

Abstrakt

Tato diplomová práce navrhuje marketingovou strategii pro firmu Mediahost podnikající v oboru hostingových služeb. Strategie je zaměřená na slovenský, tedy pro společnost domácí trh. Strategie je podložena příslušnou analýzou. V tomto případě byl použit "seven Cs" model, také znám jako Compass model, a to spolu se SWOT analýzou. Strategie navrhuje komplexní marketingovou strategii odrážející současné prostředí hostingového trhu.

Abstract

Diploma thesis is proposing marketing strategy for Mediahost company, which is small enterprise operating in web hosting business. Strategy is designed for Slovak market, home market of the company. Strategy is supported by appropriate analysis. In this case, seven Cs framework, also known as Compass model, has been used along with SWOT analysis. Strategy proposes comprehensive marketing strategy reflecting contemporary environment of hosting business.

Klíčová slova

marketingová strategie, analýza trhu, Compass model, Seven Cs model, SWOT, IT, web, hosting, doména, zákaznická podpora, podíl na trhu, Slovensko

Keywords

marketing strategy, market analysis, Compass model, Seven Cs model, SWOT, IT, web, hosting, domain, customer support, market share, Slovakia

Citation

SISKA, J. *Marketing-product strategy at Mediahost company within the home market.* Brno: VUT, 2012.

Čestné prohlášení

Prohlašuji, že předložená diplomová práce je původní a zpracoval jsem ji samostatně.

Prohlašuji, že citace použitých pramenů je úplná, že jsem ve své práci neporušil autorská práva (ve smyslu Zákona č. 121/2000 Sb., o právu autorském a o právech souvisejících s právem autorským).

V Brně dne 22. srpna 2012

.....

Affirmation

I hereby declare that I have written this diploma thesis on my own and content of this paper is genuine.

I hereby declare that I have stated complete listing of used documents used while writing this thesis and I have not infringed any intellectual property rights (within the meaning of the Act number 121/2000 Sb., on copyright and rights concerning matters related to copyright)

Brno, 22nd August 2012

.....

Acknowledgment

First of all I would like to thank my colleague Mr. Tomáš Kapičák for making this thesis achievable. As he is executive at Mediahost company, he was main source for information within this company. Moreover he was always willing to answer all my questions and concerns.

Another person without whom, this work would never be accomplished is Ing. Vít Chlebovský, Ph.D. Mr. Chlebovský was my supervisor on this thesis and with his comments and advices he contributed to this work significantly.

Thank you

Brno 2012

1 Table of Content

1	Table of Content	6
2	Introduction.....	9
3	Resume of Goals and Used Methods	11
4	Theory of Marketing.....	12
4.1	Customer-based Marketing	14
4.2	Product-based Marketing	15
4.3	Resource-based Marketing.....	16
4.4	Role of Marketing in Strategic Management	17
4.4.1	Identification of Customer Needs	17
4.4.2	Adopting Competitive Positioning	18
4.4.3	Realization of Marketing Strategy	19
4.5	Compass model	20
4.5.1	Company	21
4.5.2	Competition	21
4.5.3	Consumer	22
4.5.4	Circumstances	23
4.6	SWOT Analysis	23
5	Analysis of Present State of Mediahost Company.....	26
5.1	Company	26
5.1.1	Overview	26
5.1.2	Financial Position	27
5.1.3	Product Portfolio.....	28
5.2	Marketing Mix	31

5.2.1	Circumstances	31
5.2.2	Consumer	35
5.2.3	Competition	39
5.2.4	Company	50
5.3	SWOT Analysis of Mediahost Company.....	52
5.3.1	Strengths	52
5.3.2	Weaknesses	52
5.3.3	Opportunities	53
5.3.4	Threats	53
5.3.5	SWOT Conclusion.....	54
6	Marketing Strategy	56
6.1	Goals	56
6.2	Plan.....	57
6.2.1	Action 1: New Web Pages	57
6.2.2	Action 2: New Product Portfolio	58
6.2.3	Action 3: Evaluation Period.....	59
6.2.4	Action 4: Web Administration Tools.....	60
6.2.5	Action 5: Performing Adjustments	60
6.2.6	Action 6: Advertisement Campaign	61
6.2.7	Action 7: Assessment of New Customers	62
6.2.8	Gantt Diagram.....	62
6.3	Responsibilities	63
6.4	Schedule	65
6.5	Budget	66

7	Conclusion	68
8	References.....	69
9	Appendix 1 (Slovak domain statistics)	73
10	Appendix 2 (Mediahost service Quality Survey 2010)	74
11	Appendix 3 (Mediahost current product portfolio).....	75
12	Appendix 4 (Hosting programs of chosen companies).....	76
13	Appendix 5 (Image of Mediahost web presentation).....	77
14	Appendix 6 (Domain price proposal)	78
15	Appendix 7 (Marketing strategy budget table)	79
16	Appendix 8 (Timeline of registered .SK domains).....	80

2 Introduction

Diploma thesis is one of the most important projects that student has to undertake during master's studies. It is student's final work. Thesis should incorporate student's knowledge and his ability to apply such knowledge in appropriate complex work. Topic of chosen thesis represents student's personal aim and shows his inclination to certain field of his overall studies.

Thesis of my choice is marketing-product strategy at Mediahost company within the home market. Choice of final project on subject of marketing was derived from the fact that marketing was one of the course's profile subjects and field of marketing interests me.

Thesis is not developed solely for education purposes but it has real background in real world. Mediahost company is not fictional firm but real business run by one of my colleagues, Tomáš Kapičák. Data, information and problems presented in this work are real and are provided and experienced by Mediahost company. Developed strategy is tailored to suite the company and it is expected to be applied in real environment.

It is not coincidence that business discussed in this thesis is in strong relationship with information technologies. As I have graduated from faculty of information technologies and have worked in IT field for few years, I have strong IT background and good professional relationship toward this field. Therefore choosing topic of master thesis to be related to IT was expected and from my professional view almost desired.

Diploma thesis is structured into few parts. After introduction and statement of goals first important chapter begins. It is review of literature. Chapter tries to review all past and current important theories and researches in topic of marketing and strategy. Chapter serves as theoretical background for successive chapters.

After theoretical chapter, practical part appears and begins with analysis. Analysis is divided into three subparts. Beginning with company introduction with aims on issues related to subject of this thesis. After, company introduction, Compass model framework is

used to analyze company position and prepare detailed analytical background for upcoming marketing strategy.

Third part of this chapter introduces SWOT analysis of proposed changes mixed with current state of the Mediahost company.

Proposal of marketing strategy is introduced in last main chapter of this thesis. Strategy is developed on summary information from all preceding chapters and it incorporates directives that Mediahost company shall undertake in order to achieve desired goals as stated in the beginning.

End of this paper is dedicated to all remaining necessities as list of used literature and appendixes.

3 Resume of Goals and Used Methods

Thesis is taking opportunity to introduce marketing strategy that would fit Mediahost company and increase its customer count on Slovak market. Marketing strategy is scheduled to take twenty-four months and during this time, strategy proposes actions that would lead to achieving stated goal, doubling customer count from five hundreds to one thousand.

In order to introduce relevant strategy appropriate analysis had to be made. In analytical part various tools were used. When talking about company's environment and state marketing mix paradigm was used. To be more precise seven Cs model (Compass model) was used. Another tool that was used is well known SWOT analysis. SWOT analysis was used to determinate feasibility of proposed changes introduced in marketing mix. Risk rate of each analyzed matter is included since it is valuable resource for decision making.

Marketing strategy itself consists of plan that suggests actions that Mediahost should undertake in order to reach goal. Whole strategy is aimed on exercise of relation between company and customers. This relation was explored in analysis, which is strategy based on. Strategy is trying to finds appropriate position on market and towards customers. It includes schedule and budgeting as well. Strategy if a final output of this paper and this particular part determines if Mediahost will succeed or not in reaching of appointed goal.

4 Theory of Marketing

In past decades marketing has been seen as one of the functions of the company. Executives have seen marketing as synonym for advertising campaigns and sales plans. Recently companies start to realize that marketing is more than fancy TV-ad (1).

In past times, key to successful strategy was seen in appropriate business dynamics and characteristics. Leading researcher in this field, Porter, suggests that some industries are naturally more attractive than others and dynamics of competition is main determinant of potential profit (2). Marketing's approach is different. It tries to put emphasis on action planning according to market needs and wants. In this approach different paths for strategy implementation can take place.

Doyle's (3) claims show that implementing proper and sustainable marketing strategy is not facile and companies are underestimating this process. He distinguishes these strategies in three fields:

Radical strategies: companies with this strategy may achieve rapid growths in sales but only for limited time since they are not able to build products that would have added value for customer. Lack of customer service or product that would not attract customers denies company from long-term success. Such strategy is often characterized by extensive advertisement campaigns and broad product lines.

Rational strategies: This is another strategy that enables performer to achieve short-time boost in performance. Strategy is based on ability to offer products that are significantly cheaper or innovative compare to the competition. In most cases such competitive advantage is short-term since competitors will try to imitate such products. After certain time (time depend on type of advantage and type of business) competitors will erase company's advantage and therefore this strategy cannot be deemed as way how to achieve sustainable performance over competition.

Robust strategies: Last strategy focus on achieving long-term success in business. It is entirely based on building lasting relationships with customers. This strategy can be seen as

customer-based strategy, when whole strategy is conditioned with establishing high customer value business environment. It means that focusing only on one aspect of the business and mastering it, is not sufficient. It rather advises to do continuous advances in all crucial parts of venture (product innovation/development, supply chains, information technologies, employees and customers) to be able to achieve outstanding operating efficiency. To keep operation cost low and be able to maintain solid customer base, firm can rely on sustainable long-term performance.

With new marketing approach, explanation of companies' performance differences shifted from outside of the firm to within the firm itself (4). Such explanations and evaluations lead researches to new theories that are trying to explain relationships among involved entities. Theory in this paper will present three such relationships in following paragraphs.

Following the subchapters can be represented into single figure, which graphically illustrates differences among them.

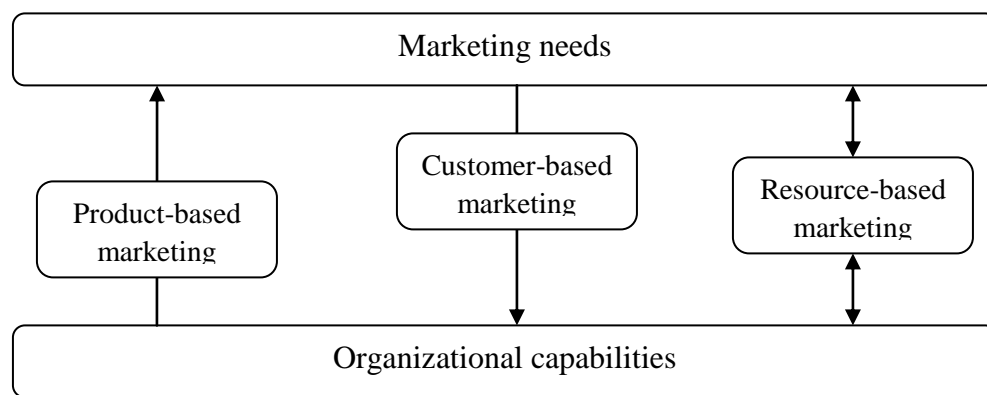


Figure 4-1 (Source: author)

4.1 Customer-based Marketing

Customer-based marketing model is trying to persuade customers at all costs (5). Company using such model is focusing solely on research of customers' wants. First goal of the company is to find what customers want, which is not always facile. Second part of the strategy is to design product that exactly reflect outcomes of previous research of wants. Since such products are only designed to meet customers wants, their parameters may to cause problem other parts of entities in supply chain.

Perhaps stores or delivery services can have problem with certain products. In that case, products can have problems reaching customers and producer is left with no revenue even though product would satisfy most of the customers.

Certainly, only customer centered approach to product development is not best way how to run a business.

4.2 Product-based Marketing

Compare to previous approach described, product-based marketing is right opposite of it.

Product-based marketing is approach when firm is focusing only in its products. Consequently, company tries to persuade or even push customers to buy particular product. In this case company has a certain product, probably, superior one, that tries to sell to customers. It is essential to make consumers want their product or services.

Similar approach is used when it comes to research and development. Product-based company's is focusing on research and development of product in a way to increase their quality, e.g. cheaper running cost, higher work efficiency, better performance etc. Customer himself is entirely left and has no impact on shape of the product not in past not in future.

Likewise as in previous scenario product-based marketing strategy is not feasible for longer period of time. In the end, even with best product on the market, customers would rather use something that reflect their needs and is able to adapt according to their demands than something complex but difficult.

4.3 Resource-based Marketing

Resource based approach to firm's performance was first mention by Wernerfel (6). This idea is based on premise that ability to succeed lies in resources that are unique and hard to imitable or that are protected from competition.

This approach is something between product-based and customer-based approach and therefore is more suitable for marketing strategy compare to others since it incorporates ideas from other two approaches (4). This approach considers market and company capabilities in both ways. It looks on side of the market possibilities and also side of company ability to serve it. This method suggests that marketing strategy shall propose way how to satisfy customers in long-run in environment of current market. That can be simplified to statement that company shall focus on delivering solutions for customers where market and company itself conditions are most favorable for it.

To keep company successful this approach needs to be considered in long time span. As market develops and customers seek for different products, resources disposable for the company needs to evolve as well. As company will try to make its way in new opportunities, company will also need to be able develop and alter resources along with it, to be able to retain on the market.

4.4 Role of Marketing in Strategic Management

This few paragraphs will discuss importance of marketing in company's decision making process and planning. In order to develop strategy based on marketing, certain procedures needs to be applied. Following subchapters will reveal importance and function of the each step in strategy development.

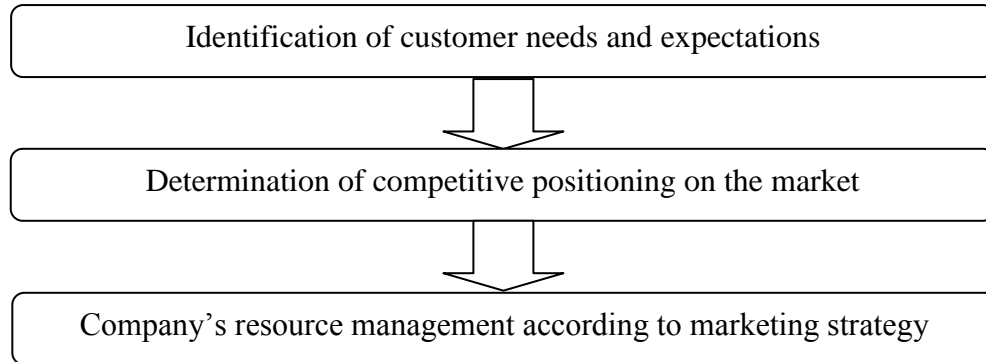


Figure 4-2 (Source: author)

4.4.1 Identification of Customer Needs

First step in successful marketing strategy development is identification of customers and its needs. In this case, good practice is to use some research methods as market survey or company internal querying. After initial part when company identifies its real customers, it needs to find out what are their needs and expectations.

Recognizing relevant customers may be seen as simple task but in certain cases, target groups are not that easy to determine. Depending on business, end customers may differ from buyers. In other cases, group of people that sets requirement for certain product will not be the same group of actual customers or users. This is common practice in case of public procurements.

Defining customers' needs and expectations is even harder than recognizing right customers. This part is really crucial since, this activity involves communication among market and company. Link between market's needs and expectations needs to meet company's capabilities. In many cases customers expectations are bigger than companies

can offer and company needs to settle for product that can cover customers' needs but do not meets all expectations (e.g. price, user friendliness, portability etc.). But there is other extreme as well, company can develop product that exceeds customers' expectations. Company with such product will do considerably better than company from in previous case.

Customers' expectations must be identified properly and must be communicated within the company in proper way. This is crucial in making marketing strategy properly designed as response for current market needs. There needs to be match, to certain extent, on what is R&D centre working on and what market is expecting to get.

4.4.2 Adopting Competitive Positioning

Doing business on one market brings various opportunities. Each market consist of more segments, number of segments depends on nature of the market. Determination, on which segment to focus shall be company's second step in marketing strategy development.

There are two essential conditions that need to be taken into account. First is that company needs to determine how attractive is certain market segment and how interesting are opportunities emerging from it. After settling this part company shall determine how strong can perform in this segment. This mainly depends on its competitive advantage and strength of the competition.

Process of positioning is analytical effort of finding suitable position on the market for various aspects of the firm. First to mention is company positioning. This action consists of evaluation of the competition, market environment (e.g. law, economics, resources etc.). Analyzing competition is essential. Documenting way of competition positioning, their attributes and specifications, ease positioning of company itself. Another step in successful process of positioning is proper positioning of products on the market. Finding and attracting right customers is just one from many important steps to take. Action of positioning should be done ahead of creating any strategy and should preceded by detailed analysis of particular firm.

4.4.3 Realization of Marketing Strategy

Last step is implementation of strategy itself. It includes determination of relevant resources that company has in disposal. Strategy needs to describe way how to handle those resources in order to bring customer satisfaction.

Strategy shall pay attention to delays that can possibly emerge in product life span. It starts with design and ends with delivery of the product. As delays can considerably lower product's success on the market, strategy shall contains guidelines and shall establish good practice in product development that would mineralize risk of delays.

4.5 Compass model

To implement good marketing strategy one needs to use appropriate framework. In case of this paper “compass model” has been chosen as more relevant, since it is designed for economics, which are experiencing low-growth period.

Compass model is also known as seven Cs model, which is extended version of four Ps model, well known framework of marketing mix tool. Four Ps model is trying to find best marketing mix for given company using four leading entities and their positioning on the market: Product, Price, Promotion and Place. Seven Cs model is extending this previous model by adding three additional entities: Company, Consumer, Circumstances. This addition should enable seven Cs model to better explain company's position on market and therefore provide better tool for executives in marketing decision making (7). Seven Cs model is analogous to Michael Porter's diamond model (8), an economical model describing why certain industries became competitive in particular locations (9).

7Cs COMPASS MODEL

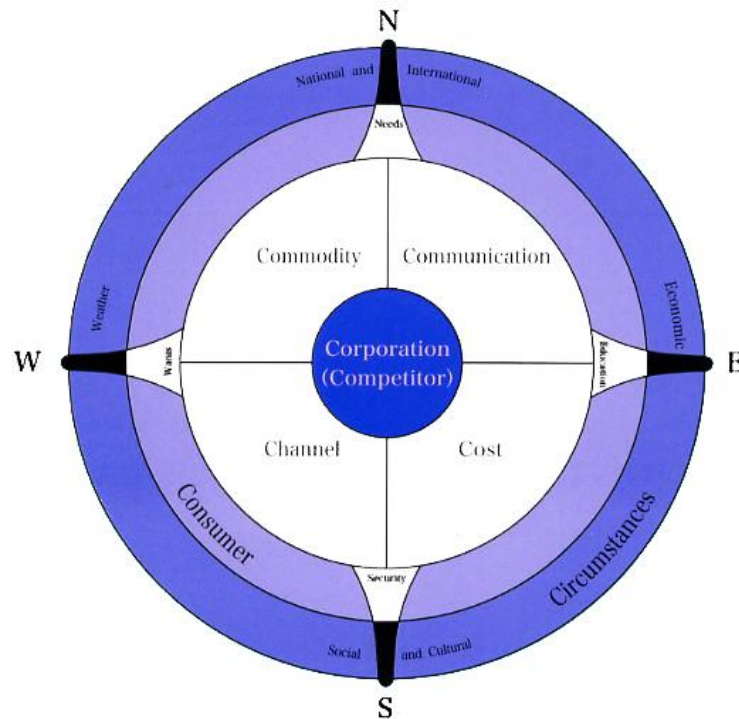


Figure: 4-3 (Source: (7))

4.5.1 Company

Company is positioned in the center of the compass model. It may be misunderstood that it is most important entity as it was considered in four Cs model, but opposite is true. In seven Cs model most important is consumer, which includes customers, and reason for placing corporation in the middle of the figure is that it executes all marketing activities.

4.5.2 Competition

Company usually is surrounded by other companies that are doing business in similar or same industry, competitors. In compass model competitors surround company and are divided into four areas that can pose a threat for the company. These four areas are analogical with four Ps model but renamed: product → commodity, price → cost, promotion → communication and place → channel.

4.5.3 Consumer

Consumers are the target group for the company; therefore in Compass model consumers encircle company. In this figure, consumers are perceived as most important entity even though they are not in the center of the figure.

In seven Cs model customers are replaced by consumers, which better express the environment of company's marketing actions. Consumers can be divided into two groups. First consists of potential customers and second includes citizens with social relationship to the company. For marketing purposes first group is more interesting since those are the people that company will aim on in its marketing actions. Still, company should not forget about the second group, despite of the fact that they are not customers, disputes with this part of consumers can harm the company.

Better explanation of factors related to customers is done using four directions on Compass model.

4.5.3.1 Needs

Needs are unsubstantiated opinions of the customers that should be properly analyzed by the corporation, because not all needs can be meet and converted to products. However, one product can meet needs of various customers.

4.5.3.2 Wants

On the other hand wants are substantiated desires of the customers. This factor is similar to previous one but places bigger emphasis on what customers expect from the product and what customers are willing to pay for. It also, somehow places imaginary line between unimportant and important desires of the customers.

4.5.3.3 Security

This factor represents overall safety of the product. It includes safety of the product in hands of the end-user, safety of the production in relation to environment and safeness of workers. It also includes safety of the product after its "life" has ended.

4.5.3.4 Education

Consumer's right to know the information about the product.

4.5.4 Circumstances

This part mainly represents environmental factors that cannot be controlled or altered by the company, therefore in the figure they encircle companies from outside. Like consumers circumstances are divided into four different factors as well.

4.5.4.1 National and International Circumstances

National factor includes political and law environment of given place. All these circumstances need to be considered in marketing actions. In case of international circumstances company needs to take into account matters as globalization, international law, energy and military issues in some parts of the world.

4.5.4.2 Weather

Weather is good example of hard predictable and changeable environment, in which company needs to operate. Natural disasters are events that can disturb marketing efforts and in such cases company needs to be able to alter marketing strategy accordingly.

4.5.4.3 Social and Cultural Circumstances

These factors are related to certain national customs and attributes. Knowledge and incorporation of these factors into marketing strategy is important in case of exploring and penetrating new market, different from "home" market.

4.5.4.4 Economic Circumstances

Economic circumstances are closely related to first mentioned national circumstances. However such circumstances are considered as much more complex since they depend on many more factors as resources (energy, raw materials), purchase power of consumers and some others. Economic factors are last but definitely not least important in compass model.

4.6 SWOT Analysis

History of SWOT analysis method is unclear but it is certain that SWOT analysis widely used strategy planning tool. Abbreviation "SWOT" stands for: Strengths,

Weaknesses/Limitations, Opportunities and Threats (10). Using these four attributes particular project or business is evaluated. Consecutive comparison and analysis of those attributes helps decide in strategy concerning given project or business.

Performing SWOT analysis is construction of 2x2 matrix where each cell represents one of the four attributes and rows categorize attributes into internal and external. Evaluation of those four attributes in relation to achieving of given goal is first step. For overall analysis it is vital to evaluate all business properties in detail and align them with appropriate SWOT attribute.

SWOT ANALYSIS

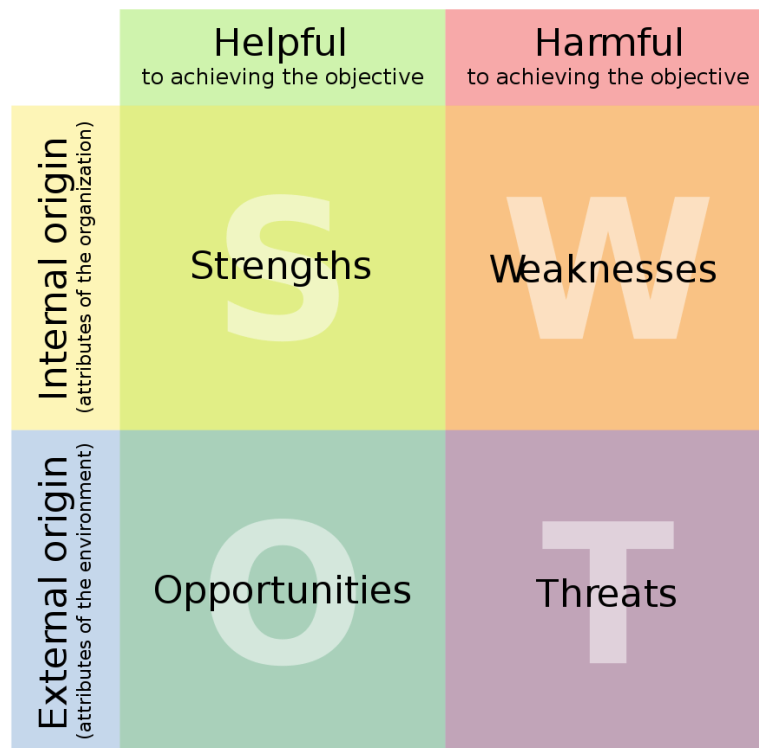


Figure 4-4 (Source: (11))

First row of the matrix corresponds to internal characteristics and second row concerns external attributes. Strengths and weaknesses are internal attributes and exercise structure

and characteristics of the business. On the other side, external attributes of opportunities and threats are used in description of market and its nature.

After division and study of each business characteristics evaluation strengths weaknesses, opportunities and threats needs to be executed. One of the best ways how to evaluate business is to use cross analysis of SWOT matrix. Such analysis compares each cell with its diagonal neighbor. Therefore strengths are compared with threats and weaknesses with opportunities. Cross comparison shall tell if business is able to achieve desired goals or not. If strengths can overcome threats that business faces and weaknesses are diminished by opportunities that can be exercised business is certainly on the good way to reaching objectives.

This paper will use SWOT analysis for evaluation of proposed marketing mix of Mediahost company.

5 Analysis of Present State of Mediahost Company

This chapter includes entire analytical part of this document. It has several subchapters each dedicated to certain matter connected with analysis of Mediahost company. Whole chapter is structured in way that content is presented from wider aspects to specific and typical issues for discussed company.

Chapter begins with descriptive introduction of the company itself. Historic and present characteristics are discussed. Discussion includes financial position and product portfolio.

Second part of this chapter is one of the most extensive pieces of this thesis. It incorporates critical analysis of the company and all its aspects. Aspect division is done using Compass Model framework and corresponding marketing mix is presented.

Last part is dedicated to SWOT analysis that tries to depict feasibility of proposed marketing mix, which serves as analytical summary of second part.

5.1 Company

First chapter introduces examined company, Mediahost. Description is divided into few part each aiming on subject that is in some way related to subject of this thesis. Therefore financial condition and current product portfolio is mainly included.

5.1.1 Overview

Mediahost company is a small sized company providing web hosting and web presentation services and it is based in Slovak Republic. Firm was established back in 2003 by Tomáš Kapičák, current executive and one of the permanent employees.

Mediahost company tries to approach clients in individual way. Sale model is more personal than “wholesale”. This model is reflected by current count of customers, which is around five hundreds and it has been stable for over few past years. By individual approach Mediahost was able to achieve remarkable rates of customer satisfaction.

When talking about customers it needs to be mentioned what typical Mediahost’s customer looks like. Company’s target group is business customers. Usually it is small or middle

sized company with need of presenting itself on Internet. Companies running business in web development and related services are good example of current and potential customers as well. In future Mediahost company want to stay focused in B2B services.

Company is currently seeking for strategy plan increasing customer count with current customer approach practice.

5.1.2 Financial Position

In this part financial position of the company will be introduced.

5.1.2.1 History

Firm was established in 2005. From the beginning, it has been focusing on delivering web hosting services and related products as domain registration to other businesses.

From the beginning, firm was experiencing rapid customer growth compare to performed marketing efforts. According to data, this phenomenon was present until the year 2008. This success was achieved even despite of the fact that, in these several years, firm has no marketing strategy and it was lax in carrying out any marketing campaign. This was due the fact that in those years market was less developed and all companies were starting to hit Internet page (Appendix 8). At the end of the year 2008, Mediahost was counting around five hundred webhosting customers.

Year 2008 was turning point for Mediahost customer growth. In 2008 world crisis spread, reached Europe and Mediahost company started to struggle for new customers. As financial crisis sent economy to recession (12) influx of new customers started to stagnate. Since then, number of active webhosting has been around five hundreds and it is alike in present as well.

5.1.2.2 Present

Current financial position of Mediahost is stable but not sustainable and therefore it is not satisfactory. This uncertainty is caused mainly by development on the marked that will be discussed later.

Number of today's web hosting customers is exactly four hundred ninety-nine, with only neglected change since 2008. Lack of progress in gaining new customers has few reasons. First of all, it is absence of any marketing campaign during past years promoting Mediahost's products and services. Second reason is out of reach of company's possibilities and that is development of existing market that denied firm in further expansion with no stimulation as it had been in past times.

It is certain that lack of new customers is not caused by diminishing quality of service. Mediahost Service Quality Survey 2010 shows that (Appendix 2) almost 80% of customers ranked service with highest mark. Quality of service keeps current customers from changing the provider, since customer base of five hundreds customers has been stable for several years but it does not make new customers. Good customer care and high quality of products can be article that can be easily sold but it needs to be promoted. Certainly this firm poses first mentioned but lacks in promotion. Therefore this work will try to propose solution in this matter.

5.1.3 Product Portfolio

In following paragraphs, Mediahost company's product portfolio will be discussed. In first part current portfolio will be introduced and in second part, future goals will be proposed.

5.1.3.1 Present

Over past years Mediahost has stable, unchanged product portfolio that can be divided into four main subjects: domain registration, web hosting, web development and supplementary services. All these fields are bind, in some way, to Internet and web. Product fields are closely connected and complement each other. Leaving one service out would cause smaller demand in other.

5.1.3.1.1 Domain Registration

This service can be seen as starting line for every firm's web presentation. Obtaining desired domain on your own can be quite demanding administrative process and therefore using domain registration service provides easy way how to bypass this complaint. Mediahost not only register domain for the customer but also keeps DNS record alive and

executes any desired changes by the customer. It also keeps track of expiration so domain does not inexpertly expire, since this could poses real damage for the customer.

5.1.3.1.2 Web Hosting

Every company that wants to have web pages, no matter if only for presentation purposes or for e-commerce needs to have place for running those services. To minimize operating expenditures of web pages, it is practical to rent such place at one of the hosting companies, where it is more conventional due to aggregation of service.

Mediahost provides hosting for other companies. It is not only storage and computational resources but also other products as hosting management tools with advanced settings, monitoring and statistical tools for customer's better evaluation of his web pages. This service has many parameters that customer may be focusing on therefore several product are designed to meet most of the demand (Appendix 3).

5.1.3.1.3 Web Development

Web development has huge market potential with huge market. In case of Mediahost, firm is focusing on only very small part of this business. Company is providing development of small and mid size web applications for it potential customers based on capabilities of their web hosting solutions. This means that solution is usually low-budget based on LAMP (13) systems. Product is usually provided as "all in one" package therefore it includes logical design according to real application, graphical design, implementation of application, testing and deployment.

Custom solutions as firm intranets, special web presentations with dynamic content (that is usually case of marketing games, product customization studios and others) are usually demanded by the customers. Besides custom made solutions, Mediahost offers generic solutions as well. These solutions include web shops, SEO optimization of existing web pages.

5.1.3.1.4 Supplementary Services

Supplementary services are provided as complement to some products mentioned above to enrich overall product portfolio and to provide more complex and customizable solution for most of the customers. Mostly demanded services from this field are web catalogue registration and web safety analysis.

Web catalogue registration involves registration of customer's contact on variety web pages that serve as information pages for customers. Such registration is usually perceived as basic marketing campaign. It makes small company more visible in web space with only little effort.

Safety analysis, sometimes referred as penetration testing, is series of automated or manual security tests that are designed to reveal security flaws within tested web application. Service produces report that summarizes overall security of the system with proposed solutions in case of faults.

5.1.3.2 Future

Current product portfolio has not been changed for many past years. In the beginning it was sufficient for market's needs but since 2008, when there been descent of new customers, validity of product portfolio has become questionable. Even despite of the fact that current portfolio does not reflect current market condition it has not been altered. This work will try to propose some alternations on this matter.

New product portfolio shall reflect current market opportunities and also should take in account competitors' offers to help find suitable position for Mediahost. Analysis and following proposal will be discussed later in this paper.

5.2 Marketing Mix

Chapter applies theory of marketing mix, precisely Compass Model, on Mediahost company. Analysis is chronologically done from wider perspectives and ends with internal analysis of company itself.

5.2.1 Circumstances

What unexpected events in Slovak environment can pose threat to Merdiahost business? In overall it can be said that such threats are rather exceptional and does not occur often, therefore they are not that critical as other issues mentioned later. Nevertheless, following few subchapters, will discuss circumstances that can considerably affect company operation.

5.2.1.1 *National and International Circumstances*

National and international circumstances mainly include politics and law. In case of politics, hosting companies are not closely engaged in this field and therefore impact of Slovak government on provided service is practically none. But it needs to be mentioned that Slovakia is member of European Union, which may take actions towards higher regulation of hosting services in near future.

As every aspect of any entrepreneurship is regulated and influenced by law, hosting services are not exception. Fortunately hosting business is very liberal in Slovakia and there is no particular law that would be directly regulating such services. In certain countries lawmakers are trying to make file-sharing services co-responsible for content that they provide (14) and in the future this may put similar responsibility on shoulders of hosting companies in those countries. Another example is that French government requires internet service providers to monitor content viewed by users and can be held responsible (14). All those cases are connected with anti-piracy efforts. In Slovakia there is no sign of such moves in legislation. No provider has been held responsible for illegal content provided through its service. In second case about monitoring users, Slovak law strictly forbids monitoring of any Internet or network traffic, because it is subject of secrecy according to “Telecommunication Confidentiality Act”. On the other hand hosting companies, therefore

Mediahost as well, are required to cooperate in case of criminal investigation. Blog depicting nature of this cooperation, render such activities as nothing invasive, but rather administrative and bureaucratic process (15).

Nevertheless there is certain evidence, from past, that hosting providers may be confronted with law. Publicly well known is case of security breach in NBU SR (16). Attack itself is out of scope of this document, but it is important to mention some consequences that were caused to one hosting provider that was indirectly involved in this case. As there was evidence that attackers had been using servers of certain hosting company, police confiscated few servers and it took several years to get all hardware back from police even though hosting company was not responsible for attack at all (17). This can affect business, especially in bigger cases when police confiscate considerable amount of hardware. In case of small hosting as Mediahost is this can be avoided by renting whole hardware appliance and proper backup policy.

5.2.1.2 Weather

Hosting companies operate their business in high-tech industry with considerably high added value products, with no dependency on nature, weather. Therefore Mediahost is not directly threatened by weather. Even though hosting is not directly connected to weather conditions it can be affected by it. As power supply and Internet connection is core need for Mediahost company, blackout of any of those can cause problems and weather is common cause of blackouts. Mediahost cannot abolish such events but can minimize consequences by housing servers in provider with adequate security against blackouts.

5.2.1.3 Social and Cultural Circumstances

Social and cultural circumstances are related to social system and issues of given nation, in this case Slovakia. Analysis of these factors is especially useful when entering new distant market with only little knowledge of it.

In case of Mediahost's new marketing strategy is focusing on its home, familiar market. Another reason, which limits importance of this Compass model framework's part, is fact

that company is mainly focusing on business customers and therefore social and cultural have smaller relevance.

But not all circumstances should be disregarded. There is one social factor that shall be emphasized. No matter what is target market group of the company, it will always have to work with people. Mediahost is operating in IT field, which is specific by community of people and issues that are many times difficult to understanding for general public.

Customer support is crucial service in hosting industry but skilled support team is not enough to be successful in providing good customer care. Solving one's problems is one part of the problem, but another is communicating out and understanding customers' problems correctly. Not all customers that will use customer support services are working in IT field and this social factor needs to be understood. Computer literacy in Slovak public is about EU average but it cannot be said that nation is well computer educated (18). Customer support employees will often come across with someone who is not skilled enough to be considered as IT person but his problems needs to be solved as well. Customer care needs to be not only competent but also good in communication and empathy. Less IT skilled customers are not evil, but only people as well, who problems need to be explained in more detail. It would be mistake to disrespect such customers, they should be considered equal since generate revenue as well.

5.2.1.4 Economic Circumstances

Economic circumstances are last factor that is discussed in this part of the document, but it is not least important factor indeed. First it needs to be mentioned that Slovakia is member of European Union and Economic and Monetary Union of European Union with Euro as national currency.

Slovak economy grew by 3.4% in first quarter 2012, which is above average of EU countries and it is expected that Slovak economy will do about average in long term period as well (19). Such information is good sign for Mediahost, because with growing economy, overall market potential is growing, therefore hosting market with it as well. It brings more

opportunities for gaining new customers and current customers are less likely to abandon hosting services for saving purposes.

Fact that Slovakia's national currency is Euro is not negligible as well. This is especially advantage for Mediahost when it comes to customers from other EMU countries. But such topic is out of scope of this paper. Another advantage of Euro currency is that Mediahost can more easily buy services from its suppliers, which may include suppliers from other countries and therefore Mediahost may get better deal.

On the other side, Slovak economy has also downsides. First to mention is size. Slovakia is considerably small country with below average purchasing power compare to western European countries. These fact makes hosting market quite small which needs to be considered each time when company is changing its positioning on market. Another market threat lies on its maturity. Currently, Slovak hosting market is saturated, and therefore it will be more challenging for Mediahost to gain higher market share.

5.2.1.5 Resume

Weather and social circumstances are marginally related to business of Mediahost company. Weather can disturb its business but it very unlikely and even in case of such occurrence many other hosting companies would be intervened as well since they share same supplier that runs their hardware and only it can be affected by weather related causes; software cannot be disabled by weather. Social circumstances are similar case. Hosting business is highly standardized and mainly provides services for other business therefore social impact is minimal.

Bigger threat is posed from financial and regulatory side of circumstances. Crisis can shrink market and make it stagnate. This could damage Mediahsot efforts for better market penetration and leave it with bigger dependency on dragging new customers from competition. Law that would be more regulatory towards hosting business is not likely to be passed. They may appear some laws that will be passed (compulsory EU regulations, or administrative laws) but are unlikely to damage market and cause additional expenses to entrepreneurs within it.

Risk (Circumstances)	Rate	
National and International	10%	Low
Weather	5%	Very low
Social and Cultural	5%	Very low
Economic	15%	Mild

Table 5-1 (Source: author)

5.2.2 Consumer

This chapter discusses factors that lead consumers to purchase Mediahost's products/services. As this paper is focusing solely on Slovak market, therefore all discussed consumer's issues are subjects related only to this market. Slovak market is quite small market with average purchase power compare to other European Union states (20).

Following subchapters analyze consumers four group of intentions for purchasing hosting service.

5.2.2.1 Needs

What does hosting customers need? Certainly they want to pay for service that minimize their problems and maximize their yield. Hosting and related services can support company business by providing resources for web presentation but also can provide crucial service for their web applications that are core business for them.

Flawless operation, responsive and skill customer support is gist for offered service. Mediahost must offer services that will be highly reliable with customer support. This mainly includes appropriate servers. This means servers that have redundant hard drives for data safety. Redundant power supply should be used as well but is not compulsory.

In addition, server needs to be housed and operated in very reliable environment. Mediahost should use housing company that offers prerequisites for solid server housing and has good reputation. Those include two different independent sources of electricity and power generator for worst case. As power supply, internet connection is another crucial factor for web services. Therefore redundant internet connections should be available as

well. Only in good environment with working equipment Mediahost can provide first class service and operate according to their and customers' desires.

5.2.2.2 Wants

Consumers' wants are more specific compare to general needs described in previous chapter. In addition wants usually slightly differs from one consumer to another, therefore services needs to be flexible to certain extent.

To be more specific Mediahost consumers, or consumers of any other hosting company, want specific parameters from their hosting service. This includes disk space, performance of hosting, availability, internet connection speed and some other more specific varying even more. Accompanying services are not exception, emails or customer service requirements differ from customer to customer.

Special attention needs to be given to customer support and care. Customers usually do not switch to competition because of small difference in price but because of lacking communication with provider or absence of quality. It is important to realize and adapt provided services to needs of customer according to their importance. Customer care is one of the most crucial and along with good offer of other customer needs described before Mediahost company should not have problem with customer satisfaction in future.

5.2.2.3 Security

In this subchapter, security issues regarding hosting services will be discussed. From point of operational security there is nothing to be discussed. Managing and operating hardware and software that is involved in providing hosting service is negligible. On the other side using this service pose certain threat for customer, whose data are in stake.

Hosting security issues mainly involves customer data and availability of service. Data are everything that IT world is about, therefore any hosting company needs to value a protect customer's data with highest efforts. A day when hosting lose any customer's data it is beginning of its end. Losing data is not an option. Second mentioned "availability" needs to be looked after as well. Compare to data loss, this security issue is less suggestible by the

Mediahost, because there are so many things that can go wrong and only some of them are in scope of the company. For instance power failure, Internet disconnection or even a fire are events that cannot be prevented from side of the Mediahost. When is hosting service out of order, customer is losing money. Size of his engagement with hosting provider directly correlates with size of his lost in case of hosting unavailability. Most of the Slovak hosting companies guarantee availability that provided service is operating whole year with cumulative downtime no more than twenty-four hours. In this case, Mediahost should not be exception and it may try to be even better.

In Mediahost service security rule number one should be that servers must be hosted at reliable datacenter. Data backups shall be done daily with custom offer for customers with higher frequency and only highly reliable hardware shall be used. But it needs to be remembered that even with greatest effort not all threats can be abolished (21), therefore Mediahost should prepare guidelines for events of unexpected outage of service and how to recover from it.

5.2.2.4 Education

Education represents consumer's right to know information about the product, therefore how secret and vague should be Mediahost about its service? On one side more information will make feel consumer better but on the other hand can reveal certain know-how to competition.

It is certain that consumer needs to know all important specifications of the hosting, since he decides according to those properties whatever he buys the product or not. Revealing network and server topology is good practice as well, since it can reassure customer about security of provided service. Another information that should Mediahost publish is current customers. Publishing "reference list" with big customers may attract other consumers in purchasing service.

On the other side, Mediahost should not reveal all information about hosting. For example it is not wise to publish number of hosting/virtual servers on one physical machine. This number is usually quite high and in eye of amateur this can diminish quality of service.

Revealing safety measures and security policies is not good idea neither since, keeping them secret better serves their primary purpose, protect customers.

5.2.2.5 *Resume*

Satisfying customers' needs is not always straight forward. Even in case of hosting services where there is not that many attributes for service, customers' expectations may vary dramatically. Therefore it should be expected that certain, extreme, expectation will be always rejected. For Mediahost it is important to provide services that will satisfy most of the consumers' needs and percentage of turned down customers will be minimal. Although this condition may seem obvious, in real environment it is hard to achieve due to many reasons. Consumers lack of knowledge about hosting, unusual specialization, atypical web application or even stubbornness can make consumer not to choose Mediahost for its hosting provider. Appropriate range of products and proper communication with consumers can help press down number of rejected hosting.

Near absolute security is very important in hosting business, lost of customers data can be beginning of the end for hosting company. On the other side events that threats data and application security are not happening that often. With certain redundancy in hardware and proper security policies customers assets are safe and Mediahost should not experience any sever security issue over long period of time.

Education of consumers about Mediahost's products is marginal issue. Nevertheless communication with public should be sensitive but still constructive and attractive enough to turn consumers to customers.

Risk (Consumer)	Rate	
Needs & Wants	20%	Moderate
Security	5%	Very low
Education	5%	Very low

Table 5-2 (Source: author)

5.2.3 Competition

Following subchapter discuss competition environment and its aspects. All attributes of competitions are divided into four parts and each introduces particular issues with more detail.

Four subchapters talk about commodity (product) specifications, cost of provided commodity, communication with public and channels, through which is commodity sold. All issues are related to specifications of Slovak market and are delivered in very detail. This subchapter contains one of the most extensive analysis of this paper. It is so, because discussed matter is crucial for understanding of whole hosting industry and therefore it is important for proper management of Mediahost future actions.

5.2.3.1 Commodity

Commodity or product in case of Mediahost is service that is provided to the customer. As it was mentioned in introduction company chapter, Mediahost provides hosting services and some additional related services (domain registration, web development, web design etc.).

Purpose of using hosting services is to enable customer to run or use certain IT service over the Internet. In vast majority it is web related service (web pages, web shop and web application). There are many kinds of these services with different requirements on resources and availability. As there are differences in requirements, equally there are numerous kinds of setups of hosting services to satisfy those requirements.

Hosting services can be divided into multiple levels. Good classification based on customer's own involvement in managing resources, needed for running his web service, has been done by one of the bloggers on Pinboard (22). As it is shown in blog, diversification and specification of services is quite extensive and user involvement it based on his needs, skills or sometimes even on customer's "laziness". On every of those five imaginary stages of hosting services each can provide different approach and therefore can attract different consumers.

In next subchapters certain “hosting stages” will be discussed further. Focus is on those levels that are in or should be in portfolio of Mediahost company.

5.2.3.1.1 Domain Registration

Mediahost’s product portfolio starts with domain registration services. It is very basic service with ne demand on technology. Domain names enable Internet user to refer to web sites and other wed resources in more user friendly way (23). One does need to remember group of sawdust numbers and letters but uses combination of words.

Purpose of domain name registration is to catalog certain strings (domains) into Domain Name System, which is responsible for proper translation of domain names to computer used addresses. Generally, one can only register domain under one of the top-level domains (TLD), such as: .sk, .cz, .eu, .com (24), etc. Each of this TLD is owned by company that decides about annual registration fee for keeping domain names registered under such TLD active and accessible.

Domain name registrar, like Mediahost is, serves as middle man between customer and TLD owner. Therefore to offer customers domain name registration under any TLD Mediahost needs to have order this domain name from actual owner. Currently Mediahost has very limited number of connections with TLD owners and therefore existing offer is narrow.

Mediahost should enlarge its portfolio of domain names registerable under more TLD. Although most of the customers will be satisfied with current range, extending it improves Mediahost’s image and may attract special customers seeking exotic domain names.

Domain pricing is based primarily on owner’s sale price. As domain name is complements every hosting service ordered many hosting companies sell it with no or very small margin. This is not case of Mediahost company, which revenue from domain registration is considerable. With introduction of new TLDs Mediahost should change its pricing policy as well and make it more attractive but still profitable.

Domain registration is first step towards setting one's hosting. High price can discourage potential customer. Making compromise between attractiveness and profitability Mediahost should charge no fee for domain name in first year of its registration. In following years company should charge price including appropriate margin to keep revenue. By such policy Mediahost loses neither revenue from current customers nor attractiveness for new customers.

Appendix 6 displays current and proposed state of domain registration's prices and TLD.

5.2.3.1.2 Standard webhosting

Standard hosting is common service of web hosting companies and it is designed for running small web projects. It can be described as providing shared resources of one physical server to several users. This service is usually provided in few quality levels depending on the size of the user's project. Such quality is represented by different amount of resources provided to the user's web project. Resources are usually represented by disk size for the project's files, number of email account, FTP accounts, number of domains and number of databases; detailed review of chosen hosting packages can be found in Appendix 3. Disadvantage of such hosting programs is that if certain project is lacking on one of the provided resources and it is fine with the rest, you still have to switch to higher program that improves all attributes and leaves user to pay for something that he does not need.

As reaction to this customer's discomfort, over past years "unlimited hosting" became regular part of hosting companies' portfolio. As name of such service presents, service should provide unlimited resources to the user, in fact service only provides vague resources, which size and quality depends only on will of the provider. One thing that one cannot argue about is marketing effect of this product. It sounds great and it still has value for customer when he gets sufficient amount of resources and he does need to worry about reaching certain limit and therefore limiting his business.

Another way how to provide web hosting is to make tailored offer to each customer. Hosting company let user choose how many units of each resource he wants to rent. Company charge user for each unit and this potentially saves customer money, since he

only pays for what he has intentions to use. This approach gives the customer ability to freely choose what kind of web hosting product he wants. This product is essential supplement for unlimited hosting since it can satisfy same needs but it is better accepted by customers that are not happy with vague settings at unlimited hosting.

Mediahost company has its portfolio only with first type of standard hosting, fixed web hosting programs (exact resources in various packages). Providing only this kind of service discourages potential customers, who have needs that do not fit to neither of the provided packages. Introducing “unlimited hosting” with supplementary “custom hosting” into firm’s portfolio of standard hosting offers should provide options for customers that were not interest in hosting plans. These two new options can also prevent existing customers from leaving to competition with desired offer. With new offers and abolishment of old ones portfolio of discussed service became simpler, easier to understand and it will be more attractive for potential customers as well since it reflect current needs and trends.

5.2.3.1.3 Virtual Server Service

As it was mentioned in Pinboard blog, hosting can be done on imaginary five stages. Mediahost company is currently doing business only on first one. This is due to company size and low number of servers in its possession. Nevertheless, still Mediahost company has enough resources to provide virtual server service as well.

Virtual server service provides user shared resource that acts as standalone machine/server, therefore user has bigger possibilities. Virtual server is in many occasions on way how to setup hosting for certain kinds of web services.

It is important to understand difference between standard hosting service and virtual server service, especially the difference in value that brings to customer. Standard web hosting service is more limiting but more “user friendly” (easier to maintain and use). Limiting factor is that user must use only certain software and is limited in setting server and application’s settings. Standard web hosting services usually enable users only to render web pages, use email accounts and store files. User may only use what is provided by the provider. On the other hand virtual server acts as a standalone system and user can use it for

any purpose of his desire. User can install and setup any application or service that he wants to run.

Hosting company providing virtual server services provides only resources that are charged in units as it was in case of standard hosting but resources are different. Usually hosting companies are charging for disk space, RAM memory available, computing capabilities and network bandwidth/traffic available for virtual server. As in standard hosting, company provides few different mixtures of those attributes or user is enabled to “tailor” offer to his needs by setting up number of units from each resource. This is broadly accepted practice and users are more likely to use “tailored” offer, because of higher price of this service and bigger variety of use cases in this kind of hosting.

Mediahost should not only include this hosting to its portfolio but it should introduce new way of charging for it as well; new product that would attract new customers, who are currently using one of the competitor’s products. In all cases customer has to pay for resources that he can use and are to his disposal during the rental time. But what if customer is required to only pay for what he actually uses in time? Charging customer for exact size of disk space, number of databases that he uses can be done quite easily but it would not attract potential users dramatically since those resources are quite cheap and not that critical. Memory size cannot be charged dynamically due to its nature. Last and most crucial parameter of virtual server is computational power. This is the spot, where is space for attracting new customers. No virtual server will use computational power with constant extent as it is usually charged for. Load of virtual server depends on services that it accommodates. Some are used mainly during the working hours, some during the evenings and other may be peaking only during the weekends. Let users pay only for computational power that they really use. Such conditions would surely attract some customers. Main advantage of this kind of the plan would be higher performance of his virtual server and therefore better performance services running on it compare to “static” configurations. Another negligible advantage is price attractiveness and ability of user to fully control his bill according to performance that he required. Further description and analysis of the fees will be done in following subchapter. This “pay as you go virtual server” service will

certainly make some customers switch from standard hosting services to this new kind of virtual server service.

“Pay as you go” service can be compared to telecommunication business where one tops his account with certain amount and when he uses telecommunication services (calls, texts) fees are subtracted from his virtual account. In case of virtual server, fees are based on number of seconds that running server instance uses from physical server processor (CPU time). It is important to notice here that time that virtual server will use is not same as real time as if it runs in real environment. Usage is based on load that server experiences. Total charged time will be lower compare to real uptime if server is not experiencing extensive load. On the other side, server can consume more CPU time compare to real time, if server’s load is extensive and uses more processors (time is measured per one processor).

5.2.3.1.4 Customer Support

Customer care is not product in true meaning. It is not a product that is sold separately but it is service that accompanies all other services provided by Mediahost company. As service itself is not sold, price discussion is irrelevant but it would be mistake to see it as something redundant, especially in company as Mediahost.

Mediahost has very high customer satisfaction ratio (Appendix 2), which was mainly developed by high-quality customer care service. Therefore part of the product portfolio concerning customer support does need to be radically changed but rather it should be slightly altered to provide equal or even higher quality with better efficiency.

One of the advances that should be done is to improve communication channel range for users in reaching Mediahost’s customer support. At present users can reach support by either phone or email. In contemporary world full of social networks and instant communication, Mediahost should get more progressive. Minimum is to start provide customer support over VoIP and few instant messengers according to customers preferences (e.g. Skype, Google Talk, ICQ, MSN etc.). Enabling customers to reach customer support with fewer barriers, will certainly improve overall satisfaction.

Enhancing and extending customer support in any way will bring real added value to each product that Mediahost company sells. Products with bigger added value are more attractive and therefore are sold more easily with higher margin.

5.2.3.2 Cost

Cost is portion of resources that customer needs to sacrifice in order to utilize product. In case of Mediahost, it is Euro currency for hosting service.

Cost needs to be set up carefully, regarding many factors. First of all, revenue generated from service fees needs to cover operational expenses so company is losing nothing, short term dumping prices are exception. Another aspect that needs to be considered is that company should position its pricing according to market state. This involves competition, customers and worth of added value.

In Appendix 4, there is table with pricing policies of chosen competing companies. On Slovak hosting market WebSupport is a leading company (25). As can be seen from the table their product portfolio is extensive and pricing policy is on upper-middle range compare to others. From this table it can be deducted that customers are not ultrasensitive on price. This is because of fact that mentioned customer support is many times more important than actual parameters of the service. Another reason is that unit price of hosting service is considerably low. It is not big difference for company to pay monthly few Euros more, even in case when it is several percents more expensive compare to rivals' offers, for service that is right for the customer and causing no problems.

Those are the factors that need to be taken into account when making pricing policy for Mediaservice, plus few more apply. Starting with the fact that market is not so sensitive on price, Mediahost can be looser on prices. This is also supported by recent Mediahost Service Quality Survey 2010 (Appendix 2), where company received high scores in customer support. As in case of WebSupport there is no reason why customers would not pay slightly higher prices for Mediahost's hosting.

On the other hand there are few reasons why Mediahost should consider moving pricing policy little bit down. First reason is it position on the market. Currently Mediahost is holding very small portion of hosting market and it primary focus is market penetration, prices need to be setup accordingly. Another reason why to have lower prices is nature of its product portfolio. Mediahost clear and simple portfolio should not only have product that attracts customers but also prices. This is especially important on new product on the market, which “pay as you go virtual server” definitely is. Pricing on this product needs to be setup in a way that customer will benefit from it. Total monthly bills for average customer need to be lower than if he would be sing regular virtual server service but little bit higher than in case of standard hosting service plan.

Only with appropriate pricing Mediahost can attract new customers. This paragraph will suggest pricing for full proposed Mediahost product portfolio.

Mediahost portfolio pricing	
Custom Hosting	0.5€ for every 100MB of HDD per month 0.2€ for each email account per month 0.2€ for each database per month
Unlimited Hosting	5€ per month
Custom Virtual Server	0.5€ for every 1GB of HDD per month 7.0€ for every 512MB of RAM per month 1.5€ for every 1 CPU core per month
Pay As You Go Virtual Server	0.019€ for every 1GB of HDD per day 0.250€ for every 512MB of RAM per day 0.500€ for 24H of CPU time (lasts approx. 3 weeks)

Table 5-3 (Source: author)

5.2.3.3 Communication

Promotion of the product is very important and it is place where Mediahost has many gaps to fill. Consumers without knowing about certain supplier will never become his customers. Only consumers that are aware of your product can become customers. This is essential to remember when planning marketing campaign. In addition to this focus on targeted consumers is important for marketing campaign efficiency.

Mediahost is focusing on small and medium size enterprises therefore this should be their main target of communicating out their services. Probably most suitable and feasible way how to attract such audience is web advertising accompanied with proper public ads. TV and radio is out of the scope since it is not that effective in targeting potential customers from enterprises.

Web adverts have one great advantage; can be targeted to certain audiences better than any other means of advertisement. Therefore Mediahost should start promoting their product through web adverts. Good way how to start advertising on Internet for Mediahost would be Google ads service. This service displays advertisement according to what user is looking for on Google Search. Next Mediahost's step how to get visible for consumers is advertisement on web pages. In this case it is good to use contextual advertising. In this case it does not hurt to use more providers. Google adWords is good choice and Slovak provider Etarget should not be omitted neither.

Supplementary way how to raise public awareness to media campaign is to create PR projects related to company's business. Good example in this case is WebSupport. Company achieved establishing its own community that represents strong PR function. It is certain that Mediahost will not be able to establish such community in near future but it should start with similar actions. For start web blog would be good option. Publishing articles and ideas from within the company and commenting current trends in hosting business can improve Mediahost's image. Blog is a good idea about not only one, there are more and Mediahost shall take opportunity to explore as many as possible.

5.2.3.4 Channel

Last from competition positioning is channel attribute. Hosting companies provides very specific type of service. This factor rapidly limits ways of delivering and selling such service. Hosting services are usually exclusively sold and operated virtually.

There is no reason why Mediahost should be different. Selling services through web pages is less expensive than having a shop on the Main Street. In this case, where web page is main selling stream, it is essential to have it neat and user friendly. This is very similar to regular street shop. Consumers are more likely to buy something in nice, neat shop with rich shop windows rather than in something murky, without life. For these reasons it is strongly recommended, for Mediahost, to redesign their web pages. Current state cannot be considered as contemporary (Appendix 5) and firm with old looking web pages is losing its credibility in eyes consumers easily. Mediahost with brighter and more visually attractive web presentation has better starting position for attracting new customers. It can be said that even in hosting sphere “Package sells”, but do not overestimate this statement.

Providing hosting services is not only about selling them but also about customer support, which is even more important and challenging task. Way of delivering support for customers can greatly change their satisfaction and therefore their commitment to Mediahost. For these reasons, management of provided services and customer support should be done through web interface in as many cases as it is possible. Web interface where user can manage his hosting increases his satisfaction with service, since he can do it immediately and at any time. In comparison to help desk, web based customer support is less expensive and more responsive.

However Mediahost should not cancel operation of help desk even in case of having supreme web interface for customers. Customer support provided via help desk is slightly different to web interface and should be supplementary to this service. Customers use this kind of support in case of unusual issues that cannot be solved through web interface or need bigger attention of customer support department. Help desk is usually accessed by telephone or email and in recent times chat became popular as well. Tiny help desk

incorporating all these means of communication should not cause any problems to Mediahost budget and can defend company's good customer care reputation.

5.2.3.5 Resume

Understanding competition and threats that pose to Mediahost company is vital start for finding a way how to prevail on such competitive market as hosting business indeed is.

Products that are currently sold are outdated and market demands new commodities. Fortunately demanded product are not very different from other and can be said that use same technology base as old ones, this reduces switching costs. On the other side copying contemporary product portfolio of leading companies is not enough. Few proposals were given in this subchapter on issue of absolutely new product on the market and here main threat lies. Acceptation of new product within the market is questionable and effectiveness of copied products in attracting new customers should not be overestimated. Nevertheless "cloned" product combined with adequate customer care should secure minor rise of customer count.

Cost policies are similar issue. Even though market is not very sensitive on prices, but in combination with certain product can make consumer hesitate buying Mediahost's service. Cost is something that should reflect value of product, market state and company position on market. When providing customer oriented price, revenue is in stake. When having high prices, market penetration is threatened. Prices somewhere in the middle can be considered as appropriate and as a result minimize risk that Mediahost needs to undertake.

Mediahost's communication with public shall raise awareness and attraction of the company. Any public action, even negative one, will raise awareness. Here threat is within efficiency that will be achieved in such actions. Risk of choosing inappropriate media communication channels represents additional cost of communication for reaching same level of public attention. Even in case of purely Internet based media campaign low efficiency can be reached and Mediahost will need to invest additional funds. On the other side by using proven communication channels with suitable management arrangements, Mediahost should reach satisfying levels of efficiency.

Selling channels of hosting industry are quite narrow, which is mainly given by nature of commodities sold and customers seeking for such products. Virtual shops and webpages are exclusive seloling and promotion channels for vast majority of companies; Mediahost is not and exception. By having any other kind of selling channel companies would experience no significant competition advantage over other companies. This fact minimizes threat of selling channels endangering revenues to low.

Risk (Competition)	Rate	
Commodity	40%	Average
Cost	20%	Moderate
Communication	10%	Low
Channels	5%	Very low

Table 5-4 (Source: author)

5.2.4 Company

This subchapter will describe Mediahost company and its features with relation to Compass model .Overall detailed description of the company was done in previous chapter and therefore here brief resume will be done.

Mediahost company is small Slovak company doing business in hosting services. Currently it has around five hundreds customers and this number is stagnating. Customers are mainly from business environment. Company has few employees mainly divided into two parts, business department and operational department.

5.2.4.1 Staff

Business department is mainly in charge of executive decisions and sales. All strategy decisions are managed by this department and this paper is designated for this group.

On the other side of the company, there is an operational department. This department is responsible for running and maintaining all Mediahost products on daily basis. Customer support services are responsibility of this department as well.

Mediahost is not only small company but it share spirit of family business as well. Leading employees consider each other as friend therefore this attitude among staff members greatly diminishes concerns involving staff crisis or unhealthy fluctuation.

5.2.4.2 Capital

Size of working capital is related to size of the company. As Mediahost is small company working capital and capital disposable for investment is not extensive as well. Limiting factor for this is amount of annual revenue. Revenue is not big enough to secure sufficient amounts of money for any investment of big scale. Financing any future actions may be done with assistance of loans but only to certain, quite limited, extent. Small companies, as Mediahost is, are unlikely to get big size loans. Finding and private investor is not an option since company wants to keeps it current ownership structure. Therefore Mediahost should rather focus on long term investments with high efficiency yield.

All in all capital structure of Mediahost company strongly depends on its revenues. Any investment efforts are dependent on current or past revenue performance. Internal funds generated by sales can be used for future evolvement action, but outside financing is dependent on revenues as well. As only loans are possible for obtaining external funding, revenue will be used by potential lender for credibility evaluation of Mediahost.

5.2.4.3 Resume

Threats that Mediahost shall fear from environment within the company are not extensive. Staff related problems are quite minimal since company is one team of friends. Issues regarding capital are bigger in size but still not alarming. Mediahost is limited to investing from internal sources or on loans from private entities.

Risk (Company)	Rate	
Staff	5%	Very low
Capital	20%	Moderate

Table 5-5 (Source: author)

5.3 SWOT Analysis of Mediahost Company

This chapter is trying to evaluate state of Mediahost company using SWOT analysis. First, four framework factors will be analyzed. Current state of the Mediahost company will be confronted with proposed changes from marketing mix chapter. Outcome of this evaluation will be used as base knowledge for marketing strategy that should introduce complex plan and ideas for Mediahost company to move forward on Slovak hosting market.

5.3.1 Strengths

Starting with strengths one thing is certain, customer satisfaction is biggest strength of the company (see Appendix 2). This is important to notice and Mediahost shall identify reason why it is so, because only that way it can maintain good customer care through the time.

Another positive aspect of the company is its current customer base. Despite of the fact that Mediahost is small company it has solid number of customers. Customer stability during the time, especially crisis time, is caused by mentioned good customer satisfaction. Pricing policy, provided services are complementary factors for such customer base.

In addition Mediahost has small advantage in non-hosting services that it provides. Web application development and security advisory can help in generating profit and it certainly helps with image of the company.

5.3.2 Weaknesses

Mediahost has numerous strengths but unfortunately there are numerous weaknesses that need to be considered as well.

Products portfolio is first to start with. Products are outdated in both price and offer. There do not provide value that is demanded on current market. Price is higher than at competition, which is counterproductive in gaining bigger market share. When talking about product specifications, they are unsatisfactory as well. Products provide too limited resources and too rigorous conditions for use despite of the fact that competition is looser on those specifications. This is where Mediahost's future rise and fall. This weakness of past years should be converted into one of the greatest strengths of the company. It does not

take a lot of effort but can bring huge difference in competitive advantage. New product portfolio was proposed and analyzed in marketing mix chapter; moreover it is one of the main actions in marketing strategy. This point is really crucial and with proper approach it will be turned into company's strengths.

Another weakness is nature of the Mediahost company. It is small with limited capital. Size of the company is direct burden and it limits company in various ways. Expansion and possible marketing campaign is limited in size by Mediahost capital. Limited expansion does not only apply to better penetration of Slovak market only but for entry on foreign markets as well.

Last weakness is slightly connected to previous one. Mediahost is lacking of serious, long term action plan for advertisement campaign. Be not taking opportunity to publicly visualize itself, it loses opportunity to attract customers.

5.3.3 Opportunities

External opportunities lay mainly on the market. On Slovak market there are only few good hosting companies. As there are only few good, there is space for Mediahost overall improvement that can lead to better market position and consequently to increase of market share.

Smaller opportunity lies in media campaign. Mediahost performs almost none publicly related actions, which can be changed easily and bring interesting results.

Although there are only two major opportunities for Mediahost they are crucial. Gaining bigger market share is thing that Mediahost seeks mostly. Improving mentioned will lead to better overall performance, increased revenues, cash flow and possibly net profit as well.

5.3.4 Threats

First that needs to be mentioned in this subchapter is hosting market state in Slovakia. Market is saturated with big number of small hosting companies but only with few big ones with quality. This is considerable disadvantage for Mediahost that faces and will face such threats.

Continuing with market and competition within, home competitors are mainly made of few big hosting companies that own major market share (25). Websupport is company that needs to be mentioned here. It is good example of successful hosting company on Slovak market. It has decent market share, adequate products, great customer support and proper marketing campaign. As a result of its customer care and PR actions, it has even built up decent web community, which is rarity on Slovak market.

Slovak companies are not only threat to Mediahost company. Due to Slovakia being in EU and standardization in field of hosting, foreign companies have quite easy way to Slovak market and its customers. Even sometimes Slovak customers seek for foreign providers believing of better service or due to unavailability of required service in Slovakia.

Last threat is economic world crisis. This phenomenon decreases demand for all kinds of product and hosting is no exception.

5.3.5 SWOT Conclusion

SWOT analysis is used to determine bright and dark sides of certain entity, in this case Mediahost company. Sorting into these two groups can help develop right strategy. One can either change bad aspects to good ones or if it is not possible at least try to minimize or avoid them.

Starting with cross analysis of SWOT chart, strengths will be compared to threats. Market as a whole is main threat. It is not in power of Mediahost to change market characteristics neither avoiding it is not an option. Mediahost needs to deal with it and find a way how to make strength attributes strong enough to succeed on the market. Until now it was more-less in balance, customers were not leaving but no new were coming neither. It is needed to shift this state towards strength to make company flourish. As was mentioned before what is really missing here, are good products/services that would attract. Product portfolio needs to be changed and moved from weaknesses to strengths elements.

Other diagonal comparison concerns weaknesses counter opportunities. Size of the company poses weakness that is hard to abolish from one day to another. Even though

Mediahost is small it can perform better than other bigger companies. This fact limits company to take more attention when it comes to expenses. When shooting for publicity and promotion Mediahost needs to focus on efficiency to utilize opportunities well.

As Slovak hosting market is considerably saturated, only way how to increase market share is “steal” customers from competition. Therefore Mediahost should find the way how to interest those customers. There are plenty of places where Mediahost has gaps. Introducing and executing strategy that would fill such gaps would most likely move Mediahost company forward on Slovak hosting market. Consequently, next chapter is trying to find most suitable strategy for Mediahost company oriented on customers, marketing strategy.

6 Marketing Strategy

This chapter proposes marketing strategy for Mediahost company. Strategy is based on findings from previous analysis.

6.1 Goals

Main goal for this certain marketing strategy is to strengthen Mediahost company position on Slovak market. To be precise, in two years time, this strategy shall enable Mediahost to double its customer base compare to current state. By the end of the year 2014 Mediahost shall manage more than one thousand hostings.

To achieving such goals there are numerous sub-goals that need to be achieved in order to make whole plan feasible. First to begin with is public web presentation of the company. As it was mentioned earlier Mediahost's web pages are obsolete and need refreshment. To evaluate public recognition of new pages bounce rate (26) will be used. Good designed web pages shall have bounce rate fewer than fifty percent prior to the marketing campaign. During the campaign, rate should not exceed seventy percent.

Introducing new product portfolio is another step for reaching ultimate goal. Currently it is outdated not reflecting current trends and therefore it is hardly competitive with other hosting companies in Slovakia. Not only new service plans (products) need to be done but appropriate pricing policy along with it. Measuring success in this sub-goal is subject of customer feedback and acceptance.

Chronologically last but not least important part of strategy are publicly related matters. Mediahost with new product portfolio and new image needs to be visible on market and this part of the strategy should accomplish this aspiration. Advertisement campaign is common way how to get publicly recognized. Asset of media campaign is connected with direct investment and type of media chosen for campaign. Details on this subject will be discussed in following chapter, but it is important to notice that assets of Mediahost media campaign will be determined by statistical data from web page visits. It is expected to visit raise from two to three times compare to time right before the campaign.

6.2 Plan

This subchapter will discuss overall strategy plan. First all steps will be introduced with sufficient detail. Strategy steps include:

- Action 1: New Web Pages
- Action 2: New Product Portfolio
- Action 3: Evaluation Period
- Action 4: Web Administration Tools
- Action 5: Performing Adjustments
- Action 6: Advertisement Campaign
- Action 7: Assessment of New Customers

In the end of this subchapter Gantt's diagram will be provided for better clarity.

6.2.1 Action 1: New Web Pages

First of all, new design of web pages needs to be introduced. As it was mentioned before and one can see for himself in Appendix 5 Mediahost's web pages are obsolete and do not reflect current design trends and principles.

Look of web pages is very important, since Mediahost only sell services through web interface. Therefore web pages are only presentation that customer have to interact before purchase and even afterwards. Nature of the web pages should be no simple but neither too artistic. Look and ergonomics shall focus on best user friendliness. User shall have easy time interacting with web pages; easy access to information and services provided through it (product information, customer support, pricing, terms of use etc.).

One of the most important messages that web pages need to deliver are information about products and they need to provide selling point for services provided. This means that pages must be clear about products and present all necessary aspects, preferably good ones, to customers. In case of new Mediahost portfolio, where are some products provided on custom bases is this aspect eve more important. Therefore consumer shall have a way how to imaginary configure such product and have fair overview of service that he may get and

be interested in. Domain registration is one of the provided services as well. As Mediahost provides exceptionally wide range of domains to register, this needs to be empathized to customer accordingly so he will get impression that service is really exceptional.

Last thing that needs to be incorporated into web pages is customer care related content. This includes communication channels between customers and customer support department. Proposal suggest introduction of web chat and contact form.

Time span dedicated for this action is two months and ends with publication of web pages. Two months is not enough for development web presentation but in case of Mediahost this period should be sufficient since redesign of web pages has already taken place but was not properly finished and therefore it was never published. Mediahost has good starting line with new design but needs to finish content and make it ready for replacing old web pages.

6.2.2 Action 2: New Product Portfolio

New product portfolio is most important step in this marketing strategy. New product range shall change nature of whole Mediahost company and display it in new contemporary way. New products were described in marketing mix chapter, therefore in this part only brief recapitulation will be done.

First to start with is domain registration service, which enables customers to register domains of top-level (.sk, .cz, .com, .net etc.). Mediahost is aiming on enlarging provided top-level domains for registration. Currently, Mediahost is providing few national domains, few most used universal domains and new service shall incorporate around 260 top-level domains to be available for registration for the customer.

Next change is to be made in standard hosting product portfolio. Current standard hosting plans do not reflect current needs of market and need to be replaced. Problems connected with this issue were discussed and resulting proposal suggested following. Current standard hosting plans, which may be referred as “static” shall be replaced by more actual ones. As replacement two new plans have been proposed; “unlimited hosting” and “custom hosting”. These two new plans do not need any special changes in internal structure of the

provided service but needs to be promoted on web pages in different way with some additional tools for customers.

Another item in new product portfolio is virtual server service. This service is little bit more demanding on hardware and customer support as well. As two options were proposed for this kind of service, both needs to be prepared internally and published on web pages.

Time for this action shall be no more than 4-5 months and should start in same time as preparations for new web pages. First, domain registration should be implemented. As this is easiest part (Mediahost uses third-party domain registrar and therefore it is free of all bureaucracy) it should be done quickly. Next step will be to manage standard hosting products. This needs to be finished along with web pages, since these products are Mediahost's mainstream products. After introduction web pages along with domain registration and standard hosting products, new virtual hosting services shall be implemented. These services, as it was mentioned before, are brand new in Mediahost portfolio therefore needs more time to be implemented properly, two additional months should be sufficient time.

6.2.3 Action 3: Evaluation Period

With publishment of new web pages and product portfolio, evaluation period shall begin. This period is designed to be period when Mediahost shall evaluate its new services and web pages. Evaluation itself should mainly consist of communication with current customers.

Customer care department shall communicate out new products to current customers and collect their feedback. It is expected that current customers will switch to new products and their following experience are information that needs to be collected and processed. Collection may be done by personal contact or basic evaluation online forms. Following processing part is even more important. Here, Mediahost shall focus on reception of new product and their new attributes, pricing complains are not that important.

Evaluation period should take around six months. Such time should be sufficient for gaining relevant feedback and processing it.

6.2.4 Action 4: Web Administration Tools

Web administration tools are private web pages that enable customers to change preferences of services that are provided to them.

Currently is Mediahost using such administration tools but it is not provided directly to customers, only customer support department uses it. Therefore such toolset is already for use but needs to be adjusted so it is more user friendly and customers can use it for their benefit. In addition, adjustments to new product portfolio needs to be done. As new products with new parameters are introduced, this needs to be reflected in tools that will be used in altering such service.

Time dedicated for this action is four months and should start one month after the Action 1. Action 1 and Action 4 will be performed by same staff therefore they must not overlap. One month delay between those two actions is chosen because of delays that may occur in Action 1. Likewise administration tools action has one month “safety” period in case that implementation exceeds its planned span.

6.2.5 Action 5: Performing Adjustments

Action of performing adjustments is dedicated for reevaluating changes that have been done in the beginning of the strategy (new web pages, new product portfolio). This stage shall support Mediahost in future strategy actions.

Period of adjustments shall be used to alter anything within the company that turned out to be as great as expected. Information gained in Action 3 should be main source of changes. In Action 3 Mediahost will accumulate customers’ feedback and during the period of adjustments results of feedback shall be turned into appropriate changes. This may include but it is not limited to web presentation, customer support and product portfolio.

This stage is important to advance Mediahost company image, so its shape is best before advertisement campaign. Until this point Mediahost most crucial customers are current

customers since they have been used for evaluating new product portfolio and somehow they needed to absorb all changes that Mediahost performed. On the other hand those customers were main aim for Mediahost and therefore received all its attention.

This period is expected to last four months and ends with year 2014.

6.2.6 Action 6: Advertisement Campaign

From beginning of year 2014 advertisement campaign shall take place. By this time web pages and product portfolio should reflect demands and needs of current Mediahost customers and therefore it should be ready for attracting consumers from outside. Campaign is expected to attract new customers and it should be main action for reaching strategy's goal, doubling customer count.

Advertisement campaign as it was spoken before should not be too expensive and focus must be on effectiveness of attracting new customers. To achieve this objective, right set of consumers needs to be addressed in the campaign. Internet advertisement provides good capability of addressing desired groups and it is quite cost effective.

When talking about advertising on web, Google needs to be mentioned in a first place. Google advertisements are very effective in addressing and cost as well (27). Google advertisements are displayed when user searches web using Google or on web pages that rent advert place to Google. In addition to this, Google displays only adverts that may interest particular viewer. This makes Google adverts well addressed and effective. In addition to this, Google's pricing in Slovakia is more sensible than in Western Europe or US.

Advertisement campaign is scheduled to last one year, whole year 2014. Campaign intensity should be sufficient for attracting enough customers to reach main strategy goal, doubling customer count. This action is longest and probably most demanding on resources, but accordingly it should be biggest asset of this strategy.

6.2.7 Action 7: Assessment of New Customers

Last action in proposed strategy is assessment of new customers. Reason for this action is evaluation of performed strategy. Starting with new web pages, product portfolio and ending with advertisement campaign. It is not sufficient to be acknowledged weather strategy achieved main objective (doubling customers) but it is necessary to find out what caused number of customers to change.

Assessing new customers should be done in two ways. One uses direct communication with them using forms and personal meetings. It is important to get feedback from new customers and find out what have attracted them, why they have chosen Mediahost's services and so on. Second way is internal evaluation of data. Using statistical and analytical tools firm should be able to obtain valuable information about nature of its new customers and their habits. Combination of all those information shall be used in onward planning and ease future expansion of the Mediahost company.

This action is scheduled to take place in last three months of the plan. Such span should be sufficient for collection and evaluation of representative set of data. Therefore in last three months company should be able to summarize its performance of performed strategy and obtain hints for future evolvement.

6.2.8 Gantt Diagram

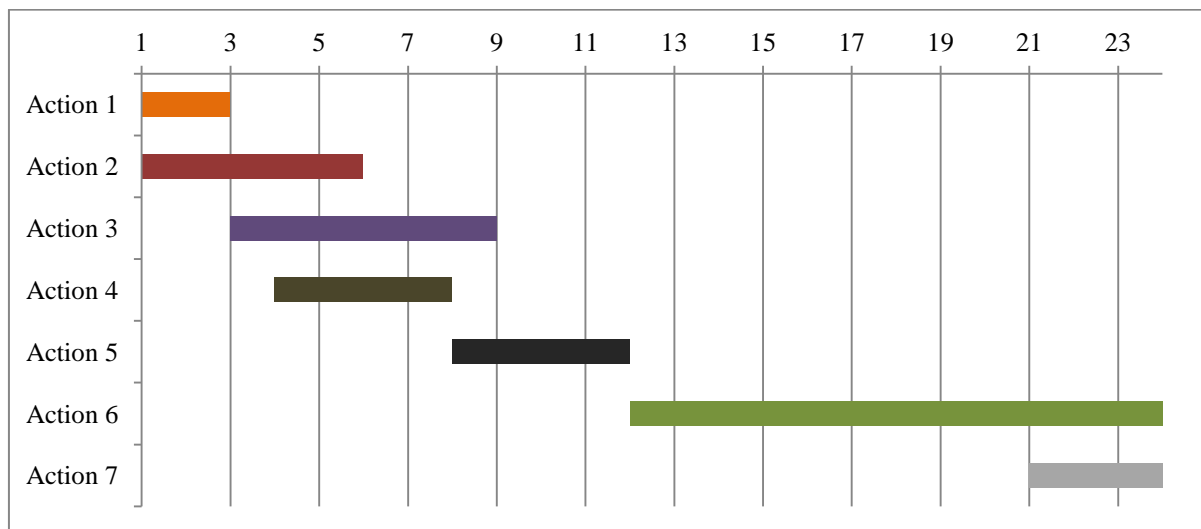


Figure 6-1 (Source: author)

6.3 Responsibilities

In this subchapter description and responsibilities of working teams will be provided. Although Mediahost is a small company it is still divisible into few departments that will be responsible for certain actions of this strategy. For purpose of this strategy Mediahost company can be divided into three working groups or departments: Business Administration, IT and Customer Support. Following paragraphs will describe responsibilities and workload of teams during certain actions. Chart in the end of this subchapter illustrates proposed responsibility division so it is better comprehended by the reader.

First action is developing web pages. From technical point of view IT Group should be in charge of this action. Content part should be managed by Business Administration Group. It has skills for building web pages but it is really business responsibility what needs to be displayed and presented to customers. In action one these two groups need to work together to implement pages that would meet requirements described earlier.

Objective of next action is introduction of new product portfolio. Such action is solely business decision and therefore all responsibility and actions are laid on Business Administration Group.

Evaluation period is designed for obtaining feedback from customers and consecutively analyzing it. Customer Support Group should be responsible for gaining such data since it is communication channel with customers. On the other hand Business Administration Group should be responsible for designing feedback approach to customers and final analysis of collected data.

Action 4: implementation of administration tools is issue that has purely technical nature, therefore IT Group should be fully in charge. This was taken into account when managing timeline of the strategy. IT Group is expected to start working on this matter right away it finishes Action 1, development of new web pages.

After evaluation period from Action 3, changes will need to be done. As potential changes will be done in business model (products, pricing), Business Administration Group is expected to be responsible for such adjustments.

Advertisement campaign is similar to previous action when it comes to responsibilities. Business Administration Group will need to execute appropriate media presentation of the company and manage it all the way through the end.

Last seventh action is quite similar to third from point of tasks. It is about evaluation of performed actions, which includes gaining data from customers and statistical assessment of company's internal data. Part concerning customers should be responsibility of Customer Support Group and Business Administration Group should be liable for analytical part.

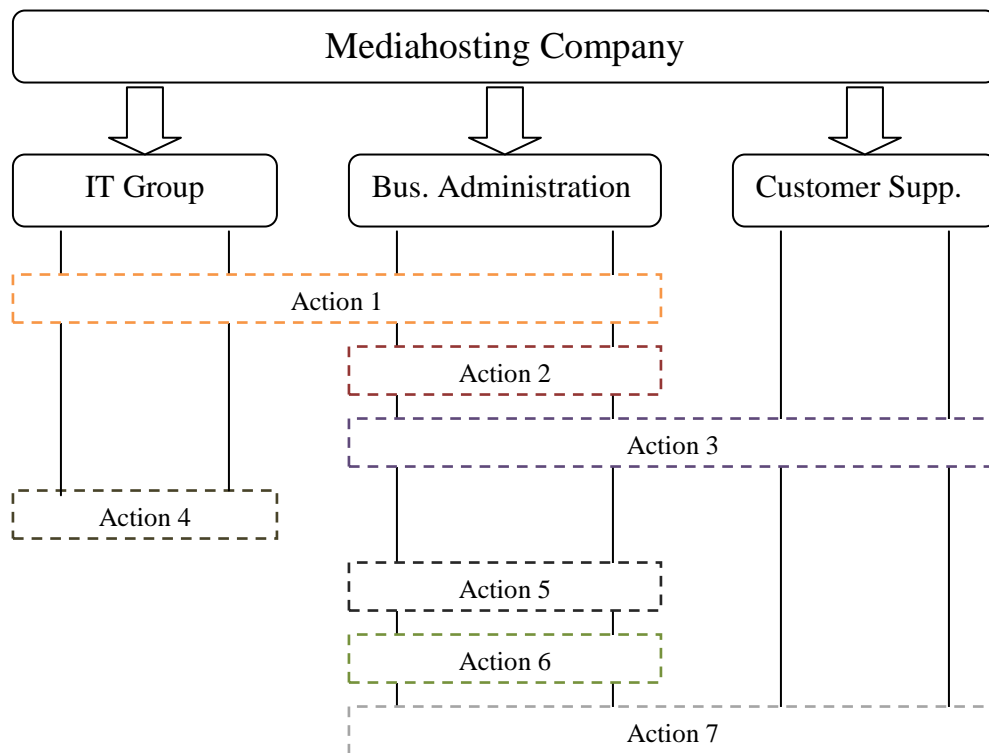


Figure 6-2 (Source: author)

6.4 Schedule

In this subchapter time frame for the strategy will be described. Figure 8—1 gives good overview over time span of the project and especially particular actions, however following paragraphs of this subchapter will discuss this matter in detail.

First action is designed to last about two months. This would be insufficient time if Mediahost needs to build web pages from scratch but it already has draft and main part is updating web pages with relevant content.

Designing and introducing new product portfolio should not take more than five months. This time includes required time for publishing it and putting it into work. It is not coincidence that timeframe of this actions overlaps with development of web pages, as it was mentioned earlier there is certain level of association between those two actions.

Half a year should be enough time for collecting and analyzing data and feedback from customers. Concurrently with third action fourth one shall take place as well, since it is processed by different working group. Four months should be enough for implementing administration tools available for customer use. Here IT Group has some reserves since there is no any specific task for it after action concerning administration tools. Therefore in case of missing deadline for this action no other delays should be caused by it.

Four months should be enough for Business Administration Group to adjust company according to findings. This may include variety of things from all parts of the company therefore four months timeframe was chosen as time needed for alternations that are expected to happen. Workload of this action is quite unpredictable and time needed can be doubled but halved as well.

With advertisement campaign second year of this strategy shall begin. Advertisement period is scheduled to run for the rest of the strategy time therefore it is expected to last twelve months. This should be plenty for getting Mediahost publicly acknowledged.

Last action is designed to last for three months and it should be finish by end of the year 2014.

6.5 Budget

In this chapter budget for proposed marketing strategy will be discussed. As Mediahost company is small company budget is likewise rather small and strategy tries to use funds as effective as possible. In addition to this Mediahost is not advised to hire new staff for this strategy therefore budgeted do not includes any cost of labor cost since they are upstanding no matter if strategy is executed or not.

Price for designing and implementing web pages includes cost of licensed material displayed on page. As pages will be developed internally cost is considerably lower compare to cost of outsourcing of this action.

Budget for Action 2 mainly consists of resources required for internal changes of the firm. Such adjustments include web presentation alternations, billing system adjustments for new types of products and services. Internal administration system needs to be updated and prepared as well.

Action 3 budget mainly consists of expenses for communication. It is the same in case of Action 7. In both cases Mediahost is obtaining and analyzing feedback from customers, therefore communication will be extensive in these actions and budget needs to count on it.

Action 4 budget is very similar to web pages budget. Budget will be used on licensed material and software that enables internal web administrative tools to be usable publicly.

Performing adjustments in Action 5 is not expected to be demanding on resources; therefore size this particular budget is designed to cover all unexpected expenses on top of expected that are estimated be none.

Biggest portion of budget strategy is dedicated for advertisement campaign (Action 6). As it was explained earlier campaign is crucial for attracting new customers and therefore crucial for success of whole strategy. Budget constrains resources that will be spent for web adverts mainly through Google's adWords service. For successful campaign using this service, advertisement and therefore funds need to be exercised in long term. In case of

Mediahost it is expected to spend around 1,000€ per month for adWords. Rest is scheduled to be used for particular web pages advertisements.

For complete budget table see Appendix 7.

7 Conclusion

In goals it was stated that marketing strategy shall double number of Mediahost's customers in two years. Since this strategy is going to be executed in beginning of year 2013, author is unable to fully conclude assets that strategy will bring. However analytical part and feasibility of the strategy can be summarized.

Analysis itself was performed with close cooperation with executive officer of Mediahost company. In addition to this fact, company was very kind with sharing internal information, therefore proposed strategy is very accurate in terms of applicability to current state of the company and market that it is operate on. It applies for all subjects discussed in this diploma thesis.

Starting with analysis, it needs to be mentioned that it was developed within the company that willingly shared very valuable information and market that business and technical aspects were familiar to the author.

Content accuracy applies for the strategy as well. Market is described as it is experienced, marketing campaign is proposed as it is feasible for Mediahost and prices are designed to be acceptable for both, current market and company.

Even that strategy has not been executed yet and outcomes are not certain, one thing is for sure. This strategy proposes changes that will considerably change way how are products/services provided and sold. After performing this strategy for two years, there will need to be something that Mediahost will continue with. Market is changing every day and to be able to stay on such market company needs to accommodate accordingly. After this particular strategy, there needs to be another one. It may be similar or entirely different or designed for longer/shorter period of time but it always needs to reflect company's aims and those should put customer on first place.

8 References

1. **GREYSER, S.A.** Janus and marketing: The past, present and prospective future of marketing. *Reflections on the Future of Marketing*. 1997.
2. **PORTER, M.E.** From competitive advantage to corporate strategy. *Harward Business Review*. 1987, Vol. 3, 65.
3. **DOYLE, P.** Go for robust growth. *Marketing Business*. April, 1997, 53.
4. **HOOLEY, G., PIERCY, N.F., NICOULAND, B.** *Marketing strategy and competitive positioning*. Harlow : Pearson Education Limited, 2008. 9780273706977.
5. **SLATER, S.F.** Customer-led and market-oriented: let's not confuse the two. *Strategic Management Journal*. 1998, 19.
6. **WERNERFELT, B.** A resource-based view of the firm. *Strategic Management Journal*. 1984, Vol. 2, 5.
7. **SHIMIZU, K.** Professor Koichi Shimizu's 7Cs Compass Model. *Josai University*. [Online] 1979. [Cited: August 22, 2012.]
<http://www.josai.ac.jp/~shimizu/essence/Professor%20Koichi%20Shimizu's%207Cs%20Compass%20Model.html>.
8. **PORTER, M.E.** *The competitive advantage of nations*. New York : Free Press, 1990. 0684841479.
9. **TRAILL, W.B., PITTS, E.** *Competitiveness in the Food Industry*. London : Blackie Academic & Professional, 1998. 0751404314.
10. **HUMPHREY, A.** SWOT Analysis for Management Consulting. *SRI International*. [Online] December 2005. [Cited: August 22, 2012.]
<http://alumni.sri.com/newsletters/Dec-05.pdf>.

11. **REIS, J.** File:SWOT pt.svg. *wikimedia.org*. [Online] November 9, 2006. [Cited: August 22, 2012.] http://commons.wikimedia.org/wiki/File:SWOT_pt.svg.
12. Tracking the Global Economy. *Federal Reserve Bank of St. Louis*. [Online] [Cited: August 22, 2012.] <http://research.stlouisfed.org/economy/>.
13. **LEE, J., WARE, B.** *Open Source Web Development with LAMP: Using Linux, Apache, MySQL, Perl, and PHP*. Boston : Addison-Wesley Professional, 2002. 9780201770612.
14. **JUNG, J.** File-hosting firms 'responsible for pirated content', German court rules. *ZDNet*. [Online] CBS Interactive, July 16, 2012. [Cited: August 22, 2012.] <http://www.zdnet.com/file-hosting-firms-responsible-for-pirated-content-german-court-rules-7000000950/>.
15. **TRUBAN, M.** Polícia vs. internetoví delikventi. *WebSupport Blog*. [Online] November 29, 2010. [Cited: August 22, 2012.] <http://blog.websupport.sk/2010/11/policia-vs-internetovi-delikventi/>.
16. Narodny Bezpecnostny Urad pwn3d. *blackhole.sk*. [Online] April 25, 2006. [Cited: August 22, 2012.] <http://blackhole.sk/node/442>.
17. Disky zadržané políciou po 2 rokoch vrátené. *WebSupport*. [Online] June 16, 2009. [Cited: August 22, 2012.] <http://blog.websupport.sk/2009/06/disky-zadrzane-policiou-po-2-rokoch-vratene/>.
18. E-Skills Week 2012 Computer skills in the EU27 in figures. *Eurostat Press Office*. [Online] March 26, 2012. [Cited: August 22, 2012.] <http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/12/47>.
19. **ONUFEROVA, M.** Slovensko si stále drží rast, Česi prehľbili recesiú. *SME.sk*. [Online] May 15, 2012. [Cited: August 22, 2012.] <http://ekonomika.sme.sk/c/6376369/slovensko-si-stale-drzi-rast-cesi-prehlbili-recesiu.html>.

20. Prices and purchasing power parities (PPP). *OECD.org*. [Online] [Cited: August 22, 2012.] www.oecd.org/std/prices-ppp.
21. WebSupport mal šiesty výpadok za 5 rokov, pre stlačenú stopku na dieselovom generátore. *DSL.sk*. [Online] July 9, 2012. [Cited: August 22, 2012.] <http://www.dsl.sk/article.php?article=12785>.
22. **MACIEJ**. The Five Stages of Hosting. *Pinboard Blog*. [Online] January 29, 2012. [Cited: August 22, 2012.] http://blog.pinboard.in/2012/01/the_five_stages_of_hosting/.
23. Top-Level Domains (gTLDs). *Internet Corporation for Assigned Names and Numbers*. [Online] [Cited: August 22, 2012.] <http://archive.icann.org/en/tlds/>.
24. Root Zone Database. *IANA*. [Online] [Cited: August 22, 2012.] <http://www.iana.org/domains/root/db/>.
25. Štatistiky-domén. *statistiky-domen.sk*. [Online] [Cited: August 22, 2012.] <http://www.statistiky-domen.sk/>.
26. **GABE, G.** Bounce Rate and Exit Rate, What is the Difference and Why You Should Care. *G-Squared Interactive*. [Online] August 8, 2007. [Cited: August 22, 2012.] <http://www.hmtweb.com/blog/2007/08/bounce-rate-and-exit-rate-what-is.html>.
27. **NYMARK, L., RAMAZAN, S.** *Search Engine Marketing on Google - the level of effectiveness and efficiency of AdWords*. Luleå : Luleå University of Technology, 2008. 1402-1773.
28. **PIERCY, N.F., GILES, W.** Making SWOT analysis work. *Marketing Intelligence & Planning*. 1989, Vol. 7, 5/6.
29. **ARMSTRONG, G., KOTLER, P.R.** *Marketing: An Introduction, 8th Edition*. s.l. : Prentice Hall, 2006. 0131865919.
30. **COLLIS, D., MONTGOMERY, C.** *Corporate Strategy: Resources and The Scope of The Firm*. Irwin : McGraw-Hill, 1997. 0256178941.

31. **HITT, M.A., IRELAND, R.D., HOSKISSON, R.E.** *Strategic Management: Concepts and Cases: Competitiveness and Globalization*. s.l. : South-Western College Publishing, 2004. 0324275307.
32. **GRANT, R.M.** *Contemporary Strategy Analysis*. s.l. : Wiley-Blackwell, 2007. 1405163097.
33. **KOTLER, P., ARMSTRONG, G.** *Principles of Marketing, 10th Edition*. s.l. : Prentice Hall, 2003. 0131018612.
34. **KOTLER, P., KELLER, K.L.** *Marketing Management (12th Edition)*. s.l. : Prentice Hall, 2006. 0131457578.

9 Appendix 1 (Slovak domain statistics)

Number of domains registered in Slovakia

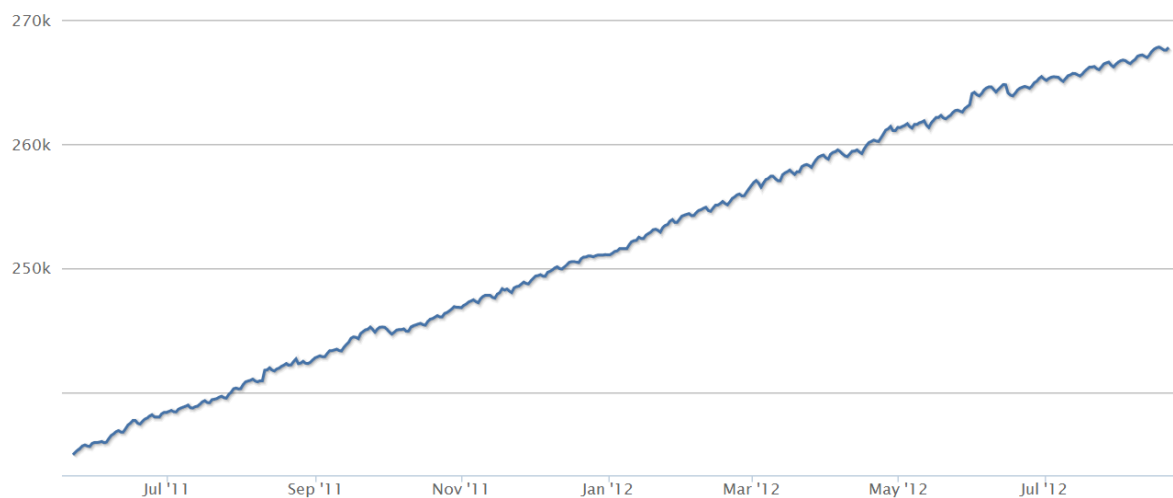


Figure 9-1 (Source: (25))

Number of domains registered in Slovakia ordered by registrar

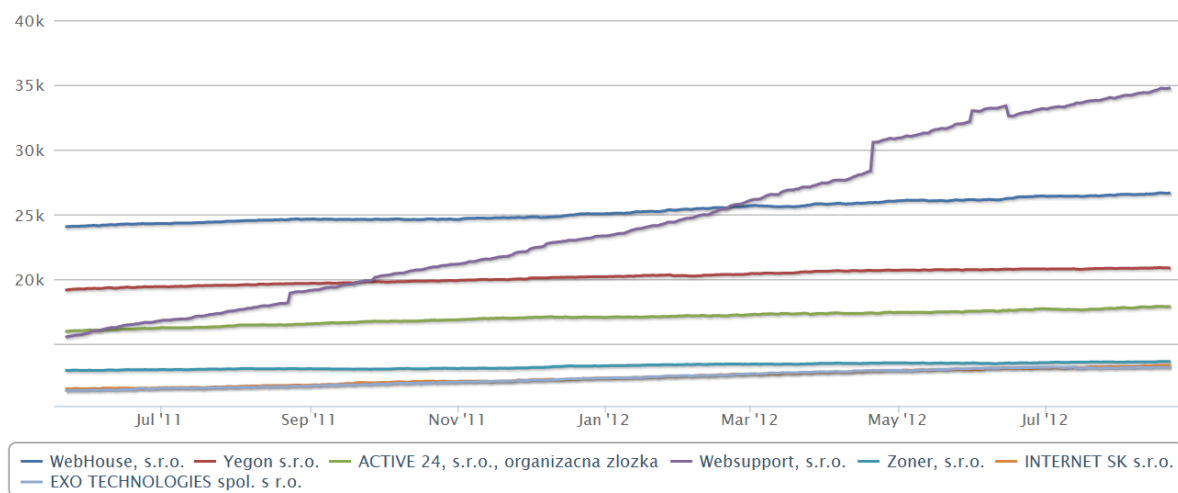


Figure 9-2 (Source: (25))

10 Appendix 2 (Mediahost service Quality Survey 2010)

Mediahost service rating

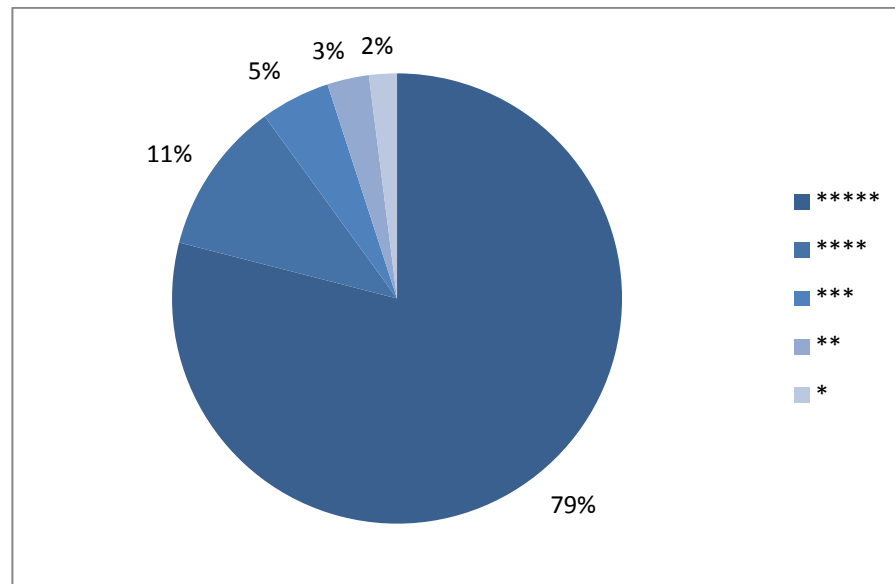


Figure 10-1 (Source: author)

Customer satisfaction by service provided

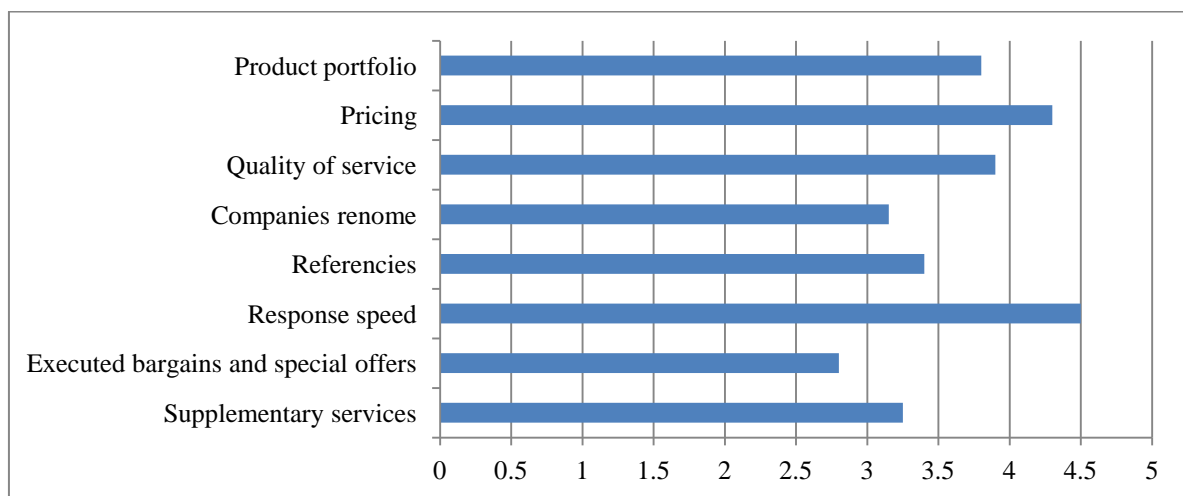


Figure 10-2 (Source: author)

11 Appendix 3 (Mediahost current product portfolio)

Domains

TLD	Annual price
.sk	€ 18.59
.cz	€ 18.59
.com	€ 28.55
.net	€ 11.95
.org	€ 11.95
.name	€ 11.95
.biz	€ 11.95
.info	€ 11.95
.co.uk	€ 11.95

Table 11-1 (Source: author)

Standard webhosting

	Monthly fee	Disk space	E-mail	Database
Webhosting A	€ 1.96	400 MB	15x	none
Webhosting B	€ 3.29	1,500 MB	100x	5x
Webhosting C	€ 4.95	3,000MB	∞	100x

Table 11-2 (Source: author)

Supplementary services

	Price
Graphic design	€ 110.00
HTML coding	€ 90.00
Language alternative	25% of original
Subpage	starting at € 7
Web actualization	€ 12/hour
Basic banner	starting at € 15
Flash banner	starting at € 25
SEO (web)	starting at € 60
SEO (e-shop)	starting at € 120
Online shop	€ 800.00

Table 11-3 (Source: author)

12 Appendix 4 (Hosting programs of chosen companies)

Company / Hosting						
	<i>Mediahost</i>	<i>WebSupport</i>	<i>Yegon</i>	<i>Super Webhosting</i>	<i>Active 24</i>	<i>Atlantis</i>
Standard Web Hosting ¹						
Variant A	€ 1.96	€ 0.50	€ 2.99	€ 1.99	€ 0.80	€ 2.35
Variant B	€ 3.29	€ 2.00	€ 6.64	-	€ 1.00	€ 3.15
Variant C	€ 4.95	€ 3.30	€ 13.27	€ 3.59	€ 2.00	€ 6.34
Unlimited Hosting	-	€ 5.50	-	€ 5.49	-	-
Custom Hosting ²	-	€ 2.90	-	-	€ 9.01	-
Virtual Server ³	-	€ 17.00	€ 19.90	-	€ 15.95	-

Table 12-1 (Source: mediahost.sk, websupport.sk, yegon.sk, superwebhosting.sk, active24.sk, atlantis.sk)

¹Standard web hosting variants are different and are not directly comparable. Purpose is to demonstrate difference in price range in similar, not same, products.

²Price of the plan with very similar settings to compare pricing of various providers.

³In price comparison are compared options with similar properties from corresponding provider.

13 Appendix 5 (Image of Mediahost web presentation)

The screenshot displays the Mediahost website with a red and black theme. The top navigation bar includes links for 01 Hosting, 02 Domény, 03 Webstránky, and 04 Kontakt. The main header features the Mediahost logo and the website URL www.MEDIAHOST.sk. A sidebar on the left contains a menu with categories like Webhosting, Domény, Webstránky, and Mediahost, each with sub-links. The main content area is divided into three columns: Webhosting, Domény, and Webdesign. Each column lists services and prices. The Webhosting column offers services like web space, domain registration, and email accounts. The Domény column lists various domain extensions and their prices. The Webdesign column offers website design, redesign, and optimization services. On the right side, there is a login section for clients, a 'Novinky' (News) section with recent updates, and a 'Problém: Nahlásená škodlivá stránka!' (Problem: Reported harmful page!) section. At the bottom, there is a 'POMÔŽTE NÁM POMÁHAŤ' (Help us help) section with a TatraPay logo and a footer with the copyright notice © 2005 Mediahost.sk.

01 Hosting **02 Domény** **03 Webstránky** **04 Kontakt**

www.MEDIAHOST.sk

Kompletné služby pre Váš web.
"Teším sa, že pracujeme na tom, čo nás baví"
Tomáš Kapicák, zakladateľ spoločnosti

1) Webhosting - prevádzka web stránky na internete
2) Registrácia domén - Vaša internetová adresa
3) Webdesign - tvorba web stránok a internetových aplikácií

Webhosting
Poskytujeme:
■ priestor,
■ prevádzka,
■ garantovaná dostupnosť,
■ e-mailové schránky,
■ štatistiky,
■ technická podpora,
■ nonstop dohľad
a mnoho ďalších služieb.
Cena od: **1.96€**
~ 45,- Kč ~ 59,- \$k
viac informácií

Domény
Registrujeme:
■ slovenské domény (.sk),
■ európske domény (.eu),
■ zahraničné domény (.cz, .com, .org, .info, .name, .net, .biz, .co.uk, .pl a iné aj dohodou)
Cena od: **11.95€**
~ 280,- Kč ~ 360,- \$k
viac informácií

Webdesign
Vytvárame:
■ web stránky,
■ redesign stránok,
■ internetové obchody,
■ databázové systémy,
■ internetové aplikácie,
■ návrhy dizajnov,
■ flash animácie,
■ optimalizáciu - SEO,
■ registráciu do katalógov.
Cena od: **66.35€**
~ 1599,- Kč ~ 1999,- \$k
viac informácií

Klientská sekcia
Login
Heslo **OK**

Novinky
Nové čísla k nám
Internetové otázky riešime na nových centrálnych číslach našej podpory:
Zapíšte si!
0917 747 222 územie SR
777 297 092 územie ČR

200 000 domén .sk
Počet zaregistrovaných domén s koncovkou .sk prekročil hranicu 200 tisíc. Domén s koncovkou .cz je viac ako 600 000.

Individuálny hosting
Napíšte nám aký hosting potrebujete. Obratom Vám zdarma zašleme cenovú ponuku!

Problém: Nahlásená škodlivá stránka!
Ako postupovať, ak je stránka na zozname podozrivých stránok

ZDARMA!
Neviete koľko by stála tvorba webstránky, eshopu?
Cenová kalkulačka zdarma!

Poslite nám sms zdarma!
Od: +42
Text:
467

Odoslať!

Rozhovor pre TA3
TA3 oslovila našu spoločnosť, aby prezradila svojim divákom viac o tvorbe a využívaní internetových obchodov

SMS systémy
Potrebujete byť promptne informovaný o zmenách na webe? **SMS systém** od Mediahost-u môže byť riešením.
Kontaktujte nás

Webhosting, registrácia domén, webdesign
Predstavujeme Vám **3 jednoduché kroky** na podporu efektivity Vášho biznisu. Otvorte sa svetu moderne a úspešne! Kvalita overená vlastnými referenciami.
1) Vyberte a registrujte si **doménu** - adresu web stránky, napr. www.mediahost.sk.
2) Prenajmite si miesto, kde budú Vaše stránky uložené na internete - **webhosting**.
3) Samotné vytvorenie webovej prezentácie - **webdesign**.

1. Výber a registrácia domény
Ak chcete mať vlastnú doménu (adresu web stránky), stačí sa najskôr rozhodnúť, o akú doménu máte záujem, zistiť, či je **doména voľná**, vyplniť formulár pre registráciu (vyplniť a potvrdené formuláre poslať), nastaviť DNS servery a doménu aktivovať. Samozrejme dávať pozor na expiráciu (vypršanie platnosti) domény.
Mediahost Vám s doménami pomôže a kompletne sa postará o Vašu doménu.
Viac informácie v časti **DOMÉNY**

2. Prenájom web priestoru pre stránky - webhosting
Ako dať o sebe vedieť Vaším potenciálnym zákazníkom? Internet denne používajú milióny ľudí na vyhľadávanie informácií. Umiestnime teda i Vašu stránku do tejto celosvetovej siete. Ide o službu webhosting - poskytovanie priestoru pre Vaše stránky. Máte na výber z veľkého množstva spoločností, ktoré webhosting poskytujú.
U nás máte garanciu dostupnosti, k hostingu máte okrem priestoru pre web stránky aj emailové schránky, podporu mnohých funkcií, špecifické podpory programovacích jazykov a scriptovania, ktoré uvidia každý programátor, štatistiky, najvyššiu konektivitu v SR a ČR, technickú podporu (ak by Vám niečo nebolo jasné, môžete nás kontaktovať) a veľa iného. Naše ceny sú ak nie najnižšie, tak určite jedny z najnižších.
Mediahost Vám s webhostingom pomôže - informácie v časti WEBHOSTING

3. Tvorba web stránok a internetových aplikácií
Vaša prezentácia sa vytvára programovaním (zadávaním určitých kódov, ktoré sa v konečnom dôsledku - prezeranie cez prehliadač - zobrazia ako webová stránka). Zisťujeme Vaše požiadavky, vytvoríme analýzu a poradíme Vám osvedčené postupy, vytvoríme návrh stránky, kód stránky, vytvoria sa funkcie na stránke, o ktoré budete mať záujem (napr. vyhľadávanie, katalógy výrobkov, nákupné košíky...), stránka sa optimalizuje.
Postupy pri tvorbe internetovej stránky nemá každá spoločnosť rovnaké. Keďže máme s tvorbou web stránok bohaté skúsenosti, vieme ako sa čo najlepšie priblížiť k politike, stratégii a potrebám Vašej spoločnosti. Ku každej stránke pristupujeme ako k individuálnemu projektu.
Mediahost Vám s tvorbou web stránok pomôže - informácie v časti WEBDESIGN

© 2005 Mediahost.sk

Webhosting - Registrácia domén - Webdesign - Kontakt

Figure 13-1 (Source: mediahost.sk)

14 Appendix 6 (Domain price proposal)

TLD	No. of domains	No. of domains %	Current annual price	New annual price*
.sk	370	77%	€ 18.59	11.95
.cz	25	5%	€ 18.59	11.95
.eu	16	3%	€ 18.59	11.95
.com	40	8%	€ 28.55	11.95
.net	11	2%	€ 11.95	11.95
.org	4	1%	€ 11.95	11.95
.name	0	0%	€ 11.95	11.95
.biz	4	1%	€ 11.95	11.95
.info	1	0%	€ 11.95	11.95
.co.uk	2	0%	€ 11.95	11.95
other	10	2%		

Table 14-1 (Source: author)

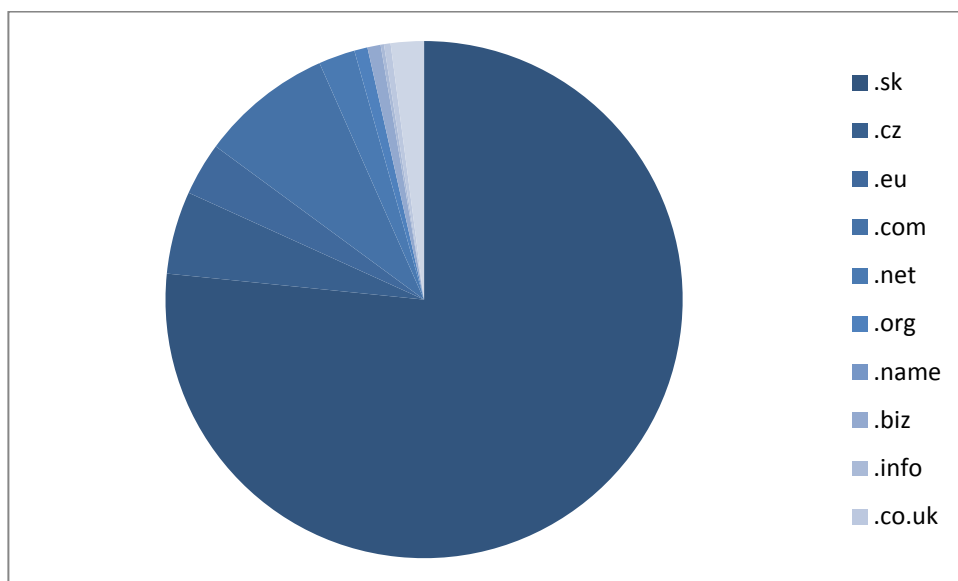


Figure 14-1 (Source: author)

15 Appendix 7 (Marketing strategy budget table)

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Total Cost
Action 1	€ 300.00								€ 300.00
Action 2	€ 300.00	€ 200.00							€ 500.00
Action 3		€ 80.00	€ 120.00						€ 200.00
Action 4			€ 300.00						€ 300.00
Action 5				€ 100.00					€ 100.00
Action 6					€ 3,000.00	€ 3,000.00	€ 4,500.00	€ 4,500.00	€ 15,000.00
Action 7								€ 300.00	€ 300.00
Expenses	€ 600.00	€ 280.00	€ 420.00	€ 100.00	€ 3,000.00	€ 3,000.00	€ 4,500.00	€ 4,800.00	
Revenues*	€ -	€ 100.00	€ 200.00	€ 300.00	€ 500.00	€ 750.00	€ 1,300.00	€ 1,900.00	
Profit	€ (600.00)	€ (180.00)	€ (220.00)	€ 200.00	€(2,500.00)	€(2,250.00)	€(3,200.00)	€(2,900.00)	

Table 15-1 (Source: author)

*Expected revenues brought by execution of proposed marketing strategy.

16 Appendix 8 (Timeline of registered .SK domains)

Year	No.
2006	102472
2007	124707
2008	158128
2009	189077
2010	220364
2011	235916
2012	264050

Table 16-1 (Source: www.sk-nic.sk, www.statistiky-domen.sk)

Data represents state of registered .sk domains in June of particular year.

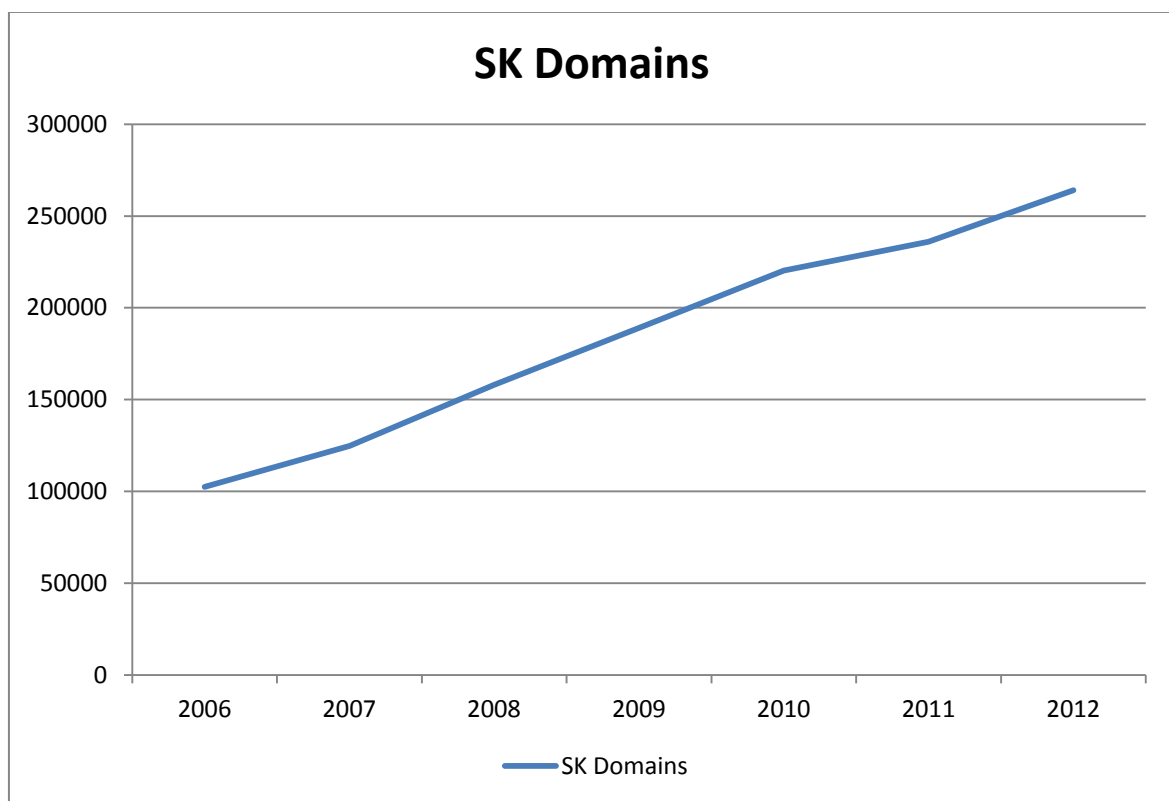


Figure 16-1 (Source: www.sk-nic.sk, www.statistiky-domen.sk)