

Marketing case study on cell c in the south african phone market essay sample



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Question 1: Many companies are now embracing target marketing to compete more effectively in the market place. According to Kotler and Keller, (2006: 240) “ instead of scattering their marketing effort (a ‘ shotgun approach’, they should focus on those consumers they have the greatest chance of satisfying (a ‘ rifle’ approach). Discuss how Cell C has segmented the market and profiled the distinct groups of buyers who differ in their needs and preferences for cellular phones

Markets have customers who have different needs and want that which have to be identified and satisfied. To compete more effectively firms need to identify target customers and profile distinct groups according to the needs, wants and benefits sought by the customer as well as increase profits.

Marketers can choose niche, local or customisation type of marketing (Kotler and Keller, 2006: 240-246).

Kotler and Keller, (2009: 248) confirm that segment marketing consists of a group of customers who share similar set of needs and wants. Cant, Strydom, Jooste and du Plessis, (2007: 103) are of a similar view that market segmentation is the process of dividing the total market into segments or a target market of consumers with common needs or characteristics.

Longenecker, Moore, Petty and Palich (2006: 267) define consumer profile as a collection of information about a customer including demographic data, attitudes, preferences and other behavioural characteristics. Cant et al. (2006: 123) argue that “ segment profile” considered by organization must be described fully in terms of its size, demographic and psychographic details, lifestyle, behaviour patterns and product usage.

Customer or market research can produce quantitative facts about particular markets and market segments e. g. the size of the market both in terms of unit sales and value. As Cell C is flanked by two giants already stabilised in the market, segmentation and profiling based on the needs of potential customers was essential. It used variables such as geographic, demographics, psychographics and behavioural considerations of the consumer. No matter which type of segmentation scheme used, the key is to adjust the marketing programme to recognise customer differences.

The geographic segmentation refers to dividing of the market into different geographical units such as nations, states, regions, countries, cities or neighbourhoods (Kotler and Keller, 2009: 253). Cell C targeted the corporate market as it was by far the most profitable though the hardest to capture as it was a mature market. It's important to assess the location of the consumers for efficient allocation, innovation and invention of products and services. Cell C used the demographic segmentation, which divide the market into groups based on variables such as age, gender ... or social class (Kotler and Keller, 2009: 255). This segment is important to assess the individual needs of the consumers create products and services suited for their individual needs. It selected the youth market based on the variables of age, life-cycle stage and income as it perceives high percentage of market growth and consumer who has reservations about aspects of both pre- and post-paid contracts.

Psychographic segmentation goes beyond demographics as it examines how a person thinks, feels and behaves using personality, life style, social status, values and attitudes (Cant et al. 2006: 118) towards products and services.
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This is equally important as the two other segments for it can determine the consumers' preferences in using a specific product or service. This segment refers to the personal usage and fondness of a consumer to products and services. As South Africa is a rainbow of nations, Cell C aims to address these differences by making people feel as if their individual needs are being catered for by enhancing one's particular lifestyle. The behavioural segmentation divides buyers into groups on basis of their knowledge of, attitude toward, use of, or response to product using variables such as benefits, user status, usage rate, and loyalty status (Kotler and Keller, 2009: 263). This segment determines the frequency of the use of the product and their consistency in using specific products and services.

Discuss how Cell C targets each of its identified segments with appropriate market offerings

Targeting deals with the process whereby a marketing mix is tailored to fit some specific target customers (Cant et al. 2006: 103). Kotler and Keller (2009: 267) argue that to be useful, market segments must rate favourable on five key criteria of measurable, substantial, accessible, differentiable and actionable. The prepaid package Easy Chat " Friends and Family" feature covers broader market hence demographic segmentation was used. This package made it easier for subscribers to connect and communicate with as many friends and family as along they subscribe to Cell C. The corporate market was targeted with its Business Chat 400, 700 and 1000 contracts which were aimed at the business user. The 20% discount on all international calls and its cheaper call rates was an influential market offering compared to Telkom numbers.

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The Club Chat product as indicated in the case study took advantage of both the youth's need to be in contact with their peers at all times was based on the demographic variables of age and income. Making cheaper calls was an offering considering the youths' traditionally scant disposition. The Cell C payoff line provided a choice based on an individual lifestyle needs and to enhance one's particular lifestyle whether one was a student, businessperson, hawker or pensioner.

Explain how Cell C positions its brand in the minds of its target audience

According to Kotler and Keller (2009: 276) a brand is a product or service that adds dimensions that differentiate it in some way from other products or services designed to satisfy the same need. Positioning is the act of designing the company's offering and image to occupy a distinctive place in the minds of the target market (Kotler and Keller, 2009: 308). A brand's position is the set of perceptions, impressions, ideas and feelings that consumers have for the product compared with competing products.

To capture its target audience Cell C used the advertising through television, radio, press and outdoor for brand positioning. The sexy, husky voice of the advertisement's narrator on radio became a brand property such that when consumers hear her voice, the brand is automatically summoned to mind. Cell C positioned its brand in the minds of its target audience using different communication mix and different positioning methods. The benefit positioning method emphasised the unique benefits that the organisation or product offering offers its customers.

The advertisement campaign that they took advantage with the coincidence and rarity of the solar eclipse and their creativity ingenious of the sun eclipsing to reveal a “c” shape and the words “We thank Mother Nature for announcing our imminent arrival”. This visual concept was an opportunity for Cell C to position itself in the minds of consumers. The “Tell someone” campaign theme differentiated it from other operator to the extent that Cell C is unique in that one had to stop and tell someone. The television was used to communicate the brand name, benefits, knowledge and awareness continuously to consumers. The press was informing consumers of the brand and promotional offerings.

“Cell C Direct is a one-stop which aims to provide a prompt, efficient service with free delivery to your door anywhere in South Africa”. It informed the consumers of the benefits of convenience shopping as well as solicits their purchasing decision making to the extent that they have services brought to the comfort of their own home.

Club Chat “The cell number that starts with 084-20 and ends with you getting more and paying less!” The User positioning method used by Cell C positioned this product with users in mind (Cant et al. 2006: 143). “It’s not a prepaid forgot – to- recharge, running-out-of-credit, need-to-make-a-call-but – I-can’t-type situation. Nor is it a long-term-commitment, sign-your-life-away, we-got-you-’til-you’re-grey kind of contract either. That sucks. Believe it or not, Club Chat is a one-month contract only. And that rocks.” This statement was used in conjunction with an advertisement to influence the product positioning.