

# **A Marketing Mix Analysis of DV Buddy in Order to Increase Competitiveness**

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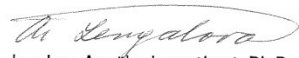
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## **ABSTRAKT**

Hlavním cílem této práce je shromáždit základní data týkající se výrobku DV Buddy, jeho potenciální konkurence, potenciálních trhů, na které je možné zacílit a předložit návrhy jak konstruovat marketingový mix. Práce je rozdělená na dvě části: teoretickou a praktickou. Teoretická část zaměřuje svou pozornost na znalosti, které jsou potřebné k vytvoření praktické části. Praktická část se soustředí na splnění stanovených cílů práce.

Klíčová slova: Potápění s dýchacím přístrojem, bezpečnost, marketing, B2B marketing, marketingový mix, segmentace trhu, tržní zacílení, tržní umístění, SWOT analýza, konkurenční strategie

## **ABSTRACT**

The main objective of this thesis is to collect fundamental data about the DV Buddy product, its potential competition, potential markets that could be targeted and suggestions on how to construct marketing mix. Thesis is divided into two parts: theoretical and practical. Theoretical part is focused on the knowledge that is required to construct the practical part. Practical part is focused on fulfilling stated aims.

Keywords: Scuba diving, safety, marketing, B2B marketing, marketing mix, market segmentation, market targeting, market positioning, SWOT analysis, competitive strategies

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## INTRODUCTION

A safer way to explore Earth's final frontier. Diving industry is growing and the numbers of active divers are increasing year by year. Scuba diving could be classified as extreme sport however there are no specialized safety devices for localization of divers on the seas. Thus, divers are using general safety devices that can be used only when it absolute danger. Because when activated they alarm every search and rescue system in the area. However, divers need to send their location to ship more often because they want to be picked up from the water. That might be hard mainly when waves are big thus the diver on the sea can become invisible. Company MacTechCity is aware of this issue and is currently developing a product called DV Buddy that will solve this divers' problem. Thus, it enables a safer way of discovering underwater world.

This thesis is divided into two parts: theoretical and practical. Theoretical part of this thesis will consist of six chapters. First chapter will introduce general definitions of marketing. Second chapter will define B2B and B2C market. Third chapter will describe segmentation, marketing and positioning. Fourth and fifth chapters are going to define competition and SWOT analysis. The last chapter of theoretical part will introduce marketing mix.

In practical part of this thesis the company and the product with the technologies used in it will be described. Then the knowledge from theoretical part will be used to construct proper segmentation of B2B market. Further this thesis will include ideas on how to target selected markets and how the product could be positioned within the market. This research will also include the analysis of competition within market of safety devices and SWOT analysis to state strengths and weaknesses. At the end of this thesis a potential setting of 4Ps is going to be described and, if possible, some recommendations will be stated.

Since the product is currently under development and many important questions, including resources, are unknown, the aim of this thesis is to describe the product and technologies that it is based on, suggest proper segmentation of a market and then list ideas on how the targeting, positioning and setting of 4P could be performed. This thesis will serve as fundamental summary about the product, market, competition and potential ideas how to construct marketing mix. These collected data might be considered by a company MacTechCity in the future.

## **I. THEORY**

## 1 WHAT IS MARKETING

Marketing and its product can be seen everywhere. People get in touch with marketing on daily basis yet stating one definition that would summarize it is very difficult. Therefore, there are various definitions of marketing. According to Armstrong, Kotler and Opresnik (2017, 32) the simplest definition of marketing is: “Marketing is engaging customers managing profitable relationships”. Boučková et al. (2003, 3-4) adds that the key factor of every marketing analysis and every further decision should be a customer. Thus, marketing could be described as set of complex activities whose purpose is to stimulate and satisfy customers’ needs and wants. Needs could be described as an expression of objective lack of something e.g. water or safety. On the other want wants could be defined as an expression of subjective condition that is formed by social or personal experience. Boučková et al.’s statement could be supported by broader definition of marketing stated by Kotler and Armstrong. Kottler and Armstrong (2016, 29) define marketing as “the process by which companies create value for customers and build strong customers relationship in order to capture value from customers in return”.

According to Boučková et al. (2003, 3) marketing could be defined by many different definitions however many of them do follow the similar patterns and have the following elements:

- It does not consist of partial activity. It is a set of integrated and complex processes and activities.
- It highly focuses on understanding and defining the customers and their problems. Then on finding a solution how to solve those problems.
- It is based on estimating the customers’ needs and developing the service or product that would satisfy those needs.
- Contentment of customers will be seen in the economic out – turn which could be understood as an indicator of successful or unsuccessful business.
- It goes hand in hand with the exchange.

Stanislav Foret (2008, 8) listed in his book five basic principles of marketing:

- 1) Customer is at the centre of all attention. That means that it is necessary to perform systematic research of customer’s wants and needs and finding ways how to satisfy them. Only the customer itself can tell whether his needs were satisfy or not. In other words whether the company did or did not succeed.
- 2) Customer does not buy a product. He buys the benefits that it will bring him. People do not buy cameras because they have great hardware. They buy it because they will be able to get great pictures.

- 3) Marketing is so big and important nowadays that is not only the matter of marketing department. Marketing is a matter of everybody within the company who get into touch with customers. From the cashier to the CEO they all have the influence on the company's marketing.
- 4) Markets must be divided into segments because they are usually heterogeneous.
- 5) Markets and customers are very variable units. They are constantly changing. Mainly because of improvement of technologies that create a new demand which influence new wants and needs.

Based on the evidence provided in this chapter, marketing could be described as a set of tools, processes and operations whose purpose is to increase the probability of being successful on the market through satisfying customers' needs (Foret 2008, 8).

It can be also assumed that satisfied or dissatisfied customers play bigger role nowadays than they did in the past. That might be caused by new inventions like social networks. Thus, the Word of Mouth strength might be increasing. According to Dahl (2015, 173-174) WOM could be described as a person to person communication between a non commercial current user and potential user about the product or service that current user uses. This non – commercial evaluation can be either positive or negative. It depends strictly on the experience of the current user.

On the other hand, defining WOM as person to person communication is still possible. It could be considered outdated because internet and social networks like Facebook or TripAdvisor enables to post reviews or personal experiences that could reach thousands of potential users through shares etc. That means that whether the company's marketing will be good or bad it will reach people much sooner than it would in the past decades (Dahl 2015, 173-174). Thus, marketing must be considered very importantly since it defines the whole company and possibly its future.

## **2 B2B MARKETING AND B2B VS B2C COMPARISON**

Ellis (2011, 6) describes B2B marketing as activity that any company or organization does in order to exchange something with another organization. Business to business and business to consumer share many common elements together. On the other hand, they also differ in a lot of aspects. B2C could be described as the final stage of the whole process because the product or service finally goes to customer whose needs will be satisfied. However, before that will happen many business processes, activities and purchase must be realized.

Ellis (2011, 15) states that B2B marketing should be focused on helping the firms lower the costs or increase the sales of the selling product or service. That could be achieved by understanding the final consumer therefore B2B marketing could be understood as a marketing that targets two customers at the same time: customers on the B2B market and the customer's customer (consumer).

### **2.1 B2B market structure and demand**

B2B market demand could be described as derived, inelastic and fluctuating. Derived demand means that B2B market is actually derived from the B2C one. In other words B2C market demand directly influences the B2B demand. Thus, decreasing demand from readers for books will result into decreasing demand from publisher for paper (Claessens 2015).

Claessens (2015) describes inelastic demand as a one that is not easily affected by a short – term price changes. That could be provided with an example that when prices of paper increase it won't mean that publishers will publish lesser books because they are driven by consumers' demand. On the other hand, B2C demand is elastic. Usually less the product cost the more people will buy it.

Fluctuating demand is characterized by Claessens (2015) as a demand that fluctuates more rapidly than B2C one. That means increasing demand for final product will exponentially increase demand for its components on B2B market.

### **2.2 Buying processes, decision making and buying units**

B2C market can consists millions of individuals willing to buy product or service that is offered on the market. On the other hand, B2C market has fewer buying units but with

more buying power. For example: UK coffee market. There are probably millions of people who are drinking coffee in the UK thus the B2C market has many units. However, 78% of market share is owned by only two companies: Kraft General Foods and Nestlé (Ellis 2011, 16). Thus, the concentration on B2B market is lower but the buying power is much larger.

According to Ellis (2011, 17) decision making process in B2B markets is far more complex than on B2C. It also involves more people. People involved in the decision making process don't have to use the product themselves however their decision is based on analyses and long-term visions. Thus, the decision is more rational than on B2C market. Ellis also adds that the financial considerations and technical specifications also play an important role in the decision making process. The following chapter will include a table where the main differences between B2B and B2C market will be listed.

### 2.3 B2B vs. B2C market

Table 1 Comparison of B2B and B2C market

B2B	B2C
Derived demand	Linear demand
Inelastic demand	Elastic demand
Small significance of advertisement	Big significance of advertisement
Decision made by a groups	Decision made by a individuals
Large buying power	Lower buying power
Complex decision making	Less complex decision making
Rational thinking	Rather irrational thinking
Few buying units in one segment	Larger number of buying units in one segment

Source: author's creation



### 3 SEGMENTATION, TARGETING AND POSITIONING

The basic principle of STP is that market consists of various customers with different wants, needs, buying power, customs or culture. Thus, it is very complicated for one unit (organization) to focus on a whole market. More effective way is therefore focus on those pieces of market that correspond with ideas, principles and needs that the company can actually fulfil. Thus, “segmentation of market means dividing it into homogenous subsets of consumers (customers) that can be targeted by specific marketing techniques” (Machková 2015, 86).

According to Machková (2015, 86) the segment should be homogenous enough in order to be more easily targeted through correct marketing mix. On the other hand, the market should be also heterogeneous so it the segments could be easily recognizable. The third rule that Machková (2015, 86) mentions is measurability. The market should be measurable by buying power, buying behaviour or scale of the segment.

Armstrong, Kotler and Opresnik (2017, 198) state that the process segmentation consists of three steps: market segmentation which divides market into smaller units, market targeting which evaluates the value of each segment and then the market differentiation and positioning which are about creating an image how to organisation want to be seen in the minds of customers.

#### 3.1 Market segmentation

According to Armstrong, Kotler and Opresnik (2017, 198) buyers in markets differ in various features. Thus, the companies can through segmentation divide the market into smaller segments that could be effectively reachable. It is also very important to know who the customer in the first place that means whether it is B2B or B2C segmentation. Therefore, Armstrong, Kotler and Opresnik (2017, 198) divided the market segmentation into three parts: segmentation of consumer market, segmentation of business markets and segmentation of international markets.

##### 3.1.1 Segmentation of consumer market

There are several variables that could be used to proper segmentation of consumer market. However, one universal key or variable does not exist. On the other hand, there are some

major variables that are frequently used in segmenting like geographic, demographic, psychographic and behavioural properties (Kotler and Armstrong 2016, 223)

#### ***3.1.1.1 Geographic segmentation***

Armstrong, Kotler and Opresnik (2017, 199) state that geographic segmentation's purpose is based on dividing market into geographical segments like districts, cities, regions, states, nations or even continents. Moreover, it is up to company's decision whether they will choose to operate on one geographic segment or in several of them. However, the company should think about that the geographic units differ in culture and customs so the product or service should be localized to fully fulfil the customers' needs.

#### ***3.1.1.2 Demographic segmentation***

According to Armstrong, Kotler and Opresnik (2017, 200) demographic criteria for segmentation are the most popular variables. Mainly because it is easier to measure since "demographic segmentations divides the market into segments based on variables such as age, life – cycle stage, gender, income, occupation, education, religion, ethnicity and generation"(Armstrong, Kotler and Opresnik 2017, 200). Those variables are easier to analyze because they can be expressed specifically.

#### ***3.1.1.3 Psychographic segmentation***

People that are segmented by demographic criteria can however still have completely different psychographic characteristics. Thus, psychographic segmentation is needed. This segmentation divide customers based on variables such as personal believes, opinions, life style or class (Armstrong, Kotler and Opresnik 2017, 201).

#### ***3.1.1.4 Behavioral segmentation***

"Behavioral segmentation divides buyers into segments based on their knowledge, attitudes, uses, or responses concerning a product. Many marketers believe that behaviour variables are the best starting point for building market segments" (Armstrong, Kotler and Opresnik 2017, 202).

### 3.1.2 Segmentation of business markets

According to Armstrong, Kotler and Opresnik (2017, 204) the characteristics of segmenting consumers and business markets are in many ways very similar. B2B marketers often use the same variables that were mentioned in the previous chapters. They just adjust the variables for the purpose of B2B market. Thus, demographic criteria would be more considered as industrial criteria etc. However, B2B marketers use further variables that B2C marketers do not use. For example: “operating characteristics, purchasing approaches, situational factors and personal characteristics” (Armstrong, Kotler and Opresnik 2017, 204).

### 3.1.3 Segmentation of international markets

Segmentation of international markets is a very specific topic since only a small number of companies can actually reach segment that large. However, the variables for segmenting will be similar with the exception that every variable will be on large scale. That means that demographic variables will mean regions, states, nations, country, or even whole continent. Another variable that could be used in segmenting the international markets is economic factor. Countries can be divided for example by GDP or the rate of inflation. Political and legal factors are also factors that could be used in segmentation (Armstrong, Kotler and Opresnik 2017, 205).

### 3.1.4 Effective segmentation

According to Armstrong, Kotler and Opresnik (2017, 206) there are many ways how to segment market. However, many of them are ineffective. Armstrong, Kotler and Opresnik listed five factors that market segmentation should have in order to be effective.

- Measurable – Segments should have features that can be measured e.g. size of the segment
- Accessible – Segments should be reachable through forms of communications
- Substantial – “Segment should be largest possible homogenous group” (Armstrong, Kotler and Opresnik 2017, 206), company should choose segments that are important enough to be targeted
- Differentiable – Segments should be heterogeneous to each other that means that the segment should be unique when compared to other segments
- Actionable – company should be able to serve the chosen segment e.g. company should have resources to target chosen segment

## 3.2 Market targeting

According to Machková (2015, 91) market targeting is mainly influenced by three factors: size of the segment, its potential growth and segment's attractiveness. All three factors should be in harmony otherwise it would not be rational to target the segment. In other words segment that is big and attractive however has no potential will probably not be targeted by any company. On other hand company must consider its own resources, which means how the segment can actually be large or small in order to be targeted.

Kotler and Armstrong (2016, 233) state that when the company evaluates the selected segments it must then decide how many and which specific segments will be targeted by the company. Company can either try to target everything that exist in its reach (undifferentiated marketing) or on the other hand the targeting can be very specific on one group or individual (micromarketing) or it could be something in between them thus differentiate (concentrated) marketing.

### 3.2.1 Undifferentiated marketing

This strategy of mass marketing is usually used by companies that might have decided to ignore the differences of customers in the market. Main point of this strategy is to focus on what is ordinary or regular. Thus, this strategy is used by companies that offers product that could be used by anyone therefore the companies tries to approach everyone. These companies might come into trouble and decreasing profits when confronted with another company that has differentiated marketing and is only focusing one specific segment to fulfil its needs (Kotler and Armstrong 2016, 233)

### 3.2.2 Differentiated marketing

According to Kotler and Armstrong (2016, 233) differentiated marketing is a strategy where the company decides to target only some of the segments. That means that the company creates a unique strategy for each of the targeted segments. This strategy is naturally more expensive however it delivers bigger profits because the needs of customers in each segment are more satisfied. It also creates more stability because decreasing image and profit in one segment does not mean that it would be applied to all of them.

### 3.2.3 Concentrated marketing

Concentrated marketing or in other words niche marketing is basically strategy of a company where the focus of the company is not concentrated on getting small share of a large market but getting a large share of relatively small or non – existing market. Through this strategy the company can achieve a strong market position with relatively small resources because these niches on market are often overlooked by larger companies that simply do not have interest in serving the customers in those segments. Or the big companies doesn't find these segments attractive enough (Kotler and Armstrong 2016, 234).

### 3.2.4 Micromarketing

Kotler and Armstrong (2016, 235-236) define micromarketing as “practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations.” Thus, this strategy focuses rather on individuals than on groups. Example could be found in customization of phone cases or shoes. Aim of this strategy is to satisfy the customer as much as possible. On the other hand, it can be very expensive.

## 3.3 Differentiation and positioning

“A product's position is the complex set of perceptions, impressions and feelings that consumers have for the product compared with competing products” (Kotler and Armstrong 2016, 240). In other words product position is how to customer sees the product in his mind. And process of what and how to put the specific image into customer's mind is called positioning.

Kotler and Armstrong (2016, 241) further claim that the companies in order to build a profitable and trustworthy relationship with customer must understand customers' needs and deliver better value than its competitors. That is a way how company can become different within the same market and position themselves as better at satisfying customers' needs than competition. This strategy eventually leads into gaining competitive advantage. However when the company position themselves they must hold on to their promises whatever it costs otherwise they can lose the trust of the customers (Kotler and Armstrong 2016, 242).

“The full positioning of a brand is called the brand's value proposition – the full mix of benefits on which a brand is differentiated and positioned. It is the answer to the cus-

customer's question "Why should I buy your brand?" (Kotler and Armstrong 2016, 244). According to the very same authors there are five correct ways how to construct the right value proposition.

- More for more price
- More for the same price
- The same for less price
- Less for much less price
- More for less price

(Kotler and Armstrong 2016, 244-245)

## 4 COMPETITIVE STRATEGY

There are several marketing strategies that company could use. However, there is not one single strategy that would suit every company. “Each company must determine what makes the most sense given its position in the industry and its objectives, opportunities, and resources. Even within a company, different strategies may be required for different businesses or products” (Kotler and Armstrong 2016, 575).

### 4.1 Basic competitive strategies

According to Kotler and Armstrong (2016, 577) there are four competitive basic strategies that companies can use.

- Overall cost leadership
- Differentiation
- Focus
- Middle – of – the – roaders

#### 4.1.1 Overall cost leadership

Kotler and Armstrong (2016, 577) define this strategy as one where the company is trying to have the lowest possible production and distribution. That enables the company to have the lowest prices between their competitors which eventually lead to large market shares.

#### 4.1.2 Differentiation

Aim of company to produce or create a product that would be very different and unlike any other product within the same market. Creating so differentiated product enables the company to become “class leader in the industry” (Kotler and Armstrong 2016, 577).

#### 4.1.3 Focus

Main essence of this strategy is that company “focuses its effort on serving a few market segments well rather than going after the whole market” (Kotler and Armstrong 2016, 577).

#### 4.1.4 Middle – of – the – roaders

This strategy Kotler and Armstrong (2016, 577) describe as the one that does not lead to success unlike the previous three strategies. They state that when the company doesn't

have a clear strategy it is unlikely that it will succeed. In other words when the company doesn't have the lowest prices, doesn't offer the highest quality product and is not great at serving a specific segment, its path to success is implausible.

## **4.2 Competitive positions**

Companies that competing with each other within the same market, differ in various variables such as size, resources, technologies, age etc. Every company within the market has some competitive position (Kotler and Armstrong 2016, 580).

### **4.2.1 Market leader**

Kotler and Armstrong (2016, 580) define market leader as a company that has the largest market share. Other companies follow the leader in prices, innovations, marketing strategies, distribution channels etc. Market leader should always pay attention to competition and to its own decisions because leader is always being challenged by companies that are in second or third place in market share and those companies are trying to become a new market leader. Thus, in order to remain number one in market share, the company could find a way how to expand demand, a way how to protect current market share or even try to expand current market share (Kotler and Armstrong 2016, 581).

### **4.2.2 Market challenger**

Market challengers are firms that are challenging the market leader via trying very hard to increase its market share. (Kotler and Armstrong 2016, 583) Market challenger can observe what strategies made the current leader successful. Then those strategies can be improved and used by challenger to aggressively attack the position of leader. "In fact, challengers often become market leaders by imitating and improving on the ideas of pioneering processors" (Kotler and Armstrong 2016, 583).

### **4.2.3 Market follower**

Companies, that prefer following the leader instead of confronting him. Kotler and Armstrong (2016, 584) state that being a follower have advantages because the leader have large expenses connected to development, distribution and market. In those areas the follower could reduce costs to minimum because the follower can actually learn from the leader. On the other hand, the market follower must maintain a contact with a market in



order to maintain old customers and attract new ones from market leader or challenger. Therefore, the market follower must figure out a correct balance between being too close to market challengers which could eventually destroy the follower and being too far from the market which would not attract new customers (Kotler and Armstrong 2016, 584).

#### **4.2.4 Market nicher**

According to Kotler and Armstrong (2016, 584) market nichers specialize on serving specific part of a market segment. Market nichers are usually smaller companies with scarce resources and limited possibilities. Thus, focusing on targeting one subsegment or specific customers can bring profit because market share of whole market overall is small however the market share of a specific subsegment is actually immense.

On the other hand, niching of markets involves risks. “The market niche may dry up, or it might grow to the point that it attracts larger competitors. That is why many companies practice multiple niching” (Kotler and Armstrong 2016, 585). With multiple niches the companies have better chance of surviving because they do not depend on just one market.

## 5 SWOT ANALYSIS

Kotler and Keller (2016, 71) describe SWOT as an analysis that evaluates external and internal marketing environment in particular company's strengths, weaknesses, opportunities and threats. Foret (2008, 44) also defines SWOT analysis as a basic element of each marketing strategy and each marketing plan. However, it must be stated that SWOT analysis is usually self – made thus it might be biased and subjective.

### 5.1 External environment

“A business unit must monitor key macroenvironment forces and significant microenvironment factors that affect its ability to earn profits” (Kotler and Keller 2016, 71). Company must consider those micro and macroenvironment factors and decide whether they will become threat or opportunity. External environment, thus threats and opportunities the company cannot influence.

#### 5.1.1 Opportunities

“Opportunity is an area of buyer need and interest that a company has a high probability of profitably satisfying” (Kotler and Keller 2016, 71).

#### 5.1.2 Threats

“Threat is a challenge posed by an unfavourable trend or development that, in the absence of defensive marketing action, would lead to lower sales or profit” (Kotler and Keller 2016, 72).

### 5.2 Internal environment

Internal environment are factors that the company can affect. The company should know in what aspects of business are they good in (strengths) and in which are they bad or weak (weaknesses). Company should define those factors as unambiguously as possible because then it should be clearly visible what are the competitive advantages and what are potential weaknesses. In order to describe internal environment as objectively as possible a company can compare its weaknesses and strengths with its competitors within the same market.

### **5.2.1 Strengths**

Analysis of factors that the company has and which are better than the ones from competition. Those factors could be for example better customer service or more reliable hardware components (Kotler and Keller 2016, 72).

### **5.2.2 Weaknesses**

Analysis of factors that the company has and which are worse than the ones from competition (Kotler and Keller 2016, 72). It should be important for the company to identify and analyse its weaknesses because then the company can reduce numbers of weakness or even transfer them to strengths which would probably increase competitive advantage.

## 6 MARKETING MIX

Marketing mix is probably the most important marketing tool used by companies. It is used to achieve marketing goals. Marketing mix is composed exactly by the capabilities of a company and can also change with regard to market developments. Marketing mix involves all the important that could influence the potential success of a company on the market (Foret 2008, 83). Typical shape of a marketing mix is so called 4Ps:

- Product
- Price
- Promotion
- Place

### 6.1 Product

Foret (2008, 87) defines product as the most important part of marketing mix. Marketing understand the meaning of a product as everything that can satisfy a want or need or everything that can be exchanged. Thus, product can be tangible or intangible. In marketing a product is divided into three levels.

- Core product
- Actual product
- Augmented product

#### 6.1.1 Core product

According to Boučková et al. (2003, 138) core product is a set of basic physical characteristics that are objectively measurable and are securing the functionality of a product. The core product is however losing its importance because nowadays it is a standard that every product should work perfectly and mainly the components used seldom influence the decision making process of customer.

#### 6.1.2 Actual product

The actual product consists basically of core components transferred to satisfying customers' needs. They are basically directly connected to offered product. It consists of parts such as (Boučková et al. 2003, 138):

- Package
- Style

- Performance
- Feeling
- Brand
- User friendliness

### 6.1.3 Augmented product

Augmented product could be described as a non – physical product connected with a value that the customer will get after buying a product. It could be said that the augmented product underlines the customer's experience (Boučková et al. 2003, 138).

- Installation
- Warranties
- Post warranty service
- Customer service

### 6.1.4 Goods and services

The borderline whether product is a goods or service is sometimes rather unclear. Usually product is made of combination of both factors e.g. restaurant is considered as a service however, what the customers will get on the plate is goods. Therefore, product can be distinguished into five possibilities (Bryson 2007, 27-28).

- pure goods
- mixed goods – combination of goods with some services
- goods-service complexes – both components mutually dependent
- services depending on goods support
- pure services

## 6.2 Price

Foret (2008, 95) states that price in the marketing mix could be understood as an amount of money the company wants for offered product. Price is the only part of marketing mix that generates profit of the company since product, promotion and distribution are costs. Setting of correct price is one of the most important decisions managers will come across because it is not only about calculating costs but also about estimating the development of the market. On the other hand, price has extraordinary flexibility thus it can be change almost instantly in order to satisfy customers. According to Foret (2008, 95–96) Basic pricing strategies are:

- Cost – based pricing
  - Price based on costs of the product
- Demand – based pricing
  - Price based on changes within demand for product
- Competitive – based pricing
  - Price based on competition and its similar products
- Value – based pricing
  - Price based on value that the customers gives to the product

### **6.3 Place**

According to Foret (2008, 103) place in marketing mix is understood a process of distribution from the producer and place of manufacture to the customer. Place as a part of marketing mix is demanding and complex process. Specially, nowadays thanks to globalization. The aim of distribution is to offer customers demanding products in the right place at the right time. To be able to do that companies build their distribution channels that consists producers and intermediaries.

#### **6.3.1 Direct distribution**

Direct distribution is a distribution without using any intermediaries. Thus, the product goes from the producer directly to the customer. Main advantages of this distribution is a complete control over customer service, quality of products sold to customer, lower costs and direct contact with the customer. On the other hand, the main disadvantage of this type of distribution is that the company cannot cover larger market (Foret 2008, 104)

#### **6.3.2 Indirect distribution**

Indirect distribution uses one or more intermediaries to get the product to customer. It can be for example wholesaler, retailer, reseller etc. Main advantage of this distribution is that the company is capable of covering a larger market which means more customers can buy the product which means bigger profits. On the other hand, the producer loses control over the product quality that is actually served to the customer. Thus, the producer must fully depend on the qualities of intermediary (Foret 2008, 105-106).

#### **6.3.3 Distribution strategies**

Foret (2008) states that there are three distribution strategies that are used:

- Intensive strategy
  - Products can be seen and bought almost everywhere
- Selective strategy
  - Products that are offered in specialized shops in limited quantity
- Exclusive strategy
  - Highly exclusive products

#### **6.3.4 Market entry strategies**

According to Kotler and Armstrong (2012, 563) the simplest way to enter a foreign market is via exporting. Exporting can be divided into two categories:

- Indirect exporting strategy – using intermediaries to sell the product (involves less resources)
- Direct exporting strategy – company handle export on their own (involves bigger resources)

### **6.4 Promotion**

In marketing mix the promotion is used to inform customers, business partners and stakeholders about company's product, prices and distribution. These processes are called marketing communication or communication mix (Foret 2008, 113). Boučková et al. (2003, 222) define marketing communication as every form of controlled communication that company uses in order to inform, persuade or influence customers for the purpose of increasing sales. Communication mix consists of various tools that are used to promotion of the product.

#### **6.4.1 Advertisement**

With advertisement people get in touch on daily bases. It is probably the oldest and most used tool of communication mix. Advertisement could be defined as a paid and non – personal form of promotion. Its aim is to sell product to potential customers through various media tools (Foret 2008, 114).

#### **6.4.2 Sales promotion**

Sales promotion is effective communication tool that complements advertisement. Sales promotion could be defined as a set of various short – term motivational tools that are made to stimulate quicker and bigger sales of a product (Boučková et al. 2003, 230). Foret

(2008, 114) adds that it is short – term because it is financially expensive since usually the customer gets something for free. Sales promotion can be divided into two sections based on who the sales promotion is focused on.

- Sales promotion to customers
- Sales promotion to intermediaries

According to Boučková et al. (2003, 231) there are various types of sales promotion.

- Discounts
- Free gifts
- Quantity for a lower price
- Bonuses

#### **6.4.3 Direct marketing**

Direct marketing could be understood as everything marketing communications and activities that involve direct contact with the targeted group. Advantage of direct marketing is the fact that this type of marketing can be actually hidden from competition (Boučková et al. 2003, 239). Direct marketing uses tools like leaflets, telephone marketing or direct mails (Foret 2008, 118).

#### **6.4.4 Personal selling**

Personal selling is tool of communication mix that builds its strength on personal, face to face communication with customer. Probably the most important things about personal selling are the qualities of the seller e.g. how well does he know the product and how professional he can be. Personal selling is a basic communication tool for companies that focus on B2B markets (Foret 2008, 117).

#### **6.4.5 Public relations**

PR is a systematic building of good image inside the minds of customers and relationships with the customer. PR's intention is to introduce customers the company's believes, visions and intentions. This is usually achieved by actions that are not made for profit but for the common good of society which can eventually lead to gaining trust of customers (Boučková et al. 2003, 234). The main tools of PR are:

- Press releases
- Press conferences



- Event marketing
- Lobbying
- Sponsorship

## **II. ANALYSIS**

## 7 CHARACTERISTICS OF THE COMPANY MACTECHCITY

MacTechCity s.r.o. is an innovative company that focuses on development of different kind of electronic devices and software. Their aim is mainly on rescue, telemedicine, localization and e-health systems. MacTechCity does development process for external purposes e.g. for customers on demand as well (MacTechCity 2017).

MacTechCity's headquarters are located in Prague, Czech Republic. Prague's division focuses on project management, software and firmware development. Production division is located in Zlín, Czech Republic. Zlín's section is responsible for accounting, product design, hardware development and at last for production of the product as whole with quality control and shipping. MacTechCity has also one foreign subsidiary located in Nijmegen, Netherlands. There is an international business department for MacTechCity located in Nijmegen along with the product development section for E-health products. The official company address is: MacTechCity s.r.o., Na Grosi 1344/5a, 10200 Prague, Czech Republic (MacTechCity 2017).

## 8 CHARACTERISTICS OF THE PRODUCT DV BUDDY

### 8.1 Basic information

Product that this bachelor thesis is mainly about is a rescue system for scuba divers called DV Buddy. It is crucial to know that DV Buddy is currently under development and will not be available at the market in the nearest future.

Product name was not chosen randomly since DV stands as an abbreviation for a word diving and buddy is a code name for co diver in the diver's slang. Torben Lonne (n.d.) once said in one of his guides for diving with safety: "It (buddy) is actually not the question of preference; it is a matter of safety." Therefore, calling the rescue system for scuba divers DV Buddy might be the best option. It can also be easily memorable for customers which might be good for marketing purposes.

DV Buddy as a whole consists of three units. Personal unit, Ship unit and Display unit (MacTechCity 2017). Detailed description of these units will be attached further in this thesis.

"Underwater diving using a self-contained underwater breathing apparatus is known as scuba diving. In scuba diving, divers carry their own supply of breathing air and other necessary equipment."(Technavio 2014)

### 8.2 Currently existing rescue systems for scuba divers

As it was stated before DV Buddy is a rescue system for divers. It was or it is being created in order to increase the safety of divers all around the world. Yacht World (2015) wrote an article about safety on the sea and listed some of the rescue systems that people could use on their adventures. However, majority of them might suit better the yachtsmen or vessels.

Pure – blooded divers might therefore have a problem to find the rescue systems that will fit their needs. Jason Heller (2009) listed in one of his articles about diving several rescue systems that divers can use to get help when it's needed. According to the article, probably the most common rescue systems used by divers are EPIRB (Emergency Position Indicating Radio Beacon) and PLB (Personal Radio Beacon).

Those systems works on the very same principal and that means through COSPAS – SARTSAT rescue system (MacTechCity 2017). National Oceanic and Atmospheric Admini-

stration (n.d.) defines COSPAS – SARSAT as “An international, humanitarian search and rescue system that uses satellites to detect and locate emergency beacons carried by ships, aircraft, or individuals. The system consists of a network of satellites, ground stations, mission control centres, and rescue coordination centres.”NOAA further claims that when the satellite receives the information from the PLB it automatically forwards the coordinates to the ground.

This forwarded signal can be captured by almost every rescue services in the area for example a coast guard or even the army. That can start an enormous search and rescue operation involving helicopters, planes, ships from all around the area. (MacTechCity 2017) “Search and rescue for false alarms costs millions”. (McKie 2014) That might put divers under a huge pressure even though majority of them have some money to spare some of them don’t have millions on their accounts. And even though the search and rescue operation might cost millions of dollars there is still a chance that the whole operation will be unsuccessful.

Another disadvantage in this system might be that the divers are not able to call their ship just because they are lost. And according to MacTechCity’s research (2017) it might be very easy to get lost. In fact there is a very low chance of finding a man on the sea via own eyes or binoculars when one is further than 100 meters away from the ship.

DV Buddy works in a way on a similar principle but on the other hand on a completely different one.

### **8.3 How does DV Buddy work**

DV Buddy uses satellite as well but for a different purpose. PLB sends signal to satellite and when the satellite receives the signal it automatically transmits the signal to the ground. DV Buddy works both as a transmitter and a receiver. That enables the device to send signal to satellite and receive from it the accurate coordinates. Those coordinates DV Buddy again transmit but this time directly to the ship itself with the accuracy of 5 meters. Technology that DV Buddy uses is based on LoRa system. (MacTechCity 2017)

Rohit Narayan (2015) in one of his articles for IoTLeague.com which is a website focusing on Internet of Things described LoRa technology as “A modulation technique based on spread-spectrum techniques and a variation of Chirp Spread Spectrum (CSS), which pro-

vides significantly longer range than the competing technologies. The LoRa wireless technology was developed by Cycleo SAS, which was later acquired by Semtech.”

The main essence of LoRa is that it is based on a principle called “long range, low power”. (Semtech 2017)

“LoRaWAN network architecture is typically laid out in a star-of-stars topology in which Gateways are a transparent bridge relaying messages between end-devices and a central network server in the backend. Gateways are connected to the network server via standard IP connections while end-devices use single-hop wireless communication to one or many gateways. A single LoRaWAN Gateway covers more than 10 Km in range and are comparatively cheaper. With the benefit of LoRaWAN’s long range, The Things Network covered the city of Amsterdam with just 10 gateways at the cost of 1200 dollars” (Naryan 2015). On the other hand, the disadvantage of this technology is that it can only transmit small amount of data. But for DV Buddy that is not disadvantage at all because the only data that need to be transmitted are coordinates which have very small size (Naryan 2015).

To simplify it for the needs of this bachelor thesis: LoRa technology could be described as a modified WiFi with increased range up to 10 kilometres. This technology is included inside of DV Buddy (one in a Personal unit that has diver with him and second in the Ship unit on the boat). However, there is a big chance that the range 10 kilometres will be lower because it is common truth that higher the antenna is longer the range it has. It is probable that when Semtech (2015) tested their LoRa technology in the city of Amsterdam the antennas were at the top of some tall buildings. According to the article on a website Amsterdamtips.com (2015) the tallest building in Amsterdam is Rembrandt tower with over 150 metres above sea level. The tallest ship in the world is 88 meters tall mast (Crugnale 2016). Based on this analogy it might be clear that the range of DV Buddy even in the perfect conditions will be lower.

Earlier in thesis the LoRa technology was described as a modified WiFi and the behaviour inside the network could be depicted as very similar. Devices in the same WiFi can connect to each other, share data with each other with being certain that their data will not abandon the network. The very same principle can be applicable within DV Buddy. Ship unit “creates” a network and Personal units can join it. That enables the function of ships to have control over their own divers and it also might give confidence to divers that they can call for help whenever they feel like it because there might be no fear that they will be

charged of e.g. coast guard since the DV Buddy works within inside network therefore no other than the ship that carries the Ship unit will catch the signal. That means that divers can use this system whenever they will want e.g. when they will have a feeling that they are lost or they will simply want to get on the ship. This system can be used whenever diver gets on the sea surface. It can be easily turned on and off contrarily the PLBs when they are turned on they cannot be turned off and the research might be therefore very difficult to cancel (MacTechCity 2017).

## **8.4 DV Buddy's units**

As it was mentioned before the DV Buddy as a whole package consists of three units. Personal unit, Ship unit and Display unit.

### **8.4.1 Personal unit**

Personal unit is a small device that can be attached to diver's Buoyancy Control Device (BCD). Its size can be compared to the small mobile cell phone. Personal unit's main function is as it was described earlier to transmit and receive coordinates. It also serves as the so called auxiliary light which is an absolute necessity for divers. This device has one button and it can be controlled via several flicks in required direction. For example: up – down – up - down starts broadcasting S.O.S. signal. On the other hand, up - down sends to the ship a signal that diver is fine and simply wants to be picked up. When the ship receives the signal from the diver the personal unit's led diodes will start lighting. That may keep the diver calm that help or pick up is on the way and there is no need for panic (MacTechCity 2017).

### **8.4.2 Ship unit**

Ship unit consist of two parts. First part is unit itself which is basically a computer that receives a signal from personal unit. Second part of the ship unit is antenna. The antenna should be attached to the tallest point of the ship because as it was explained earlier in this thesis higher the better (MacTechCity 2017).

### **8.4.3 Display unit**

Display unit could be basically described as a display that shows the position and coordinates of diver and whether the diver calls for S.O.S. or just for a lift. Display unit can be

part of a ship unit or it could be external display unit e.g. tablet connected to ship unit via USB cable (MacTechCity 2017).



## 9 SEGMENTATION OF B2B MARKET

DV Buddy is a very specific product for a very specific use. Therefore, there might not be many market segments. This thesis will include and research 5 different market segments.

- Scuba diving equipment manufacturers
- Diving training associations
- Insurance companies
- Hotel chains and diving resorts
- Diving centres

### 9.1 Scuba diving manufacturers

According to a website scuba.com (2017) there are more than hundreds of manufacturers that develop equipment for scuba diving. Due to the economic recession in the year 2009 the global scuba diving equipment market dropped by almost 30%. Since then it has recovered and currently the market is expecting higher demand for reliable scuba diving equipment (Technavio 2014).

One of the largest newswire distribution network NASDAQ (2016) stated that global scuba diving equipment market is likely to grow at the rate of 3.78 percent between the year 2016 and 2020.

Key vendors in the scuba diving market are according to NASDAQ (2016) these companies:

- American Underwater Products
- Aqua Lung International
- Johnson Outdoors Mares
- Sherwood Scuba

Other sellers worth statement are according to the same source these companies:

- Apollo Sports
- Aquatec – Duton Industry
- BAUER Compressors
- Beuchat International
- Body Glove International
- Cressi – Sub
- Dive Rite
- Diving Unlimited International
- Zeagles Systems

“Water sports, including scuba diving, surfing, and snorkeling are becoming an inherent part of recreational activities, especially among soft adventure sports enthusiasts. Recently, there has been an increased emphasis on water sports by many government bodies, in an attempt to increase the revenue generated by the tourism industry across the globe. Various promotional campaigns are being run by local governments and tour operators in different countries, which, in turn, are resulting in the growth of the scuba diving industry as a whole” (NASDAQ 2016).

Lloyd Lee (n.d.) wrote on his blog about scuba diving that scuba diving as a sport doesn't particularly belong in the cheapest sports section. As stated by a website scubadiving.com (2017) a total cost of scuba diving equipment starts around \$600 for the lowest configuration. The higher or in better words more advanced configurations can reach up to thousands of dollars for equipment.

It can be assumed that when scuba divers dive in less secure areas their equipment will probably be more advanced due to safety reasons. According to Natalie Gibb (2017), Scuba Diving Expert, one out of every 211 864 dives will end up with a disaster. There are three most common reasons responsible for a diver's death.

- Disease or illness of a diver
- Bad equipment mostly BCD
- Violent water movement

It can be concluded that growing interest for water sports primarily for the scuba diving will start increasing demand for diving equipment and maybe for even higher safety standards since it is probable that there will be children among those beginners. And also the fatalities number could be getting higher because there would be more dives per day which could result into more frequently deaths and that might lead into naming scuba diving even more dangerous sport and that could result into again losing customers.

There is a chance that the increasing demand for eco friendly materials (NASDAQ 2016), safety and equipment materials could lead into scuba diving manufactures increasing prices for diving equipment even more.

Therefore, it can be assumed that scuba diving manufacturers could be considered as one of the potential marketing segment worth studying since DV Buddy is designed to increase safety and calmness of divers.

## 9.2 Diving training associations

“Before the commercialization of divers training, C.M.A.S. was the default worldwide accreditation agency. Spearheaded by its first president, Jacques-Yves Cousteau, The Confédération Mondiale des Activités Subaquatiques “C.M.A.S.” (in English The World Underwater Federation) was founded in 1959”(Davis 2016). In the very same article Davis mentions that today there are hundreds of diving agencies and associations which have their training program based on C.M.A.S system.

Nowadays there can be many of training agencies and associations that specialize for diver training. That is possible because of cooperation with the International Standard Organization (ISO). Based on the C.M.A.S programs ISO have created standards that today’s training organizations can use. Whether the organization gets the ISO standard or not that depends on external auditors and their accreditation. These auditors are from three organizations: The European Underwater Federation, Recreational Scuba Training Council (RSTC) and ISO (Davis 2016).

Majority of the agencies should have the ISO standard therefore it can be assumed that they might be very similar. This thesis will include and briefly describe five probably most common and popular diving organizations. Although those agencies might have differences compared to each other they still could be considered as one market segment. It is also probable that those organizations could have some special agreements with manufacturers of diving equipment.

- Professional Association of Diving Instructors (PADI)
- Scuba Schools International (SSI)
- National Association of Underwater Instructors (NAUI)
- Rebreather Association of International Divers (RAID)

### 9.2.1 PADI

Unambiguously the biggest and most well – known leader in the recreational diving sector. PADI was founded in 1966 and since then they focus on multiple types of courses for divers. It is estimated that between 55 to 75 percent of recreational divers were certified by PADI. (PADI n.d.; Leisurepro.com 2009; Davis 2016)

System on which PADI works could be described as very similar to a franchise. As Davis (2016) describes “PADI is instructor orientated. The certification process is between the

instructor and the PADI headquarters.” That means that dive centres, dive boats, retail shops, resorts or even insurance companies if they are owned by instructor who have PADI certificate could associate their own business with PADI, if the headquarters agrees. That enables PADI to be very active in promoting themselves and the sport itself since there is a big chance that their logo could be on a majority of objects connected with diving. (PADI n.d.; Leisurepro.com 2009; Davis 2016)

### 9.2.2 SSI

SSI happens to be the second largest training organization for divers in the world with 35 regional centres and area offices. Their training might be described as very similar to PADI's. The biggest difference against the market leader PADI is probably that the SSI is “A retail based organization, intended to ensure the quality of training worldwide” (Leisurepro.com 2009).

When Davis (2016) in his article was describing the difference between PADI and SSI he stated that SSI could be described as network of schools whereas PADI could be described as organization of dive instructors. SSI's philosophy is based on maintaining contact with the diver due to the better quality control and better control whether the instructor and the diver are aware of new procedures or progresses in technologies.

### 9.2.3 NAUI

According to NAUI's own websites (2017) their main focus is on best training with educational products. NAUI is also regarded as one of the best for technical diving. Their experience is used in training sessions of one of the most famous organization in the world e.g. Navy SEAL Teams or NASA. Leisurepro.com magazine (2009) also states that NAUI is often used by celebrities. In fact Tiger Woods, former world n. 1 in golf, is known to be a divemaster for NAUI. Theoretically NAUI might have a big PR force in the form of celebrities on their side.

### 9.2.4 RAID

“RAID is the most advanced training model in the world today. With over 60 programs on line, we are the most advanced training platform in the industry today, our operation cost from production cost to consumer is the lowest in the industry, our trainers lead the world. RAID will be like no other training system on earth. We understand change is al-

ways difficult but it is also inevitable. All training agencies want to go digital, it's not the technology that holds them back it's the investment they have in old technology. Clinging to old technologies and old brands will hold you back.” (RAID 2014)

Davis (2016) claims that RAID wasn't exactly active in the past years until the 2014. Stating that RAID's rebreather trainings program completely changed the engineered skills that were needed. It can be therefore assumed that the RAID is currently not afraid of technological changes in fact according to their own websites (RAID 2014) they call technological changes as “inevitable” which might be a good build up for a relationship with potential developers of new technologies.

### **9.3 Insurance companies for divers**

“Diving has evolved to become a relatively safe sport. In fact, there are more accidents on the road compared to diving. Nevertheless, diving has its own inherent dangers and you will never know when an accident will happen” (Lonne n.d.). It is therefore possible that divers whether they are amateurs or professional will seek an Insurance company that will cover the expenses of a potential accident which might occur.

As Lonne (n.d.) states in his article that when people buy an insurance from several insurance companies that specialize for sport activities not every of those insurance companies includes scuba diving in their coverage. Professional divers have mandatory insurances which is probably more expensive and more complex. However, it can be assumed that recreational divers will also be looking for special insurance companies that will cover scuba diving and other dangerous activities connected to water sports.

DEMA (2014) which is an acronym for Diving Equipment and Marketing Association did research on how many active scuba divers are there in the world. They published their research on their own websites stating that there are over 6 millions divers in the world. Only in United States of America the number is around 3.5 millions. They are also claiming that the median household income of the purchaser buying diving equipment is \$124,295. That with the combination of six millions scuba divers might make a relative small but rather wealthy clientele for insurance company that specialize on scuba divers.

According to Lonne (n.d.) there are many insurance companies that specializes in accidents related with scuba diving however he listed the insurance companies that are most common and probably easiest to find and access.

- VICENCIA AND BUCKLEY INSURANCE SERVICES
- DAN – DIVER ALERT NETWORK

### 9.3.1 VICENCIA AND BUCKLEY INSURANCE SERVICES

This insurance company is supported by PADI association. VICENCIA AD BUCKLEY INSURANCE SERVICES INC. provides its United States members access to affordable insurance and medical care. This insurance company is highly connected to PADI association so it could be declared as one unit. Therefore, different market segment (Vicencia & Buckley n.d.).

### 9.3.2 DIVER ALERT NETWORK

Lonne (n.d.) describes DAN as the largest insurance company with more than 30 years of history behind them. He characterizes DAN as a company that “provides emergency assistance, medical information resources and educational opportunities.” All of that services to divers of all kind including beginners and professionals.

DAN can be described as probably the biggest or the largest association in the world that assembles recreational divers. Their headquarters is in the United States however they have branches in Brazil, Europe, Japan, Asia-Pacific and Southern Africa. Therefore, DAN is known by divers in all around the world (DAN n.d.).

“DAN helps divers in need of medical emergency assistance and promotes dive safety through research, education, products and services” (DAN n.d.).

This organization tries to focus on development of diving safety including for example researches, medical treatments or equipment for divers. On their own websites they offer different types of safety equipment that can be used by divers on daily bases or in the case of emergency. They offer for example CPR mask, safety lights, Surface Signal Kits, Trauma Kits, First Aid Kits or even Rescue Packs that can cost up to several thousands of dollars.

“DAN also promotes and supports underwater dive research and education, particularly as it relates to the improvement of dive safety, medical treatment and first aid” (DAN n.d.).

It might be therefore very logical for a company that specialize in safety equipment for divers to cooperate with DAN because there is a chance that the companies’ visions and goals might be very similar. Therefore, the cooperation could be simpler.

## 9.4 Hotel chains and diving resorts

There are plenty of diving resorts in the world. Therefore, diving resorts as a one target segment would be absolutely large and would not fulfil the needs of the marketing research. It is therefore necessary to reduce the segment scale.

In order to do that it might be useful to use oceanographic, geographic and political bases. Website for scuba divers Scubadiving.com (2017) separated diving resorts into their geographic location. Therefore, into Caribbean and Atlantic, Mexico, United States and Canada, Australia and Pacific, Asia and Indian Ocean, Europe and Mediterranean, Hawaii, Central America and South America.

Since DV Buddy is a Rescue system for divers, the main purpose is to increase safety. It would be therefore logical to target geographic areas where there are specific conditions that may make the diving harder or in another words less safe. Those conditions are considered oceanographic.

One of those conditions can be ocean currents. As it was stated earlier it is very hard to notice a person that is just 100 meters away from the ship when there are slight waves. Probably the most known ocean current the Gulf Stream has, according to NOAA (2015), an average speed of 6.4 kilometres per hour. That means that when the current catches the diver it takes him one kilometre away from the ship in just under ten minutes. Therefore, focusing on diving resorts that are located nearby ocean current could be very logical. Since the problems of currents influencing divers might be very common and stressful for divers specially beginners.

Brandon Cole, Mary Frances Emmons and David Espinosa (2016) listed in their article called “The World’s Best Scuba Diving Locations” several locations that fulfils the specification given by this research. For example: Indonesia, Micronesia, Palau and Galapagos. To that listed could also be added well known destinations like Maldives or Great Barrier Reef.

On the other hand, it is also necessary to mention political aspects for this segment. According to Council on Foreign Relations (2017) and their project called Global Conflict Tracker there are not many political issues that could harm the business in diving destinations however there are some.

Islamistic militancy in Egypt along with war in Yemen is probably not boosting and interest in diving and vacations in Red Sea. Also tensions in the East China Sea and territorial disputes in the South China Sea that affects Philippines will likely not help launching a new product there. Last location that could be good for scuba diving is however under bad political influences: North Korea.

Based on the specifications listed and researched it might be useful to consider diving locations as a segment that could be targeted through hotels that the divers live in. It may be probable that those hotels are owned just by several owners or groups and they could be easier targeted than hotel by hotel. Adrian Neville (2017) says on website called Seven Holidays that just in Maldives almost every resort has basically a dive centre. Webpage Maldivesfinest.com states that “there are over 120 resorts in the Maldives” (Maldivesfinest 2016). These numbers makes this segment relatively small and large at the same time. On the other hand, they are worth considering for the purpose of this thesis.

## 9.5 Diving centres

Dive centres could be described as places where scuba divers can buy or borrow equipment, study new techniques and basically find their haven. On diving centres could be applied the same logic of segmentation that was used earlier in diving resorts therefore same political, oceanographic and geographic properties.

As it was already hinted there are thousands of dive centres in the world. That makes targeting harder but probably since it is the smallest section of a scuba diving giant it could be easiest way to reach it.

Dive centres can be divided into two types. Firstly, located on shore usually as a part of a resort and secondly on a water. Second type of dive centre is named Liveaboard. Liveaboards are basically boats where professional or recreational divers go and live for e.g. two weeks. Everything important like equipment is located on the ship. These dive centres are used when divers go to diving locations that are not accessible from shore or from local boats (Senger n.d.).

On the other hand, both dive centres work on the very same principle. They are usually all connected and associated with one of the diver’s organization (SSI, PADI). This cooperation may give to both sides some benefits and profits. Dive centres benefits from well



known brands, certifications and know - how of the association. Organizations on the other hand benefits from memberships.

It is almost certain that every dive centre that has a partnership with any diving association will have a quality service because as it was stated earlier in this thesis these dive centres operates under ISO protocol. This dive centre – association cooperation is therefore mutually beneficial for all three sides: centre, organization and the diver.

Dive centres are probably the most numerous of the segments listed in this thesis. But on the other hand it is also very probable that it could be easily accessible as a supplier and even as customer. That could eventually lead into cooperation with the resorts or even with the association itself.

## 9.6 Summary of segmentation

Table 2 Summary of segmentation in yes/no matrix

Segment	Relatively easily accessible market	Many potential b2b customers	Business based on safety or safety equipment
Scuba diving equipment manufacturers	No	Yes	Yes
Diving training associations	No	No	Yes
Insurance companies for divers	No	No	Yes
Hotel chains and diving resorts	No	Yes	No
Diving centres	Yes	Yes	Yes

Source: author's creation

## **10 TARGETING OF MARKETING SEGMENTS**

### **10.1 Targeting of scuba diving equipment manufacturers**

The segment of scuba diving equipment manufacturers is probably the most extensive since there are hundreds of manufacturers in the world that specialize on scuba diving equipment. On the other hand, one way to target the segment or at least the part of it could be in arranging an appointment with one company's management and presenting them the product as complement to what the company supplies or in other words what they offer to their customers.

Probably the majority of manufacturers that manufacture scuba diving equipment are focusing on safety not only for production purposes but also for PR and image. It is possible that when one company will start offering a new product that increases safety in a dangerous sport as scuba diving, when connected with proper marketing it could support growing of a whole company not only in PR but also in the sales. And that could bring along other companies with similar attitude to safety as well.

As it was stated in previous chapters: DV Buddy is currently still under development therefore the presentation of a functioning product is and probably, in the nearest future, will not be possible. That fact on the other hand might not be an obstacle when targeting scuba diving manufacturers since the product can become visible on manufacturers' websites and presentations which could lead into promoting the DV buddy as a product that will soon bring more safeness into dangerous waters of scuba diving. That could eventually attract more customers and prepare the diving industry for small change as well.

### **10.2 Targeting of diving training associations and diving centres**

It can be assumed that the management of companies manufacturing equipment for scuba divers is not assembled only of active divers but also from pure – blooded businessmen and salesmen. On the other hand, diving associations are composed by active or former divers that probably know the processes of diving and equipment used for it very well or maybe even better than salesmen who work behind the desk.

It was stated earlier in this thesis that diving centres cooperates very closely with diving associations in fact resorts are usually certificated by one of the association that it fulfils the standards for diving. The head of diving centres are usually also certificated divers.

It might be therefore logical that the targeting of diving associations and diving centres will be very similar since it is based on the same principles. On the other hand, it would be different from the targeting of manufacturers since the communication will be with actual and certificated divers in the field instead of communication with businessmen. But it cannot be excluded that the businessmen in companies are not active divers.

Based on what was stated in this chapter it might be suitable to try to target this segment by direct marketing. It can be anticipated that diving centres and members of diving associations will likely willing to talk with somebody who knows the diving industry well and also is an active diver. Since those associations and centres are focusing on development of safety in diving industry the actual demonstration in waters could be very effective. Thus, hiring a skilful diver with experiences in business might be a good way how to target this segment. Therefore, it might be necessary to have the full functioning product before starting the targeting of this segment.

### **10.3 Targeting of insurance companies for divers**

It was stated in previous chapters of this thesis that there are not many big insurance companies for divers. In fact for the purpose of this thesis there is only one. DAN. Targeting of this quantitatively small segment could be however complex. Since it is probably company like any other it might be necessary to compose a complete report and analyses on divers' accidents in dangerous locations. Reports about situations where false alarm was activated unwarrantedly and on the other hand situations where divers got lost or injured because they had no safety features by them.

That reports would be then expressed in money because it can be assumed that insurance companies do want get paid more by their customers and pay less to them when something happens. DV Buddy could prevent those relatively unnecessary accidents that could cost insurance companies lot of money.

Therefore, composing a high – quality report about divers' accidents and a device that could reduce those numbers and then presenting this report on a business meaning or a fair trade might be one of the way how to target this specific market segment.

On the other hand, DAN president, Bill Ziefle, was named Diver of The Year for the year 2016 “for his outstanding service to the scuba diving industry through education” (Alert Diver 2017).

And since “Diver of the Year honors men and women whose presence in the dive industry has made significant and lasting contributions in the field of public service, safety, science, environment or education, to the past, present and future of diving” (Alert Diver 2017) it might also be a good way of targeting this market through the direct or personalized marketing on president of DAN himself. Direct demonstration of the working product could be another way how to reach DAN as a supplier because the president’s name is being associated with safety services and the potential cooperation with new safety product could help increase the overall status of those associations and build a stronger image of Bill Ziefle. Therefore, direct targeting of DAN’s president could end up as potentially mutually beneficial.

## 11 POSITIONING OF DV BUDDY WITHIN MARKET SEGMENTS

Although in this thesis the market was divided into several segments. It must be stated that every single segment listed in this thesis has the same or similar target group: amateur, or professional divers of all ages.

Thus, the positioning of a product should aim on both B2B customers, which means the segments listed earlier in the thesis, and also their customers, in other words, end – user. That might mean making the positioning very similar on B2B and B2C customers. This concept of positioning could increase the awareness of the product throughout the whole diver's market.

As it was mentioned many times in the earlier chapters the DV Buddy is a safety product. Or in other words product that increases the safeness of a diver and at the same time, it can keeps the diver calmer since it enables the communication between diver and the boat. And the positioning of a DV Buddy could and should be mainly based on those features. One of the ways how to build a strong, memorable and competitive image might be in making a story about a product. Something what the customers will immediately connect with the brand.

Simon Sinek (2009) in one of his TED Talks speaks about what makes some successful companies and their products different and how it is possible that some companies, for example Apple, have immense fan and customer bases. He mentions that every single company knows what they do. Some companies know how they do it but very few companies know why they do it. Sinek named this phenomenon the Golden circle. What, how and why. In the very same video Sinek illustrates his ideas with examples. He states that Apple does not say that they make great computers. According to his speech Apple believes that they are challenging the status quo with every product they make. And that is probably why the people are waiting in lines for the new Apple's product. People are probably not buying things because the companies are offering good products. People are buying things for themselves. "People don't buy what you do, they buy why you do it." (Sinek 2009)

Thus, one way of positioning DV Buddy in the market might be in establishing the why of a DV Buddy. And make sure that both B2B and B2C customers will be aware of DV Buddy's why so they could get along with the idea and decide whether they will accept it or not. Because the main idea of this possibility of positioning is that "the goal is not to do

business with everybody who needs what you have. The goal is to do business with people who believe what you believe.” (Sinek 2009)

Drew Richardson, president of PADI and CEO, in one of PADI’s videos describes what the ocean is like and how would he like to see the future of diving. He states that underwater experience combines education and adventure and according to Richardson that forms the person into being better. That is why his goal is to introduce diving to more people. Richardson also claims that the significant part of underwater world is still untouched by humans and that the ocean contains a lot of mysteries and secrets. And since the majority of Earth has already been explored he named the underwater world as “Earth’s final frontier” (PADI 2015).

It could be said that people are born to explore new areas. From the discovery of America to landing on the moon the people are still going forward (e.g. SpaceX). And the idea of discovering the Earth’s final frontier connected with increase of safety could be a good way on how to start positioning the DV Buddy in the market.

DV Buddy could be positioned as a product for those who are driven by passion to discover but don’t want to miss family dinner every evening. Or for those who want to try scuba diving but are afraid that something might happen. The possibilities are diverse. But the idea of connecting men’s needs, believes and wishes with the increase of safeness during the process fulfilling the wishes of discovery might be a good way of positioning the product on the markets.

## 12 ANALYSIS OF THE COMPETITION

### 12.1 Rescue and safety devices

Although DV Buddy mainly works on different principles and technologies than majority of safety and rescue systems it might be beneficial to list other systems or devices that could be used in the state of emergency by people. Even though DV Buddy is predominantly for divers, this thesis will include the table of probably the most known rescue and safety devices that are being used in various types of activities such as mountaineering. Probably the most known and used devices are EPIRBs (Emergency Position Indicating Radio Beacons), PLBs (Personal Locator Beacon), ELTs (Emergency Locator Transmitter), Cell phones, SENDs (Satellite Emergency Notification Device) and GPS receivers. Some of those devices (mainly EPIRBs and PLBs as mentioned in the earlier chapters) could be and sometimes are also used in diving sector. (EBAY 2013)

Table 3 Comparison of safety devices

Type of product	Strengths	Weaknesses	Price
EPIRB	<ul style="list-style-type: none"> <li>• Direct connection to Search and Rescue System</li> <li>• 406 Mhz</li> <li>• GPS</li> </ul>	<ul style="list-style-type: none"> <li>• Basically no non – emergency communication</li> <li>• Can be activated only once</li> <li>• Can be activated only in immediate danger</li> </ul>	\$520 - \$1000
PLB	<ul style="list-style-type: none"> <li>• Direct connection to Search and Rescue System</li> <li>• 406 Mhz</li> <li>• GPS</li> </ul>	<ul style="list-style-type: none"> <li>• Basically no non – emergency communication</li> <li>• Can be activated only once</li> <li>• Can be activated only in immediate danger</li> </ul>	\$200 – \$500
ELT	<ul style="list-style-type: none"> <li>• Direct connection to Search and Rescue System</li> <li>• 406 Mhz</li> <li>• GPS</li> </ul>	<ul style="list-style-type: none"> <li>• Basically no non – emergency communication</li> <li>• Can be activated only once</li> <li>• Can be activated only in immediate danger</li> </ul>	\$1000+
Cell	<ul style="list-style-type: none"> <li>• Most used device</li> <li>• Easily accessible</li> </ul>	<ul style="list-style-type: none"> <li>• Not user – friendly in stressful situations</li> </ul>	\$140+

phone		<ul style="list-style-type: none"> <li>Majority of cell phones not resistant to hard conditions</li> <li>Battery life</li> </ul>	
Satellite phone	<ul style="list-style-type: none"> <li>Communication outside of the standard phone ranges</li> </ul>	<ul style="list-style-type: none"> <li>Not user – friendly in stressful situations</li> <li>Majority of cell phones not resistant to hard conditions</li> <li>Battery life</li> <li>Expensive</li> </ul>	\$500 – \$1400
SEND	<ul style="list-style-type: none"> <li>SOS function</li> <li>Non – emergency communication</li> </ul>	<ul style="list-style-type: none"> <li>Expensive fees</li> <li>Commercial satellites and call centers</li> <li>Weak frequency</li> </ul>	\$1500+
GPS Receiver	<ul style="list-style-type: none"> <li>Giving exact position</li> </ul>	<ul style="list-style-type: none"> <li>No communication with other party</li> </ul>	\$100 - \$5000

Source: EBAY 2013

From the table it can be seen that majority of safe and rescue devices can be used only when in immediate danger and still they do not offer non – emergency communication. That might be big minus mainly in the diving industry because the communication between diver and a boat might be needed when for example diver simply wants to call for a pick up when the dive is finished.

### 12.2 SWOT analysis

Strengths and weaknesses of other safe and rescue devices that are being currently used in the world were listed in the previous chapter. It might be therefore beneficial for the purpose of this thesis to also include SWOT Analysis of a DV Buddy thus it can be then easily comparable against its competition mentioned above.

Table 4 SWOT analysis of DV Buddy

<p><b>S</b></p> <p>Non – emergency communication</p> <p>SOS function</p> <p>Can be activated multiple times</p> <p>Attachable to BCD</p>	<p><b>W</b></p> <p>Unknown company</p> <p>Relatively small capital of the company</p> <p>No direct connection to Search and Rescue System</p>
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Accelerometer for better GPS signal	
<p><b>O</b></p> <p>Growing economy</p> <p>Increasing number of active divers</p> <p>Air transport getting cheaper</p> <p>Growing interests in exploring</p>	<p><b>T</b></p> <p>Unstable political situations in some countries that have popular diving resorts</p> <p>Patent policy of China</p> <p>Technological progress of competitors</p>

Source: author’s creation

Probably the biggest weakness of a DV Buddy is that it is not capable of establishing direct communication to Search and Rescue System. On the other hand, diving is a very specific sport where actually the communication between the diver and the boat is probably the most important. The probability that the diver will actually need to call for rescue is quite small. Therefore, the diver – boat communication is the strongest side of the DV Buddy. The direct competition of the DV Buddy basically does not exist because the devices listed earlier in the thesis are made for general purposes. They are being used in many types of activities worldwide. EPIRBs and PLBs are probably used in diving industry because there is no other alternative.

On the other hand, DV Buddy is made for specific use and distinctive industry therefore its function is very specialized. In other words MacTechCity is currently developing a product for niche market. Thus, DV Buddy’s designed strengths will probably be very useful features for active divers. However, possibly the biggest threat might be the technological progress of the competition. If the DV Buddy would be successful the competition could take the core idea and get it work with different technology. That could harm the DV Buddy since the MacTechCity does not have capital as large as some big manufacturer companies might have. Which means that MacTechCity probably won’t be able to compete shall the market would change because MacTechCity have resources to only perform niche competitive strategy.

## 13 SETTING OF 4PS

At the very beginning of this chapter it must be once again stated that the DV Buddy is currently under heavy development and many aspects included in the following chapters were not yet considered and discussed within a company. Thus, the following chapter focused on 4Ps is highly theoretical.

### 13.1 Product

As mentioned at the beginning of the thesis the DV Buddy as a product includes three units. Personal, ship and display. DV Buddy's advantages and disadvantages and its features were also mentioned in earlier chapters. When launched, the product will probably have only one product line and one universal design because it might considerably lower the initial costs. If the product would be successful there could be an option to customize the design of a personal unit. For example personal unit for men, women and children could be an option. The ship unit is located on the boat therefore there is probably no reason for it to be customized by special design. And the same applies for the display unit.

Since DV Buddy is a very specific product that will focus only on divers the packaging will probably not play the biggest part in the marketing mix. The service will probably include regularly updates of firmware and the warranties and service will be in form of a direct replacement.

However, as mentioned earlier the development of this product is in early stages thus these ideas are strictly theoretical.

### 13.2 Price

The pricing strategy is probably going to be similar to alternative devices that are currently being used by divers. Although the specific market for divers basically does not exist and the prices could be higher MacTechCity does not want to be seen as overpriced company. Therefore, the personal unit sold to divers will be around \$400 which is similar to EPIRBs and PLBs alternatives. If the DV Buddy will be sold as a complete package (including 10 personal units, ship and display unit) to e.g. dive centres the prices will be around \$4000.

There is a chance that there will be two ways of payment. One – time payment or subscription fees. Which would for example meant pay per one dive. However, the details were not discussed and analyze yet. It is therefore impossible to make the statement.

### **13.3 Promotion**

As mentioned in the positioning chapter DV Buddy will want to be seen as a device that can help people explore earth's final frontier in a more safe way. Divers are very specific target group. Many of them live near the diving resorts but on the other hand many of them don't. Therefore, the ways of how to reach the target audience could be complex.

Direct marketing with sales promotions could increase awareness about the product in the diving destinations. It might also gain more trust of the divers if they could see the product working in real life situation. Likewise PR articles in the diving magazines and journals or targeted online email marketing like MailChimp could be a way how to raise general awareness in the diving industry.

### **13.4 Place**

Distribution will be probably handled by few local dealers. Therefore, it could be considered as selective distribution. Logistics aspects will depend on the destination where the product will be sold. However, it might be assumed that the air transport and shipping will be used. DV Buddy is not a big size product therefore it can be easily storage. Thus, small warehouses in the target destination or at least in the same country could be useful.

Distribution channels will highly depend on the company's strategy and capital. However, neither of them was discussed yet.

### **13.5 Recommendation**

Since the development of the DV Buddy has not finished yet it is therefore impossible to calculate final costs of the product development. Also the companies' resources are limited and the budget for a marketing mix was yet not discussed. Thus, this thesis is not capable of making any recommendations since the resources which are very important for making a marketing mix are unknown. However, when these resources will be known, MacTechCity should immediately focus on constructing proper marketing mix of 4Ps in order to increase its competitiveness abilities. MacTechCity should focus on how they want to present their product and company and more importantly, how they want to be seen in the diving industry. Therefore, constructing quality marketing mix will increase their chances within the market which means it also increase their competitiveness.

## CONCLUSION

The aim of this thesis was to create fundamental data that would collect basic information about the product, market, competition and potential ideas about targeting, positioning and setting of 4Ps. These data will be used by a company MacTechCity for internal purposes.

In order to achieve this goal this thesis had to be divided into two parts: theoretical and practical. Theoretical part focused on explaining the terms marketing, B2B and B2C marketing, STP, competition and competitive strategies, SWOT analysis and marketing mix.

Practical part described basic functions of a product DV Buddy and technologies used in it and then it was compared with the competition. Then this thesis included the segmentation of B2B market, proposed ideas on how to target specific segments and how to position the product within them. At the end, this thesis analysed the competition that uses similar technologies, included SWOT analysis and suggested a setting of 4Ps.

However, this thesis does not include any objective recommendations because many variables that are necessary to state proper recommendations are unknown or they have not been discussed within the company. Therefore, the proper recommendations in this thesis are omitted.

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**LIST OF ABBREVIATIONS**

B2B	Business to Business
B2C	Business to Customer
BCD	Buoyancy Control Device
C.M.A.S.	Confédération Mondiale des Activités Subaquatiques
CEO	Chief Executive Officer
COSPAS	Cosmicheskaya Sistyema Poiska Avariynich Sudov
DAN	Divers Alert Network
DEMA	Diving Equipment and Marketing Association
e.g.	exempli gratia
ELT	Emergency Locator Transmitter
EPIRB	Emergency Position Indicating Radio Beacon
etc.	et cetera
GDP	Gross Domestic Product
GPS	Global Positioning System
ISO	International Standard Organization
n.d.	no date
NASA	National Aeronautics and Space Administration
NAUI	National Association of Underwater Instructors
PADI	Professional Association of Diving Instructors
PLB	Personal Radio Beacon
PR	Public Relations
RAID	Rebreather Association of International Divers
RSTC	Recreational Scuba Training Council
S.O.S	Save Our Souls
SARSAT	Search and Rescue Satellite – Aided Tracking

SEALs	Sea Air and Land
SEND	Satellite Emergency Notification Device
SSI	Scuba Schools International
STP	Segmentation, Targeting and Positioning
SWOT	Strengths, Weaknesses, Opportunities and Threats
TED	Technology, Entertainment and Design
UK	United Kingdom
WOM	Word of Mouth

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