

Cell phone company analysis in the competitive market essay

[Business](#), [Industries](#)



In my communication process with the vice president of the company, Mr. Smith, mentioned to him that I would prepare an informative report in order to help in obtaining the understanding of the cell phone industry when exploring strategic planning. The information submitted in my report will include the analysis, which is a critical component of the business plan. This is a topic that will be discussed during the final-conclusion of the board of directors.

In my report, I have also discussed and assess the cell phone industry in terms of each of Porter's five (5) forces of competition. I have included an analysis on the cell phone industry, the industries overall attractiveness along with examples of different cell phone companies. In order for all of the different existing cell phone companies, such as Cingular (now At; T), Nextel (now a part of Sprint), Sprint, Verizon, T-Mobile and MetroPCS. Besides these well-known cell phone providers, there are small cell phone competitors, which are not well known in the competitive market. In order for any of these companies to survive in the business market, they have to implement competitive strategies. A company's weakness, capabilities and strengths are all used when dealing with the competitors and implementing competitive strategies. Companies utilize the technique of competitive strategies in order to establish stability and profitability in the long term. In order for a company to experience profitability over a period, they would have to implement and achieve competitive strategy.

A reigning guru, Michael Porter, who is a professor at the Harvard Business School, stated that there are two different types of advantage in the

competitive market. They are differentiation and cost leadership. From the two types of advantages, Porter has created two generic/basic competitive strategies. The cost leadership strategy is used when a company aims to become the provider for having a lower cost within the industry.

Differentiation is the company's technique of providing excellent customer relations, in order to have a reputation of providing unique service to their customers.

This would be a part of competing with the competitors to provide the best customer service. The customers would continue being customers, because they know that they will not find another customer service like this with no other service provider. There is also the strategy of focus. This is used when a company designs groups of different segments.

It alters its current strategy, so that it may provide the exclusion of the other segments. The focus strategy contains two things, which is differentiation focus and then there is the cost focus. There are five key forces that can be used by a company when determining the position in the market/industry. Porter's five key focuses is known as the, (1) new entrants; (2) buyer's power; (3) substitute products and services; (4) power of suppliers; and (5) current competitor. In today's current population of people, I would say that there is at least 85 percent of the world's population that owns a cell phone.

Of course, there are many cell phone providers in existent in order to meet the need of the consumer. This is why cell phone providers will schedule for

airtime with different television stations to advertise their current promotion (sale). The only way to survive in a competitive market is to practice and implement strategies and techniques of competition. The buyers power is used by companies also as a form of competition in the competitive market. The company makes it their duty to have the consumers and their current customers not experience the impression of being forced to partake in a certain promotion or deal.

The buyers power force is practiced by many small business cell phone providers. Consumers will begin to inquire about the service being provided, but during the inquiry, they are pressured to sign up with the company and become a customer. The service provider then focuses on the competitive strategy by beginning to negotiate with the consumer on the contract term, waiving the sign up fee and other features or services offered (Resource Alliance, 2006). The key of substitute products is used by cell phone providers in giving their customers options with the different options they offer in terms of the product availability. The customers/consumers are offered a variety of different products and services to choose from.

In the cell phone industry, the amounts of different available products are overwhelming. Apple came out with the iPhone, which is similar to the available options on an iPod. The only difference with the iPhone is that besides being a phone, it is also an iPod. The cell phone company provider, AT; T originally only had the rights to selling the iPhone. This drew customers to AT; T because AT; T was the only provider that offered the iPhone. With this competitive strategy in place, AT; T has stayed on top when it came to

customers wanting to own an iPod/phone (iPhone). Until recently, Verizon decided to get a piece of the pie in the competitive market, so they also acquired the rights from Apple so they may also attract customers due to the iPhone availability. The competitive key force, power of suppliers is mostly used in small towns.

The population size of the town depends on the demand needed. In smaller towns, there is not much competition needed. The cell phone providers within small towns will more focus on different aspects of raising money in a form of a fundraiser.

There is also the key focus of current competitor. Current competitor is used in a sense of rivalry against the current competitors within the same industry. During this key force, the company focuses on their position in the current market. They want to know how competitive the market is and the different types of competitors that they are up against (Resource Alliance, 2006). I have seen newspaper, magazine, and television advertisement, where a cell phone company will tell the consumers to bring their most recent cell phone statement or the advertisement from another competitive company to their business and they will be offered a better deal. The consumers may even be offered free connection fee. Occasionally, cell phone providers may offer free connection fees. The cell phone company traps their customers into a contract for as much as two years.

The customers have the option of renewing after two years and remain with the company. If they break the contract, they are legally obligated to pay a

disconnection fee as high as \$250. 00. There are also five competitive forces involved within a company's competition. these competitive forces are, (1) threat of new entrants; (2) threat of substitute products or services; (3) bargaining power of suppliers; (4) bargaining power of buyers; and (5) rivalry among existing firms (Resource Alliance, 2006). The cell phone market is very saturated.

Due to the number of available different portability's, customers are offered higher amounts of incentives in order to switch their service provider.

According to an article in USA Today, the FCC (Federal Communication Commission) stated that the amount of consumers using landline today has decreased dramatically over the years. Cell phones are convenient because it is like taking your home phone wherever you go. Consumers begin to realize that they are always missing a call on the personal landline, so they eventually find it unnecessary to own a landline account and a cell phone account.

Consumers eventually disconnect their landline service and only use their cell phones as their form of communication. Cell phone providers may offer the consumer incentives with the intention of the consumer becoming customers. The consumer may also be offered lower price plans, unlimited data plan (internet), unlimited airtime minutes, and unlimited texting. The cell phone providers may even offer their current customers a free additional line with the option of receiving a new phone. Having access to the internet through the data plan gives the consumers the opportunity to check their e-mails, send pictures taken of the kids to the grandparents.

Customers may also be offered the rollover plan. This is when a customer is allowed to use a certain amount of minutes for the month. If the customer does not use all of their minutes, the un-used minutes are rolled over to the next month. This option gives the customers the opportunity to not exceed their minutes, which in the end can help them to save money.

Not many cell phone providers offer this feature. This competitive strategy encourages customers to remain as customers. When a cell phone provider offers unique service, the customers will be pleased and they will unconsciously conduct marketing for the cell phone company by telling their friends and associates about the cell phone company that they use as their service provider (Resource Alliance, 2006). Cell phone service providers have really advanced in technology over the years. There are different cell phone products offered by the providers that will give their customers/consumers the opportunity to surf the internet while driving in the car with the annoying mother-in-law. There are even cell phones that come with the feature of using Google Maps, Mapquest or any other GPS feature. Having a data phone, such as a blackberry, iPhone or Droid along with many other great products will help the consumer locate deals within the vicinity or their surrounding area.

I know that I have used the internet feature on my iPhone to search for stores that offer specific products within a certain zip code. These are a few of the overall attractiveness in the cell phone industry. In conclusion, the cell phone technology is used by different varieties of people, both young and old.

There are so many different designs of cell phones. The consumer will buy the face cover for their cell phones in order to match a specific outfit. Over the years, the sizes of cell phones have changed. They have gone from walkie-talkie size to the size of a credit card. Some women like myself, like to put our cell phones between our boobs.

This would only be done if you were in the situation where your outfit does not consist of a pocket and you are not using a pocket book. Some other great overall attractiveness to the cell phone industry is the easy access to a camera through the capability on the cell phone. When a cell phone company knows that a new phone will become available within a certain amount of days, weeks or months, they advertise the phones schedule for release to the consumers. Once the consumers becomes aware of the new product along with all it fabulous features, they tend to flock to the stores to upgrade their cell phone.

The competitive process is also used not only to attract new customers, but also to keep the current customers satisfied and pleased with their cell phone provider. I have gotten so addicted to the data plan feature on my cell phone; I am not sure what I would do if I did not have it.

ReferenceResource Alliance. (2006).

Porter's Five Forces Model. Retrieved from [http://www. resource-alliance.org/documents/masterclass_bernard_ross__fiona_duncan_porter. pdf](http://www.resource-alliance.org/documents/masterclass_bernard_ross__fiona_duncan_porter.pdf)