

Performance and strategy analysis of vodafone



Vodafone Essar is the Indian subsidiary of Vodafone Group 67% and Essar Group 33%. Its CEO is Marten Pieters. It commenced its operations in 1994 when its predecessor Hutchison Telecom acquired the cellular license for Mumbai. Initially around 1995 it was “ MAX TOUCH”...then around 2000 it was ORANGE..... In December 2006, Hutchison Essar re-launched the “ Hutch” brand nationwide, consolidating its services under a single identity. After getting the necessary government approvals, the company was rebranded as Vodafone Essar. The marketing brand was officially changed to Vodafone on 20 September 2007.

The name Vodafone comes from Voicedatafone , chosen by the company to “ reflect the provision of voice and data services over mobile phones.

Vodafone’s logo is a quotation mark within a circle which depicts start of a conversation. Vodafone Essar is the second largest mobile phone operator in terms of revenue behind Bharti Airtel, and third largest in terms of customers. (Wikipedia1)

THE MARKET ENVIRONMENT

Geographical market

India is divided into 23 telecom circles which were classified as Metros, A, B or C depending upon the revenue potential. Vodafone Essar operates in all the 23 telecom circles. It is headquartered at Mumbai, Maharashtra in India. Each circle has a head office and many branch and zonal offices.

(Vodafone1)

Their business

PEST-G analysis

– Political

Maintained firm relationship with TRAI to license operations of its various services and features.

Announced that it has successfully secured 3G spectrum in 9 circles

Obtained license to implement Mobile Number Portability(MNP).

– Economical

Indian telecom sector is directly contributing more than 1. 5% GDP to the growth of economy .

Mobile telecommunications system in India is the second largest in the world with a subscriber base of more than 650 million.

India has one of the cheapest cell phone rates in the world.

The current Tele-density is over 58. 17%

India's per capita income doubled in 7 years to Rs38, 084 in 2008-2009.

(TRAI)

– Social

Due to the rising popularity of Facebook, Vodafone tried to engage users through it.

Urbanization leading to a rise in the demand for smart-phones especially amongst the youth and enterprising women of today.

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Demand for VAS and broadband is increasing among the urban youth.

- Technological

Launched a new app store to provide easy access to information, utilities and entertainment.

Secured a 3G spectrum in 9 circles

Currently, GSM iPhone is available in India only through Vodafone and Bharti Airtel.

Launched world's cheapest mobile phones priced at \$15 in India

- Environmental

Celebrated Environment Day with Paint Your Planet Competition to spread awareness about the environment.

Launched a solar powered mobile phone in India to overcome the problem of erratic electricity supply .

Introduced electronically generated bills for online payment and transaction thereby saving paper. (Vodafone 2)

Started E-Rick, India's first battery operated rickshaw in Delhi.

THE COMPETITION

Competitors

(Wikipedia3)

Sales Trend

(Medianama)

Market share

Market share in terms of subscriber base (Wikipedia4)

Market share in terms of revenue (Medianama2)

THE COMPANY

Sales trend

Business sector

Project focus

This project is focused on the innovative marketing strategies developed by Vodafone which have proved to be extremely successful in the Indian market as it's able to attract customers with its image of quality and a strong visual identity.

SWOT analysis

C: UsersPhulwaniDocumentsswot1. png

THE COMPANY'S MARKETING STRATEGY

Segmentation partitions a general population on the basis of

1) Geography

– market is divided in 23 telecom circles

– subdivided States into category Metro, A, B and C

2) Location

- Rural

- Urban

3) Occupation

- Students

- Home-maker

- Corporate people

4) Behavioral Patterns

- Benefits sought

- Usage rate

- Occasions which stimulate purchases

Targeting

Vodafone has adopted a multi-segment approach to target all the segments in the market. An array of products and services are offered to cater to the needs of various kinds of customers.

Low cost handsets, solar-powered cell-phones and prepaid card of Indian rupee4 to expand access to mobile phones in rural areas.

Vodafone business solutions for corporate people.

World and Gulf Calling Cards for families of those people who work abroad.

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Entertainment updates and beauty-tips for home-makers.

Devotional services for the senior citizens

Positioning

Initially Vodafone used a pug for its ad campaign. The slogan used was ‘happy to help’.

Later, basic and VAS were advertised through Zoozoos. This new campaign positioned the company as an innovator by introducing a series of services which were unique in the market.

Porter’s generic strategy

The Indian telecom market is undergoing an intense price war and with the entry of new and competent telecom operators, each company is launching aggressive offers attract new subscribers and lower tariffs to retain current users. Due to this, Vodafone is focusing on cost-cutting and offering the cheapest possible rates with good network quality and customer service.

But with every operator introducing a new discount scheme each month, mobile owners started looking for plans which were the cheapest for their particular need. VAS were not very popular and mobiles were meant for basic services only. Vodafone changed the concept. It started introducing more and more VAS. These services were unique in the market and gave Vodafone a competitive edge over its competitors.

Therefore, Vodafone has combined cost cutting measures with differentiation. It’s been successful in using a Combination Strategy to increase its market share.

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Growth strategy

Vodafone is aiming at expanding its distribution and network coverage and through a “ customer focused” approach. Its strategy is to bring ultra-low-cost handsets and wireless connectivity in the vast hinterland and “ being a good corporate citizen” It will also look to expand into a number of new growth segments such as financial mobile services because the customers were now seizing the benefits of ‘ fast, reliable mobile data networks’ by using smart-phones and other mobile data devices such as tablets.

Rural mobile penetration in India is just 19%, with the rural segment accounting for 40%-45% of monthly net additions. To penetrate this market, Vodafone’s strategy is to reduce upfront costs for ownership of mobile phones in cost-sensitive rural markets.

The company is achieving its objectives by updating and developing its range of phones and services and exploiting scale to enhance efficiency which will help in delivering cost benefits to keep

MARKETING MIX

Products

- 1) Vodafone Prepaid and Postpaid Cell-phone connection
- 2) Vodafone PCO
- 3) Vodafone Handy-phone
- 4) World and Gulf calling cards
- 5) 3G USB stick

6) Magic Box handsets

7) BlackBerry from Vodafone

8) iPhone 3G and 3GS

Services

1) Call Services – Voicemail, Call-Conferencing

2) Entertainment – Bollywood, TV-Programs

3) News & Updates – Job Opportunities

4) Devotional – Gita, Quran

5) Astrology – Tarot, Feng-Shui

6) Sports – Cricket, Football

7) Finance – Broker recommendation, Economy

8) Dial-In Services – Commentary, Counseling

9) Travel – Train and Flight bookings

10) Mail and Messaging – Voice SMS, Group Messaging

11) Tunes & downloads – Callertunes, Videotones

12) Miscellaneous – Dictionary (Vodafone3)

Place

1) Vodafone operates in all the 23 circles in India.

2) Its products and services are available directly, via Vodafone stores and country specific Vodafone websites, and indirectly via third party service providers, independent dealers, distributors and retailers, to customers in majority of markets under the Vodafone brand.

3) Vodafone has a reach of about 1.2 million outlets across all 23 Telecom Circles which enables to serve customers in the remotest corners of India

Promotion

1) Television, radio, internet, billboards, sponsored events, newspapers and magazines have been the main mediums of advertisement.

2) Zozoo(the dwarf egg-headed creature) advertisements launched during Indian Premier League 2 (IPL-2) were instantly able to win consumers hearts’.

3) Good public relations are maintained by sending press releases to national newspapers and magazines explaining new products and services.

Price

1) The services are tailored to serve different types of customers from youngsters to business executives, from the urban to the rural population, etc. For example – Vodafone introduced prepaid card of Indian rupee4 enhancing affordability and accelerating tele-density in India.

2) A variety of plans based on customers’ usage and calling patterns are offered. For example – Vodafone launched world’s cheapest mobile phone in India priced at \$15.

3) Vodafone launched pay/second call rate which gives the customers greater convenience and good value for money.

People

Vodafone employs approximately 9000 people in India (March 2009). The employees are encouraged to work in The Vodafone Way which focuses on

- 1) Speed -bringing products and services to customers quickly
- 2) Simplicity - making everything simpler for customers
- 3) Trust - acting with honesty to gain customers' confidence (Vodafone 4)

Processes

1) The ' Happy to help' customer care service can be availed easily through Vodafone's vast distribution reach.

2) 111 can be dialed anytime from any Vodafone mobile phone for complaints and queries.

Vodafone also encourages its customers to post their queries on its Twitter page. (Vodafone 5)

Physical Evidence

Vodafone

Vodafone corporate office in Mumbai, Maharashtra

PROMOTIONAL MIX

Television Advertising – Vodafone chose the IPL-2 as a platform to launch their Zoozoo advertisements which captured attention of nearly two billion. Vodafone emerged as the most noticed sponsor in the IPL.

Internet Advertising – Vodafone promoted Zoozoos on social-networking sites like Facebook and Twitter through fan clubs. It also has an IPL microsite for quizzes and contests where one can know the kind of Zoozoo he or she is and download wallpapers and screensavers.

Billboard Advertising – Vodafone billboards can be spotted frequently but one of them showcased Vodafone in a unique fashion . The uni-pole which was placed in Bhubaneshwar had two different looks – one during the day and the other at night. (Enkon)

Vodafone also used newspapers and magazines as a medium of advertisements.

Publicity – Vodafone launched promotional campaign/contest for its subscribers to win a chance to ride with Lewis Hamilton in Chennai. It also sponsored controversial shows like BigBoss and MTV Splitsvilla to attract a higher number of consumers.

Sales Promotion – Special offers were introduced on Diwali, Holi, etc.

BCG MATRIX

MARKET GROWTH RATE

MARKET SHARE

The VAS services are placed as the cash cows because they are unique and generating money continuously for the company.

Calling and SMS services are the stars with high market share because of brand loyal customers and extremely low prices.

Internet and GPRS services are places in the problem child quadrant because the market is growing but Vodafone's revenues are not.

Vodafone's MMS service is very unpopular amongst the masses.

EVALUATION OF COMPANY'S STRATEGIES AND TACTICS

Evaluation of Company's Current Position

In India, Vodafone is the second largest mobile-phone operator in terms of revenue and third largest in terms of subscribers. Despite strong competition and the recession, it has over 115.5 million subscribers. Vodafone's infrastructure joint venture with Airtel and Idea – Indus Towers – has steadily increased its operations. The independent tower company provides passive network infrastructure to all operators. Thus, Vodafone has emerged one of the top players in the telecommunication sector.

Evidence of Company's Success

Starting with about 28 million subscribers across 16 circles in May 2007, Vodafone crossed 100 million customers in April and its footprint has extended to all the 23 circles in India. This journey is a testimony of Vodafone's success in a highly competitive and price sensitive market. Around 60% of the Company's customer additions now come from upcountry areas. Vodafone, with this achievement also earned the honor of being the

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fifth mobile operator in the world to have over 100 million customers in a single country. Vodafone's revenue increased by 26.4% in Q2 2010 compared to same quarter last year and 13.2% compared to the preceding quarter, strengthening its position as India's second largest operator in terms of revenue.

Prospects for future growth

Operating conditions are expected to be challenging in India due to hyper-competition and intense price wars. Market penetration is expected to increase in the rural areas to continue to result in overall strong growth. Revenue expectations for the year are high as the market is growing at a rapid pace. Vodafone will try to increase its market share in Internet services and retain its position of the 2nd largest telecom operator in India

CONCLUSION

Vodafone Essar is one of the topmost companies in India and is well known for the best quality of products and services offered to its customers. It has delivered growth by concentrating on technology, product image, second-to-none service and sales back-up. Vodafone is not aiming merely to poach well-served urban customers, but also making a deliberate push to reach into India's rural markets where mobile penetration has remained low. It has covered the entire Indian nation with its network. Vodafone emerged as the most admired marketer in India in a survey conducted by IMRB and won several awards for its Zoozoo campaign. Zoozoo merchandise was also launched to encash on the its popularity across India. Therefore, Vodafone's well planned strategies have helped it to sustain and prosper in the market.

APPENDICES

<http://www.google.com/url?source=imgres&ct=img&q=http://www.onlinecasinomania.co.uk/vodafone/images/play-quiz.jpg&sa=X&ei=zeneTNzIHIGR4QaGmPnIDA&ved=0CAQQ8wc4ZA&usg=AFQjCNEIX6TS6zeKokn2o3-60Q4G4iulDQ>

Zoozoo Quiz

<http://www.google.com/url?source=imgres&ct=img&q=http://img.shodan.in/images/aug/happy-independence-day-zoozoo-ad.jpg&sa=X&ei=9uneTNO9II2A4QaE9dHkDA&ved=0CAQQ8wc4Ng&usg=AFQjCNGYz6QYqy9TMcfT-kurRZ3Gj2N3SQ>

Special offers for Independence Day

http://www.google.com/url?source=imgres&ct=img&q=http://sphotos.ak.fbcdn.net/hphotos-ak-snc3/hs306.snc3/28904_391596319817_73855584817_4192673_6455778_n.jpg&sa=X&ei=aureTO3UMo6C5AaG4dz5DA&ved=0CAQQ8wc4nwl&usg=AFQjCNGZB5OrB4eiLVVyetVXY3J3Ual0uw

Zoozoo merchandise

Vodafone billboard in Bhubaneswar with different looks in the morning and night