

Vodafone in different cultural applications

[Business](#), [Company](#)



The mobilecommunicationbusiness has become one of the fastest growing and most profitabletechnologybusinesses in the world. Among several world players, Vodafone has emerged as a significant mobile communication company on the world stage. In 1983, Vodafone emerged from a joint business venture between UK electronics company Racal Electronics and a US telecommunications company called Millicom. Vodafone was soon awarded one of only two mobile phone licenses in the UK. The name was the result of combining the VO from Voice Over and DA from data. The company went public in 1988 and became known as The Vodafone Group (Hechavarria, 2005)

The company began to take off. In the 1990s it moved beyond the United Kingdom to include holdings in Australia, Greece, Hong Kong, Malta and Scandinavia in order to buy up the competitions to avoid competition at all. In fact, Vodafone was driven to establish the world's first global telecommunication network. By 1994, Vodafone had additionally purchased companies in Fiji, Germany, South Africa, and Uganda. The company generally identifies its ongoing strategies for success as the following:

- Provide superior shareholder returns
- Delight our customers
- Leverage global scale and scope

- Expand market boundaries
- Build the best global Vodafone team
- Be a responsible business (Hechavarria, 2005).

Companies who expand on a global scale face unique challenges in business. One of these challenges is the cultural obstacles or intricacies that may be place in their way. In order to thrive, the companies must understand and operate in accordance with these cultural differences. Not to do so would be to create confusion or

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animosity and to even lose valuable business (Hechavarria, 2005). The United Kingdom is an area of rapid growth that embraces technology at the utmost level.

The desire for mobile phones and mobile communication capabilities made the UK a logical place to base the company. In 2004, Vodafone added 641,000 customers which added to its total of 15.2 million customers, an increase of over 9% the previous year (Hechavarria, 2005). In 1997, six year executive Sir Chris Gent took over as the CEO of Vodafone and rode the technology bubble until its sudden downswing a few years later in 2000 (Merriden, 2003). Currently, Vodafone is making efforts to return to the high levels of success that it formerly enjoyed.

Doing so would mean appealing to certain aspects of the UK culture in order to rev up interest in mobile communication devices. First of all, students had to return to the IT industry which a few years before had been deemed a dead end career. The Revitalise IT plan was launched on September 18, 2007 by several mobile communication companies of which Vodafone was one. Its goal was "to bring together schools, universities and employers to improve students' perceptions of IT as a career" (Price, 2007). Without these intelligent technology students, the necessary research would not be possible.

Their input is indispensable to the growth of the industry. Once the research was back on track, finding consumers for what became known as the second generation of mobile communication user was an important goal for Vodafone UK. The company turned to the youth culture first. It began a

campaign of outdoor advertising which focused on its slogan “ Make the Most of Now. ” In doing this, the company paid for 1, 000 outdoor advertising sites that they would have exclusive use of such as transit stations and hubs where young working business people and socializing teens would frequent.

These sites rotated in location and message (Vodafone in deals to secure exclusive use of outdoor sites, 2007). They appealed to the young, rising individuals between their teen years and mid-twenties that would need these mobile services for business. Finding successful business individuals who also needed mobile communication capabilities presented the opportunity for another marketing option - upscale retail establishments. For example, last year Vodafone opened a store in the department store Harrods to show off its premium products to those that can easily afford them (Vodafone opens high end store at Harrods, 2006).

Positioning classy stores in certain upscale neighborhoods will reach the other end of the business spectrum than those of the public transit advertising. Thus, all ranges of the business and young consumer are reached. Vodafone is no different from other mobile communication companies in that income from simple voice calls is decreasing because of the wide array of choices open to the consumer. Therefore, more interesting and attractive internet bundles need to be available to potential customers (Farber, 2007).

This marketing strategy plays upon the music and socialization aspects of the younger generation. This strategy appeals to the many UK kids and young adults interested in pop culture and includes the introduction of live music -

known as Live! – and a partnership with such social portals as MySpace, YouTube and Ebay. These portals are becoming a staple of young British culture. Data service director Al Russell notes that this “renewed push is driven by the coming of age of the mobile internet. It has reached critical penetration and it's understood.

It's less of a nice-to-have and more of a must-have” (Farber, 2007). He hopes that these extra services will become more of necessities to the “yuppies” of the UK rather than simple luxuries that the older generations have done without. Russell continued to note that this strategy was driven by competition and as a result of the need for more advanced and faster data services. Live! has also expanded its offerings to include live broadcasts, concerts and awards shows broadcast exclusively through Live! on Vodafone. Ticket contests and the like are also offered (Vodafone steps up awards work, 2007).

Basically, Russell and his team wanted to get customers, primarily business customers but also personal customers as well, out of the mindset that the phones were only for talking or for doing a small range of downloading such as ring tones or games. This philosophy, much needed, “represents a shift away from operators' previous attempts to dictate the content that a subscriber could access by limiting them to the services it had picked for its portal. Consumers want to visit their own favourite websites and have us make them easily accessible, rather than depend on Vodafone to choose sites for them” (Farber, 2007).

Thus, the idea of the handheld computer for the fast moving citizens of the UK was perfect. Conversely, in Turkey, a different array of concerns exist. The people are far less advanced in a business and social sense than in the UK. Some of this stems from government regulation. While telecommunications has improved in both technology and availability over the past two decades, a problem exists with developing an infrastructure that can keep up with the demand. This creates a lack of service, loss of service particularly digital service and frustrations among users who cannot log on to the internet or receive data.

In addition the government regulates the communication industry more so in Turkey than in the UK. One monstrous monopoly in Turkey is Turk Telekom whose influence has provide barriers to competitors, including Vodafone. “ The state-controlled Turk Telekom has about 19m fixed-line subscribers and owns the national infrastructure. The fixed-line penetration rate was 27% in 2002 and is unlikely to have changed in 2005, which is well below the rates in most European countries. Turk Telekom also has significant mobile, satellite, Internet and cable television assets.

Attempts to part-privatise Turk Telekom failed in 2000 and early 2001” (Resources and infrastructure: Transport, communications and the Internet. 2005). However, in early 2003, the company finally was opened for private ownership. “ Bids for a 55% stake in the company were due to be received by May 31st 2005, and there are a dozen interested parties. Turk Telekom’s monopoly on fixed-line voice transmission and infrastructure expired at the end of 2003, obliging it to open up its infrastructure to licensed private

operators” (Resources and infrastructure: Transport, communications and the Internet. 2005).

This allowed for competitors to enter the market. Many companies focused on strictly corporate offerings, but some attempted to enter the broadband and shopping arenas. However, because Turkey is less commercialized than the UK, the adoption rate is far slower (Resources and infrastructure: Transport, communications and the Internet. 2005). Another barrier to Vodafone and other companies is the pressure from the government to raise taxes to pay for this industrialization. “ The tax burden on mobile phone users in Turkey is higher than in any of the other 49 countries analyzed in a recent GSMA study.

The study found that 43% of the total cost of owning and using a mobile phone in Turkey is due to taxes, compared to an average of 18% across the 50 countries. If the Turkish Government goes ahead with plans to levy a US\$9 tax on mobile phone users as part of an ' Environmental Contribution Fund ', that gap will widen even further” (GSMA calls on Turkey to reconsider plans for a new 'Environmental Contribution' tax on mobile phone users). Thus the expense of entering this market not only prohibits competition but deters consumers as well.

Our research clearly shows that high taxes deter people from buying and using mobile phones and holds back economic growth,” said Tom Phillips, Chief Government and Regulatory Affairs Officer at the GSMA. “ In countries where fixed-line phones are scarce, mobile phones play an important role in reducing transaction costs for businesses and making the economy more

efficient” {GSMA calls on Turkey to reconsider plans for a new 'Environmental Contribution' tax on mobile phone users). Yet slowly the outlook is becoming more positive.

Just within the last two to three years has mobile communication in Turkey become a boon for telecommunication companies globally. Turkey, Iran and Saudi Arabia garner nearly 70% of the total connections in the Middle East with an average 67% of the population being wired. Turkey is expected to have almost 60 million connected within a year and to increase that number by 14% each year. The government continues to relinquish its control over the connections as more and more Turkish citizens are entering the business force.

Even women and children are becoming connected as the culture becomes more accepting of global, Western values (Middle East becomes second-fastest growing mobile phone market, 2007). Vodafone is now capitalizing on the movement of Turkey's growing industrialization even among private individuals. The company is currently the second largest provider in the country, and has nearly 14 million subscribers as of six months ago which represents a 25% share of the market (Vodafone Turkey, 2007). This is just a small part of the untapped potential.

Vodafone is recognizing that it is now becoming acceptable for individuals to use private mobile communications for both business and private purposes and is seeking the current urban areas as its primary focus, those areas over 5000 people. While interests in social portals and music may lag behind that of Europe, surely Vodafone anticipates those offerings in the future.

Vodafone has certainly learned how to operate within many different cultural contexts. In the UK, the company has had to keep up with a very fast paced group of young users and business users.

In Turkey, the challenges have been those associated with an emerging commercial society. Government control has been slow in relinquishing which has created a stumbling block for Vodafone and other companies trying to break into the market. “ Managers within Vodafone and its suppliers cooperated as a virtual global network organization; an invisible structure that gave Vodafone a unique advantage. It is shown that this is a new requisite organizational type that has application to other global or multi-location companies undertaking similar transitions” (Abbot, 2007).

As long as Vodafone continues this type of strategy, its spot at the top of mobile communication providers will be uncompromised. Their future looks bright not just in the UK and Middle East, but globally as well.

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