

Marketing Assignment – Mobile Phone Industry

Introduction

We have chosen to investigate the following mobile phone companies:-

- BT Cellnet
- One2One
- Orange

We will be closely investigating another mobile phone network called Vodafone against the other three companies where we will be discussing Vodafone's competitive advantage against BTCellnet's long established cellular company of British Telecom and comparing the newly established company, One2One and how it threatens Vodafone. We will be creating and discussing SWOT analysis for these companies and explaining their current positioning. We will then be explaining how these four companies positioning will change within the next ten years from the results we have in our SWOT.

Mobile Phone Description and History

There has been massive change in the mobile phone industry since it was first launched in the 1980's. In recent years, four main players have dominated the industry, which are the companies we are discussing. Originally, two main players, Vodafone and Cellnet started the mobile telephone network.

Vodafone History



The Racal group founded Vodafone in 1982 and was the first mobile phone provider in the UK. The groups become public in 1988 when it floated on the New York Stock Exchange and in 1993, Vodafone and Racal demerged to become Vodafone Group PLC. The same year, the company was the first to launch an all-digital service called GSM (Global System for Mobile Communication) network. Independent suppliers for mobile telephones have classed Vodafone as the market leader for network service and the most technologically advanced with their telecommunications equipment. Growth with most of the mobile network suppliers have been tremendous – with Vodafone, we can see that almost every year, subscribers signing onto Vodafone has almost doubled. Within the retail section, Vodafone launched Vodafone Retail, and has over 280 outlets nationwide outside of the specialist mobile phone retailers. Vodafone has not only been supplying a quality network service to UK customers, but they have also had interests in countries such as Germany, South Africa, Australia and Greece. Because of this, Vodafone Group International was set up in 1993 these partnerships with overseas companies.

In May 2000, Vodafone completed a joint venture with Bell Atlantic of America to form Verizon Wireless and are currently market leaders in the US, providing network service to 23 million customers and have majority coverage.

Why Choose Vodafone?

We have chosen this company as our main choice as Vodafone is the UK's leading network operator with the highest number of users and is the largest mobile Communications Company in the world.

Current Positioning

Vodafone UK is the UK's leading network operator with the highest number of users. Vodafone originally concentrated on the business market but now concentrate more on the commercial market and this is where we can compare them to other mobile network providers such as BTCellnet, Orange and One2One. Vodafone markets its products to a wide range of people and 71% of its users are aged between 15 and 44. Vodafone realised that most people wanted a non-contractual mobile service and so released the UK's first 'Pay As You Talk' billing structure. This is where you purchase a telephone for a one off price and then 'top up' your calling credit with vouchers which can be purchased from many UK High Street Outlets. The latest variation of pre-pay package is called 'Pay as You Talk Allcalls'. Vodafone wants to concentrate more on the leisure market in recent years and by launching exciting new services such as Pay as you Talk and Pre-Pay, they will attract a wider-range of customers.

Vodafone have realised that services such as 'Pay as you Talk' and 'PrePay', may not be convenient to users such as the Self Employed and users with a heavier phone usage. With this in mind, Vodafone claim to have the lowest network contract tariff at just £9.99. With these services combined, they can attract most of the leisure market as they have a service tariff, which suits most needs.

Promotion

Vodafone advertise heavily on the television, local, regional and nation-wide newspapers. They appear on prime time television and tend to have advertisements that appeal to all classes of society. They have a very user-friendly website and their retail outlets are in most major towns and cities. Their slogan is "The Word is Vodafone" and they have used this for many years now. They have recently launched cinema advertising where they will hope to gain an even greater share of the younger market (adults aged 15 – 24). Currently they have the greatest share in this market which is 38%, but they hope to double this by 2003. An example of Vodafone's brochure appears at the back.

Target Customers

Vodafone is trying to attract consumers in the AB social economic group with both their pre-pay and contractual services.

Competitive Advantage

Vodafone is the UK's longest established company. They have a good reputation in the cellular industry. This is a very good tool, as most people decide to choose a mobile on the service a member of their family or a friend is using, as Vodafone already has the most number of users, this market lead will grow and grow. They are investing heavily in new technology and offer the latest services for example, WAP, GPRS and along with BT Cellnet, offer both analogue and digital tariffs.

Main Competitors

BTCELLNET



BT Cellnet, formally Cellnet UK, are a company owned by British Telecommunications PLC. Cellnet was formally joint venture with Securicor since 1983 and BT not own all shares in the company in 1996. They are the second network after Vodafone and therefore, are Vodafores main competitor. BT Cellnet has 8 million subscribers and retails in a variety of outlets including The Link chain of telecommunications stores where BT hold a 40% stake.

Current Positioning

Their slogan "Surf the net, surf the BT Cellnet" shows the company's interest in the mobile internet sector, and claim to have market leadership in this area. They were the first to offer GRPS (General Packet Radio Service) which is very important for the high bandwidth speeds needed for mobile Intranet.

Target Customers

Traditionally, BT Cellnet targeted business users and are in direct competition with Vodafone. However, more recently, BT Cellnet re-branded their tariffs to include the leisure market where they mainly target more affluent groups of the social spectrum.

Competitive Advantage

As with Vodafone, BT Cellnet is a long serving provider of mobile communications and have a very strong reputation for providing quality, reliable service, especially to corporate users. They are particularly suited to corporate users as they offer services like 'dictation line'. This is where you can call a secretary from your mobile phone and dictate a fax or letter, which will appear with your personal details on. BT Cellnet were the first to offer a pre-pay and pas-as-you-go WAP mobile service

Promotion

BT Cellnet advertise heavily in a wide-range of media. They regularly advertise on prime-time television. They have the largest number of retail outlets as they have their existing BT Shops and own a 40% stake in The Link chain of branches, which gives them competitive over the other network providers.

ORANGE PLC



Orange is the third largest UK mobile phone network provider and also the youngest, launching their first service in 1994. The company first started as a joint venture between British Aerospace and Hutchison Whampoa and has around six million subscribers.

Current Positioning

The companies slogan “The futures bright, the futures... Orange”.

Please see brochure attached.

As the youngest UK mobile company, they have been able to attract a younger market by promoting “Just Talk” which is offers the most inexpensive off-peak rate of just 5 pence per minute.

In October 1999, German telecom company Mannesmann agreed a £22 million buyout of Orange, giving the two companies a combined 20 million subscribers throughout Europe. Subsequently, Mannesmann was subject to a hostile take-over bid by Vodafone. However, due to the Monopolies commission, this contravenes legislation and Orange will have to be re-floated or sold off later this year.

Competitive Advantage

Even though Orange are the youngest mobile communications company, they have been able to keep up with strong competition by offering to match any tariff which another network provider is offering. They also have a very strong advantage with Customer Service satisfaction with “Which Magazine” and “OFTEL” voting them the highest customer service and performance with their service.

Promotion

As with the other mobile network suppliers, Orange advertises on prime-time television and is involved just as heavily on the price war on pre-pay and pay-as-you-go services. Orange also sponser the BAFTA awards which gives them huge promotion. They also have a over 160 outlets in the UK.

Target Customers

They are heavily promoting their student packages, and have sponsored many universities' social events.

A great deal of Orange's subscribers is of a younger age. Nearly 70% of them are on a pre-pay or pay-as-you go billing structure and they see this as a great opportunity market. Equally, they promote their business tariffs and contractual billing agreements, but advertisement campaigns and promotions are showing they are gearing towards the young, leisure market.

ONE2ONE



Current Positioning

One2One has been wholly owned since October 1999 by Deutsche Telekom who are a German telecommunications group, who bought the company for £8.4 billion. One2One was originally owned by a joint venture between Cable and Wireless and the American group, MediaOne. One2One were the first UK's first all-digital network and was launched as Mercury One2One and then the Mercury name was dropped in 1996 and re-branded as One2One. The company was the first to launch the all-digital pre-pay tariff in 1997 called 'Its Up2You' package.

Current slogan: "Connecting People".

Competitive Advantage

They have heavily promoted their pre-pay mobile tariffs and are the only company to offer a standard tariff whereby there is no distinction between off-peak and peak calls. One2One mainly dominates the London area, but only covers 98% of the country. However, they were the first and only company to offer limitless local land-line calls every night after 6.00pm and all day at the weekend.

Target Customers

One2One are still targeting the less affluent population in the London area as their service does not cover the whole country. They offer some business tariffs but they are not as competitive as Vodafone's or BT Cellnet's. Along with Orange, they are targeting the leisure market and see this as the most profitable.

Promotion

One2One competes heavily along with the other mobile communications giants on prime time television. They retail within their own branches, via the internet and through retailer like The Car Phone Warehouse.