

# Life without mobile phones



**ASSIGN  
BUSTER**

Imagine life without a mobile phone, or dated back to the period that people have to travel to another place just to transfer the important messages to their love ones. Sound very inconvenience, probably. Nowadays, mobile phone has played a significant role in people's life. People are addicted to its amenity and therefore, cannot survive without it.

In United Kingdom, there are 5 major mobile phone network companies, which are, Orange, T-Mobile, O2, Vodafone, and 3UK. The market share in UK, obviously, shared between these 5 major companies, start with Orange and T-Mobile, follow by O2, Vodafone, and 3UK respectively (UK mobile phone market ranking, 2009).

This research will concentrate on 3UK market share, to examine the reason why 3UK has the smallest market share in UK, also how 3UK can attract the new customer. Due to the limitation of the constrained time, sources of information, and the number of respondent, this research may not be able to represent the whole population of people in United Kingdom. However, the overall analysis will be able to give the rough idea of how 3UK could do in order to increase the market share and attract new customer.

## **2. Background**

Rich Ling (2004, P. 13) stated that, " Europe is the region with the highest mobile phone adaptation rate in the world." In United Kingdom itself, there are the total of 80. 375 millions people subscribe for mobile phone network (ITU, 2010). The 5 major mobile phone network companies are Orange, T-Mobile, O2, Vodafone, and 3UK.

“ Simple, Straightforward, good value”, this is Three approach, the promise to its customer (Three, 2002-2010). 3UK is a company originally based in Hongkong, founded in 2002, owned by Hutchison Telecommunication International Limited (HTIL) which operated in more than 12 countries around the world, including United Kingdom. The key player in the company Mr. Canning Fok, the top management board of Hutchison Whampoa, 3UK’s major stakeholder, and “ King of Employees” as considered (Three, 2002-2010).

The 3UK service was launched in UK on March 3, 2003 and is the first telecommunication company that operates the 3G network and video mobile. Nonetheless, 3UK also become UK’s fastest 3G network in the UK. By the end of 2005, 3UK had nearly 4 millions customer subscribe countrywide and became leader in 3G network in UK (Three, 2002-2010).

In order to differentiate themselves, 3UK has provided customer with different products from it’s competitors. These include, Firstly, Skype Phone, Launch in November 2007) which the combination of UMTS and a free voice calls and instant message from Skype (Three, 2002-2010). Secondly, the mobile Internet broadband, which can consider to be the best mobile broadband in the UK with the award of Broadband Expert Mobile Broadband award Winners 2010 – Best overall Provider (Three, 2002-2010). The last but not least, 3UK mobile phone promotion is affordable if compare to others mobile networks company (table1).

Nowadays, mobile phone has become a part of people’s everyday life. The used of it is varied between each group of people. Smart phones, for

example, has combine the 3G Internet access service in which allow consumers to share their information on the social networking website anytime and anywhere. Generally, mobile phone is use in order to interact and communicate within each other. However, according to Rich Ling (p. 83), “ Many adult have the sense that the use of mobile telephony among teens is a thing apart. They experience teens as having a competence and a style of use that distinguishes them.” Moreover, the adoption of mobile telephony among teens or younger generation happens very quickly. Apart from using as a coordinator tool, mobile phone has become one of a fashion accessory among this younger generation group (Rich, Ling, 2004).

The same situation happens in the telecommunication industry, the buying abilities in young consumers are quite significant compared to other generations. “ 3G for me and my friends is just a kind of fashion accessory, I chose to use the 3G services because I don’t want to lag behind the trend ” said Peng, a 27-year-old music agent. By this, it’s can manifest that the major consumers of 3G services are youngsters and business people, from age 18 to 30 (Yu 2010). Consequences, the main target market of the company that offers 3G products like 3UK should centre on the youngster and business consumers.

As mentioned earlier, regarding to our management decision problem, we will focus on the attraction of the new customer. As Kotler had suggested, “ The customer acquisition process is one of the core business process and it is the starting point to maximize the firm’s long-term profitability.” In marketing, there are many ways to capture the new customer. For example, learning from customer defections; the reason why customers reject and

adopt new product, and evolve the company's strategy to meet this criteria (FF Reichheld – Harvard Business Review, 1996). Alternatively, make customers bring new customer; concisely, customer recommendation or word of mouth (FF Reichheld – Harvard Business Review, 2003). “ The chain from customer satisfaction via word-of-mouth referrals to new customer acquisition,” (Journal of the Academy of Marketing Science, Volume 35, Number 2.)

A successful company should has the abilities to satisfy its customers' needs, thus with a correct understanding of its customers' motivation. These can helps the marketers modify and create suitable products and services that meet the needs or wants of customers in order to drive them to purchase. Generally, an accurate motivational pattern contributes greatly to satisfy customers' needs and could bring a high volume of sales to the company (Runyon, 1980). In terms of consumer purchasing behaviors, the ability to detect the motivation of consumers' consumption are quite crucial (Avery et. al., 2011).

According to Robbins and Turner (2002), the criteria in choosing the mobile phone communication network is influenced by several factors including, price, coverage, service, and system inter-operability. In addition, not only the tangible criteria that can affect on the adoption, intangible factors are very critical as well. Valerie O'Dea (1998 P. 166) had stated that, “ In sales, an intangible factor is sufficiently strong as to represent 80 per cent of the reason why sales is granted or refused, whereas, tangible factors represent only 20 per cent of the reason.”

The intangible factors in mobile phone communication network may include, attention to personal needs, personal relationship, trust, attitude, feeling of ‘ a good deal’, recommendation from others, company policy, value, and etc. Valerie O’Dea said that “ Customer will change suppliers if they experience poor product quality; however, they are more likely to defect if they experience poor service- indifference, bad attitudes or unsolved complaints.” Therefore, service is one of the significant key factors in attracting new customer and keeping old customer.

“ One of the fundamental purposes of research design in explanatory research is to avoid invalid inferences”(De Vaus, 2001). The purpose of this marketing research project is to increase new customers of 3UK mobile network. As described above, the research team has defined the management decision problems as “ How can 3UK attract the new customer?” and developed the suitable approach, then set up hypothesis and identified research components.

To achieve the goals and provide details in each step in the marketing research project, researchers formulate a research design. At the broad level, the two major types of research designs are exploratory and conclusive design.

Exploratory Research: According to Munamaker, Chen and Purdin(1990), The goal of exploratory research is to identify problems for more precise investigation, to gain hypotheses, as well as to gain insights and increase familiarity with the problem area. This research is conducted to explore the problem of the 3UK company, and analyze the secondary data in order to

define the marketing research problem and develop an approach of the problem.

**Conclusive Research:** Conclusive research is meant to provide information that is useful in reaching conclusions or decision-making, also it has used to prove insights from the exploratory research, which is related to testing of hypothesis and selecting the best course of action to take in a given situation. The conclusive research, was useful to determine and evaluate the degree to which factors influence customers' choice and estimate satisfaction.

## **5. 2 Secondary Research**

“ Secondary data refers to the data that have already been collected for other purposes from problem at hand” (Malhotra, 2006). As Malhotra (2006) suggested, the data from secondary research can play an important role in the market research and could significantly benefit the research, especially in the initial step of the marketing research. Based on the preliminary information, it helps the researcher to understand and define the problems. In addition, data from the previous research are a useful tool to help improve the current research as well. In terms of frameworks or methodologies, researchers should compare both of them in order to figure out the most suitable way to process the research.

However, there are some limitations in using the secondary data. The previous data collected by other researchers may not be up-to-date and not compatible to be used with the current research. Moreover, due to the

methodology or other variables, the gathered information may not accurate (Malhotra, 2005).

This research project was conducted in order to test the relationships between each factor that influence on customers' choices and the satisfactions of different mobile phone network companies.

For the first hypothesis, the one sample T-test was used to examine the consumer's criteria in selecting mobile phone network company. In consequence, despite the display or atmosphere of store environment, all other seven factors have played an important role in choosing mobile phone network company.

In part of second hypothesis, the multiple regression was used to test the influence of tangible and intangible factors on customers' choices. The result has shown that, tangible factors have more impact on customers' decision-making processes.

The third hypothesis, in order to identify whether the customers' choices have influenced the total satisfaction, the bi-variate regression was used to calculate the association of each factor. Hence, the result indicated that there are significant relationships between each factor.

In hypothesis four, the research also used multiple regression in analyzing how the satisfaction of each factor influence the total satisfaction. A significant relationship was established between these variables, the higher the satisfaction of price, network coverage, and customer service the higher the total satisfaction.



Hypothesis five, in order to rank the satisfaction of each factor that offered by each company, the ANOVA analysis was used to examine the core competitors' abilities. The comparison in this research were made between five mobile phone network companies in which they are significantly difference in network coverage, customer service and brand image. Although the other factors are not significantly different, the ranking of the last two companies was considered as not satisfy. To analyze the capabilities of 3UK by the four quadrant diagram is showed as following.

Lastly, the sixth hypothesis, the age group and the gender were considered as the moderators in the relationship between customers' choices and the satisfaction, therefore, the split group analysis was used to determine whether these factors are crucially effect the association. However, the results illustrated that there is only a slightly effect by the age group of 27 to 30.

## **7. 2 Recommendations**

The purpose of this research project is to help 3UK increase its market share and attract new customer. By this, the research team has conducted the research to determine the needs of the customers toward the mobile phone network company and examine whether the current products were satisfied those needs. An extensive research of secondary and primary data revealed important findings that young generation group is a strategic area for new customers and there are tangible and intangible factors influencing their mobile phone network company choices.

According to the result from the research, it has shown and can be drawn as a conclusion as 3UK should focus on the most influencing factors and customers' satisfaction. For young generation group, reasonable price, broader network coverage and customer service are the most significant factors in adopting mobile phone network company. Therefore, 3UK's marketing strategy should be aligned to these factors for attracting new customers.

Firstly, 3UK should maintain the high satisfaction of price by offering affordable price continuously. In term of Price, 3UK has gained a competitive advantage among other mobile phone network company. For instance, developing more various options with low price or low price-campaign for Christmas or new school term could attract young consumers as well as increase short term business. Moreover, the company should consistently reflect to changes in consumers' needs on prices.

Secondly, the brand image. Regarding to the result from the research, 3UK's brand image are not yet develop a good perspective in customer mind. The overall score for the brand image was rather low if compare to other factors. Brand itself can indicate as the most important thing in marketing. The more captivate the brand in consumer's mind, the better the outcome. Hence, 3UK should be focus on improving the brand image as well. There are several approach in building and improving the brand image, customer service, for example, can play a crucial part in increasing the brand image for a service marketing firm.

Therefore, proceed by the second recommendation, since the research analysis has depicted that the network coverage and customer service have played as a critical role in adopting mobile phone network company, 3UK should invest more to improve its network coverage and customer service in order to create a long-term relationship with customer. Currently, for those two factors, 3UK, were scaled very low in satisfaction. Unfortunately, improving these two factors cannot be done in a short period of time, therefore, 3UK should make long term plan and measure the performance regularly. Sharing network coverage area by signing agreement or contract with other mobile phone network companies would be one of strategies. For customer service improvement, employees reward program by customers' feedback can be adopted as a one of a company strategy.

Although the above suggestions may not cover every aspect in improving the entire business due to some limitation, but generally it will be able to help 3UK acquire new customers and make it more effective and attractive to young consumers in some aspect.

## **8. Limitations of the Research**

The results and conclusion of this research will surely be beneficial tool in the up gradation of the services offered by the 3UK. However, the research may have some limitation aspects, which are:

The coverage of the sample size (i. e. the location) of the study was limited in Leeds city only as it has chosen to be the city of representative due to the time and budget constants. However, it would be more interesting if the research can include other different location.

The respondents are mostly University of Leeds, Business School. Therefore, it may not be able to gain different attitudes from other younger generation group and may also create the irrelevant data in representing the whole population of UK.

The study primarily focuses on the managerial part, for example, packages, pricing, and had not include the technicalities factors; the frequency or the band of spectrum shared by it.

The researchers have no opportunities to meet the officials or employees of the 3UK Company to discuss about the study, which would have been more beneficial in drawing conclusions and recommending future plans.