

# Corporate and brand strategy of indian telecommunications organization



IDEA Cellular Limited entered to world of Indian Telecommunication in year 2002 after a long series of businesses and collaborations with other companies and groups under Birla group of companies.[1] Since then, the company has kept its core center of attention on maximizing the subscriber base and gain maximum share in the GSM mobile services market . The major brand identification happened after bollywood actor ‘ Abhishek Bachchan’ became the brand ambassador with slogan- ‘ An Idea can change your life’ with various ground-breaking advertisements specially to attract rural people in country

For this assignment, information was gathered from various online sources and books. I first explained the corporate and brand strategy for the firm and then analyzed the firm’s strengths and weaknesses by conducting a SWOT analysis. The next step was to design the marketing strategy for the firm. I positioned the marketing goals and objectives and evaluate the 4 P’s of the firm and then developed the 4 P’s that the firm would utilize in the next year. The final step was based on 7C’s to analysis the company website which helped to developed online strategy for Idea.

## **Industry Analysis:**

### **Subscriber base Analysis:**

As per telecom regulatory authority of India report by October 2010 total subscriber data reached 742. 12 million out of which wireless subscriber base reaches 706. 69 with overall increase of 2. 61% from last year.[2]

As published latest performance indicator report for quarter April-June 2010 YOY growth is 48. 73%[3]

In rural India teledensity for wireless telephone subscribers is 33. 0% where as in urban areas teledensity is 67. 0%

Top players in wireless telephone subscribers are Bharti, Reliance, Vodafone, Tata and Idea

Idea is no. 5 player contributes 10. 76% to total Indian Telecom wireless industry.

Average revenue Per User (ARPU) has dropped by 7% over the last quarter

MOU for customers dropped to 2. 2% as compared to last quarter results.

Source: Telephone Regulatory Authority of India Press Release from May 2010 to October 2010

### **Reasons for growth in telecom services:**

Escalating telecom services with improving infrastructure.

Introducing new and new service providers.

Declining tariffs due to increase in competition to attract lots of customers.

Reducing handset costs help in the growth of the industry.

### **Company Analysis:**

Idea Cellular Limited (! DEA) is one of the leading mobile service provider in India with number of subscribers 74. 2 million as on Sept, 2010 . Idea is in 11 out of 22 service areas, covering ~80% of the national subscriber base.[4]. It is the one of the fastest growing mobile service in India. Idea offers number

of services as per customer needs with some unique feature like- 'women's card' for special need of woman (always want to talk more), youth card for young generation of India. Recently idea is awarded with 3G range in 11 major areas out of 22 in India with cover major revenues of Idea.

Source: Telephone Regulatory Authority of India report as on 30. 10. 2010

### **Mission Statement:**

" We will delight our customers while meeting their individual communication needs anytime anywhere. We survive because of our customers."

### **Porter's 5 Force Model(book detail)work required from all essays-incompleted**

Category

Impact

Cause

Threat of New Entrants

High

Rules are set by TRAI for new entrants in telecommunication sector . And competition is increasing as new and new entrants are emerging in the market which will become a big challenge for Idea.

Bargaining Power of Suppliers

Low

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Cause of service based industry few suppliers are in the market and supplier lacks bargaining power is low. There is huge competition in the market for suppliers for hardware supplies (handsets) and software supplies (mobile software or operations) which makes the bargain power low for suppliers.

#### Bargaining Power of Buyers

High

Increase of customer awareness for new offers from different brands and number of options available to them to choose the best for themselves, increase in competition make lots of options available to customers which increase the bargaining power of buyers.

#### Substitutes

Low

VOIP, Wireless and satellites services have negligible effect on mobile phone operations as they can provide the connectivity when on the move and in turn act as substitute for mobile phones. It means threats from substitutes is low.

#### Rivalry

High

High Price Competition, High agitate Rate and Promotional offers from competitors are very regular to attract the customers in this industry which gives high rivalry rate.

## **SWOT Analysis:**

### **Competitor Analysis**

Mobile Industry is booming in India with new companies entering every year. Currently the pattern follows by Indian Telecommunication is having metro with highest presence of all major telecommunication companies followed by Circle A and B with presence of only major players and lowest Circle mainly rural areas where only govt support like BSNL operates. With this heavy competition companies are trying their best to find appropriate positions of distinguish their products. There are a few pan-national players like Idea while some are concentrated to particular areas.

Idea main focus areas are voice and data traffic and unique VAS services which are primarily through prepaid talk time plans. The lack of brand loyalty among consumers letting competition stronger and stronger in the market.

The major Competitors for Idea are:

Bharti Airtel

Reliance

Vodafone

Tata

BSNL

### **Segmentation:**

Idea cellular provides GSM mobile services in different regions across various circles. The consumer market for mobile services is majorly segmented as:

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**Geography:**

Indian telecom industry is divided into 22 main circles and Idea operates in all sector offering different and customised services according to circle . for eg for Punjab circle it provide customised services as Punjab are users and same for other circles as per their requirements. Even there is distinguished between rural and urban area users. Idea mainly penetrates towards rural areas

**Demographic:**

Customers are segmented according to their ages and Idea offers mobile services accordingly to age and gender. Young customer between age 15-25 years require less cost and high usage where Idea offer young cards to these age group customers. Same for males and females segment they have different attitudes to use of mobile phones. Considering this Idea offer women cards where with low cost women can talk for long time.

**Behavioral:**

On the basis of user type customer can segmented corporate or individual . Idea offer special facilities for people belong to same organization

On basis of usage rate customers can segmented as light (don't use mobile much), medium and heavy (use mobile very frequently) and Idea provide special benefits to such type of users.

On basis of user status customers are segmented as first time users and regular brand loyal customers. Idea offers lots of different cards and benefits

for first time user so that they become brand loyal and better and new offers to regular customers to maintain their brand loyalty.

### **Benefits:**

Customers mainly classified on basis of their level of customization and the type of services they required. Few customers always prefer to have hassle free and simple plans mainly the old group and few customers always prefer regular customized plan accordingly to their requirements and usage timing. For some customer network and connectivity is more important rather than any plans and offers.

### **Target Market:**

Idea follows on multi segment approach working on the demands of different segment areas.

To target Youth or young people between the age 15 to 25 years, Idea started " My-Gang " Pre-Paid card on which the local group calls rate 10 paisa per minute and message one paisa per minute.

To attract women Idea introduce Women card which provide offers like emergency calling, calling at the rate of 50/min from 2 p. m. to 4 p. m. (" kitty party rates").

Idea not only young and women customers but offers lots of customized products to provide to various different segmentation of people like lovers, business people, old age people, low income people



## **Market Position and Branding:**

### **Brand Strategy:**

#### **“ Innovate. Stimulate. Liberate.”[5]**

The telecom industry is growing at a very rapid pace. As per the Ansoff Product (book details)- IDEA going along with the Market Development Strategy. Main focus of Idea is to target new markets for eg: rural area of India. Idea mobile provides affordable and reliable services with efficient and stable network in count to, innovative and customised products that set free customers from limitations of time

The different ad campaigns based on “ An Idea can change your life” (finally a ad series called “ what an idea sirji”) mainly focused towards creating new ideas, raise awareness and provide solutions to social issues which brings the presence of Idea’s network in depth everywhere across India. Yet to explain

### **Marketing Mix:**

#### **1. Product**

##### **Idea Cellular provides services like:**

Voice and SMS service: Idea offers voice and SMS services at very competitive prices to its customers. Starting with services in Andhra Pradesh and Madhya Pradesh, it has now expanded its network to all major circles.

Value Added Services: To achieve customer loyalty Idea offer Value Added Services (VAS) major targets women, business people, and young people.

Major VAS services includes:

GPRS: With the increase in internet usage, Idea offers GPRS service to its customer where they use internet whenever they require on their mobile phones and even it offers customers to access mail with real time synchronization with mail server specially for business users.

Idea Radio: Idea in collaboration with Radio to offer its customer radio services on mobile.

Music Messaging: Cellular Jockey is service where you can send music SMS to your friends and loved one.

Other Value Added Services: Other services include live TV streaming, easy billing option, payment by mobile of utility bills, travel booking etc.

Wireless Internet: Idea provides wireless services under name of Idea net set in form of plug and play which is simply a USB which requires no extra installation to surf internet.

### **Strategy for next year:**

Following the trends, mobile market could reach maturity in next 5-6 years where then differentiation should be based only on the services mobile companies provide. So for coming years Idea mobile should concentrate more on urban market as well with new service offerings as presently Idea is more concentrated to rural market. The following could be some new features they should consider:

Idea can come up with new and attractive plans like few years back they introduced caller tunes which really attracted people but at extra costs now

in coming time they should provide these services as a part of basic packages.

Like other countries they should tie up with mobile manufacturing companies to provide handset along with sim cards and packages.

To invest more in rural market they should provide basic information like weather updates, news free of cost cause major of the rural India people depends upon farming.

## **2. Price:**

### **Pricing strategy and Implementation**

One of the main impact of increased competition is the price wars among companies which result to lower their prices (1paise per second), to survive in the market. Idea should also follow the same pricing strategy to remain in the market because customer who choose idea for low price will else move to other low price mobile service providers which is further aggravated by soon with introduction of MNP (mobile number portability) where customer don't require to change their number. However financial implications of pricing model will affect the overall profitability of company.

This turn down is mainly determined by two factors: reduced tariff and customer is billed on per second rather than per minute because previously when a customer talked for 10 seconds he was charged for one minute but now if the customer calls for only 10 second then he will charged for 10 second only. These low levels of margins are not sustainable in the long term, where after some time they have to increase their prices to sustain in

market. Although Idea can pick up on its profitability by reducing operating costs. Idea should try to focus on its major rural market by reducing prices and keep loyal to brand

### **3. Place:**

#### **Objective:**

Idea Cellular operates in all 22 service areas/circles parts where more than 76% revenue comes from areas like Delhi, AP, Gujarat, MP, UP, Haryana, Kerala

Source: The Telephone regulatory authority of India Press release for subscriber base as on 30. 10. 2010

The medium of service distribution is as follows:

**My Idea and Idea Zone:** The direct retail shops from Idea which provide all services from buying new connection to pay bills recharge topups, plan change, buying wireless services or idea products. These outlets are located within the city area to cover maximum users.

**Local Retailers:** The authorised distributors of Idea services located anywhere in the city. They only provide services like new connections and recharge top ups but not deal in services special like lost SIM replacement, customer complaint handling etc. At some of these shops, there are facilities for bill payment and cheque drop box.

**Internet:** The Company can also obtain all information from Idea website.

Custmoers can also pay their bills, buy top ups.

## **Strategy for next year:**

Setup more and more My Idea stores, and Idea Zones which help them to directly interact with the customers provide better solutions to theory requests.

Open kiosk at important places for bill payment and complaint registrations.

Because of India law for security norms, process for applying new connection is still manual, Idea should try to ease the process to increase the customer experience.

## **4. Promotion:**

### **Objective**

Most of the mobile companies are providing almost same type of services with few modifications. In this case it is really important to position your brand as best as possible and for this the best idea is to promote the brand with best multimedia campaign and market communication. The objective of campaigns is to communicate the customer various new plans, their features, and promotions.

### **Message and Creative strategy:**

Idea has developed the whole marketing communication around social issues. The use of brand name “ Idea” in its tagline “ An Idea can change your life” is well placed.

It mainly follows two different strategies of creating brand awareness and creating and loyalty for brand purchase intention:

Transformational appeal: To create brand awareness, they emphasize to stir up emotions that will motivate purchase especially in rural areas. For example: a 90-second advertisement, where a girl is denied to join the school because of non availability, Abhishek Bachchan who is the principal of the school comes up with idea of starting mobile classes. The students will gather around a mobile to learn the lessons and teachers communicate wirelessly. To make interest, they just showed only a 10 second teaser for first few days and after creating a curiosity among the audience they aired full 90 second commercial.

Informational appeal: To create and facilitate brand purchase intention, idea designs campaigns which elaborate product attributes or benefits. In such kind of campaign major attributes like call rates or other benefits such as free talk-time or value added services are highlighted. To fulfil this end they go for product comparison ads (for example: to communicate the benefits of women's calling card they developed a campaign which depicts women from different backgrounds having different lifestyle using their Idea women's calling card to fulfil their different needs such as advice, security and beauty tips). To get the attention of the target audience, first half of the commercial is shot in a background of 1960s i. e. in retro environment.

## **Communication Channels:**

### **Mass Media:**

#### **Television:**

Idea follows a mass marketing strategy like all other brands because this medium has highest reach in the country. To communicate through this channel:

Idea buys television slots from 10 sec to 90 sec in famous TV shows. The concept of advertisement is created by agency Lowe Lintas, Idea choose Abhishek Bachan as their brand ambassador.

Idea also sponsors sports events such as that of IPL (became one of the sponsor of Mumbai Indians) which are broadcasted on the TV and watched by millions.

Idea sponsors famous award functions and TV reality shows “ Idea Khataron Ke Khiladi- Part 2”, “ Idea Bharat Ki Shaan on DD”, “ Idea IIFA awards”, “ Idea Filmfare Awards” etc. which helps in improving brand image.

#### **Print Media:**

This is mainly used to highlight plans and offers. Whenever a new plan is launched, Idea give full page ads in the leading newspapers and on regular bases Idea give ads about different tariffs and plans.

#### **Billboards and Hoardings:**

Idea places its billboards and hoardings at several places in the city such as on a roadside near a traffic light or on highways. The design is customised

according to the region. This helps the company in connecting with the diverse target audience at a local level.

### **Tie up with IOC:**

Idea also tied up with Indian Oil Corporation to use their petrol pumps and gas agencies for branding and distribution of Idea sim cards and recharge vouchers.

### **Online advertisement:**

Idea comes up with different campaigns on internet websites from time to time to interact and connect with large online youth community.

### **Mobile advertisement:**

Idea runs several campaigns and contests on mobile to engage existing customers and reward them through monetary prize, thus, reinforcing the relation of Idea with the customer.

### **7 C's of marketing: (book model in appendix)**

The website of Idea Cellular services is [http://www. ideacellular. com/](http://www.ideacellular.com/). The website analysis on the basis of 7 C's of marketing is as follows:

### **Contract:**

Idea website is divided into nine sections including Home, Prepaid, Postpaid, VAS and Roaming, Business offerings, Customer care, Blackberry, Wireless internet, investors. Website is not too complex and easy to understand even for a person who don't know much about using of internet sites for getting information and can pay online bills indicates that Idea's believe in simplicity for the sake of customers.



**Content:**

The content of website is quite useful and presents all the necessary information to customers as well as investors. It covers like company history, major events, press releases, company mission, values, products etc for everyone. From investors prospective it covers sharing holding pattern, Annual reports, presentations etc. Idea users can login for their personal account in website for check details, update them, paying bills etc. Overall it provides required the valuable information

**Construction:**

The website is user friendly and easy to use. Connectivity to different tabs is accessible on home page as well as individual tabs itself. All tabs/sections provide simple and direct meaning about their significance.

**Community:**

There are different types of communities which keep on entering the market to let people connect. Idea will let you to connect to facebook as well now. Presently people can part of “ Kaho what’s your idea” community.

**Customization:**

Presently Idea website does not let any customization of any products or plans. If user want any change in their mobile phone plans they have to visit Idea retail outlets The only option available is that people can register their themselves for new connections on available plans or edit their personal details.

**Communication:**

There is one common tab appear as a banner for all sections of website run five(presently) promotional advertisements which keep on changing about new plans, products, offers of the company. These advertisements are comparatively of short duration (few seconds). The website is not loud to support the Idea of simplicity.

**Commerce:**

The website provides current users to pay their bills, recharge their top ups and edit their personal details.