

A strategic external analysis of a company and industry dynamics



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Strategic External Analysis and Industry Dynamics Introduction

Ever since Graham Bell invented the telephone, fixed line telephones were for general public use while handheld wireless sets were by and large, highly regulated for use by defence, police and emergency service personnel. All that has changed. Individual licensing or distance limitations have completely disappeared with the advent of new communication technologies. This has on the one hand, brought in new players into the market virtually spelling death-knell for fixed line operators overnight and on the other, created vast opportunities for business expansion across the world. In just twenty-two years since inception, the UK based Vodafone Group PLC has grown to become the world's largest mobile communications company.

It is in the high growth frontline technology industry group with global perspective. Technologies commencing with voice communications over analog networks in the early eighties to paging, fax, data, SMS and other communications over digital networks, global systems for mobile telecommunications (GSM) with national and international roaming etc. and to today's satellite mobile phone services are all in its portfolio. With a customer base of nearly 180 millions spread across five continents and dozens of countries, Vodafone is a giant in the industry. Consistent growth in business volumes and profitability are being achieved, year after year. It has built up its own brands or acquired other brands with unmatched zeal.

Vodafone in Europe and Verizon Wireless, a partner, in the USA are well-recognised brands. Networking partnerships exist in several countries for promotion of global business under dual brand logos. Competing with rivals
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like AT&T and Cingular in the US market who use ' time division

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multiple access' (TDMA) technology, Vodafone acquired licences for MMS services and the third generation Global Packet Radio Service (GPRS) which offers high-speed ' always on' data connections.

This paper attempts to focus on dynamics of the industry to which Vodafone belongs and further to carryout a strategic external analysis of the company itself. However, before we get into these aspects, it is necessary to define the specific classification of the industry itself so that in the analysis that follows here, we are on the right track.

For industry classification, one generally refers to the Standard Industrial Classification system (SIC) of Occupational Safety & Health Administration (OSHA) or its later replacement namely, the North American Industrial Classification System (NAICS). Here two entries viz., the telecommunication industry (SIC 6420) and the radiotelephone communications industry (SIC 4812) appear as appropriate to define Vodafone class. Difficulty arises to exactly identify any one class due to technological developments on one hand and the company's changing business profile on the other, qualifying it to belong to SIC 6420 as well as SIC 4812. Suffice it to say that Vodafone's predominant business is mobile (cellular) telecommunications and to this extent SIC 4812 appears more appropriate.

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References

Mobile Phone Guide

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