

Vodafone egypt

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



Vodafone is the largest international mobile telecommunications company in the world. Vodafone has its headquarters in the UK. This paper focuses on what Vodafone had to consider in concerns to entering the Egyptian market in 1998. “ Vodafone’s corporate growth strategy is to use the technical and managerial expertise of the parent company to enter markets and leverage this knowledge in its subsidiaries. A major Vodafone corporate goal is to be the market leader in each market it serves” (Harlow, 2011, p. 1). Vodafone, being the market leader, and wanting to expand, had to take into account many points of emphasis as a decision was being made.

Vodafone decided to look into the possibility of expanding into Egypt after the deregulation of the Egyptian telecommunications market in 1998. The decision involved strategic issues and internal considerations. Vodafone put emphasis on global growth expansion into mobile markets worldwide, and they had a decision matrix for assessing new investments. The first investment point of emphasis was looking at the country’s political stability. Although there was some political unrest in the region, Vodafone’s executives decided that Egypt was a stable country, and more importantly had the opportunity to provide substantial returns without a lot of upfront initial investment.

Another important criterion to Vodafone was the role of the National Telecommunications Regulatory Agency (NTRA). “ Egypt was opening its economy to more foreign direct investment in order to grow more quickly and provide jobs for an ever increasing and young work force. The NTRA had promised quick decisions on rates and tariffs and was anxious to get a competitive multinational company established in the Egyptian mobile

market to compete with the locally owned Mobinil which had started mobile service in 1995" (Harlow, 2011, p. 6).

Vodafone had to consider their ability to get returns on an initial investment in Egypt, due to the company being involved with acquisitions of late, which meant there was less money for capital investing in other areas. Egypt being looked upon as a developing market meant that it was difficult to assess how the buying public would look at mobile phones. Would they consider this as something to spend their money on when so many had minimal income? Many Egyptians earned less than \$1,000 in US dollars, per year.

Several positive influences were in place in concerns to Egypt's potential market. They identified several companies to look at to be partners with them which would lighten the initial investment and risk potential. "Telecom Egypt was their strategic partner which ensured knowledge of the regulatory process, political connections and access to customer lists and other intelligence for marketing" (Harlow, 2011, p. 7). Internally, Vodafone had management in place that could be used for business and technical resources, and they could be assigned to Egypt if the decision was made to go into this market. Looking at the potential customers, Vodafone estimated 3 million could be possible within just a few years. Also there were 2 large cities, Cairo and Alexandria, with over 19 million between them, with the rest of the largest population area being along the Nile River and delta making it concentrated along certain lines for future further coverage areas. Another important population point was that there were a large number of college educated people available in the area so another key would be to attract, find and train the best people from this group, if Vodafone were to be

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successful and competitive within Egypt. It was determined there would be an initial investment of £175 million, which was a small amount to Vodafone, and they had secured a partnership with Egyptian Telecom.

If I were to hazard a guess as to the people involved in presenting this investment decision to the Vodafone board I would believe it to be people in the financial department. Looking at this decision in concerns to their strategy it seems that they did not follow their overall stated strategy completely, but still stayed close to their self-proclaimed ideals, which was to use their technical and managerial expertise. In this venture they appear to be relying on their ability to find the right people and train them to fit their needs, which would be the managerial piece, and from the technical standpoint it tends to reason that they will expand the mobile areas to reach those in the majority of the populated regions that they will likely want to target.

As a postscript to the case, according to Vodafone. com, “ Vodafone Egypt staff is now 6000-member strong and is proud to be serving more than 31. 8 million customers (March 2011) all over Egypt. Its success relies on its superior network, privileged customer service, innovative products and a determined goal-based strategy. Vodafone Egypt is also proud to offer effective roamingcommunicationsupported by agreements with 564 partners in 188 countries pning the world” (vodafone. com, 2011). With a current population of approximately 83 million people, Vodafone has approximately 44% of the market, while Mobinil leads with 48%, and Etisalat has the remaining 7+%, according to IT News Africa. In conclusion it appears to be safe to say that Vodafone has become a major player in the Egypt market,

which can be seen through their profits, with a second quarter 2011 profit of \$137 million (US), according to cellular-news.com.