred to as video market places (VMP). This service is one of the main pillars in the transformation process towards digital service providers in Indonesia. It is the same as Netflix, of which the service connects and combines multiple content providers (CP) such as HOOQ, VIU, CatchPlay, Iflix, Supersoccer etc. in one market place application that customers can access anytime and anywhere.

Based on the internal data of XYZ in December 2017, XYZ has transformed into a digital company since the customers who use its data service (flash broadband) has reached 70 million subscribers from a total customer of 180 million customers. It means that 40% of the total customers is broadband segment users. Among the 70 million customers of the broadband segment, 70% of them have accessed VMP, such as Youtube, HOOQ, VIU, CatchPlay as well as local and global video streaming services. In addition, there is an annual growth of new users who access the video by 15%. If the growth continues, then XYZ has nearly 80% of video content demand subscribers by 2020.

Currently, XYZ has 30 million youth customers of which 80% are always easy to access digital channels through video content, social media, and music content. The youth segment growth is always increasing annually by 6%, and if this will continue, then 40% of XYZ customers is the young people by 2020. XYZ has a large challenging to focus on managing digital and youth/millennial segments which are very familiar with video content, which is VMP to get a high customer-based and obtains a new revenue stream digital revenue. Marketing strategy is one way to introduce a product to the customers. The marketing strategy will become useful optimally if it is supported by a structured planning both in internal and external aspects of the company. Marketing strategy should be built on three main steps in marketing target: Segmentation, Target, and Positioning (STP) and E-Marketing (7P) (Kotler & Keller, 2016).

## **REVIEW OF LITERATURE**

### **Exploratory and Qualitative Research**

Exploratory research is used to define the problem more precisely, identify the relevant actions or obtain additional insight before confirming the findings (Malhotra, 2013). Exploratory research can complement and enrich and dig the data/information so that the data obtained is more accurate and credible. Qualitative exploratory research aims to understand the phenomenon of what the research subject is experiencing holistically through a description in the form of words and language in a specific natural context and by utilizing various scientific methods (Moleong, 2017). In depth interview or qualitative interview is primary data collection technique in exploratory research to obtain verbal information

through conversation and face to face interaction with the people who gives the information (Malhotra, 2013).

## **Marketing**

Marketing is activities planning for managing goods and services, determining the price, promotion process as well as determining its to meet the needs and gain a profit (Kotler & Keller, 2016). Marketing is a social and managerial process in which individuals and groups get what they need and want by creating, offering, and exchanging valuable products to the others (Kotler & Amstrong, 2012). Marketing is a social process involving important activities that allow individuals and companies to get what they need and want through an exchange relationship with others and its development (Orville et al., 2000).

## **Marketing of Telecommunication Service**

Marketing of telecommunication service is about promises made to customers which must be maintained. The strategic framework is known as a service triangle which reinforces the importance of insiders in making their promises and success in building the customer relationships (Daryanto, 2011). Service marketing is the liaison between an organization/company with their customers to should maintained all the promises made to the customers by always building a good relationship.

## **Marketing Strategy**

Marketing strategy is a marketing mindset that will be used to achieve marketing objectives (Kotler & Amstrong, 2012). Marketing strategy is a fundamental tool used to achieve company goals by developing a competitive advantage which is continuously and is used to serve the company targets.

## **Segmenting, Targeting and Positioning**

Segmenting is an activity or a process of identifying and dividing the market into different pieces according to their needs, characteristics and buying patterns (Kotler & Keller, 2016). Target is the next stage of market segmentation analysis since the company can evaluate and sort out which segment will be selected and will be served by the company through this the market segmentation (Saladin, 2012). Positioning is a communication strategy to enter the customer's brain window so that the product, brand, and company name can reflect the superiority of the product itself (Suyanto, 2006).

## **Marketing Mix**

The marketing mix can be defined as a set of tactical marketing tools that can be controlled and integrated to generate the desired response of the company in the target market (Kotler & Keller, 2016):

1. Product is everything that can be offered to get attention, bought, used or consumed that can satisfy the customers' desire or requirement.
2. Price is the amount needed to gett he combination of goods and services.
3. Promotion is a communication activity providing explanation which convince the potential customers regarding the good and service.
4. Place is various activities where the company makes the product available for the customers.
5. People are individuals who interact directly with customers who require good interpersonal skills and a positive attitude.

6. Process is the service of attention, the creation and delivery of product elements which requires a design and implementation of an effective process.

7. Physical Environment is the design of the service appearance from building, landscaping, vehicle, interior furnishing, tool, signs, printed materials, and others which seem to provide tangible evidence of the quality of corporate services, service facilities, and guide the customers through a service process called Graphical User Interface (GUI) for implementation in the application.

**Porter’s Five Forces**

Porter’s Five Forces is competitive analysis using the five porter power model as the approach is used to develop strategies in many companies (David, 2013). Competition among the firms is a strategy run by a company which can succeed only if a company provides a competitive advantage compared to the other competitor company. The potential for the entry of new competitors is in the form of a new company which entering an industry. The potential for the development of replacement products is the competition of companies with the manufacturers of replacement products. Supplier bargaining power is the influence of supplier intensity as competition in an industry. Consumer bargaining power is the effect of buyer intensity as a competition in an industry.

**Strategy Formulation**

The input stage is divided into two, ie the external data that will produce the *External Factor Evaluation (EFE) Matrix* and the internal data that will produce the *Internal Factor Evaluation (IFE) Matrix*. External data can be obtained from the environment outside the company, such as market analysis, competitor analysis, community analysis, supplier analysis, government analysis, and specific interest groups analysis. Internal data can be obtained within the company, such as from financial statements (balance sheet, profit-loss, cashflow, funding structure), human resource activity reports (number of employees, education, expertise, experience, salary, turn-over), operational report and report marketing activities. Matching Stage is utilizing all the information in the strategy formulation model. At this stage, there are various matrices that can be utilized as formulation models, such as SWOT, Internal-External (IE), GRAND, BCG, and Space. *The Decision Stage* is the stage for preparing a list of priorities that must be implemented using the Quantitative Strategic Planning Matrix (QSPM) as a technique that can objectively set priority alternative strategies.

Table 1. Framework of Strategy Formulation (David, 2013)

<b>Input Stage</b>				
External Factor Evaluation (EFE) Matrix		Internal Factor Evaluation (IFE) Matrix		
<b>Matching Stage</b>				
SWOT Matrix	External-Internal Matrix	Grand Matrix	BCG Matrix	SPACE Matrix
<b>Tahap Keputusan (Decision Stage)</b>				
Quantitative Strategic Planning Matrix (QSPM)				

The EFE matrix is used to evaluate the company's external factors that are perceived as opportunities and threats. IFE Matrix is used to evaluate the firm's internal factors as strengths and weaknesses. The SWOT matrix is used to formulate strategies and determine the alternative strategic options that will be executed by identifying various factors systematically to formulate the company's strategy. The IE matrix is used to map various

marketing strategies in nine cell views. IE matrix is based on two key dimensions, which are the weighted value of IFE on the X-axis and the EFE weighted value on the Y-axis. The Grand matrix is used to position all competing firms in four quadrants by displaying and considering the attractiveness of each quadrant consisting of two dimensions evaluative, those are competitive and market growth (industry). The BCG matrix is used to show the differences among firms in relative market share position and graphic growth rate of the industry. The SPACE matrix is used to show an evaluation of a firm's actions by looking at aggressive, conservative, defensive or competitive strategies. QSPM is an analysis technique designed to determine the relative attractiveness of alternative actions and requires good intuitive judgment.

## RESULT AND ANALYSIS

There are the result of in depth interview with 10 internal and 5 external informan of XYZ.

### STP

#### 1. Segmentation

a. *Geographic*

Segmentation of XYZ VMP which is based on geographic region is for all mobile subscribers and smartphone users in Indonesia.

b. *Demographic*

Segmentation of VMP XYZ which is based one age is for those who fall into the category of young people.

c. *Psychographic*

Segmentation of XYZ VMP is also based on a lifestyle of the youth and personality that is easy to invite to try something new.

d. *Behavioral*

Segmentation of VMP XYZ is based on usage habits who like to watch movies.

#### 2. Target

The primary focus of VMP XYZ targets is put in motion based on concentrated marketing with specific group criteria, that are Indonesian users of XYZ cellular card with millennial category (17-34 of age) and who are familiar with video marketplace as the media to watch videos and movies.

#### 3. Positioning

The position of VMP XYZ for the customers is a blend of specific positioning as an application in smartphones for various VMP applications and competitive positioning as VMP in Indonesia. Thus, the positioning established is: "VMP XYZ for various VMP applications in one and the largest smartphone platform in Indonesia."

### 7P

#### 1. Product.

The basic products as the base version mandatory for VMP XYZ are:

- a. Different/varied movie genres
- b. Hashtag restriction feature as a form of content protection for kids
- c. High quality video/movies without buffering

The expected products as a set of attributes and conditions expected and agreed by users of VMP XYZ are:

- a. Order feature to download/save movies to be watch later at any time and repeatedly
- b. Dedicated video supplier application for VMP to eliminate the need of integration with other video supplier applications

## **2. Price**

The pricing policy for VMP XYZ is laid down by considering the pricing strategy and cost structure of VMP. Pricing strategy of VMP XYZ is:

- a. Fixed price needed for subscription is divided into two methods, the first being subscription system for one-year, 6-month, monthly, weekly or daily period and the second method being data plan for one-year, 6-month, monthly, weekly, daily period or any amount of available data plan at that time.
- b. Additional cost that need to be considered is the cost for updating the application or new videos/movies.

## **3. Promotion**

Promotion act as a method needed to effectively communicate information regarding VMP XYZ to customers. Some of promotion techniques needed by VMP XYZ are:

- a. Direct selling to strengthen VMP XYZ branding
- b. Advertising to present, promote, generate and sustain the purpose of VMP XYZ in customers' minds by the way of social media
- c. Personal selling by holding special event/program dedicated for the application of VMP XYZ
- d. Public relations by establishing good relationship with partners/allies/tenants to collaborate or to become the sponsors to promote VMP XYZ

Sales promotion by giving short term incentives to gain new customers of VMP XYZ

## **4. Place**

Locations to distribute the availability of VMP XYZ to customers. Distribution system strategies for VMP XYZ are:

- a. VMP XYZ can be downloaded from Play Store and Apple Store
- b. VMP XYZ does not limit itself to a certain segment/category of users
- c. VMP XYZ targets locations that are frequently crowded or in tune with young adults/millennials/youth

VMP XYZ is integrated with My XYZ application and links sent through SMS/website appear as Pop Up

## **5. People**

Resources to ensure that the customers receive service, information and solution from VMP XYZ. Customer service from VMP XYZ should meet these considerations:

- a. having front end and back end quality
- b. having good awareness and understanding about the product
- c. providing expected answers/solutions

VMP XYZ application should also be supported by complaint handling service that satisfies these considerations:

- a. fully accessible through the application
- b. including FAQs as the description of the processes/steps/stages
- c. simple and fast system
- d. time guarantee for problem resolution
- e. including compensation conditions and procedures for delay or issues

## **6. Process**

VMP XYZ should include rating process focusing on the application development process, maintenance and end2end journey. Process planning that VMP XYZ should have is:

- a. providing application tutorial
- b. easy registration

- c. varied payment methods
- d. sharing and buzzer feature integrated to various social media
- e. easy search process in the application
- f. notification feature
- g. users' feedback
- h. regular maintenance without compromising users' convenience

**7. GUI**

GUI visual can be assessed from end to end presentation of VMP XYZ. VMP XYZ interface must consider:

- a. unique, appealing and creative UI/UX
- b. the placement and menu, button and feature interfaces
- c. updated contents that follow latest trends/moments
- d. notifications and pop-ups are visible and dismissible
- e. easy search method
- f. default colors as universal standard

**Porter Five's Forces**

	<b>Supplier (High)</b> Company Film Studi: Walt Disney, 20th Century Fox, etc. Provider of streaming video: HOOQ, VIU, Iflix, Genflix, etc.	
<b>New Company (Medium)</b> Cellular provider, especially GSM	<b>Industry (Medium)</b> Video Market Place: YouTube, VIU, HOOQ, Netflix, Iflix, Genflix, etc.	<b>Buyer (High)</b> Customer of XYZ: prepaid and postpaid.
	<b>Subtitute (High)</b> Cable TV as video on demand: UseeTV, First Media X, MNCPlay, etc. Provider free video streaming	

**Figure 1. Porter Five' Forces of VMP XYZ**

**EFE Matrixs**

1. Weighted opportunity value or opportunity of the main factors of VMP XYZ is 1.781.
2. Weighted threat value or threat of the main factors of VMP XYZ is 1.168.
3. Total weighted value of EFE as the sum of weighted opportunity value and threat is 2.94.

Total weighted EFE value is 2.94 in the acceptable limit of EFE of 2.5. It shows that XYZ could benefit from potential opportunity and avoid threats emerging outside the scope of VMP company.

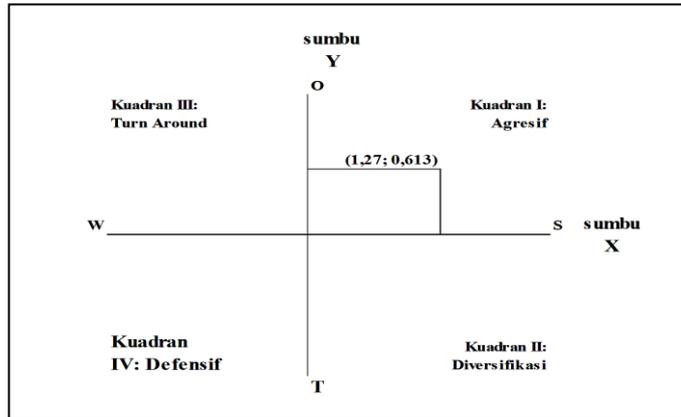
**IFE Matrixs**

1. Weighted strength value of the main factors of VMP XYZ is 2.421.
2. Weighted weakness value of the main factors of VMP XYZ is 1.151.
3. Total weighted value of EFE as the sum of weighted strength or weakness value is 3.572.

Total weighted value of IFE is 3.572 in the acceptable limit of IFE of 2.5 and close to maximum score of 4. It shows that XYZ could harness their strengths and overcome

weaknesses internal to the VMP company scope. In addition, the closer the value to 4, the greater the outstanding possessed by VMP XYZ as a confidence to provide VMP services.

**SWOT Matrix**



**Figure 2. SWOT Matrix Quadrant of VMP XYZ**

1. Weighted opportunity value, that is 1.781 of the main factors of VMP XYZ minus the weighted threat value of the main factors of VMP XYZ, that is 1.168 yields the X value for the SWOT matrix of 1.27.
2. Weighted strength value, that is 2.421 of the main factors of VMP XYZ minus the weighted weakness value of the main factors of VMP XYZ, i.e. 1.151 yields a Y value for SWOT matrix of 0.613.

This shows that VMP XYZ is in quadrant I of SWOT matrix with X value of 1.27 and Y value of 0.613. The SWOT strategy of quadrant I necessary for VMP XYZ is an aggressive strategy that illustrates that the internal conditions of the VMP XYZ are strong because of the supportive industrial environment, so that the direction, objectives and strategy of the company tend to be tailored to continue experiencing growth and development in tune with VMP XYZ.

The descriptions of aggressive strategy concept based on SWOT matrix of quadrant I with the strategy of Strength and Opportunity (SO) are as follow:

1. Segmenting, Targeting and Positioning Strategy for VMP XYZ adjusted for XYZ customers to fit millennial category.
2. Segmenting, Targeting and Positioning Strategy for VMP XYZ as the largest telecommunication company in Indonesia that provides VMP services.
3. Positioning Strategy for VMP XYZ with the ease of media access in mobile devices to watch videos/movies.
4. VMP XYZ E-Marketing Mix Strategy (7P) for:
  - a. Product, by providing various movie genres, high quality videos without buffering, hashtag restriction as a form of content protection for kids, playback system to download/save new/old movies to the dedicated application.
  - b. Price, by providing fixed price and variable price subscription plans for the usage of data plan as well as additional cost to update the application and new videos/movies.
  - c. Promotion, by making use of social media, participating in events/programs and establishing sponsorship/partnership necessary to support VMP integration to millennial lifestyle.

- d. Place, by integrating Play Store and App Store as the place to download the application and to choose suitable locations for millennial market.
- e. Process, with ease of registration and search in the application, various payment methods and locations and sharing and buzzer feature connected to social media.
- f. GUI with unique, appealing, and creative interface or UI/UX, color harmony between basic interface and icon, updates to latest trends/moments.

**IE Matrix**

		Kuat	Sedang	Lemah
		3	2	1
4	Tinggi	<b>I</b> <b>Grow &amp; Build</b> <b>(3,572; 2,949)</b>	<b>II</b> Grow & Build	<b>III</b> Hold & Maintain
3				
2	Sedang	<b>IV</b> Grow & Build	<b>V</b> Hold & Maintain	<b>VI</b> Harvest or Divest
1	Rendah	<b>VII</b> Hold & Maintain	<b>VIII</b> Harvest or Divest	<b>IX</b> Harvest or Divest

**Gambar 3. Matriks IE VMP XYZ (Kuadran)**

1. Total weighted value of EFE for opportunity and threat is 2.94.
2. Total weighted value of EFE for strength and weakness is 3.572.

This shows that VMP XYZ is in quadrant I of IE matrix as quadrant for grow and build with horizontal line value as internal strength is 2,94 and vertical line value as external opportunity is 3.572. The strategies in the quadrant I of IE matrix necessary for VMP XYZ are:

1. Intensive strategy, such as market penetration, market development and VMP XYZ product development.
2. Integrative strategy, such as vertical integration (top and bottom) and horizontal integration (back end and front end) for VMP XYZ products.

The descriptions of intensive and integrative strategy concepts based on STP and 7P concepts which have been done before are as follow:

1. Segmenting, Targeting and Positioning is established by looking at VMP market condition as the targeted industry and XYZ as a company that is part of the VMP industry.
2. Product, Price, Promotion, Place, People, Process and GUI from VMP XYZ continue to experience product and service development by integrating various parts of 7P strategy, thus, strategy outcomes can be achieved by correlating each other as part of VMP XYZ marketing strategy.

**QSPM**

Based on the QSPM analysis, it is found that total aggressive strategy value based on SWOT matrix is 5.703 and total intensive or integrative strategy value based on IE matrix is 6.923. This indicates that intensive or integrative strategy value of IE matrix is greater, its to be

more important to do. The strategies of IE matrix are market penetration and development and product development and integration executed vertically or horizontally for VMP XYZ. The intensive or integrative strategy is a formulation for STP and 7P of VMP XYZ which is more suitable with the main factors of internal and external conditions.

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