

Dialog gsm: an analysis



Market Planning & Changing Market Demand

1 Executive Summary

Dialog GSM is a Leading telecommunication vendor in Sri Lanka Catering a customer base of 6 Million subscribers , with regard to the recent change in environment there has been a significance increase in demand for telecommunication need ,

Identifying environment change in time Dialog GSM wishes to have short term marketing plan & evaluation report to cater the current situation, The following report will initially address a 2 years short term marketing plan which initially highlights on a short term marketing plan based on the current environmental situation analysis, following marketing plan will identify the approaches strategies & recommendation to achieve the organizational goal

A critical evaluation report is also prepared to company the success of the marketing plan. Evaluation report will highlight on how Dialog GSM will adopt to the role of marketing and marketing planning in responding to a change in the external marketing environment

further evaluation report address on justifying the process of undertaking the marketing audit, and identifies the issues of information gathering and analysis associated in preparing the short tem marketing plan & how an appropriate strategy which can be developed to overcome the current situation , utilizing segmentation-targeting-positioning strategy & finally identify potential that may be encountered in implementing the marketing plan & present operational proposals for addressing the potential issues

2 Rational of Assignment

The rational of the assignment highlights significance increase in the level of demand for the Mobile telecommunication Sector in Sri Lanka, Since the Sri Lankan war has ended in the northern & eastern region of Sri Lanka in May 2009, The need for telecommunication need has increased targeting a additional customer base of 3.5 – 4.5 Million and above which could bring more revenue & market share to Dialog GSM (Sunday Observer, August 2009)

The emergence of wireless-enabled computing devices are empowered by ubiquitous, low-cost wireless data & mobile connections; In other words, we have a growing need for on-the-go communication supplemented by the rollout of 3G (third generation) cellular services and widespread Wi-Fi hotspots.

This is motivating telecommunication providers, expand the market share and in such small market the post war situation has lead to tremendous opportunity among telecommunication vendors

The Above diagram shows the opportunity in the market which is very much positive indicating the growth in telecommunication sector

The following report will highlight on a 2 years short term marketing plan on how Dialog GSM can cope up to the significance rising demand & since high competition is also expected to capture the same opportunity how Dialog GSM would have to plan in terms of Product positioning, segmentation & marketing strategy to overcome such competition

3 Situation Analysis

Current post war situation is created a tremendous opportunity to exploit new market, in analyzing the market environment; market economy is improving gradually as shown in the Macro & Micro analysis (see appendix, Internal Environmental Analysis, PESTLE Analysis & (Porter's five forces Analysis)

As Sri Lankan economy is moving towards a recovering phase the probability and chances of an individual owning a mobile connection is high , as per the SWOT analysis its identified in about 20 million population in Sri Lanka, so far 10 million connection being sold which indicates the potential of the growing market

Today all mobile providers have huge potential in exploiting the market, where fierce competition is looked forward. One of the South Asian mobile operator, Airtel and Mobitel have shown interest to open their local offices and base stations in the northern region after the post war situation

In terms of Sri Lankan mobile industry, end customers look forward for a low cost affordability package and when comparing different vendors value added features plays a vital role in decision making process which is identified in Macro Analysis. Innovative technologies help brand to lead the market and generate revenue, for example, the innovation and the launch of 3. 5G services was firstly introduced by Dialog GSM and this has created a huge value for the brand and the mobile broadband technology in Sri Lanka.

According to the present market situation identified, Dialog GSM needs to act fast and need to be innovative to be a leader in Sri Lankan mobile

telecommunication sector, the following Marketing plan will address how Dialog GSM should improve revenue growth while improving market share.

3.1 Key Opportunities & Threat Identified from current situation

According to the current market analysis, the key opportunities and threats found through the internal & external marketing audit done (see appendix, Internal Environmental Analysis, PESTLE Analysis)& Porter's Five forces Analysis), based on this information Dialog GSM could plan for a Synergistic plan to satisfy the increasing demand for Mobile telecommunication in Sri Lanka , Based on this information Dialog GSM could plan for a Synergistic plan to satisfy the increasing demand for Mobile telecommunication in Sri Lanka

SWOT analysis is a tool that marketers use to assess an organization's strength, weakness, opportunities, and threats. Strength and weakness are internal factors that are directly controllable by marketers. Opportunities and threats are external factors that are uncontrollable (Pride et al, 2006).

Key Opportunities

Key Threats

Opportunity to increase additional customer base of 4.5 Million subscribers from the post-war region

Opportunity for major market development strategy

Be a first telecommunication provider to establish a strong island wide network & distribution channel

Opportunity to cater more CSR projects for the post war region to build good personal relationship.

- Competitors also aiming the same post-war region to capture market share
- Environmental changes in the political, social and economical conditions and the laws and regulations (Eg: TRC-SL regulations) actions will have impact on moving further

4 Corporate Objective

Marketing objectives should possess certain characteristics (Pride et al, 2006):

- * Firstly, a marketing objective should be expressed in clear, simple terms so that marketing personnel understand exactly what they must achieve.
- * Secondly, it should be written so that it can be measurable and
- * Thirdly, it should specify a time frame to accomplish

The below from 2008 annual report explains the marketing objectives of Dialog GSM for the next 2 years.

(Dialog GSM Annual Report, June 2008)

5 Segmentation

There are a number of reasons why organizations undertake segmentation (Doyle, 1994):

- * To meet consumer needs more precisely
- * To Increase profits

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- * To gain segment leadership
- * To retain customers
- * To Focus marketing communication

6 Targeting

Targeting is all about which market segment(s) a business decides to priorities for its sales and marketing effort (Dibb, Simkin, Pride Ferrel, 2001)

Targeting the right product to the right segment using the right marketing mix is important; Dialog GSM needs to implement differential targeting strategy for the segment of customers identified as above to cater the post war region, each product based segments have mentioned above has different characters from each other, identifying the correct audience and implementing the appropriate marketing mix strategy is important

7 Positioning

Kotler (1998) defines positioning is a act of designing an offer so that it occupies a distinct and valued places in the mind of the target customer

Dialog GSM should be able to retain and position the brand a leader by providing the best quality of customer service and the up to date innovative technical infrastructure to cater its customer's base island wide, still Dialog GSM needs to maintain its customer service quality to be perceived among the current and potential customer to be a market leader

8 Dialog GSM Strategy Audit

8.1 Dialog GSM Value Chain Analysis

8.1.1 Support Activities

Infrastructure

Dialog GSM success to become a market leader in a short time frame is its infrastructure which the organization has created to support the each element of the value chain

Human Resource Management

Dialog GSM has a dedicated human resource management team to fulfill the gap of the human resource needs & full fill the skill gaps of the staff to position them self as a market leader

In current scenario resource will be mostly need for new product development & customer care

Technology Development

Internal technology development is important to sustain the market position in terms of developing next generation of communication tools

Investment in research & development in technology will emphasis more towards the future growth

Procurement

Supply chain management is important part to support the ongoing business model, the following systems in place is important for Dialog GSM to sustain market leadership in the Telco sector

* Procurement system

* Inventory System

* Logistics

8. 1. 2 Primary Activities

Inbound Logistics

Inbound logistic is important for routine based operational activities, Proper co-ordination & management of logistics will help the staff and the functional departments to achieve the objectives

Operational

This will be the improvements inbound logistics from the suppliers

Out Bond Logistics

Out bound logistics will be better in terms of partnership with 3rd party vendors

Marketing & Sale

This would be the support of 4P's & communicational activities , Dialog GSM has a dedicated sales & marketing team to full fill this function within the organization , sales team is divided to target the B2B & B2C target customers , while marketing team full fills the marketing activities to achieve the marketing objectives

Service

This would be one of the vital aspects of supporting the customers; Dialog GSM has initiated 24×7 customer hot line to support the customers, apart from this Dialog GSM has also created an online support system as well

(Dialog GSM Customer Service Standards, June 2009)

8.2 Competitive Analysis

Michel Porter (1985) defined a competitive advantage grid is based upon three generic strategies that enable an organization to closely identify the various competitive position options open to them,

The strategies are categorized as:

- * Cost leadership strategy
- * Differentiation strategy
- * Focus (or Segmentation) strategy

A focus (Segmentation) strategy is determined to be narrow in scope whilst cost leadership and differentiation are relatively broad in scope. The following diagram demonstrates the three strategies in this context.

As a market leader in a highly competitive market Dialog GSM focus to be a cost leader in terms of reducing operational cost to which could add value to develop new differential strategies to counter the current concentrated market , such as invest more money to

1. Research and development
2. Geographical expansion of the business to post war region
3. To open new outlets in newly identified market

Also Dialog GSM should have a differential strategy to highlight its unique competency in the mobile telecommunication market against the growing competitors

8.3 Product Portfolio Analysis

There are a number of portfolio models that are used to identify the current position of business units or products. This position will be the result of the organization's current resources and can be seen as a symptom of the competencies and assets of the organization. They reflect the organization's current performance and identify strengths on which the marketing strategy can be built, or weaknesses that the Strategy is required to overcome.

9 Marketing Strategy

Dialog GSM is looking to exploit the growing new and increasing mobile telephony in the post war region with a repositioned and re priced product using various Marketing mix strategy of Product reposition and promotional strategy

Customers and Corporate customers will be targeted will be targeted as with additional emphasis on new partnership which will differentiate Dialog GSM from its competitors

Customers will continue to receive customized support and personal packages, but the focus of the future business will move towards aggressively to newly identified segments and geographical markets

Gap analysis is a tool used by marketing managers to decide on strategies and tactics. This is done by asking two main questions, where are we now? And where do we want to be? The difference between the two is the GAP.

Source – www.marketingteacher.com

Improve existing operation

Since the gap shows of LKR 30 Million, it is important to look into strategies to close the gap, initially Dialog should emphasize on developing appropriate Marketing mix strategy to over come the revised forecast

Moving forward Dialog GSM look into key strategies for growth, new product development to close the overall gap

9.1 Marketing Strategy for Growth

Ansoff's Growth Matrix (1957) is a tool used to assist organization in the generation of strategy alternatives. It suggests that an organization will grow depending upon whether it markets new or existing products in new or existing market

ANSOFF MARTIX

Product

Existing Product

New Product

Market

Existing Market

Market Penetration -(High)

Aim –

* Increase usage among existing subscribers

Focus –

* Promote existing product to existing customers

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Issue –

* Competitors also currently following penetration strategy due to the market saturation

Product Development – (High)

Aim –

* Increase usage among existing subscribers

Focus –

* Innovation & development of new products and technology such as 3. 5G , MMS , Mobile broad band which could bring more revenue

* Also improvise on value added service like news alerts , via sms

Issue –

* Level of investment will be high , its advisable

New Market

Market Development - (High)

Aim –

* Expand Dialog GSM presence into new market to increase market share

Focus –

* Promote existing product to new market

* Identify key segments in new market

· Appoint new resellers in the identified potential geographical region

Issue –

* Selected market should be highly analyzed before entering , new markets structure , logistics availability , economic condition has to be analyzed well

Diversification – (Low)

Aim –

* Build a new strategy to enter new market with new products for growth

Focus –

* Focus new markets like neighbor country Maldives to enter with new products like corporate internet solution

Issue –

* High risk and high investment needed to move into a new product and market

Recommendation – It's recommended that Dialog GSM should apply Product development & Market development as a strategy for growth & profitability while market penetration can be used to retain market share, Diversification strategy will be a high risk to enter without proper study of a new market and it requires huge investment to develop new products

10 Marketing Mix Strategy

Product

* Since most of the post-war regional customers are " Tamil", we need to do product customization in terms of their flexible language such as product broacher, customer support , branch outlet branding

* Dialog GSM needs to position their value added services to retain and differentiate from competitors, Customer service will also be a vital value added product where a customer will be evaluating against the competitor service

* Formation of a product development team is important to produce new products for newly identified segments

Price

* Since post war region is yet to be developed in a high scale, price should be at a affordable cost

* As long as new products like mobile broadband doesn't concur competition price skimming strategy could be applied

Place

* Formation of new distribution channel is important , since the product demand has increased reforming a new full fletched distribution system is important

- Opening of new business outlets
- Partnership with retail outlets to provide services
- Appoint Regional distributors to stock and sell products of Dialog
- Reinforce relationship with channel partners

Promotion

* Implementing a integrated communication mix is important for the success of Dialog GSM achieving its marketing objective

- * Promotional activities at outlets such as merchandising
- * Sales Promotion can be used in the penetration strategy , while Advertising of ATL & BTL can be used to create high awareness in the new market identified
- * Direct Marketing can be identified to target new segment (Ex: Send a direct mailer to corporate executives on mobile broadband technology)

People

- * Staff is the key strength of Dialog, Focusing on delivering high customer service is important
- * Promoting a culture of service within the firm is important

Process

- * Dialog GSM Process system is important in delivering a quality service , systems like CRM is important in day to day customer transaction
- * Customer service systems (CSS), SAP ERP are the back bone of IT process infrastructure within Dialog

Physical Evidence

- * Physical evidence has to be given more priority , since Dialog GSM is planning to expand its presence in Sri Lanka , Branding of stores , Branch offices and retail stores
- * Also Dialog GSM needs to ensure the image portrayed by the organization should be consistent for the new product development

Evaluation & control for a business plan is important to rectify & make corrective action, Dialog GSM could make use of Key performance indicators (KPI's) and evaluate the achievements against the KPI's set initially, this would give a clear view of the overall achievement the marketing plan

11. 1 Implementation Project Plan

Task

2010

2011

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Identify key messages & Operational plan for promotion activities

Analyze and set up new branch office in newly identified market

Launch of new products (Mobile broadband)

Mass Advertising campaign to create awareness in the new market

Mass awareness for Corporate sector

New staff recruitment for Marketing implementation

Training for new & existing staff on the new marketing plan implementation

Implementation of Marketing Activities

Evaluation & Control

12 Budget

A budget is effectively a financial plan for action, for a identified period of time. It is essential that the budget to be allocated in line to the corporate & marketing objectives of the organization

According to Drummond, Ensor & Ashford in their book (Strategic marketing (2003)), budgeting highlights 2 key points Which is that budgeting is about resource allocation and secondly budgeting is a political process, hence the need for negotiation and bargaining to secure the resources to achieve the proposed marketing plan

An appropriate budgeting using objective and task method is prepared to cater the need for the short term marketing plan (Refer appendix – Budgeting)

13 Evaluation & Control

13. 1 Key Performer indicators for Dialog GSM Performance Evaluation

* Revenue through sales

- * Number of Promotion which includes (Street promotion, outlet promotion, customer bonanza)

- * Number of new outlets merchandised

- * Numbers of new connections sold & incentives claimed

- * Number of Public Relation Campaign

- * Number of CSR Campaign

14 Recommendation & Conclusion

14. 1 Recommendations for Improving the Planning Process and Development of Marketing Plans

- * Analysis – Context of the 7-S Model -The McKinsey 7-S Framework can be useful to analyze the organization context and to highlight areas that are not in alignment within Dialog GSM, especially ones that historically it has overlooked.

- * Planning -The Extended Marketing Mix – Alignment to the planning process by introducing the extended marketing mix when developing marketing strategy. Historically used in service organizations, application of the extended mix, or 7Ps, has now been recognized as having beneficial results for organizations of every kind. By introducing ‘ People, ‘ Physical Evidence’ and ‘ Process’ into its strategic marketing planning process, Dialog GSM can introduce a framework for changing how soft issues are dealt with within the organization.

- * Planning – Internal Marketing –

Dialog GSM should plan a program of internal marketing based on the soft 7-S components and formulated through the extended marketing mix. This will address the communication needs as highlighted in 3. 5.

At Dialog GSM this could mean:

- * People – customer focused training for all employees and not just those who speak to customers; introduce regular staff appraisals; etc
- * Physical Evidence – makeover Reception area; plants/pictures in the staff room
- * Process -Design and implement proper customer service procedures; set-up focus groups to enable and encourage employee feedback
- Planning and Implementation – A Holistic Approach

(Word count for Marketing Plan – 2, 562)

Evaluation Report

15 Role of Marketing & marketing planning in responding to a change in the external environment

Dialog as a organization needs to understand that the marketing environment is dynamic which will constantly change and quick adaptation to such changes is important to succeed in business & position Dialog GSM as a leader in the market , Here with I have highlighted role of marketing & planning process on how dialog GSM can respond to such market changes .

Marketing planning in responding to a change in the external environment

Marketing Planning process

In context of changing environment to Dialog GSM

Situation Analysis

Conduct a Marketing Audit to identify the opportunities & threat, identify a response profile which to response to

Current situation is an opportunity to enter new market which will help Dialog GSM to get more revenue & build the subscriber base , to cater such opportunity Dialog GSM needs to make a aggressive response profile how it will target the new market customers and what kin of strategies the could build towards the significance demand

Objective

Objectives are based on the assessment on the environment change , are they achievable to the given change

Based on the opportunities identified , Dialog GSM needs to have a set of SMART objectives to achieve the strategic goal to the identified environment change

Such objectives could be

- * To increase of 3-4 Million potential subscribers
- * Opening of new outlets
- * Increase awareness for Dialog GSM products

Strategy

Changing environment will influence the strategic options to take

Based on the objectives set , Dialog GSM needs to identify strategic options of achieving the corporate objective

Such strategy could be to

* Opening of new outlets in new market & shut down non profitable outlets

Target

At this stage where Dialog GSM plans for action plan of achieving to the identified objective

Tactical & Implementation

Environment will impact on the way the marketing plan is put into practice

Dialog GSM needs to plan for an operational plan for the implementation progress , as environment changes are dynamic need for an contingency plan is also vital

Control & Evaluation

Progress review will also dictate the environment change

Evaluation of a marketing plan is important for Dialog GSM to evaluate the achievement against the objectives set initially ,

Evaluation will help to redefine future plans and give alternative corrections

McDonald & Drummond (2005-2008) also goes on to say that organization needs a strategic marketing plan in order to adapt to changing business environment. Organization must continue to adopt & develop if they to be successful in the market

Marketing plan should provide systematic framework with which to analyze the market place & supply a well defined way to perusing strategic goals, McDonald also goes onto says the marketing planning is necessary because of

- * Increasing turbulence, competency, complexity & competitiveness
- * Speed of technical changes
- * Need to sustain competitive advantage
- * Need for non marketing functions to get support
- * Need for subordinates to get resources, gain commitment

Drummond summarizes for the reasons for planning as follows

- * Adopting the change
- * Resource allocation
- * Consistency
- * Integration
- * Communication

* Control

16 Process of undertaking the marketing audit & identified issues of information gathering and analysis

Marketing audit is identified as an essential part of an efficient marketing planning process. It is a very important process that is not only carried out at the beginning but also at regular intervals during the actual marketing planning process. A marketing audit has a lot of influence upon the marketing planning process through the various external and internal factors.

(Failan Salem 2009) illustrated process undertaking a marketing audit is showed in the following diagram

Dialog GSM annually appoints a market research auditor from AC Neilson on once a year basis in order to conduct the Marketing Audit for the external & internal Markets of the telecommunication industry. Through the market research key opportunities & threats impacting on the Dialog GSM will be identified to make strategic actions

Marketing Audit will help Dialog GSM determine how well the marketing initiatives are working, as well as to identify the most urgent marketing challenges:

- * From a historical perspective, what has and has not worked?
- * From a current perspective, what is and is not going well?
- * From a future perspective, what changes are needed so that your marketing and promotional efforts are going in the right

As a next step detailed information is gathered prior to analyzing the Micro & Macro level audit. During the marketing audit the auditor interviews & asks various questions from groups such as

- * Dialog GSM Customers

- * Dialog GSM Staff

- * Media

- * Retailers

- * Other Stake holders

Key Questions are asked from the above groups by the auditor in the following fields.

- * Accomplishments: What have Dialog GSM done well in the past?

- * Disappointments: What did not happen as planned?

- * Critical Actions: To improve results what needs to be done the same/differently next year?

For each question above, consider the following:

1. Markets

- * What changes are happening in the environment which could have an impact on the Sales?

2. Customers

- * How does Dialog Marketing performance compare to competitors?

* What kind of products & features customers want that will help differentiate our company from others?

3. Competitors

* Who are Dialog GSM major competitors in the market & what are their strengths and weaknesses?

4. Environment

* What are the changes happening from a variety of perspectives, such as Politics, Socio-cultural, demographics, technology?

5. Marketing systems

* Are we achieving short- and long- marketing objectives?

* What training or support is needed to Dialog staff?

* Does everyone understand the marketing goals and various activities within the organization?

* What changes should be made to improve the results from our marketing and/or PR agencies?

6. Review of marketing activities

* What are our main products and how well is marketing supporting them?

* What are our main marketing activities?

* How effective are we in implementing our marketing activities?

7. Distribution

* Compared to competitors, how are our prices?

- * How well are we supporting our distributors?

- * Distributer's commitment towards Dialog GSM?

8. Sales

- * How well are marketing and sales aligned on key initiatives?

- * What can be done so that marketing can best support the sales organization

9. Advertising

- * Does advertising support the marketing objective of the brand?

- * Are key messages getting across to the target audience?

- * Are the themes and visuals used effectively understood by customers & potential customers?

10. Publicity

- * Is our PR program effective?

- * How well are Dialog GSM PR initiatives helping our Marketing objective?

11. Promotions

- * Are our promotions well conceived, well implemented and effective?

- * Are we responding to our customers' needs in a language they understand?

12. Online

- * Does our website also reflect the branding of the company and products?

- * What key initiatives are needed to develop online business?

The information collected by interviews & questions asked from various segments is then analyzed for PESTEL analysis, Porter's 5 Forces analysis , SWOT Analysis & It is also important that AC Neilson