

Financial analysis of verizon wireless

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Financial analysis of Verizon Wireless Executive Summary Verizon Wireless is an internet company that offers high-speed wireless internet across America, with widespread 3G coverage, and more limited, but still extensive 4G coverage. They perform well in the financial market, although they are overshadowed by their largest competitor. Financial Analysis The company earned \$88, 000 million USD in the 2006 period, increasing yearly reaching \$106, 000 in 2010. Across the same period of time, the assets of the company also significantly increased, beginning at \$189, 000 million and ending at \$220, 000 million in 2010. The company has performed well in the financial market, showing solid growth from 2006 through to the present. Stock performance is a good indication of how the market rewards a company. The stock market performance of the company has varied substantially over the time period. The company's data report looks at how \$100 of stock would perform in the market from 2005 to the present day, with the dividends being reinvested. The value rose to \$160 in 2007 before dropping to a little under \$140. Stock value increased slightly in 2009, and in 2010 it reached \$180. This provides an indication of how the stocks for the company have performed over the time period. The same report compared the company's performance to that of the average for the top 500 companies in the American economy (S&P 500 Telecommunications Services Index and S&P 500 Stock Index). For both cases Verizon Wireless outperformed them, with the Telecom Services Index finishing at around \$110, the Stock Index at \$130 and Verizon Wireless at \$180 in 2010. This indicates that Verizon Wireless consistently outperforms its competitors. The main competitors for Verizon Wireless are AT&T wireless, and Internet America wireless. Financial information was obtained from United States <https://assignbuster.com/financial-analysis-of-verizon-wireless/>

Securities and Exchange Commission Complete Analysis External Analysis

Verizon Wireless offers wireless internet service across America. It primarily competes with other businesses that offer similar services such as AT&T and Internet America. As well as wireless services, Verizon offers a range of phone and other android devices, all of which can be connected to their wireless. Customer base ranges dramatically across age groups, class and financial income. The range of devices and plans that Verizon offers allows it to be used by both those that have significant income, who are able to get the most advanced devices and phones, and those with low income who are able to take advantage of some of Verizon's free phone offers. Reaching customers is challenging as there are a number of businesses that offer similar services. One of the ways that Verizon entices customers is the free phone plans, which require a certain level of contractual commitment on the part of the customer. Demand for the products and services that Verizon provides is increasing with time, as more and more consumers turn to using smart phones, and using laptops in many locations where other sources of wireless are not available. AT&T is one of the major competitors for Verizon. It offers the largest Wi-Fi network of any wireless provider, as well as offering a similar level of different phones and devices, and a wide range of different types of plans. In addition, they also offer digital TV and home phones, as well as combined packages, which are not offered by Verizon. It is one of the most widely used providers of wireless internet in America. Internet America is another competitor that offers wireless internet, but it focuses on areas outside the limits of cities, so it does not focus on much of the same customer base as Verizon.

Internal Analysis Verizon offers high speed internet plans, and devices that can be used with these plans. They have <https://assignbuster.com/financial-analysis-of-verizon-wireless/>

numerous types of 4G phones and other devices. Their wireless service can be used on these devices or on any type of device that uses Wi-Fi. Their competitive edge comes from the speed of the internet that they offer and their wide range of coverage. In the competitive market they do not offer more than other providers, but their advantage comes from the fact that they are an alternative provider that offers a reasonable price. The company is not as well known or as well advertised as AT&T, or even Cricket, which provides primarily phones, but also offers wireless service. This may provide problems for them in the future when it comes to obtaining business, and increased exposure may prove beneficial. The business has a solid grasp on the market with the number of customers increasing every year from 2008 till 2010. Each year that customer base was counted it increased by around 5 million customers, and the trend does not appear to be abating. However, when only retail customers are considered, the rate is dropping considerably each year, starting at five million in 2008 and decreasing to around two million in 2010. Strategies The firm is turning increasing profits each year, and appears to have a solid business model. They are pursuing a similar model to AT&T, but focusing more on their wireless service, while AT&T branches out more into other types of service such as TV. This allows them to focus on increased quality, but comes at the cost of having less to offer other providers which can negatively affect their ability to draw new customers. Recommended Strategy There are a number of strategies that the company could incorporate. One of which is don't change anything. This would most likely result in the continued decrease in the number of newly acquired customers per year, although it would not impact on the current customers. Alternatively, the company could increase the range of products

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it offers to be comparable to its major competitor, such as introducing TV packages. This could come at a cost to current levels of service and result in an additional service that must be maintained. I feel the best option for this business is to increase their advertising so that their products and services become better known. References United States Securities and Exchange Commission. Verizon Communications Inc. Form 10-K. Washington D. C., 2011. Print.