



NEAR EAST UNIVERSITY
BUSINESS AND ADMINISTRATION
GRADUATION PROJECT

MAN 400

APPLE NET

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1.1 AIM OF STUDY

The main aim of this study is to identify the factors that influence the decision-making process of the small business owner in the marketing strategy and to identify the factors that influence the decision-making process of the small business owner in the marketing strategy.

The study will give information about the factors that influence the decision-making process of the small business owner in the marketing strategy.

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1. INTRODUCTION

Internet cafe market is large and developing market , because people need more information and entertainment. People satisfy their this needs through internet cafes.

Internet was use started since 1996 in Turkey and TRNC but in Europe since 1990. Internet is the basic element of globalisation. Because trading to get easy , finding more information through internet. Internet cafe satisfy entertainment needs of people wth games. So Investors invest this sector.

In this internet cafe market, there are large customer segment and there aren't these large customer segment ther market as internet market.

In the internet cafe market, children and between 20 – 25 age person is a customer of this market so potantial and investment are increased and new companys entry is in the market.

1.1 AIM OF STUDY

Aim of this study is to make research in internet cafe market and this projet will show this market problem opportunity, and I will try to solve these problem with economic and marketing method and I will show that how is the my company effected market opportunity .

And I will give information about advantage and disadvantage of companes in internet cafe market.

You will see that how is the companys increase their earnings throught(with)price policy, competition strategy, advertasment method.

And finally you will see that how Apple company use external enviroment opportunity and their power to be succesfull

As you know internet cafe provide more indormation and entertaniment so there aren't specific customer segment but generally young people is costomer segment for internet cafes.

This project will show me ,economical changing in real life and also it will help me to develop decidig practical under the stress.

When I will prepare some subjects at the future I will give me ability to see the mistake by some methods

Researching is the most important thing for the business, if I make good research and also if I know external environment and customer needs and wants

Whatever I work I will be successful I will see some mistakes in the project and also I will try not to do some mistakes in my job at future.

1.2. METHODOLOGY

I gave real information about Apple company and I discussed with manager of Apple about economical effect, market opportunity and customer needs, wants.

And they showed some statistic information about earnings, customer demand market potential

I used this information in my project while prepare some methods, which are SWOT, PLS, CSF's, Five Forces Model (Porter), PEST factor, Boston Matrix, Generic strategies.

I show disadvantage and advantage of market and Apple when I use these methods.

1.3. LIMITATION

I want to meet with transportation and communication minister but I did not. I want to talk about problems of internet cafes with him.

1.4. THE CYPRUS ECONOMIC CONDITION

As you know Apple internet cafe work in Cyprus so I think that you have to know Cyprus economy because country economy effect all company's plans sales policy and public relations and think you have to know that is Apple internet cafe's customer live and their income

The development policy in the Turkish Republic of Northern Cyprus aims at the realization of structural adjustment required for the achievement of the highest possible rate of growth compatible with the maintenance of economic stability, the more equitable distribution of national income and the improvement of standard of living.

For the realization of these objectives long-term plans and annual programs have been prepared and put into action since 1977, which marked the beginning of the planning period.

In accordance with the liberal economic policy adopted by the government of the TRNC Trade, Tourism, Education, Transportation and Industrial sectors preserved their priority and importance.

For the assessment of the economic performance in the TRNC the following economic indicators are worth examining.

The annual average rate of growth realized as 4% during the period of 1977-1999. The GNP which was 3,810.5 million TL in 1977 rose to 9,090.8 million TL in 1999 at constant prices of 1977 which accounted for 407,069,775.4 million TL at current prices and 963.9 million at US dollar basis.

During the period of 1977-1999 GNP per capita has increased by 67.5% at constant prices of 1977. The GNP per capita which was 26,279 TL in 1977 rose to 44,010 TL in 1999 at constant prices of 1977 and 1,970,690,521 TL at current prices of 1999 which represents 4,666 US \$.

For the realization of the growth rate targets set in the long-term plans and annual programs, Turkish Republic of Northern Cyprus was badly in need of financial aid, so certain giant infrastructure projects such as the construction of the airports, sea ports, dams, derivation canals, highways, power plants and the improvement of the telecommunication systems were all financed by the Republic of Turkey. Through the years most of the infrastructure projects have been completed and it are about to be completed. Financial and technical aid of Republic of Turkey for such investments is continued. The fixed capital investments which were realized as 524.6 million TL in 1977 reached 21,715.1 million TL at constant prices of 1977 and 152,599,306.1 million TL at current prices, in 1999 (cumulative).

At the beginning of the planning period the share of the public sector in the fixed capital investments was much higher than the share of the private sector due to intensive infrastructure projects. In recent years the share of the private sector began to rise. The shares of the public and the private sectors in the total fixed capital investments of 1999 reached to 40.7% and 59.3% respectively.

The sectoral distribution of the fixed capital investments during the period of 1994-1999

2. BACKGROUND OF APPLE INTERNET CAFE

Apple Internet cafe was established in 1998 with 10 computers. There was 3 partners at the begining but now it is continuing with two partners. All of the partners are studying in computer engineering department of Near East University. There was only internet service at the begining, now there are a lots of services which contains film and music cd selling and renting, preparing projects, etc...

There are 25 computers in Apple internet cafe now and the partners are thinkg to improve the services and thinking to increase the number of computers up to 60.

3. MARKET AND ORGANIZATION

3.1 Vision

To be strong company in Turkish Republic of North Cyprus and take big market share in internet cafe market.

3.2 Mission

We provide entertainment and information with everything. When you come our internet café , we bring world for you.

To be this;

- dominated to market
- use the new technologic equipments

3.3 Goal and Aims of Apple Internet Cafe

The Apple internet cafe always wants to create a good image in the eyes of the customer in the market ,the Apple internet cafe wants to remain permanent and leader in internet cafe sector thorough removing its technology , doing satisfactory activities for the customers and being trustworthy company.

In the lights of these explanations the goals and aim of the Apple internet cafe are as follow ;

- a) First of all,to be powerfull firm in term of finance and also to be a long lasting firm.
- b) To keep in step with the conditions of competititonin market .
- c) Not to able to renew the type of the services bearing in mind the customer demand .

3.4 The Marketing Audit

All planning requires an analysis of the current situation ('where we are now') as a prelude to determining future objectives ('where we want to be') and strategies for achieving these ('how we are going to get there'). In marketing, the analysis of the current situation, including future trends and changes, is encompassed by the planning tool of the 'marketing audit'. The marketing audit is a systematic and wide-ranging analysis of the current situation, encompassing the broader marketing environment, competitor and customer analysis, and an assessment of the company's internal capacity. This analysis in turn forms the basis of the assessment of a company's strengths and weaknesses, and the opportunities and threats, which it faces. The marketing audit will require the forecasting of future trends and developments, and must be linked to an effective marketing information system.¹

3.4.1 MARKETING AUDIT OF APPLE INTERNET CAFE

Apple Internet cafe market is large and developing market , because people need more information and entertainment. People satisfy their this needs through internet cafes.

Internet was use started since 1995 in Turkey and TRNC but in Europe since 1990. Internet is the basic element of globalisation. Because trading to get easy , finding more information through internet. Internet cafe satisfy entertainment needs of people with games. So Investors invest this sector.

In this internet cafe market, there are large customer segment and there aren't these large customer segment ther market as internet market.

In the internet cafe market, children and between 20 – 25 age person is a customer of this market so potantial and investment are increased and new companys entry is in the market.

Internet is costly in Cyprus rather than other country because while the cost of connection is 350.000 / hour TL. in TRNC , in Turkey it is 210.000 / hour TL.import. And also internet suppliers which are superonline , web bee , future , is fairly expensive.

¹ GENFF L., Strategic Marketing Planning and Evaluation, 1998, Konan Page Ltd., page124

People prefer internet cafe for entertainment and information. Because the computers are fairly expensive. So people are not purchase computer and internet supplier and they prefer internet cafe.

Apple internet cafe is a strong company of this market in Lefkoşa and Apple internet cafe is a leader in market in Lefkoşa and Apple internet cafe has got big part of this market because of Apple net as known as quality company in internet cafe market, give services at quality and healthy conditions and quality computers are very important in this market.

Price of internet are determined by Apple net and Freecom net. In competition conditions,

This two firms down price. Apple internet cafe create own brand with trustworthily and smile service in this market.

Investment cost is very high in this sector, because in Cyprus, rents, internet suppliers and most important one is the computers are very high and expensive. In computer market technology is change day by day. So internet cafes must closely follow this change for their survive and give quality services. Despite Lepot internet cafe is the first internet cafe in the cyprus, they has small market share for they did not follow technological changes.

In this market sector is technology is important as other sector.

Cyprus is very hot at summer season. So internet cafe must be large and cool.

Apple internet cafe's competitors are Freecom internet cafe, Casper internet cafe, Virüs net, Apple internet cafe, Net House internet cafe, Baba net, Eymet internet cafe, Lepot internet cafe, Total internet cafe and other small internet cafes.

Apple internet cafe is leader of this sector and has got %25 share of market in Lefkoşa. Use the technology of Apple internet cafe, quality services, human relation are better than other competitor. So Apple internet cafe win leader status at this sector.

Net house internet cafes is challenger and these companies are strong companies and they has got high number of computers. Net House cafe can take technology easily because it has got a lot of money. And they have 60 computers and 2 HAB. But Net House hasn't got experience and qualified worker. Net house cafe established at 4 months ago. So Net House cafe's market share is a %20 in Lefkoşa. Net House cafe entered the market fastly but they did not find their hopes. They hopes that we are the leader but they did not leader. But I think Net House cafe's market share will increase year by year.

Freecom internet cafe is follower in this market and this internet cafe was established by 3 partner which are students of Near East University. They have %15 share of market and they have 16 computers.

Total internet cafe usually to address the Arabian student of Near East University. They have %10 share of market. And they have 20 computers.

Cyprus is a Island so these factor's effect is big for Cyprus rather than other country.

Cyprus economy dependent turkey economy, all Turkey's economy activity effect Cyprus economy, all negativeness of Turkey effect directly. High inflation effect Cyprus consumer and producer at the bad way. So last crises in Turkey effect the internet cafes in Cyprus. Because as known as in computer sector costs are on Dollar and now costs are double because in february the dollar exchange is 850.000 TL while now 1 dollar is 1.500.000TL.

Internet suppliers and computers prices change contunuously so Cyprus bussinesman can not make future financial plan in Cyprus. Apple internet cafe and and other internet cafes can not make certain future plan as a other market.

Now exist new game. Name is Half-Life war game that effect internet cafe market very well. This game increased earnings. Because this game accomplish to suffer children and young people. And Apple net cafe to go to the fore because of their Network is fairly quality than other internet cafes.

TRNC is Island so some economic activity can be problem for the TRNC which is the unrecognized country situation and import and export is a very difficult and expensive these problem and negativeness increase the services and internet supplier price and transportation cost is high as a other in Cyprus. In Cyprus , there are not a computer produce firm. And there are not a spare part produce firm. Investors satisfy these needs with import usually from Turkey. And turkey satisfy these needs with import from Europe. So these parts and computers fairly expensive.

A new servicing technology could not took easily and cheap. This activity is a very diffucult and expensive. These are unfavorable factor for internet cafe market..

In the internet cafe sector. Apple net , Freecom net, and Net House internet cafes can determine market price and market balance.

Other unfavarable factor is a season for Cyprus because in summer , schools are close and students go to holiday and internet cafes' earning are decrease

Apple internet cafe is also live because it worked by proffessional workers. The owner of the Apple net cafe is a computer engineering department last year. And his workers came from Turkey and all of them graduated from computer programming department.

Apple internet cafe has always most profitability in internet and game sector. They have always given direction their profits to investments. And they have always used new technology and also they have always saved their market shares.

They have worked qualified workers and they have educated according to new technology.

3.5 PORTER'S FIVE FORCES MODEL

3.5.1 The Threat Of New Entrants To The Industry

New company entry is very difficult in this sector. There are power and strong company. There are legal barriers to enter the market and service equipments are very expensive. And production material price was determined by other strong company

For exp: Apple internet cafe is a leader cafe. Apple net cafe effect internet price so Apple net has got big competition advantage .

If one company want to enter this market , this company have to has got big capital.

There is legal barrier which is , in Cyprus , student of Turkey citizens are not open any commercial company. So some student investors take risk and they open commercial company onto TRNC citizens. For exp : Apple net , Freecom net , Total net cafe and etc....

3.5.2 The Bargaining Power Of Buyers

There aren't price factor at internet cafe market generally all cafe's service's price are same so customer prefer quality and smile services.

TRNC is small country so power of buyer is very influential rather than other country so only success cafe can live in this country and internet cafe market.

3.5.3 The Competition Power Of The Suppliers

In this internet cafe market power of supplier is important as other market. And power of supplier is very much over the Apple internet cafe and other cafes. Apple internet cafe's suppliers are Future , Superonline , Webbee , and Analiz. They provide service but this services are much expensive. So Internet cafes' cost increase.

3.5.4 The Threat Of Substitute Product

There are substitute product effect. Internet cafes earning from internet and games. Through developing technology , invented mobiles telephone with harmonious WAP and GPRS. According to me ; These telephones are substitute product internet.

And also playstation is the substitute product of computer games.

3.5.5 The Intensity Of Rivalry In The Industry

Apple internet cafe's competitors are Net House internet cafe , Freecom internet cafe , Total internet cafe and Casper internet cafe.

Apple internet cafe is leader of this sector and has got %25 share of market. Apple internet cafe's technology , quality , services , human relation are better than other competitor so Apple internet cafe win leader status at this sector.

Net house internet cafes is challenger and these companies are strong companies and they has got high number of computers. Net House cafe can take tecnology easily because it has got a lot of money. And they have 60 computers and 2 HAB. But Net House hasn't got experience and qualified worker. Net house cafe established at 4 months ago. So Net House cafe's market share is a %20 in Lefkoşa. Net House cafe entered the market fastly but they did not find their hopes. They hopes that we are the leader but they did not leader. But I think Net House cafe's market share will increase year by year.

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3.6 SWOT ANALYSIS & PEST FACTORS

The SWOT analysis is used to develop strategies which build on identified strengths and avoid or obviate identified weak

An organization can only build a sustainable competitive advantage by capitalizing on its strengths compared to the competitors. But these strengths must match the requirements of the environment and in particular the requirements for competitive success based on customer needs. It is often said that the essence of effective strategic marketing is achieving a strategic fit between the organization - that is, the strengths and weaknesses - and the environment - that is, the opportunities and threats. Identification of the strengths and weaknesses, and the opportunities and threats, therefore, is central to the development of strategies. We must understand, therefore, how to move from the appraisal stage of the marketing audit, where the key forces and factors, both internal and external to the organization, are identified, forecast and assessed, to the use of these appraisals in the development of marketing strategies. As mentioned earlier, the mechanism for this movement is the SWOT analysis. But how should the SWOT analysis be conducted and how does it differ from the key elements of the internal and external analysis already conducted?²

The first two stages of the marketing audit should have identified the key environmental factors, and trends and changes in these factor and the performance and resources of the organization with respect to internal factors. As already mentioned, we must now move from this stage into an assessment of what are the significant opportunities and threats, and what are the key strengths and weaknesses. A suggested approach to this process is as follows:

- * First, we need to identify the most important factors in the organization's environment. Initially, this will involve listing and forecasting the PEST factors, together with the elements of the competitive environment

- * Next, these factors must be ranked according to which of them are likely to pose the key opportunities and the key threats. A management team best conducts this ranking:

² MASSINGHAM L., Marketing Strategies, 1997, Hart Books, page 86

B. PEST FACTORS

- Political factors (including legal and regulatory factors).
- Economic forces and factors.
- Socio-cultural forces and factors.
- Technological forces and factors.

These four groups of factors are so ubiquitous in strategic planning circles that they are often referred to as PEST (or STEP) factors.

In recent years, however, a fifth group of broad environmental factors has become important enough for strategic marketing planners to consider separately. This fifth environmental factor is often referred to as the natural environmental. This category of environmental factors encompasses issues concerned with, for example, the depletion of natural resources, pollution from industry and products, and so on. These so-called 'green' issues have become sufficiently important to marketers for them to merit special consideration by many companies. Some writers now refer to the acronym 'PESTLE' where the final two letters stand for: Legal and Environmental. Of course, while these broad categories of environmental factors may affect all companies over time each category contains a myriad of forces and factors, which affect different companies in different ways. For example, we can distinguish some of the following elements within each broad category

Political/Legal Factors

- Privatization versus nationalization policies.
- International relationships.
- Regulations concerning monopolies and mergers.
- Public spending.
- Advertising and other promotional regulations.

Economic Factors

- Economic growth.
- Income levels Interest rates
- Exchange rates.
- Balance of payment levels.
- Employments Credit policies.
- Income distribution
- Savings and debt.
- Taxation.

Socio-Cultural Factors

- The changing age structure of the population.
- Trends in family size.
- Changes in the amount and nature of leisure time.
- Changes in attitude towards health and lifestyles.
- Improved education.

Changes in attitudes towards family roles. Changing work patterns. Equal opportunities.

Technological Factors

- Automation
- New methods of travel.
- Natural resource depletion.
- Pollution
- Biodegradable materials.
- Changes in climate.³

³ FARBEY D., Integrated Marketing Communications, 1996, Mystery Bookstore, page 172

3.6.1 CSF'S OF APPLE INTERNET CAFE

- **Well known company:**

Apple internet cafe established in 1998 and Apple net develop year by year. Until 2001 so all people know name of Apple internet cafe.

- **Good image in eyes of their customer:**

Apple internet cafe gives important quality service , customer think that Apple net means cherfull service.

- **Large and condition**

Apple internet cafe has large and cool place.

- **Differentiation:**

Apple internet cafe has got many type of services. Apple internet cafe gives services according to customer want and need.

- **Transportation**

Apple net cafe has some transportation.

- **Fast connection**

Apple internet cafe connection internet with satellite.

- **Parking area**

Apple internet cafe has got 10 car parking area

- **Experience**

Apple internet cafe's workers graduated from computer progrrmming department.

- **Technology**

Apple internet cafe follow the technology fairly. Apple net connect with satellite.

3.6.2 PEST FACTOR OF APPLE INTERNET

	FAVORABLE	UNFAVORABLE
Political/Legal	.There aren't restraint police or municipality.	Students of Turkish citizens can not open any commercial company. High duty taxes.
Economic/Demographic	High income level in Cyprus people.	.High inflation rate .High cost
Social/Cultural	The knowledge people.	
Technological/Natural	The technology are used very well by cafes.	TRNC is island so transportation cost is high rather than other country. Season effect earnings.

Political/Legal factor: TRNC is unrecognized so these unfavorable conditions create big problem for TRNC. These unfavorable conditions export and import so these affect directly investors.

Other big country don't want to work with TRNC because there are political press over small country so TRNC 's competitive advantage is low in world

In TRNC law , students of Turkish citizens can not open any commercial company. So owner of the Apple internet café take risk and open the café onto Cyprus citizen.

Apple internet café are not any restraint from police and municipality and 24 hours open. But in Turkey , police and municipality restraint internet café and in turkey , close 01.00am

In Cyprus , there are not any computer and computer spare part produce firm. So internet cafes purchase computer other countries. And they pay high duty taxes.

Economic/Demographic Factor: Cyprus has got bad economic condition and Cyprus economy is to depend upon turkey's economy so Cyprus are effected all negativeness of Turkey. Cyprus can not determine their inflations rate, tax rate, exchange rate .so Cyprus are influence rather than turkey because turkey has got high potential but Cyprus hasn't got this potential.

In TRNC , through this economic conditions internet cafes are not future plan.

Computer sector works with the Dollar. So internet cafés' costs double last crises.

Cypriots usually high income level and enjoy comfort and entertainment.

Social and Cultural Factor: Cypriot is knowledge people so internet cafes have to be careful to make servicing. When Cypriot see some mistake of producer. They can contravene these wrong and these. Activity increase the servicing quality.

Technological and Natural factor: Cyprus is island and this effect all Cyprus economy and this factor increase production cost because transportation cost increase.

For exp; when one investor buy computer and other machine, they pay a lot of money for transportation and costume duty.

When the students go to holiday internet cafes' earning are decrease.

Computer sector develop day by day. So internet cafes must dollow these changes.

3.6.3 SWOT OF APPLE INTERNET CAFE

STRENGTHS <ul style="list-style-type: none">. Well Known company. Good image in eyes of their customers. Large and condition. Differentiation. Experience. Fast connection. Parking area. Technology	WEAKNESSES <ul style="list-style-type: none">. Transportation
OPPORTUNITIES <ul style="list-style-type: none">. There aren't any restraint by police. High income level of cypriot. Knowledges people. Developing Technology	THREATS <ul style="list-style-type: none">. In TRNC laws, student of Turkish citizens are not any open commercial company. High duty taxes. Computer sector works with dollar so high cost.. Season effects. Transportation cost high

SWOT:

STRENGTHS:

- **Well know company:**

Apple internet cafe established in 1998 and Apple net develop year by year. Until 2001 so all people know name of Apple internet cafe.

- **Good image in eyes of their customer:**

Apple internet cafe gives important quality service , customer think that Apple net means cherfull service.

- **Large and condition**

Apple internet cafe has large and cool place.

- **Differentiation:**

Apple internet cafe has got many type of services. Apple internet cafe gives services according to customer want and need..

- **Fast connection**

Apple internet cafe connection internet with satellite.

- **Parking area**

Apple internet cafe has got 10 car parking area

- **Experience**

Apple internet cafe's workers graduated from computer progrrmming department.

- **Technology**

Apple internet cafe follow the technology fairly. Apple net connect with satellite.

WEAKNESSES

- **Transportation**

Apple net cafe has some transportation problem. As known as there are not public transportation after 19.00 pm. So customers' come and back is to be serious problem.

OPPORTUNITIES

- **There are not any restraint**

Apple internet café are not any restraint from police and municipality and 24 hours open. But in Turkey , police and municipality restraint internet café and in turkey , close 01.00am.

- **High income level**

TRNC citizens usually high income level and enjoy comfort and entertainment

- **Knowledges people**

TRNC citizens generally knowledges and educated people. So they want to give more aainformation.

- **Developing technology**

Apple internet cafe follow technology closely. If they do not , they lose their leader position.

THEREATS

- **TRNC laws**

In TRNC laws , students of Turkish citizens can not open any commercial company. So owner of the apple internet café take risk and open the café onto Cyprus citizen.

- **High duty taxes**

In Cyprus , there are not any computer and computer spare part produce firm. So internet cafes purchase computer other countries. And they pay high duty taxes.

- **High cost**

Computer sector works with the Dollar. So internet cafés' costs double last crises.

- **Season effects**

When the students go to holiday internet cafes' earning are decrease.

- **Transportation cost**

When computer import from other country internet cafes pay much more

3.7 MARKETING MIX

The marketing mix is the set of controllable variables which the manager modifies in order to achieve particular objectives within the marketing plan. Typically, these relate to the attempt to satisfy the needs of the target market, to implement predetermined positioning strategies in these target markets, and to achieve other organizational objective

The decision areas, which are involved, may be described in a number of ways. As already mentioned, however, the classic notions of the elements of the marketing mix were based on product, price, promotion and place. These elements comprise the tactics of the detailed methods and techniques to be employed in implementing marketing strategies. They are best described as the 'nuts and bolts of the marketing operation and involve decisions regarding the detailed activities to be undertaken in the marketing plan. Because of this, the marketing mix encompasses a myriad of possible decisions and action plans. An indication of some of the key decision areas. Encompassed by each element of the four Ps' of the marketing are shown below.

PRODUCT:

Overall, product decisions concern strategies, which relate to what is being offered to customers. It involves decisions such as: What is to be our product range? What will be the balance between the different products in the range? What is to be the product mix and depth? Product decisions include issues such as: Which products should we actually offer? How should we aim to position these products within the market?

As part of product decisions, it will be necessary to review the following considerations:

- The different aspects of style.
- What features the product(s) need to offer.
- What quality will be appropriate in terms of the target consumer and the strategic objectives of the company?
- How the product should be branded and what issues are involved.
- What kind of packaging is needed and what functions it needs to accomplish.

It is now generally **recognized**, however, that the 'product.' involves more than just the physical product and **even its branding and packaging**. In addition to this core level of the product, we also **need to consider** additional attributes, which can be offered to customers alongside the core product, which may give us a competitive edge. These additional attributes are often referred to as the augmented product.

PRICE:

Price decisions need to relate to a number of different areas. For instance, in the case of the launch of new products, strategic objectives such as establishing a market share may involve minimal profit or even, in some cases, below-cost pricing; the same cost-cutting strategy may be pursued as a way of establishing market dominance. Price decisions may also involve considering the way in which products are perceived - if we want to position a product in the 'prestige' sector of a market, then prices need to be appropriate, low prices are usually associated with inferior quality or lack of a status cachet. The most important consideration in reaching the pricing decision, however, is the price charged by competitors. Arriving at a price without reference to what others are offering by beginning, for example, with the costs of manufacture, and so on, and then adding on a 'margin' (which is called 'cost-plus' pricing) is a very dangerous pursuit indeed, and may only be usable in a very few situations.

Pricing decisions include, for example, decisions regarding the following:

- Price levels.
- Price changes.
- Discounts.
- Credit terms.
- Allowances.

PROMOTION:

Promotion involves communicating various kinds of messages to those who may be involved, directly or indirectly, in the activities surrounding the consumption of products or services, which the company has for sale. It involves typically a number of different sorts of activities, apart from advertising, which most people think of when this aspect of marketing is mentioned. Marketers themselves recognize two types of activity. Below-the-line activities are those, which involve getting the message across through media and channels, which do not involve paying a commission (the 'line' referred to derives from the balance sheet on which costs and profits are recorded and calculated). Above-the-line activities - which include paid advertising — do involve the payment of a commission-

Although many promotional messages involve attempts persuade consumers to purchase, many different objectives may also, be pursued - for instance, providing information about how to use a product or trying to communicate the characteristics of the product's personality so that consumers will identify with the satisfactions that the product is intended to provide when it is used.

Many different types of promotional tools are available to the marketer. As already mentioned, most non-marketing' specialists think only of advertising when they consider marketing: promotion. However, there are literally dozens of marketing communications tools. It is conventional in marketing circles to refer to the 'marketing communications mix' when describing these different tools. The main elements of this mix are:

- Advertising.
- Sales promotion.
- Personal selling.
- Publicity and public relations.

Conventionally, direct marketing communications and sponsorship were considered as part of the general heading of sales promotion, but they are now of such importance in terms of their widespread use that these two marketing communications tools are often considered in addition to the four main elements listed above. Within each of these main elements of the communications mix there is a large number of individual communications/promotional vehicles. For example, sales promotion includes free offers, competitions, merchandising deals, self-liquidating offers and so on.

In planning the marketing communications mix, clearly decisions must be made regarding not only the overall budget for marketing communications but also how this is to be allocated between the different elements of the mix. Many factors affect the decision regarding allocation, including, for example, the type of product market, company resources, customer targets, and so on.

PLACE:

The place where a product is offered for sale will have important implications for the way in which consumers perceive the Merchandise. The image of the store in which a product is bought does affect the way in which consumers, or 'prospects', perceive their purchase. Those seeking to develop a particular brand image will seek to place their product on the shelves of the appropriate retailer.⁴

3.7.1 MARKETING MIX OF APPLE INTERNET CAFE

PRICE : Price policy is the most important factor for sales of servicing in this sector. Price policy of apple internet cafe can change according to condition of market.

Apple internet cafe's price is an unelasticity because production cost of Apple internet cafe is equal to other company's. In other word ; hours cost of internet is determined by government (1 hours = 350.000TL) and internet supplier price is determined by suppliers onto dollar. Prices are determined by between Apple net cafe , Net House and Freecom with agreement. Other internet cafes to suit this price policy.

And also Apple internet cafe down their price at special day.

PROMOTION : Promotion is an important for every sector . The purpose of promotions are increase the sales when the sales decrease in the sector Apple. internet cafe has got a considerable promotions which is half-life tournament which is the reward.

The goal of Apple internet cafe is a increase the customer demand and advertise theirselves.

⁴ MORSE S., Successful Product Management, 1999, Kogan Page Ltd., page 80



According to me ; the best promotion of Apple internet cafe is decrease the price when it sales are fall. This promotion effect sales at the high rate.

PRODUCT : Apple internet cafe has got a large product variety servicing such as information , entertainment , films cds , music cds and etc... Customer purchase everywhere of internet Apple. internet cafe was product differentiation for increase the demand of customer

PLACE : In this sector , Location is the most important factor for internet cafes. But Apple internet cafe has got a perfect location which is located in the center of Lefkoşa. Apple internet cafe is not parking problem and other and the most important factor there are not any other internet cafe its surround.

According to me ; Location is the most important factor for the internet cafes. Because public transportation is not developing in Cyprus. So if the internet cafe is so far the center of the city customers will not prefer this internet cafe.

3.8 BOSTON MATRIX

The matrix is constructed on the basis of two principal axes namely, 'relative market share' and 'market growth rate'. Based on these two dimensions the marketer can analyze strategic business units with a view to establishing the balance of the business as a whole and strategies for each business unit according to its position in the matrix. Each business unit is positioned in the matrix according to relative market share compared to that of the next largest competitor and the rate of growth in the market of that particular business unit. As can be seen, each axis is split into 'high' and 'low' categories for both market share and market growth. As a rule-of-thumb, anything less than ten per cent market growth rate falls into the low category, and any rate of growth above this falls into the high category. The division between high and low market share cells is that a company must have the highest market share for it to be allocated to the high market share cells. The relative size of the circles for each SBU in Figure 9.3 denotes the relative turnover of each SBU in the business. According to where they lie in the matrix, SBUs are classified as being either 'dogs', 'cash cows', 'problem children', or 'stars'.

The somewhat picturesque technology used for SBUs in the matrix is useful, in fact, in understanding what each cell means. A brief description is given below:

Dogs: are SBUs with low market share and slow market growth. These products are sometimes referred to as 'cash traps' in that they do not generate a significant cash flow to a company and what little is generated is normally required to be reinvested simply to maintain sales of the product.

Cash cow: are SBUs with a high market share and slow market growth. This combination typically means that products in this category generate large amounts of cash over and above that required keeping the product in this sector.

Question marks: are SBUs with a low market share but in high growth markets. These products can consume cash resources at alarming rates. The overall net drain on cash with these products is greatest when a company attempts to increase its market share.

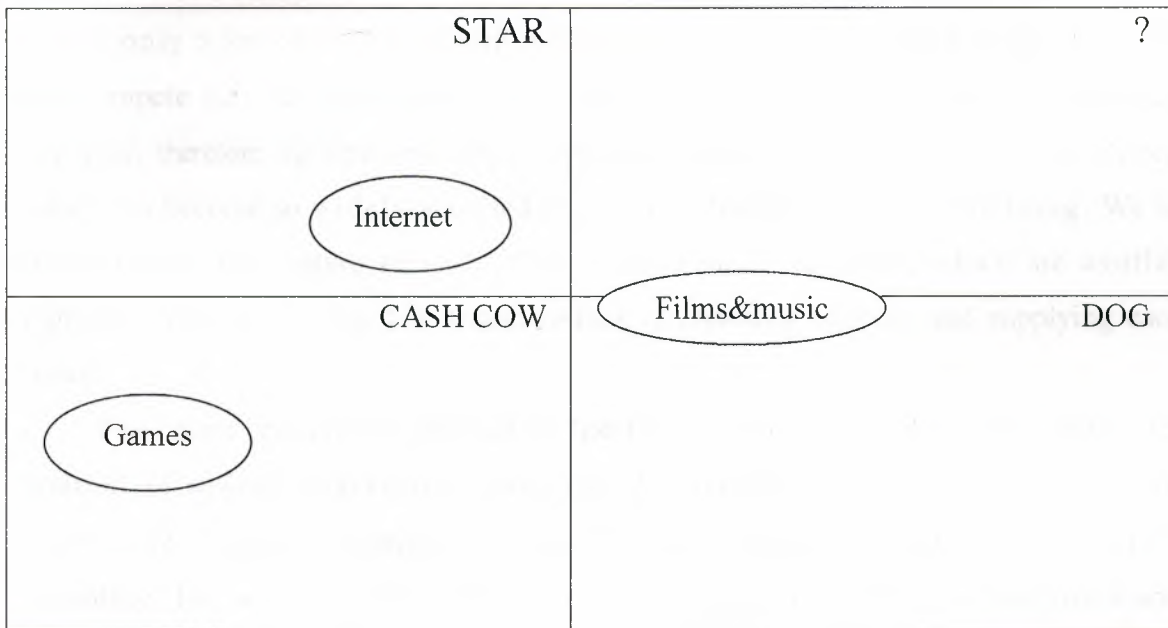
Stars: are SBUs in high growth markets with a relatively high share of the market. Stars can generate relatively large cash inflows, but this is more often than not matched or exceeded by the outflow of cash necessary to maintain the market share. In net terms, therefore, such products provide, at best, modest net cash flows and are often net cash users.

In using and interpreting the product portfolio, a number of factors are important, the first of which is that the portfolio is dynamic - that is, in the absence of any action on the part of a company, SBUs will move their position in the portfolio. Principally because of the product life cycle effect, SBUs have a tendency to move downwards in the portfolio — that is, problem children become dogs and stars become cash cows. The arrows in the figure indicate this tendency.

The second factor to note is that the aim is to achieve a certain balance in the portfolio. A balanced portfolio would ideally contain few or no dogs, some problem children, some stars and some cash cows. The balance between problem children, stars and cash cows should ensure that the company has sufficient net positive cash flow from its cash cows to fund the stars, which it currently has and turn them eventually into cash cows. Funds from cash cows are also used to turn SBUs, which are currently problem children, because of the relatively low market share, into stars. Not all problem children can be moved in this way

and eventually some of them will fall to become dogs. In the long run, all dogs are potential candidates for elimination from the product range.

3.8.1 BOSTON MATRIX OF APPLE INTERNET CAFE



As a consequence of these two factors, a company must take steps to ensure that the future portfolio mix is as the company wishes it to be. In other words, it must select appropriate strategies in order to achieve a future, balanced portfolio.⁵

GAMES: In the game sector there are big market share ,determined market segment slow market growth

Apple internet cafe is the best Network in Cyprus internet cafe. So customers prefere Apple internet cafe.

According to questionnaire which was with customers by me ; Apple internet café's customers when come to the Apple net , 55% play games , do 40% chat and surf and 5% purchase film or music cd.

INTERNET: In chat and surf sector in internet market Apple internet café will has got large market share but not certain market segment, Apple internet café's chat and surf sector is continue to growth.

⁵ MASSINGHAM L, Strategic Marketing Planning, 1999, Konan Page Ltd. , page 72

3.9 GENERIC COMPETITIVE STRATEGIES

As already mentioned, research has indicated literally dozens of specific ways in which a business can strive to be better than its competitors, even if companies concentrate on using; only a few of these. However, most of this wide variety of ways in which a company can compete may be subsumed fewer than one of three generic competitive strategies. We shall therefore outline and discuss the meaning of. The notion of generic strategies, which has become so widely accepted and used in strategic marketing planning. We shall then explain the nature of each of the three generic strategies, which are available, together with some of the key considerations in choosing between and supplying each of them.

The word 'generic' is defined as 'pertaining to a class of related thing'. In the context of strategic marketing planning, this means that we can distinguish between alternative classes of strategic options for developing a sustainable competitive advantage. Each of these alternatives constitutes a generic strategy, which the marketer may pursue in an attempt to build an SCA. As already mentioned, it is now generally accepted that there are three such generic strategic alternatives on which to base a competitive advantage. Each of these presents a very different strategic thrust on the part of the organization.

3.9.1 CURRENT COMPETITIVE ADVANTAGE OF APPLE NET

Apple internet cafe has got many competitive advantage. Most important competitive advantage of Apple internet cafe is its connection fast. Because your connection is to be whatever fast your customer will increase. Apple internet cafe's market share and customer satisfaction's degree did not decrease. Because Apple net develop themselves year by year and follow the technology.

Other important competitive advantage of Apple internet cafe is its Network between computers. There are supply effect over the Apple net cafe. Because internet suppliers are much expensive and over the dollar.

Apple internet's workers understand the computers' every problem. So these professionalization provide customer need satisfaction. customers.

If a company use the tchnology very well and if this company understand customer's needs and wants then this company will be succesfull certainly.

I think , most important competitive advantage of Apple internet cafe are its experience , customer love and Apple internet cafe use these advantage very well and contuniously develop theirself.

3.10 THE PRODUCT LIFE CYCLE

One of the earliest and best known conceptual frameworks in marketing planning is the product life cycle concept. As the name implies, this concept is based on the notion that all products and services have finite lives. In addition, during this life it is suggested that products pass through a number of distinct stages. The four basic stages found in most descriptions of the product life cycle are:

- A) Introduction.
- B) Growth.
- C) Maturity.
- D) Decline.

These stages, together with a suggested shape of the sales life cycle associated "with each stage, are suggested as being typically S-shaped, Figure

The product life cycle framework has several suggested uses with regard to marketing planning. However, for our purposes we are interested in the use of the product life cycle for identifying alternative strategic choices. It is suggested that at each of the different stages of the product life cycle certain strategies are likely to be most appropriate. The characteristics of each stage of the life cycle, together with the suggested alternative strategies for each stasis are outlined below.

Introduction Stage: as the name suggests, this is the first stage in the life cycle of a product or market and, as Figure 9.1 shows, is characterized by relatively slow growth in the sales of the product as the market is first developed. Not surprisingly,

this stage is critical to future success and in fact many new products never make it past this stage. At this stage there are likely to be few competitors and costs are likely to be high. The suggestion is that heavy promotional expenditures are likely to be needed in order to inform potential customers and to induce trial. According to market and other conditions, a strategy of either charging high initial prices called 'market skimming pricing' or charging relatively low initial prices called 'market penetration pricing' may be used.

Growth Stage: At this stage sales rise rapidly, as indeed do profits. Competition will start to enter the market and will gradually increase. Strategies during this stage should focus on building the market share and continuing the accelerating sales of the product. Even at this stage the company may need to look to improving product quality and adding new product features. If a high initial skimming price has been used, prices will need to be lowered to expand the market.

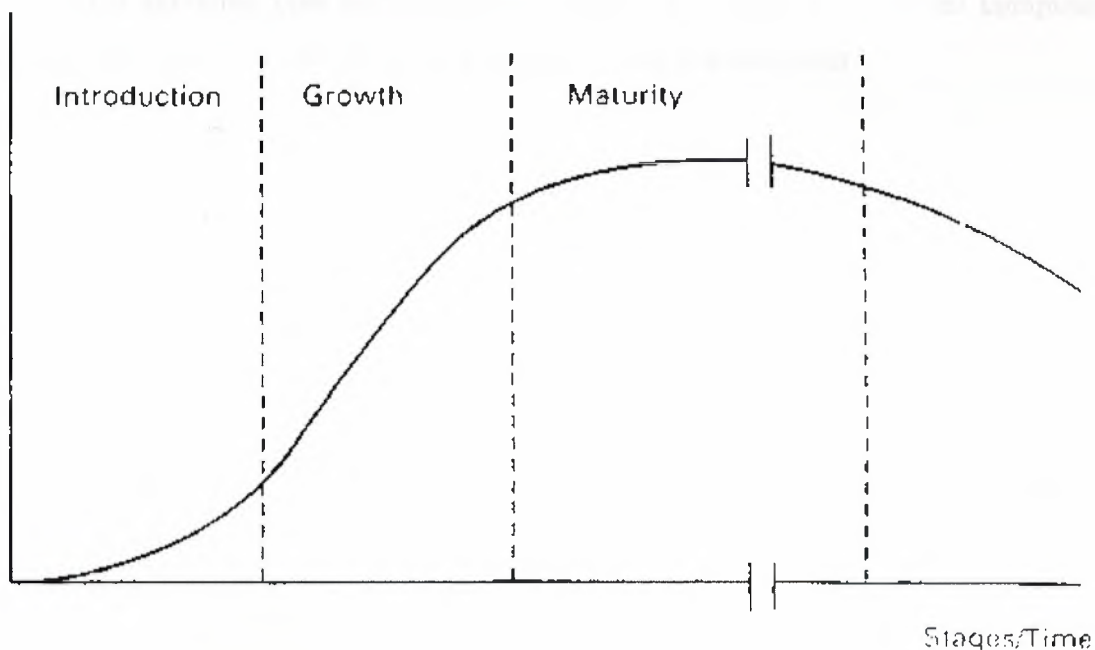
Maturity Stage: At this stage sales begin to peak and start to decline. Profits may decline even more rapidly. A characteristic of this stage is intense competition as competitors fight for a share in a market where sales are slowing. Often special promotional deals will be required at this stage to try to tempt further buyers and above all to build and maintain brand and dealer loyalty.

Decline Stage: At this stage sales are definitely on a downward spiral as a product or market enters its twilight. Suggested strategies at this stage include, for example, cutting prices, product updates and dealer promotions. Eventually, the marketing manager will have to assess when the product should be withdrawn from the market, with possibly new ones being introduced to replace it.

The product life cycle therefore suggests alternative strategies according to the stage at which a product or market is situated. As you are probably aware, the product life cycle has become somewhat unfashionable as a planning tool, in part at least because of a number of criticisms regarding the concept. For example, some suggest that the concept is too simplistic and that many products do not exhibit the classic S-shaped curve, which we have discussed. Similarly, some suggest that products do not have 'natural' life cycles at all and that the concept can be dangerous because it becomes a self-fulfilling prophecy.

There is no doubt that there are limitations to the product life cycle concept, but the view taken here is that, used with care and judgment, the concept does still provide potentially useful insights into the development of alternative marketing strategies. Partly because of the criticisms of the product life cycle concept, however, a number of more complex alternative conceptual frameworks of strategic choice have been developed, including the ones we have selected to outline here.⁶

3.10.1 PRODUCT LIFE CYCLE OF APPLE INTERNET CAFE



Now games (half-life and other strategic games) are to be at maturity level and Apple internet café decrease servicing cost at minimum level. Because Apple net do not pay extra money for games as to be connection of internet. Apple internet café high earning potential from games.

Now at the level , Apple net is leader at games sector and Apple net decrease competition effect to minimum. Because has got perfect Network and Apple net has got %25

⁶ FARBEY D., Integrated Marketing Communications, 1997, Mystery Bookstore, page 157

market share and Apple internet cafe protect their market share with advertisement , promotion, differentiation.

As you know, the game is basic entertainment material and game demand could know as do change and effected more thing for example people satisfy entertainment needs with cinema but I think , game demand can change with differentiation which is possible with for example as the owner's of the Apple net did. He did reprogramming games and he added new characters and effects which are new guns and Turkish sound recording.

And I think Apple internet cafe will arrive maximum market share and customer satisfaction is most important for Apple internet cafe all time .

Now Apple internet cafe is to take consideration changing customer's wants and needs. They decreased servicing cost with qualified workers. For example ; if one computer is failure its workers has required skill and ability for repair that computer.

4. HUMAN RESOURCES OF APPLE INTERNET CAFE

There are 8 personal employed in the Apple internet cafe. All of them are qualified person about computer and programming. And they are graduated from department of computer programming. And owner of the Apple internet café is a student of the Near East University at computer engineering department fourth class. Most of staff have been working together for established Apple internet cafe. This personal are 3 work in relays in a day. 3 person are working between 08.00am to 04.00pm. 3 person working between 04.00pm to 12.00pm and 2 person working between 00.00pm to 08.00am.

All of them servicing to customer with cheerful. According to me ; this is the competitive advantage. Because customer come to internet café for information and entertainment and they want to help for about their don't know. Apple internet café give what they want through its qualified personal.

5. CONCLUSION & RECOMMENDATION

5.1 CONCLUSION

Entertainment and information are basic material for people develop and to feel relieved themselves. So information and entertainment's demand are high and These demand are not elasticity.

In this sector ,Demand can change ,when games create habit and students go to holiday at summer season. This demand change can be for short time and then game market regulate themselves and it find old demand level. Because games continue change day by day. And when schools opened.

In summer season ,demand of internet decrease,the reason of this decrease is close schools and people's relaxation and entertainment needs.

Apple internet cafe established 3.5 years ago and this background as a few see but it is most important competitive advantage and Apple internet cafe combined new technology and their experience and qualified personal and then Apple internet cafe was leader of internet sector.

In economy , as everybody know, if production cost is low than profitability will be high. Company can gain competitive advantage with elastic price. Company can gain these advantage to buy free raw material (computer programs that its feel to needed) over the internet through qualified personal.

Cyprus is small country and Cyprus is a island,these factors increase computer and program's price. Because Cyprus import these equipments from other country. These are too expensive. Apple internet cafe find required program over internet. And Apple internet cafe repair the deformation machine themselves. So Apple internet cafe decrease cost at minimum level..

And Apple internet cafe set up the system that are other internet cafes and companies. This is advantage for Apple internet cafe. Because Apple internet cafe know other internet cafes' system.

Apple internet cafe gain \$5000/month with it has 25 computer.

As you see, Apple internet cafe's computers are less than others but Apple internet cafe is gain much more than others.

Other advantage of internet market is location. Because Apple internet cafe located center of the Küçükkaymaklı. And there no parking problem. Apple internet cafe ha 10 cars parking area. Other reason of the location there are no any internet cafe in Küçükkaymaklı. And there is a private student dormitory nearest the Apple internet cafe.

Competitors of Apple internet cafe are Net House internet cafe , Freecom internet cafe , Casper internat cafe , Total internet cafe , Virüs net , Apple computer and other small internet cafes

Apple internet cafe has not got strong competitor until 4 months ago in Lefkoşa market. And Net House internet cafe was established 4 months ago. This cafe enter market very well and very fast. Because Nethouse cafe become to serious competitor with it has got 60 computer. This is a most important competition advantage for Net House internet cafe and they has got big capital sources. but they has not got experiance and enough information about internet market.

Apple internet cafe believe that cheerful services create quality and customer depend. This is a policy and these come their background.

5.2 RECOMMENDATIONS

Apple internet cafe must open new branches other cities of TRNC.

Apple internet cafe must increase computer number. That computers must be quality.

They must give important to promotion more than advertising.

They must sell computer spare part.

They must follow the technology closely. Because computer technology delekoping gay by day.

They must do product develop and increase product portfolio. They do it with sell to internet supplier.

They must take dealer from internet supplier. For example ; Superonline internet supplier.

They are purchase film from CD center and resell it at the moment. They can enter the copy CD film or music market.

They can sell sandwich and biscuits for nightcomer customers.

Internet cafes can set up Union against internet suppliers. So they can press yhe internet supplier. So their servicing cost will be decrease.

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APPENDIX

1. CUSTOMER/ MARKET

Internet use started since 1995 in Turkey and TRNC but in Europe since 1990. Internet is the basic element of globalisation. Because trading to get easy , finding more information through internet. Internet cafe satisfy entertainment needs of people with games. So Investors invest this sector.

Game and internet market is large and developing market. Because internet and games are basic material for entertainment knowledges.

Information require a person everywhere. And entertainment is required for relaxation. Internet sector is more costly in Cyprus than other countries. Because there are expensiveness for about computer, internet supplier and rent a place.

In Cyprus , there are many internet cafe. But most of them are small. There are a few big internet cafe in Lefkoşa. Why are they big ? because some of them are big computer capacity. Some of them are experience and they worked qualified personal.

In this internet and game market , there are large customer segment and there are not these large customer segment other market as internet and game market.

Children and middle age people usually interested in games and chat. Over the middle age people generally interested in information and they do surf.

In the game and internet market all people is a customer of this market so potential and investment are increased but little investment entered in the market because potential and new investment are made by old and strong company.

Apple internet cafe is a strong company of this market and Apple internet cafe is leader in market and Apple internet cafe has got big part of this market because of Apple internet cafe as know as quality , capacity and cheerful service.

Internet market is an servicing sector. It is not production sector.

Cyprus population is not big (more). So when schools are closed the demand of customer decrease.

Investment cost is very high so new comer damaged. Also old firm if do not follow the technology they will damage too.

In this market sector is technology is important as other sector.

2. COMPETITION AUDIT

Apple internet cafe's competitors are Freecom internet cafe , Casper internet cafe , Virüs net , Apple internet cafe , Net House internet cafe , Baba net , Eymet internet cafe , Lepot internet cafe , Total internet cafe and other small internet cafes.

Apple internet cafe is leader of this sector and has got %25 share of market in Lefkoşa. Use the technology of Apple internet cafe , quality services , human relation are better than other competitor. So Apple internet cafe win leader status at this sector.

Net house internet cafes is challenger and these companies are strong companies and they has got high number of computers. Net House cafe can take tecnology easily because it has got a lot of money. And they have 60 computers and 2 HAB. But Net House hasn't got experience and qualified worker. Net house cafe established at 4 months ago. So Net House cafe's market share is a %20 in Lefkoşa. Net House cafe entered the market fastly but they did not find their hopes. They hopes that we are the leader but they did not leader. But I think Net House cafe's market share will increase year by year.

Freecom internet cafe is follower in this market and this internet cafe was established by 3 partner which are students of Near East University. They have %15 share of market and they have 16 computers.

Total internet cafe usually to address the Arabian student of Near East University. They have %10 share of market. And they have 20 computers.

3. BUSINESS ENVIRONMENT

Internet and game market are effected by some negativeness or some opportunity as to be other market.

Cyprus is a Island so these factor's effect is big for Cyprus rather than other country. Cyprys economy is dependent to Turkey economy , all Turkey economic activity effect Cyprus economy all negativeness of Turkey effcet directly. High infletion effcet Cyprus consumer and investor at the bad way.

Product and equipment price change contunuously. So Cyprus bussinesman can not work future financial plan in Cyprus. Apple internet cafe and other internet cafes can not make certain future plan as a other worked. But in Cyprus consumer's income is higger than Turkey's so crizes effect Cyprus a little rather than Turkey's.

TRNC is an Island so some economic activity can be problem and and negativeness increase. The computer and required equipment's price and transportation cost is high as a other sector in Cyprus.

A new change in computer technology could not took , follow easly and cheap. Follow the computer technology is a very diffucult and expensive. Because computer technology chenge day by day .These are unfavorable factor for internet market.

But Apple internet cafe has got high servicig technology which is a competitive advantage for Apple internet cafe. This advantage decrease reduction cost

Other unfavarable factor is a season for Cyprus. Because in summer season number of customer decrease. Because students go to holiday and schools are closed.

4. FIGURE

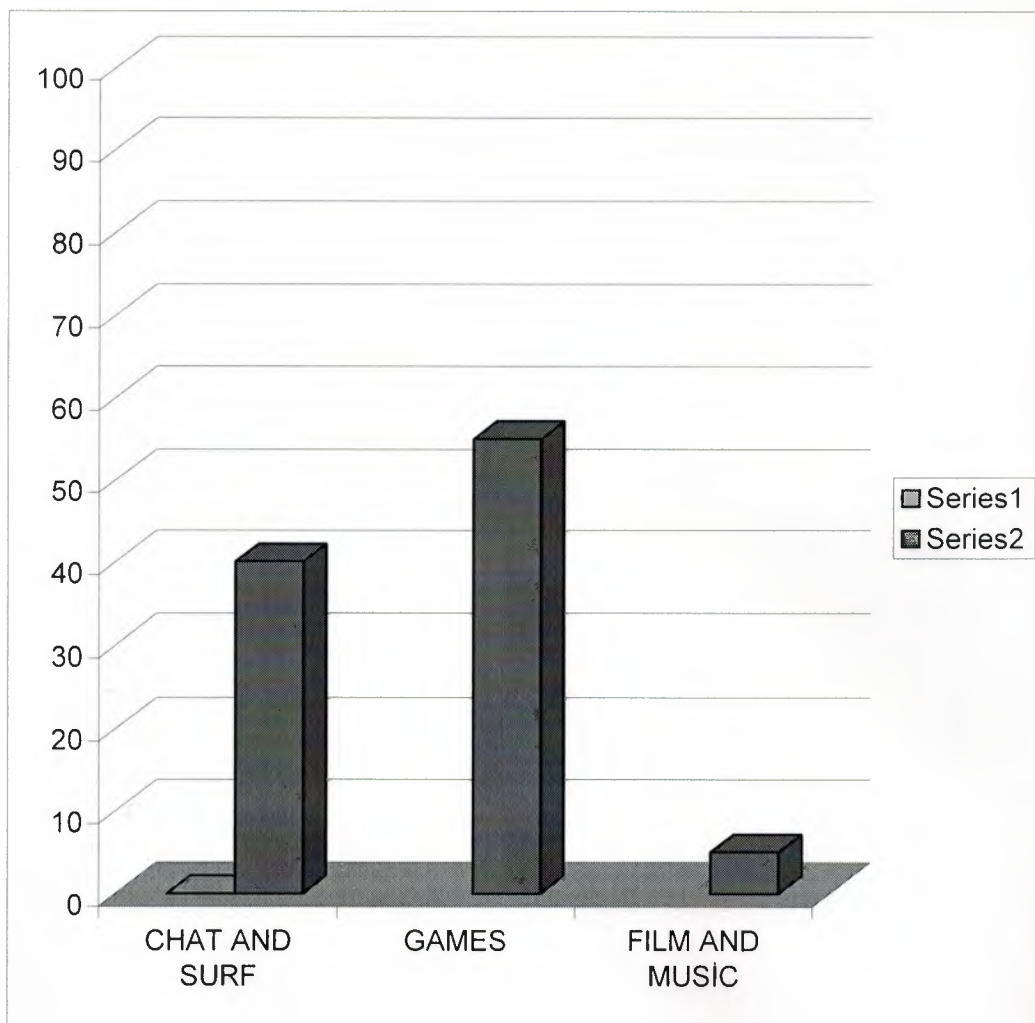


Figure 4.1. Customer demand of Apple Net cafe