

TO THE EDGE OF MARKETING WARFARE. APPLYING MILITARY STRATEGIES IN A COMPANY FROM THE MOBILE TELECOMMUNICATION SECTOR IN ROMANIA

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As military strategy preceded firm strategy, it is natural to state that firm strategy took the majority of its main concepts from the military. Nowadays, the business environment plays an important role in adopting strategic decisions. This implies that in the center of a company's view, competition stands for one of the important factors. The interactions between economic agents become more and more intense, leading to firm cooperation, strategic partnerships, firm cluster and firm networks. However, there are also many ways for companies to engage in conflict. For smaller companies the most suitable approach on conflict is guerrilla warfare. We considered a company from the mobile telecommunication sector in Romania and showed how the several identified military techniques improved the company's performance. In addition, we made a number of recommendations based on the principles of running a guerrilla war.

Key words: guerrilla warfare, marketing strategy, military strategy, corporate strategy

Rationale

The marketing strategy adopted by a company for a certain period is the result of combining the experience, the intuition and the expectations of the marketing managers, of the knowledge and art these one possess; is the result of confrontations, compromises and negotiations. Habitually, the companies elaborate their strategies on short, medium and long term with clear, solid and precise objectives that are detailed through the corresponding tactics. Along these lines, the companies act in response both to the instant requests of the business environmental changes and to ascertain of a long terms demeanour, fact that consents a unitary and coherent vision.

However, the most relevant issue regarding the present marketing strategies is represented by the customer-oriented policy, which can be encountered at the basis of the majority of marketing approaches. The famous slogan "Our Customer is our Master" can be considered inconsequential nowadays. "The Master Customer" has vanished. The justification is quite straightforward: the customer oriented approach and the establishment as main objective the fulfilment of the consumer needs in optimal conditions applies for the growing markets. Customers revealing not as much as a natural need to fulfil but as an urge consume characterize the most part of the contemporary markets. Therefore, such a customer will not be convinced to consume by a lower price or a better offer as he consumes due to the compulsion to act in such a manner.

Therefore, we state that a company that operates on such a market should not count on the new customers in order to raise its revenues but should focus on its competitors' clients. Consequently, this company should conceive an aggressive strategy aimed towards its competing companies, towards their destabilization and even exclusion from the market. This is the bridge between military strategy and firms' strategy based on competition – *the conflict management*. At first glance, it may seem overstated to employ

in business strategies designed to exclude the competitors. We consider that it is not longer the case for a manager to believe that if maintaining a passive position on the market his competitors will do the same. The main purpose of a manager should be the identification of the main revenue source on the market. Taking into account the issues stated above, the intuitive answer would no longer be “our customers’ funds” but “our competitors’ clients’ funds”. We can notice a double advantage: every new client taken from the competition means both a growth in the company’s revenues and a diminishing of the competitor’s revenues.

As military strategy preceded firm strategy, it is natural to state that firm strategy took the majority of its main concepts from military strategy. Because the two had an independent evolution, an orientation demarcation took place regarding the concrete applicability. Albeit in passing years the problem of adapting a series of mainly military techniques for business use was raised, the time’s economists quickly undermined those ideas. They stated that war and conflict, in general, lead to a decrease in economic value of activities and that the only way to obtain prosperity is to develop a company and direct its financial and human resources towards production and internal development.

Nowadays, we consider things in a different manner. Even though the main objective of every company remained the same – to obtain profit, it is well recognized the importance of the business environment. This implied that in the center of a company’s view, competition became one of the most important factors. Today, the interactions between economic agents became more and more intense, leading to firm cooperation, strategic partnerships, firm clusters and firm networks. These partnerships share much with military alliances, both from operational and functional points of view (alliances confer psychological safety, ensure easy access to resources and information shared between group members, and provide an overall economic strength).

However, these alliances created a new favorable context for the development and application of aggressive military strategies. The fact that peaceful strategies had worked, implied that there is a possibility that offensive strategies could be used successfully. Thus, military strategies were successfully applied in marketing situations, the managers that adopted this aggressive way to run their business had results that exceeded expectations regarding market share. If we take into consideration the simple aggressive human nature, we can explain the aggressive behavior of companies. An alliance is able to provide a whole lot of opportunities, but it cannot provide the power possessed by a market leader. Using aggressive military strategies aimed towards the competition, some formidable competitive advantages could be obtained by firms that decide it is best to defend their market share, and by companies that consider the attack the only solution. Considering the free market, using military strategies does not represent a time consuming process because the concepts taken into consideration are clear-cut. The manner of employment these concepts stand for the *innovative* matter.

In the late 80’s, experts from the firm strategy field, realized that there was a vast knowledge “database” dating some thousand years that they barely analyzed. They turned their attention towards military in order to find a series of principles that could be used in order to elaborate firm strategies. A series of well-known works like “The art of war” by Sun Tzu and “On war” by Carl von Clausewitz became instant classic business books. From Sun Tzu we can learn the tactical part of military strategy. On the classical principle of strategy “the advantage of the first move”, Sun Tzu said “In general, the one that occupies the field of battle first and awaits the enemy is tranquil, and the last to arrive, rushes to the fight and is both mentally and physically tired”. From von Clausewitz we can learn the unpredictable dynamic nature of military situations. Von Clausewitz considered that in chaos and confusion situations, the strategy should be based on flexible principles. The strategy does not derive from a formula or rule of thumb, but from adapting current actions. He called this concept “friction” (events that unfolded minute by minute).

In a company, one could apply three types of military strategies: offensive, defensive and guerrilla strategies. Offensive strategies represent a type of business applicable strategies designed to ensure the achievement of an objective; usually the rise of market share in spite of a competitor. Defensive strategies represent those kinds of strategies designed to protect one’s market share and maintain profitability and market positioning.

Guerilla warfare represents a distinct way on war approach. This type of war means weakening the enemy through a series of minor attacks. The guerrilla forces, instead of organizing themselves in compact groups, which are divided into small taskforces that attack in a selective manner enemy weak spots. The general frame in which the strategy progresses is represented by a succession of attacks and withdrawals. It is a

well-known fact that guerillas do not win wars; instead, it determines the adversary to lose it. The efficiency of guerrilla warfare resides in the series of strong points, as follows: a) due to the fact that a full confrontation with the enemy will never take place, the guerrilla will conserve its resources; b) a guerrilla force is very flexible and can be adapted both for offensive and defensive operations; c) a guerrilla is hard to counter using classical means.

In marketing, guerrilla warfare could be used in various ways: a) advertising that compare own products with those of the competitors, b) short term alliances c) selective reductions in price d) negative publicity.

Guerrilla tactics are very easy to use by small firms that naturally have high flexibility and have limited resources. A small firm can easily abandon market sectors, can easily change their product range, and from a managerial point of view, can easily change its objectives. If we consider a large company that runs mainly on efficiency principles, it will be unproductive for that company to make efforts to remove a small company that tries to expand, because the expenses involved in the process will surmount by far the short and medium term potential revenues. Small firms also have a major advantage over large companies regarding client proximity. A small firm is far closer to its clients and can interact with them on a human level. This in turn creates opportunities to make low cost advertising and even zero cost advertising.

Case Study. Overview and Recommendations

A very important economic sector stands for the mobile telecommunication market. After 1997, this sector developed into a significant part of the Romanian economy by the entering on the market of the mobile telecommunication companies. Our study will consider a Company that crossed the threshold of the medium-large companies within the telecommunication market in 2006 by employing the military strategies – mainly the guerrilla ones.

In 2005, the Company launched itself under a new brand. For 2005, the revenues from services were about 8 million euros, while the number of customers at the end of the year counted for about 50.000. Furthermore, the financial reports for the first nine months of 2006 disclosed revenues of about 27 million euros. To this result contributed both the significant growth regarding the number of clients to over one million and the revenues per capita.

The strategy of the Company for the first year of activity on the Romanian market distinguished itself by large investments (over 220 million euros), aimed to transform the organization into a reliable participant on the telecommunication market and to accomplish the pledge of making the mobile-phone accessible to as many consumers as possible. Therefore, the Company expanded the telecommunication network coverage to 95% of the residents and 82% of the area and strengthened its distribution network. The Company continued within the following years the investment decisions regarding the brand consolidation as well as the development of the products that aimed to be accessible and relevant for the growing number of clients.

We can notice that the investment plan for the first three years of activity on our market sums up to 500 million euros. In addition, in accordance with the Company's strategy with reference to the providing of the most advanced technologies, there were performed investments regarding the i-mode technology that provides the customers express access to a large array of theme content and e-mail applications through the mobile phone. Therefore, the Company continued in 2007 the aggressive investment policy as well as the launching of products designed for the Romanian customer.

As far as the market positioning is concerned, the Company continues to place itself on the third position in Romania. Nonetheless, we consider that the studied Company was a very successful one, managing to expand the number of customers significantly. However, the *market share* of the Company is still small in comparison with the other two large participants of the market.

The military techniques that should be applied by the mobile telecommunication Company are the *guerrilla* ones and, when necessary, the *flanking attacks*. Within 2006, we can identify a range of successfully used military techniques aimed to penetrate the market. Therefore, the flanking attack was performed by circumventing the market segment intensely disputed by the other two participants within the market – the post-pay services segment – and “attacked” the prepay market for the young people with low budgets. Not only did they follow the number one rule regarding the efforts concentration but they also pursued the principle stating that a *flanking attack evades the disputed point and invades into a vulnerable area*.

The guerrilla warfare is that type of war that should be practiced by those companies with a small market share, being the means of combating of the small companies against the large ones. In addition, the guerrilla warfare is represented by a flexible and scattered operational approach. In addition, this approach not only that has the due time, but it also allows the reallocation of this one – as an important economic resource, among the most important operations regarding one company’s activity.

The guerrilla stands more for a positioning conduct than for an organizational one: the army – company situate itself and its resources in such a manner that the competitors cannot detect or use the latter ones. Following this principle, its aim regards detection and employment of the competitors’ resources. Consequently, a small company is not necessary indigent, but it cannot afford to lose resources because their achievement stands for a large financial and strategic effort. Therefore, the essence of applying the guerrilla techniques by companies resides in dominating a market segment discriminated by the characteristic of being as contracted and easy to preserve as possible. In addition, this technique allows an effortless manner of leaving, without losing the economic, financial and strategic resources.

The company, adept in guerrilla warfare must follow a series of general principles in order to ensure its market success. Among these, we can mention principles of paramount importance for the Company. First, “a guerrilla must enforce its successes and abandon its failures”. This principle explains the fact that the a company cannot permit itself to waste financial resources trying to mend an unfavorable situation, in turn abandoning a cause is much more advised because the company must maximize every source of revenue. While the company’s competitors can afford to be present all across the country, their services must be easy to acquire in every town, our guerrilla company should focus to operate only in selected territorial sectors, thus it can have a stronger presence in several major towns, making the local residents their loyal customers. Of course that in the case of the selected areas the company can make efforts to keep customers happy and loyal, developing new ways to keep them interested in their products. In essence, the company must develop a strong sense of property and “fight” only on “friendly ground”.

Alongside the before mentioned conduct principle, there are two managerial mentalities that could “destroy” a guerilla. The first one is more dangerous as on the market are few players. “We did it! Now we are playing along the high rollers!” is the thing that should never be thought by the Company’s managers. They must understand that only because they acted as they did – as small firm, using guerrilla techniques – they managed to be successful on the market. If they change their behavior, if they believe that after a series of successes they became a “big fish”, and can act accordingly, the result will be disastrous, implying the cancellation of all the efforts made until now and the loss of the competitive advantages and the invested capital due to the fact that a large company has a different approach on running it’s business. The Company cannot yet mimic the behavior of its competitors because it does not yet have the same amount of available capital.

“I didn’t succeed, no matter I run a small firm anyway”, is another wrong mentality that a manager can have. A winner alongside the necessary resources used to win must also have the correct attitude and mental state. If we start by assuming that the success rate of a small firm is reduced or inexistent, then the positive results will fail to appear. It is highly possible for the Company to continue be successful on the Romanian mobile telecommunications market provided it uses the right tools and has the right mentality.

The Company is the first on the market where the usage of military techniques can be observed. There are distinct military strategy elements that one can identify, which follow closely a series of principles. Among these, the first principle states: “one must find a weakness in the enemy’s defense and attack that point”. The Company thoroughly assessed the market niches where the presence of the competition was the least strong and found that the “prepay card” sector was perfect to make their entrance. Another principle states: “the assault should be carried out on a narrow front as possible”. Indeed the Company only took into consideration for the moment independent consumers, considering only later firm and company users. Finally yet importantly, one should mention the principle that “an attack must be carried out swiftly; the surprise attack is worth more than brute force”. The fact that the Company decided to buy an existing but unsuccessful company and to develop the available network represented that the managers achieved the most important step in entering the Romanian market: they took the existing competitors by surprise.

It is said that reaching the top is not the hardest thing to achieve but maintaining the position, is. The application of military strategies in the Company proved the potential of using classical combat techniques in the economic field. The Company achieved positive results in a short time interval. There is a reason why we should study the use of military strategies from a practical perspective, mainly because it is the

only way to properly determine the advantages and of course the disadvantages of certain actions. It is very important for the considered company to continue to enforce its aggressive behavior, and continue to use the same winning strategies. Also just as important is to keep in mind at least two severe mistakes that can be made. First, it would be a severe mistake to emulate the behavior of the two large competitors and participate in a long-term show of force, trying to offer lower and lower prices. Second, the Company should not consider the present results to be spectacular, become complacent or adopt a defensive position, knowing that its competitors will retaliate.

The Company's success proves from two points of view the usefulness of applying military strategies. First, it proves the vulnerability of larger companies because they failed to properly assess smaller companies and insuring the fact that newcomers could not penetrate the market and discouraging and undermining the smaller firms already on the market. The two large market leaders were too busy attracting new customers and under-valued the threat of a new small company that could easily seize a market niche.

Conclusions

Generally, on a market disputed by two giants there should not be any opportunity for a newcomer except with immense financial efforts. The fact that a small operator became a medium-large operator in such a small period proves the low reaction power of the leaders. The Company could have used these facts alone to raise its notoriety among the customers, seeding a feeling of doubt regarding its competitors. Second, there are facts that indicate that the usage of military strategies and principles aided in the process of entering on the market. The decisive way all the actions were performed, the concentration of all the available resources in order to achieve the goal, the way the least disputed market sectors were identified and used and the fact that priorities were established based on the actions of the competitors, were undeniably effective to fulfill the main objectives of the Company.

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