

**HUMOR IN MARKETING AS A SUCCESS FACTOR:
THE CASE OF MEO**

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em Marketing

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Foreword

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Glossary and Abbreviations

- **ADSL**: Asymmetric digital subscriber line (ADSL) is a type of digital subscriber line technology; the signal is transmitted through the traditional phone line.
- **ANACOM**: is the regulator of postal and electronic communications.
- **Broadband Internet**: The most used form of Internet access because of its high access speeds; it is offered in four different forms, DSL (or Digital Subscriber Line), also fiber-optic, cable, and satellite. The old dial-up connection is the only non-broadband internet service available.
- **Bundled services**: It's a way to lower the cost of TV, Phone and high-speed Internet service. You have two primary options when it comes to a bundled services package: a double play or triple play bundle. A double play package offers you to choose any two services from the gamut of phone, TV, and Internet. A triple play bundle services package have the full trio of services at the ready.
- **Cable TV**: The signal is transmitted through a network of copper cables. The broadband cable connection is provided by the local cable TV provider. Here the cable Internet connection speed varies with the number of users on the service at a specific point in time.
- **DTH**: It's a service of satellite TV, means Direct-To-Home.
- **FTTx platforms**: Fiber to the x (FTTx) is a generic term for any broadband network architecture using optical fiber to replace all or part of the usual metal local loop used for last mile telecommunications. The generic term was initially a generalization for several configurations of fiber deployment (FTTN, FTTC, FTTB, FTTH...), all starting by FTT but differentiated by the last letter, which is substituted by an x in the generalization.
 - FTTH: Fiber to the Home
- **FWA** : Fixed Wireless Access is a variant of wireless broadband, where a radio link is used instead of cable or fiber for the transmission of voice and data. FWA can, for example, be used for rapid Internet access and video conferences.
- **HD Image Quality**: High Definition of TV image
- **ICP**: Portuguese Institute for Communications
- **IPTV or TVIP**: is a new method of transmitting television signals. Just as VOIP (Voice over IP), IPTV uses the Internet Protocol IP as a transport content. The fact

that IP means Internet Protocol does not mean that television content is delivered via streaming on the Internet. IPTV is not, therefore, a Web TV.

- **NCA**: National Communications Authority
- **Optical Fiber**: The signal is transmitted through fiber-optic-cables. Optical fibers are widely used in fiber-optic communications, which permits transmission over longer distances and at higher bandwidths (data rates) than other forms of communication.
- **Satellite TV**: The signal is transmitted through satellite television alternative to cable or ADSL in places where such access is not available. The last and slowest broadband service is provided by satellite. Although this is a good replacement for dial-up for those people living in remote rural areas, the installation costs are quite high, but the ongoing monthly charges are competitive to both cable and DSL.
- **SD Image Quality**: Standard TV image quality
- **Telecommunications**: transmission of information over significant distances to communicate. In the modern age of electricity and electronics, telecommunications includes the use of electrical devices such as the telegraph, telephone, and teleprinter, as well as the use of radio and microwave communications, as well as fiber optics and their associated electronics, plus the use of the orbiting satellites and the Internet.

Some services Abbreviations:

- **M** - mobile telephone service
- **F** - fixed telephone service
- **I** - Internet access service
 - **BLM** – band mobile broadband
 - **BLF** - fixed broadband
 - **BEF** - fixed narrowband
- **TV** - Service for subscription television

Sumário

É certo e sabido que a utilização do humor no marketing é algo que não é novo para ninguém, no entanto, há que ter a astúcia em saber usá-lo da forma mais correta no nosso negócio. Pode vir a ser ouro se bem utilizado ou pode ser um fracasso total se mal utilizado.

Este projeto pretende contar a história de sucesso do serviço de telecomunicações MEO, da PT Comunicações, ao adotar uma estratégia de marketing com um focus totalmente ligado ao Humor bem utilizado.

O serviço MEO, com a sua comunicação consegue mostrar que a publicidade pode ser muito mais que o “impingir” de um produto, utiliza como chave o Humor no marketing de uma forma nunca antes vista apelando aos sentimentos do consumidor e comunicando com o mesmo de forma a ter a sua aprovação e o seu apego ao seu produto/serviço. Consegue “pegar” no humor e encaixá-lo perfeitamente no produto que vende.

Com este exemplo de sucesso, é possível entender melhor que o humor bem estudado e utilizado com finalidades específicas para produtos específicos pode ser a grande estrela de uma empresa de sucesso.

A resolução do mesmo caso irá ajudar o target a adquirir novos conhecimentos no mercado Português de telecomunicações, mais precisamente da maior operadora de telecomunicações – Portugal Telecom, desenvolvendo capacidades para perceber o modelo de Comunicação do MEO e identificando as variáveis que sustentam o sucesso de uma equipa bastante competitiva.

Palavras-Passe: Marketing; Comunicação; Publicidade; Humor.

Classificações no Sistema de Classificação JEL:

- M31 – Marketing;
- M37 - Advertising

Abstract

It is assured and known that the use of humor in marketing is something that is not new to anyone, however, the need of astuteness to know how to use it in the correct way is essential to our business. It may be gold if it's well used or it can be a total failure if it's used in a wrong way.

This project pretends to tell the success story of the telecommunications service MEO, by PT *Comunicações*. This success comes from a marketing strategy adopted with a focus on a well used Humor.

The MEO service, with its communication can show that advertising can be much more than the foist of a product, they use humor in marketing in a way never seen before appealing to the feelings of the consumers and even communicating with them in order to have their approval and their attachment to the product/service. MEO can use humor and fit it perfectly into the product selling.

With this successful example, is possible to better understand that humor well studied and used for specific purposes in specific products can be the star of a successful company.

The resolution of this case will help the target to acquire new knowledge in the Portuguese telecommunications market, specifically the largest telecom operator - Portugal Telecom - developing capabilities to realize the communication model of the MEO and identifying the variables that underpin the success of a very competitive team.

Keywords: Marketing; Communication; Advertising; Humor.

JEL classification system:

- M31 – Marketing;
- M37 - Advertising

1. The Case Study

The positive effect that humor has caused on a marketing strategy of a product / service in the telecommunications market should not be ignored in the Marketing field.

PT *Comunicações* Company has managed to use humor in marketing as a success factor in a product/service relatively new - MEO.

As we can see, nowadays, more and more advertising creates a huge saturation on consumers which leads to an adverse effect on companies wish - tiredness and disinterest by the brand/company in question.

Despite all these bad marketing techniques used by different companies/brands, we always find some that go further and achieve a hit with consumers. These companies use the novelty and appeal to the feelings of the consumer making it with a mixture of curiosity and interest in their brand.

The humor appears here by correcting some of the current advertising problems. A good mood to catch consumers' attention; the use of public figures loved by the audience and a great product to sell are actually the ingredients of the success of the MEO.

Despite being a product/service of PT *Comunicações* very recent, MEO in a few years conquered the market and reached exceptional levels of notoriety. All this due to large advertising campaigns created around the humor of *Gato Fedorento* group.

The success story of MEO appears here as a background of the positive effects that a well thought, well structured and well created humor can actually brings to a company. Humor creates a new image and makes a greater and more consistent bond with the customer.

Advertising doesn't have to "impose" the product no matter what, the advertising should appeal to the feelings of the consumer and know how to communicate with him/her in a way to take his/her approval and guarantee him/her as a customer.

The example of MEO success helps to understand better that a certain kind of humor as well studied and used for specific purposes and for specific products can be the star of a successful company - Advertising with a dash of humor proved to be a success.

1.1. The Telecommunications Sector

The telecommunications sector has, in recent years, substantially improved and modernized allowing Portugal to stand in a comfortable position among its European partners.

Portugal has a modern and flexible telecommunications market and a wide range of varied media organizations.



The sector is divided in postal services and electronic communications. Electronic communications consists of: voice services (fixed and mobile phone services), data (mainly Internet access) and video (TV signal distribution). These services are distributed across multiple access networks, including mobile networks, traditional fixed network, distribution networks of cable TV, satellite and other radio means.

The telecommunications sector hasn't had a stable growth. However we can say that from 2006 to 2010 there was an increase of 3.78% in the income of the industry. (Board 1)

Board 1: Earnings of the sector companies

	2006	2007	2008	2009	2010
Serviços Postais / Postal Services	927 727	1 047 915	1 072 705	1 037 693	1 027 792
Comunicações Eletrónicas / Electronic Communications	7 385 685	7 761 760	7 706 171	7 571 848	7 600 016
Total / Total	8 313 413	8 809 675	8 778 876	8 609 541	8 627 808

Fonte/Source: ANACOM

Unidade/Unit: 10³ Euros

Also important are the advertising costs in this sector. As we can see in *Board 2* the advertising costs is been decreasing till 2010. Just a little growth in 2008. Maybe this is because of the global economic crisis that as is known the first thing to cut in companies is, almost the times, the advertising costs.

Board 2: Total Advertising costs of the sector companies

	2006	2007	2008	2009	2010
Serviços Postais / Postal Services	8124	9704	7410	7227	7405
Comunicações Eletrónicas / Electronic Communications	172 595	170 345	193 051	176 345	155 450
Total / Total	180 719	180 049	200 461	183 572	162 855

Fonte/Source: ANACOM

Unidade/Unit: 10³ euros

The telecommunications sector comprises micro (<10 employees), small (<50 employees), medium (<250 employees) and large (> 250 employees) companies. The

companies that predominate in this sector are micro and medium ones. Basically, Portugal has a medium-sized telecom market with a strong mobile sector and a growing broadband customer base well served by both the cable and DSL platforms.¹

1.1.1. Regulation Authority



The NCA - National Communications

Authority (ANACOM) is the regulatory authority postal and electronic communications, as it's clear from the Electronic Communications Law (Articles 4th and 5th of Law n° 5/2004 of February 10th).

ANACOM is, since January 6, 2002 (Decree-Law No. 309/2001 of 7 December), the new name of the Communications Institute of Portugal, as a result of entry into force of the new statutes. ANACOM continues the legal personality of the NCA, deviating from the previous legal status of public institution and assuming the legal person of public law, endowed with administrative and financial autonomy and its own assets. This law also lays down the characteristics of ANACOM's independence, both in terms of organic and functional, with the particularity of the direct relationship with the Assembly. Annually, the ANACOM shall submit to the Government, to be also present to Parliament a report on its regulatory activities. The Chairperson of the Board of Directors shall comply, when requested, the requests for hearing from the committee of the Assembly, to provide information or clarification on the activities of ANACOM.

ANACOM is responsible for implementing and monitoring compliance with laws, regulations and technical requirements within their assignments.

To fulfill this mission, ANACOM has the following powers:

- ✓ Enforcement of the law and regulations applicable to the communications sector;
- ✓ Initiation and prosecution of sanction cases and punishment of offenses that fall within its competence.

¹ Source: ANACOM

1.1.2. The electronic communications in Portugal

Portugal has an advanced telecoms market, with a progressively growing broadband subscriber base well served by cable, DSL and the emerging FTTx platforms. Mobile penetration is far above the European Union average, while the development of digital TV services has progressed under cautious regulatory guidance.

The progressive liberalization of the Portuguese market began at the beginning of the 1990s through the creation of the Portuguese Institute for Communications (ICP).

The liberalization of fixed and mobile networks and the entry of new operators in the Portuguese market, increased competition, improved quality and reduced tariffs.

With the introduction of 3rd generation mobile networks, the access to broadband Internet and TV distribution became available to mobile network's customers. Portugal is the 4th country in Europe in terms of broadband access with more than 10 Mb per second and has the 3rd highest penetration rate of mobile broadband in Europe. Currently, Portugal satellite networks are mainly used to provide distribution services for TV. (ANACOM)

According to ANACOM from 2000 to 2009, the number of physical media used by consumers to access electronic communications services has grown on average about 6.2% per year, reaching 21.7 million hits in 2009.

1.1.3. The players of electronic communications' market

ZON continued to have the largest share of subscription TV subscribers (54.9%). PT Comunicações (with MEO service) remains the second largest subscription TV operator with a 33.2% share of subscribers, while the third largest operator continues to be Cabovisão, with a share of 8.8 %.



Board 3: Provider shares of subscription TV service subscribers (%)

<i>Provider shares of subscription TV service subscribers</i>	<i>3rd Quarter 2010</i>	<i>2nd Quarter 2011</i>	<i>3rd Quarter 2011</i>
Group ZON/TV Cabo	56.7%	55.8%	<u>54.9%</u>
ZON TV Cabo Portugal	51.1%	50.3%	49.7%
ZON TV Cabo Açoreana	2.6%	2.6%	2.4%
ZON TV Cabo Madeirense	3.0%	2.9%	2.9%
PTC	31.2%	32.3%	<u>33.2%</u>
Cabovisão	9.2%	9.0%	<u>8.8%</u>
AR Telecom	0.9%	0.8%	0.7%
Optimus	1.1%	1.2%	1.2%
Vodafone	0.7%	0.8%	0.9%
Other providers	0.1%	0.1%	0.2%

Source: ICP-ANACOM

PT *Comunicações* (PTC) has subsequently gained position in the war for the ZON customers on pay television.

The owner of MEO increased its market share by 2% in the 3rd quarter, compared with the same period last year, while the former operator of cable TV lost a little less than 2% of the market.

At the end of the 3rd quarter MEO had a market share of 33.2%, which compares with the 31.2% achieved in the same period. ZON already spent 56.7% share at the end of September 2010 to 54.9% market share in the same month of 2011.

ZON and PTC hold about 88% of subscription television customers in Portugal, which represents 2.89 million subscribers at the end of September, 174.000 more than the same period in 2010. This situation has led to other operators point out the existence of a duopoly in pay television. (Source: ANACOM)

1.1.4. The user of electronic communications

The consumer reference for the analysis of integrated communications services is the individual with 15 or more years residing in a private accommodation in Portugal and the services considered are the following:

- mobile telephone service (M);
- fixed telephone service (F);

- Internet access service (I), distinguishing three forms of access: band mobile broadband (BLM), fixed broadband (BLF), and fixed narrowband (BEF);
- Service for subscription television (TV).

A questionnaire developed by ANACOM gave us some information concerning the consumer of telecommunications:

- ✓ Almost all respondents (95%) have television, 89% mobile phone and 86% fixed phone;
- ✓ For television, the option for cable television seems to be more common access to the other channels, nearly 50% have cable TV, with a clear predominance for cable access;
- ✓ Another important aspect is that 74% of respondents have computer but only 41% connected to the Internet.

In overall, these results allow to measure that the profile of most respondents corresponds to middle class individuals living in large urban centers, with a level of higher education to the compulsory education and which show a pattern of consumption and access to telecommunications services and audiovisual above the national average.

Regarding the concern that consumers have in the acquisition of new telecommunications products, from the same survey carried out by ANACOM was observed the following results:

- The concern is primarily related with costs (60%) and mismatch (54%) the last one can later reflect in future costs;
- Note that while the concern with "incompatibility" increases with qualifications and performance, the reference to "cost" decreases with these same characteristics, i.e., people with higher education and income show a greater sensitivity to issues of compatibility and a greater indifference to the issue of costs.
- In terms of area of residence, the concern with the "cost" is always the most appropriate, regardless of the district concerned (there is a greater prominence of this concern in the districts of Castelo Branco (68%) and Angra do Heroísmo (67%) and lowest in Horta (55%), Ponta Delgada, Beja and Vila Real (56%))

1.1.5. The services of electronic communication

The evolution of the number of physical media used by consumers to access electronic communications services was mainly determined by the mobile networks (growth of 10.5% / year). According to ANACOM, unlike the traditional fixed network has seen his weight down between 2000 and 2009 decreased on average about 3.5% / year and in 2009, the decline was 4%.

In fiber-optic network at the end of 2009, in Portugal, there were 1.1 million accesses installed and about 35.000 customers and cable TV networks were used in the same period, 56.000 clients.²



Most users who buy bundled services in Portugal are client operators of cable TV distribution. Moreover, the procedures for double and triple-play that combine television and Internet have an intensity of use higher than the European average.

In 2009 the number of accessions to the *package offers* increased about 25%, reaching 899.000 subscribers. This evolution was mainly driven by triple-play offerings which grew 41%, now represented 52% of the total of such offers. (Source: ANACOM)

Among the residential population communication services most commonly used are a combination mobile phone, landline, fixed broadband and Pay-TV (M + F + TV + BLF). Among SMEs, the most widely used is the combination (M + F + BLF). As the company goes up in size, the number of available services tends to increase: it is equal to or greater than four (M + F + BLF +BLM), predominantly telephone services and Internet access for fixed and mobile.

² Source: ANACOM

Board 4: Penetration of services and combinations of services (%)

M+F+BLF+TV	19,8	M – Mobile Phone
M	18,8	F – Landline
M+F	9,0	TV – Pay-TV
M+F+TV	8,0	BLF - Fixed broadband
M+TV	7,2	BLM - Mobile broadband
F	6,5	
M+BLF+TV	5,8	
M+BLM	3,2	
M+F+BLF	3,0	
M+BLM+TV	2,6	
F+TV	2,3	
Others	9,8	
None	4,0	

Source: ICP-ANACOM *Inquérito ao Consumo das Comunicações Eletrónicas, Dezembro 2009*

Basis: Individuals with 15years or more

At the regional level, the consumption of electronic communications services is different depending on the region in which the individual belongs:

- In *Alentejo*: there is a greater exclusive use of mobile phone service;
- In *Algarve*, are used less standardized services, or other combinations of services;
- In Lisbon stands the integrated set of services (M + F + TV + BLF);
- In central and northern regions, is marked only the use of mobile phone service, although in the center stands the combination (M + F + TV + BLF).

On the other hand, since the majority of the population resides in the regions of Lisbon, Centre and North, the type of reported use in these regions tend to have a significant impact overall.

In this present year, 2012, by propose of European Commission, will be introduced in all EU member states a new technology for terrestrial broadcasting, a digital signal that will replace the current analogue terrestrial broadcasting. Between January and April 2012 the change is for all those who do not have pay TV.

1.1.5.1. Subscription television service (STVS)

The access to subscription television can be done in several ways:

- Cable
- ADSL
- Satellite
- Optical Fiber
- TV FWA(fixed wireless access)

Main aspects of developments in last years:³

- The number of pay-TV customers reached approximately 2.8 million at the end of 2010, more than 246 000 the previous year;
- 71 subscribers per 100 private households;
- In 2010 the penetration of subscription television in Portugal exceeded the European average;
- In 2010, the new services supported on ADSL and similar were the services that grew most in absolute terms - about 122 000;
- The FTTH (fiber to the home) is the platform that recorded the highest growth rate (greater than 100%) and was responsible for about 45% of net new customers, having surpassed the barrier of 100.000 customers;
- The DTH (satellite TV, direct-to-home) grew 4% in 2010 and almost 54% over the past five years, reflecting the commitment of the operators on this platform;
- The Distribution Service Cable Television recorded for the third consecutive year, a negative variation.
- On the other hand, continues to increase the presence of commercialized offerings bundled together with Internet service in broadband fixed/mobile and/or the voice telephony service.

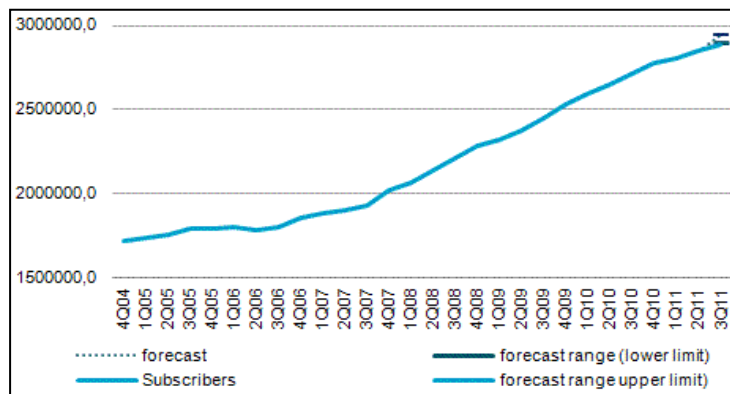
Overall satisfaction with the pay television service (measured on a scale of 1 to 10, “not satisfied at all” to “very satisfied”) is high. About 84% of respondents rate the service with a score of 7 or higher. Should also be noted that in the previous year, the proportion which attributed a high positive note the service increased by about 7 percentage points.

³ Source: Subscription television services – Statistical Information 3rd Quarter of 2011 - ANACOM

During the third quarter of 2011, the total number of subscribers to the subscription TV service continued to grow, reaching 2.89 million, 43 thousand more than in the previous quarter and 174 thousand more than in the same period of 2010.⁴

The reported number of subscribers as at the end of 3rd quarter of 2011 is very close to the lower limit of the forecast range resulting from this indicator's recent historical trend.

Chart 1: Evolution in the total number of subscription television service subscribers



Unit: 1 subscriber

Source: ICP-ANACOM

Growth in the service was driven, in the most part, by offers supported over optical fiber (FTTH/FTTB), accounting for around 6.5 out of every 10 new customers on a net basis.

Board 5: Subscription television service – subscribers by technology

<i>Subscription television service subscribers by technology</i>	3rd Quarter 2010	2nd Quarter 2011	3rd Quarter 2011	Quarterly variation	Annual variation
<i>Cable</i>	1,437	1,428	1,428	0.0%	-0.6%
<i>DTH</i>	670	676	683	1.1%	2.0%
<i>FTTH</i>	113	192	220	14.5%	94.5%
<i>Other technologies (xDSL, FWA, IPTV)</i>	496	551	559	1.5%	12.8%
Total	2,716	2,848	2,888	1.5%	6.4%

Unit: 1000 subscribers; %

Source: ICP-ANACOM

⁴ Source: Subscription television services – Statistical Information 3rd Quarter of 2011 - ANACOM

✓ **Bundled offers - IPTV**

The main vehicle used to sell the subscription television service is through bundled offers.

At the end of the third quarter of 2011 (3Q2011), over two thirds (67.1%) of subscription television service subscribers received the service as part of a bundle, with the most popular offer comprised of TV, fixed Internet and fixed telephone (51.5 %). This most popular offer comes more from the new service IPTV⁵. (Board 6)

Internet Protocol television (IPTV) is a system through which television services are delivered using the Internet protocol suite over a packet-switched network such as the Internet, instead of being delivered through traditional terrestrial, satellite signal, and cable television formats.

IPTV services may be classified into three main groups:

1. Live television, with or without interactivity related to the current TV show;
2. Time-shifted television: catch-up TV (replays a TV show that was broadcast hours or days ago), start-over TV (replays the current TV show from its beginning);
3. Video on demand (VOD): browse a catalog of videos, not related to TV programming.

In practice, telecommunications companies can enter in the pay TV business, offering a complete system (4Play: Telephony, Broadband, Mobile and Pay TV).

IPTV is the opportunity for telecom operators to definitely become Triple players, i.e., providers of telephone, internet and television, as well as are many of the cable TV operators in the country.

⁵ Must see Glossary

Board 6: Subscription television service – subscribers by type of bundle acquired

<i>Subscription television service subscribers by type of bundle acquired</i>	<i>3rd Quarter 2011</i>	<i>3rd Quarter 2011</i>
<i>TV only</i>	949,7	32.9%
<i>DOUBLE-Play</i>		
TV + Fixed Telephone	355,0	12.3%
TV + Fixed Internet	88,3	3.1%
TV + Mobile Internet	4,8	0.2%
<i>TRIPLE-Play</i>		
TV + Fixed Internet + Fixed Telephone	1,488,3	51.5%
TV + Mobile Internet + Fixed Telephone	4,5	0.2%
<i>Total subscribers to TV as part of bundle of services</i>	<i>1,940,9</i>	<i>67.1%</i>

Units: 1000 subscribers;%

Source: ICP-ANACOM

1.1.6. Revenues

In the first nine months of 2011, total revenues derived from standalone TV offers and from bundles of services which include the subscription television service totalized 872.4 million Euros. Of this value, around 254.8 million Euros (29.2 %) corresponds to stand-alone offers and 104.1 million Euros (11.9 %) is derived from double-play offers, while the remaining 513.5 million Euros (58,9 %) is associated with triple-play offers. (Board 7)

Board 7: Subscription TV service revenues by type of bundle of services acquired

<i>Subscription TV service revenues by type of bundle of services acquired</i>	<i>January - September 2011</i>	
<u>TV only</u>	254,8	29.2%
<u>DOUBLE-Play</u>		
TV+Fixed Telephone	70,1	8.0%
TV+ Fixed Internet	31,9	3.7%
TV+ Mobile Internet	2,0	0.2%
<u>TRIPLE-Play</u>		
TV + Fixed Internet + Fixed Telephone	510,9	58.6%
TV + Mobile Internet + Fixed Telephone	2,6	0.3%
<i>Total revenues</i>	872,4	100.0%

Units: millions of Euros; %

Source: ICP-ANACOM

1.1.7. Future Challenges

- ✓ Technological evolution and development of new access technologies: investments in Next Generation Access Networks (“NGAN”), namely Fiber-To-The-Home (“FTTH”) and DOCSIS 3.0 cable networks in the fixed business, and Long Term Evolution (“LTE”) in the mobile business.
- ✓ Change in consumption patterns led by new access devices: Examples of this trend are smart phones, Board PCs and Internet pads, e-books.
- ✓ New competitive boundaries being set at a global level: The broad telecommunications sector will continue to expand, but increasingly overlapped with equipment manufacturers, Internet service providers and media players, a trend led by growth in connectivity and higher access speeds that will enable the emergence of cloud-based services.

1.2. Portugal Telecom Group

The PT Group is a telecommunications and multimedia company in Portugal. It is assumed as the Portuguese entity with greater national and international



projection featuring a diversified business portfolio where innovation is a major pillar in its evolution.

PT is currently market leader in fixed telephone services and has a very significant market share in terms of mobile phones with the help of TMN. In addition, it has a large involvement in the business of cable TV, IPTV, data communications among others.

The company activity embarks all segments of the telecommunications sector: fixed, mobile, multimedia, data and business solutions.

Since 1996, when the company changed from public to private, there was an enlargement of its scope of action making it one of the highest rated nationally companies with a presence in foreign exchanges. The presence of PT in the international market extends to countries like Cape Verde, Mozambique, Timor, Angola, Kenya, China, Brazil, Sao Tome and Principe and Namibia.

With the privatization and much because of PT International the company saw its annual growth in revenues evolve in 11% and 37% in net income. (Source: PT)

The year 1996 was also a year of a major reorganization of PT. They defined various areas of intervention in order to sustain growth, profitability and monopoly of the fixed network.

In Portugal, PT Group is divided into:

Fixed

- PT Comunicações
- PT Prime
- PT Corporate

Mobile

- TMN
- PT Wi-Fi

TV

- MEO (PT Comunicações)

Internet

- MEO
- Telepac
- Sapo

Figure 1: Distinctive offers for all market segments



Source: Portugal Telecom

 **Communication**

- PT Information Systems

 **Research & Development**

- Innovation Portugal Telecom, SA

The positioning of PT is based on constant innovation and execution and a strong customer orientation.

In the Portuguese market, PT manages its business through customer segments in order to:

- Residential: to consolidate the positive trend in its wire line business and leveraging the success of its TV strategy;

- Personal: continue with innovation in product development and data access internet by leveraging the strong online presence, SAPO, and its strategic partnerships, while adjusting its pricing structure to improve the underlying trends in the mobile segment;

- SME's and the business segment: launch cloud-based converged solutions supported by the new Data Center

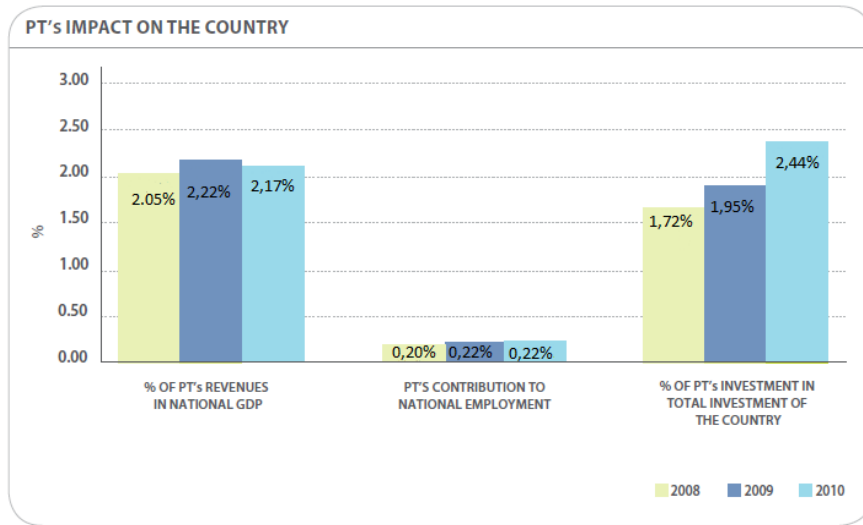
1.2.1. The impact of PT in Portugal

In 2010, the weight of PT's revenues on the nation's GDP increased slightly – 0.02% - although income from operations grew by 0.2% compared to 2009. This trend reversal is due to the fact that Portugal's GDP grew by circa 1.4%, opposed to the 2.5% decrease observed in 2009. Therefore, PT continues to contribute positively to the increase of the wealth of the country, also maintaining its contribution to national employment.⁶

On the other hand, in counter-cycle with the nation's economic and financial conjuncture, PT continued with its investment strategy, which although with a slight decrease in comparison to 2009, continued to represent an important part of the country's total investment, having its contribution increased by 0.49%. (Chart 2)

⁶ Source: Portugal Telecom

Chart 2: PT's Impact on the Country



Source: Portugal Telecom

By entering in the market of subscription television, the PT is to reverse its tendency of domestic residential business, entering with an attack position in the market and at the same time leveraging its position as the largest integrated operator in order to offer a wide range of convergent products and services.

In a changing world where the need for communication and use of various data services across all devices in anywhere (at home, at work or in traffic) is growing among individuals; the skills and unique capabilities to offer integrated services provided by PT, prove to be a great competitive advantage in Portugal.

1.2.2. PT Comunicações

As reviewed above, the PT group is subdivided into several companies according to their field of expertise. PT *Comunicações* is one of those companies.

PT *Comunicações* was established in 18th September of 2000. It is the company with the largest telecommunications infrastructure in Portugal (its network is 100% digital) and with the largest customer base in the same sector.

The PTC is leader in the telecommunications sector by presenting a diversity of services and solutions covering the fixed network services, mobile network, data communication, broadcasting, video conferencing and broadband solutions.

More recently was launched MEO, an IPTV service supported by the network of copper pairs.

✓ *Mission*

Provide telecommunications and multimedia services of recognized value to the clients through a constantly updated technology and qualified and motivated resources.

✓ *Vision*

PT's commitment to sustainable development affects the whole structure. Underlying this is the vision and strategy that dictates the direction company should follow, as well as to all employees.

✓ *Values*

- Honesty,
- Integrity,
- Dignity,
- Correction,
- Professional diligence.

✓ *Objectives*

- Leadership in the domestic market in all business segments
- Development of the growth potential of new business
- Net debt reduction of PT
- The progressive and sustained return to shareholders
- Increased productivity and quality of service
- Capture of economies of scale and synergies in the company
- Rationalization of operating costs
- Increase the profitability of operations in Portugal and Brazil
- Maximization of operating cash flow
- Creation of shareholder value
- Respect the community and the environment
- Streamlining the environmental impacts of the activity of telecommunications
- Corporate citizenship

1.2.3. The competitors

The competitors of PT *Comunicações* are:

- ZON Multimédia
- Cabovisão
- Clix Smart TV (Sonaecom)
- Vodafone TV

Although *Cabovisão* is the second biggest competitor, ZON is the direct one because this one still beats PT in its market share.

To compare the products/services between MEO and its biggest competitor was performed a comprehensive analysis and concluded the following:⁷

- Ease of installation – ZON
- Technical Assistance – MEO
- HD Image Quality – The same
- SD Image Quality – ZON
- User Interface – MEO
- Video Rental – MEO
- Internet Access – ZON
- Performance (zapping, menus...) – MEO



Therefore can be said that we are facing a technical draw, i.e., subscription to one or other service may depend on the current situation of the client contract. Probably, a cable TV customer will join the ZON Box and will not change for the MEO, because it's easier for him/her. However, if it's not a cable TV customer and is still a PT client or if have no phone line, the MEO is slightly ahead.

In terms of communication of their product, among the two direct competitors, MEO continues to surprise and mark its difference. While MEO bet in humor advertising campaigns, its big competitor ZON does not use the same strategy and keeps up with a more serene advertising featuring facts and benefits of its product. However *Cabovisão* appears here with a strategy similar to the MEO using also humor.

⁷ Source: Revista Exame Informática – Agosto 2008

1.2.4. Changes in PT *Comunicações*

With the excessive changes in the advertising of our times, many companies were forced to change its strategic marketing plans. The PT was not an exception. So, they decided to do a comprehensive analysis of the situation. Some barriers that should be solved were detected:

- The advertising overall saturation (more ads and more ads...) and changes in media consumption (less TV and more internet);
- “Share of voice” in telecommunications category is declining;
- Some emotional conditioning caused by the signature services.

To meet this challenge, the PTC would have to change the rules of the game and this involved to:

- Changing the style of communication, creating entertainment programs of 30";
- Leverage the use of the Internet as a way to connect with their users.

1.3. The emergence of Humor in some Portuguese brands

With the emergence of humor a new type of advertising become to be popular and generating positive reactions among consumers.

In some brands/companies the humor in advertising started to be used frequently and with some good results among their customers.

One of the best examples that eventually score more was, with no doubt, the brand *Frize*. Between 2002 – the beginning of the advertising with “Tochas” (stand-up comedy actor) – and the end of 2005, *Frize* has seen its sales triplicate and the brand opted to reinforce its values and attitudes by the unique characteristics of the product.



The type of humor used was based on quick ads trying to appeal to the willingness of the consumer but always trying to alert for the advantages of the brand.

PT *Comunicações* decided to take part of humor ads and build something else. Not appealing to much to the brand, making it in a more implicit way, and using famous people.

After reviewing some scenarios, the *Gato Fedorento* group turned out to be the most attractive option, especially because of the desire of the both parties come together was reciprocal.

The Gato Fedorento group

Gato Fedorento is a group of four Portuguese comedians composed by: *Ricardo Araújo Pereira, José Diogo Quintela, Miguel Gois* and *Tiago Dores*.

It all started in 2003 with the creation of a blog and since there they started to be called to humorous sketches and humorous series. Later in the 2006 *Gato Fedorento* decided to radically change the format of their program, beginning to display the "*Diz que é uma espécie de magazine*", a program where comedians satirized current events featuring special guests and musical groups.



With the acquired fame they began to be well received by the general public and companies began to see a great advantage to have them as protagonists' figures of their ads.

The first company to use the humor of *Gato Fedorento* was a bank – *Montepio Geral*. In 2005 the *Montepio* advertising campaign was designed to capture the youth people, they used a figure created by *Ricardo Araújo Pereira* in a sketch of the *Gato Fedorento* known as "*O homem a quem aconteceu não sei quê*". This campaign has revealed a paradox of creativity and television industry and increased market share of the bank.



Later, in August 2006, PT *Comunicações* launched a new advertising strategy that is summarized in the signature: "*Agora é outra conversa*" and had as protagonists the exclusive *Gato Fedorento* group. The comedians began to be the

campaigns face produced by PT *Comunicações* for a year.

1.4. The MSTF Partners Agency and PT *Comunicações*

To better achieve the objectives of image changing and implementation of a new marketing strategy, PT *Comunicações* enlisted the help of an advertising agency.



The MSTF Partners is an advertising agency that works brands at a 360°. They develop brands communication strategy and creative strategy, online and offline.

The work is always done in group with the company and the MSTF. There is a process that goes through a briefing issued by the company to the agency, the agency then responds with a communication and creative strategy, to finish both enter in a process working set to make things happen.⁸

Usually the agency works with the marketing department of the company client, but in many cases also with the administration, since these days the areas of communication and advertisement have great importance.

The changing of PT and the contribute of MSTF Partners

The institutional weight of PT meant that sometimes the advertising messages were not as effective as the brand wished. At that time we were living a period in which more people, especially young people, were "switched off" of old wire line. So the strategy applied by the MSTF in PT was simple. If PT were leaving Portuguese houses because people were "turning off" the fixed network, they had to "enter" by other side, in this case by TV and the commercials.

The MSTF argued that the agency was doing it through humor and with the help of the funny four talented comedians who were starting to appear at the time in *SIC Radical* (a Portuguese TV channel). They believed that this was the best way to make the Portuguese hear PT and explain what the new they had to offer.

The funny thing is that the idea was born during a focus group, in which a group of consumers before a great deal of PT hardly heard or reacted to the offer ... and that led the agency comment each other while they were watching on the other side of the glass "damn, this looks like a sketch of *Gato Fedorento*".

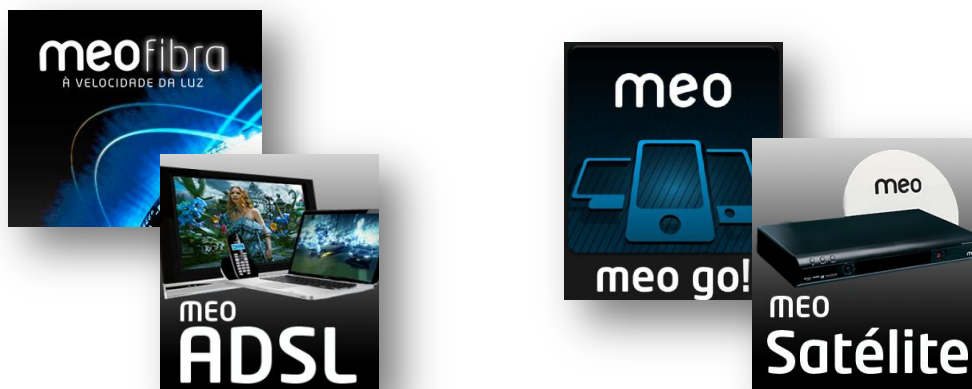
⁸ Interview made to Tomás Froes from MSTF agency

Of course some risks were inherent on humor in communication and the most worrying is the “steal the scene”, i.e., the approach could cover up the advertised brand and impair the memory of it. As PT is a brand with solid customers the new image also could “scary” and confuses them.

But the help of the agency and the contribution of *Gato Fedorento* just gave to the company more customers and keep the old ones, as we are going to see next.

1.5. MEO

The MEO is a commercial service of PT *Comunicações* that is available with different features in four technologies: MEO Fiber, MEO ADSL, MEO Satellite and MEO GO. The ADSL network and fiber optic MEO are a triple supply of services: television, Internet and telephone. Since the satellite network is only the distribution of television content. The transmission of television content via ADSL is made by a protocol of IPTV (Internet Protocol Television).



In 2007, the MEO service arose after the separation of PT *Comunicações* and PT *Multimedia*, which the last one changed its name to ZON Multimedia (now the biggest competitor). While the PT Multimedia was served coaxial cables created throughout the country, after separation, the MEO serves up the network of copper cables that serve the telephone signal to transmit the signal IPTV. Television served by MEO within the network of copper cables is served on the ADSL line from 5 Mb per second.

In May 2009, PT *Comunicações* announced, shortly after the start of transmission of DTT, that the triple-play service is also available for fiber optic network which can reach speeds of 200 Megabits per second.

PT announced on February 12, **2010** the possibility of the MEO likely to be available on personal computers in the short term. This service would be named MEO@PC, but then has been renamed to MEO GO!.

In November **2011**, it was announced that the MEO has reached 1 million subscribers.

Portugal Telecom announces that MEO, its pay-TV service, surpassed one million customers in just three and half years after it was launched on a nationwide basis

MEO customers represent circa 93% of PT's fixed broadband customers and 38% of its fixed lines, at the end of 3Q11. Net additions since the beginning of October 2011 surpassed 25 thousand customers.⁹

PT explained that *“is anchored in a disruptive, non-linear and interactive experience providing access to live TV channels, personal video recording (PVR), catch-up TV, video on demand, and to games and music on demand”*. They noting that the MEO has a *“differentiating content proposal, with over 150 channels, including channels with exclusive content, content in high definition and 3D, more than three thousand movies available in MEO video club, interactivity over anchor programs, available in the “red button” on the MEO remote control, as it is the case of American Idol, Secret Story and Biggest Loser”*.



The MEO also offers advanced interactive applications across multiple widgets available on “the blue button” on the MEO remote control and covering areas such as: information, including the MEO News, developed in partnership with the RTP (Portuguese TV channel), and the application Sapo Kiosk; sport, including the application football, the application of BenficaTV, the application and implementation of the MEO SportTV and the application of MEO Surf; music, for example the application of the radio, the RFM Vi and the application of karaoke; convenience, such as pharmacies, and User Content, including online archive of photographs.

MEO has, since its launch, placed its efforts on an innovative communication, and the market perceives its brand as young, innovative and fun.

⁹ Source: PT Comunicações

Other important thing is that MEO bets a lot in partnerships and in events to promote them and of course its product/service. The better example is when MEO promote Estoril Open 2010 offering double tickets to its customers.

Product Vs Price

In this area MEO has a price a little bit higher than its competitors but of course this has a logical explanation. While its competitors have less channels and a lower speed, MEO present a good product/service with a pack of channels really attractive and its speed is by fiber so it's faster and more efficient which, of course, justify its price of positioning.

How can people subscribe the MEO service?

- By Telephone: 24h Call centers are available to everyone who wants to have this product/service, customers doesn't even have to call them because they have an application on the web site where people can put the phone number and then they call you in a few minutes;
- By Internet where there are all the information you need to know about it;
- In Kiosks localized in shopping centers with specialized people that gives you all the information needed and tells you which services are available where you live;
- In PT and TMN stores localized all over the country.



✓ Humor in MEO

An advertising communication based on humor, with *Gato Fedorento*, threw the MEO for leadership in terms of notoriety, and currently has the highest spontaneous recall among consumers in telecommunications.

According to the MSTF Partners the *Gato Fedorento's* choice for MEO advertising arose from “some studies that were giving some clues, and then after some internal meetings were reached the conclusions that we should continue with GF since it can break with what had been done so far. And there was born the idea of creating some beings called by “meos” who now have the TV control, “o comando é MEO”, and therefore they believed that had the television of the future and therefore lived in the future”.

The revelation of MEO was through an announcement that was divulgated in Lisboa and Oporto with big screens in downtown and in the four principal channels of TV. It was also announced in six subway stations in Lisbon.

Basically the first campaign was in 2008 with the MEO *Comandantes*. The idea was to support MEO as a TV of the future. When everyone thought that *Gato Fedorento* group had left the TV, PT presents its communication through them where the group will take over the TV of the Future - The PT TV. They communicate this first campaign in traditional media (TV, media, radio, cinema, mupis and



outdoors, online), using innovative formats and non-conventional medium, where they bet heavily on Viral Marketing (SMS, MMS, emails, social networks, blogs) online and mobile. A good example was the MEO interactive with a phone call for free of Gato Fedorento.

From the beginning, in 2008, the association with *Gato Fedorento* was a plus for the brand. The attributes and values that came out of this association were positive for both. The characters “MEOS *Comandantes*” refer to the brand values of innovation and futurism. MEO communication was recognized as intelligent and is placed at a higher level than the rest advertising. So, PT just thought it was time to progress and take a step forward exceeding expectations.

Another campaign was created in 2010 named as *TV Experience Campaign*.

They needed something that could distinguish them from their competition, so they created the concept of MEO Experience. Through the Internet, distribution of flyers and t-shirts, disclosure in the four main Portuguese television channels, creation of shops/kiosks MEO, and so on, MEO appears with a new image. Now with a 3D version and saying that "A MEO even better than MEO."



However, they didn't decide to stay here and risked with a new format for television advertising. In May 2011, was presented a humor series *Fora da Box*, an unpublished new television format and communication, available on channel 54 of the MEO and on MEO *facebook*, composed by episodes of 30 minutes each, from which all will be inflected the brand advertising campaigns.

With a cast led by *Gato Fedorento*, *Fora da Box* tells the story of the day-to-day at the MEO office and its team, including the Executive Director Jaime (Rui Unas) and the four super-creative minds *Ricardo*, *Zé Diogo*, *Tiago* and *Miguel*.

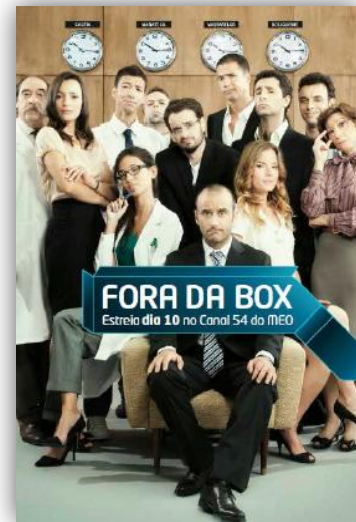
The type of humor used by *Gato Fedorento* is a humor linked with the Portuguese culture and habits. It's almost the times a humor based on sarcasm.

In MEO advertising the type of humor used is the full comedy ad. Basically is a mix of humor types. It's rich, cognitive, affective and socially complex form of humor. They can get the attention from the public and encouraging positive product related attitudes and perceptions. Most of the times they use: Comparison, putting two or more elements together to produce a humorous situation; personification, attributing human characteristics to animals, plants and objects; exaggeration, overstating and magnifying things out of proportion; pun, by using elements of language to create new meanings which result in humor; sarcasm, includes obvious ironic responses or situations; silliness, ranges from funny faces to ludicrous situations; and surprise, that includes unexpected situations.

They use figures that people most of the times associate to something that saw from the movies (the MEO *Comandantes* are from the future and dress like future)they also create environments that are very familiar to us (the day-to-day life office). With all these scenarios they create a new form of advertising that more than propagate the product make people laugh and is not boring as traditional advertising.

So with a lot of creativity, humor, and innovation either in communication as well as in the product is made the success formula of MEO brand and MEO product.

In 2011, MEO reaches 51% spontaneous recall when compared to other triple-play operators, having reached 62% in September, increasing the distance to the second operator to more than 40pp.



According to Thomas Froes of MSFT the series *Fora da Box* “was the big step of the brand”. “The MEO was having fabulous results, but we agency and MEO marketing team felt it was time to innovate, to go further. And we wanted to do it while we were on the rise. And this was the big challenge. How to do better? How to get even more surprising fans of our brand? And then came the idea, put the *Gato Fedorento* in its “natural habitat” and make a series of TV advertising, with several episodes, characters, plots, etc”. And the idea was so "outside the box" that the name of the series was “*Fora da Box*”.

The MEO is thus the most successful of recent years in Portugal. It is a brand with only four years, is always on top of remembrance and gain market share every day. (Chart 3)

Now, can be concluded that all the risks inherent to this new strategy just gave to MEO more and more notoriety and a better market share to de company – PT *Comunicações*.

Figure 2: Views from experts
 by *Exame Informática*
 magazine 2011

Views from experts:

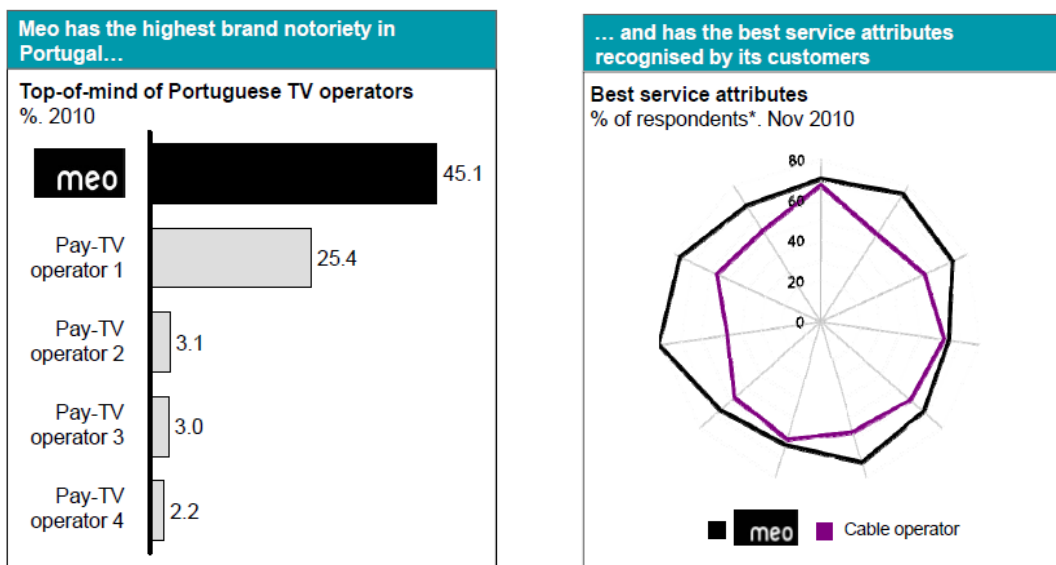
“... **Victory goes to Meo service. Meo is technologically more developed...**”

“... **(Meo) offers higher performance and more functionalities.**”

“... if you are an advanced user who values internet performance, you can only choose Meo Fibra”

EXAME INFORMÁTICA

Chart 3: MEO Notoriety and Best service attributes



Sources: *Publivaga*

*Customers of each operator assessing the following attributes: pricing, advertisement, promotions, support, SAC, channel offering, TV functionalities, image quality and internet access.

MEO has been proving its good service and good communication with customers. This is reflected in the prizes that they already won:

- MEO was distinguished as the Best National Brand for *Exame Informática* 2011 magazine;
- MEO was considered as the Best Triple Play operator by *PCGuia* 2011 Magazine.

In 14th November of 2011, Portugal Telecom announces that MEO, its pay-TV service, surpassed one million customers in just three and half years after it was launched on a nationwide basis, in April 2008. MEO customers represent circa 93% of PT's fixed broadband customers and 38% of its fixed lines, at the end of 3Q11. Net additions since the beginning of October 2011 surpassed 25 thousand customers.

The last campaign of MEO was launched in February 2012 – MEO Kanal. Everyone can create a channel to share with family and friends. It's completely innovative, differentiating and can increase PT revenues. Now competitors will have a big effort to stay at the same level of MEO.



2. Pedagogical Note

2.1. Case Study Target

The present case falls within areas of Marketing and Marketing Communications. Thus, it is intended for students of Management, Marketing Management and Marketing.

For students of Undergraduate or Masters courses is suggested the use of the case in areas that prepare students to exercise in Marketing, Advertising and Management. These degrees/Masters will aim to acquire general knowledge on key issues of marketing, the development of reasoning based on analysis, decision, and the answer to complex problems and their action.

In the case of undergraduate courses, the target should have some basic knowledge of marketing management, so it is important to teach the case near the end of it. Thus, the case will allow the articulation of knowledge among the various aspects of management and marketing, the perception of the development/sustaining competitive advantages through the communication options made by the company and the success behind these choices.

2.2. Pedagogical Objectives

The case study describes the success that humor can have in a company communication with a focus on a specific success - the new PT telecommunications service: MEO.

The aim of this study is to identify, analyze and validate the variables that underpin the success of a humor communication. It also aims to verify the impact that an advertising agency has in developing a new image of a company; and help us to understand how humor arises in the telecommunications market as a key to a better market share, customer acquisition and increasing success.

The student will be familiar with a successful company developing and acquiring capabilities to:

- ✓ Better understanding the market of telecommunications;
- ✓ Identify the variables that cause a successful communication in PT *Comunicações* - MEO service;
- ✓ Learn that humor used in a wisely way can be a major success factor;
- ✓ Understand the benefits that public figures can have in a communication strategy;
- ✓ Know the risks inherent of using humor in this market and how those were overcome by PT.

2.3. Literature Review

In the following pages will be presented a set of concepts considered as the most relevant to the focus of the case in the marketing communications area. It will begin by a review of the broader concepts and ending with the most specific and targeted considering the analyzed model.

2.3.1. Marketing

“Marketing” - is derived from the word "market" plus “ing” (means action). So means something like *Market Action* or *Acting in Market*.

Marketing should not be identified only within companies and customers, the concept should be broader and general, in the way that marketing is the set of methods and means that an organization has to promote, which is in the public interest, behaviors conducive to the realization of the objectives (Lendrevie, et al., 1993).

Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kotler, 1972).

Is the process of attracting and retaining customers (Levitt, 1975).

Marketing is the process used by economy to be integrated into the society to serve the human needs (Drucker, 1958).

The perspectives presented range from the social process to specific association of the trade process, through a type of management.

Kotler (2003) presents ten different types of marketing: product, service, experiences, personalities, places, properties, organizations / companies, information and ideas.

Nowadays, the trade market is no longer only the direct trade between the producer and the consumer, the product and sales orientation do not prevail anymore (Webster Jr, 1992).

According to Ferreira, et al (2011) in the early industrial ages (20's), the common practice among companies was the focus on the product; the center was the manufacturer logic and not the consumer logic. At this stage, the producer offered all he wanted, and the lack of variety and a shortage of products made the consumer with no alternatives, so he just bought what was produced.

For the producer the most important thing was to produce! Producing at the lowest cost, controlling only the technical aspects and the improvement of the production process. The guidance was based on: “A good product can be sold by itself”

Later on, around 30's-50's, a new orientation appeared – Sales. The use of promotional tools (advertising, promotion, personal selling) was the major focus to achieve the real goal – to Sell! Sell at any cost to the company and in a short-term. The guidance was based on: “there are always new customers to conquer!”

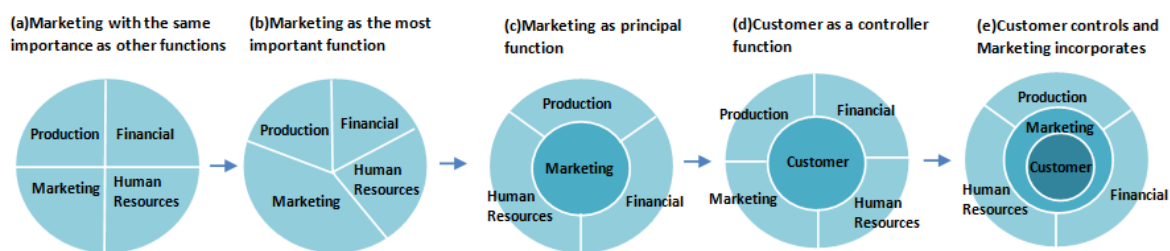
The orientation of the present days, marketing, began due to strong market competition, companies began to realize the importance of the consumer needs.

Basically, marketing changed from a social to an economic process (Webster Jr, 1992). The managerial approach to the study of marketing evolved in the 1950's and 1960's. Several marketing management textbooks appeared during this period. These early managerial authors defined marketing management as a decision-making or problem-solving process and relied on analytical frameworks from economics, psychology, sociology and statistics.

So, marketing became a widely accepted business function with a big emphasis on: communication, sales promotion, market research, pricing and distribution. We can forget that the business heritage of marketing provides a useful set of concepts for guiding all organizations (Kotler & Levy, 1969)

The marketing concept arises in the mid-50s, since then evolved a product-centric concept to a client-centered philosophy, which does not seek the right customers for products, but the right products to customers (Kotler, 2003).

Figure 3: Marketing Role Evolution



Source: (Kotler, 2003)

With marketing management the goal is to develop the right product at the right price in the right quantity, ensuring maximum customer satisfaction.

The logic then became: "The consumer is a king. Find a need or a desire, and fulfill it" (Ferreira, et al., 2011).

We are facing a range of changes, evolutions and complexity in the economic, technological and competitive environment; and because of this reality companies are witnessing an evolution of the marketing function. (Figure 3: **Marketing Role Evolution**)

In one side we have operational marketing and the other side strategic marketing; resulting in a double duty on the part of companies (Lambin, 2000).

In the side of Operational Marketing we have the operations related to the production, pricing, place and promotion of the company product/service. It consists essentially in choosing among many decisions about tools of the marketing mix that can be used (Kotler, 2003).

The Marketing Mix is a set of marketing tools that companies use to achieve its objectives in relation to the selected market (Kotler, 2003)

Figure 4: The Marketing 4 P's



Source: (Kotler, 2003)

The 4P's can be defined as: (Kotler & Armstrong, 2010)

- *Product* means the goods-and-services combination the company offers to the target market. Products include physical objects, services, events, persons, places, ideas or mixes of these entities.
- *Price* is the amount of money customers must pay to obtain the product;
- *Place* includes company activities that make the product available to target consumers;
- *Promotion* means activities that communicate the merits of the product and persuade target customers to buy it.

So we can say that Operational Marketing is the commercial side of the company. However, without a strong strategic dimension is not possible to obtain an Operational side

profitable. In this way, it's crucial that operational marketing supports a reflection on the strategic needs and evolution of its market (Lambin, 2000)

Marketing strategy refers to an organization's integrated pattern of decisions that specify its crucial choices concerning marketing activities to perform and the manner of performance of these activities, and the allocation of marketing resources among markets, market segments and marketing activities toward the creation, communication and/or delivery of a product that offers value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives (Varadarajan, 2010).

Just to make a little revision of what was said till now; we conclude that marketing has as main objective developing the right product at the right price in the right quantity, ensuring maximum customer satisfaction. So the consumer is our main goal! For this we need to know him/her better, analyze his/her needs and create tools to meet and satisfy his/her needs.

According Lendrevie et al. (1993) the professional activity of marketing is to modify consumer behavior and attitudes to be favorable to the organizational goals. Of course we cannot put aside the individual characteristics of each customer because the company needs to see the customer how he/she really is!

To modify or to influence these behaviors and attitudes, marketing uses different tools - the 4P's. The one that will be more discussed in this case study is Promotion (can also be called as Marketing Communication).

"Communication" – is a form of interaction between two separate beings, and the support of this interaction is the share of information. Communication has been derived from the Latin word "*communis*", meaning to share (Pinto e Castro, 2007).

Communicate is to influence attitudes. As a company influences the consumer through marketing, the consumer can also influence the marketing attitudes. Basically the consumer selects the information according to his personal convenience and then he introduces distortions in his perception of this information (Pinto e Castro, 2007).

What companies do is work systematically to build a strong and positive image in them public minds (Kotler, 2003).

2.3.2. Marketing Communication

To build this “strong and positive image” companies need to communicate with its customers, and with the help of the discipline of marketing communication they can share information to the inside or outside of the company (Pinto e Castro, 2007).

Basically, Marketing communications are the means by which firms attempt to inform, persuade, provoke, and remind consumers - directly or indirectly - about the brands they sell (Keller, 2001).

According to Ray (1973), marketing has a big and powerful subfield – Marketing Communication – this one involves personal selling, advertising, public relations, merchandising, product sampling and packaging changes. These tools of communication in marketing bring together several parts of the marketing mix and build a conceptual framework based on communication research and theory.

Marketing communication has two main aims: (Baines, et al., 2008)

1. To develop brand values by using advertising to set up feelings, to create visions and to improve beliefs.
2. To make customers behave particular ways. Target audience is made to behave in a beneficial way in order to make then buy the product use the service.

Marketing communication techniques can be used for more purposes than just an economic benefit for the communicator; such as political campaigns, improvement of health practices, changes in societal beliefs, etc. And much of what follows is applied to persuasive mass media campaigns of all types (Ray, 1973).

Is important to never forget the participants in marketing communications: clients, communication agency and Media; and the main goals: communicator (who?), message (what?), channels (how?), target (to whom?). When the three elements, the tools, the media and messages are combined, the result is called integrated marketing communications (IMC). It has become a popular approach within organizations and their communication agencies, as it is very media-orientated. In the future IMC is probably to become an established marketing theory (Baines, et al., 2008).

One of the difficulties that marketers found when they are trying to communicate with the market is the diverse means of communication and communication options that are available to support their brands (Pinto e Castro, 2007).

In this way, marketers must understand and study each marketing communication options to combine them in the best way to optimize their marketing communication programs (Keller, 2001).

So what we conclude is that there are a lot of alternative Marketing Communication tools: *Media advertising* (TV, Radio, newspapers, magazines); *Direct response and interactive advertising* (mail, telephone...); *Place Advertising* (posters, bulletins, cinema...); *Point-of-purchase advertising* (shopping cart ads, in-store radio or TV); *Trade Promotions* (training programs, contests, trade shows...); *Consumer Promotions* (samples, coupons...); *Event Marketing and Sponsorship* (sports, arts...); *Publicity and Public Relations*; *Personal Selling*.

These options are the communication Mix; they are a combination of communication tools that the company uses in their marketing communication activities.

2.3.3. Advertising

In this case study, the tool of marketing communication with more enhancements is advertising.

Advertising in Portugal had a late start due to an unavoidable delay in the process of industrialization and urbanization of the country (Pinto e Castro, 2007).

The Portuguese advertising met his first golden ages during the decades from 50's to 60's as a result of a combined effect of several factors. The first was the occurrence of a long period of economic growth, accompanied by a significant industrial diversification and strong expansion of consumption capacity of large sections of the population. The second was the introduction and spread of modern marketing practices under the influence of multinational companies like Nestlé, Unilever, Procter & Gamble or Colgate, which settled or expanded their operations in Portugal. The third was the beginning, in 1957, of regular television emissions, an event that came to renew the national advertising (Pinto e Castro, 2007).

Portuguese advertising finally had its maturity when country entered to the European Union, in 1986.

Advertising has acquired such great importance in the mix of business communication that today is often confused with the broader concept of marketing communications.

However, in this case study, is needed a more precise/technical definition: Advertising is the marketing communications that companies pay to broadcast certain messages through the mass media. In other words, in the advertising communication

companies buy advertising space (or time) in the media to transmit their commercial messages (Pinto e Castro, 2007).

Advertising is a company strategic tool. It seeks, always, to induce someone to do or believe in something. Advertising effectiveness is measured by its ability to achieve this objective (outcome). Advertising requires consistency, and so, it is directed linked with the decisions of a strategic marketing plan (Pinto e Castro, 2007).

The consumer does not choose rationally. The emotional element has an incredible weight that makes the choice. This happens usually when the product information, pricing, distribution, are not sufficient to differentiate the brand. Advertising accelerates brand awareness. But more than this, it forms an image. It can create favorable associations for the product, influencing the attitudes and buying behavior, without affecting attitudes (Ferreira, et al., 2011).

Basically, a good idea in Advertising is an idea that sells!

“Six Trends in Advertising: Analysis of Successful TV Commercials”: (Dong-Hun, 2009)

1. Commercials = New Entertainment: they are no longer considered just a method of information delivery, but also have become a source of enjoyment;
2. Long-Term Advertising Campaigns Catch Consumers' Eye: commercials need to be different from previous ones to appear fresh and new;
3. Humor Increasingly Influential in Advertisement Success: As a popular source of creativity, humor had been widely used in commercials for food & beverages and household goods because it is an effective tool in attracting the attention of consumers;
4. Use of Characterful but Non-Celebrity Models: Non-celebrity models and real life settings are effective in increasing persuasive power and eliciting consumer sympathy;
5. Revival of Addictive Advertising Jingles: Repetitive exposure to jingles creates significant residual recall about commercials and brands. It also helps raise the commercial's appeal to consumers and creates long-lasting effects;
6. Shift in Message from Product Features to Consumer Benefits: Selecting a simple and clear message as well as delivering messages focusing on consumers' benefits is helpful to raise message appeal, brand awareness and brand power.

The first barrier that advertising has to overcome is indifference. Most advertising is intrusive, it seeks to insinuate itself among their receivers on time and in circumstances not

chose by them, in a short range of their occupations or their leisure. Therefore, you must interrupt the normal course of their life and disrupt the flow of his thoughts with something that awakens them to capture their attention and interest (Ferreira, et al., 2011).

The aim is to draw attention. Companies need to do something out of the ordinary, which surprised and shock.

To help us capture this attention needed there are several techniques that can be used for this purpose, such as:

- Novelty (exploring the curiosity of consumers);
- Useful information (to help consumers make better decisions);
- Humor;
- Shock;
- Celebrities;
- Cartoons;
- Suspense.

2.3.4. Humor and Humor in Advertising

Many TV commercials cause annoyance, take a long time and doesn't bring anything new to the final consumer. Most of the times they just want to enforce the product and often forget the true needs of the consumer.

But now some companies have chosen other way, they not only present their product but also try as much as possible to be close to the public and create a "relationship" with them. So, they believe that humor is the ideal tool to achieve this closeness.

For many years, advertisers wary of humor, but today we know that humor can be very well accepted, but of course, when is appropriate.

"Humor" - is the tendency of particular cognitive experiences to provoke laughter and provide amusement. The term derives from the humeral medicine of the ancient Greeks, which taught that the balance of fluids in the human body, known as humors (Latin: humor, "body fluid"), control human health and emotion (Source: Wikipedia)

Humor is a universal language that humanizes advertising, allowing the communicator to speak to the members of his audience on their own level (Sternthal & Craig, 1973).

To others humor may affect desirable responses by attracting attention, making ads more likeable, and perhaps more memorable (Rossiter, et al., 1991).

Humor takes meaning from and gives meaning to the normal world. The essence of humor lies in its ironic dualism, serious and playful, involved and detached, in this world and out of it at the same time (Speck, 1990).

A program of experimentation that was reported examines one such contingency: an individual's – “need for humor” (NFH) - is a trait that refers to a person’s tendency to generate and seek out humor. Humor was manipulated in three studies using print ads and NFH was measured. Dependent variables included various measures of advertising effectiveness (Cline, et al., 2003).

Humor increases ad information recall and positively affects brand attitude. This process may be positively moderated by social setting. Due to its potential usefulness, humor and its role in commercial advertising will continue to interest researchers and practitioner’s alike (Zhang & Zinkhan, 1991).

Sternthal and Craig (1973) listed advertising goals and the impact of humor on each communication goals. Revisited after twenty years of intervening research some of these conclusions remain cogent, while others appear to be in need of revision.

The conclusions that they took from the study between communication goals and humor were (Weinberger & Gulas, 1992):

- Humor attracts attention
- Humor does not harm comprehension (some harmful effect may occur)
- Humor can increase persuasion, not as much as people thought but some
- Humor does not enhance source credibility
- Humor enhances liking
- Related humor is superior to unrelated humor
- Audience factors affect humor response
- The nature of the product affects the appropriateness of a humor treatment

There are also several theoretical explanations to the humor’s influence in advertising. These explanations can be categorized into cognitive and affective models.

Gathering all the explanations for the cognitive and affective models, from different authors, in one article we have something like: (Eisend, 2011)

In terms of cognitive model one explanation is based on an information processing approach (McGuire, 1978). This approach takes into account the attention that a consumer

pays when is exposed to advertising. Humor in advertising has a high attention attracting ability, and attention involves the consumer in the message, enhancing cognitive responses.

Another cognitive explanation says that humor distract consumers from processing counterarguments. – Distraction effect. In this way humor reduces negative cognitions.

In terms of affective model, Eisend (2011) took the knowledge from Gulas and Weinberger (2006). An immediate effect of humor is a generic affective response which includes happiness, fun, pleasure, etc. In other words, an “affect transfer” occurs such that humor evokes affect, which in then carried over to the ad and the brand (Gulas, 2006).

To conclude his study, Eisend (2011) shows that is imperative to take into account that affective reactions can be positive or negative. Humor enhances positive affect and suppresses negative affect (Hampes, 2005).

So basically, Sternthal and Craig (1973), Eisend (2011), McGuire (1978), defends that Humor in advertising has a high attention attracting ability and this attention even does not harm comprehension, involves the consumer in the message, distracting him from counterarguments and create some good feelings (happiness, fun, pleasure).

But what kind of Humor can we found in TV Ads and Magazine Ads? How effective is it?

We know that humor helps to sell products but we have to take into account the different types of humor because the humor effectiveness varies with different media (Catanescu & Tom, 2001).

First of all, a company needs to know if humor is suitable for its products or services, because as it can be a way to increase comprehension of the ad contributing to the positive attitude toward the ad; humor, also, may offend some members of the audience and may result in a “vampire effect” where just sucks attention away from advertised product/message.

After that is important to think about our audience/target, our message, our communication channel, our product and the type of humor! The perception of humor is personal and should be evaluated: what is funny to an individual can be uninteresting or even irritating to another.

Types of Humor Messages

Speck (1990) noted that there are five types of humor, and provided taxonomy for these different humor types. According to Speck (1990), the five humor types are:

- (a) comic wit;
- (b) sentimental humor;
- (c) satire;
- (d) sentimental comedy;
- (e) full comedy.

Beard (2008) used the word 'resonant' to describe 'sentimental humor' and 'sentimental comedy'. According to Beard, the term resonant does a better job at capturing the kind of affective arousal they produce. The five types of humor are (Beard, 2008) :

- (a) comic wit ad;
- (b) resonant wit ad;
- (c) resonant humor ad;
- (d) satirical ad;
- (e) full comedy ad.

Comic wit Ad requires a basic humor process, *incongruity resolution*. It involves visual puns, ironic contrasts, jokes, perceptual displacement, exaggeration, parody, double entendres, comic reversal, comic understatement, humorous stereotypes, silliness, and absurdity (Speck, 1990; Beard, 2008). Example: Frize (Frize– “A água cómica”, 2009)

Sentimental humor/resonant humor Ad requires *arousal safety*. It is not as much common as the other types. It requires some kind of minor disaster experienced by someone, a disruption of social order, something even more aggressively taboo, shocking or embarrassing, or a warmly sentimental image. Resonant (or sentimental) humor works best when the goal is to generate positive attitude towards the ad or the brand (Speck, 1990; Beard, 2008). Example: ILGA (ILGA Portugal – “Short sleeves”, 2006)

Satire ad requires a combination of two processes, *incongruity resolution* and *humorous disparagement*. The satirical ad relates to the social context of the humor. Satire is often used in comparative advertising and is the most effective type of humor for gaining recall and comprehension of an advertising message. Satirical comparative ads will have favorable effects among audiences the advertiser would most like to influence, such as people who switch between the sponsored and compared brands and people who are non- users of

either one (Speck, 1990; Beard, 2008). Example: Montepio Geral (Montepio Geral – “O individuo que aconteceu não sei o quê”, 2007)

Sentimental comedy/Resonant wit combines two humor processes, *arousal safety* and *incongruity resolution*. Sentimental comedy provides effective pleasure via incongruity resolution and cognitive pleasure via arousal safety. It is a relatively rich, complex and yet generally inoffensive form of humor (Speck, 1990). According to Beard (2008), resonant wit is produced when something incongruous (e.g. pun, exaggeration or understatement) is combined with arousal safety humor. Example: TELECEL (Telecel – “Natal – Tou sim?”, 1995)

Full comedy ad is a mix of all three humor processes namely arousal safety, incongruity- resolution and humorous disparagement. Full comedy is a very rich, cognitive, affective and socially complex form of humor (Speck, 1990). Full comedy is probably better when it comes to getting attention and encouraging positive product related attitudes and perceptions. According to Beard (2008), full comedy is best used for the general audience. Other researchers classified humor according to devices such as; pun which is the humorous use of a word or phrase in a way that suggests two interpretations; understatement represents something as less than is the case; joke involves speaking or acting without seriousness; something ludicrous suggest that which is laughable or ridiculous; satire or sarcasm is used to expose vice or folly; irony is the use of words to express the opposite of what really means (Kelly & Solomon, 1975). Example: PT – MEO (MEO – “Comunicado Gato Fedorento”, 2008)

Catanescu & Tom (2001) used Reich (1997) practitioner-oriented classification system, which also included five types of humor to which Catanescu & Tom (2001) added two additional classifications. So, the seven types of humor are:

- *Comparison*: involves putting two or more elements together to produce a humorous situation;
- *Personification*: is attributing human characteristics to animals, plants and objects;
- *Exaggeration*: is overstating and magnifying things out of proportion;
- *Pun*: is using elements of language to create new meanings which result in humor;
- *Sarcasm*: according to Reich (1997) is also classified as silliness. Sarcasm also includes blatant ironic responses or situations;
- *Silliness*: ranges from funny faces to ludicrous situations;
- *Surprise*: includes all ads where humor rises from unexpected situations.

The bad use of humor – Risks of using it

Sometimes humor is not suitable for a company product or services and:

- May offend some members of the audience and may result in a “vampire effect” where just sucks attention away from advertised product/message;
- May overlap the product characteristics and do not show the important message behind this;
- People get confused about what is promoted;
- People get bored about all the same comic ads.

Of course is essential to first examine our target and product to know if their characteristics are adaptable to a humorous advertising and then after that we can or cannot choose humor as a tool to our marketing strategy.

2.3.5. Case Study

This final project or Thesis in question takes the form of case study; therefore it's important to know more about the definition and benefits of using this type of instrument of study.

It should also be emphasized that this case study does not have the objective of research, but the objective of teaching the use of techniques and business practices and the need for reflection of the students in finding solutions to the proposed questions. Students learn more effectively when involved in the process (Bonwell & Eison, 1991).

A case study refers to the study of a social phenomenon (Swanborn, 2010). Is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances (Stake, 1995).

The use of case studies is one of the best ways to understand the strategic management process. For this purpose the method of resolution should be as follows: reading of the case, analysis of internal and external organization, definition of strategy (options and recommendations) and plans for implementation and monitoring (Wheelen & Hunger, 2006).

2.4. Analysis Tools

So, considering the above, the analysis tools propose are the following:

- External Analysis
 - **Global Environment**

PEST Analysis

- *Political-Legal Aspects* (Labor Laws, fiscal policy, government stability...)
 - *Economic Situation* (impact of globalization, inflation, interest rate, unemployment...)
 - *Sociocultural Aspects* (human rights, demographic situation, social mobility...)
 - *Technology* (R&D investments, telecommunications infrastructure, new technologies impact...)
- **Industry Analysis**

Porter's 5 Forces

- Competitive Rivalry within an Industry
- Bargaining Power of Suppliers
- Bargaining Power of Customers
- Threat of New Entrants
- Threat of Substitute Products

- Internal Analysis

Marketing 4P's

- Product
- Place
- Price
- Promotion

- Internal/External Analysis

SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

SWOT is a tool that studies how to align the advantages and disadvantages with the internal/external factors, positive or negative, in order to create value.

Strategy Formulation

- Mission;
- Vision;
- Values;
- Goals;
- Critical success factors

2.5. Action Plan

To motivate the reader to discuss this case study will be proposed an action plan.

First of all this case must be read and analyzed out of the classroom individually and in groups of 4 to 6 elements.

In the class the use of brainstorming is the most suitable way to reach different conclusions about the study in question. The teacher is the mediator of the ideas generated by the groups defining the problem and always giving ideas to a faster and more efficient resolution encouraging critical and constructive analysis by the students.

The session is focused on the company's history and its success fulfilling the stipulated time for the resolution of the issues proposed. Creativity, enthusiastic attitude and excitement will be encouraged.

Next is presented the action plan which defines the objectives to be achieved, the methodology to be adopted and the time estimated for each session. All should be managed and administered at set time.

Note: In order to be able a better illustration complementing the questions, it is recommended that this case should be solved with a computerized support with internet access.

Sessions	Objectives	Methodology	Time
1 st Session – In class	<ul style="list-style-type: none"> -General presentation of the case study; -Get in touch with the theme; -Motivation of students to the theme; -Create work groups. 	<ul style="list-style-type: none"> -Distribute the case to the class; -Diagnosis information; -Videos, slides and some articles of framework. 	1h30m
2 nd Session – Out of class	<ul style="list-style-type: none"> -Understand what the case is about; -Know about the company that is analyzed. 	<ul style="list-style-type: none"> -Read all the case individually at home; - Read all the case in group. 	1h
3 rd Session – Resolution of 1 st question	<ul style="list-style-type: none"> -Characterize the internal and external environment of the company; -Understand and use different analysis techniques. 	<ul style="list-style-type: none"> -One group can present the answer and others complete with their conclusions. 	1h
4 th Session – Resolution of the 2 nd question	<ul style="list-style-type: none"> -Understand the strategic diagnosis of the company. 	<ul style="list-style-type: none"> -Another group presents the analysis and others complete with their. 	40m
5 th Session - Resolution of the 3 rd question	<ul style="list-style-type: none"> -Learning the strategic formulation of a business like MEO; -Analyze the main strategic vectors of the company. 	<ul style="list-style-type: none"> - Utilization of mental maps; - One member of the class is chosen to write in blackboard the main ideas generated by the groups. 	45m
6 th Session - Resolution of the 4 th question	<ul style="list-style-type: none"> -Understand the various techniques to attract attention and arouse consumer interest; - Analyze how humor affects a company. 	<ul style="list-style-type: none"> - One member of the class is chosen to write in blackboard the main ideas generated by the groups. 	30m

<p>7th Session - Resolution of the 5th question</p>	<p>-Identify the marketing strategy of MEO; - Understand the six trends in advertising.</p>	<p>- One member of the class is chosen to write in blackboard the main ideas generated by the groups.</p>	<p>30m</p>
<p>8th Session - Resolution of the 6th question</p>	<p>-Identify each marketing communication tool; -Understand how MEO created its image through these tools; -Use internet to search for info.</p>	<p>- One member of the class is chosen to write in blackboard the main ideas generated by the groups.</p>	<p>1h</p>
<p>9th Session - Resolution of the 7th question</p>	<p>-Understand the risks inherent of using humor in marketing; -Identify the method used by the company to overcome these risks.</p>	<p>-One group can present the answer and others complete with their conclusions.</p>	<p>30m</p>
<p>10th Session -Resolution of the 8th question</p>	<p>-Understand the success of MEO by qualitative and quantitative results.</p>	<p>-One group can present the answer and others complete with their conclusions.</p>	<p>30m</p>

2.6. Proposed Animation Questions

1st Question: For a more detailed understanding of the case, elaborate an environment and internal analysis of the company PT *Comunicações*.

2nd Question: One of the phases required to make a better interpretation of a marketing case study is the strategic diagnosis of the company. By observation, some researching and a careful reading of the case builds the PT *Comunicações* SWOT analysis.

3rd Question: Propose a strategy formulation for the MEO service/product based on previous analyzes and including the following factors: vision, mission, goals, values, critical success factors and the way forward.

4th Question: In marketing you can find various techniques to attract attention and arouse consumer interest. Regarding to the analyzed case, discuss the choice of humor as a technique used by the MEO to attract its customers and identify the present and future advantages and disadvantages that this choice involves.

5th Question: Dong-Hun (2009) presented a list of "six trends in advertising: Analysis of successful TV commercials". Explain in which points of this list PT *Comunicações* marketing strategy for its product / service MEO is focused.

6th Question: For each marketing communication tool illustrate an example and explain how MEO construct is strong and positive image through this tools.

7th Question: Explain concisely how PT *Comunicações* surpassed the risks of using humor in marketing.

8th Question: By through which factors we can prove the great success achieved by MEO in using humor in their advertising campaigns?

2.7. Draft Resolution

1st Question: For a more detailed understanding of the case, elaborate an environment and internal analysis of the company PT *Comunicações*.

- External Analysis
 - **Global Environment**

PEST Analysis

Board 8 – PEST Analysis

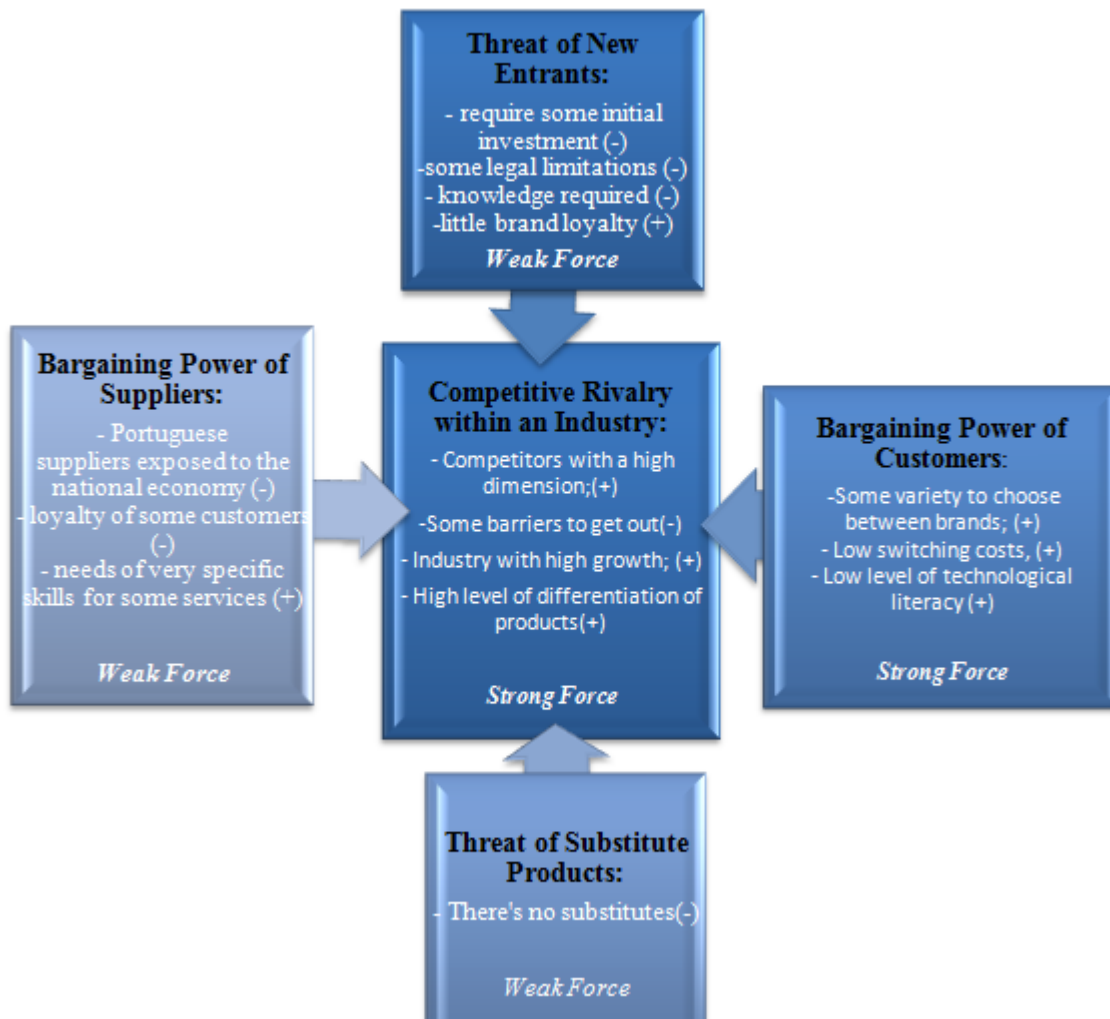
<p style="text-align: center;">Political-Legal Aspects</p> <ul style="list-style-type: none"> -Government laws put restrictions on the tariffs and services that the telecommunications industry can produce and all new technology must adhere to a strict set of government rules. -Goods and services provided by the telecom industry also need to fit the safety and privacy government regulations. -ANACOM is the authority that enforces the obedience of the law and regulations applicable to the communications sector -Intervention of the IMF austerity plan and subsequent rise in taxes 	<p style="text-align: center;">Economic Situation</p> <ul style="list-style-type: none"> -Global economic situation is in crisis; -The expectations regarding the evolution of the Portuguese economy in 2012 and 2013 now appear more negative. In 2012 Banco de Portugal provides a record drop of 3.4% of the national economy, providing stagnation in 2013. -According to Banco de Portugal data, inflation, measured by the Index of Consumer Prices should remain relatively stable in 2012 in a relatively high position, falling significantly in 2013. -The European Commission projects an increase in unemployment in Portugal to 12.3 percent in 2012 and 13 percent in 2013
<p style="text-align: center;">Sociocultural Aspects</p> <ul style="list-style-type: none"> -Suspension of consumption decisions because of uncertainty and some anxiety due to the external intervention of the IMF. -Age, educational level and employment status affect the type of use of electronic communications services; -Change in lifestyle, with greater emphasis on health, welfare and technologies -According to data from ACNielsen, the Consumer Portuguese have the lowest confidence indices in the world. 	<p style="text-align: center;">Technology</p> <ul style="list-style-type: none"> -New telecommunication infrastructure: fiber optic, IPTV -Blackout of the analog signal during the first months of 2012 and the introduction of DTT -New models of communication: Ipad -The fast increase of new technologies has a great impact in this market

o **Industry Analysis**

Porter's 5 Forces

From the standpoint of the industry of telecommunications include the following indicators (the sign (+) indicates increased risk for the industry and the sign (-) lower risk for the industry):

Figure 5: Porter's 5 Forces



With an analysis of Porter's 5 Forces we can conclude that there are two forces that indicate increased risk for the industry: the power of customers and the competitors' rivalry. So the big variety to choose between brands, the lost costs for clients to switch between brands, the big dimension of competitors and the high level of differentiation products are the most risky aspects that the industry of telecommunications has to face.

- *Internal Analysis*

Marketing 4P's

Board 9: Marketing 4P's

<u>Dimension</u>	<u>MEO</u>
Product	<p><u>Brand</u>: The MEO brand appears with a strong image and the name is a pun (MEO = Meu – that means “mine”) that creates a link between brand and customers;</p> <p><u>Range</u>: It's a communication service based in 4 technologies: MEO Fiber, MEO ADSL, MEO Satellite and MEO GO;</p> <p><u>Package</u>: It's really attractive and simple at the same time, because it's more than a product it's an experience;</p> <p><u>Functional Characteristics</u>: The ADSL network and fiber optic MEO are a triple supply of services: television, Internet and telephone. Utilization simplicity, variety of services/products, is the most advanced interactivity experience, online navigation and no limit conversations;</p> <p><u>Services</u>: Customer support online and in call centers that try to solve after-sales problems and doubts about the service.</p>
Place	<p>Can be subscribed by telephone, internet, kiosks, PT and TMN stores.</p>
Price	<p>Price slightly above the market average, but proposes a relationship price/service very reasonable.</p> <p>The price of this service can varies between 24,99€-179,99€ that depends on internet data traffic, number of channels and limitation in conversations.</p>
Promotion	<p>Is used a lot of communication and is total dominated by Humor. They use below and above the line communication.</p> <p><u>Above the Line</u>: through the transmission of advertisements on generalist channels, radio, posters, brochures, advertising panels, internet, cinema;</p> <p><u>Below the line</u>: point-of-purchase with specialists, promotions, partnerships, sponsoring, public relations</p> <p>In everywhere you go MEO is there.</p>

2nd Question: One of the phases required to make a better interpretation of a marketing case study is the strategic diagnosis of the company. By observation, researching and a careful reading of the case builds the PT *Comunicações* SWOT analysis.

SWOT ANALYSIS

Board 10: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> -Large experience in the telecom market; -High notoriety; -Geographic distribution in large; -Communication with a very strong image; -Good infrastructures; -Strong commercial aggressiveness. 	<ul style="list-style-type: none"> -The price is higher than competitors; -Reduced bandwidth available on the internet service; -The fiber service is not available in many areas; -The installation is a little complicated.
Opportunities	Threats
<ul style="list-style-type: none"> -Bet in partnership with social events; -Innovation of the product as interactive is recent so can be expanded (MEO Kanal); -Humor in communication is getting a good position; -The blackout of analog TV; -The market growth of telecommunications. 	<ul style="list-style-type: none"> -Strong competitors; -Lower purchasing power of customers; -Increase of unemployment; -Impact of austerity measures in consumption; -Economic crisis.

3rd Question: Propose a strategy formulation for the MEO service/product based on previous analyzes and including the following factors: vision, mission, goals, values, critical success factors and the way forward.

- **Vision, Mission, Values, Critical Success Factors, Goals**

The MEO is a fully integrated service at PT *Comunicações*, so its Vision, Mission, Values and Critical success factors are not explicitly defined. However, this brand has evolved in such a way that already has some degree of autonomy within the enterprise supported by specific departments for their release process and decisions supported in this way a distinct organizational

structure. This degree of autonomy allows us to shape an unique Vision, Mission, Values and Critical Success Factors to this business/service.

✓ Proposed Vision

Vision has a fundamental role of motivating and mobilizing the organization so should inspire the employees of the organization to achieve high levels of professional excellence. The Strategic Vision is considered a prerequisite for an effective strategic leadership. It provides a framework in perspective, "what we are? what we do? where we go?" It's a group of ambitions and intentions for the future, but not specifying how they should be achieved.

So the Vision proposed is:

To be a reference in the telecommunications service market, through recognition of accessible distribution channels, with a communication of great innovation and an user experience felt by their customers.

✓ Proposed Mission

The Mission should contain the business model and identify activities to be undertaken in line with the objectives of the organization, focusing in the available resources on those activities.

Proposed Mission:

To offer customers a vast service of telecommunications with efficient and as flexible as possible.

✓ Proposed Values

The values of a company are the set of feelings that make or intend to make up the culture and practice of an organization.

Proposed values:

- Honesty,
- Responsibility,
- Adaptability,
- Flexibility,
- Preoccupation with customer feelings,
- Innovation.

✓ Critical Success Factors

The critical success factors are the number of factors, resources and expertise that properly combined generate strategic capability. The correct formulation and appropriateness

of the strategy to implement, depends on knowledge of critical success factors. In the case of MEO highlight the following:

- Guidance on customer needs;
 - Innovation;
 - Notoriety and good reputation in the market;
 - Good link with partnership;
 - Control;
 - Quality.
- ✓ Proposed Goals
- Be the market leader;
 - Increase geographic infrastructure;
 - Expand the brand through partnerships;
 - Be the number one in good communication;
 - Increase the level of training of sales forces.

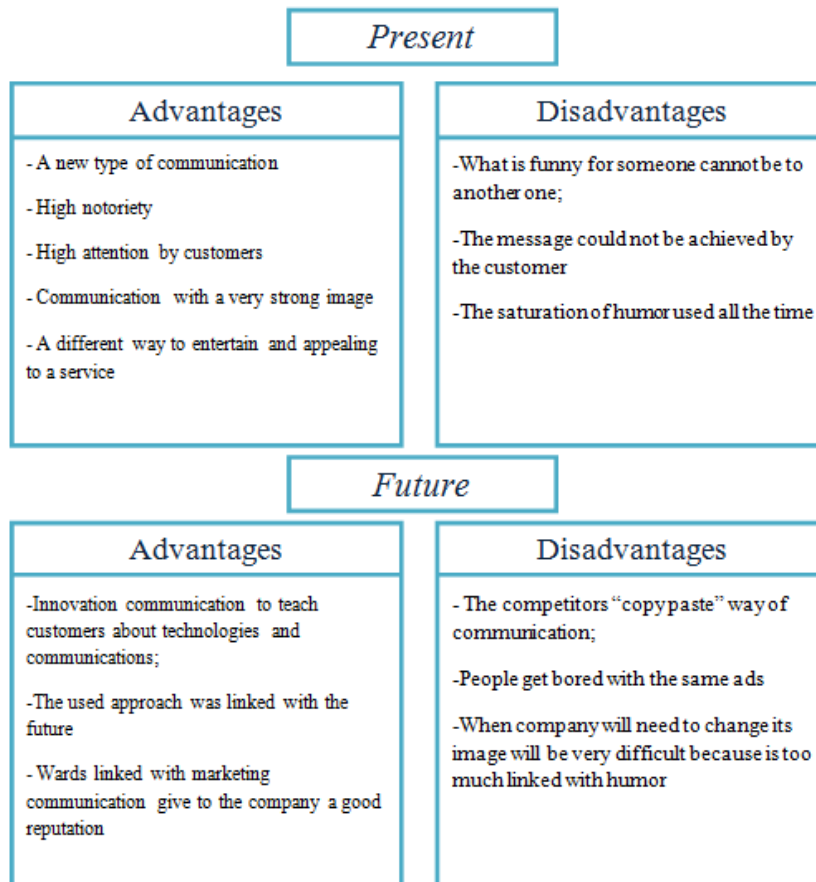
4th Question: In marketing you can find various techniques to attract attention and arouse consumer interest. Regarding to the analyzed case, discuss the choice of humor as a technique used by the MEO to attract its customers and identify the present and future advantages and disadvantages that this choice involves.

- ✓ Humor as a Technique of attract attention and arouse consumer curiosity

The case study presents us why humor was the choice of MEO:

- It's a new type of advertising that become to be popular and generating positive reactions among consumers;
 - The good results of other companies that used humor first;
 - The fame of the funny four talented comedians – Gato Fedorento
 - Create the PT TV with a taste of good humor to attract customers
 - Change the type of communication in a way to create a new and appellative image
 - The rigorous image of Portugal Telecom was dissuade its clients
- ✓ Present and Future Advantages and Disadvantages of using this new type of communication

Board 11: Humor Advantages and Disadvantages



5th Question: Dong-Hun (2009) presented a list of "six trends in advertising: Analysis of successful TV commercials". Explain in which points of this list PT *Comunicações* marketing strategy for its product / service MEO is focused.

- ✓ Six trends in advertising: Analysis of successful TV commercials
1. Commercials = New Entertainment
 2. Long-Term Advertising Campaigns Catch Consumers' Eye
 3. Humor Increasingly Influential in Advertisement Success
 4. Use of Characterful but Non-Celebrity Models
 5. Revival of Addictive Advertising Jingles
 6. Shift in Message from Product Features to Consumer Benefits

MEO focused its communication strategy in the almost points of this list. The ones that are more visible are:

- *Commercials = New Entertainment*: MEO more than divulgate its product/service try to create entertaining commercials with humor sketches;
- *Long-Term Advertising Campaigns Catch Consumers' Eye*: The new type of commercial by MEO are completely fresh and new to the eyes of the consumer;
- *Humor Increasingly Influential in Advertisement Success*: The biggest star in MEO commercials is Humor;

6th Question: For each marketing communication tool illustrate an example and explain how MEO construct is strong and positive image through this tools.

✓ Marketing Communication Tools

- *Media advertising* (TV, Radio, newspapers, magazines);



In this campaign, MEO Comandantes, MEO appears with 4 figures representing the future. The figures are “future dressed”, they call each other as “MEO Comandante” (is something like “my commandant”), in TV ads they just talk about the Future TV and its contents and features.

The strong image here is to attract customers to the TV of the Future.

- *Direct response and interactive advertising* (mail, telephone...);
 - MEO Interactive with a phone call for free of *Gato Fedorento*

MEO created an interactive advertising in its website where in the first phase of communication everyone can put a phone number and they called to this number saying that have a communicate to do to everyone about the TV of the Future.

With this experience MEO attract people to do advertising for them. Catch people attention and create an approach to future customers.

o *Place Advertising;*

- *BOX 3D in six METRO stations to ear the announcement of MEO*
- 3D screens in Lisboa and Oporto downtown to see the announcement
- Kiosks in malls

With this “place advertising” MEO get in touch with its customer and future customers in a way that give them an experience to attract attention and create a link between them and the service.



- *Point-of-purchase advertising*

MEO in the point-of-purchase bet in shop windows with a lot of posters and lights that capture attention. (Below - Arrabida Shopping and Entrecampos Stores)



- *Trade Promotions;*

- MEO promotes Estoril Open 2010:

“MEO is offering you the opportunity to see the more exciting game of tennis at the Estoril Open. If you are a MEO customer, you have a double ticket waiting for the final of the Estoril Open, with access to the VIP area, and open bar included. To win the ticket you just have to be creative and write an original sentence, including the terms “MEO” and “Estoril Open”. ”



As we know clients like promotions and free pass to everything. So MEO take this as an advantage to promote one more time its service

○ *Consumer Promotions*

- New customers promotions are very used by MEO, with this they catch future customers and create a good image



○ *Event Marketing and Sponsorship* (sports, arts...);

- Match Sponsor SCPxFCP
 - Cheerleaders MEO action
 - Distribution of MEO “brigadeiros” (a special small cake)
 - Equipment of football clubs
- Benfica Channel in MEO



○ *Publicity and Public Relations;*

- The Public relations of MEO dress some t-shirts with publicity of MEO.



○ *Personal Selling*

MEO uses the two types of strategy:

- Push strategy (encouraging intermediaries to buy the product) with very informed and knowledge personal in the stores, kiosks and call centers.
- Pull strategy (where the role of the sales force may be limited to supporting retailers and providing after-sales service) the after sales support is also very important can be done in the distribution channels with focus in customers support call centers.

7th Question: Explain concisely how PT *Comunicações* surpassed the risks of using humor in marketing.

✓ Risks of using Humor in Ads

- May offend some members of the audience and may result in a “vampire effect” where just sucks attention away from advertised product/message;
 - To prevent and combat the probability of this risk happen, MEO uses *Gato Fedorento* in order to translate the service and make public believe that is really good that even you can make jokes about it without damaging its image and without overlap the product characteristics;
- People get confused about what is promoted;
 - Despite of MEO have an advertising linked to humor, the product/service is always the main character of the ads. In the case of the series "Fora da Box" everything is covered around the product launch and its continuity in the market.

- People get bored about all the same comic ads
 - Till now we saw that PT *Comunicações* achieved a good notoriety so we can conclude that it isn't happen because they are always innovating and have always new to show.

8th Question: By through which factors we can prove the great success achieved by MEO in using humor in their advertising campaigns?

- ✓ Factors that show the MEO success
 - **Notoriety:** 45,1% of Top of mind Portuguese TV Operators 2010. MEO has the highest top-of-mind.
 - **Market share:** PT *Comunicações* has been increasing its Market share and thanks to MEO. The owner of MEO increased its market share by 2% in the 3rd quarter, compared with the same period last year, while the former operator of cable TV lost a little less than 2% of the market. At the end of the 3rd quarter MEO had a market share of 33.2%, which compares with the 31.2% achieved in the same period.
 - **Awards:** MEO has been proving its good service and good communication with customers. This is reflected in the prizes that they already won: - Best National Brand for *Exame Informática* 2011 magazine; - Best Triple Play operator by *PCGuia* 2011 Magazine.
 - **Number of customers:** In 14th November of 2011, Portugal Telecom announces that MEO, its pay-TV service, surpassed one million customers in just three and half years after it was launched on a nationwide basis, in April 2008. MEO customers represent circa 93% of PT's fixed broadband customers and 38% of its fixed lines, at the end of 3Q11. Net additions since the beginning of October 2011 surpassed 25 thousand customers.

2.8. Resolution Slides

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Question 1: External and Internal Analysis

External Analysis: Global Environment

PESTE Analysis

<p>Political-Legal Aspects</p> <ul style="list-style-type: none"> -Government laws put restrictions on the tariffs and services that the telecommunications industry can produce and all new technology must adhere to a strict set of government rules. -Goods and services provided by the telecom industry also need to fit the safety and privacy government regulations. -ANACOM is the authority that enforces the obedience of the law and regulations applicable to the communications sector -Intervention of the IMF austerity plan and subsequent rise in taxes 	<p>Economic Situation</p> <ul style="list-style-type: none"> -Global economic situation is in crisis; -The expectations regarding the evolution of the Portuguese economy in 2012 and 2013 now appear more negative. In 2012 Banco de Portugal provides a record drop of 3.4% of the national economy, providing stagnation in 2013. -According to Banco de Portugal data, inflation, measured by the Index of Consumer Prices should remain relatively stable in 2012 in a relatively high position, falling significantly in 2013. -The European Commission projects an increase in unemployment in Portugal to 12.3 percent in 2012 and 13 percent in 2013
<p>Sociocultural Aspects</p> <ul style="list-style-type: none"> -Suspension of consumption decisions because of uncertainty and some anxiety due to the external intervention of the IMF. -Age, educational level and employment status affect the type of use of electronic communications services; -Change in lifestyle, with greater emphasis on health, welfare and technologies -According to data from AC Nielsen, the Consumer Portuguese have the lowest confidence indices in the world. 	<p>Technology</p> <ul style="list-style-type: none"> -New telecommunication infrastructure: fiber optic, IPTV -Blackout of the analog signal during the first months of 2012 and the introduction of DTT -New models of communication: Ipad -The fast increase of new technologies has a great impact in this market

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Question 1: External and Internal Analysis

External Analysis: Industry Analysis

Porter's 5 Forces

-The sign (+) indicates increased risk for the industry

- The sign (-) lower risk for the industry

```

    graph TD
        A[Threat of New Entrants: Weak Force] --> B[Competitive Rivalry within an Industry: Strong Force]
        C[Bargaining Power of Suppliers: Weak Force] --> B
        D[Bargaining Power of Customers: Strong Force] --> B
        E[Threat of Substitute Products: Weak Force] --> B
    
```

Threat of New Entrants: Weak Force

- require some initial investment (-)
- some legal limitations (-)
- knowledge required (-)
- little brand loyalty (+)

Bargaining Power of Suppliers: Weak Force

- Portuguese suppliers exposed to the national economy (-)
- loyalty of some customer (-)
- needs of very specific skills for some services (+)

Competitive Rivalry within an Industry: Strong Force

- Competitors with a high dimension (+)
- Some barriers to get out (-)
- Industry with high growth (+)
- High level of differentiation of products (+)

Bargaining Power of Customers: Strong Force

- Some variety to choose between brands (+)
- Low switching costs (+)
- Low level of technological literacy (+)

Threat of Substitute Products: Weak Force

- There's no substitutes (-)

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Question 1: External and Internal Analysis

Internal Analysis
Marketing 4 P's

Dimension	MEO
Product	<p>Brand: The MEO brand appears with a strong image and the name is a pun (MEO = Meu – that means "mine") that creates a link between brand and customers;</p> <p>Range: It's a communication service based in 4 technologies: MEO Fiber, MEO ADSL, MEO Satellite and MEO GO;</p> <p>Package: It's really attractive and simple at the same time, because it's more than a product it's an experience;</p> <p>Functional Characteristics: The ADSL network and fiber optic MEO are a triple supply of services: television, Internet and telephone. Utilization simplicity, variety of services/products, is the most advanced interactivity experience, online navigation and no limit conversations;</p> <p>Services: Customer support online and in call centers that try to solve a after-sales problems and doubts about the service.</p>
Place	Can be subscribed by telephone, internet, kiosks, PT and TMN stores.
Price	<p>Price slightly above the market average, but proposes a relationship price/service very reasonable.</p> <p>The price of this service can varies between 24,99€-179,99€ that depends on internet data traffic, number of channels and limitation in conversations.</p>
Promotion	<p>Is used a lot of communication and is total dominated by Humor. They use below and above the line communication.</p> <p>Above the Line: through the transmission of advertisements on generalist channels, radio, posters, brochures, advertising panels, internet, cinema;</p> <p>Below the line: point-of-purchase with specialists, promotions, partnerships, sponsoring, public relations</p> <p>In everywhere you go MEO is there.</p>

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Question 2: SWOT Analysis

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> -Large experience in the telecom market; -High notoriety; -Geographic distribution in large; -Communication with a very strong image; -Good infrastructures; -Strong commercial aggressiveness. 	<ul style="list-style-type: none"> -The price is higher than competitors; -Reduced bandwidth available on the internet service; -The fiber service is not available in many areas; -The installation is a little complicated.
Opportunities	Threats
<ul style="list-style-type: none"> -Bet in partnership with social events; -Innovation of the product as interactive is recent so can be expanded (MEO Kanal); -Humor in communication is getting a good position; -The blackout of analog TV; -The market growth of telecommunications. 	<ul style="list-style-type: none"> -Strong competitors; -Lower purchasing power of customers; -Increase of unemployment; -Impact of austerity measures in consumption; -Economic crisis.

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Question 3: Vision, Mission, Values, Critical Success Factors, Goals

SWOT Analysis

Vision	Mission	Values	Critical Success Factors	Goals
<ul style="list-style-type: none"> To be a reference in the telecommunications service market, through recognition of accessible distribution channels, with a communication of great innovation and an user experience felt by their customers. 	<ul style="list-style-type: none"> To offer customers a vast service of telecommunications with efficient and as flexible as possible. 	<ul style="list-style-type: none"> Honesty, Responsibility, Adaptability, Flexibility, Preoccupation with customer feelings, Innovation. 	<ul style="list-style-type: none"> Guidance on customer needs; Innovation; Notoriety and good reputation in the market; Good link with partnership; Control; Quality. 	<ul style="list-style-type: none"> Be the market leader; Increase geographic infrastructure; Expand the brand through partnerships; Be the number one in good communication; Increase the level of training of sales forces.

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Question 4: Techniques to attract attention and arouse consumer interest

Why Humor in MEO?

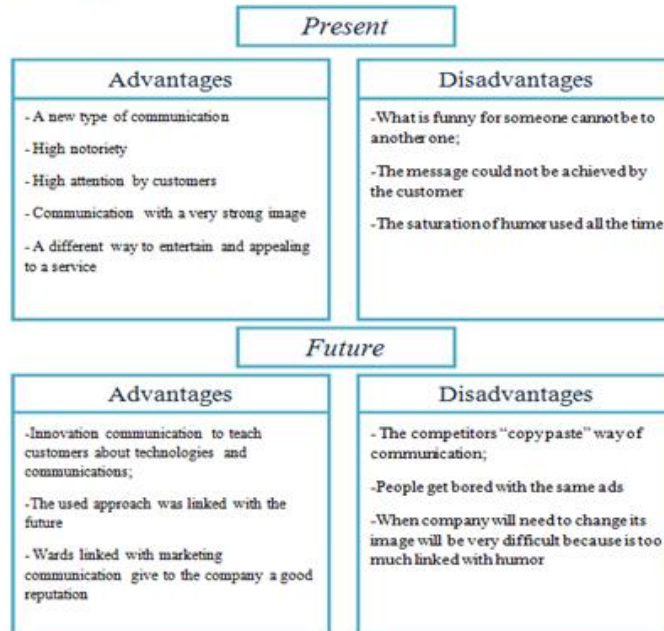
It's a new type of advertising that become to be popular and generating positive reactions among consumers;	The good results of other companies that used humor first;
The fame of the funny four talented comedians <i>Gato Fedorento</i>	Create the PT TV with a taste of good humor to attract customers
Change the type of communication in a way to create a new and appellative image	The rigorous image of Portugal Telecom was dissuade its clients

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Question 4: Techniques to attract attention and arouse consumer interest

Present and Future Advantages/Disadvantages of using Humor as a Technique



Question 5: Six trends in Advertising: Analysis of successful TV commercials

In which points MEO is focused?

Commercials = New Entertainment:

MEO more than divulgate its product/service try to create entertaining commercials with humor sketches;

Long-Term Advertising Campaigns Catch Consumers' Eye:

The new type of commercial by MEO are completely fresh and new to the eyes of the consumer;

Humor Increasingly Influential in Advertisement Success:

The biggest star in MEO commercials is Humor;

Question 6: Marketing Communication Tools

Illustrate with examples of MEO

-Media Advertising

MEO Comandantes:

- 4 figures representing the future
- The figures are “future dressed”;
- They call each other as “MEO Comandante”
- In TV ads they just talk about the Future TV and its contents and features.



The strong image here is to attract customers to the TV of the Future.

Question 6: Marketing Communication Tools

Illustrate with examples of MEO

-Direct response and interactive advertising

MEO Interactive with a
phone call for free of Gato
Fedorento



With this experience MEO attract people to do advertising for them.
Catch people attention and create an approach to future customers.

Question 6: Marketing Communication Tools

Illustrate with examples of MEO

-Place Advertising

- BOX 3D in six METRO stations to ear the announcement of MEO
- 3D screens in Lisboa and Oporto downtown to see the announcement
- Kiosks in malls



MEO get in touch with its customer and future customers in a way that give them an experience to attract attention and create a link between them and the service.

Question 6: Marketing Communication Tools

Illustrate with examples of MEO

- Point-of-Purchase Advertising

MEO in the point-of-purchase bet in shop windows with a lot of posters and lights that capture attention.



Question 6: Marketing Communication Tools

Illustrate with examples of MEO

- Trade Promotions

As we know clients like promotions and free pass to everything. So MEO take this as an advantage to promote one more time its service.

Estoril Open 2010



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Question 6: Marketing Communication Tools

Illustrate with examples of MEO

- Consumer Promotions

New customers promotions are very used by MEO, with this they catch future customers and create a good image



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Question 6: Marketing Communication Tools

Illustrate with examples of MEO

- *Event Marketing and Sponsorship*

- Match Sponsor SCPxFCP
- Cheerleaders MEO action
- Distribution of MEO “brigadeiros” (a special small cake)
- Equipment of football clubs
- Benfica Channel in MEO



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Question 6: Marketing Communication Tools

Illustrate with examples of MEO

- *Publicity, Public Relations and Personal Selling*

The Public relations of MEO dress some t-shirts with publicity of MEO



MEO uses the two types of strategy:

- **Push strategy**: with very informed and knowledge personal in the stores, kiosks and call centers.
- **Pull strategy**: the after sales support is also very important can be done in the distribution channels with focus in customers support call centers.

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Question 7: Risks of using Humor in Marketing

How PT surpassed these risks?

May offend some members of the audience and may result in a “vampire effect” where just sucks attention away from advertised product/message

- To prevent and combat the probability of this risk happen, MEO uses *Gato Fedorento* in order to translate the service and make public believe that is really good that even you can make jokes about it without damaging its image and without overlap the product characteristics

People get confused about what is promoted

- Despite of MEO have an advertising linked to humor, the product/service is always the main character of the ads. In the case of the series "Fora da Box" everything is covered around the product launch and its continuity in the market

People get bored about all the same comic ads

- Till now we saw that PT *Comunicações* achieved a good notoriety so we can conclude that it isn't happen because they are always innovating and have always new to show.

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Question 8: Success Factors of MEO in using Humor

Notoriety	Market Share	Awards	Number of customers
<ul style="list-style-type: none"> • 45,1% of Top of mind Portuguese TV Operators 2010. MEO has the highest top-of-mind. 	<ul style="list-style-type: none"> • The owner of MEO increased its market share by 2% in the 3rd quarter, compared with the same period last year – 33,2% 	<ul style="list-style-type: none"> • Best National Brand for <i>Exame Informática</i> 2011 magazine; • Best TriplePlay operator by <i>PCGuia</i> 2011 Magazine 	<ul style="list-style-type: none"> • surpassed <u>one million customers in just three and half years</u> after it was launched on a nationwide basis, in April 2008. • MEO customers represent circa 93% of PT's fixed broadband customers and 38% of its fixed lines, at the end of 3Q11

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3. Contributions of this case for Marketing

The present case study illustrates how a company with an image so structured can launch a new product/service and in less than four years can obtain an enviable success with an entirely different approach because of an extreme change in its communication plan with the help of a technique of attracting consumers - Humor.

This case study is completely new because it was never tried before any kind of research related to humor in this market.

The communication tools, below and above the line, are entirely complemented with humor that little or nothing has been used before in this industry.

It's a Portuguese brand by a Portuguese company with Portuguese actors that reached this big success in an universal technology.

As we know in marketing it is important to establish our identity and differentiation and with these two features we attract consumers to our products/services that we provide.

To construct such a strong and positive image companies need to communicate with consumers and with the help of marketing communication they can share information inside and outside the company.

MEO brought a new differentiation and identity to PT. The new brand helped to increase the degree of sympathy and proximity to the PT institution that till now was seen as a rigid and inaccessible company.

In this case we see that MEO has used a strategy of communication through humorous advertising.

Humor has become a success factor since the moment that has become a universal language that humanized advertising and gave brands wings to fly. In other words, the lesson to take is that sometimes the difference and irreverence, i.e. the "out of the box" ideas can bring success and really works.

Obviously it is necessary that companies should use the most of their competitive advantages, or if these do not exist they must create the conditions so that happen.

In a market where differentiation between competing products is so small the focusing strategy not allows the maintenance of competitive advantage for a long time. For this reason the instruments used point to a strategy of marketing the most innovative and appealing as possible.

MEO popularized the advertising humorous television series as never was seen before by any brand and this has created a growing market share and a completely overwhelming reputation among its competitors.

Being always one step ahead, to grab opportunities and to promote constant innovation of a brand of telecommunications means that its ultimate goal is fully achieved year after year.

So, humor can create meaning in marketing and helping it fulfilling its true mission, which is nothing more than a social process by which people get what they need and want through a competitive and concerned market that wants to meet the needs of its target.

To finish, I could not keep away from the fact that this project it's a case of a successful company which the main particularity is: an exclusively Marketing case.

4. Main limitations and difficulties

It could not fail to mention that for the preparation of this thesis I had the help of professionals within and outside the company analyzed. However, some difficulties in finding and providing information were detected during the preparation of this case, such as:

- Difficulties to find quantitative information;
- Difficulties to find people that provide knowledge about this market;
- Limitations related with PT internal information;
- Limitations to find related studies about humor and marketing communication;
- As MEO is a new brand some data related with market evolution and its competitors were difficult to find.

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