

# Analysis of the business environment of vodaphone - introduction + porters five f...



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**INTRODUCTION:** Vodafone is a leading world largest wireless mobile telecommunication company of UK. Vodafone Company headquarter is in London, UK. It provides its services in 26 countries and partner networks with other 32 countries. By the name Vodafone, it means voice data fone (vo-da-fone) and it aims at the good quality supply of voice and data services in the world of telecommunication. (Vodafone Limited, 2011) **BACKGROUND**

**INFORMATION:** Sir Ernest Harrison the chairman of UK's largest radio technology Maker Racal Electronics plc's in 1980 signed a deal with Lord Weinstock of General electric company (GEC's) which allowed Racal Electronics to use and access some of GEC's tactical battlefield radio technology. In 1982 under the CEO Whent, Racal Electronics formed a new subsidiary Racal Strategic Radio Ltd. And in same year Racal's newly formed subsidiary Racal Strategic Radio Ltd under CEO Whent, it won one of the two UK cellular licenses. And the other license was won by British Telecom. The network which was 80 percent owned by Racal Electronics and 15 percent by Millicom and 5 percent Hambros Technology Trust by was named as Racal Vodafone. On January 1st 1985, Vodafone was launched. And so Racal Strategic Radio was renamed to Racal Telecommunications Group Ltd in the same year. **COMPETITORS:** Vodafone has various different competitors in the telecommunication market. But there are very few companies which are considered as rivals to Vodafone, as Vodafone itself is one of the most leading companies in market. If we study the main competitors of Vodafone in headquarter country UK then the main competing companies with Vodafone are T-Mobiles, Orange, O2 and virgin Mobiles. (Wikinvest , 2011)

**SERVICES AND PRODUCTS PROVIDED:** Vodafone offers wide range of products and services within the vast range of telecommunication circle.  
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These services include voice calls, messaging and cellphones etc. They offer wide range of cellphones in different price range to target large audience.

Vodafone launched 66 new mobiles models in 2010 and 23 exclusive handsets. The also launched smartphones with advance features. In Europe 24 percent of smartphone handsets were sold. They are also in collaboration with other cellular companies like iPhone and Samsung. Apart from this Vodafone offers a wide range of good quality packages and offers in voice and messaging services. These services include; prepaid, postpaid and word calling cards etc. (Vodafone, 2011)

PORTER'S FIVE FORCES ANALYSIS OF VODAFONE: This Porter's five forces analysis is very useful as it helps in analyzing the strength and weaknesses in details here. Force 1: Degree of Rivalry with Vodafone There are many companies competing with Vodafone in the telecommunicating industry. As Vodafone is most powerful telecommunication company in UK the rivalry of Vodafone with other companies is not so strong as Vodafone has already made its benchmark in telecommunication market. The few main competitors of Vodafone in UK are T-Mobiles, Orange, O2 and virgin Mobiles. These are the companies which are also providing good quality of almost same services in UK. Force 2: The Entrance Threat of New Companies The focus of the costumers becomes diverted when new companies enter the market with powerful marketing and strong products offer. Verizon communication which is a US based broadband and telecommunication company when entered the market gave a strong threat to Vodafone, where as in UK the market placement of Vodafone stood strong. Force 3: The Threat of Similar products Substitutes Vodafone Company provides both cellular network services and

cellphones/smartphones with the collaboration of other cellphones  
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companies. In telecommunication services there is always a threat of similar service substitute in the market. The companies like PSU, Analysys Mason, Ayudar, Nessco and O2 are some of the other leading well-known companies in UK which also provides same products and services in the world of telecommunication. Force 4: Buyer Power In UK various companies like O2, T mobile, Orange, virgin mobiles etc are providing telecommunication services to the audience. When the market is saturated with different companies in same industry then there are many chances that the customer might switch his service from one company to another if he finds the other companies offering more appealing and affordable. So in such market, the power lies in the hand of buyer or customer. And to keep the customers satisfied and contented companies keep offering new packages in various models aiming to target larger audience. So there come many circumstances when a company has to lower its price just to keep their customers with them. And same is with Vodafone, they have kept their prices of packages lower so that customers stick to them, they even offer many rewards offers to those users which aren't active with their services. Force 5: Supplier Power Supplier power is the power of supplier towards the company when it comes to dealing with them. The company deals with many suppliers which provide them various products which are needed in making their own product or providing the services. Vodafone has maintained their specific suppliers in the market which are Ethical Purchasing (CEP) who sets out Vodafone suppliers. " Our strategy is to monitor, assess and work with our Tier 1 suppliers – those that provide us with products and services directly – to help them improve their sustainability management and performance."

(Vodafone, 2011) Core Competencies of Vodafone: The core competency of <https://assignbuster.com/analysis-of-the-business-environment-of-vodafone-introduction-porters-five-forces-analysis/>

Vodafone is to maintain their services and products quality worldwide. They aim to target larger audience and provide them various services which are unique and affordable. Vodafone introduced a character zoozoo which became very popular in ads and attracted larger number of audience with attractive ads and unique services offer. And such strategies are again the core competency of the company Vodafone. Works Cited Vodafone. (2011).

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