

# Myphone business plan for mobile phone shop



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The purpose for this business plan to study the feasibility to establish a mobile phone showroom in Abu Dhabi City, the capital of United Arab Emirates. The showroom will offer “ Nokia” mobile phones as main product. Along with that we will offer a wide range of accessories and relevant spare parts.

MyPhone provides both mobile phones products and services to make them useful to private users. We are especially focused on providing customer satisfaction to our esteemed customers. The products include both hand held mobile telephone sets and servicing the products after sales along with giving the necessary training and support.

The only way we can hope to differentiate well is to define the vision of the company to be a technology ally to our clients. We will not be able to compete in any effective way with the chains using boxes or products as appliances. We need to offer a real alliance.

The benefits we sell include many intangibles: confidence, reliability, knowing that somebody will be there to answer questions and help at the important times.

The definitive worldwide standard for wireless communications has just broken through the 200 million-customer barriers. However, the GSM industry is one of the most impressive success stories of the 1990's and currently generates more than \$100 Billion a year in subscriber revenues alone.

We have some major mobile phone distributors in the city, such like Emirates Computers, Juma Al-Majed and Jumbo Electronics. If our strategy works, we will have differentiated ourselves sufficiently to not have to compete against these stores.

Our strategy hinges on providing excellent service and support. This is critical. We need to differentiate on service and support, and to therefore deliver as well.

Our business is a retail store. The ideal place for the prospected Showroom will be at the new constructed shopping center in Tourist Club Area at East Side of Abu Dhabi City.

In order to hold costs down as much as possible, we concentrate our purchasing with “ Nokia” Regional Office in Jabel Ali at Dubai.

We are going to have four major employees: Manger, Sales Lady, Technician and accountant.

There are some factors that will affect severely on the growing of our proposed business, such like:

Customer is looking into factory guarantee for replacement the defected sets. “ Nokia” corporation will grant us immediately this kind of warranty.

Usually customers are insisting in buying only the original spare parts and accessories. Therefore we are going to offer only original spare parts and accessories to gain the customer satisfaction.

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**1) Business Overview:**

**1. 1 Vision Statement:**

MyPhone is such a vendor. It serves its clients as a trusted ally, providing them with the loyalty of a business partner and the economics of an outside vendor. We make sure that our clients have what they need to run their private and business life as well as possible, with maximum efficiency and reliability. Our ambitious is mission critical, so we give our clients the assurance that we will be there when they need us.

## **1. 2 Products:**

MyPhone provides both mobile phones products and services to make them useful to private users. We are especially focused on providing customer satisfaction to our esteemed customers. The products include both hand held mobile telephone sets and servicing the products after sales along with giving the necessary training and support.

### **In mobile phones, we support three main lines:**

The less feature mobile telephone set, which is our smallest and least expensive line, initially positioned by its manufacturer as low-income users. We use it mainly as a cheap mobile phone for workers and non- professional people.

The Power User is our main up-scale line. It is our most important mobile telephone set for high-end individual as classified for medium range of income, because of they are the majority of the users, and they are requiring sets with more features and large capacity batteries.

However, we will offer a luxury type of mobile telephone set with extreme fancy looking and elegant design, for the upper class of the society and

manly for the Ladies who are impressed for such model as part of their prestige in the society.

In service and support, we offer a range of walk-in service and guarantees through our well capable workshop and professional technician.

### **1. 3 Key Features of Products:**

The only way we can hope to differentiate well is to define the vision of the company to be a technology ally to our clients. We will not be able to compete in any effective way with the chains using boxes or products as appliances. We need to offer a real alliance.

The benefits we sell include many intangibles: confidence, reliability, knowing that somebody will be there to answer questions and help at the important times.

These are complex products, products that require serious knowledge and experience to use, and our competitors sell only the products themselves.

Unfortunately, we cannot sell the products at a higher price just because we offer services; the market has shown that it will not support that concept. We have to also sell the service and charge for it separately.

### **1. 4 Production of Product:**

As we are attending to be as a distributor only for one of the major brand of Mobile Phone in the market " Nokia". Therefore we will import or stock directly, and it will not be any kind of production in our firm. Moreover, our business will depend on retailing and not on production.

## **2) Company & Industry:**

### **2.1 Overview of the Industry & Community:**

#### **The Industry:**

#### **GSM (Global System for Mobile Communications):**

The definitive worldwide standard for wireless communications has just broken through the 200 million-customer barriers. Achieving this milestone of 200 million subscribers to GSM services is the powerful result of the continuing need for people to communicate and access information on the move. With four new customers every second, the latest figures exceed, yet again, all industry predictions and demonstrate the persistently dramatic growth of GSM throughout the world.

As at the end of 1997, there were more than 200 million mobile phone subscribers worldwide and the global sales volume was over 100 million units, an increase of about 50% from the previous year. By the end of the year 2001, it is believed that the global subscriber base will have grown to approximately 600 million. Coupled with the subscriber increase, the mobile phone sales volumes are growing due to the rise of the replacement market. GSM has established itself as the world's leading digital wireless standard, and it is believed that the current growth rates will continue for the foreseeable future. At present levels, it is confident in the predictions that by the year 2005, it will have achieved between 700 million and One Billion GSM customers worldwide.

The GSM industry is one of the most impressive success stories of the 1990's and currently generates more than \$100 Billion a year in subscriber revenues alone.

Its impressive growth rates are once again attributed to soaring global markets and the sustained penetration of new emerging markets.

In all the markets it has been starting to see a widespread take-up of a host of GSM value added services, beyond voice usage, including data and text applications. This demonstrates how GSM is an evolving technology that offers exciting new services and opportunities for subscribers.

The future is even more exciting, as the development path for the GSM standard is clearly mapped out and presents an exciting era of applications and services that will stretch the bounds of the imagination. It is moving closer and closer to the delivery of third generation services, which will see multi-media applications, internet access and access to real-time video, via GSM-based networks and handsets. This will ensure that GSM continues to be the standard of choice and heralds continued massive customer growth in the years to come.

### **The Emirates Telecommunication Corporation “ Etisalat”:**

The UAE has a prominent status in the field of telecommunications as its achievements are reaching the quality and standards of the developed countries. The demands for telecommunications facilities in the UAE are growing at a phenomenal rate. The local Emirates Telecommunications Corporation (ETISALAT) which is 60% state-owned controls this sector and 40% owned by private UAE investors.

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Since its creation in 1976, Etisalat has increased the number of telephone lines from 50, 000 to over 850, 000 and plans to raise switching capacity by an annual rate of 100, 000. In the UAE, demand for new lines is growing at about 12% per year.

Etisalat, motivated by the realization that attractive infrastructure would encourage many businesses to locate in the UAE, has become one of the most profitable telecommunications organizations in the Gulf region and has joined in a number of projects, ranging from a 19, 000 kilometers fiber-optic cable to link Europe with South-East Asia. The first stage of the cable link is to lay the so-called Fiber-Optic Gulf (FOG), which will use the most modern submarine technology and provide the UAE with links capable of carrying around 120, 000 voice channels at any one time.

Etisalat is the name that spells reliable communications in the UAE with global connectivity. Etisalat provides services on a par with the best in the world and has an advanced communications network, which is virtually fault free. All switching systems are digital, common channel signaling system number 7 (SS7) has been introduced, and an analog mobile radio network has been operating successfully for several years.

### **Some of the state of the art services being offered by Etisalat:**

#### **Telephone Service:**

This is done through public call offices, pay phones, smart card and credit card operated pay phones, smart card operated pay phones, and others.

A report by the Etisalat's director general showed that the direct telephone switchboard lines increased by (10 %) lines yearly and totaling 850, 000 at the end of 1999. Telephone lines percentage also increased from 29 to 31 for each 100 people which places the UAE in the lead of the Gulf region. The report also indicated an increase of 27. 9% in public phones with an amount of 20, 000 at the end of 1999 compared to 12, 078 in 1995. As far as mobile phones are concerned, the number of subscriptions reached 1. 2 million in end of 1999 compared to 128, 495 in 1995. As it is roughly one-in-two of the population and 30, 000 to 40, 000 new phones were being sold each month.

Thus Etisalat maintained its leading position among the countries of the region by realizing the highest growth rates of mobile phones at 50 phones for every 100 people. The Global System for Mobile GSM Communication

The digital mobile system which gives a new dimension to mobile communications has been in growing demand because of its satisfactory requirements for national mobile radio networks. These are high performance, international compatibility, fully digital operation, and encrypted air-interface. The UAE is one of the first countries in the Gulf region to introduce this service to serve the social and economic developments in the country.

One of the main benefits of the GSM, is the ability to use the GSM service on most of the GSM networks around the world,

Charges:

GSM service connection Dhs 200 once only

GSM service subscription Dhs 90 per quarter

SIM card Dhs 30

Call charges (Normal Rate) Dhs 0. 39/min.

7: 00am to 2: 00pm and 4: 00pm to 12: 00am, (For all days of the week)

Call charges (Cheap Rate) Dhs 0. 21/min.

2: 00pm to 4: 00pm and 12: 00am to 7: 00am, (on all days of the week)

International Calls Normal IDD rates apply

### **Emirates Internet:**

The UAE's window to the world offering connectivity to an unlimited number of network, computers, and users worldwide. The Emirates Internet was established in June 1995. The number of Internet subscribed reached over 25, 000 by the end of November 1997.

### **Fax Plus:**

A new fax plus state-of-the-art service with a host of advanced facilities which lets the person operate even without owning a fax machine.

### **Paging Service:**

This radio paging service enables people on the move to be in touch in an easy and economical way almost anywhere in the UAE. According to Al Ittihad Newspaper, the UAE is ranked 7th worldwide, with 10% of the population using this service.

### **Voice Mail Service:**

This includes videoconference service, consultation services, and interactive information service.

### **ATM Service:**

The Asynchronous Transfer Mode (ATM) is a new service launched recently in order to speed up connections to customers. This is a broadband communications technology, which provides a way of transporting data from a wide range of applications using one seamless network. This service is being introduced to cater for the growing needs of education and business in the UAE and as part of Etisalat's planning for the future.

### **Satellite**

A new satellite company called Al-Thurayya Satellite Communications Organization was launched in January 1997. Its capital is worth \$25 million and owned 26% by Etisalat, 20% by the Abu Dhabi Investments Company, 10% by the Arab Satellite Communications Organization (Arabsat), and 10% by Bahrain Telecommunications Company (Batelco), and 44% is owned by other Arab government. The company was set up to own and operates the Thurayya satellite system, which will serve the rapidly expanding mobile phone sector. It will cover the Arab states and part of Europe and the Indian sub-continent.

### **The Community:**

#### **Abu Dhabi City:**

Abu Dhabi is the capital of the United Arab Emirates. Its population was estimated 850, 000 on 1998, with 70% males. The Gross National Product

was estimated on the same fiscal year at Dhs. 65, 850 per Capita which equivalent to U. S.\$ 17, 870. The Gross National Private Local Consumer was Dhs 25, 040 per capita. The Gross National Government Consuming was Dhs 10, 582 per capita. The Gross National Expenditure was Dhs 48, 926 per capita. Which can be lead to be one of the highest per capita in the world.

Abu Dhabi is very Modern City. Most of its constructions are less than 15 years old. Since it is the U. A. E. capital, it is containing all the headquarters of the Federal Ministries and other government departments and authorities, beside all the oil and gas companies headquarters, more than 63 local and international banks and many regional offices of the multinational companies. In addition to that, Abu Dhabi has One public women university “ Zayed University”, two campuses of Higher Colleges of Technologies and several colleges’ branches.

## **2. 2 Major Competitors:**

### **a) Major Distributors:**

We have some major mobile phone distributors in the city, such like Emirates Computers, Juma Al-Majed and Jumbo Electronics. If our strategy works, we will have differentiated ourselves sufficiently to not have to compete against these stores.

Strengths: national image, high volume, aggressive pricing, and economies of scale.

Weaknesses: lack of product, service and support knowledge, lack of personal attention.

## **b) Other Local Stores:**

There are more than one hundred retail mobile phone Stores in Abu Dhabi city. These tend to be small businesses, owned by people who started them because they liked mobile phones. They are under-capitalized and under-managed. Margins are squeezed as they compete against the major distributors and against each other in an attempt to match prices. The competition based on price more than on service and support.

When asked, the owners will complain that the major distributors squeeze margins and customers buy on price only. They say they tried offering services and that buyers didn't care, instead preferring lower prices.

We think the problem is also that they didn't really offer good service, and also that they didn't differentiate from the major distributors. Moreover they are depending in the gray market.

## **2.3 Comparative Advantages:**

The marketing of mobile services to business users, and more recently to consumers, has resulted in spectacular growth in the number of subscribers in Gulf Area. Operators now face the challenges of rising customer quantity, the prospect of declining revenue per subscriber, and the scrutiny of performance by investors. Achieving success in these new market conditions calls for a change in strategy from mobile operators - a fresh approach to marketing, distribution and customer service to attract more new customers whilst retaining existing customers and protecting future revenue.

The buyers understand the concept of service and support, and are much more likely to pay for it when the offering is clearly stated.

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There is no doubt that we compete much more against all the box pushers than against other service providers. We need to effectively compete against the idea that businesses should buy mobile phones as easy and friendly appliances that don't need ongoing service, support, and training.

Our focus group sessions indicated that our target professional users think about price but would buy based on quality service if the offering were properly presented. They think about price because that's all they ever see. We have very good indications that many would rather pay 10-20% more for a relationship with a long-term vendor providing back up and quality service and support; they end up in the box-pusher channels because they aren't aware of the alternatives.

Availability of the stock is also very important. The buyers tend to want immediate, local solutions to problems.

However, our value proposition has to be different from the standard retail shops. We offer our target customer, who is service seeking and not self reliant, a vendor who acts as a strategic ally, at a premium price that reflects the value of reassurance that sets will work.

Moreover, our competitive edge is our positioning as strategic ally with our clients, who are clients more than customers. By building a business based on long-standing relationships with satisfied clients, we simultaneously build defenses against competition. The longer the relationship stands, the more we help our clients understand what we offer them and why they need it.

## **Service and Support**

Our strategy hinges on providing excellent service and support. This is critical. We need to differentiate on service and support, and to therefore deliver as well.

### **2. 4 Future Products & Services:**

We must remain on top of the new technologies, because this is our bread and butter.

For telephone sets, we need to provide better knowledge of cross GSS and WAP technologies.

Also, we are under pressure to improve our understanding of direct-connect Internet and related communications. Finally, although we have a good command of accessories, we are concerned about getting better at the integration of technologies that creates fax, WAP, E-mail, and voice mail as part of the mobile Telephone set.

## **3) Operations:**

### **3. 1 Location & Premises:**

Our business is a retail store. Therefore in this type of business the customer will come to it, not the sales person has to go to the customer. It is kind of pulling sales strategy not pushing sales strategy. Thus, the physical location will be the key to success or failure to this business. However, the ideal place for the prospected Showroom, after taking in consideration the locations for the others competitors, will be at the new constructed shopping center in Tourist Club Area at East Side of Abu Dhabi City. As in new shopping center, we will enjoy the being in the summit reputation beside the advantage of <https://assignbuster.com/myphone-business-plan-for-mobile-phone-shop/>



parking lot availability, which has become a great problem in the city in these days.

The shop will be at the ground floor. To grantee that all the visitors of this particular Shopping Center will have the chance to see the place and they will be aware that a new mobile showroom will be available for them.

Furthermore, we can utilize the front of the showroom to demonstrating the products in front of the shoppers, They will see and know what kind of products we are offering before they have even entered to the showroom.

The area for the place is suggested to be not less than 100 square meters that can be distributed as the following:

Lounge with area of 50 square meter.

Two small offices one for the showroom manager and the other for the accountant with area of 6 square meters for each of them.

Store with an area of 5 square meters, for the products with necessary cabinets.

Service Area of 20 square meters furnituing with necessary tables, counter and cabinets.

### **3. 2 Purchase:**

Our costs are part of the margin squeeze. As competition on price increases, the squeeze between manufacturers' price into channels and end-users' ultimate buying price continues.

With the mobile phone sets, our margins are declining steadily. It is being squeezed to more like 13-15% at present. In the main-line accessories a similar trend shows, with prices declining steadily.

In order to hold costs down as much as possible, we concentrate our purchasing with “ Nokia” Regional Office in Jabel Ali, which offers 30-day net terms and overnight shipping from the warehouse at Jabel Ali in Dubai. We need to concentrate on making sure our volume gives us negotiating strength.

Moreover, In accessories and add-on we can still get decent margins, 25% to 40%.

### **3. 3 Resources:**

a) We are going to have four major employees:

#### **Employee**

#### **Responsibilities**

#### **Manger**

Supervising and Purchasing affairs

#### **Sales Lady**

Sales Affairs

#### **Technician**

Workshop Affairs

#### **Accountant**

Accounts and Bookkeeping

We are in need for very little equipment to run the project; this equipment will be bought. As no trend in United Arab Emirates to rent such equipment.

#### **4) Management:**

The management in the our firm believes very strongly that relationships should be forthright, work should be structured with enough room for creativity, and pay should be commensurate with the amount and quality of work completed.

#### **4. 1 Management Structure:**

**Owner**

**Manager**

**Accountant**

**Sales Lady Technician**

#### **4. 2 Professional Services & Employee Training:**

##### **A) Legal Affairs:**

Especially in the beginning, therefore we have already negotiated with a very respectful Advocate office in Abu Dhabi City, who is having a good experience in the commercial and civil affairs. He will take care for all the Legal Affairs, including Renting Contract, Maintenance Contract, and Labor/Employee Contracts, Revising the purchasing and banking agreements, etc.

##### **B) Accounting Procedures:**

The financial information is too essential for an well-organized business firm. Therefore a bookkeeping system has to be maintained to include all the

account procedures. Moreover, all the payments to be made preferably by checks, and not by cash. The daily sales to be deposited in the bank next working day. However to organize the purchasing of the goods, They would be imported by the banks letter of credit (L. C.) only.

### **C) Insurance Expenses:**

Our mobile phone showroom should insure the business along with its stock. As our business requires insurance for such robbery crimes or thefts. Further, we will insure our staff. We can estimate the insurance premium at Dhs. 6, 000 for the First year. As revenue increases in the second and third year of Business.

### **D) Banking Affairs:**

As the purchasing of the main product will be from Jabel Ali warehouse of regional company of “ Nokia”, therefore the financing of such deals should be on Letter of Credit (LC). We will intend to open two current accounts with two different banks, which will give us more flexibility in the finance procedures.

### **Employee Training:**

We will have only four staff. These staff will hire them, with sufficient experience in the relative field. Therefore, no training is mainly required at the beginning.

However, the regional office of “ Nokia” in Jabel Ali Free Zone, they are organizing such training session, whenever new product is introduce to the market. Therefore we are planning to send our technician to these training session whenever they will be made available.

### **4. 3 Risks & Plans to Minimize:**

There are some factors that will affect severely on the growing of our proposed business, such like:

Customer is looking into factory guarantee for replacement the defected sets. Since we are purchasing directly from the regional office in Jabel Ali free zone. Therefore, " Nokia" corporation will grant us immediately this kind of warranty. However some other retail shops are buying their product from the gray market in Dubai. In this case, they can not offer any kind of grantee in their products. Moreover, we are attending to put this information on all of our advertising campaigns and sale brochures.

Usually customers are insisting in buying only the original spare parts and accessories (which are coming from same manufacture). Therefore we are going to offer only original spare parts and accessories to gain the customer satisfaction.