Lebara mobile

Chapter 1: Introduction

1. 1 Introduction to the chapter

There is a rapid development of information technology across the world with creativity & innovation, where ideas emerge as new techniques of service provision, technology & communication. The world today has seen revolutionary changes in development. The innovation should be perceived and understood in true sense. In the previous century it was industrial revolution now it's the revolution of IT and communication, which is a decision factor for the future. Recent emerging telecommunications technology drives the fundamental changes in the way the mobile industry does business, the ability to offer a differentiated product or service experience to the mobile customers has become key competitive advantage (Lee 2009). This chapter discusses all about background of this research where in describing why the author is interested in doing this research dissertation, mentioning the aims and objectives of this research and finally presenting the dissertation structure in brief chapter wise.

1. 2 Background of the research

Author is very much interested in this topic as is it about a revolutionary trend in telecommunication and about calling the world at less. This dissertation is all about mobile communications, mobile industry and SIM card industry. The topic of this dissertation is " Marketing strategies of a MVNO: A case study of LEBARA Mobile". The company LEBARA Mobile is an MVNO which is used as a vehicle to understand the marketing strategies of a mobile company and to know how it segments and targets a market where it can establish itself, further knowing about customer approach and service strategy of the company.

1. 3 Aims & Objectives of the research

Aim:

The aim of the research is to examine and understand marketing strategies of LEBARA Mobile.

Objectives:

* To identify the key marketing strategies of LEBARA Mobile

* To analyze the customer approach strategy used by LEBARA Mobile

* To assess the efficient service strategy of LEBARA Mobile

1. 4 Proposed Methodology

There are various methodologies available to do this research dissertation like qualitative and quantitative research methods but author has chosen quantitative method to do the research as it would be more appropriate and suitable to do this research. As part of research philosophy positive, realist and phenomenal are understood in general but Positive approach has been taken as part of research philosophy, these methods are mainly used to find out the main marketing strategies of the company through research strategy method like questionnaires, observation and experiment but questionnaires and direct interviews are used as major research instruments for this research study, and criteria for observation analysis is done through understanding the questions used in questionnaires and interviews. The other major part is respondent identification and collecting data for this research, employees of the company in various locations are the key respondents and direct approach is used in collecting primary data.

1. 5 Structure of the dissertation

The chapter 2 discusses much about the mobile phone industry and SIM card industry including GSM as the dissertation is all about the mobile telecommunication based on a company called LEBARA mobile which is used as a vehicle to understand much about the marketing strategies of a mobile company, especially like LEBARA Mobile which is an MVNO. An historic overview is mentioned in detail about technical development and other issues related to mobile &SIM industry. This chapter also discusses about mobile telephone development in Europe, UK and USA as this dissertation is a study is based on these locations. This chapter will make a basic understanding of the mobile communications and its growth.

The chapter 3 is all about literature review of marketing, types of marketing like online marketing, direct marketing and also discussing about marketing strategy which is a plan of action which includes elements of marketing strategy further discussions continue such as marketing mix all about product, price, place and promotion. Channels of distribution and elements of distribution system with channel support are also discussed. The next discussion is about marketing communications which is all about advertising like print, visual and audio. The strategy is like push versus pull strategy is also discussed. Consumer behavior, marketing cycle time is discussed as well. The next discussion is about competitor’s analysis of competitors, niche competitors and steps to understand competitor’s behavior in the industry like competitors current strategies, competitor’s objectives and assumptions, resources and capabilities to with stand competition. The next discussion is about sales strategy including sales promotion. Further discussion consists of market segmentation and targeting strategy like how market can be segmented using variables like demography, geography, psychographic variables discussion complete segmentation scheme with product value, long run potentiality, resource commitments, supply and demand conditions. Finally the chapter discusses about customer relationship management with its objectives, needs and analysis, planning and process of customers relationship management. The major topics covered for research purpose are marketing strategies, market segmentation and customer relationship management. This chapter is considered to be one of the main parts of research and contains all required literature for the research to be undertaken according to aims and objectives of the research.

The chapter 4 mainly discusses about the organization LEBARA, its establishment and its services including its existence in various countries. The product and its services are discussed especially its special features so as how it can attract people and survive in the market. MVNO is also discussed as major topic as company is also an MVNO, discussing mainly about the strategic alliance with the main service provider Vodafone and its business strategy. This chapter covers the important topics mainly LEBARA & MVNO. In this research LEBARA which is an MVNO is taken as case study to know about its marketing strategies.

The chapter 5 is all about methodology discussing about different techniques, methods of data collection and selection of most suitable method for this particular study. The chapter also discusses about research philosophy, different approaches like positive, realistic and phenomenology finally choosing positive research for the study. Selection of method for data collection is one of the most critical parts of this research for which both qualitative and quantitative are discussed and quantitative method is selected for doing the research. The objective of this research is to know about marketing strategies implemented by LEBARA mobile, it is very important to first identify the marketing strategies applied by LEBARA mobile. Sources used for this study are interviews, articles and knowledge of marketing strategies. The purpose of getting information was served by interviewing employees of LEBARA mobile. The primary research was conducted to obtain information directly from the employees who are implementing the marketing strategies. A secondary research was also carried out to understand the marketing activities in general. The questionnaire is discussed in detail and explaining each question individually as why it is used as part of criteria observation analysis. Finally respondent identification is discussed and data collection methods are explained, main respondents of this research are employees of LEBARA Mobile working in various locations and data is collected through them.

The chapter 6 discusses about

Chapter 2: Mobile Telecommunications

2. 1 Introduction to the chapter

This chapter discusses much about the mobile phone industry and SIM card industry including GSM as the dissertation is all about the mobile telecommunication based on a company called LEBARA mobile which is used as a vehicle to understand much about the marketing strategies of a mobile company, especially like LEBARA Mobile which is an MVNO. An historic overview is mentioned in detail about technical development and other issues related to mobile &SIM industry. This chapter also discusses about mobile telephone development in Europe, UK and USA as this dissertation is a study is based on these locations. This chapter will make a basic understanding of the mobile communications and its growth.

2. 2 Mobile phone industry:

A mobile phone is also known as cell phone or handheld phone it is an electronic device primarily manufactured to communicate, today it's a major mode of communication. It is a transmission of data through a cellular network which offers to a limited range depending on the tower capacity to send signals. Cell phones connect to a cellular network which consist of switching points and base stations which are owned by a mobile network operator. Today the communication has developed from voice transmission to additional features and services like SMS for text messaging, e mail, internet, video calling, radio and GPS. According to the International telecommunication union in 2008 there are more than 4. 3 billion subscriptions worldwide.

Historic overview:

The history of mobile telephony goes back to experiments in the US in the 1920s with radio telephony (Kargman, 1978; Agar, 2003). The first mobile phones were usually car-bound and AT&T launched in 1947 a highway service between Boston and New York after the success of first mobile telephone network in St. Louis (Agar, 2003). Eventually radiotelephony became so crowded, especially in New York, that the network operators used waiting lists while candidate customers waited hoping to be so lucky to get a mobile phone connection (Agar, 2003). The reason for the waiting lists was that frequency spectrum is a limited resource. The arrival of modern automatic mobile telecommunications systems using cell structure helped to reduce the scarcity problem by offering a more efficient use of the frequency space. Two problems are critical in a cell structure – roaming and hand-over. Roaming is needed to keep track of the telephones and hand-over is needed to enable subscribers to keep a telephone call when moving from one cell to another. Motorola filed already in 1973 for cellular patents and the US Federal Communication Commission (FCC) started auctions of cellular licenses on a city-by-city basis before the break up of the Bell system in 1984. These auctions provoked so many applications that the FCC in 1982 decided to award the top thirty cities directly and to allocate the other cites by means of lotteries (Agar, 2003). After the launch of advanced mobile phone services or AMPS in 1978, which was an analogue system, the first American cellular phone system came into operation in 1979 as a trial and went into commercial operation in 1983. These services were basically city services and the myriad of mobile phone companies made roaming extremely difficult in the US.

Mobile telephony developed in a slightly different manner in Europe. Sweden was an early mover with an automatic system in service in 1956. The national telecommunication authorities in Scandinavia took two important decisions in 1969-71. The first decision was to start the standardization work on the future analogue cellular NMT standard in 1969. A working group was set up and named the Nordic Mobile Telephone Group, the NMT-Group. The second decision was to directly build manual mobile telecommunication networks with nation wide coverage to satisfy customer demand. This decision was in Sweden accompanied with another decision to let the market free for mobile telephones. The Nordic Mobile Telephone Groups took as a point of departure the following system requirements: automatic in operation, compatible, roaming between all Nordic countries, sufficient capacity, high reliability, low-cost infrastructure, and open specification which meant no exclusive supplier rights (Steinbock, 2001). It took more than 10 years to develop the NMT standard and it was first introduced in Saudi Arabia in 1981 and a few months later in the Scandinavian countries. The possibility of roaming in the Finland, Sweden, Norway, Denmark and Iceland since 1981-82 became a strong argument in favor of the NMT standard.

In the early 1980s there existed many different competing mobile telephone standards. When the Department of Trade and Industry and the two network operators in the United Kingdom (British Telecom and Cellnet) were selecting the standard of the new mobile telephone system they compared the NMT, with a Japanese (analogue) standard worldwide in use since 1979 by Nippon Telephone & Telegraph (NTT), the German system C450, a system developed by Alcatel and Philips called MATS-E and the US standard AMPS. The American standard was found to meet the requirements of the British market – competition was secured as the standard was available from several suppliers and it allowed sufficient capacity as it operated at a frequency band only 70 MHz below the 900 MHz band. The two appointed operators and the Department of Trade and Industry in 1983 decided to modify the American standard Advanced Mobile Phone System (AMPS) and named it Total Access Communication System (TACS). A third applicant for a license in the UK named Racal the predecessor of Vodafone heavily influenced this decision. The reason for choosing the US standard was the assumed attractive price of handsets because of the large US market. However Ericsson became the supplier of TACS based on its AXE digital switch to Vodafone while it already supplied NMT and AMPS. This occasion made Ericsson a major player in the business of mobile telephony.

The GSM: One of the shortcomings of the analogue systems was a serious lack of interoperability. In order to bring interoperability and cross border roaming on a higher level the Groupe Spe´ciale Mobile (GSM), later renamed Global System for Mobile Telecommunications, was an initiative combining private and public governance (Pelkmans, 2001). GSM is an open non-proprietary and interoperable digital standard for cellular mobile systems operating in the 900 and 1800 MHz band. A first step towards a mutual European system was taken in 1982, when the Conference on European Posts and Telecommunications (CEPT) decided to create the Groupe Spe ´ciale Mobile which was commissioned to develop a mobile telephone standard. The European Commission considered it to be necessary that European network operators made a commitment to implement GSM-networks. The reason was that projections for the future growth of mobile telephony in the latter part of the 1980s were modest and analogue networks were expanded throughout Europe. This commitment convinced the industry to make substantial investments in research and development for the GSM standard. A Memorandum of Understanding to introduce GSM networks by January 1, 1991, later put forward to July 1, 1991, was signed in Copenhagen in 1987 by operators and regulators from thirteen European countries (Hulte´n and Mo¨ lleryd, 2003). In 1989, the European Telecommunications Standardization Institute approved the specification of phase 1 of GSM. This ended the (pre-standard) effort in which essential patents were registered. Philips owned the most essential patents in this period. However Ericsson, Alcatel, Siemens and Motorola intensified their patent activity in the following period (from 1992 onwards). These firms controlled more than 85% of the total GSM market in the early 1990s and Motorola owned most of the essential patents. Motorola, Ericsson and Nokia rapidly came to dominate the mobile telephone market with Siemens and Alcatel as other important players (Bekkers et al., 2002).

2. 3 SIM card industry

A small micro chip called Subscriber Identity Module or SIM card is required for a GSM phone to make calls and receive calls like wise for using other services provided by the operator. This chip is sold by operator or resold by a retailer who is been authorized by operator. It is required to operate a mobile phone and it stores the active data and it is pre cond by the operator to work on the network of that particular operator. This can be used on any GSM phone which is unlocked, in some occasions the SIM cards are been manufactured to run on a particular handsets suitable to meet the requirements of that particular operator. Each SIM card is activated using a numerical identifier which is unique and once activated the identifier will be permanently locked upon to that activated network. This is the major reason many of the sellers do not accept the return of activated SIM card. SIM is a detachable smart card which contains user subscription information and other facilities like phone book, messages inbox, preloaded fixed numbers by the operator and some activated settings to use internet provided by that particular operator. The information can be stored well and then that can be used on any other handset, there is a facility to lock that SIM card by the operator when it is stolen or lost. These SIM cards are generally sold in combination with a mobile phone at a subsidized price to sell more subscriptions and activations, SIM cards are allocated with a certain phone number provided by the operator and the same number can be transferred on to other SIM card of the same provider. In special cases when a customer is switching in to another network he can transfer his existing number in to new operators SIM card through bringing an old portable accessibility code provided by the original existing operator. A SIM card should by essentially and easily accessible to customers and it is a responsibility of an operator to sell his services. SIM card securely stores the subscriber key (IMSI) used to identify the location and user, which can be used on computers and mobile phones. SIM cards are available in two sizes which are standardized, first is of a size of a credit card which is 85. 60mm x 53. 98mm x 0. 76mm, second size is of width 25mm, length of 15mm and thickness of 0. 76mm which is more popular miniature version. The first SIM card was made in 1991 by the Munich smart card maker Giesecke & Devrient which sold 300 SIM cards to the Finish operator Elisa Oyi, formerly known as Radiolinja. Each SIM card stores unique International Mobile Subscriber Identity (IMSI) in which Mobile Country Code is represented by the first 3 digits, Mobile Country Code is represented by next 2 digits and the mobile station identification number is represented by next 10 digits. The SIM card introduced a new and significant business opportunity for telecom operators, especially MVNO which does not operate a cellular telecoms network, but leasing out capacity of a network operator and only provides a SIM card to it customers.

SIM operating systems are of two types like native and java card. Native SIM cards are based on proprietary or vendor specific software, Java SIM cards are mostly based upon standards, which is subset of its programming language which specifically targeted for embedded devices. It allows SIM card to contain programs which are hardware independent and interoperable. The authentication process takes place when the mobile equipment starts up obtaining IMSI from SIM card passing it to mobile operator requesting access and authentication. It might be possible that the mobile equipment needs to send a PIN to SIM card in prior so that SIM card reveals this information. These SIM cards are also present in many of the smart identity cards and driving license of many countries, it is a technological revolution.

Chapter 3: Marketing Strategy

3. 1 Introduction to the chapter

This chapter is all about literature review of marketing, types of marketing like online marketing, direct marketing and also discussing about marketing strategy which is a plan of action which includes elements of marketing strategy further discussions continue such as marketing mix all about product, price, place and promotion. Channels of distribution and elements of distribution system with channel support are also discussed. The next discussion is about marketing communications which is all about advertising like print, visual and audio. The strategy is like push versus pull strategy is also discussed. Consumer behavior, marketing cycle time is discussed as well. The next discussion is about competitor's analysis of competitors, niche competitors and steps to understand competitor's behavior in the industry like competitors current strategies, competitor's objectives and assumptions, resources and capabilities to with stand competition. The next discussion is about sales strategy including sales promotion. Further discussion consists of market segmentation and targeting strategy like how market can be segmented using variables like demography, geography, psychographic variables discussion complete segmentation scheme with product value, long run potentiality, resource commitments, supply and demand conditions. Finally the chapter discusses about customer relationship management with its objectives, needs and analysis, planning and process of customers relationship management. The major topics covered for research purpose are marketing strategies, market segmentation and customer relationship management. This chapter is considered to be one of the main parts of research and contains all required literature for the research to be undertaken according to aims and objectives of the research.

3. 2 Marketing Strategies

Marketing is concerned with the exchange relationship between the organization and its customers. Promotion of the company products and services is done through proper marketing methodology so that it can get a good recognition in the market. Quality and customer service are key relationships in relationship marketing. Bringing quality, customer service and marketing together brings in a successful organization, as quality of the service is mandatory for a company to excel and strive through competition.

Customer satisfaction is critical in maintaining relationships, the more the relationship marketing the higher the company growth. A constant interaction with the customers is required to take feedback and upgrade the service facilities so as to retain the existing customers, as retaining existing customers is less expensive than getting new customers. The company should also give good services to the customers as part of value improvement. Customer service plays a critical connecting role in the pre sale, sale and post sale interaction (Christopher 2001). Choosing the right customers is important because some customers do not offer the potential to create value, either because the costs of serving them exceed the benefits they generate, or because the company does not have the appropriate bundle of skills to serve them effectively. Management needs to be deeply committed to marketing because marketing drives growth. The essential idea of marketing is offering customers superior value. The marketing approach to create customer value is based on three principles. First, it recognizes that in choosing between competing companies, the customer will select the offer that he or she perceives to be of best value. Second customers do not want product or services for their own sake, but for meeting their needs. Third, rather hand having just one off transaction with a customer, the firm will find it more profitable in the long run to create relationships, where by trust is established between them and customers remain loyal and continue to buy from the business. To get in to a position to offer superior value to customers, the company must first understand their needs. If needs of a customer are met then the customer gets satisfied with the service and does not think about switching over to other competitor. Customers naturally want to deal with companies that they believe will solve their problems (Doyle 2008). Market Share Growth is a strategy to increase the marketer’s overall percentage or share of market. In many cases this can only be accomplished by taking sales away from competitors. Consequently, this strategy often relies on aggressive marketing tactics. There are various types of marketing, three main types of marketing: undifferentiated marketing, differentiated marketing, and concentrated marketing.

* Undifferentiated marketing assumes everyone is the same and aims a particular product at everyone. Advantages: easy to plan, doesn’t miss anyone. Disadvantages: can be wasteful, ignores segmentation, can lead to disappointing sales.

* Differentiated marketing aims the product at specific segments in the market. The company may be trying to sell exactly the same product to different segments but it will change its promotional methods and the image it creates. Advantages: separate mix can be developed for each segment and different markets can be easily identified. Disadvantages: Can be costly, message may by-pass some customers.

* Concentrated marketing is when the message is aimed at just one small market. Advantages: Small firms can concentrate their marketing, allows a specific mix to be developed. Disadvantages: Ignores other areas of the market, can cause problems in future as may make it more difficult for company to expand.

Marketing can be done through different ways to reach the customer. Marketing strategies influence directly to thinking of the customers who are in need of that service. Direct marketing is the fastest growing segments in the marketing industry are the direct marketing. It is a strategy to build stronger, more personal relationships between the buyer and selected customers directly. In other words there are no intermediary promotion or distribution channels between the buyer and seller. Direct marketing entails providing a marketing offer specifically tailored to the needs or wants of a narrowly defined segment. It facilitates customizing the product (Moore 2006). Kiosk marketing is the final method of direct marketing is called kiosk marketing. It entails placing a mobile stand in a place where the customer is most likely to be. The kiosk may be manned by one or two people. The level of interaction between customer and seller in kiosk marketing is generally low because they are used primarily to gather or disseminate information (Moore 2006). Success in the market place is dependent not only upon identifying and responding to customer needs, but also upon our ability to ensure that our response is judged by customers to be superior to that off competitors (Hollensen 2007). “ Any plan can only be good as the information on which it is based, which is why we have been making sure that we know the right question to ask” Marketing planning is simply a logical sequence and a series of activities leading to the settings of marketing objectives and the formulation of plans for achieving them (McDonald 1999). Exhibitions and trade fairs are widely regarded as a powerful way for firms to reach large number of potential customers face-to-face at a cost far below that of calls by sales people. It is probably the most modern businesses use to market their products. Understanding the niche market is important for a company to target, Niche Market is a strategy which looks to obtain a commanding position within a certain segment of the overall market. Usually the niche market is much smaller in terms of total customers and sales volume than the overall market. Ideally this strategy looks to have the product viewed as being different from companies targeting the larger market. Status Quo is another strategy which looks to maintain the marketer’s current position in the market, such as maintaining the same level of market share (Blythe 2005). Marketing plan should be linked to company’s business plan to ensure that it is compatible with the production, sales and finance areas (Grumpert 1992). The plan is never complete. It needs to be regularly monitored, updated and improved Good marketing plans begin by analyzing what is currently happening and what has happened in the past. It is impossible to develop solid plans for the future if the current situation is not clearly understood. The more clearly the company understands what customers want, the more likely the company’s marketing strategy is shaped by its customers, who are constantly changing their tastes, desires, and needs. Marketing is becoming the only thing that differentiates high technology services, as the companies are being forced to base their services on identical technologies to cope with the persuasiveness of technical standards (Davidow 1986).

Online marketing is a rising star in the world of marketing. The web continues to explode and along with it so do the advertising opportunities. Billions and billions more advertising pounds are spent every year online, as business try to find ways to tap into the Internet user. Internet marketing strategy is needed to provide consistent direction for organizations e-marketing activities so that they integrate with its other marketing activities and supports its objectives. Internet marketing strategy has many similarities to the typical aims of traditional marketing strategies (Chaffey

2006). The e-marketing has captured many of the upcoming generation to which the company can approach and make them as their customers. Special campaigning of value added services for the customers who use the web services, making the best value for the services provided. Value-added services – messaging, mobile-commerce, location services, content provisioning – are the money-makers in today’s telecommunications market. A company can commercially offer these services without having to own its own telecommunications network. Telecommunications re no longer the exclusive domain of a few national PTTs they have become a competitive market like other (Zuiweg 2005). With voice becoming more and more of commodity, starts to have new types of offers in the market. As the market reaches maturity, the need of value added service increases (Michael 2005). Pricing in telecommunications sector used to be regulated but now it has been left to the market forces. The competitive forces will lead to prices reflecting the cost of providing services and including efficiencies in firms (Gruber 2007).

Strategic marketing is a process of analyzing opportunities, choosing objectives, developing strategy and formulating plans (Kotler 1976). Planning should not be directed at redirecting the unpredictable, but at designing strategies for coping with the unpredictable (Linstone 1977). To choose among opportunities, a company must refer to its basic purpose and mission that should be defined in terms of meeting generic needs not producing particular services. For any opportunity, the company must develop a well-integrated set of objectives that are hierarchical, quantitative, realistic and consistent.

Marketing strategy is a plan of action designed to achieve certain defined objectives. In business firms objectives can be termed as sales volume, rate of growth, profit percentages, market share and return on investment (ROI) among others. The importance of defining objectives is to give purpose and direction to strategies cannot be overestimated. Strategies are developed at multiple levels in the organization such as corporate, business unit, divisional and departmental. All these put together they form an integrated plan for the enterprise as a whole. Thus corporate strategies are the sum of business unit strategies plus any plans for new business initiatives as well. Marketing strategy is the heart of any business plan. Businesses exist to deliver products and service to markets. To an extent they serve purpose well and efficiently, they grow and profit. Some other components of a business unit strategy like finance, production and R& D must supp