

Vodafone strategy analysis



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1.0 INTRODUCTION

This report presents an in-depth business; strategic analysis of Vodafone Group Plc. The report provides a comprehensive insight into the company, including strategy formulation, strategy planning, strategy evaluation and selection as well as strategy implementation. This will involve in investigating the organization's external environment, to identify Opportunities and threats it might face, and its strategic capacity, capabilities to isolate key strengths and weakness as well as indentify the significant of significant of the stakeholder analysis and environment and organizational audit

OVERVIEW OF THE COMPANY

A Multi-National Company named Vodafone is one the leading companies in Telecommunication Industry. Vodafone PLC Vodafone is a leading global player in mobile telecommunications. It operates in over 26 countries worldwide. Vodafone has grown rapidly since it was originally formed in 1984. It has responsibilities to its 60, 000 staff and 151 million customers and shareholders.

Vodafone offers a wide range Products/Services, such as

- Voice Services
- Social Products
- Messaging Services
- Vodafone live

- Vodafone live! With 3G
- USB modems
- Vodafone Mobile Connect Data Cards
- Roaming Services
- Other Business Services

Vodafone was formed in 1984 as a subsidiary of Racal Electronics Plc. Then known as Racal Telecom Limited, approximately 20% of the company's capital was offered to the public in October 1988.

Task 01: Strategy Formulation

1. 1 Business Strategy

Johnson and Scholars defined business Strategy as follows

“ Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations”.

Business strategy is the foundation and core competition of successful business. But there are different types of business strategy. The best business strategies must steer a course between the inevitable internal pressure for business continuity and the demands of a rapidly changing world

1. 1. 1 Vodafone's Business Strategy

Vodafone's current business strategy is to grow through geographic expansion, acquisition of new customers, retention of existing customers and increasing usage through innovations in technology. This is proving a very
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successful strategy, as is evident from Vodafone's UK success. Vodafone opened the UK's first cellular network on 1 January 1985. It has been the market leader since 1986; its UK networks carry over 100 million calls each week. Vodafone currently has the largest share of the UK cellular market.

Vodafone ' business strategy and their sustainability strategy are inseparable. Meeting society's needs creates enormous opportunities to grow business. Vodafone aim to identify and focus on the areas where their interventions can address sustainability challenges most effectively at the same time as offering an attractive commercial return for their shareholders.

Expanding Vodafone business strategy in emerging markets such as Africa and India is extending access to communications and the social and economic benefits this brings. Vodafone can also make an important contribution to development – and to environmental sustainability by enabling a low-carbon society – through bespoke products and services that meet specific needs in local markets.

1. 2 Stake Holder Analysis

Stakeholder Analysis is the technique used to identify the key people who have to be won over. In other words it analyses key stakeholders, an assessment of their interests and the ways in which these interests affect the project and its viability.

1. 2. 1 Videophone ' s Stake Holders are as follows

1. 2. 2 Significant of Stakeholder Holder Analysis

The extent to which stakeholders affect the activities of an organisation depends on the relationship between the stakeholder and the organisation. Mendelow's matrix provides a way of mapping stakeholders based on the power to affect the organization and their interest in doing so. It identifies the responses which management needs to make to the stakeholders in the different quadrants.

Stakeholder Holder Analysis is very important to any organization. Significant of Stakeholder Holder Analysis of Vodafone PLC.

1. Vodafone PLC can use the opinions of the most powerful stakeholders to shape companies projects at an early stage. Not only does this make it more likely that they will support to organization, their input can also improve the quality of Vodafone future.
2. Gaining support from powerful stakeholders can help Vodafone PLC to win more resources. This makes it more likely that your projects will be successful.
3. By communicating with stakeholders early and often, company can ensure that they know what company is doing and fully understand the benefits of company's project . this means they can support companies actively when necessary.
4. Vodafone PLC can anticipate what people's reaction to companies future project may be, and build into companies plan the actions that will win people's support

5. Draws out the interests of stakeholders in relation to the problems which the Vodafone's future plans which seeking to address.
6. Vodafone cans identifies conflicts of interest and potential conflict
7. Helps provide an overall picture
8. Helps identify relationships between different stakeholders – helps possible coalition.

1. 3 Environment and Organizational Audit

1. 3. 1 Environmental Audits

Environmental audits are intended to quantify environmental performance and environmental position. In this way they perform an analogous (similar) function to financial audits. An environmental audit report ideally contains a statement of environmental performance and environmental position, and may also aim to define what needs to be done to sustain or improve on indicators of such performance and position.

1. 3. 1. 1 Environment Audit of Vodafone

Vodafone ' s an environmental audit report ideally contains a statement of environmental performance and environmental position, and may also aim to define what needs to be done to sustain or improve on indicators of such performance and position. It includes Environment Policy Vodafone. Such as

- Improving energy efficiency
- Reducing waste
- Increasing reuse and recycling

Environmental audit report includes how Vodafone plc committed to reducing the energy and natural resources they use, and the amount of

waste they create. As well as a clear moral obligation, there is a sound business case for good environmental management. It can help them to reduce costs and meet the expectations of our customers and employees. Many of their larger customers now include environmental performance as criteria in their procurement process Energy and waste reduction targets are included in the personal development plans for relevant employees. Vodafone's standards encourage suppliers to improve their environmental performance.

1. 3. 2 An Organizational Audit

An Organizational Audit is a procedure for examining the practices, procedures, programs, and policies of an Organization. The growing challenge of Organization Design is learning how to adjust strategies and internal operations to the rapidly changing business environment. Through The Organizational Audi program it help Vodafone PLC to change the very nature of how it operates by aligning internal structures, processes, and systems to strategy, while adjusting to the demands of the external environment

The length of The Organizational Audit is based on the size and complexity of the organization. It can be completed in a single intervention or spaced over a period of several weeks or months. The Organizational Audi format will be tailored to fit the needs of the organization.

1. 4 Strategic Positioning Techniques

Strategic positioning is the positioning of an organization (unit) in the future, while taking into account the changing environment, plus the systematic realization of that positioning.

The strategic positioning of Vodafone PLC includes the devising of the desired future position of the organization on the basis of present and foreseeable developments, and the making of plans to realize that positioning. The strategic positioning method is derived from the business world. The method is aimed at ensuring the continuity of the organization. The strategy determines the contents and the character of the organization's activities. Terms, such as survival, legitimacy, market positioning, relationship with environment and choice for a certain work area, come up in this context.

When developing strategic positioning for Vodafone PLC we have to raise various questions as follows:

- How does the Vodafone PLC future look like?
- How could the Vodafone PLC be roughly positioned in the future?
- How are things in the Vodafone PLC at present?
- How can opportunities be seized and how can threats be met?
- How can this be put into practice in a systematic way?

Task 02: Strategic Planning

2. 1 Strategic Planning

Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this

strategy, including its capital and people. Various business analysis techniques can be used in strategic planning, including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), PEST analysis (Political, Economic, Social, and Technological), STEER analysis (Socio-cultural, Technological, Economic, Ecological, and Regulatory factors), and EPISTEL (Environment, Political, Informatics, Social, Technological, Economic and Legal) . Therefore before preparing strategic plan we have to understand external and internal factors affecting the Vodafone PLC as follows.

2. 1. 1 PEST Analysis for Vodafone

(P)OLITICAL: Political factors involved the tax policy, labor law, environmental law, trade restrictions, tariff, and political stability. Due to the customer relationships that the company value most, Vodafone is willing to shift their approach away from unit pricing and unit based tariffs to propositions that deliver much more value to customers in return for greater commitment, incremental penetration of the account or more balanced commercial costs.

(E)CONOMIC: Economic factors include the economic growth, interest rates, exchange rates and the inflation rate. The pricing factors the company usually do is giving the consumers a right and justly cost so that, everybody can avail or purchase their product in a broad sense.

(S)OCIAL: social factors include the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. The need for an equipment that can be a good device

for every age range is available, since everybody are fully oriented in the use of the mobile technologies.

(T)ECHNOLOGICAL: technological factors include ecological and environmental aspects, like R&D (Research and Development) activity, automation, technology incentives and the rate of technological change. The technology is the thing that Vodafone is very proud of. The technological advancement enables the company to make a customer relationships stronger because of their customers trust that built over the years.

2. 1. 2 SWOT Analysis for Vodafone PLC

(S)TRENGTHS: The Company's strengths can be the reputation of the business in the local market because of the product in long run. The company's strengths are the strong bond of the company towards the customer and valuing them most as they craft another product. Another strength that can be depicted is the technology that is their greatest asset above the competitors.

(W)EAKNESSES: The result of the weaknesses can be shortage of materials needed or more expensive purchase of materials in the target country. Meeting the customers' demand is sometimes hard to cope. Every company must admit that reaching the customers' taste and preferences are really hard to achieve. But these weaknesses will serve as a challenge in the company and they must prepare actions in answering these needs.

(O)PPORTUNITIES: The opportunities can be a well established position when the business successfully landed in the foreign market. On growth

opportunities, the three target areas are Mobile data, Enterprise and Broadband

(T)HREATS: The threats can be large competitors that are waiting for the business that were undiscovered before conducting the study. This possibility is not that new. The Vodafone is not the only company that serving a kind of delicacy.

SWOT Analysis for Vodafone PLC

- Dominance in Cellular Market Declining Market Share in Japanese Market
- Wide Geographical Presence Limited Exposure to Emerging Markets
- Expanding Geographic Presence Emergence of Low-Cost Brands
- Growth through 3G Market Saturation in Europe

2. 1. 3 STRATEGIC OPTION DEVELOPMENT

Porters ‘ Generic Competitive Strategy

Vodafone PLC has also been able to use Porter’s generic strategies to position itself in the marketplace. This is a direct result of SWOT analysis. This framework also helps in deciding whether the organization is a cost leader, differentiator or a focus player accordingly, a company positions itself by leveraging its strengths.

Porter’s three generic strategies are discussed in more detail in the following section.

Cost leadership

The companies that attempt to become the lowest-cost producers in an industry can be referred to as those following a cost leadership strategy. The

company with the lowest costs would earn the highest profits in the event when the competing products are essentially undifferentiated, and selling at a standard market price.

Differentiation

When a company differentiates its products, it is often able to charge a premium price for its products or services in the market. Some general examples of differentiation include better service levels to customers, better product performance etc. in comparison with the existing competitors. Porter (1980) has argued that for a company employing a differentiation strategy, there would be extra costs that the company would have to incur.

Focus

Organisations can make use of the focus strategy by focusing on a specific niche in the market and offering specialised products for that niche. This is why the focus strategy is also sometimes referred to as the niche strategy (Lynch, 2003).

Stuck in the middle

According to Porter (1980), a company's failure to make a choice between cost leadership and differentiation essentially implies that the company is stuck in the middle. There is no competitive advantage for a company that is stuck in the middle and the result is often poor financial performance (Porter, 1980).

Vodafone Generic Competitive Strategy is

- Low cost Competency
- Uniqueness Competency
- Border Target
- Narrow Target

2. 1. 4 STRATEGIC OPTIONS

Vodafone PLC also aspires to uphold a high level of growth . Vodafone's strategy up to date has been the key factor in its huge success and can carry on applying all of these strategies for the foreseeable future. Vodafone's few strategic options are as follows

- 1. Merge between Vodafone and 3 Mobile

Vodafone PLC and 3 mobile has proposed merger of the two companies. Both companies confirmed that, in the event of the merger proceeding as planned, all new and existing contract customers of Vodafone and 3 will be able to enjoy the same great value offered on all existing Vodafone and 3 mobile voice and data plans for the next 2 years.

- 2. Vodafone is considering a buyout of T-Mobile

Vodafone is considering a buyout of T-Mobile Currently, O2 has the largest share of the UK market, but Vodafone's 25% combined with T-Mobile's 15% would give the company two out of every five UK mobile customers.

- 3. Focusing for Diversification -Vodafone entering into Electronic equipment Market

Diversification is the name given to the growth strategy where a business markets new products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience. Vodafone PLC can enter into electronic equipment market by using diversification strategy. Vodafone can produce Vodafone Television, Vodafone Microwaves, Vodafone Washing machine etc.

Vodafone diversification production

Task 03: Strategy Evaluation and Selection

3.1 Evaluations of Options

The evaluation of strategic options is an important part of the strategy process, whether largely incremental and implicit or an explicit stage within a formal planning system.

The Evaluation of Business Strategy we can Use SAF module . In corporate strategy, Johnson, Scholars and Whittington present a model in which strategic options are evaluated against three key success criteria.

1. Suitability (would it work?)
2. Feasibility (can it be made to work?)
3. Acceptability (will they work it?)

For evaluating purpose, I have selected only few strategic options.

- Strategic Option 01

Focusing for Diversification -Vodafone entering into Electronic equipment Market

- Strategic Option 02

Merge between Vodafone and 3 Mobile

3.2 Evaluations of selected Options

Suitability Option 01 Option 02

Does the strategy address the circumstances

In which the organisation is operating? Yes Yes

Is the strategy viable? Yes Yes

Does the strategy exploit core competences? Yes Yes

Does the strategy address the external
environment? Yes Yes

Is the strategy viable and achievable
given conditions within environment? Yes Yes

Does the strategy build upon or exploit
the strategic capabilities of the organisation? Yes Yes

Does the strategy fit with the current
corporate culture of the organisation? Yes Yes

Does the strategy create/maintain
Competitive advantage? Yes Yes

Acceptability

Share holders

Does the strategy provide adequate financial
retunes? Yes Yes

Does the strategy lead to unacceptable risk? No Yes

Will there be issues at social responsibility? No Yes

Management

Will the Management support the strategy Yes Yes

Will they leave they leave the organization No Yes

Staff

Will there be strike or turnover due to No Yes

Implementing new strategy?

Will they support to the implementing Yes Yes

the Strategy?

Does the strategy have impact over there salary? Yes Yes

Does the strategy have impact over job security? No Yes

Customers

Will They use our new services? Yes Yes

Will it satisfy there needs? Yes Yes

Will it answer their complaints? Yes Yes

Supplies

Will the suppliers support to the strategy? Yes Yes

Will the change there product, Process and location Yes Yes

To support our strategy?

Do we can make guarantee on financial security ? Yes Yes

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after implementing new strategy?

National Government

Will be misfit with the law? No No

Will these violating policy of the government? No No

Will government provide support for us? Yes Yes

Pressure Group

Will it be damaging Outcry? Yes Yes

Does it go far enough to satisfy three complaints? No No

Feasibility

Does the organisation have the resources

and capabilities to deliver the strategy? Yes Yes

Does Vodafone has previous experience in Yes Yes

Similar Strategy?

3. 2 Strategic Decision and Recommendation Strategy

When evaluating selected strategic options , option 01 would be most favourable option over option 2. Vodafone entering into Electronic equipment Market Vodafone PLC can enter into electronic equipment market by using diversification strategy. Vodafone can produce Vodafone Television , Vodafone Microwaves , Vodafone Washing machine etc... Diversification is the name given to the growth strategy where a business markets new

products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience.

Option 1 would fit to addresses the challenges of the external environment, is based upon or enhances the resources and capabilities of the organisation, builds or exploits synergies and is consistent with its corporate culture. This strategy complies with consideration of the anticipated rewards relative to the goals of the organisation. In addition, expectations of its key stakeholder groups. Anticipated rewards of option 1 will achieve possible returns relative to the risks incurred.

Task 04: Strategy Implementation

4.1 Comparison of Role and Responsibility of Strategy Implementation

Implementing Strategy gives a broad view of implementation and a thorough understanding of each piece of the implementation process. when implementing strategy will learn how to properly align corporate structure with corporate strategies and how to integrate strategy formulation and implementation by focusing on core areas.

Strategy implementation skills are not easily mastered, unfortunately. In fact, virtually all managers find implementation the most difficult aspect of their jobs – more difficult than strategic analysis or strategy formulation.

When Implementing Strategy Someone needs to “ sign up” as responsible for the action plan. Someone must say, “ yes, I’ll do it.” You’ve got to identify that one person who will be “ carrying the ball.” This is an absolute necessity for monitoring the plan. we must know whom to ask “ how is it going?” And you’ve got to know whom to offer help to if, for whatever reason, the

strategy isn't being accomplished. The manager responsible for the action plan is the same person responsible for the strategy the action plan is intended to implement. He signed up for that responsibility way back at strategy sessions.

Selected Organization

Marks & Spencer (M&S)

M &S is a major British retailer, with over 895 stores in more than 40 territories around the world, over 600 domestic and 295 international..

Virgin Trains:

Virgin Trains is a train operating company in the United Kingdom. Although it is branded as part of the Virgin Group, the group's share in the company is only 51%, with the remaining 49% held by Stagecoach Group

4. 2 Comparison of role and responsibilities in Strategy Implementation process.

Even in the same industry the organisations practices different types of strategies to get competitive advantage over the industry and to become a market leader. In the strategy implementation process managers liable to carry out strategy implementation process as required. It should be lined with pre set standards.

When comparing strategies of Virgin Train and Mark & Spence they have their own strategies. The Virgin Train operates in the transport industry and where top management must make sure that strategy is comply with pre set objectives and it is going on in the right way. They need to always check whether there is any deviation from action plan. Resource allocation should

be done throughout the implementation process as appropriate. Where top management need to concern about their major competitors while the strategy implementation process.

In the Mark & Spencer they are operating in the retail industry. Asda, Tesco, Morison, Sainsbury are their major competitors in the market. So that in the strategy implementation process Mark & Spencer need to aware of their competitors strategies as well.

Even organisations practices different types of strategies to get competitive advantages main roles and responsibilities are very common for every organisation. Common steps need to be fallowed in the strategy implementation process. Comply with action plan, resources allocation, identify deviation from objectives, monitoring and take control action, etc. Are can be seen in the every strategy implementation. In this process responsibilities have been allocated to relevant personnel and their responsibility is to act according to the action plan.

4. 2 Resource Requirement of Implementing Selected Strategy

When implementing strategy, Vodafone has to allocate resources in a logical order. . Those resources include financial, facilities and equipment, people and information. Vodafone PLC need to quantify the specific resources required to complete each of those action steps. Resources and capabilities of any firms can be measured through identifying its tangible and intangible resources and capabilities within. It ranges from financial, physical, technological and organizational; while intangible can be human, innovation and reputation assets

Human Resource

Normally most managers focus primarily on the financial resource. The resource which turns up scarce more often than any other is the human resource. Most often companies just plain run out of time or talent or time of their most talented people. No of employment must be decided by Line managers and floor Managers of the Vodafone PLC

Financial Resources: Budget for Vodafone entering into Electronic equipment Market

4. 3 Proposal for Vodafone Entering into Electronic Equipment Market

This proposal is prepare to evaluate whether this strategy is success or not. After indentify external and internal factors affecting, Vodafone PLC has to decide whether all the selected strategy is financially viable and ability of meeting the selected target as well as it within the budget and time frame.

4. 3. 1 Target for Vodafone entering into Electronic equipment Market

Introduce new product to existing customers and new customers by 10% within next six month [April 2011-September 2011]

Improve frequency of purchase of Vodafone entering into Electronic equipment by 10% within each year.

Re-position using the marketing mix.

Increase Impulse segment by 25% within 12 month.

5. 0 Conclusion & Recommendation

In a nut shell, the report examined Vodafone entering into Electronic Equipment Market. The report provided comprehensive insight into the

company, including strategy formulation, strategy planning, strategy evaluation and selection as well as strategy implementation. This will involve in investigating the organization's external environment, to identify Opportunities and threats it might face, and its strategic capacity, capabilities to isolate key strengths and weakness as well as indentify the significant of significant of the stakeholder analysis and environment and organizational audit

Business strategy plan is based on various business analysis techniques including SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), PEST analysis (Political, Economic, Social, and Technological), Marketing plan is based on SOSTAC framework. All activities integrated to achieve pre-established strategic objectives.

External and internal forces have been evaluated by using SWOT analysis and PEST analysis model. Vodafone PLC could use its strong brand position.

As financial aspect concerns NPV is positive, therefore based on financial points this strategy for into Electronic Equipment Market. The strategy is viable. But we need to take into account of non financial factors as well. Vodafone has to develop strong Marketing strategy when into Electronic Equipment Market . finally all These performances must be in line with bonus scheme to motivate employee

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