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## A STUDY ON THE MARKETING STRATEGIES OF THE CISCO - ONLINE STORE

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### Introduction

During 1991, there was the greatest invention in the field of Information Technology (IT), due to that a demand for the accessories for IT sectors. But there was no one entered in the manufacturing field. In the late 1980s some of the technicians are developing accessories for the computers. The PC was simply a mainframe on your desk. Of course it unleashed a wonderful stream of personal productivity applications that in turn contributed greatly to the growth of enterprise data and the start of digitizing business-related, home-based activities. But I would argue that the major quantitative and qualitative leap occurred only when work PCs were connected to each other via Local Area Networks (LANs) —where Ethernet became the standard— and then long-distance via Wide Area Networks (WANs). With the PC, we could digitally create letters, pictures, designs and transactions. Due to the birth of the internet, the PCs are connected within the organization, for these purposes, it needs the connectors, switches and other accessories. Later the computer networks are linked are connected globally. There were very few innovative companies are entered into the market. Among those companies Cisco was dominating all and enjoyed with huge amount of profit more than a decade. Cisco is one of the dominant company which deals with network based products to the industrial and home users. In between 1990 to 2000, Cisco played a dominant role like monopoly, but after 2000, its profit was hit by the competitors and unable to clear its inventories. Then Cisco planned a strategy to improve business standard, sales and other marketing activities. These strategies support several ways to Cisco to create a business ecology to reinforce its

control of key technology standards in the networking market ( Strategic use of the Internet – Kenneth L Kraemer – 2002) and make a virtual organization, outsourcing and customer related functions and focusing its product innovation. From those strategies' implementations, Cisco slowly recaptures its market and try to stand a stable position. Cisco opened its own head office, in San Francisco in United States, and sells their product by using its own website around the world. This assignment is aimed to study the business strategies of Cisco in order to maintain its market share among the competitors in the same field.

### **Background of the Company**

Cisco is one of the giant company founded in 1984 by Mr. Leonard Bosack, worked as in-charge in the Stanford University Computer department and his wife Mrs. Sandy Lerner who ran a school of Business Computers. Mr. Leonard Bosack introduced the router – a device developed for the optimal path along which traffic on a computer network in the market. At present, the Cisco is headed by Mr. John Chambers as Chairman and Mr. Chuck Robbins as CEO. The headquarter is located in San Jose, California, USA. Current revenue SD 49.161 billion, (Annual Report 2015) and its current year's net income USD 8.981 billion, (Annual Reoprt, 2015). The total number of employees around 72 000. Cisco manufacturing and selling network devices, Network Management, IOS, NX-OS software, interface and Module, Optical networking, Storage area networks, Wireless, Telepresence, VOIP, Security Datacenter etc. All these product categories belong to network users. Cisco produced only routers until 1993 and it makes joint-venture with Cresendo for developing network switches instead routers. The Cisco acquired Cresendo for \$ 90 million shares, later Cisco enlarged its spectrum of production from the router company to a networking equipment company. Cisco enjoyed with high growth rate and profit and expand its computer networking products and services to the limit where it is a single stop marketing source for most network components. Due to plenty of acquisitions. Steadily increase the scope of the product line and almost, it covers the network markets throughout the world. Cisco developed IOS, ISP for telecommunications companies. During 2000, Cisco teamed up with GTE, Sun Microsystems and Whirlpool to develop a appliances for home used PC connection with phone lines in the home.

### **The Main Products and Services**

Cisco produces computing and network devices to industries and households. The products are broadly classified into five major categories; they are 1. Architectures, 2. Technology trend 3. Resources, 3.capital financing, 4. End of life products. The architecture includes collaboration, data center & virtualization and enterprise network, the technology trend includes cloud, internet of Things(IoT) and Software Defined Networking (SDN), Resources includes the mobile applications, Cisco validated designs, DevNet, Market Place Solution Catalog, Products Approvals, Products Identification Standards, Products Quich Reference Guide, Products Warranties, Security Advisories and Visco Stencils. Most of Cisco's products belong to the IT industries and often, it will be up-gradable.

**Evaluation of Business Level Strategies Used**

Cisco concentrated particular types of products and services to solve a specific problem in IT sectors. The Wide Area Application Services (WAAS) and enrich the technologies provide an effective usage in branch offices for control purposes. For this network's purpose using AAS in Cisco's ISR G2 Routers. The Cisco ASR 1000 series Routers widely used in WAN connectivity. S Cisco's business expands its market to smaller cities. In order to expand the market, Cisco appoints the team in every office throughout the world. Regarding video conferencing business, the company makes a necessary up-grading of the previous technologies, resulting the need of their services constantly increasing. Cisco also provides the security services for the IT network customers, it means the company supplies the innovative technologies to the old customers, It leads the continuous growth of the business. Cisco also entered in the field of capital market in order to enlarge its services. The profit earned by the Cisco is reinvested into another business in the same field. The business level strategy covers 360 degree angle of the IT related products, such as software and hardware. On the other hand, there are many innovative competitors are entered in the IT markets, it may affect the Cisco's growth trend. It would be better to diversify its business to different sectors which gives steady growth and profits.

**Corporate Level Strategies Used**

Due to globalization Cisco came out of USA and opened its branches throughout the world and also enjoy with huge growth and profit. The high return on investment leads the investors to invest their money on Cisco. At the sames Cisco should evaluate its strategy by using SWOT analysis. SWOT analyzes Strengths, Weaknesses, Opportunities and Threats that are associated with a situation by considering all the internal and external aspects of the business and market. This way, Cisco can understand whether a situation has enough aspects in its favor and ultimately worth being pursued. This assessment technique has a remarkable track record of Cisco's success, providing almost accurate and extremely helpful insights into a business' resources. We can understand how the Cicso's corporate strategies for their business growth;

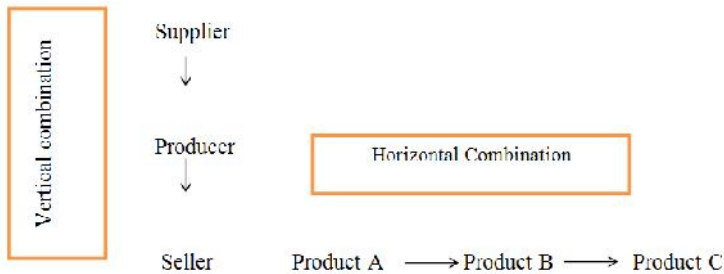
**Cisco's SWOT analysis:**

<p><b>STRENGTHS</b> Acquisition &amp; Merger Low cost of production</p>	<p><b>WEAKNESS</b> Limited Product line Limited market sectors</p>
<p><b>OPPORTUNITIES</b> Global markets Product innovation</p>	<p><b>THREADS</b> Stiff Competitors Downturn Economy in the world</p>

Cisco has analyzed the SWOT analysis before implementing their corporate level strategies. The strength of Cisco is, they entered into the field at the beginning of the IT

sectors' revolution. It got experiences for making the products at low costs and the employees are well trained in making the products. These factors are the strength of Cisco and other competitors became weaker for making the same products at lower

costs. Regarding the opportunities, due to globalization, Cisco opened my online branches throughout the world and also providing services in their home countries. The weakness of Cisco, it has only a limited product line, especially IT related products. Only targeting IT customers, these customers may shift, when they are getting better services from the competitors, at the same time Cisco uses the vertical and horizontal combination with other competition to maintain its market share. Cisco's threads about Stiff competitors and the downturn of the Economic crises may affect the growth, for



that Cisco's strategy follows acquisition and merger with other similar competitors and acquire the lion's share in the production activities. Cisco's corporate strategy can be expressed by using the following diagram.

## Conclusion

Evaluating Cisco's business strategies only focusing on a particular group of customers and single line of products. Cisco plays dominant role in the IT network products by using vertical and horizontal combination. Often IT field changing, resulting if, any giant enters this field, it may affect Cisco's products and inventories. It may affect Cisco's liquidity position as well as the share value. It would be better to increase the product lines and also focus on different segments of customers throughout the world. I recommend Cisco should open its manufacturing units in different countries and make the products according to their level of income and reduce the cost of production of the products.

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