

TomTom: From PND maker to global traffic authority

*Developing in-store strategies
to trigger up PND sales revenue growth*

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Group: **4IBMS 2011**

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NAVIGATION MARKETS AT A CROSSROAD

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*Developing in-store strategies
to trigger up PND sales revenue growth*

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EXECUTIVE SUMMARY

Developing ISM Guidelines for PND category in retail environment

In the context of declining PND market on Western European countries, and rising Smartphone navigation, TomTom PND supplier is facing high stake challenges in maintaining PND sales revenue.

Market analysts are rather pessimistic about future developments and already anticipate PND cannibalization by mobile navigation solutions. However, analysis demonstrates that existing navigation platforms indeed address different audiences within SATNAV target group: navigation solutions fit for purpose.

Emerging “Live” - or connected technology - on PND market, leaded by TomTom HD Traffic, and triggering increasing interests across customers, is clearly changing the “game”. Additionally, identified shift in PND buyer’s profile is likely to greatly impact this segment of the market and trigger up overall PND market value.

TomTom group initiated a global strategy of broadening revenue base; however, maintaining PND revenue is necessary for the company to fund further diversification.

In this context, TomTom is seizing an opportunity offered by MediaMarkt retailer, to propose an upgraded approach of PND category in-store, in order to clarify product offer, raise attractiveness, awareness and maintain sales levels.

This paper investigates further, market context and expected future developments; and provides extensive analysis of PND customers and PND distribution in the retail environment. In regards to TomTom Company, the dissertation focuses on current BTL strategy and its assessment in the light of contextual analysis.

As a conclusion to the research project and in response to MediaMarkt request, the attached marketing recommendations advises on the update of PND customer segmentation industry wide and provide TomTom with the bases and background information to establish In-store Merchandising Guidelines for the complete PND category.

BRIEF CONTENTS

At a glance

EXECUTIVE SUMMARY
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INTRODUCTION & INTERNAL INSIGHTS

CONTEXTUAL ANALYSIS

Market
Customers
Competition
Products
Distribution & Retail environment

CONCLUSIONS, STRATEGIC OPTIONS & CHOICE

MARKETING PLAN

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CONFIDENTIALITY

TomTom & HES

This paper, and overall project, falls under the confidentiality conditions of the following agreement¹, accepted between TomTom NV and the HES, Hogeschool voor Economische Studies.

TOMTOM - ONE SIDED NON-DISCLOSURE AGREEMENT

This Non-Disclosure Agreement (this “**Agreement**”) is entered into on the Effective Date between TomTom International B.V. (“**TomTom**”) and the “**Consultant**” as defined below, such parties individually referred to as a “**Party**” and jointly “**Parties**”.

TomTom and the Consultant wish to protect the confidentiality of their Confidential Information and restrict the use and disclosure of such Confidential Information for the purpose of (“**Purpose**”) of the project assigned to the Consultant at TomTom’s premises which may be described in a Service Agreement between TomTom and Consultant or its employer, more specifically:

Accordingly, TomTom and Consultant have agreed as follows:

¹ *One-sided Non-Disclosure Agreement*, TomTom internal form, undersigned by HES Amsterdam, (unpublished), March 2011

1. The following expressions shall, unless the context otherwise requires, have the following meanings:

“Affiliate” means in relation to TomTom, the TomTom Group.

“Confidential Information” means all information of whatever nature in any form concerning the business and affairs of the Disclosing Party that the Receiving Party obtains, receives, or to which it has access as a result of any discussions of dealings (whether before or after the Effective Date) or which is learned by the Receiving Party through observations made during visits to any premises of the Disclosing Party. Confidential Information includes without limitation (i) products, software, technology, know-how, trade secrets, methodologies, ideas, concepts, processes, algorithms, intellectual property, customers, business plans, promotional and marketing activities or plans, finances, pricing and other business affairs, and (ii) third-party information that the Disclosing Party is under an obligation to keep confidential;

“Effective Date” means the date that the Consultant executes this Agreement;

“Inventions” means for the purpose of this Agreement all inventions, improvements, modifications, processes, systems, formulae, know-how, designs, models, prototypes, sketches, drawings, plans, translations, franchise and marketing materials, or other original matters (whether or not capable of protection by patent, registered design, copyright, registered trade mark, design right or other rights in the nature of intellectual property and whether or not registered) which the Consultant alone or with one or more others may make, develop or discover during the validity of the services to be provided under the Service Agreement (the **“Service”**) and pertain to or result from or suggested by any work which the Consultant has done or may hereafter for the duration of the service do for TomTom, or which include, but are not limited to, the commercial or industrial activities of TomTom or the processes of machinery of TomTom for providing the Service of making the products of TomTom;

2. Confidential Information does not include information that:

2.1 is or becomes publicly available without breach of an obligation of confidentiality;

2.2 was known to the Consultant at the time of its receipt from TomTom;

2.3 is received from a third party who lawfully acquired it and who is under no obligation restricting its disclosure;

2.4 was independently developed by the Consultant or the Consultant Employees that have no access to the Confidential Information as proven by written records of the Consultant;

3. In relation to the Confidential Information disclosed by TomTom the Consultant undertakes to TomTom:

3.1 to use the Confidential Information solely for and in relation to the Purpose;

3.2 not to disclose the Confidential Information to third parties without TomTom's prior written consent;

3.3 to protect the Confidential Information using not less than the same care with which it treats its own confidential information, but at all times shall use at least reasonable care;

3.4 not to reverse engineer, decompile, disassemble or to use other than for the Purpose any products, samples, models, pre-production samples, prototypes or software at any time or under any circumstances;

3.5 to notify TomTom immediately if it becomes aware of any unauthorized use or disclosure of Confidential Information or any other breach of this Agreement and will cooperate in every reasonable way to help TomTom regain possession and exclusive control of such Confidential Information and prevent further unauthorized use and disclosure;

3.6 upon written request of TomTom promptly return (or destroy if so directed) all Confidential Information whether in printed form, disk or otherwise (including but not limited to products, samples, models, prototypes, photographs, schematics and notes) which is in the Consultant possession, custody or control and will provide TomTom with a written certification of its compliance hereto if so directed;

3.7 to disclose and deliver to TomTom for TomTom's exclusive use and benefit any Inventions upon the making, devising or discovering of the same;

3.8 to provide to TomTom all information and data, including plans, drawings, formulae and models, in his possession as to the exact mode of working, producing and using same and all such explanations and instructions as may in TomTom's opinion be required to enable the full and effectual working, production or use of same.

4. To the extent that Consultant is a company that assigns Consultants with TomTom, the Consultant will not disclose or otherwise make available any of the Confidential Information to anyone, including the Consultant employees (the "**Consultant Employees**"), except those Consultant Employees who need to know the Confidential Information for the Purpose, and who are bound by obligations of non-use and non-disclosure substantially similar to those set forth herein. The Consultant shall be responsible for any use or disclosure of the Confidential Information by its Consultant Employees.

5. The Consultant may disclose the Confidential Information disclosed by TomTom as required to comply with binding orders of governmental entities or regulatory authorities that have jurisdiction over the Consultant, provided that the Consultant:

5.1 gives TomTom reasonable written notice to allow it to seek an injunctive order or another appropriate remedies and provide any assistance which TomTom may require in order to secure such order or remedies;

5.2 discloses only such information as is required by the governmental entity or regulatory authority; and

5.3 uses its reasonable best efforts to obtain confidential treatment for any Confidential Information so disclosed.

6. The exclusive right to possess and/or control the Confidential Information (and any copies of all or part of it) of TomTom as well as all rights, including intellectual property rights in the Inventions shall vest in, remain with and will belong to TomTom. The Consultant and/or the

Consultant Employees do not acquire any intellectual property rights under this Agreement (including, but not limited to, patent, trade secrets, copyright or trademark rights) and no rights or licenses in or to the Confidential Information and/or Inventions are granted to the Consultant and/or the Consultant Employees, except the limited rights necessary to carry out the Purpose as set forth in this Agreement.

7. The Consultant and/or Consultant Employees assign with full title guarantee all of Consultant's and/or Consultant Employees' existing and, to the extent permissible by law, future rights, title and interest including intellectual property rights in all Inventions. The Consultant and/or Consultant Employees will at the expense of TomTom execute and do all acts, matters, documents and things necessary to enable TomTom (or its nominee) to apply for and obtain protection or registration for the Inventions in any or all countries and to vest or assign title thereto in TomTom (or its nominee) absolutely.

During and after the termination of the Service, Consultant and/or Consultant Employees shall do nothing to affect or imperil the validity of the protection for the Inventions obtained by or applied for by TomTom (or its nominee). Consultant and/or Consultant Employees will at the direction and expense of TomTom render all assistance within his power or obtain and maintain such protection or application or any extension thereof.

8. The Consultant acknowledges that disclosure or use of the Confidential Information in violation of this Agreement could cause irreparable harm to TomTom for which monetary damages may be difficult to ascertain or be an inadequate remedy. The Consultant therefore agrees that TomTom will have the right, in addition to its rights to recover monetary damages and other rights and remedies, to seek injunctive relief for any violation or threatened violation of this Agreement.

9. This Agreement shall commence on the Effective Date and shall have a duration equal to the period during which Consultant and/or Consultant Employees are retained by TomTom to provide the Services and shall automatically expire or terminate on the date as of which the provision of Services by Consultant and/or Consultant Employees ends. Notwithstanding the

termination for whatever reason of this Agreement, Consultant's obligation of confidentiality contained in this Agreement will survive for five (5) years from the date of termination of this Agreement.

10. Nothing in this Agreement shall impose or be deemed to impose on TomTom an obligation to provide Confidential Information, to enter into any agreement or transaction, to seek patent or other protection for any Invention nor shall it oblige TomTom to exploit any Invention whether related to the Purpose or not.

11. TomTom makes no representations or warranties as to the accuracy or completeness of the Confidential Information disclosed. TomTom shall not have any liability to the Consultant and/or Consultant Employees in relation to the use of the Confidential Information disclosed under this Agreement or for any errors, omissions or misstatements contained in the Confidential Information.

12. The Consultant will not disclose to any other person or entity: (i) the fact that Confidential Information of TomTom has been made available to it; or (ii) the fact that TomTom and the Consultant and/or the Consultant Employees are engaged in discussions relating to the Purpose.

13. Consultant shall adhere to any relevant export control laws and regulations with respect to the Confidential Information or products received from TomTom.

14. This Agreement constitutes the entire agreement and understanding of Parties and supersedes any previous agreement between Parties relating to the matters discussed herein and may only be amended or modified with the mutual written consent of both Parties.

15. The Consultant's obligations hereunder are in addition to, and not exclusive of, any and all of its other obligations and duties to TomTom, whether express, implied, in fact or law.

16. Except as expressly permitted hereunder Consultant shall not assign, sub-license or otherwise transfer its rights or obligations under this Agreement.

17. Any failure by TomTom to enforce the Consultant strict performance of this Agreement will not constitute a waiver of its right to subsequently enforce such provision or any other provision of this Agreement.

18. If a provision of this Agreement is held invalid under any applicable law, such invalidity will not affect any other provision of this Agreement that can be given effect without the invalid provision. All terms and conditions of this Agreement will be deemed enforceable to the fullest extent permissible under the applicable law.

19. This Agreement and all disputes and claims arising out of or in connection with, shall be governed by the laws of the Netherlands. The Parties irrevocably and unconditionally agree that the court of Amsterdam, the Netherlands shall have exclusive jurisdiction over all such disputes and claims.

ACKNOWLEDGMENTS

“Knowledge is in the end based on acknowledgment”
(Wittgenstein)

This project is the result of six months of intense study, analysis and work, focused on formulating realistic strategic marketing advices to TomTom NV Group, as a conclusion of performed internship in the central Trade Marketing department of the company, in Amsterdam, from October 2010 to April 2011.

I am grateful to TomTom, for giving me the opportunity to develop further, business and management skills built throughout my education, to finalize my studies with an international marketing experience, and to provide me with a “real business case” dissertation problem.

I would like to thank Philip van den Berge, TomTom Global Graduate Program, for considering my application, contacting me and arranging interviews; Stuart Mc Gown, Market Intelligence Manager, and Robbert Flipsen, Product Marketing manager, for their time and interest during the interviews; and Adri Pont, Trade Activation Manager, for hiring me as intern trade marketing, and her professional advices, insights & great support to me throughout this experience.

In addition, I also would like to thank each “TomTomer” I got to meet, and especially the Trade Marketing team I have been part of during six months, J. Bigio, Trade Marketing manager, Antje Oppel & Laura Murden, Trade Activation Managers, Ina Barthelmess & Michele Spiga, Trade Marketing Coordinators, Ananda Groag, BTL Communication Manager, Rick van Diepen, Temporary Trade Marketing member as part of TomTom Global Graduate Program, and P.W. Alias Yogi, my fellow Trade Marketing Intern at TomTom; as well as all members from other TomTom teams I had the chance to collaborate with.

I would like to express my gratitude toward my thesis supervisor, M. van Loendersloot, Lecturer Marketing & Communication, for his enthusiasm, patience, support and insights. I wish the reading of the final paper will let him think the time he dedicated to it was worth spending. I thank M. Weaver, for giving me the approval on the dissertation project.

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Special appreciations go to M. Wams, former Lecturer Industrial Marketing, for the great input he provided me with when following his class two years ago and that applied greatly throughout this project.

C. Beraldin

FOREWORDS

“There are only two mistakes one can make along the road to truth: not getting all the way, and not starting”
(‘Buddha’ Gautama)

Before getting into the reading of this paper, you should be informed on how the dissertation is constructed. Please, read the following instructions. They will help you understand how to find easily, and in a timely manner, the specific information you may be looking for.

The dissertation consists of a body, divided into five sections and associated documentation, organized into annexes. Annexes reference the visuals most relevant to the dissertation project, summarizing most important points raised throughout the paper. They are organized into a comprehensive logical order directly relevant to the dissertation problem and therefore can be read independently from the actual body. Appendices reference illustrations, graphs and source visuals quoted in the dissertation project and are provided as separate document.

The marketing proposal consists in three independent chapters that can be easily found as they have red top headers.

A list of contact details is available at the document, for any further request.

PREFACE

“Learning is not doing, it is reflecting on doing”
(Mintzberg)

This dissertation paper is the final step toward Internal Business Management bachelor graduation at HES, Hogeschool voor Economische Studies, in Amsterdam, July 2011.

The thesis represents the opportunities for us, students, to demonstrate our readiness and ability to enter the professional business fields by applying all skills competences built and acquired throughout studies and professional experiences.

About this dissertation with TomTom NV, the reasons for choosing this subject are both rooted in the opportunity offered within TomTom by the “unfortunate” conditions PND market and the potentially appropriate experience and education background I could offer at the time.

In the context of large retailers, raising their need to upgrade PND category and looking for expert advice on how to reach consumers, TomTom is offered an opportunity to strengthen its position in influential distribution channels and achieve greater control over the entire PND market assortment.

In this context, I would have to provide constructive recommendations to respond to the urge of updating the in-store category approach of portable navigation devices.

Not to underestimate, the recent explosion of mobile navigation solutions on Consumer electronics markets is raising challenging issues that are very likely to modify Satellite Navigation landscape in the coming years. An extensive analysis of the market and associated issues will be necessary to come up with the most realistic and potentially successful proposal to respond to TomTom's needs.

About this dissertation with HES, focus will be given to the analysis of TomTom stated problem / opportunity as well as to the planning and feasibility of strategic recommendations.

Marketing education, insights and information gathered during TomTom Trade Marketing Internship, as well as performed Category Management internship, at Philips, in 2009, will provide me with the necessary input to fulfill this project, with respect to official dissertation guidelines.

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