

Vodafone exxonmobile marketing strategies essay sample

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Vodafone/Exxonmobile Marketing Strategies Essay Sample

Vodafone Group Public Limited Company (Vodafone) is a British multinational telecommunications company that was founded in 1991 and headquartered in London, United Kingdom (“RTBot”, 2012). According to the company’s website, Vodafone Group has over 404 million customers, operates in over 30 countries, and has over 40 partner markets worldwide. They also have over 238, 000 base station sites and over 14, 000 Vodafone stores around the world (McGough, Simon, Vodafone Group, 2012).

Vodafone is the world’s second largest mobile company. They own 45% of shares in Verizon Wireless, the United States’ largest mobile carrier. This company is famous for providing a wide range of communication services, including voice, messaging, data and fixed-line solutions to meet the customers’ communication needs (“Vodafone Group Plc”, 2012). According to Reuters, Vodafone caters to all business segments ranging from small-medium enterprises to corporate and multinational corporations. Vodafone’s mission is “to be the world’s mobile communications leader, enriching customer’s lives, helping individuals, businesses and communities be more connected in a mobile world” (“Vodafone Group Plc”, 2012). ExxonMobil

Background

ExxonMobil was formed on November 30, 1990, by the merger of Exxon and Mobil. Lee Raymond, CEO of Exxon, and Lucio Noto, CEO of Mobil declared that “this merger will enhance our ability to be an effective global competitor in a volatile world economy and in an industry that is more and

more competitive” (Oil Merger Faces Monopoly Probe, 1998). ExxonMobil is a company that conducts oil and gas exploration, development and production in every major accessible producing area in the world. It also has the world’s largest energy resource base of any non-government company and is also the largest non-government natural gas marketer and reserves holder (Introduction: This is ExxonMobil). ExxonMobil is known best by its three brands Exxon, Mobil, and Esso, which can be found in 118 countries.

These three brands provide quality fuel to millions of customers at 42, 000 service stations, 700 airports, and 300 marine ports (Introduction: This is ExxonMobil). Even though ExxonMobil may be known best by the fore mentioned brands, it offers a plethora of other products and services to its consumers such as olefins, which are petrochemical that make up the building blocks for a broad array of products. ExxonMobil’s global structure consists of ten different companies that make up the Downstream, Upstream, and Chemical businesses. Throughout these businesses, ExxonMobil practices its guiding principles in order to provide quality products and services to its consumers. In the guiding principles, ExxonMobil tries to address their shareholders, customers, employees and communities. Shareholders are promised “ superior returns” while customers are ensured to be satisfied by “ offering high quality and services at competitive prices.” (Our Guiding Principles, 2012) ExxonMobil’s guiding principles also shows that they hire only high quality specialists providing they have all necessary training and further development. In the communities section of their

mission statement, they promise to obey all the “ laws, rules, regulations and ethical standards.”

Marketing Strategies

According to the Principle of Marketing textbook, a marketing strategy is defined as the marketing logic by which the company hopes to create customer value and achieve profitable customer relationships ((Kotler and Armstrong, 2012: p. 48). Within this section, you will see how Vodafone’s and ExxonMobil’s marketing strategies are derived and what tactics they take to create value to their customers. Vodafone Marketing Strategy

Vodafone’s marketing strategy is a key part of their overall corporate strategy, which is concerned with developing plans for finding out what customers want and then efficiently meeting their requirements. Vodafone’s marketing aim in the UK is to retain market leadership on revenue per customer, network quality, and customer satisfaction. Vodafone’s strategy is customer focused and product led. The company is continually developing new products and services which utilize the latest technological advances. However, as consumers become increasingly more sophisticated users of mobile technology they force Vodafone to adjust and add value through product improvements.

Vodafone is challenged to provide added value services and competitive charges to existing customers who are becoming more sophisticated and demanding. In order to retain market leadership, Vodafone has established a set of marketing objectives. These are to keep the customers it already has,

increase penetration of new data service, and introduce new technologies and services. Vodafone is achieving these objectives by continually updating the range of phones and services offered to keep ahead of its competitors (About us legal information, 2012). According to Vittorio Colao (CEO of Vodafone), “ It is not the brand talking anymore and telling the customer what to do. It is the customer who will decide.” (Business, 2012). Moreover, Vodafone sponsors several leading sporting brands including Ferrari Formula 1 motor racing team and Manchester United, one of the world’s most successful soccer clubs.

Sponsoring these leaders is an important part of Vodafone’s corporate and marketing strategies, which are designed to make the company one of the world’s best known brands. As a winner itself in its own line of business, Vodafone sees good sense in being associated with other winners, and being involved in inspirational activities which excite the public. It is a good way of increasing brand awareness, which helps to generate consumer preference and to foster brand loyalty. Vodafone reinforces awareness among its target market by sponsoring events or organizations that attract a similar target markets (Vodafone Happy with its Ferrari Sponsorship, 2012). ExxonMobil

Marketing Strategy

Considering the fact that ExxonMobil has many different segments within the company, its market would be considered to be segmented. According to the Principles of Marketing textbook, market segmentation is the process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or

marketing programs (Kotler and Armstrong, 2012: p. 49). ExxonMobil is comprised of ten separate companies that make up the Upstream, Downstream, and Chemical businesses. Within the three businesses ExxonMobil provides many different products to its customers such as: oils, lubes, chemicals, waxes/asphalt, and jet fuel, just to name a few. Through ExxonMobil's chemical company, it also provides the building blocks for products such as packaging materials, plastic bottles, automobile bumpers, synthetic rubber, solvents and many other goods that consumers may buy. In regards to creating values for its customers, ExxonMobil takes the differentiation approach.

Differentiation is actually differentiating the company's market offering so that it gives consumers more value (Kotler and Armstrong, 2012: p. 51). What makes ExxonMobil different from its competitors is that they have tapped into industries that its competitors haven't. For example, in the Chemical business ExxonMobil is the largest worldwide producer of olefins such as paraxylene and benzene, which are one of the fastest growing petrochemicals and a primary building block for a broad array of products. They are also the largest worldwide supplier of polyolefins such as polyethylene and polypropylene, which are the world's largest-volume plastic and one of the fastest growing plastic, respectively. (Premier In Petrochemical, 2012). ExxonMobil finds a way to create value to its customers by selling high quality products and services. They market fuel products to millions of customers through their retail stations and three global business to business segments- Industrial and Wholesale, Aviation,

and Marine (Downstream, 2012). In ExxonMobil's downstream business they offer three brands that provide quality fuels to their customers. The three brands are Exxon, Mobil, and Esso. Each brand is marketed a particular customer to cater to their needs.

For example, Mobil is for customers looking for high performance while Exxon and Esso are for those seeking reliability and efficiency. Also, in the downstream business ExxonMobil offers convenience for their customers. This is shown, through their On the Run convenience store and Speedpass. With On the Run, ExxonMobil provides convenience by offering a store that is like a one stop shop for a customer who may be interested in buying things other than gas such as food, beverages, and car products. Speedpass is a fast and easy way to buy gas without cash or card. This service allows customers to not have to deal with the hassle of paying before they pump. All in all, ExxonMobil offers a marketing strategy that offers convenience to their customers.

Similarities Among Marketing Strategies

In terms of Vodafone's and ExxonMobil's marketing strategies, some of the similarities that they possess are that they both have very similar business portfolios. With their business portfolios there are several companies that they use to sell and market their products. Also, in regards to both company's microenvironment, they both recognize who their competitors are and what they need to do in order to continuously remain one of the largest companies in their respective industries. In their macro environment, they both understand that there are several factors that can affect their companies.

More specifically, being that both companies deal with technology on a daily basis, they have to know about their technological environments in order to still remain competitive within their industries. For example, Vodafone must know what the latest trends are in regards to the mobile technology in order to remain relevant in their industry. As for ExxonMobil, they have to know what the newest technology is in order to find ways to make refining oil and producing their different products more efficiently.

Differences Among Marketing Strategies

ExxonMobil is highly involved in business-to-business marketing whereas Vodafone focuses more on consumer-to-business marketing. For example, Vodafone focuses on how to provide excellent customer service in order to satisfy all the needs of their clients. Vodafone focuses heavily on consumer-to-business marketing is to keep up with their customers' demands and stay ahead of the competition. ExxonMobil supplies other business with their products so they can go sell them to their customers. They focus on creating long term relationships with their partners and suppliers. It is essential for the ExxonMobil to maintain a good relationship with their partners so they continue to do business with them whereas Vodafone focuses heavily on satisfying their customers.

Relationship Marketing Strategies Gilanina, Almania, Pournaserani, and Mousavian describe relationship marketing as “ creating, maintaining, and enhancing strong relationships with customers and other stakeholders.” In relationship marketing, companies take the approach that maintaining a good customer relationship will lead to long term success (Gilanina, Almania,

Pournaserani, & Mousavian, 2011). Vodafone and Exxon Mobil engage in relationship marketing but as you will see they both take different approaches. Vodafone Relationship Marketing

Vodafone operates in a relational industry meaning they have to develop and maintain ongoing relationships with their customers. Competition in the mobile phone industry is fierce and Vodafone implements relationship marketing strategies to create a competitive advantage over their competition. Vodafone provides service in nearly every continent of the world. The availability of their services worldwide allows for customers to always be connected when traveling. Through customer identification, Vodafone has developed different phone plans to attract a broad customer base. They offer pay as you go plans and tiered price plans depending on amount of data, texts, and internet the customer requires (Pay Monthly Price Plans and Mobile Phones, 2012). Part of Vodafone's mission is for “businesses and communities to be more connected in a mobile world”.

Vodafone maintains this promise to their customers by developing and improving itself constantly. It offers customers the most technological and best handheld devices in the marketplace at a discounted price (as long as a long term contract is signed). Vodafone ensures that customer needs are at the core of all products and services and they reach out to their customers to discover their needs. Understanding these needs and continuing to serve them is the key to Vodafone's relationship marketing strategies (“Vodafone”, 2009). By implementation these relationship marketing

strategies they hope to increase customer retention and customer development. ExxonMobil Relationship Marketing

Relationship marketing is not as important as a strategy for ExxonMobil as it is for Vodafone. ExxonMobil is more of a transactional based company meaning they do not focus on the long term relationship with their customers but rather focus on maximizing each individual transaction with them. The majority of their customers pull up to the gas pump, insert their credit card, fill their gas tank, and drive away. ExxonMobil has developed many ways for their customers to pay for their products that involve little to none interaction. ExxonMobil offers convenient services such as SpeedPass which allows customers to pay for their gas with a quick wave of their membership card. This requires no interaction with an attendant.

Their Esso Express brand (located throughout Europe) gives customers the option to purchase goods and gas without an attendant even present. These services are both ways that ExxonMobil has tried to differentiate themselves from their competitors who just offer standard pay at the pump services. They hope that these conveniences will lead to increased customer retention. That isn't to say that ExxonMobil does not engage in relationship marketing with their customers/communities. It is fairly obvious that in this day and age ExxonMobil is not the "greenest" or most "sustainable" company around. With people and companies focusing on going green and sustainability it is important for ExxonMobil to maintain a positive relationship with their customers and community. To do this, ExxonMobil is

spending \$600 million dollars to research the potential of algae to produce biofuels (Westervelt, 2009).

This will help lower pollution and create a renewable energy source.

ExxonMobil uses corporate giving as a way to strengthen their relationships with their customers and communities. In 2011, ExxonMobil donated \$278. 4 million worldwide. One example of the use of these funds was to help relief efforts in response to the earthquake that hit Japan in 2011. ExxonMobil donated \$3. 6 million to that relief effort (Worldwide Community Investments). Similarities in Relationship Marketing Strategies

Both Vodafone and ExxonMobil understand that their customers are the reason they are in business. Vodafone uses relational marketing to develop long term relationships with their customers while ExxonMobil focuses on transactional strategies to maximize their individual transactions with their customers. Vodafone is constantly researching the needs and wants of their customers along with investing in new technologies while ExxonMobil is investing in research and development to better the lives of their customers through sustainability and renewable energy sources. Differences in Relationship Marketing Strategies

Being an oil and energy market leader, ExxonMobil's marketing strategies mainly focus on major investments in research and development.

ExxonMobil uses a transactional based approach including “ On the Run” convenience stores as their customer relationship management strategy.

This approach focuses on maximizing the volume of every individual

transaction rather than creating a long term relationship with the customers. Therefore, according to Michael Lowenstein, a vice president at Market Probe, transactional marketing can lead to passive, reactive, and short term customer relationship (Lowenstein). In contrast, Vodafone Group Plc. is using more of a relational based approach in their customer relationship strategies which is centered on customer retention. They do a good job in developing and maintaining their relationships with their customers. This approach will help them increase their long term returns on their investments.

Conclusions/Recommendations

Kotler and Armstrong (2012) discuss the advantages of creating a SWOT (strengths, weaknesses, opportunities, and threats) analysis to help better understand what marketing functions companies perform well and what functions they need to work on (p. 53). The below SWOT analysis for Vodafone and ExxonMobil identify some conclusions discovered during the research of this report. Vodafone

- Strengths: Vodafone is very customer focused. They understand that customer satisfaction is a top priority and focus their marketing strategies towards this.
- Weakness: Due to their sheer size it is hard for Vodafone to implement changes in their marketing strategies quickly. Since changes start with the executives and trickle down to the sales level it can take many months for a change to take effect. For example, a change in their pricing model could take months to implement but much of their competition may be able to implement it within a few weeks.
- Opportunities: Constant changes in technology give Vodafone the ability to constantly enhance their

market position. Being one of the largest mobile carriers in the world they have the money to invest in new technologies and continue to better their current mobile platform. Another opportunity is mergers and acquisitions. Since Vodafone is financially strong they can afford to purchase smaller mobile carriers to enhance their mobile platform. •Threats: Vodafone faces the threat of a potential for alternative telecommunications technology to develop. Vodafone's competition could develop other technologies that are very desirable and therefore cause customers to switch providers.

ExxonMobil

- Strengths: ExxonMobil has a very diversified business portfolio. This diversification leads to high growth of each business segment and provides flexibility so those segments can run their business independent of each other. ExxonMobil is also one of the largest companies in the world. Being one of the largest companies in the world they have a lot of brand recognition and customers trust their brand.
- Weaknesses: ExxonMobil operates in an industry receives a lot of negative publicity. Critics state the company does not do enough to go green and conserve the environment.
- Opportunities: Energy demand in emerging markets such as India and China provide a great opportunity for ExxonMobil to capitalize on their growth.
- Threats: ExxonMobil operates in an industry that is highly regulated. Increased regulation can put lots of stress on the environment they operate in. ExxonMobil is required to meet emissions requirements that are set by regulators. If regulators increase the emissions requirement this would impact ExxonMobil financially.

ExxonMobil also faces the threats of oil spills which cause negative publicity for the corporation as seen with British Petroleum (BP). They also face the threat of diminishing oil supplies. ExxonMobil will need to develop a renewable energy source in order to continue to operate their business in the future. In conclusion, by reviewing the SWOT analysis for both companies it is easy to see what marketing functions each company performs well and what functions each company needs to improve. Both these companies are leaders in their industry and the competition to maintain and grow their customer database gets tougher each day. To ensure these companies maintain their industry leadership we recommend that both companies implement a more strenuous advertising campaign. Vodafone relies on customer satisfaction to maintain and find new customers. We recommend that Vodafone implements a loyalty rewards program for their current and new customers. We also recommend that they focus on mergers and acquisitions to help grow their business in areas they do not provide coverage. This will increase customer satisfaction for their current customers as well as increase their potential to generate new customers. ExxonMobil is a highly transactional company.

We recommend that they continue their marketing strategy of customer convenience. We recommend they open more convenience stores in markets they have not saturated. We also recommend that they focus heavily on research and development for renewable energy sources. This will ensure their future success. Along with that initiative we recommend they use direct marketing to communicate to their customers about the renewable energy

sources they are developing for the future. This will help shine a positive light on a company who operates in a negative industry and provide for more positive publicity.