

# A brief history of vodafone and the nature of its business



The mobile phone industry didn't exist 20 years ago.

In the late 1980s exceptionally few people possessed a mobile phone. Now nearly two third of the UK's population own a mobile phone. Vodafone was formed in 1984 as subsidiary of Racal electronic plc; at the time it was known as Racal telecom Limited. In 1982 Racal was awarded UK's first mobile licence. The company made the first mobile call at midnight on the 1st of January 1985. Since its first mobile call in 1985 Vodafone grew rapidly.

In 5 years the customer base reached 0.5 million. As Vodafone grew rapidly it wanted to get more customers so they introduced the roaming service in 1991. This was the first international roaming call between Vodafone and telecom Finland. Due to this growth Vodafone's intercontinental reach extends with licences and partnerships in Germany, South Africa, Fiji, Australia and Greece. In 1994 Vodafone introduced two new services digital fax and text messaging.

A year later Vodafone continued its overseas expansion in Netherlands, Uganda, Hong Kong, Germany, France. By 1997 Vodafone's customers reached 3 million in the UK and 5 million worldwide. In the same year Vodafone introduced another new service called 'Pay As You Go' service. In 2 years since the Pay As You Go service was introduced it reached 1 million customers. Due to the growth and competition from other companies Vodafone had to cut down its price plans to keep its customers. Vodafone also reached nearly 8 million customers in the UK and 65 million worldwide.

In year 2000 Vodafone's customers reached 101 million worldwide. Vodafone is the UK's leading network operator with the highest number of users. The <https://assignbuster.com/a-brief-history-of-vodafone-and-the-nature-of-its-business/>

UK's mobile market is an oligopoly market. The company originally concentrated on the business market but now concentrates more on the commercial market and this is where we can compare them to other mobile network providers such as O2, Orange, and T-Mobile. Vodafone realised that most people wanted a non-contractual mobile service and so released the UK's first Pay as You Talk billing structure. This is where you purchase a telephone for a one off price and then top up your calling credit with vouchers, which can be purchased from many UK high street outlets.

The latest variation of the pre paid package is called pay as you talk all calls.

Vodafone want to concentrate more on the leisure market in recent years and by launching exciting new services such as pay as you talk and pre, pay they will attract a wider range of customers. Missions and

Objectives Vodafone have always focused on one vision and that is to be the world's mobile communications leader- improving lives of the customers, helping organizations, people and communities be more connected in a rapidly improving mobile communications world. Since the company was formed in 1984 Vodafone have always looked to expand their business both internally and externally by using their vision to foresee innovative strategies such as, Vodafone making the first International roaming call via a link up between Vodafone and Telecom Finland\* In 1993 Vodafone's business ventures extend world-wide with partnerships to Germany, Fiji, Greece, Australia, and South Africa;\* June 30th 1999 Vodafone complete their merger with AirTouch Communications producing a new organisation called Vodafone AirTouch PLC. This merger created one of the biggest International mobile telecommunications companies in the world, with customers covering

most of Europe and the United States of America;\* April 12th 2000 Vodafone received conditional European Commission Consent to the acquisition of Mannesmann confirming Vodafone as one of the largest organisations in the United Kingdom and putting them into the top ten organisations in the world; Their set values are that they value their customers, so that the customers are satisfied with their service, they value their employees so that they can develop, retain, promote and reward them, they value their results which makes them focused to be the best in what they do, and they value the world around us so what improvements that have been made must be respected throughout the world.

Mission Statement Some organisations like to have a written statement about their mission and objectives. Some of them will have these statements but refer to them by a different name. Vodafone by using their mission statement actually tell the consumer what their function is by being involved with their organisation. This will consist of: 1. What are the benefits on offer? 2. What type of business they are involved in? 3.

Are the consumers likely to be happy? 4. Who is to be served? This is self explanatory in their mission statement," The Vodafone Group Foundation is driven by a passion for the World around us. The Foundation makes social investments that help the people of the world to have fuller lives by:\* Sharing the benefits of developments in mobile communications technology as widely as possible;\* Protecting the natural environment; and\* Supporting the local communities in which Vodafone's customers, employees, Investors and suppliers live." By issuing a mission statement Vodafone had tried and

possibly gained a physiological advantage over their competitors by having a planned and written statement of important objectives.

**Vodafone's Objectives**The primary objective of any organisation is to survive and the second most important objective would be to maximise the shareholders profits. Vodafone aimed to succeed at both objectives by setting very high standards. This consisted of\* The aim to be the world's mobile communications leader;\* By going into joint ventures around the world;\* By making customers use their mobile communications and making their life more fulfilled due to their experience;\* And by making mobile communications the primary means of personal communications. Porter's five forcesIndustry competitiveThe industry competitive include fellow competitors in the UK, there are other competitors around the world, but the closest and most competitive rivals are the UK base rivals O2, t-mobile and orange, also there are two relatively small company namely virgin and 3(three).

O2O2, formally Cell net UK, are a company owned by British Telecommunications PLC. O2 has 8million subscribers and are Vodafone's Main competitors. They hold a 40% state in the Link a Chain on telecommunication stores. As with Vodafone, O2 is a long servicing provider of mobile communication and have a very strong reputation for providing quality, reliable service, especially to corporate users. They are particularly suited to corporate users as they offer services like Dictation Line. This is were you can call a secretary from your mobile phone and dictate a fax or letter, which will appear with your personally details on.

O2 were the first to offer pre-pay and Pay-as-you-go for WAP mobile service. Orange is the third largest UK mobile Phone network provider and also the youngest, launching their first service in 1994. The company first started as a joint venture between British aerospace and Hutchison and has around 6 million subscribers. Even though orange are the youngest mobile communications company, they have been able to keep up with strong competition by offering to match any tariff which another network provider is offering.

They also have a very strong advantage with customer service satisfaction with Which Magazine and OFTEL voting them the highest customer service and performance with their service. T-Mobile has been entirely owned by a German company Deutsche Telecom who is a telecommunications group. Originally owned by a joint venture between cable and wireless and the American group, Media One. The company was the first to launch the all digital Pre-Pay Tariff its up to you Package. They have heavily promoted their pre-pay mobile tariffs and are the only company to offer a standard tariff whereby there is non distinction between off-peak and peak calls.

T-mobile is mainly dominating the London area, but only covers 98% of the country. Buying power Buying power consumers are far above the ground. The hazard for providers was confusing consumers with too many offers. Independent farms example (in UK car phone warehouse) competed with retailers all by network operators (e. g., vodafone).

Other offer cheaper deals through news paper adverts and the internet.

Power of supplier Manufactures of competed for market hare. Manufactures

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with a considerable presence, nokia, Motorola and Ericsson, had concerns about market saturation. the initial failure of WAP phones compared the success of text messages meant that to some extent customers had lost faith in the ability of equipment manufacturers to develop new functionality. Areas of probable growth were multitask chips and smart cards in phones to aid e-commerce.

Upgrading was now more important than market penetration. In the 1990s the main threat substitution was technological regression, where customers returned to fixed line telephony because of high mobile call charges. By 2000, prices decrease and the need for every one to have a mobile phone reduced this threat. More threatening was the convergence of mobile telephony with PD As(personal digital assistance)and with the internet. This was threatening because of the difficulty in predicting how these new technologies will be accepted in the market. The other threat was location technology in mobile phones, making you easy to find an opportunity for marketers, in emergencies and personal safety if lost, but bringing big brother as well.

Threat of of entrant was low because of the enormous cost in both licences (£22 billion in the UK alone) and in the general investment needed to be a player in new 3G 9 broadband) technology. However recently two new operators has joined the industry, namely virgin and 3(three). Power was a function of who was ahead of the game of in 3G. Future power struggles were likely to be a function of deregulation upgrading and uptake of new functionality.