

KazSat, Kazakhstan has launched its first communications satellite, entering the ranks of the space-exploring nations. Satellite will provide telecommunications services for Kazakhstan and the neighboring Central Asian countries. NIF provided \$65 million.

Glotur DS Multimedia is the international production project with participation of NIF, JSC "Glotur Invest" and Singaporean company DS Multimedia Ltd. Company was created to build manufacturing lines for monitors and TVs and to establish an R&D laboratory. NIF provided \$4.9 million against a total budget of \$11 million over a period of five years.

Burli, a company for the serial production of Antipolin and Ehinal antiallergic medicines.

In order to weaken and to surmount the main obstacles to competitiveness of national economy – the oil and other mineral resource dependency, low level of productivity, insufficient integration with the world economy Kazakhstan should develop non-extracting sectors of economy, determine and develop those sectors in which we could compete with other countries.

## STRATEGIC MARKETING PLANNING IN TELECOMMUNICATIONS CASE STUDY JSC KAZAKHTELECOM

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The modern management tool of company development in conditions of increasing alternations in external environment and related uncertainties is a methodology of strategic management and strategic planning. The real life practice shows that those organizations which make complex strategic planning and marketing work more successfully and get the profit significantly high than the average.

As a case study for my work I decided to research JSC Kazakhtelecom that is in telecommunications market. Today it is not necessary to emphasis the significance of wide use of connection and telecommunications facilities.

The **purpose** of this work is to investigate the theoretical and practical aspects of strategic planning of the marketing and to elaborate systematic recommendations for improving the strategic marketing planning in telecommunications.

To achieve the purpose of the research it is necessary to answer to the following **questions**: 1) what is the strategic planning and marketing process of JSC Kazakhtelecom? 2) How is organization's BSG growth – share matrix look like? 3) How is the marketing mix evaluated? 4) Who are the main competitors in the market? 5) What is the ways of realization of strategic marketing planning for organization?

I would like to start my main part of research from observation of foreign telecommunications market.

The nature of competition today in the global telecommunications industry seems to center around market activities that aim at gaining competitive advantages through strategic combinations of resources and presence in multiple products and geographical areas. Telecommunications companies abroad join with their suppliers, investors to provide their customers an integrated service in a complex. They use different types of strategic options to stay competitive in the market.

We can see the examples of European operators who possess ICT at different stages. The simplest one is Telefonica. It concentrates on providing global ICT infrastructure services. Two levels higher there is France Telecom. It added ICT outsourcing services to its global ICT infrastructure services. Upper there is British Telecom and Deutsche Telecom. They started to implement applications management services and assurance services among others. Moreover, BT achieved the medium level of business transformation (Application A).

During the period 1999 – 2007 there were 42 Normative Law Certificates in telecommunication and information field. From the graph we can see the trend of the development of the telecommunication sphere. The highest growth was in 2004. It was caused by large import of foreign technologies and innovations. Also that year was the first IT-specialists graduation year. There was a lot of young, full of energy and new ideas people. The government started to invite foreign specialists to teach the local people how to use new equipments, how to make a good business and so on (Application B).

Regardless of the mobile operators' development and licensing of six new MMTC operators, JSC Kazakhtelecom has a leading position in the telecommunications market.

The second large operator is “GSM Kazakhstan” (K’cell) that forms 27.1% of the market; the next one is “Kar-Tel” (K’mobile) with 10.8% of market share. The market share of other operators is not greater than 3% (Application C).

#### **Step I - Defining the Company Mission.**

Leadership in telecommunications market of Kazakhstan.

Communication with each other and with the whole world is qualitative, convenient and easy.

Plenipotentiary integration into international telecommunication sphere.

#### **Step II – Setting Company Objectives and Goals.**

Establishment of a market - orientated, innovative Company, that is competitive in the local and foreign markets in conditions of liberalization of telecommunication sector and globalization of the world economy.

#### **Step III – Designing the Business Portfolio**

Kazakhtelecom provides not only local and long – distance communication services. There are also other services like internet access, network services, services provided to operators and so on. As a separate SBU, each of them can be planned independently from other company businesses. For example, to increase the amount of internet users JSC Kazakhtelecom makes modernization of communications networks every time. It organizes different kind of projects, makes agreements with technology providers and so on.

#### **Analyzing the Current Business Portfolio**

To analyze the current business portfolio of Kazakhtelecom I made a research among different communications providers and different services that they supply. I considered those services that are mostly used by corporations. Those are Internet, mobile services, lease of channels, domestic and international communications, and cable TV, automatic telephones, services to operators, data transmission, Kulan, telegraph, radiofication, telets (Application D).

MMTC, MCT, Lease of channels, automatic telephones are “financial sources” with which it is possible to finance new projects like Mobile communications, IP, intellectual network and etc.

Data transmission, Internet, income from operators, Kulan are “Stars” (High relative market share and high market growth rate) that require investments to support their positions.

Radiofication, telets, telegraph are “Dogs” (low relative market share and low market growth rate) that are under the consideration the strategy “to gather in the harvest” or “to exit the market”.

#### **Step IV – Planning, Marketing and Other Strategies**

##### **Target market**

If we divide the market on customer segments, we will get the financial sector as a greatest investor in telecommunications. Banks and their branches make up 25% of corporate clients in telecommunications market. The second large segment is a government. It makes up 20% of corporate clients. 16% of clients are small and medium communications operators. Oil and gas companies and transportation companies have an essential position – 14%. “Corporation” segment is one of the most interest segment for Kazakhtelecom because of its high – income opportunities.

##### **Developing Marketing Mix**

To develop marketing plan, the marketing manager begins by reviewing the organization’s strategic plan including its mission statement and organizational objectives.

##### **Competitor Analysis in Telecommunications**

There are multiple operators working in telecommunications. The amount of licenses to provide communication services exceeds one thousand. The list of main operators according to the market segment is shown in Application F.

##### **Current Marketing Situation**

To construct a good strategic marketing plan it is necessary to observe strengths, weaknesses, opportunities and treats of the company. By this purposes I made SWOT-Analysis for JSC Kazakhtelecom.

##### **Strengths**

1. JSC Kazakhtelecom has the greatest technical infrastructure for data transmission through telephone, digital business network and satellite network.
2. JSC Kazakhtelecom has a stable financial resource for new service developments, modernization and use of networks.
3. Wide range of services that satisfy all needs and wants (including cellular communication) of high – income customers on the whole territory of RK.

4. JSC Kazakhtelecom provides the spectrum of necessary info-communication services that satisfy the main needs of high – income clients on the whole territory of RK and abroad.
5. The largest geography of provided services among operators.

*Weaknesses*

1. Weak system of demand formation and service promotion.
2. Low level of sales of several services in regions.
3. Non-competitive deadlines of service providing ( about 20 days and more).
4. Competition among branches
5. Government regulation of the part of tariffs.
6. System of stimulation that is not oriented on achievement of commercial development.

*Opportunities*

1. Positive forecasts of macroeconomic and socio- demographic development, growth of Kazakhstan economy according to Ministry of Finance up to 8 - 10% in 2008 – 2010 and growth of telecommunication sector and demand for its services.
2. The perspective of telecommunication market with high annual growth of 15%. Data transmission market with an approximate annual growth of 25%.
3. Ability of JSC Kazakhtelecom as a leader in telecommunication market to participate in projects of government level.
4. Rapid growth and implementation of new technologies.

*Threats*

1. Appearance and active development of foreign/ alternative operators with substitutable range of services and same quality of services.
2. Competitors' and corporate clients' construction and development of their own technical infrastructure.
3. Strong competition, price decrease and loss of profits as a consequence of liberalization.
4. Rapid change in technologies, depreciation of equipments.

After comparing threats and opportunities of the telecommunications company I think that more preferable strategies are diversification and integration strategies.

**Integration Strategy Growth**

*Vertical Integration Towards/ Progressive Integration*

Partnership with high – income companies that offer services to final consumers.

Strategic partnership with suppliers of equipments for clients.

*Vertical Integration Backwards*

Partnership with companies that supply network equipments.

**Diversification**

Partnership with other operators for the purpose of launching a project to provide the services to clients.

The realizable strategy at the current time is integration strategy. Positive factors that help to realize this strategy already exist in the company. Kazakhtelecom has a great experience in telecommunications market. So, its customers, other communications providers with whom it makes an integration can be sure in position of Kazakhtelecom. The company has a good reputation among banks. So, last ones have loyal relation to Kazakhtelecom.

**Ways of Realization of Strategic Marketing Planning:**

- It is necessary to provide growth of income through horizontal diversification on the “Corporation” segment.
- Integration with producers of equipments and IT solutions.
- Development of long term sources of income: ICT convergence of fixed, mobile communications and data transmission networks by using joint infrastructure.
- Clear positioning of each branch of Kazakhtelecom on the definite market segment.
- Conduction of one income plan for the whole region.
- Elaboration of standing orders of interaction by technical questions between branches and head office of JSC Kazakhtelecom.
- Confirmation of normative equipment stocks.

JSC Kazakhtelecom is one of the leading companies in Republic of Kazakhstan. But it doesn't mean that there is no necessity in strategic planning for Kazakhtelecom. The creation of strategic marketing planning allows the company to have a precisely definite, right way in the future.