

Marketing group project

Redesign Zoom Positioning to Win the Segment of Business Customers

Group 3B: Nishant Parate, Urvi Vaidya, Dandan Zhou, Soo Lee, Sem Leontev

Instructor: Professor Nils Randrup

EXECUTIVE SUMMARY

Zoom Inc. slowed down its revenue growth rate since the pandemic ended. The reasons behind this are not only that market growth is slowing down, but also the new strong competitors appearing on the emerging video communication platform market.

A situation analysis clearly shows that Zoom is an easy to adapt scalable tool that is easy to use and customized. Having a robust product and huge popularity after the pandemic, Zoom has built a strong technology and socio-cultural foundation. However, it has some critical issues with its reputation as a not a secure and reliable service for corporate communications.

Zoom has a variety of Points of Differences and can successfully compete on the highly competitive market. However the target audience is broad and varies from Individuals users to mid-market companies. At the same time a large pool of business customers generates most of the revenue for Zoom as they generally commit to long-term contracts as compared to individual customers who generally have month-to-month commitment. Zoom's competitors aggressively entered the Corporate market, making it hard for Zoom to outstand itself from such well-known brands as Microsoft, Google and Cisco. To get more attention from Mid-Large business customers, Zoom has to reshape its marketing strategy, making it more attractive and valuable for business customers.

The main problem for the Marketing Challenge is considered to be connected to Customers' needs and benefits. Based on Segmentation Analysis and Zoom positioning Analysis, there is an obvious gap between Zoom's value proposition and most promising segments' needs. In this case, competitors look more attractive, having clear stated benefits and well-known brand names.

This issue can be resolved with any of all of the 7 key decision areas of marketing. However, we intentionally review this issue from the Positioning perspective. Using the Opportunity Solution Tree 3 main alternative solutions were defined: 1) positioning based on general product qualities; 2) positioning focused on small and medium businesses; 3) positioning focused on medium and large businesses.

An evaluation of the alternatives based on strategic, financial, market share, risk level

metrics showed that positioning focused on medium and large businesses has the highest competitive advantage. This position, when implemented, would allow Zoom to increase the market share up to 12%, which leads to an additional \$ 300 M in revenue.

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1. INTRODUCTION

Zoom Video Communications, Inc is a company providing global online video conferencing services with headquarters in San Jose, California. It started in 2013 to meet the remote telecommunication needs of various people or groups. By the end of 2019, it stood at 10 million daily customers. In 2020, Zoom faced unprecedented usage of their communication platform due to the Covid_19 pandemic and had 300 million daily meeting participants by the end. In 2022, The average daily customer of zoom maintained at 300 million, but its growth rate is expected to decline as the impact of the covid_19 pandemic continues to taper as more users return to work or school or are no longer subject to limitations on in-person meetings. Among those changes the most significant reason for losing customers is competitors in the market.

Video Conferencing Market Report Scope	
Report Attribute	Details
Market size value in 2022	USD 7.71 billion
Revenue forecast in 2030	USD 19.73 billion
Growth Rate	CAGR of 12.5% from 2022 to 2030
Base year for estimation	2021
Historical data	2018 - 2020
Forecast period	2022 - 2030

Table 1: Video Conferencing Market Report Scope 2022

Competitors' significant influence on Zoom's value can be observed based on the number of customers and the changes in Zoom's total stock value. Zoom's value proposition is based on its service as an online video meeting platform. Since Zoom's revenue growth depends on the ability to attract new business hosts, retain and upsell additional products to existing customers, the decline in new customers and hosts, and the number of renewals or upgrades will directly change its revenue and market value. The video conferencing market to reach a 7.71 billion market size⁶ value while there are 300 million daily meeting participants on Zoom in 2022. Meanwhile, in January 2022, Microsoft Teams recorded 270 million monthly active users, representing a 20 million rise as compared to that in July

20211&2. On the side of stock values, Zoom now has 24.30 billion shares value with 10 major stakeholders who own a total of 9 billion shares of stock. As those 10 major stakeholders hold almost half of its total stock shares, a significant amount of selling or negative forecast on Zoom's revenue will lead to a possible sharp decrease in its overall market value3.

Top 10 Owners of Zoom Video Communications Inc

Stockholder	Stake	Shares owned	Total value (\$)	Shares bought / sold	Total change
The Vanguard Group, Inc.	5.33%	13,383,018	1,116,679,022	+721,318	+5.70%
ARK Investment Management LLC	4.34%	10,891,340	908,773,410	+1,315,322	+13.74%
BlackRock Fund Advisors	3.78%	9,490,259	791,867,211	+1,974,403	+26.27%
Morgan Stanley Investment Managem...	3.41%	8,565,563	714,710,577	-533,455	-5.86%
Baillie Gifford & Co.	3.37%	8,466,914	706,479,304	+929,812	+12.34%
Renaissance Technologies LLC	2.56%	6,429,004	536,436,094	-20,302	-0.31%
Nikko Asset Management Co., Ltd.	2.53%	6,341,298	529,117,905	+1,071,273	+20.33%
T. Rowe Price Associates, Inc. (I...	2.27%	5,687,769	474,587,445	-4,130,015	-42.07%
SSgA Funds Management, Inc.	1.97%	4,947,998	412,860,953	+178,842	+3.75%
Fisher Asset Management LLC	1.97%	4,940,357	412,223,388	+227,159	+4.82%

Table 2: Top 10 Owners of Zoom Video Communications Inc2022

The primary challenging problem of Zoom is “How to acquire and keep business customers from competitors by redesigning its positioning?”. Because competitors start taking more market share, Zoom's revenue growth rate tends to decline and will continue in further periods. Eventually, Zoom could lose its overall value on Market shares even less than before the pandemic. In this project we will interpret and give solutions to the challenging problems of losing revenue by clarifying the positioning strategy of zoom. This positioning strategy project will continue from the introduction to the following content: current market situation analysis including revenue and market share, issues identification, list of possible solutions, evaluation on solutions and selection of solution, action plan of selected solution, and reference list.

2. SITUATION ANALYSIS

The Marketing Situation Analysis for Zoom is challenging. On the one hand, Zoom is steadily growing and this will be later pointed out with Financial Analysis. On the other hand, the increased competitors' activities and changes in business environment dramatically decreased the Revenue growth pace for Zoom, making it harder to dominate on the video conferencing market. The situation analysis consists of the following sections, which are considered in detail further:

- PESTLE analysis
- Customers Analysis
- Financial Analysis
- SWOT Analysis
- Brand identity and current positioning
- Competitors landmark and core strategies

2.1. Environment Analysis (PESTLE)

To get an overview on the Market Environment we will proceed with PESTLE analysis. We are going to use this tool to examine various factors that affect the market environment for Zoom. The PESTLE analysis will allow us to develop a profound understanding of the external environment where the company operates. The analysis itself consists of different factors, which are considered individually and then brought to one combined landscape.

2.1.1. Political factors

For such a popular brand as Zoom, politics plays an important role and cannot be ignored. As Zoom has the biggest and most important R&D center in China this can be problematic for its reputation on the US market. Especially if the trading tension grows between two countries.

Second important issue is connected to the belief that Zoom has to encrypt and decrypt messages on its servers located in China which can be accessible to the Chinese government when required. This led to speculations on Zoom's potential leaks of private and sensitive information at the governmental level.

However, in 2019 GSA assumed that Zoom complies with set security requirements and can be used by governments.

2.1.2. Economic factors

Zoom rose sharply during the pandemic. It's marketing strategy to offer 40 free minutes for every online video call allowed to beat all competitors and get the total of 47.2% of the video conferencing market at 2021.

In 2021, they reported a revenue of a billion dollars in the April-June quarter. Which is 54% more than in 2020

However, in the pandemic years most competitors started to play more aggressively, and get their market share. This led to the decrease of market share to 42.7% in total in 2022. Such competitors as Google started to allow free meetings too, which makes Zoom UVP not so attractive any more.

2.1.3. Socio-cultural factors

Because of the pandemic, Zoom became the most popular tool for communication around the world. It allowed so many people to be connected to each other, while staying at home. And this is for sure, a great thing to have.

At the same time, this obsolete popularity of Zoom for professional communication has a second side. It kills professionalism, making everyone show their personal spaces and private houses. Which prevents from keeping a work-life balance.

Another flaw is verbal communication. Researches show that many people cannot communicate by online tools in the same way they do in person which leads to decreasing productivity.

2.1.4. Technological factors

From the technological point of view Zoom is doing a good job, providing one of the best-in-class services for video communication. They were able to create an easy-to-use, stable, quality service, which did not have any major flaws.

It is obvious that demand for the technology would remain stable in the near future, as the market is still on the rise.

The evolution of the service led it to the combined multipurpose platform for business, including video communication, business collaboration and online education tools.

2.1.5. Legal factors

The most issues Zoom facing today are connected to legalities. As it is well known, Zoom is not very secure as a platform. Hackers can get into any meeting, including private ones and even government meetings. If the meetings are public, there are no legal offenses until an uninvited person does any inappropriate action (hate speech or racism).

Another serious issue is connected to privacy. Zoom reveals all sensitive information, like passwords or other private information being typed on the screen.

There are also many cases of selling of the data without getting the permission from users.

2.1.6. Environmental factors

From the environmental perspective, using Zoom is way better than traveling to the meetings by car or, especially plane. So, it's in the green zone here.

However, it still harms the environment in the same way as the internet itself does. It consumes a lot of energy for servicing online calls. There is a lot of researches, shows that

the CO2 footprint from Zoom meetings is something that cannot be ignored. So, advice to turn off your camera, while not on a video call, is caused by a reason.

2.1.7. PEST Analysis Conclusion

From the presented analysis we can assume that:

- Technology and Socio-cultural factors are the strongest for Zoom
- Political factor can be an issue, if not properly explained to the customers
- Environmental issues are not the major ones, as Zoom brings more benefits to the environment than harm.
- Economics factors need to be considered carefully as the pandemic ended and new strong competitors appeared on the market.
- Legal issues can be considered as the main ones and cannot be ignored as they can be the most harmful for the future growth.

2.2 Customers Analysis

In order to have the complete picture of Zoom as a business, we'll look closer at its existing customers. Analyzing various customer segments we'll want to understand which markets the company operates, what industries does Zoom serve most efficiently and what are the most promising customer segments for Zoom company. We also want to define the existing value proposition and brand perception by targeted segments, and this would be discovered in the next sections.

By 2022, there will be over 167,533 companies using Zoom worldwide¹. Let's get further and see, which segments make the most of the company's revenue share.

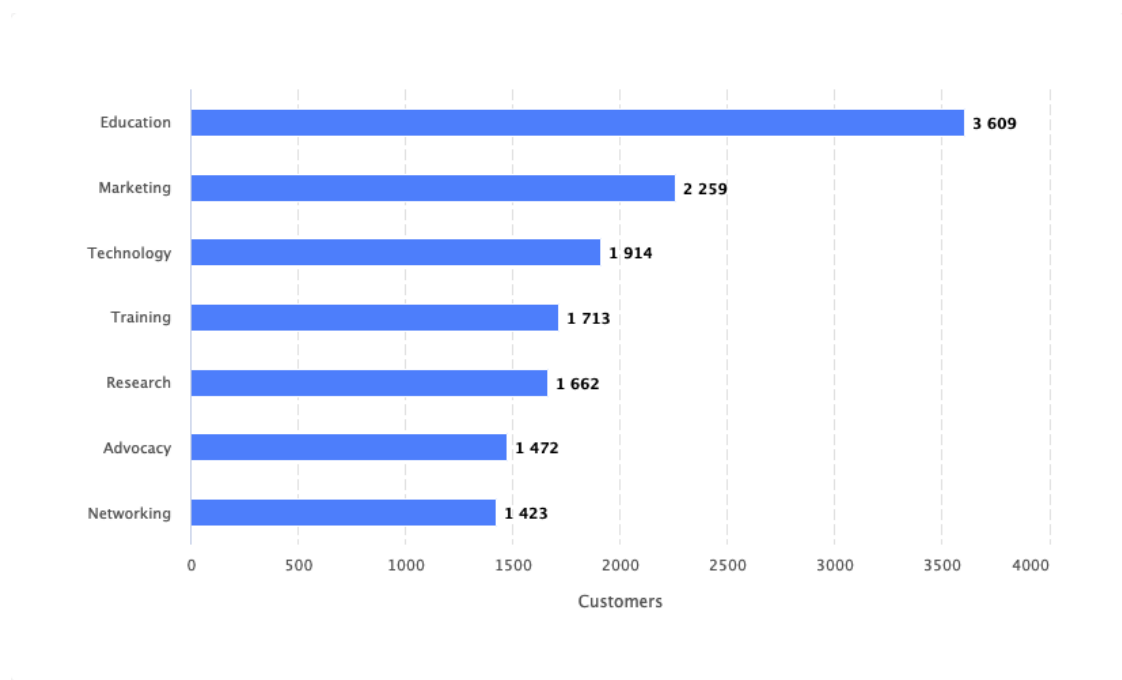


Figure 1: Customers by Industry

The three top industries that use Zoom for Web And Video Conferencing are Education, Marketing, and Technology.

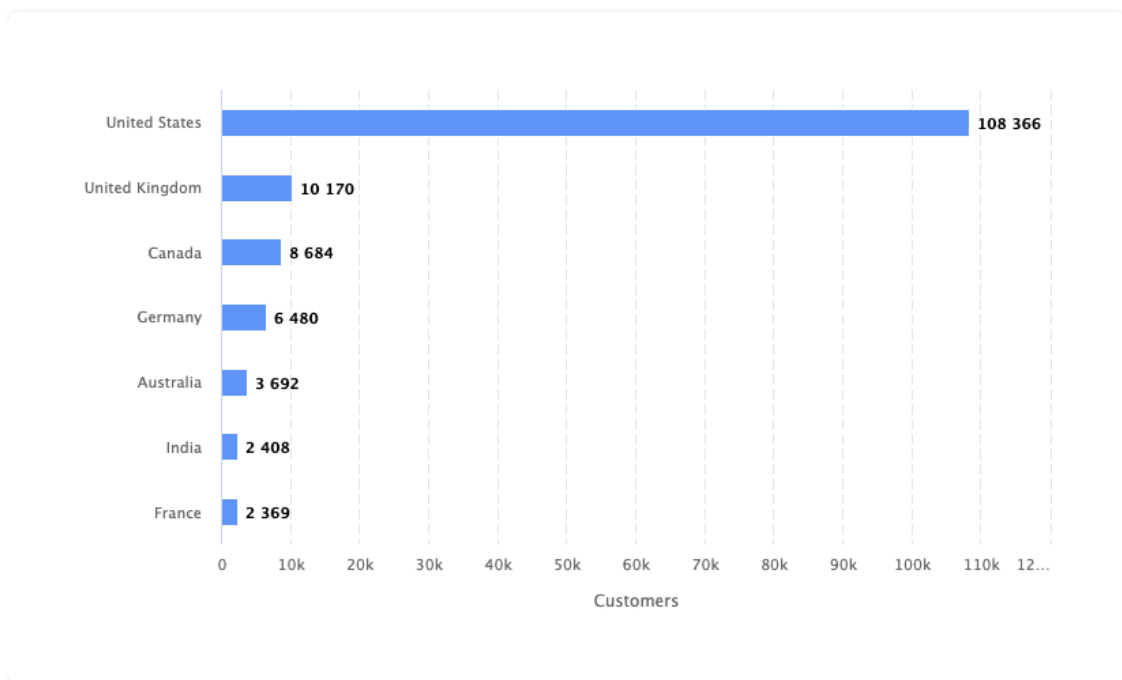


Figure 2: Customers by Geography

The top three geographies of Zoom for video-conferencing are the United States with 108366 (64.68%), United Kingdom with 10170 (6.07%), Canada with 8684 (5.18%) customers respectively.

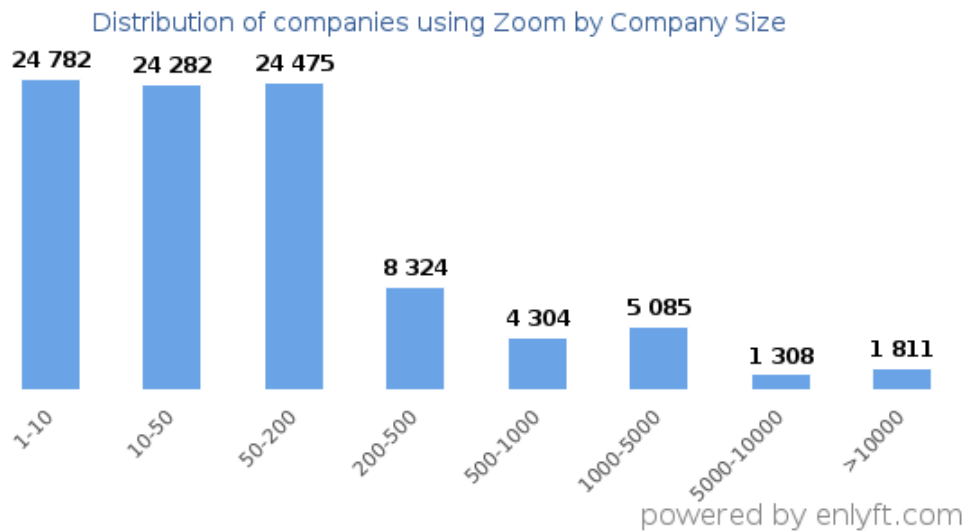


Figure 3: Customers by Company size

Of all the customers that are using Zoom, 49% are small (<50 employees), 38% are medium-sized and 12% are large (>1000 employees).

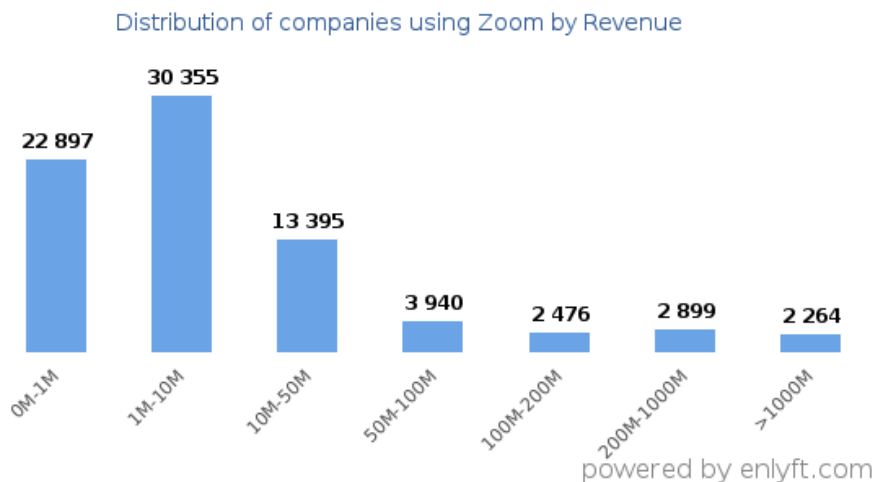


Figure 4: Customers by revenue size

Of all the customers that are using Zoom, a majority (85%) are small and medium-sized businesses (<\$50 M), and 15% are large companies.

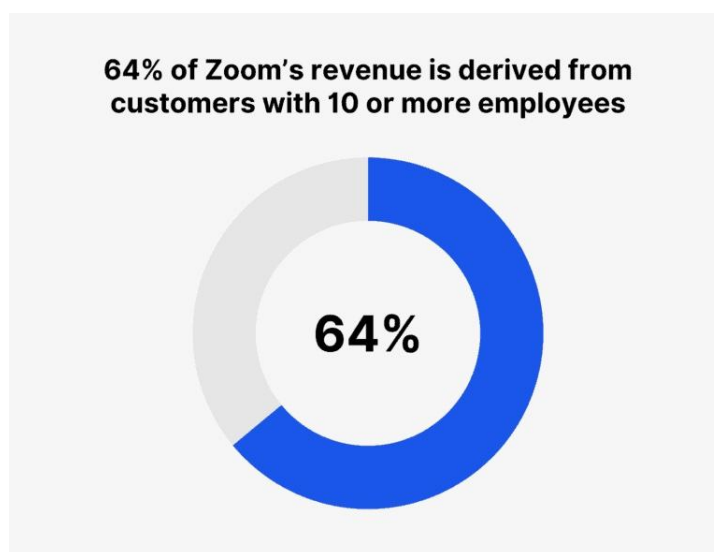


Figure 5: Revenue from customers

Zoom discloses the number of paying customers with more than 10 employees as a key business metric in its SEC filings. 64% of Zoom's revenue is derived from customers with 10 or more employees¹.

Market segments	Customers value most
Individuals	<ul style="list-style-type: none"> • Easy to install and easy to use • Low price, ideally free • Popular enough for everyone to use the same service • Quality of communication • Fancy design
Small Business	<ul style="list-style-type: none"> • Easy to install and easy to use • Reduce the costs of collaboration • Improve the employees performance • Accelerate decision-making • Fancy design

Medium-sized Business	<ul style="list-style-type: none"> • Reduce the costs of collaboration • Accelerate decision-making • Improve employee performance • Improve customers experience • Reliability and security
Enterprise	<ul style="list-style-type: none"> • Reduce the costs of collaboration • Accelerate C-level decision-making • Accelerate mid-management decision-making • Increase overall corporate performance • Improve employees experience • Reliability and security

Table 3: Segmentation by customer type

Customer Analysis conclusion

- The core of Zoom's paid customers are businesses with more than 10 employees.
- At the same time the Enterprise companies market is not yet well developed.
- The most important Market segments are: Education, Marketing and Tech companies. The most well-developed market is the US

2.3 Financial Analysis

Zoom has experienced exponential growth in the past few years because of the COVID-19 pandemic, which forced everyone to work remotely. Zoom made video conferencing easy and seamless to use hence was adopted by most of the remote workers, the revenue figures clearly show the growth of zoom. In the year 2020, zoom had a revenue of \$622,658 which was the start of the pandemic³. Once the pandemic was at its peak, the adoption of zoom increased rapidly leading to a tremendous increase of 325.8% YoY in revenue at \$2,651,368 in the year 2021². Zoom continued its growth by providing its users an easy to use and highly customizable application, in the following year zoom reached a revenue of

\$4,099,864 which is an increase of 54.6% YoY. Post pandemic they have experienced a decrease in growth, but the revenue still climbs up the ladder.

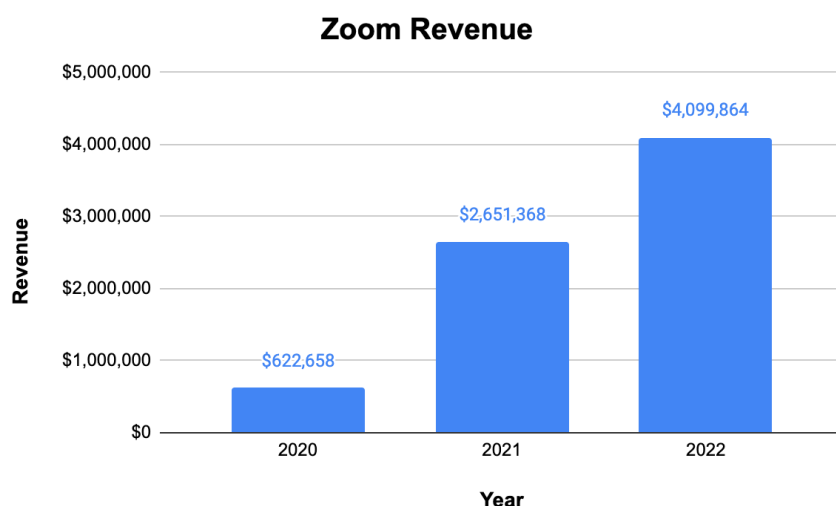


Figure 6: Revenue YoY

Zoom showed its potential to grow in 2019 when it was one of the highest valued IPO, evaluated to be \$17.7B. Zoom had the highest increase in Q2 of 2020, this was the time when most of the people switched to remote work, zoom reached its annual revenue target for 2020 in the 2nd quarter of the year itself. Zoom experienced an increase in paying customers in this quarter, most of the paying customers were businesses which had more than 10 employees.

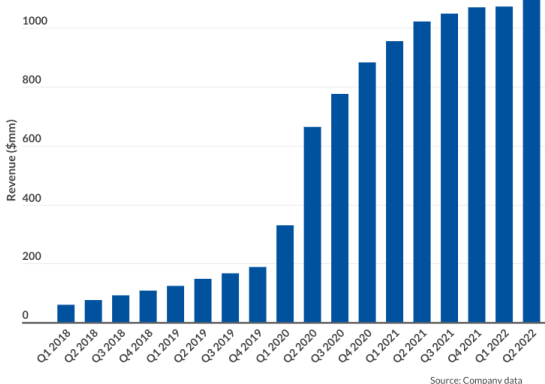


Figure 7: Total Revenue QoQ

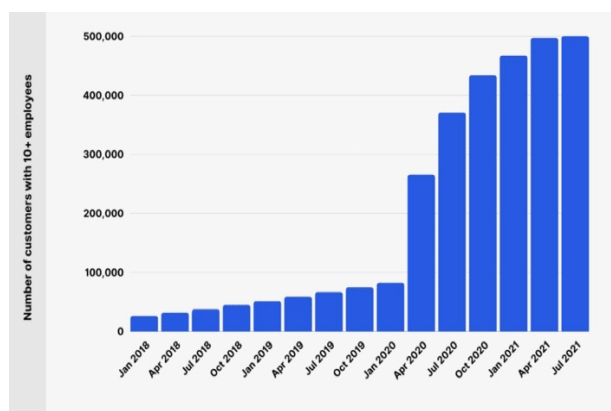


Figure 8: Number of Business customers

In Feb to April quarter of 2021 zoom had 497,000 customers with more than 10 employees who were subscribed to their premium service. This large pool of business customers generates most of the revenue for Zoom as they generally commit to long-term contracts as compared to individual customers who generally have month-to-month commitment. In 2021, Zoom's market value was nearly \$100 Billion.

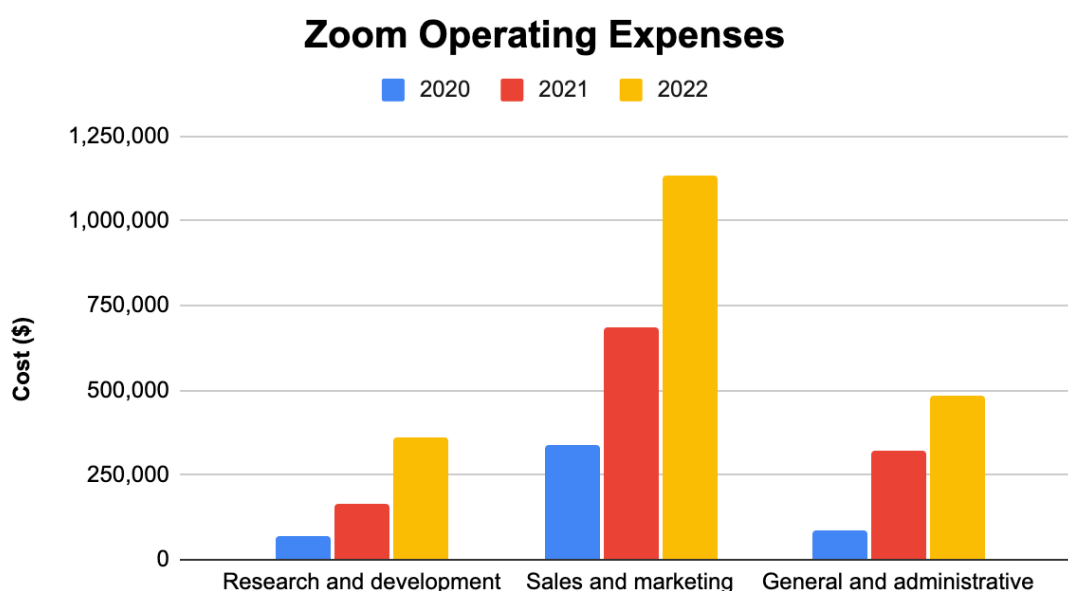


Figure 9: Operating expenses by category

With zoom having the highest market share in the video conferencing app for the last few years, now the competition is catching up. To stay ahead of its competitors Zoom has now started to increase its spending on R&D, sales & marketing and administrative tasks. Over the years Zooms has spent heavily on Research and Development to give its users the best experience, they spend around \$362,990 in the current financial year of 2022¹. Zoom is developing more products that will help businesses to grow efficiently, which will eventually lead to a larger customer base for them.

To increase the awareness about zoom and to add more users to its pool of users they have increased their spending on sales and marketing by 65.8% over the last year which is at \$1,135,959 now. With the competitors catching up they are trying to maintain their market share by acquiring new customers.

With the increase in adoption rate zoom required a larger workforce to handle all the additional tasks, zooms administrative cost has gone up to \$340,646. They have increased the administrative spending by 50.6% to provide the same customer service, as it would be detrimental for the business if the current customers were dissatisfied and switched to other products.

2.4. SWOT Analysis

Zoom was an innovator in the video conferencing field. It has revolutionized the way people conduct online meetings. Although originally designed for commercial business, it soon gained popularity among educational, healthcare and other non-commercial entities as the best vc platform. Zoom is an easy to adapt scalable tool that is easy to customize as per the business needs of the customer.

Strengths

1. Zoom provides a free basic version to all users while others charge a nominal fee.
2. It's designed well so most people can intuitively use it.
3. It is used globally, therefore businesses with global offices or international trading can use the same application
4. Zoom has consistently been performing well, even though growth has slowed down it hasn't stopped, and they are still among the top choices for vc and very popular
5. It is a very popular brand name and has a strong brand identity and has almost become synonymous with video conferencing. The same way photocopy is referred to as xerox.

Weaknesses

1. Security issues are one of the top weaknesses of zoom. There have been several user complaints about privacy and security. In a big data breach information of nearly 500,000 zoom customers was stolen.

2. Additionally there are meetings where random users who are not invited can join, also known as “zoombombing”. Zoom is consistently vulnerable to security issues and although it works to fix them quickly, it reduces the trust in customers.
3. Zoom does not offer good end to end encryption which also makes them susceptible to security breaches.

Opportunities

1. Increasing demand is one of zooms biggest opportunities. The platform cannot currently accommodate more users which means it is losing a big chunk of business.
2. Zoom should offer customizable packages to their B2B customers as well as small businesses. At present a large chunk of revenue for zoom comes from mid-size businesses, zoom should offer them customizable services as well so that they can gain more customers.
3. Zoom needs to diversify its product line. At present zoom only offers its video conferencing services and other related solutions. It has recently started Hardware as a service but that needs more work. Zoom needs to diversify into other products. They could offer similar services like discord or slack or piazza or canvas (learning management platform). Zoom is already a popular choice among educational institutes, why not capitalize by offering a LMS as well.
4. They have a billion users but their infrastructure and offices are not global right now. They are investing in R&D centers in China and India. There are many more countries which can be considered excellent markets for the business.

Threats

1. Competition. This is the biggest threat to zoom. With companies like Google and Microsoft offering similar services at a cheaper price or for free zoom faces its biggest threat yet. Microsoft offers this service to their existing users almost for free or within the price of their existing subscription.⁸

2. Reopening of physical workspaces and public spaces after the pandemic also threatens loss of business. Although large companies may still continue to buy zoom, smaller companies may not want the added cost.

Strengths 💪	Opportunities 🌸
<ul style="list-style-type: none">• free basic version to all users• intuitive design• widely used globally• consistently performing well• has a strong brand identity	<ul style="list-style-type: none">• growing market of video communication platforms• customizable packages for business customers• product diversification on a target markets• globalization
Weaknesses 📉	Threats 🔥
<ul style="list-style-type: none">• past security issues• “Zoombombing” reduces the trust within customers• known as not good end to end encryption provider	<ul style="list-style-type: none">• competitors offer similar services at a cheaper price• reopening of physical workspaces and public spaces after the pandemic

Figure 10: SWOT Analysis

SWOT Analysis Conclusion

Potential gains

- Translate main strengths to business customers
- Customizable products for different market segments

Main pains

- Losing Business customers to the cheaper and more secure communication brands (Google, Microsoft)
- Poor reputation on security and encryption technologies

2.5. Brand Identity Pyramid

Zoom Positioning Statement:

“Zoom is for you. We help you express ideas, connect to others, and build toward a future limited only by your imagination. Our frictionless communications platform is the only one that started with video as its foundation, and we have set the standard for innovation ever since. That is why we are an intuitive, scalable, and secure choice for large enterprises, small businesses, and individuals alike.”

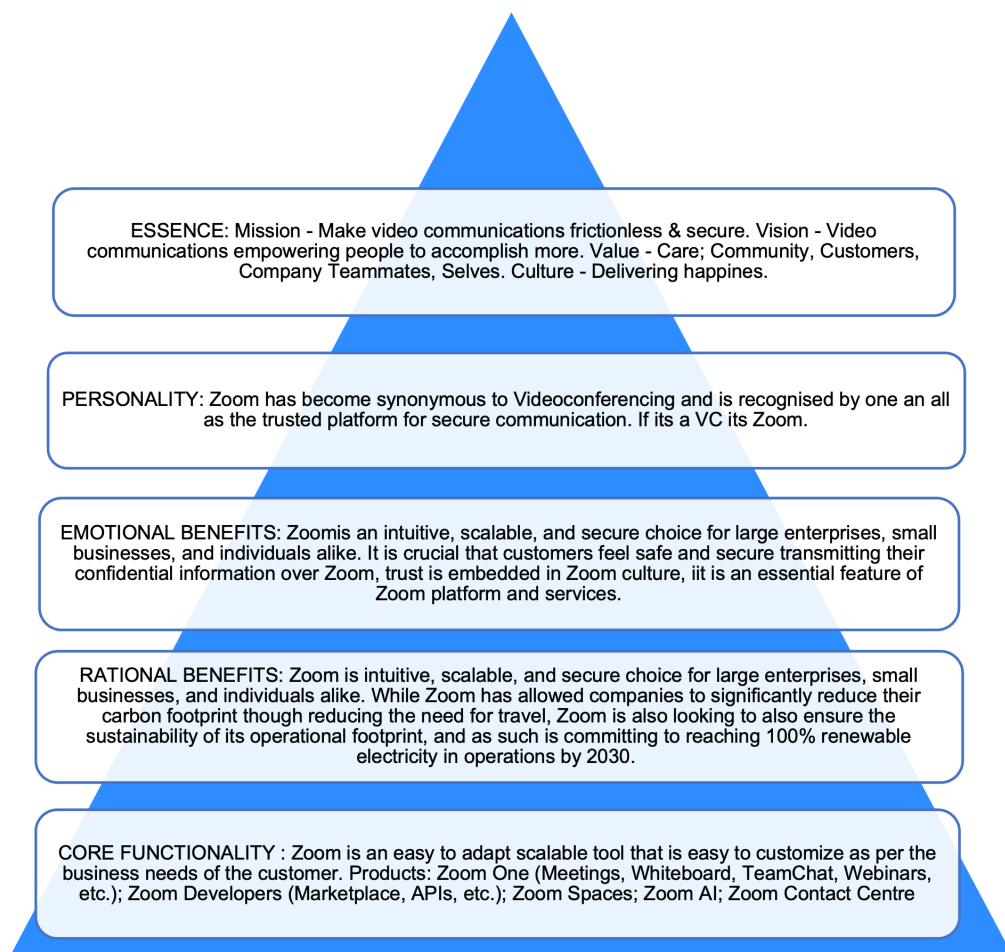


Figure 11: Brand identity pyramid

2.6. Competitors Analysis

Zoom competitors analysis provides insight into the video communications industry and how Zoom positions itself strategically within his closest competitors. We took the strongest and closest competitors to Zoom, based on the market share data.

1. Microsoft Teams

A highly successful collaboration platform that incorporates document sharing, video meetings, and many other tools for online communication. It is a popular choice for workplaces, particularly those that have begun working from home since the pandemic.

2. Google Meet

Was developed in order to replace Google Hangouts. It hasn't been around for as long as many of its competitors, having been launched in March 2017. Still, it does have the benefit of Google's immense wealth and existing success in various technology markets.

3. Webex by Cisco

Webex is not designed to be used by individuals; instead, it is the leading solution for large companies. Cisco's ambition has always been to make Webex the leading collaboration brand.⁹ There have been many recent product developments aimed at creating an excellent experience for hybrid work. For example, speech enhancements, open APIs, noise removal, custom layouts, and gesture recognition.

	Market share	Pricing	Market segments	Value proposition
Zoom	42.70%	Basic – Free Pro - \$14.99 Business - \$19.99 Business Plus - \$25	Individuals, Small-Business, Mid-Market	Video communications empower people to accomplish more.

Microsoft teams	10.90%	Basic – Free Essentials - \$4.00 Business Basics - \$6.00 Business Standard - \$12.50 Business Premium - \$22.00	Mid-Market, Enterprise	Businesses can reduce the costs of collaboration, accelerate decision-making, and improve the customer and employee experience.
Google Workspace - Meet	31.40%	Basic – Free Business Starter - \$6 Business Standard - \$12 Business Plus - \$18	Small-Business, Mid-Market, Enterprise	Everything you need to get anything done, now in one place. Whether you're at home, at work, or in the classroom, it's the best way to create, communicate, and collaborate.
Cisco webex	2.10%	Basic – Free Meet - \$13.50 Meet + Call - \$20	Mid-Market, Enterprise	The most engaging, inclusive and intelligent video conferencing solution for the modern workforce.

Table 4: Competitors' value propositions

Points-of-Difference:

- Easy-to-use
- Performance
- Basic free for everyone
- Design

Points-of-Parity:

- Security
- Stability
- Quality
- Customers experience
- Green Environment

2.7. Situation Analysis Conclusion

Zoom is an easy to adapt scalable tool that is easy to use and customized. Having a robust product and huge popularity after the pandemic, Zoom has built a strong technology and socio-cultural foundation. However, it has some critical issues with its reputation as a not a secure and reliable service for corporate calls.

Zoom is well presented on the US market, which can be considered as the most promising one for the further expansion. It has an impressive market share % 42.7 with most companies from industries: Education, Marketing, Technology.

Zoom has a variety of Points of Differences and can successfully compete on the highly competitive market. However the target audience is broad and varies from Individuals users to mid-market companies. The Enterprise segment is yet to be developed.

At the same time a large pool of business customers generates most of the revenue for Zoom as they generally commit to long-term contracts as compared to individual customers who generally have month-to-month commitment. Zoom's competitors aggressively entered the Corporate market, making it hard for Zoom to outstand itself from such well-known brands as Microsoft, Google and Cisco. To get more attention from Mid-Large business customers, Zoom has to reshape its marketing strategy, making it more attractive and valuable for business customers.

3. Marketing Issue Identification

3.1. Diagnosis of Marketing Strategy

There appear to be 3 core strategies that Zoom performs to gain its market share. These are : Customer-Driven Design, Freemium Model and Absolute Transparency. Through a combination of these methods, Zoom has capitalized on opportunity and grown into the market leader we know it as today.

Customer-Driven Design

The Zoom team put a focus on making the best product with the best user experience.

Zoom were entirely focused on customer feedback and fine-tuning the software to fit their needs. This strategy allowed them to build the best in the class product.

Freemium Model

The platform and all of the core features are completely free for everyone to use, but for only up to 40 minutes if you want to meet with more than 1 person, and for up to 100 people. This gives users a taste of greatness and makes them want more.

This plays into Zoom's core mission statement: Make video communications frictionless. Zoom was and is doing just that, but those users who want it to be truly unlimited have to pay for a subscription.

Radical Transparency

Zoom uses complete transparency to build trust and to keep everyone informed. On the website users can find interviews with the core team, blog posts on company direction and regular briefings. Taking it to another level, Zoom hosts the event named Zoomtopia which is an annual user conference.

These core strategies allowed Zoom to win the competition race when pandemic affected the market and the growth was impressively fast. However Zoom's competitors aggressively entered the Corporate market, making it hard for Zoom to outstand itself from

such well-known brands as Microsoft, Google and Cisco. To get more attention from Mid to Large business customers, Zoom has to reshape its marketing strategy, making it more attractive and valuable for business customers.

3.2. Marketing issues identification

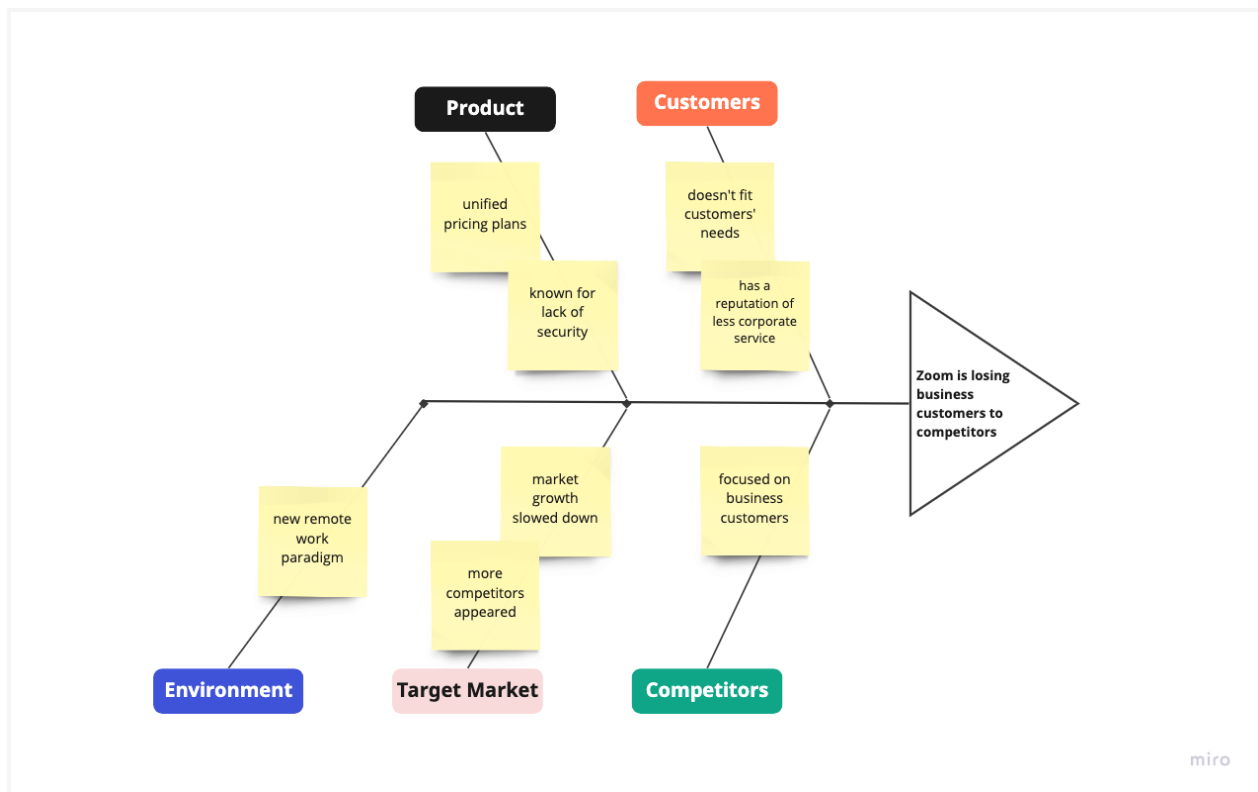


Figure 12: Fishbone Chart Graph

Marketing Challenge: Zoom is losing business customers to competitors.		
Challenges	Definition	Problem Description
Customers	Customers needs and expectations	<ul style="list-style-type: none"> Customers' existing doubt on Zoom's promised services such as the issue of security and privacy. Low customer benefits versus high customer cost Zoom don't have remarkably strong advantage among other services

Competitors	Other competitors in market	<ul style="list-style-type: none"> • Translate business oriented values • Have robust established brand name • Have solid reputation for system security • Position themselves as a business software
Product	Product delivered value	<ul style="list-style-type: none"> • Unified product and pricing plans for different segments
Environment	External environment that affects the problem	<ul style="list-style-type: none"> • New remote work paradigm established on the market. Business are not afraid to allow employees to work remotely and hold the meetings online
Target Market	Situation on a target market	<ul style="list-style-type: none"> • Pace of growing slowed down • Competitors appeared on the market

Table 5: Table of Marketing Challenges

Product is the promised service provided by the company including value design of the product, pricing, and distribution channels of the product. Product design currently is challenging to make it more valuable to customers. The current pricing structure is in doubt because of its lack of optimality from both customers' and zoom's sides. More Customers have complained about the service while distribution channels' costs are rising, and audiences change their focus rapidly, it is hard to establish a stable long-term audience pool.

Environmental and Target Market challenges are noticeable for the business. On the one hand, the market growth pace has strongly declined after the pandemic has ended. At the same time, the behavioral shift allowed more and more businesses to operate remotely, thus making employees communicate online. However, these two factors appeared in the same way for the entire market, including main competitors.

Challenge from Competitors has never been stopped and is taking place in the market share. Zooms' current value proposition and customer advantages are not in an elevated position in many aspects of the meeting platform market. Zoom has a long way to go to make it more persuasive compared to its competitors.

Customer value consists of customer benefits and customer costs. Brand benefit is always the core concern of marketing. Zoom is currently in a situation of losing benefits and increasing costs. The enormous number of competitors are taking benefits away and it is hard to compete while it becomes more and more expensive to provide better developed services for the customers. Customer costs are cumulative when crowded distribution channels are expensive and multiple functions of the services are expected. Customer advantages establishment is challenging when the other competitors in the market can build the same customer drivers easily or even more advanced. Making specialized functions by doing research and development is a long-term challenge. How to make the customized services unique advantages; how to build a reliable security; how to make the advantages effective in the global range are the steps that must be taken.

Relevant issues	Relevance	Focused	Critical	Pressing	Complex	Implementable	Sum
Zoom doesn't meet business customers' needs	3	3	3	1	2	2	14
Zoom has a reputation of less corporate service	3	2	2	1	3	2	13
Competitors better focused on business customers	3	1	3	2	2	1	12
Market growth slowed down	2	2	2	1	1	1	9
More competitors appeared on a market	2	1	2	2	1	1	9
Product has unified pricing plans	1	1	1	2	3	3	11
Product has a reputation of less secure	1	2	2	1	3	2	11
New remote work paradigm appeared on a market	1	1	1	1	1	1	6

Table 6: Issue prioritization matrix

The main problem for the Marketing Challenge is considered to be connected to Customers' needs and benefits. Based on Segmentation Analysis and Zoom positioning Analysis, there is an obvious gap between Zoom's value proposition and most promising segments' needs. As long as Zoom doesn't clearly declare to meet business needs, it won't be valuable enough to be paid higher costs. In this case, competitors look more attractive, having clear stated benefits and well-known brand names.

4. Identification of Possible Solutions

4.1. Solution tree

The main Marketing Challenge is: Zoom is losing business customers to competitors. As we defined in the previous section the main problem for the Marketing Challenge is considered to be connected to Customers' needs. There is a gap between the Zoom's value proposition and most promising segments' needs.

This issue can be resolved with any of all of the 7 key decision areas of marketing. However, we intentionally review this issue from the Positioning perspective. To narrow down the numbers of solutions and define the most important actions to take we use the Opportunity Solution Tree.

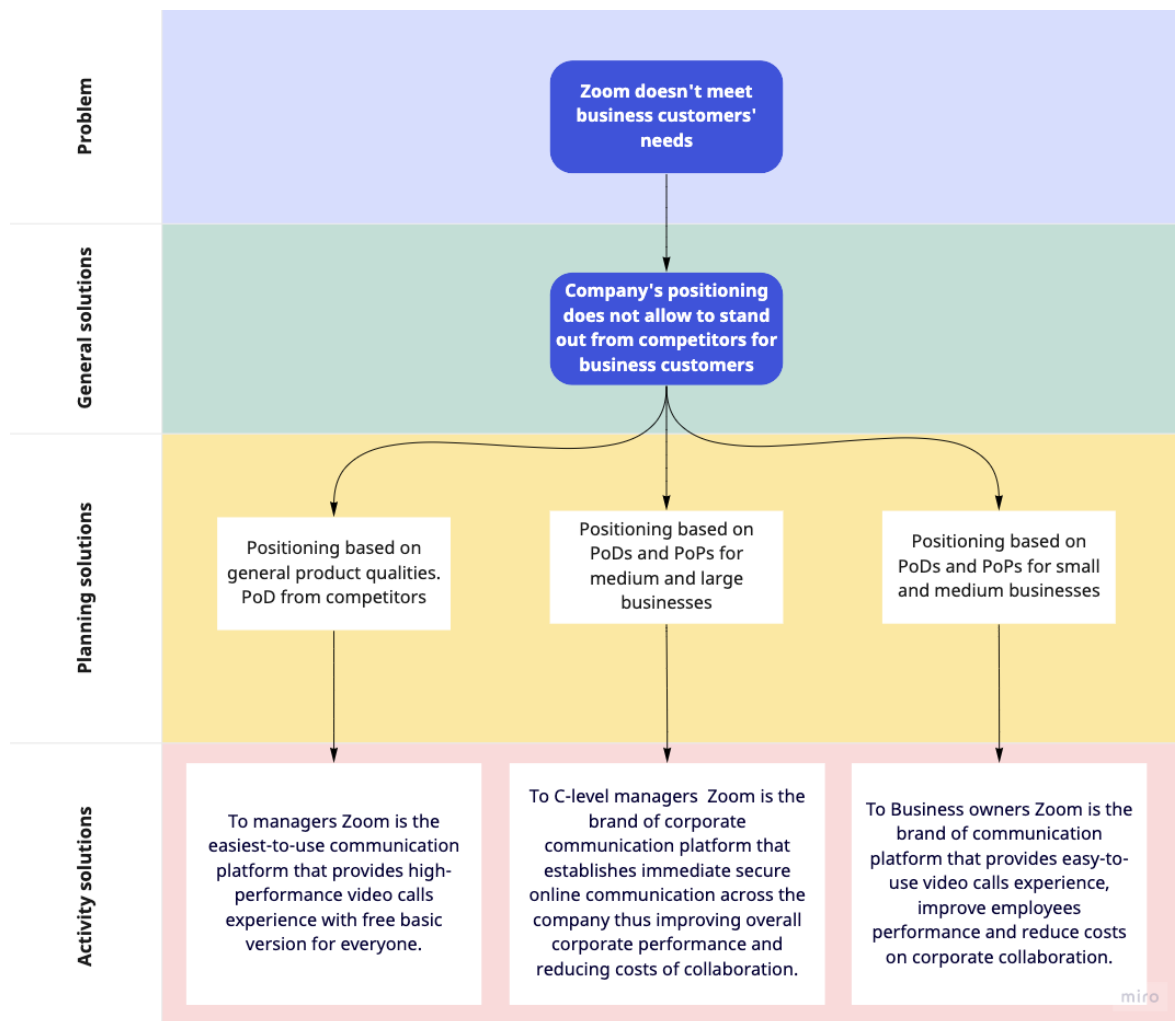


Figure 13: Opportunity Solution Tree diagram

4.2. Alternative 1: Positioning based on general product qualities

To managers Zoom is the easiest-to-use communication platform that provides high-performance video calls experience with free basic version for everyone.

The positioning is targeted to a wide range of customer segments. The statement is the strongest from the competitors point of view as it appeals the most number of Point of Differences:

- Easy-to-use platform. No need to install any specific software.
- High Performance and highest image quality, even on a basic version
- Basic version of the product is free for everyone.

These three PoDs are considered to be the strongest part of the product, which is a video communication platform.

However, this approach which seems so competitive at the first glance still has its flaws. First of all, there are no brand values translated. The best formula is considered to be 90/10, where 90% of qualities relate to product and the rest 10% relate to brand. This is important in case Zoom decides to update its product line or develop the market with new products.

Second major flaw is connected to position statements. Although the positioning reflects the most promising qualities of the product it has less connection to customers' needs. The reason behind this, is that the number of targeted segments is broad and it's hard to define any specific business needs to cover.

These two reasons lead us to the Product-centric positioning which is applied to a wide number of segments but not specifically focused on any of them.

4.3. Alternative 2: Positioning focused on small and medium businesses

To Business owners Zoom is the brand of communication platform that provides easy-to-use video calls experience, improves employees performance and reduces the costs of collaboration.

The positioning is targeted to small and medium businesses. The statement combines the Points of Differences and the Points of Parity with the closest competitors.

Points of Differences:

- Easy-to-use platform. No need to install any specific software.

Points of Parity:

- Improve employees performance with less time spent on off-line meetings
- Reduce costs on corporate collaboration with simplifying the corporate processes and reducing traveling and other costs of in-person meetings.

This positioning now only highlights the product values, but also refers to brand value as a corporate brand, which helps to improve business communication processes. This statement can be considered as customer-oriented positioning.

4.4. Alternative 3: Positioning focused on medium and large businesses

To C-level managers Zoom is the brand of corporate communication platform that establishes immediate secure online communication across the company thus improving overall corporate performance and reducing the costs of collaboration.

The positioning is targeted to medium/large businesses. The statement combines the Points of Differences and the Points of Parity with the closest competitors.

Points of Differences:

- Fast working software out-of-the box. No need to install any specific software.

Points of Parity:

- Provides secure and reliable corporate communication infrastructure
- Improve overall company's performance with less time spent on off-line meetings processes
- Reduce costs on corporate collaboration with simplifying the corporate processes and reducing traveling and other costs of in-person meetings.

This positioning, right as the previous one, now only highlights the product values, but also refers to brand value as a corporate brand, which helps to improve business communication processes. This statement also can be considered as customer-oriented positioning.

5. EVALUATION AND CHOICE OF SOLUTION

To rank the alternate solutions and define the most promising one we'll use the Evaluation Matrix which is presented below. In order to do so, we'll consider every alternative by a number of important criterias: strategic approach, financial profits and costs, market share and risk level.

Evaluation criteria	Key evaluation criteria	Stakeholder Perspective	Importance	Positioning 1 (General)	Positioning 2 (SMB)	Positioning 3 (Enterprise)
Strategic	Competitive advantage fit	Company – Top. mgmt.	Low	Fair match	Good match	Good match
	Score		10%	3	5	5
	Weighted Score			0.3	0.5	0.5
Financial	ROI	Company – Top. mgmt.	Very High	200 M	150 M	300 M
	Score		40%	4	3	5
	Weighted Score			1.6	1.2	2
	CAPEX investment	Company – Financial dpt.	Low	3 M	3 M	3 M
	Score		10%	2	2	2
	Weighted Score			0.2	0.2	0.2
Market	Market share change	Company – Sales and marketing dpt.	Medium	+8%	+6%	+12%
	Score		20%	4	3	5
	Weighted Score			0.6	1	0.8
Risk level	Likelihood of failure (negative ROI)	Company – Shareholders	Medium	Low	Medium	High-Medium
	Score		20%	2	3	4
	Weighted Score			0.4	0.6	0.8
Total Weighted Score			100%	3.3	3.1	4.5
Ranking of Alternatives				3	2	1

Table 7: Evaluation matrix

Evaluation is taken on 4 different parameters: strategic, financial, market, risk level. The weighted score metric has been added to each criteria based on recommendations to the prioritization on different criteria.

Based on the Evaluation Analysis the Zoom Positioning targeted Medium/Large businesses as the most promising solution. This position, when implemented, would allow Zoom to increase the market share up to 12%, which leads to an additional \$ 300 M in revenue.

6. IMPLEMENTATION ACTION PLAN

To plan the new positioning implementation we'll use the Gantt chart. Here we'd list main activities presented on a timeline.

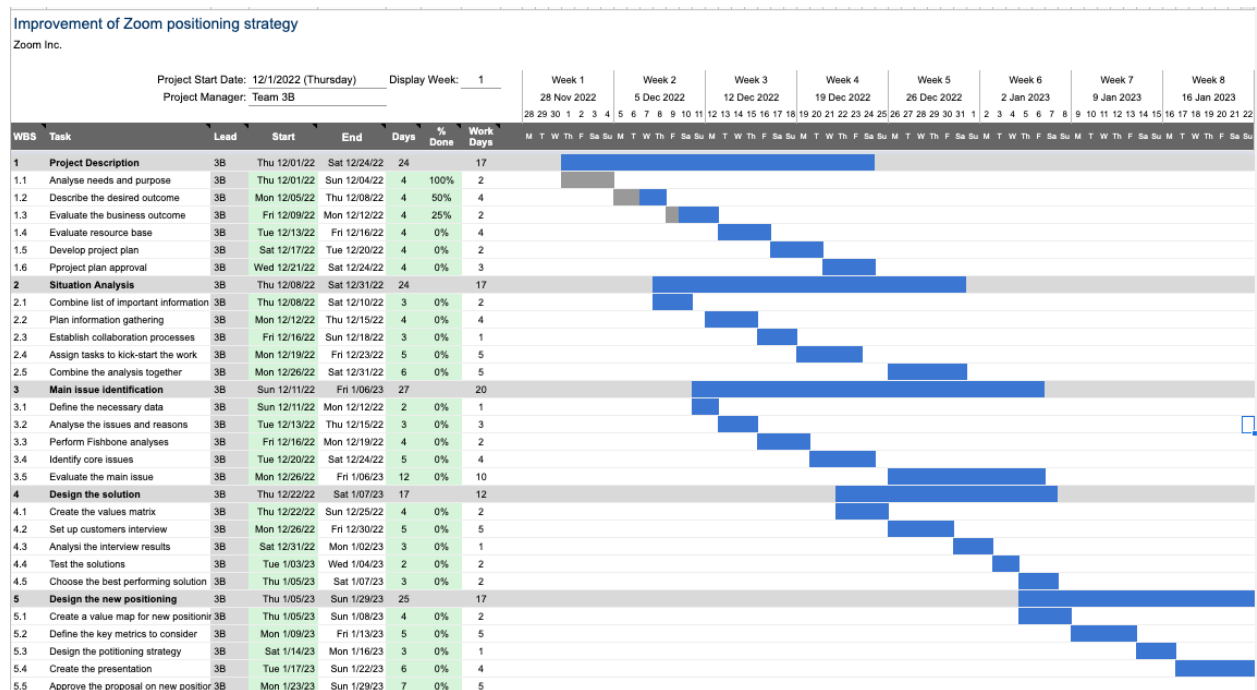


Table 8: Gantt Chart

7. CONCLUSION

The main problem for the Marketing Challenge is considered to be connected to Customers' needs and benefits. Based on Segmentation Analysis and Zoom positioning Analysis, there is an obvious gap between Zoom's value proposition and most promising segments' needs. In this case, competitors look more attractive, having clear stated benefits and well-known brand names.

This issue can be resolved with any of all of the 7 key decision areas of marketing. However, we intentionally review this issue from the Positioning perspective. Using the Opportunity Solution Tree 3 main alternative solutions were defined: 1) positioning based on general product qualities; 2) positioning focused on small and medium businesses; 3) positioning focused on medium and large businesses.

An evaluation of the alternatives based on strategic, financial, market share, risk level metrics showed that positioning focused on medium and large businesses has the highest competitive advantage. This position, when implemented, would allow Zoom to increase the market share up to 12%, which leads to an additional \$ 300 M in revenue.

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9. ATTACHMENTS

Attachment A. Financial report

Zoom Financial report

	Year Ended January 31,		
	2022	2021	2020
	(In thousands)		
Revenue	\$ 4,099,864	\$ 2,651,368	\$622,658
Cost of revenue ⁽¹⁾	1,054,554	821,989	115,396
Gross profit	3,045,310	1,829,379	507,262
Operating expenses:			
Research and development ⁽¹⁾	362,990	164,080	67,079
Sales and marketing ⁽¹⁾	1,135,959	684,904	340,646
General and administrative ⁽¹⁾	482,770	320,547	86,841
Total operating expenses	1,981,719	1,169,531	494,566
Income from operations	1,063,591	659,848	12,696
Gains on strategic investments, net	43,761	2,538	—
Other (expense) income, net	(5,720)	15,648	13,666
Income before (benefit from) provision for income taxes	1,101,632	678,034	26,362
(Benefit from) provision for income taxes	(274,007)	5,718	1,057
Net income	\$ 1,375,639	\$ 672,316	\$ 25,305

⁽¹⁾ Includes stock-based compensation expense as follows:

Cost of revenue	\$ 69,612	\$34,960	\$ 7,860
Research and development	113,000	50,161	11,645
Sales and marketing	229,297	146,377	41,465
General and administrative	65,378	44,320	12,139
Total stock-based compensation expense	\$ 477,287	\$ 275,818	\$ 73,109

Attachment B. Market share

Market share

