

Preston University

Abstract of Graduation Thesis for the Degree of Doctor

Marketing Analysis of China Broadcasting and Television Networking Industry

Name: Tang Junzhong

Major: Management of Business Administration

Concentration: Strategic Economy on China Broadcasting and
Television Networking Industry

Tutor: Professor Li Haijian

Affiliate: Beijing Everbright Education Group-
Guang Ming Education Development Co., Ltd

Date: September, 2004

« Marketing Analysis of China Broadcasting and Television Networking Industry»

----Abstract----

Executive Summary

Currently there is no relevant theoretical analysis towards competitive situation in the field of China Broadcast and Television Networking Company (CBTNC), ignoring its existence and effects to the society for more than 15 years. However, this report is endeavoring to conduct CBTN's market competitive analysis with the point of view of China specialized socialistic economy. The report is divided into two parts. The first part mainly emphasizes on the analysis of current market dynamics and suggestions for CBTNC on how to compete. And the second part gives further analysis and suggestions to CBTNC while put this industry into a more severe competition from both local and international players after China's entry into WTO. The report has adopted the methods of dialectics, history, statistics, models and charts etc. And the main findings and recommendations are listed in the Chapter Nine.

The preface is giving a brief introduction towards CBTNC on what it is, its developing history and the relationship with TV stations. This part also tells why necessary to conduct marketing competitive analysis for CBTNC and the frame work for article.

Chapter one is about market Macro-environment analysis where political, legal, economic, culture and technology factors are considered. The first part analyses the main possible effects that China's entry into WTO could bring to the industry, which may lies in government's attitude towards foreign investments, related national and international legislation. And the second conducts the analysis towards economic factors, like GDP, per capital disposable income, etc. The analysis about technology development is conducted in the third part, including evaluating on current developing degree of technology, its potential and buying behavior in China. The forth part is to compare the technology development degree of CBTNC and its national and international counterparts, providing further support to the conducting of this marketing competitive analysis.

Chapter Two emphasizes on the Microenvironment analyses of the industry. Firstly, it analyses current market situation and future trend. Secondly, it identify CBTNC's competitive strengths by applying Porter's Five Forces Theory-Supplier (how many of them, their distribution and level of technology development), Consumer (how many of them, their distribution, household structure and buying behavior and decision making process), Existing Competitor, Substitutable and Potential Competitor.

After the analysis of both Macro and Microenvironment of the industry, a summarization is given in Chapter Three. What are CBTNC's competitive advantages and disadvantages? What are the challenges and opportunities from the future? And most importantly is how CBTNC can act to compete and survive from the more and more severe situation.

After the evaluation of market environment, marketing strategy would be developed

properly as a guideline to enable firms to compete in the industry, which are discussed in the Chapter Four. According to Porter's Competitive Strategy, usually there are three of them, namely Cost-driven Strategy, Differentiation Strategy and Focus Strategy. Based on the principle of these strategies, evaluations of CBTNC's capital strengths, cost, uniqueness, value chain, market segmentation and target market are carried out to help to define CBTNC's current and potential threats both domestically and internationally. Then make appropriate marketing strategy accordingly.

Chapter Five specifies suggested implementations by adopting Philip Kotler's 4P theory. The first is product-CBTNC should extent its product lines or service in order to meet the diversified customer's need in stead of standard ones, should change from product-driven to customer-driven. The second is price which should be market- oriented too. The third is place, we also call it distribution, which is about to utilize company's supply chain and maximize whole chain's value by taking full use of technologies and appliances. The forth is promotion which require us to think widely, taking good use of internal advantages and government support, fasten the development of network construction and integrate all kinds of communication tools.

Chapter Six is about how to achieve sustained competitive advantages. To achieve sustained profit is always considered to be very difficult as the never-ending competition from competitors' imitations and renovation. Besides, other problems, like out-of-dated management system, under-constructed national network, poor capital flow performance and market monopoly with government support, also baffle the development of CBTNC. Only after solve these problems and to adopt the concept of market orientation, could CBTNC take advantage of its strengths in network coverage, existing customers and local employees to compete against international players. Supported by mathematic models, CBTNC's competitive strategy is built upon its scarce resources and abilities.

After the analysis with the adaptation of math models, Chapter Seven concludes that to achieve consistent economy of scale is an effective way for CBTNC to build its long-term competitive strength. Three steps are needed to fulfill this. The first is to transfer CBTNC from scattered business into centralized and with emphasis switching from quantity to quality. The second is to build and maintain the brand of "China Wire" during the year 2006-2008. The last is to identify potential market by invest on research and development department and develop company's new core products.

Motivations of keeping sustained competitive advantage for CBTNC are elaborated in Chapter Eight with seven points. The first is to carry put creative breakage campaign continuously according to the theory of competitive advantage (Joseph Schumpeter). The second is to create innovating system. The third is to remain the innovating consciousness. The fourth is to keep up with the dynamic market, competing timely. The fifth is to conduct the innovation on management. The sixth is always to offer updated service or product with added value by advanced technology and knowledge. And the seventh is to keep competing from all the aspects of the firm, getting prepared with needed materials, all kinds of resources, cooperators.

In Chapter Nine, detailed suggestions from product, price, place and promotion are given in terms of CBTNC's competitive activities in the market. For product, focus strategy and

differentiation strategy are employed to utilities firm's resources and use them wisely to keep firm's competitive strengths to enlarge market share by its core competence. For price, different price with different produce packages are conducted to meet complicated customer's needs. Also, the result of cooperating brings the benefits of low cost, which will finally pass onto end users. While talking about competitive strategy, collaboration with competitors could also become feasible as this is already common in the global. In terms of value-chain, there should be a continuous process to add value as company's profit finally comes from customer satisfaction.

The main innovations and contributions of this dissertation are as following:

1. To be the first one to analysis China Broadcast and Television Network Company (CBTNC) systematically from both domestic and international point of view with the adopting of popular approaches like: PESTL, SWOT, Porter's Competitor 5 forces and Competitive Strategies.
2. Two pairs of sensitive problems in the market are analyzed and forward reasonable suggestions are given, they are: the leading role of public opinion and the position of market operation; social performance and the economic performance.
3. Further identify the industry CBTNC's definition, providing detailed suggestions about how to improve and maximize supply chain value at the current situation.
4. Propose of "treat the enemy as friend" strategy which elaborating the possibility of cooperation with local competitors, like China Telecom and China Unicom, etc.
5. New concept of "time economy" (first entrants' advantages), core product developing and standards reset etc.
6. To add value to customer with advanced technology, Knowledge and after-sale service in order to achieve long-term profit even with the adaptation of cost-driven strategy.
7. In order to achieve real competitive strength, to break current CBTNC's monopoly situation in the market field is necessary.
8. Though this is a report that focuses on the competitive analysis of CBTNC's theories and the way of analysis could be applied to other industry market competitive analysis.