

# Marketing share

[Business](#), [Marketing](#)



The aggregate spend of companies in the sector were estimated at 70m for the first quarter of 2004. Companies that have launched huge advertising campaigns have consequently gained a bigger chunk of the market share than the relatively unknown operators. The Number for example, run a year long campaign the involved print advertising TV, radio and field campaigns, where runners beset with fake moustaches and 1970s hair style wigs were let loose across nation.

This effective marketing campaign has set The Number UK Ltd with a strong hold on market share. Figure 2 illustrates market share ( Mintel 2004). As an incumbent with many years of expertise and a developed brand identity of quality, it is without surprise that BT is the market leader. However, as the figure indicates, there is an aggregate of other companies that own 24% of the market share. These include Kingston Communications and Colt.

Product life cycle As the market has just emerged, there is uncertainty in the market so it is quite difficult to establish the requirement for success.

However many incumbents have expertise. The life cycle could go any way.

This has to be analysed by Ofcom as over the forthcoming years. Analysing the Colt and its strategic play for presence in the sector Colt has emerged as arguably the most successful alternative operator in Europe in the provision of wholesale and data/voice services to business and government customers. Granted with a licence in the city of London metropolitan area in 1992 and funded by its parent company Fidelity, one of the world's largest privately held mutual funds, Colt has since grown to operate across 32 cities in Europe.

Colts strategy and business model is based on targeting under-served businesses and customers of the telecommunications industry, by offering a small network. Colt created a competitive differentiation through state of the art technology, which allowed operations to be low cost and of a higher quality, and excellence in customer services with local decentralised operations run by local staff with knowledge of their native marketplace and local access networks, (LAN).

Lack of exclusive licenses and proprietor technology meant Colt relied on an aggressive offensive strategy of early entrance into the market and expansion into Europe as a credible operator to rival incumbents before other alternative operators had the opportunity. The strategy consequently implied high capital expenditure and rising losses form the expansion of formative years. With the influx of traffic to its network, funding for its strategy was secured. In the event of the DQ sector becoming liberalised, Colt secured service provisions of its own, namely 118390 (27p fixed charge) 118 391, (70p time charge) As an incumbent, BT provides all services.

As discussed before, the directory enquiries services are volume-sensitive; the larger the volume of users the more economical it is to offer the service. In order to justify the costs of call centres, marketing and printing costs, the operator needs to attract large call volume or volumes of usage. Below are the initial processes of acquiring users immediately: 1. Obtaining directory data that is complete which must include subscriber data from every telecommunications operator's operator in the national market, which must be of high quality, in order to allow value added services. Having access to

more data fields, by verification, e. g. INFONXX, which provides quality data for businesses. If it is possible to gain backwards integration by developing own data sources, this will reduce the power of suppliers of databases.

There are three barriers to entry regarding this first processes; gaining access to data from alternative operators, obtaining data at a cost-oriented price, and having access to the same range of data fields as competing providers. Other than BT, there are now many alternative wholesalers such as Kingston communications. However, although there is a regulated price index, the wholesale supplier has power to determine the price if they built the infrastructure themselves which adds value.

2. New entrants need to offer a differentiated service. In order to attract customers from all areas of the market. A system that can extract the maximum value from the data will prove efficient for correcting, updating and normalising records. Software needs to match and organise data so that searches are time efficient and therefore add value to its service. E. g. The number allows searches of incomplete numbers and addresses. The provider also needs to ensure that the directory data is enriched with supplementary data such as related information, i. e. train timetables, cinema film schedules, or directions for location based searches. Differentiation by service rather than by price will reduce the bargaining power of customers.

The ownership of a database with superior functionalities and supplementary information gives the provider product differentiation, however, the construction and maintenance of such a system is a costly expenditure.

Alternatively, providers could gain cheaper wholesale data from

incumbents. Service differentiation acts as a tool for increasing the viability of competition. Innovative ideas and concepts is the key for driving this market into growth and prosperity for service providers.

" To drive a productivity growth through innovation, where innovation is defined broadly to include not only products, but also processes and methods of management" (Michael Porter, 2001). Using this concept, Bennett and al have proposed a framework of analysing innovation and competition, (static or dynamic efficiency in economics). For this market, the state that exists is static efficiency where keeping investments and product innovation is constant in order to gain the most out of existing and forthcoming resources and technologies.

3. Public relations and Marketing campaigns - in order to challenge the strong brand name and attract consumers' attentions away from incumbents, an impeccable marketing campaign must be deployed. Take for example The Number UK Ltd. Until 2003 they were unheard of in the DQ market. However, their use of printed, TV, media and field marketing created an awareness of the company, which forged relationships with potential customers.

A large marketing campaign is particularly expensive for small operators, but even a distinctive logo in magazines or on posters is enough to arouse curiosity and thus attract customers. All the defined key processes will ensure the growth of the directory enquiries market if adopted by Colt or other alternative operators, as long as they keep abreast of current affairs

and developments in the industry and adopt a business model that will sustain them in the industry.