

Vodafone market environment analysis



The Market Environment and Market Analysis

Abstract:

In this context trends of PESTL forces impacting Vodafone in Australia is discussed. Here we have given political trend of rules and regulations imposed by government and the level of output which Vodafone increase as a response to it. In Economic force the level of inflation has been discussed which is impacting Vodafone business overseas and the pricing strategy which Vodafone has changed as a response to it. Also socially population trends have been discussed where the working efficiency and pay outs measures have taken by Vodafone management. In technological forces, new avenues and mansions have been looked upon as to drive out initiatives and as a response Vodafone invested amount in research and development technologies to reduce costs of services and achieving level of potential output. Lastly, in legal forces they are enough competent that they need not to be afraid of any threats. Here Telstra in Australia provide a challenge to Telco (subsidiary of Vodafone) for its superfast 4G network where Vodafone is calm on this action and concentrating their attention to more non Vodafone customers.

Also we have given a brief study about Macroeconomics which is study of aggregate demand and aggregate supply. All the PESTL forces have been clarified efficiently. How these political, social, socio cultural, economic and legal forces affects any business, what are the factors which needs to be considered at the time of taking care of these forces which will not push them into wastage of potential resources..

Introduction:

Vodafone is a leading organization in telecommunication all over the world.

In Australia its subsidiary company Telco is providing services in the same industry.

We have discussed about Vodafone business environment in our case, how it has been affected by the forces of macro environment and how they have overcome these trends of the forces.

We have explained Macro environment on a whole and aggregate basis with its PESTL forces factors, These PESTL forces are Political force, Economical force, Socio Cultural force, Technological force, Legal force. These forces have several trends which affects market and business operations directly if they have not taken care on time. Here we have discussed each of the forced trends how they have affected Vodafone. Further we have explained the measures to overcome these trends if considered. The case is followed by conclusions regarding Vodafone impact in Australia and the strategy they have to choose to enable smooth and strengthen economy.

Macro Economics:

Macro economics deals with modern explanations of national income and employment. Macroeconomics dates back when economist explained prosperity and depression centers on the total or aggregate demand for goods and services by consumers, business investors and governments. Because inadequate aggregate demand increases unemployment, the indicated cure is either more investment by businesses or more spending

and consequently larger budget deficits by government. (Investopedia, 2013).

Macro environment includes some factors popularly known as PESTL forces, these are discussed as below:

Political forces: The political factors are always been a keen player in revolving and involving the policies and frameworks of the industries. They impact in huge to the capacity to spend of customers. We should consider the following factors:

- Whether the environment is politically stable, what influence did the government rules, regulations and policies play, Trade agreements prepared by government for the country, Rebate and taxation policies framed by government in the nation.

Economic forces: These are the factors which directly influence the revenues earned in short and long run processes. It targets the following:

- Gross domestic product, confidence of consumers and rate of interest is considered.
- The levels of spending, savings and income are fairly noticed. Inflation levels and vacancies are emphasized. BOT and BOP and exchange rates also have to give consideration.

Socio cultural forces: These forces affect business socially and consider the following aspects.

- Values, religion, attitude, beliefs and culture of the society need to be considered.

- Trends related to population, composition of household sectors.
- Marriage and divorce trends need to be emphasized.
- Standards of living and health and ethnicity should be followed as caring for society.

Technological forces: These forces influences the change applied in the industries related to technological developments and affects the level of competition exists in the industry.

- Cost reduction by using new technologies, quality of products used, innovations can be made by using the new advancements and removing the obsolete technologies.
- Technologies are also able to improve the level of communications and the channels of distributions efficiently.

Legal forces: These forces influence any organization vitally and crucially. Any organization should be very definite related to laws and regulation of the economy which they are working. If not considered properly severe adverse affects can be faced and the challenges occurred may imply legal consequences which will again degrade the reputation of the company.

- These legal forces mainly concentrate on the laws of following factors:
 - Laws framed by regulatory bodies like Advertising Standards Bureau.
 - All of the legal regulatory compliances followed by industries.
- (Business, 2013).

Trends of the forces:

The trends of PESTL forces in macro environment which will impact Vodafone in next 12 months are as follows:

In Political forces – Influence of government policies, laws and regulations will affect, In Economic forces – Level of Inflation will affect, In Socio Cultural forces – Population trends are affecting, In Technological forces – Technology can be used to innovate or not, In Legal forces – Laws framed by Advertising Standards Bureau, a regulatory body in Australia is violated by Vodafone.

Impact of the trends:

These trends will affect Vodafone in every business sector which can be implied as it can affect socially, politically, legally, technologically and economically. The impact of these trends can be discussed as below.

Political Forces: Main factor that affects Vodafone is Roaming Regulations that has to be complied and influence of government to decrease the usage charges for mobile phone in the telecommunication sector. Another influence is the intervention of government in the markets in which Vodafone operates.

Economic Forces: Markets where Vodafone mainly operates are affected by growth of GDP and increase in the level of Inflation. Market of Vodafone is also affected by various Fiscal policies of government and financial crisis in the economy.

Socio Cultural Forces: Working style of different people has impacted Vodafone. Many people prefer to work from home and many have problem of migration. Markets where Vodafone is operating has problem of age differentiation.

Technological Forces: Rapid change in technology in the communication industry is affecting Vodafone adversely. Strategy of Vodafone is affected due to new communication alternative means such as chatting online, messengers available on Yahoo, Google, etc.

Legal Force: Some of the Claims of Vodafone were challenged by the competitors exists in the market where Vodafone operates. Challenges of competitors will affect the Vodafone reputation and brand image. Other legal matters of Vodafone will also affect.

Response of Vodafone

Vodafone can respond to the above discussed trends in the following manner:

The Influence of government Policy, Laws and Regulation: Vodafone has to make plans regarding usage charges by considering usage of the customer. Policies made in regards to Roaming should be implied carefully because it involves two different states.

The Level of Inflation: They have to adopt a system where their revenues are proper in order to safe guarding themselves from inflations, policies should be definite, expansion of business, investment options should be promoted and vacancies should be generated.

Population Trend: They have to develop the strategy to allow employees with new avenues where they feel comfortable to work and rely on the system. Proper acquaintance and feedbacks are necessary.

Whether Technology can be used to innovate: The company has to take immediate strategic actions to form strategic alliances or involving in the contracts with the companies of the same field to remove this issue or they have to invest the considerable amount in researching and developing that efficient techniques which will help them to reduce their costs in the services they are providing.

Regulations from industry bodies such as advertising Standards: Compliance with all the requirements all government or local bodies will lead Vodafone to overcome issues relating to Legal Force. By appointing experts legal issues can be overcome. (Vodafone, 2013).

Conclusions:

From above all discussions we can conclude that the PESTL forces have affect Vodafone in short and long run and it will also going to affect the business of Vodafone, where they can face a severe challenge of the reduction in pool of customers and the loss of their fictitious assets like Good will and Brand image. But for the concern if Vodafone has adopted some peculiar measures which will help them out from this dilemma, as well as make them strong enough to avoid these market macro environment forces. They will be legally not challenged if they are hiring a team of experts, technologically advances as investing considerable amount in research and development where cost will also be controlled, economically strengthen as inflation will not affect much, socially valuable as socio industries earn a lot of goodwill helping in generating revenues and lastly this all makes them

politically sound as any industry following each parameters and is social, the political environment supports them.

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