

Uk based mobile phone service provider marketing essay



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Marketing is an art. Marketing promotes sales, which in turn makes company revenue increase and gradual expansion of the company across many regions. Tesco, which was small shop started in Scotland, is now the leading supermarket in the United Kingdom itself. Simple marketing techniques have helped it to reach global limits. To expand any business, the technicians need to analyze some of the necessary factors that will have a major impact on the respective business. Every single business, small or big, will have dreams and aims to reach worldwide in due course of time. They try to use certain types of marketing techniques to enter a country like: Merger , Acquisitions, Joint Ventures and so on. These are some types of global strategic techniques a company may use to introduce itself into another country. In this regard let us further discuss how impact does this Global Strategic Management.

Vodafone is a basically UK based mobile phone service provider. In this project work let us see how Vodafone has entered into India by the way of acquiring Hutch, one of the leading mobile service providers in India. News from Vodafone site of historical events on May 08 2007 states a statement made by the chief executive officer of Vodafone Mr. Arun Sarin : “ I am delighted that, having secured all the necessary regulatory approvals, we are now able to complete this important transaction and move onto the process of integration. India is a tremendously exciting, fast moving market and I am confident that the Hutch Essar business will make a major contribution to the Vodafone Group over the coming years.”

India is country where telecommunication has a bright scope. Government of India supports with humpty amount of funding and welcomes advancement

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in the field of telecommunication. Also Bharat Sanchar Nigam Limited, government telecommunication company, is the cheapest and cost effective service provider for the public. In such case, private service providers face a lot of competition in reaching the people, by introducing more attractive mobile plans and service packs. In every state of India, people are attracted or oriented to one service provider; say in Tamil Nadu it is Airtel, where as in Karnataka its Hutch. In this scenario, entry of Vodafone into the mobile industry to adopt Hutch and take up the race is being discussed at various angles.

Framework for implementing Vodafone in India:

There are a lot of analytical points that have to be deeply considered before investing resources in any business in any region. More than the home country, when trying to step into a foreign country, there will be lots of challenging and risk factors like political risks, economic risks, competitive risks, operational risks. Market opportunities which includes the market size, growth scope, demand quality, raw materials, labour, import and export laws, tax, technology requirements with infrastructure, profit and other investment and expansion chances and so on are the various questions that have to be answered when drawing an investment plan. These questions will have slightly different answers when the process is joint venture or acquisition or merger. In India there are various foreign joint venture companies like Hero Honda, Samsung and foreign acquisitions like ICICI bank taking up Unit trust of India, etc. Now further discussion how Vodafone will draw its framework when coming into India for taking up Hutch is being represented using the CAGE framework. CAGE stands for Cultural,

Administrative, Geographic, Economic distance which helps managers to analyse the impact of the risk in India and particularly mobile industry.

Cultural distance: “ How far are the people interested and forward in adapting changes?” is one of the basic question in psychology of business. In India people are very traditional. They spare money only for reasonable requirements. Only with advent of information technology, young chaps are ready to spend money with no reason, no justification. Whereas the older generation never spend a penny without cause. People of India generally take more time to accept new changes and concepts, and spend money to try them too. For instance, when Government of India introduced BSNL connections, not more than 5 houses will have telephone connections in a village. It took more than 10 years for every home to have telephone connection. People used to send letters and mails via Postal services rather than spending huge amount of money just for talking. Later on when mobile services came, it was very costlier. People have landline connections at home, hesitated to have mobile connections. It took nearly 3-4 years for people to make it a mandatory requirement in their day-to-day life. It is only because, Reliance and BSNL made very cheap connection and call charges. Basically in India, people will take considerable amount of time to accept new comers or concepts or changes. Vodafone has to convince all group of people in India:- literate – illiterate, old – young, modern – traditional, employed community – housewives and so on.

Administrative distance: Every foreign investment has a general question of introducing administrators in the top level. In the year 2005, when

government by-elections were conducted, Mrs. Sonia Gandhi, born as an
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Italian was heading the Congress team . When the party won the election, some people opposed to accept a born Italian, though now a citizen of India, to be the Prime Minister. Similarly, when a foreign investment comes into place, the local people have to be engaged in key positions to run the concern successfully. Basically there are three levels of strategic management :

1. Top Level – Strategic level – Strategic decision support

2. Middle Level – Administrative level – Expertise based business support

3. Low Level – Operational level – Process and transactional support

(** referred from SAP. com)

* Top level management is responsible for making planning and decisions for the company future prospects. In case of Vodafone – India establishment, Vodafone team in UK will have a special work force of experts to work for India from the UK with respect to future planning, promotion, investment. Also experts from UK will be made to be Top level Area Managers to understand the progresses more clearly.

* An equal level of work force will be employed in major cities of India to continuously study and monitor the competition climate and public environment in the local area. Based on all of this feedback, appropriate decisions will be made.

* Middle level management is the actual driving team who are from the local regions of India. Basic mentality of Indian is to have lot of discriminations
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among themselves like North Indian, South Indian, Hindu, Muslim, Christian, Scheduled caste, Forward caste and so on.

* Hence when forming the team, Vodafone India team initially works out to have the native people in position, like to employ a North Indian in Delhi, Calcutta, Bombay as the lead. And a South Indian, also from native language speaking community to work in the particular area. Example, a tamil language speaking person will be the team leader in Tamil Nadu, whereas in Kerala a malayalee will be employed. This is one of the management techniques to attract local community.

* In middle level, Financial aspects will be totally restructured. Shares, profit gains and respective investment, taxations and payments will be clearly worked out in various angles so that the company gains maximum profit and good will. Since it's a foreign company taking over, Hutch shares might be sustained or new certificate with Vodafone label will be issued.

* Low level management is where the actual work is carried out the human entities. Plan drawing and monitoring is worthy only when there is some body underneath working. Likewise, this level has the technicians, customer service desk personnels, sales men and so on. In this level also local community people are employed more as to impress the public in the way Vodafone has given importance to public welfare and being.

Geographic distance:

Geographic distance in this era is not a big deal. East to West or North to South can be reached within seconds with the advancement in

Telecommunication. Emails, Video conferencing, Audio conferencing, Mobile
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phones and so are there to facilitate rapid improvement in progressive business of Vodafone.

Economic distance:

Economic conditions of a country has a major impact on all businesses running in that country. The negative impact on world economy due to the Bern Sterns downfall in USA in March 2008, made most IT companies in India to close down, and mark lay off's for employees. People were alerted to save more and spend less. They looked out for cheap options and compromised for quality. Vodafone in India need to plan for cheap mobile plans but when providing good quality signals and service is sure to reach the mobile market toppers list. In India basically Vodafone since taking up Hutch will not face much of economic problems in setting up of towers or employing people, as the framework is already existing for the company and is running without chaos.

Evaluation of Internationalization Strategy, by choosing one product or service provided by the company:

Strategy is a process of drawing plans for future growth of a company or entity. Strategy is generally a business based term, most commonly used in marketing field. Internationalisation is wherein the product or service is the same and best at its level wherever the customer resides and travels to.

Execution plan and carrier objects have to designed and human resources have to be chosen in such a way that success result is 100% assured.

Vodafone has its own goals, objectives, mission and vision statements. To reach or attain those aims, proper execution plan are developed before

hand, for example tightly coupled databases for customers. Experts and

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advisors need to continuously monitor the progress of the company with respect to the goals targeted. As Vodafone has reached glorious heights in its home land, it then tries to move for global competition. In this point, comes more complexities for the company. In case of Vodafone, there are many competitors in United Kingdom in mobile service provider field. Vodafone is ranked as one of best for its clear signalling and tower reaches in remote areas as well. Schemes, and customer services are very good in Vodafone. Keeping this good will, Vodafone is now trying to expand globally. One way to enter by its own stand into India, but now Vodafone has chosen to take over Hutch as Vodafone India, by the game of Acquisition and enter the mobile market of India.

One of the best services given by Vodafone India is the mobile broadband connection services. Let us discuss further in detail how this facility helps to reach any nook and corner of world staying at any particular country. The broadband stick has a facility to insert the SIM card and thereby start using it by connecting the broadband stick to the laptop or desktop computer at the USB port.

The device cost is very cheap and is helpful for business people who do lots of travelling. A Vodafone customer who has taken a post paid connection with internet connection, can also subscribe himself for mobile broadband connections for a cheaper rate. This SIM now can be multiply used for both talking and browsing purposes. The SIM card when removed from the mobile phone and fitted into the browsing device stick, normally called as the broadband stick can be used together with laptop or desktop computers on the USB port to access internet via computers. In this process, the SIM is <https://assignbuster.com/uk-based-mobile-phone-service-provider-marketing-essay/>

referred as the Vodafone Mobile connect EDGE Data Card. This SIM card not only has the capability to talk and browse, but also helps in accessing GPRS – Navigation purposes. A navigation device is not particularly needed, but a smart phone when used with this SIM card will help to access the satellite to let its customer understand the route to a particular location.

A SIM card bought and installed in India using Vodafone, is immediately ready for usage in United Kingdom as well. The centralised IT system of the Vodafone identifies its customers globally. It immediately picks up the signal and displays the header “ Vodafone UK” on the customers mobile phone. The very same SIM card is now able to connect to the laptop or desktop computer, or ready to be used as navigation system at the first instance in the United Kingdom. Such an integrated system Vodafone has built for its customers, before jumping into the subject of global business. In United Arab Emirates, there are other network connections from ETA group and so on. Vodafone has partnership with those service providers, such that the customer when being in the UAE will still be able to communicate with their counterparts, but will not be able to access internet or receive text messages properly. The packets will be lost in the network, as they may not be having good communication strength between the service providers. But with Vodafone as it is has established in India and UK, there is no chance of any text messages (SMS) being lost in the network circle. Both ends of the pool are from the same network, hence the customer can fully rely on Vodafone, and forget his place of stay.

Also the GPRS connection facilitates the usage of accessing the nearby restaurants, hotels, pubs, temples, shopping centres wherever the customer
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stands up. Being a Vodafone customer, all details can be accessed in fingertips at instance of time.

Key competitive advantages gained from challenging operations:

*** Customer subject of interest:**

In the option of internet browsing service provided by Vodafone India for its customers, deeply analysis their subject of interest. The system thoroughly checks for the customers identity like sex and age, and only delivers content they are eligible to watch on the site using their mobile device. All the video and audio content from Vodafone are based on the latest 3G technology. Building a complex but effective IT system helps to track the type of content the user tries to access many times, and it automatically suggests watching options with varied content. For example, when a customer travels to the United Kingdom, the system automatically refers to the database of this SIM identity, calls the interest sort of record data from the system and delivers local content (UK based data) to the user. If the user is a very interested person of current news and events, the system automatically delivers content regarding the current events happening around.

This helps Vodafone to gain good revenue from both sides of customers and content providers. Its all commission based business, hence new varieties of contents like cartoons, news and events, adult only content, music and so on gains good business in this current era of heavy competition.

*** Customer loyalty:**

Being a Vodafone customer, the company tries to identify good and bad customers through its financial billing system. When customer turns up as a defaulter, then this bad credit data can be reflected in the SIEBEL system of Government of India. This further helps any financial concern to know whether a customer is eligible for financial loans or not. Vodafone India IT system, thereby helps to the country to financially support good customers.

*** Installation of telecom towers:**

Vodafone taking up Hutch as is basically starting up with an existing framework. Therefore there are communication telecom towers being installed in various key points. Hutch had a good customer background in Karnataka and Bombay basically. Vodafone India entering the competitive market has caught up good responses from Tamil Nadu, Kerala and other states of India with its good will from United Kingdom. Also introductory offers like life time prepaid with free incoming, subsidised rates for prepaid calls with respect to top-ups, cheap roaming call rates between states of India gained good business, which helped Vodafone to install its own towers in the cities privately among the people's property.

Impact of Globalisation:

A global company has many advantages and disadvantages. The flow control has to be centralised from one single point, which is commonly the home country, from where the company started to grow. Standardising products, introducing new products and schemes, improving quality and services,

capturing more customers, last but not least increase in profit gains are major impact in globalisation.

Vodafone when entering the global market has the following impacts:

*** Setting up of strategy – Base work :**

Mission and Vision is the same for Vodafone, irrespective of its boundary.

Passion for customers, people, results, globe is the general focus of Vodafone. Also it has set its own key four objectives in the year 2009, mainly driving towards operation performance. Value added service or simply Value enhancement, cost cutting or reduction, improve growth opportunities, monitor and catch emerging markets at the right time by the right way, strengthen the capital discipline are its major focal points while driving the team. Goals and objectives are somewhat similar, in respect to its region. The execution plan and bodies are different from each country. At last, all results and analysis are done at the central point at the UK.

*** Bringing up new ideas into Indian market – how ?**

In European mobile markets, the service provider himself supplies the mobile phones to the customers. It is a way of tie-up between the mobile phone manufacturer and the service provider. In Indian mobile market, there is no such concept. Whatever might be the connection type, post-paid (Contract phone connection) or pre-paid (Pay-as-You-go) model, the customer needs to have his mobile phone to use the SIM card for connectivity. Vodafone India has introduced the European concept with the promotional plan for Apple iPhone, Sony Xperia mobile phones.

*** One gateway, many services – how?**

Take the plan of laptop with integrated internet connection provided by Vodafone. Being a Vodafone customer, I can take my laptop all over the world and access the internet without worrying about any cause. Coming to India, to going to China, my laptop will still be able to connect to the globe, with local connection of Vodafone. The customer database of Vodafone UK can be operated by the Vodafone India system, for my billing purposes.

*** Communication devices and operations at back screen – how?**

Vodafone UK

Vodafone India

Administrative team

Purchase team

Financial team

Sales team

V

O

D

A

F

O

N

E

Central Control

Deals with mobile device

suppliers like

Nokia,

Sony Ericcson,

Apple etc.

Contracts and

communcation

with local government

bodies

for major concerns

Overall Financial results

and future propects

strategic planning

Administrative team

Purchase team

Financial team

Sales team

Administrative team

Purchase team

Financial team

Sales team

Technical innovations team

Vodafone Australia

Administrative team

Purchase team

Financial team

Sales team

*** Identifying business customers and promoting high value business**

There are many multinational IT companies in India like Tata Consultancy Services, Infosys, Wipro Technologies. These IT companies have global business centres. When Vodafone makes them as its premier customers under corporate plan, it can gain good business income by providing

international subsidised call charges and connections. Low rental plans across TCS or Infosys employees irrespective of their location are certain types of business marketing techniques to make local business customers feel confident in their own business prospects globally.

*** Technical innovations:**

Alike banks and financial institutions, Vodafone also stresses on Customer loyalty as previously said. A person residing in India when moving out to foreign countries, and entering into Vodafone family can easily be traced for his credit history. If the customer has a very good credit history, then strong recommendations for his progresses in his country of stay, helps him to get promotional offers and free gifts immediately from Vodafone family.

3G technology or more advancement concepts installed in one country, can easily be taken over to another branch of its family say Vodafone India, with less cost and efforts. International content, like music and stuff can easily be shared across continents, thereby the partnership companies also gain good advantage from Vodafone.