THE MARKET OVERVIEW AND STRATEGY DEVELOPMENT FOR SELECTED COMPONENTS OF A MARKETING PLAN FOR A CELLULAR PROVIDER

BY

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DECLARATIONS

"I, **Frank Harold Jones**, hereby declare that:

- the work in this paper is my own original work;

- all sources used or referred to has been documented and recognised;

and

- this paper has not been previously submitted in full or partial fulfillment of the requirements for an equivalent or higher qualifications at any other recognised educational institution."

_____ 17 January 2004

Frank Harold Jones Date

The successful completion of this study would have been impossible without the support, advice, assistance and encouragement of others.

I would like to record my sincere thanks and appreciation to the following:

- To Jesus Christ, my Lord and Saviour, who gave me the opportunity and ability to complete this study. Without His grace and mercy, this study would have been fruitless

- **ALL PRAISE AND HONOUR TO GOD**

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SUMMARY

The research problem addressed in this study was to develop a marketing plan consisting of selected elements that would give a cellular company like Vodacom a competitive advantage over competitors and to capture a significant market share when marketing mobile data services like 3G.

To achieve this object, a literature study to determine the key components of a marketing plan was undertaken and a theoretical model was selected to develop a marketing plan of selected components

In addition to the literature study, an empirical study was conducted to identify core concepts critical to the development of a selected element marketing plan to market 3G and re-launch mobile data services.

The results of the literature study were combined with the empirical study and a marketing plan based on McDonald was developed. Michael Porter's five forces model was used as a reference to discuss the competitor analysis, a marketing strategy was compiled with specific referencing to the four P's of marketing and marketing controls formed the basis of this research.

This study concludes with recommendations applicable for the implementation of the marketing plan and options for further research.

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CHAPTER ONE

INTRODUCTION, PROBLEM STATEMENT, DEFINITION OF KEY TERMS AND RESEARCH DESIGN

1.1 INTRODUCTION

In the cellular technology field, Vodacom is competing with MTN and Cell C in the South African market. The market share of Vodacom declined, from 57 per cent in 2003 to 54 per cent in 2004 (Vodacom Group Annual Results, 2004). Vodacom's biggest competitor, MTN has 36 per cent and Cell C have the remaining ten per cent of the market (MTN Group Annual Results, 2004). The margins for cellular companies are diminishing. It is reported that the South African average margin is 31 per cent compared to the 37 per cent in Emerging Europe (Masango, 2003.). The average revenue per user (ARPU) for Vodacom is R177.00 (Vodacom Group Annual Results, 2004) and MTN is at R203.00 per month (MTN Group Annual Results: 2004).

MTN launched two types of data services ahead of Vodacom, High Speed Circuit Switched Data (HSCSD) in October 2000 and General Packet Radio Service (GPRS) in July 2002. They acquired 30 000 active GPRS customers by March 2003 (Finnie, Lewis, Lonergan, Mendler&Northfield, 2003:130). Vodacom launched GPRS services in October 2002, three months after MTN using the "My Life" brand. Subscribers received internet access, photo messaging and text messages of unlimited length base on a tiered subscription model. In March 2003 Vodacom had 7 756 active GPRS subscribers (Finnie et al, 2003:146). Vodacom's chief operating officer, Pieter Uys, promised to have Third Generation (3G), the latest type of data service, by December 2004 (Business Day, 13 September 2004). MTN responded to this announcement by saying it will conduct continued trials with its customers to understand the relevance of 3G services before it can launch commercial services (South African Wireless Communications, July/August 2004:12). This sequence of events will give Vodacom a first-mover advantage over its competitors.

Data services have been identified as the one area where big potential growth can occur. The revenue from data services is currently R1 billion or 4.4 per cent of total revenue. This income is mainly due to short message service (SMS) traffic (Vodacom Group Annual Results, 2004). MTN achieved five per cent for the same period, namely R67 million. This income is derived from 96 per cent SMS services (MTN Group Annual Results: 2004). Mobile data services constitute up 12 to 14 per cent of mobile network revenue in Europe and 20 per cent in Japan. The local operators want to drive it up to 20 per cent over five years (Alberts and Ashford, 2003).

The competitors in the digital cellular market try to retain or increase market shares by reducing prices, developing new products and bundling different services (The Journal of Policy, Regulation and Strategy for Telecommunications information and media: 2000,70).

Today's business must survive in a turbulent environment. In today's rapidly changing business world, past results are no guarantees of future successes. The large shakedown of companies which took place in the recession of the late 1970's and early 1980's, has left the remaining companies, for the most part, leaner, fitter and more aggressive. Add to this the pace of developments in new technology, the growth in the number of business start-ups and the threat of foreign competition. A situation exist where companies can no longer be inward looking, but must be aware of their external macro environment situation to survive and grow (McKeran, 1990: 77)

Handy (1997: 24) believes that a proactive approach is needed when he mentions that: "the way you make sense of the future, in organisations and in societies … is by taking charge of the future and not by responding to it".

Prahalad (1997: 67) states that "it's not enough to imagine the future - you also have to build it. You need a blue print for building future businesses. … It tells you what you should be doing now, which new

competencies you should be building, what new customer groups you should be trying to understand, which new distribution channels you should be exploring, in order to create a winning position for yourself in a new opportunity arena".

When a business fails, often a marketing plan or lack thereof is to blame. This is because without a marketing plan, the management of a company can end up struggling to focus on the market that is best suited for their products. Consequently they develop a hazy definition of the competition and are uncertain of how the customers should be pursued (Winchester & Manning, 1997: 72). Management will have no concrete measurement for the success or failure of their goals. Royal (1995: 120) maintains that the majority of companies will write a sales or advertising plan and believe they do not need a marketing plan. Without a written marketing plan such essential elements as distribution, advertising and strategies to achieve a competitive advantage may be overlooked.

Pophal (2000: 22) holds that attempting to sell a product or service without a plan is like planning a vacation without a map. A person may eventually get where he/she wants to go, but it would take longer and cost more than it should.
It is believed that it costs five times as much to attract a new customer as it does to retain an existing one (Furlong, 1993:2).

Given the above scenario, Vodacom needs to capitalise on their existing customers. Vodacom have decided to use their position of dominance and will launch new data services to increase their operating profit. The main problem will now be discussed.

1.2 MAIN PROBLEM

When the information in the introductory preamble is distilled a clear problem arises, which is the focus of this research.

The main problem statement is thus: **What is the role of a market overview in gaining a competitive advantage and developing an effective marketing strategy, as parts of a marketing plan, for a cellular company such as Vodacom when selling data services?**

1.2.1 Sub-Problems

- What will the literature reveal relating to the components of a market overview and selected elements of a marketing plan?
- What are the current environmental conditions for data services in South Africa?
- What caveats can be obtained from global companies to increase data service usage?
- How can the results obtained from the resolution of sub problems 1.2.1 above be used to compile an effective marketing plan focussed on the following elements, market overview, strategy development and marketing mix?

1.3 DELIMITATION

Delimiting the research serves the purpose of making the research topic manageable. Although this research will be limited to Vodacom's South African marketing of data services, it does not imply that research on the same topic in other Vodacom operating companies is not needed. Only a marketing plan with selected elements for data services will be developed.

1.3.1 Demarcation of organisations to be researched

The scope of this research is limited to Vodacom (Pty) Ltd operating in South Africa.

1.3.2 Geographic Demarcation.

No geographic demarcation was used.

1.4 DEFINITION OF KEY CONCEPTS.

Before entering into the body of research, key concepts need to be defined.

1.4.1 Data Services

This is the ability to access services such as email, faxes and SMS messages using the wireless phone or communicator (www.telecoms-world.co.uk/jargon.shtml).

1.4.2 Marketing and Marketing Management

Christopher, Payne and Ballentyne (1991:7) describe marketing as a process of perceiving and understanding the needs of selected target markets. These needs are stimulated and satisfied by directing the resources of the organisation in a way that meets these needs. Kotler (2000:3) describes marketing management as the task of creating, promoting and delivering goods and services to consumers and businesses. Marketing managers are responsible for demand management. It is their task to influence the level, timing and composition of demand, to achieve the objectives of the organisation.

1.4.3 Planning

The scope of the research is limited to selected components of a marketing plan only and excludes all other forms of corporate planning. Corporate planning embodies in the summation of all planning that takes place in an organisation. This includes strategic planning, which is concerned with the total organisation planning over the long term and operational planning, which is concerned with each of the business functions separately over a shorter period of time. The marketing plan represents a subsection of operational planning (Greenley, 1987: 84).

1.4.4 Marketing Planning

Marketing planning involves designing activities relating to marketing objectives and the changing marketing environment. Marketing planning is the basis for all marketing strategies and decisions. Issues such as product lines, distribution channels, marketing communications, and pricing are all delineated in the marketing plan (Lamb, Hair & McDaniel, 1998: 24).

Marketing planning is a logical sequence of activities leading to the setting of marketing objectives and the formulation of plans for achieving them. Conceptually the process is simple, calling for a situation review, the formulation of some basic assumptions, setting objectives for what is being sold and to who, deciding on how the objectives are to be achieved, and scheduling and costing out the actions necessary for implementation (McDonald & Tideman, 1993: 12).

1.4.5 Marketing Plan

The research conducted in this project will result in the formulation of selected elements of a marketing plan for a mobile cellular company. This will assist Vodacom in penetrating the existing data service market and enable them to enhance competitiveness and subsequently gain a significant market share. Set out below is a summation of the term “marketing plan”, as defined in the literature.

McDonald & Tideman (1993: 261) refer to a marketing plan as a business proposition containing proposed courses of action, which in turn have resource implications. A marketing plan is the outcome of the marketing planning process and helps to make things happen. Lamb et al (1998: 25) feel that a market plan should allow the management of a company to examine the marketing environment in conjunction with the inner workings of the business. Once a marketing plan is finalised, it serves as a reference point for the success of future activities.

Winchester et al (1997: 72) state that a marketing plan is an all-purpose document that outlines everything a company needs to know about its

business. It defines how and why the company is in business, what markets are good targets for its products, and how customers should be pursued. It is an indication that shows management when they have succeeded, when they have fallen short of their goals, and when it is time to redefine a direction to take advantage of new markets or fight against dogged competitors. According to Royal (1995: 120), a marketing plan should accomplish three tasks:

- It must establish the marketing issues that will determine a company's long-term success
- It must focus the company's management team on those goals
- It must track the company's success in finding customers.

1.4.6 Competitive Advantage

Kotler and Armstrong (1996: 256) define competitive advantage as an advantage over competitors, gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices. Porter (1990: 19) adds that competitive advantage is created and sustained through differences in structures, values, culture, institutions, and histories that have significant impact on competitive success.

1.4.7 Market Environment

The market environment consists of external variables such as economics, technology, politics, legislation, demographics and the social aspect. An understanding of environmental dynamics is a requisite to sound market planning. Correct identification and analysis of the relevant factors in the external environment will lead to a correct assessment of the marketing opportunities in a marketing plan (Kelley, 1972: 38).

Johnson and Scholes (2002: 102) refer to such an analysis as a "PESTEL" analysis, referring to the political, economic, social-cultural, technological, environmental and legal influences on the organisation. This analysis can be used as a guideline by management to identifying the different influences of each external variable.

1.4.8 First-Mover Advantage

Hill (2003:157) describes first-mover advantage as the economic and strategic advantages that accrue to early entrants into an industry. Hill goes on to describe three first-mover advantages (Hill, 2003:476).

- The ability to pre-empt rivals and capture demand
- The ability to build sales volume in that country and ride down the experience curve ahead of its rivals. This gives the early entrant a cost advantage
- The ability to create switching costs that tie customers into their product or services.

1.4.9 Focus Groups

Focus groups provide qualitative data and are extremely valuable when vivid and rich descriptions are needed. Focus groups are a popular way to learn about opinions and attitudes. Focus groups are not polls but in-depth, qualitative interviews with a small number of carefully selected people brought together to discuss a host of topics ranging from pizza to safe sex. Unlike the one-way flow of information in a one-on-one interview, focus groups generate data through the give and take of group discussion. Listening as people share and compare their different points of view provides a wealth of information, not just about what they think, but why they think the way they do. The composition of a focus group is usually based on the homogeneity or similarity of the group members. Bringing people with common interests or experiences together makes it easier for them to carry on a productive discussion. Often a research project will use different groups to get differing views. Demographic characteristics are another way to determine focus group composition: While surveys provide quantitative information, focus groups can provide qualitative data that penetrates more deeply. Focus groups are conducted by trained moderators, who are skilled in maintaining good group dynamics and the given topic. The moderator's basic job is to keep the group focused and by asking open-ended questions. The ideal size of a focus group is between six and 12 people. Participation in a focus

group is voluntary and confidential. Capturing of data by focus groups is by video recording, audio recording, manual notetaking or a combination of the three capturing methods (American Statistical Association online at www.amstat.org/sections/srms/brochures/focusgroups.pdf accessed 3 - 01 2004).

Focus groups are further defined as:

A number of respondents gathered to generate ideas through the discussion of and reaction to specific stimuli. Under the steerage of a moderator, focus groups are often used in exploratory work or when the subject matter involves social activities, habits and status. (www.globalreps.com/research/glossary.html online accessed 3-01-2004).

A qualitative market research technique where eight to 12 market participants are gathered in one room for a discussion under the leadership of a trained moderator. Discussion focuses on a consumer problem, product or potential solution to a problem. The results of these discussions are not projectable to the general market. (www.shapetomorrow.com/resources/f.html online accessed 3-01-2004).

1.5 THE SIGNIFICANCE OF THE RESEARCH

Vodacom has 54 per cent of all cellular users in South Africa, which is the biggest market share. Vodacom need to target their post-paid customers to use data services. This target market is what can increase the data services revenue to the required 20 per cent over five years. The increase usage of data services to 20 per cent is one of the strategic targets for the next five years.

Some of the data services network is already available and others will be introduced into Vodacom's network, starting with a test phase in December 2004 (Business Day: 13 September 2004). This service is always available and it will not deteriorate the quality of Vodacom's voice

traffic service. Vodacom must advertise and market its data services and develop a marketing plan to bring this to fruition. This investigation will evaluate the marketing of other global networks of data services. The results will be presented to management and to the director of operations.

By means of a literature study and empirical data, this research will attempt to discover applications that could contribute to finding solutions to the problems discussed above.

1.6 SIGNIFICANT PRIOR RESEARCH

With voice calls, Mobile Network Operators (MNO's) have previously relied on two methods to segment the market - airtime tariffs and technology. However, with wireless data, the need to look at the issue from a wider perspective is crucial. Three key elements are vital in marketing data services: segmentation, bundling of services and targeted service delivery. Various methods of segmenting the mobile market already exist and operators have spent large sums of money compiling detailed analysis of the youth, adult and business user market sectors. Bundling is a concept that operators are beginning to take a firmer handle on while mobile subscribers can now enjoy a broad range of airtime and SMS packages, tailored to suit their individual needs. The mobile network, Orange's 'Your Plan' is a good example of this kind of tailored tariffing and Vodafone has taken small but demonstrable steps in the right direction with Vodafone 'Live' (Hooper: 2003).

In various presentations to the GSM Association's GPRS workshop in Cannes France 2001, John Hoffman, Senior Director Technology Evolution GSM Association, addressed the findings of GPRS workshops, that there should be different views of positioning, pricing, market segmentation and applications. Hoffman added that technology should not be marketed rather the services associated with it.

In synopsis, the role of marketing can be described in the words of McDaniel (1998) as: “Effective marketing should not be limited to a marketing department. Everyone in the organisation, whether they are selling toothpaste or building highways, must realise that they are involved in marketing.”

1.7 RESEARCH METHODOLOGY

The methodology used in this study consists of a literature survey, an empirical investigation and a development of selected elements of a marketing plan.

1.7.1 Literature Survey

A study of the marketing literature in general and specifically information dealing with positioning, pricing, market segmentation and marketing strategies will be embarked upon. This will assist the researcher in understanding the concept of marketing data services, its key principles and its importance. This literature investigation will enable the researcher to isolate the options available that can be applied to Vodacom.

The literature study will also assist the researcher to identifying factors that could contribute or impede the interaction between Vodacom and its data services customers. The literature study will enhance the comparison between Vodacom’s marketing strategies and future activities and will help in exploring many different options that can be followed. The literature study will further assist the researcher in designing a suitable research methodology for use in the empirical study.

1.7.2 Empirical Study

The empirical study will consist of the following elements:
An investigation will be carried out to identify the key issues critical to the development of a marketing plan for mobile data services in Vodacom. The methodology used, based on the key components gained from the literature study, will consist of an in-depth scan of the macro-environment

and a thorough investigation of the target industry, utilising the Internet, the World Wide Web, print media and personal interviews.

1.7.3 The development of a marketing plan

The results of the literature study will be combined with the results of the empirical study to develop selective components of a marketing plan for Vodacom data services.

1.8 KEY ASSUMPTIONS

According to Leedy and Ormrod (2001: 62), assumptions are so basic, that without them the problem itself could not exist. For the purpose of this study, it is assumed that the American and British literature used is applicable to the South African context. Vodacom will not change its strategic objective to increase operating profit using data services. The subscribers that will subscribe to and use the various types of services, need to be educated in terms of data service usage.

1.9 LIST OF INTENDED CHAPTERS

The study will be divided into the following chapters:

Chapter 1: Introduction and planning of the study: This chapter introduces the study, and identifies the main problems, sub-problems and key concepts. The area that will be researched is delimited, the importance of the research highlighted as well as outlining the structure of the research methodology.

Chapter 2: The identification of the components of a marketing plan: In this chapter a literature review of market planning and the development of a theoretical marketing plan will be developed.

Chapter 3: The marketing plan of a successful network operator: A review of other network operator strategies will be

conducted to determine the requirements for a successful marketing plan.

Chapter 4: Recommended selected elements of a marketing plan: The aim of this chapter will be to present the selected elements of a marketing plan using the theoretical foundations and the findings of the empirical review of marketing plans of other networks.

Chapter 5: Conclusions and recommendations: This final chapter provides conclusions and recommendations to the questions posed by the main and sub problems through the integration of the theoretical and empirical aspects of the study. Recommendations for further research will also be presented.

1.10 SUMMARY

The dynamic and competitive business environment cannot be ignored. Quick market response and adaptability to the environment will differentiate winners from the losers. This chapter has emphasised that failure to respond and adapt to market conditions is often because of a lack of a marketing plan. The marketing plan is one of the most important outputs of the marketing process and is essential for success (Kotler, 2000:88). Vodacom are presented the opportunity to develop the market in terms of data services without being exposed to the accompanying competitor pressure. Vodacom can now launch a host of innovative new services to neutralise the current and new entrants into the mobile cellular world. To succeed under these conditions, an effective marketing plan is required. The theoretical elements of a marketing plan will be covered in the next chapter.

CHAPTER TWO

THE COMPONENTS OF A MARKETING PLAN

2.1 INTRODUCTION

In this chapter, the components of a marketing plan will be identified and described. The aim is to extract selected marketing plan elements recommended by a variety of authors and use them as a theoretical base to create a marketing plan with those elements for mobile data services. This process will commence with a comparison of components of marketing plans by leading authors, from where the commonest elements will be highlighted and described.

2.2 COMPARISON OF ELEMENTS OF A MARKETING PLAN

Table 2.1 shows a comparison of various author's views of the elements a marketing plan should consist of. From the table the following can be deduced as being paramount components of a marketing plan.

- A situational analysis
- Marketing goals and objectives
- A marketing strategy
- Financial budgets and plans
- Marketing controls.

Table 2. 1 Comparison of marketing plan elements

Author	Executive summary	Situational analysis	Marketing overview	SWOT analysis	Marketing objectives	Marketing strategy	Forecasts and budgets	Implement and controls
McDonald, 2002:56	✔	✔	✔	✔	✔	✔	✔	
Westwood, 1996:198	✔	✔	✔	✔	✔	✔	✔	✔
Hatton, 2000:34-46		✔	✔	✔	✔	✔		✔
Wood, 2003:7		✔	✔	✔	✔	✔		✔
Kotler, 2000:89	✔	✔	✔	✔	✔	✔	✔	✔
Gerson, 1991:42	✔	✔		✔	✔	✔		✔

The listed components of the marketing plan will now be described in detail.

2.3 SITUATIONAL ANALYSIS

2.3.1 Environmental Analysis

To develop an effective marketing plan, key factors in the macro- and micro-environment need to be monitored and kept abreast with. The macro-environment is defined as uncontrollable elements outside the organisation that can potentially influence its ability to reach set goals and objectives. Key factors are (Wood, 2003:21):

- Demographic
- Economic
- Ecological
- Technological
- Political-legal
- Social-cultural forces.

Wood (2003:21) describes the micro-environment as specific groups that have a direct effect on the organisation's ability to reach its objectives and goals. Specific groups are:

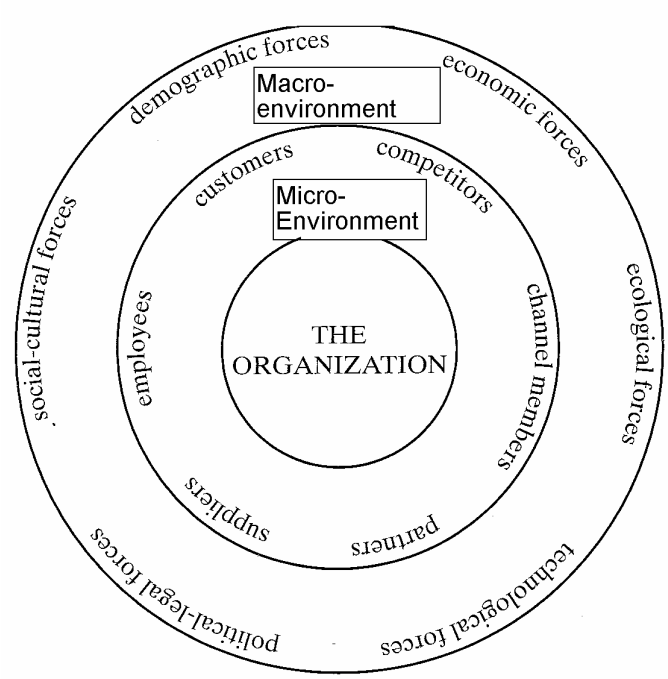
- Customers
- Competitors
- Channel members
- Partners
- Suppliers and
- Employees.

Figure 2.1 depicts the macro- and micro-environment described above. By using environment scanning and analysis, marketers collect data about these aspects of the environment. The findings are then analysed to determine the company's strengths, weaknesses, opportunities and threats(Wood, 2003:21).

- Strengths and weaknesses are internal capabilities to help or prevent the firm from achieving its goals and objectives.

- Opportunities and threats are external circumstances that the firm can exploit for higher performance or which could potentially hurt the firm.

Figure 2. 1 The macro- and micro-environment for marketing



Source: Wood, 2003:21

McDonald (2002:42) refers to the situational analysis as a marketing audit. He maintains that its purpose should be to answer three questions.

1. Where is the company now?
2. Where does the company want to go?
3. How should the company organise its resources to get there?

This marketing audit consists of two variables. The first variable is the external audit, which focuses on uncontrollable variables. The other variable is the internal audit and is concerned with the controllable variables (McDonald, 2002:43).

2.3.2 SWOT Analysis

This is the most common implemented analysis and consists of the strength, weakness, opportunity and threat (SWOT) analysis. The SWOT

analysis is used to match the internal strengths and weaknesses with the market opportunities. The understanding and use of the SWOT analysis is extensive. Marketers can use it without formal training or extensive databases. Anyone with a modicum of company and marketing knowledge can develop a simple SWOT. Because conducting a SWOT analysis is relatively simple, hurried and relatively meaningless analysis can result. The analysis could then contain vague and ambiguous issues like product performance, modern facilities and prices. Users may also overlook being objective and rely on outdated and unreliable information (Dibb & Simkin ,1996:48). Figure 2.2 illustrates the SWOT grid.

Figure 2. 2 The SWOT Analysis grid

Strengths	Weaknesses
Internal issues which are directly relevant to the customers under consideration. These issues must be narrow in focus	
Opportunities	Threats
External issues relating to a range of environment areas such as Legal, political, regulatory, societal, economic, technological and economic.	
Actions • Rank (list) points in order of importance. • Only rank key points/issues. • Have evidence to support these points. • Strengths and weaknesses should be relative to main competitors. • Strengths and weaknesses are internal issues. • Opportunities and threats are external, marketing environment issues.	
What are the core implications from these issues?	

Source: Based on Dibb and Simkin, 1996

Wood (2003:29) provides a checklist to make sure the areas of focus within the external environment are covered. Each set of questions must fulfill the answer to how the trends will affect the organisation and its market plans.

a. Demographic trends

- What is the size and the changes of the consumer population in the selected markets?
- What is the composition of the consumer population in terms of age, gender, ethnic and religious makeup, education, occupation, household size, and income?
- What changes in specific consumer characteristics are directly related to product purchase or use?
- What is the size and change in the number of businesses, the number of locations, the number of employees, sales volume, and the capacity for the selected business markets?
- What are the trends in new business formation for the targeted industry or market?
- Which cities and geographic areas host the most new start-ups?

b. Economic Trends

- What is the state and direction of the local, regional, national, and global economy?
- What are the current and expected trends in the target market's buying power, as evidenced by income, debt, credit usage, and other indicators?

c. Ecological Trends

- What are the trends in the availability of raw materials and energy?
- How do pollution problems affect the organisation?

- What is the effect of environmental issues that attract government regulation or influence social attitudes?

d. Technological Trends

- How are innovations affecting customers, suppliers, distributors, marketing, and processes?
- How are technologies affected by or affecting standards and regulations?
- How much is being invested in research and development by the industry and by competitors?

e. Political-legal Trends

- What legal and regulatory mandates (or proposals) apply to the company's business and marketing practices?
- What do political developments signal for changes in legal and regulatory priorities?

f. Social-cultural Trends

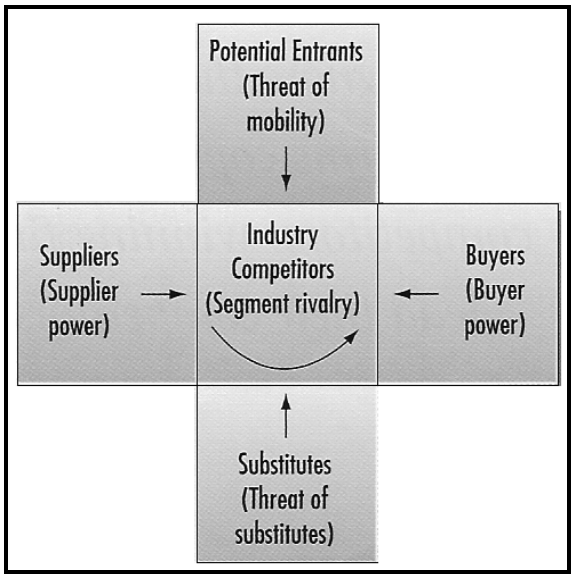
- What is the makeup of specific geographic markets in terms of nationality, religion, language, and other details?
- What is the effect of popular culture?
- What is the effect of core beliefs and values?

2.3.3 Competitor Analysis

In the micro-environment, one of the key groups the researcher wants to examine is the role competition plays and how companies position themselves relative to competitors.

Michael Porter identified five forces that determine the essential profit attractiveness of a market. These are industry competitors, potential entrants, substitutes, buyers, and suppliers. Porter's model is shown in Figure 2.3 (Kotler, 2000:218).

Figure 2. 3 Five forces determining market/ segment attractiveness



Source: Kotler, 2000:218.

Kotler (2000:218-219) lists the threats these forces pose as follows:

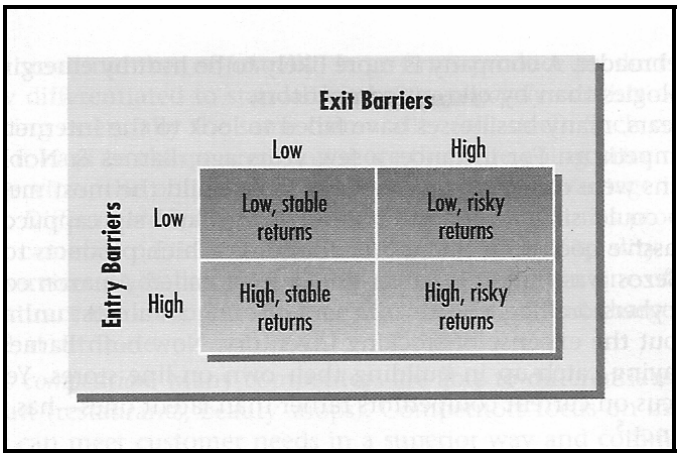
a. Threat of intense segment rivalry

A market is unattractive if it already contains numerous strong, or aggressive competitors. It is even more unattractive if the market is stable or declining, if plant capacity additions are done in large increments, if fixed costs are high, if exit barriers are high, or if competitors have high stakes in staying in the market. These conditions will lead to frequent price wars, advertising battles, new-product introductions and will make it expensive to compete.

b. Threat of new entrants

A market's attractiveness varies with the height of its entry and exit barriers. The most attractive market is one in which entry barriers are high and exit barriers are low (Figure 2.4). Few new firms can enter the industry, and poor-performing firms can easily exit. When both entry and exit barriers are high, profit potential is high, but firms face more risk because poorer-performing firms stay in and fight it out. When entry and exit barriers are both low, firms easily enter and leave the industry, and the returns are stable and low. The worst case is when entry barriers are low and exit barriers are high: Here firms enter during good times but find it hard to leave during bad times. The result is chronic overcapacity and depressed earnings for firms.

Figure 2. 4 Barriers and profitability



Source:Kotler, 2000:219

c. Threat of substitute products:

A market is unattractive when there are actual or potential substitutes for the product. Substitutes place a limit on prices and on the profits that a market can earn. The company has to monitor the price trends in the substitutes closely. If technology advances or competition increases in these substitute industries, prices and profits in the segment are likely to fall.

d. Threat of buyers' growing bargaining power:

A segment is unattractive if the buyers possess strong or growing bargaining power. Buyers will try to force prices down, demand more quality or services, and set competitors against each other, all at the expense of seller profitability. The bargaining power of buyers grows when they become more concentrated or organised, when the product represents a significant fraction of the buyers' costs, when the product is undifferentiated, when the buyers' switching costs are low, when buyers are price sensitive because of low profits, or when buyers can integrate upstream. To protect themselves, sellers might select buyers who have the least power to negotiate or switch suppliers. A better defence consists of developing superior offers that strong buyers cannot refuse.

e. Threat of suppliers' growing bargaining power:

A segment is unattractive if the company's suppliers are able to raise prices or reduce the quantity supplied. Suppliers tend to be powerful when they are concentrated or organised, when there are few substitutes, when the supplied product is an important input, when the costs of switching suppliers are high, and when the suppliers can integrate downstream. The best defences are to build win-win relations with suppliers or use multiple supply sources.

Wood (2003:29) also provides a checklist to make sure the competitive analysis as a component of the marketing plan is carried out completely.

- Who are current and possible future competitors?
- What are the trends in market share among competitors?
- What are the barriers to entry and exit in the industry?
- What are each rival's unique competitive advantages, and are they sustainable?
- What are the strengths, weaknesses, opportunities, and threats of each rival?
- How are pressures such as the balance of power between suppliers and buyers affecting competition within the industry?

  - Do competitors have the resources to exploit opportunities and strengths?
  - What substitutes or new products are likely to affect the competitive situation?
  - How have competitors mounted challenges in the past-and with what results?
- What other competitive issues are critical in your industry or markets?

2.4 MARKETING OBJECTIVES

McDonald (2002:539) guides the marketer into understanding that marketing objectives are about products and markets only. This relates to which products need to be sold to which markets. The means to achieve these objectives, using price, product, promotion and distribution, are marketing strategies (Westwood, 1996:98). Marketing objectives flow from the SWOT analysis and should be compatible with the key issues identified in that analysis. Objectives need to be articulated, recorded, be quantifiable and measurable. They serve as the benchmarks against which marketing performance and commitment is gauged (McDonald, 2002:540).

Hutton (2000:136) argues that the objectives should be specific, measurable, achievable, relevant and timed (SMART). Hutton goes on to say that the objectives should be ambitious in situations where competition is limited, in growing markets, when growth is through acquisition, in buoyant economic conditions or when resources are available for expansion. On the other hand it should be conservative in mature markets, when facing increasing competition, when growth is evolutionary, in depressed economic conditions or when resources are limited.

2.4.1 Setting marketing objectives

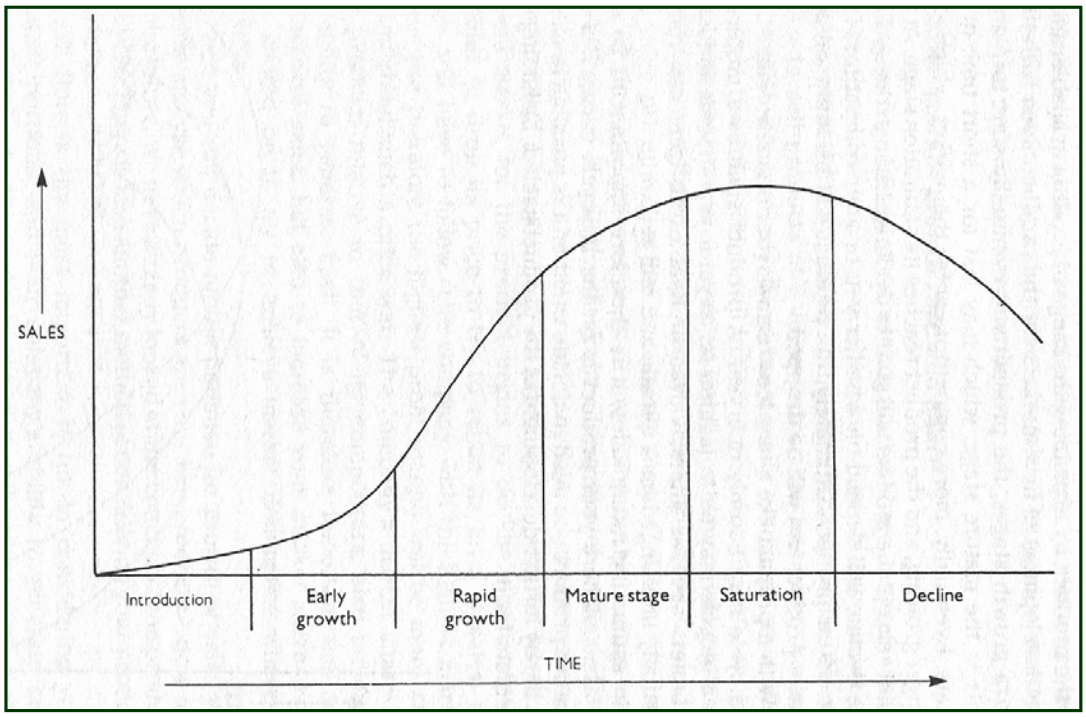
a. Product life-cycle.

Authors differ in their approach to setting the marketing objectives. Westwood (1996:100), argues that because objectives are about products and markets it is important to understand the company's present position with regard to products and markets before setting the objectives of the marketing plan. Westwood suggests further analysis of the products in the firm's portfolio. The growth and decline of all products follows a life-cycle curve that is presented in figure 2.5.

Kotler (2000:303), assert four things concerning product life cycles, they are:

1. Products have a limited life.
2. Product sales passes through different stages, each posing different challenges, opportunities and problems to the seller.
3. Profits rise and fall at different stages of the product life-cycle.
4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each stage of their life-cycle.

Figure 2. 5 Product life-cycle curve



Source: Westwood, 1996:101

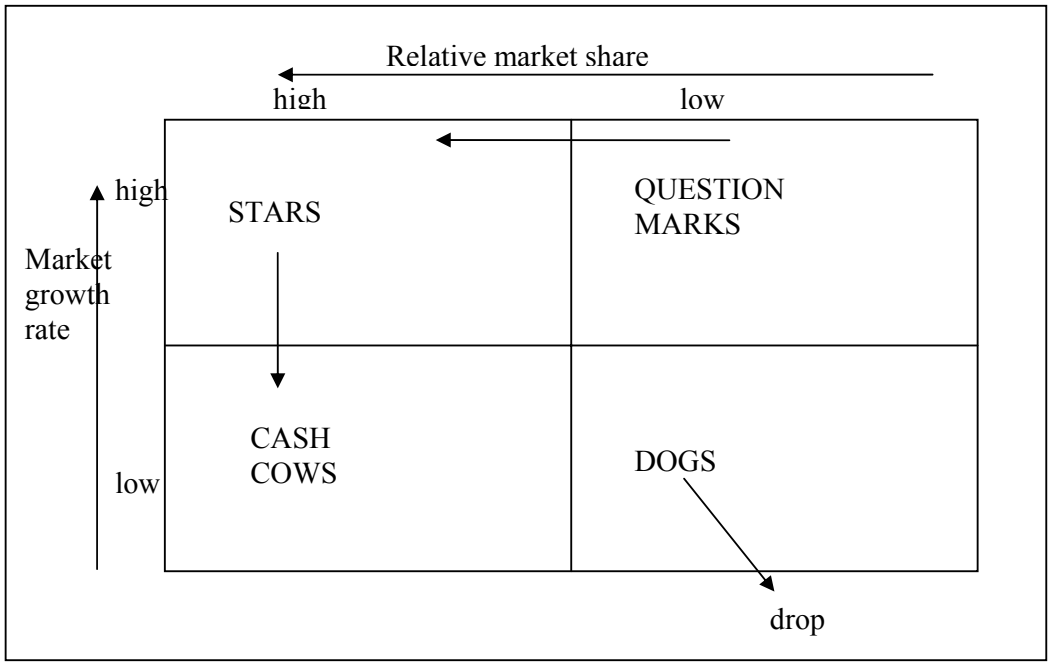
Westwood maintains that at different stages in a product's life-cycle the company should adjust its advertising, pricing and distribution strategies accordingly. At introduction growth is slow. Here advertising should be focused on product awareness. When it reaches establishment status, repeat buying occurs and sales increase. A period of rapid growth then takes place. Competitors enter the market and their sales promotion increases market awareness of the product and this expands the market further. At this stage, the advertising focus should shift to product advantages over the competitors. When the product reaches its maximum potential, sales start to slow down. The product's life can be extended by introducing improved versions of the product, expanding the range or by developing new markets for the product. The next stage is the mature stage where the product sale starts to plateau. When more competitors enter the market, the market is no longer growing and sales reach its saturation stage. Sales of the product will start to decline and the rate will depend on the product superiority between the company and the competitor's. Ultimately the product will be superceded by a new product and will be dropped. Companies should have a portfolio of

products, each at its individual life-cycle. This minimises the risk factor and provides a balanced growth. This product portfolio should be reviewed at regular intervals (Westwood, 1996:101-102).

b. Boston Matrix

Another method to consider a company's product portfolio is by means of cash flow. A company's ability to generate cash will be dependant on the degree of market dominance over its competitors. The Boston Consulting Group developed a matrix for classifying a portfolio of products according to their cash absorption or cash generation on relative market shares and relative market growth rates. Products are described as Stars, Cash Cows, Question Marks and Dogs. This matrix is shown in Figure 2.6 and shows an ideal product development sequence.

Figure 2. 6 The Boston Matrix



Source: Westwood, 1996:105

Question Marks are newly launched products or products declining that need to be evaluated as to their long-term viability. Dogs have low market share and are unprofitable. They should be dropped. Stars have

a high cost but contribute considerable to profits. Cash Cows are mature products with a high market share but low market growth. They generate high profits and require small amounts of spending to maintain their level of profitability (Westwood, 1996:105).

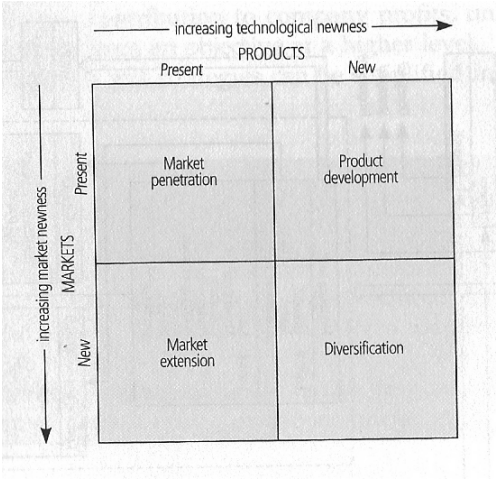
c. The Ansoff Matrix

McDonald (2002:260) explains that the logical approach to setting marketing objectives is to proceed from the broad to the specific. McDonald suggests three steps and starts of by the mission statement from where the broad company objectives would flow. This is then translated into key result areas, which are those areas where success is vital to the company. Thereafter the creation of the sub-objectives necessary to accomplish the broad objectives are needed. Examples are product sales volume goals, geographical expansion and product line extension. McDonald states that the Ansoff Matrix should be used for setting marketing objectives. A firm's competitive situation should be reflected in its marketing objectives, in that they both cover two similar dimensions, namely products and markets. Ansoff's framework is about what is sold(product) and who it is sold to (market). This framework identifies four possible courses of action for the company (McDonald, 2003:262).

- Selling existing products to existing markets
- Extending existing products to new markets
- Developing new products for existing markets
- Developing new products for new markets.

The matrix in Figure 2.7 depicts these concepts.

Figure 2. 7 Ansoff Matrix



Source: McDonald, 2003:264

Marketing objectives aught to relate to each of the four categories of the Ansoff Matrix:

1. Existing products in existing markets
2. New products in existing markets
3. Existing products in new markets
4. New products in new markets.

McDonald (2003:265) states that the objectives flow from the life-cycle and portfolio analysis conducted in the audit and revolves around the following logical decisions.

1. Maintain: The cash cow type of product or market is alluded to here and reflects the desire to maintain competitive positions.
2. Improve: The star type of product or market is the focus here and reflects the desire to improve the competitive position in attractive markets.
3. Harvest: The dog type of product or market falls into this category and reflects the desire to relinquish competitive position in favour of short-term profit and cash flow (unless there are sound reasons not to).
4. Exit: The dog type of product or market resides in this domain, Sometimes the question mark category is involved. This element reflects the desire to divest due to a weak competitive position or

because the cost of remaining is prohibitive and the risk associated with improving its position is too high.

5. Enter: This refers to a new business area.

2.5 MARKETING STRATEGIES

2.5.1 Types of strategy

One way of considering strategies is to consider whether they are defensive, developing or attacking. All strategies embody either one or a combination of the above (Westwood, 1996:121).

a. Defensive strategy

This strategy is designed to prevent the loss of existing customers. Typical defensive strategies would be (Westwood, 1996:121):

- Improve company image
- Improve quality/ reliability of product/service
- Improve reliability of delivery promises
- Restyle/repackage products/services
- Improve performance of the product
- Improve durability of the product
- Overcome product faults.

b. Developing strategies

This strategy is designed to offer existing customers a wider range of products or services. These strategies are based on modifying products or introducing new products to existing customers in existing markets. The introduction of such offers can produce the simplest and least risky strategy to increase turnover. Typical developing strategies would be (Westwood, 1996:122):

- Increase the range of sizes/colours/materials offered
- Increase the range of services offered
- Increase the range of extra features/options
- Find different uses for the product
- Develop new products

- Make the product more environmentally friendly.

c. Attacking strategies

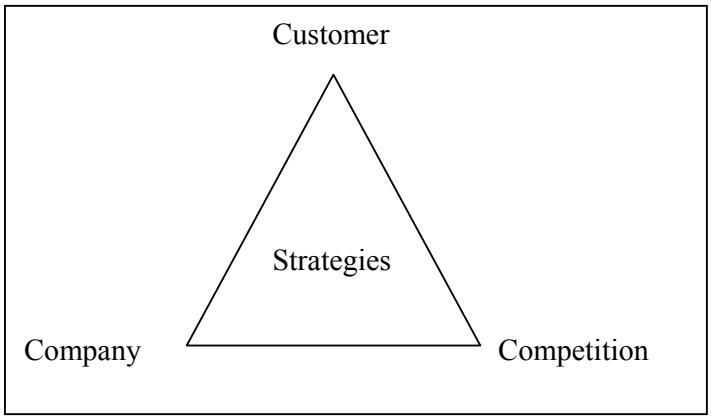
This strategy is designed to generate business through new customers. This strategy involves finding new customers in existing markets or new customers in new markets. Typical attacking strategies would be to (Westwood, 1996:122):

- Change the pricing policy
- Use new sales channels
- Find new distribution outlets
- Enter new geographical markets
- Enter new industry sectors.

2.5.2 Competitive Strategies

One of the principle purposes of a marketing strategy is to choose the customers and the markets the company wishes to deal with. The main components of strategy are the company, its customers, products/ services and the competitors. Figure 2.8 illustrates this. If a company is to succeed, they need to develop a sustainable competitive advantage (McDonald, 2003:266).

Figure 2. 8 Marketing and the three C's



Source: McDonald &Christopher, 2003:90

2.5.3 Marketing Mix

McDonald indicates that a similarity exists between strategy in business and strategic military developments. The strategist looks at the enemy, terrain, resources available and decides where and how to attack. The policy and mix, the direction and criteria to measure success, all fall under the heading of strategy. The action steps are tactics. The following points indicate the general content of strategy statements in the area of marketing (McDonald, 2003:282).

- Policies and procedures relating to the products offered, number, quality, design, branding, packaging, positioning and labelling are examples
- Pricing levels to be adopted margins and discount policies
- Advertising, sales promotions, direct mail, call centres and the internet. The mix of these, the creative approach, the type of media, the type of displays and the amount spend
- The emphasis is placed on personal selling, the sales approach, sales training and so on
- The relative importance of distributive channels
- Service levels in relation to different segments.

a. Elements of the marketing mix

Marketing strategies are the means by which marketing objectives will be achieved and are concerned with the four mayor elements of the marketing mix. These four elements are sometimes referred to as the four P's. According to McDonald (2003:282) these are:

- Product: The policies for areas such as product branding, positioning, deletions, modifications, additions, design and packaging
- Price: The pricing policies to be followed for product groups in market segments
- Place: The policies for channels and customer service levels
- Promotion: The policies for communicating with customers under the relevant headings, such as advertising, sales force, sales

promotion, public relations, exhibitions, direct mail, call centres and the internet.

b. Strategy options

The following lists of marketing strategies covers the majority of options open under the headings of the four P's.

i. Product

- Expand the line
- Change performance, quality or features
- Consolidate the line
- Standardise design
- Positioning
- Change the mix
- Branding.

ii. Price

- Change price, terms or conditions
- Skimming policies
- Penetration policies.

iii. Promotion

- Change advertising or promotion
- Change the mix between direct mail, call centres, the internet
- Change selling.

iv. Place

- Change delivery or distribution
- Change service
- Change channels
- Change the degree of forward or backward integration.

2.6. FINANCIALS

The ultimate aim of a marketing plan is to increase company's profits. To attain this, the plan must be cost-effective. The planner need to budget for the extra costs of the marketing plan and to confirm that the return in increased contribution and profit justifies the expenditure involved. In developing the marketing plan, the sales budget is prepared, which consist of the projected sales income and the selling expenses budget. In the preparation of marketing plans for individual products or markets, consideration should be given to the additional turnover and contribution generated by the plan and the costs associated with its implementation. A partial profit and loss budget should be prepared. Marginal costing techniques should be used to evaluate the viability of new products at different levels of sales and payback analysis to determine the payback period on new products (Westwood, 1996:197).

2.6.1 Projected sales income

The forecast sales volume is based on:

- The size of the market
- Forecast growth
- Selling price of the products
- The impact of the competition.

The projected sales income value is estimated earlier in the development of the marketing plan. It is one of the key objectives of the marketing plan. The forecast of order intake needs to be converted to forecasts of unit sales and invoiced sales (Westwood, 1996:186).

2.6.2 Selling expenses budget

The selling expenses budget would include all operating expenses incurred by the sales and marketing departments in executing the marketing plan. These would be grouped under headings such as:

- Salaries
- Recruitment costs
- Travel and entertaining expenses

- Car costs
- Advertising
- Exhibitions
- Literature
- Free issue equipment
- New product launch expenses
- Training costs
- Administration costs.

The sales expenses budget would now be included in the company's total operating budget and from this the profit and loss budget would be prepared. (Westwood, 1996:188).

2.6.3 Marginal costing

Westwood (1996:192) defines marginal costing as the approach to costing in which only the variable costs are charged to cost units. The fixed costs are met out of the total contribution generated. This technique is used in marketing plans as it allows for the use of cost-volume-profit analysis and to decide at what price marginal additional business is worth having. Marginal costing deals with the relationships between five factors:

- Variable cost per unit
- Total fixed cost
- Level of output or volume
- Price of products sold
- Mix of products sold.

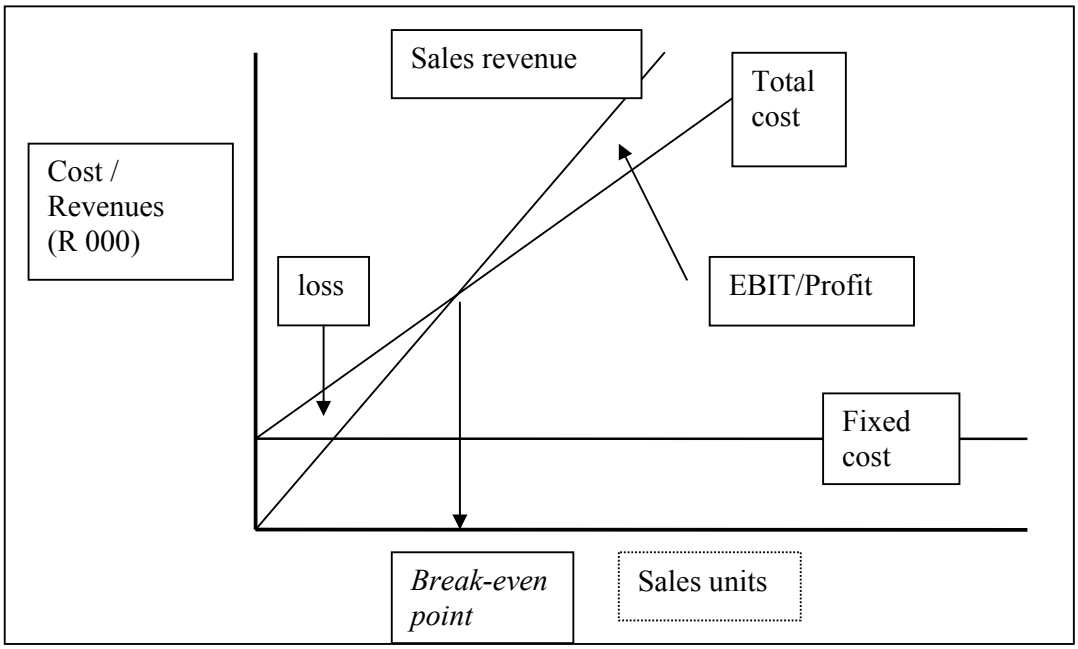
2.6.4. Break-even analysis

A firm use break-even analysis to determine the level of operations necessary to cover all operating costs for a particular product and to evaluate the profitability associated with various levels of sales. A firm's break-even point is the level of sales necessary to cover all costs related to the product. At that point, earnings before interest and tax (EBIT) equal zero rand. At this point, the firm has no profit and no loss. A firm's

breakeven point is sensitive to a number of variables. Examples include: fixed cost (FC), the sale price per unit (P), and the variable cost per unit (VC). An increase in cost (FC or VC) increases the break-even point, whereas an increase in sale price per unit (P) decreases the break-even point. The break-even point can be determined algebraically by the formula:

Q = FC / (P – VC) where Q is the break-even point. This can be shown graphically as in Figure 2.9 (Gitman, 2003:509).

Figure 2. 9: Break-even analysis



Source: Based on Gitman, 2003:511

2.6.5. Payback analysis

Payback periods are used to evaluate proposed investments and indicate the amount of time required for the firm to recover its initial investment in a project. This is calculated from cash inflows. For an annuity, the payback period can be calculated by dividing the initial investment by the annual cash inflow. The payback period can also be used to make accept or reject decisions when there is a maximum acceptable payback period involved. The payback period does not take into account the time value of money or cash flows after the payback

period (Gitman, 2003:398). Payback analysis is a useful method for calculating how quickly a project will pay for itself when the investment is a mixture of capital and revenue expenses. This is common with the costing of new product launches (Westwood, 1996:196).

2.7. CONTROLS

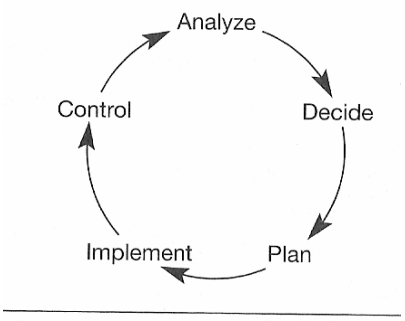
Hutton (2000:244) maintain that controls are not an option but an integral part of the planning process. Controls exist to close the planning loop, providing feedback on progress, effectiveness and informing next year's plans. Controls are necessary because forecasts and the actual events are not the same. Contingency planning and scenario plans prepare the business and the manager for the unexpected. Rapid feedback and early warning systems from the external environment are critical if the planner is to have the opportunity to implement contingency planning and scenario plans. The controlling plan plays the role of a benchmark against which to measure the performance and adapt strategy as needed to achieve the desired goal. Hutton remarks that plans should never be written in stone. Plans and systems that support them need to be flexible and responsive. Deviations from forecast performance levels must be responded to. It is the outcome of a plan that is important and not the plan per se.

2.7.1 The value of control

Planning is a cycle and the control elements close the loop, providing information valuable to the next round of planning. Figure 2.10 shows the planning cycle. Controls contribute to planning activities in three ways. In the viewpoint of Hutton (2000:245), they provide:

- the warnings when actual performance is deviating from the forecast
- input information into next year's planning activity
- information that allows for evaluation of planning competencies and a learning from planning experience.

Figure 2. 10: The planning cycle



Source: Hutton, 2000:246

2.7.2 Implementation

Kotler (2000:695) defines marketing implementation as the process that turns marketing plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives. Brilliant strategic marketing plans account for little if they are not implemented properly. Four sets of skills for implementing marketing programs are needed. They are: diagnostic skills, identification of company level, implementation skills and evaluation skills. Table 2.2 lists and explain the four type of marketing controls that are needed by companies to implement the marketing plan. They are: annual-plan control, profitability control, efficiency control and strategic control.

Table 2. 2: Types of marketing control

Type of control	Prime responsibility	Purpose of control	Approaches
1. Annual-plan control	Top management Middle management	To examine whether the planned results are being achieved	• Sales analysis • Market-share analysis • Financial analysis • Market-based scorecard analysis
2. Profitability control	Marketing controller	To examine where the company is making and losing money	Profitability by: • Product • Territory • Customer • Segment • Trade channel • Order size
3. Efficiency control	Line and staff management Marketing controller	To evaluate and improve the spending efficiency and impact of marketing expenditures	Efficiency of: • Sales force • Advertising • Sales promotion • Distribution
4. Strategic control	Top management Marketing auditor	To examine whether the company is pursuing its best opportunities in markets, products and channels	Review of: • Marketing-effectiveness • Marketing audit • Marketing excellence • Company ethical and social responsibility

Source: Kotler, 2000:698

2.8 RECOMMENDED MARKETING PLAN STRUCTURE

The proposed elements of a marketing plan as suggested by a spectrum of authors have been addressed in this chapter. Premised on this assessment the marketing plan structure modeled on Malcolm McDonald has been selected as the template to use for the research endeavour. Table 2.3 provides an holistic summary of what appears in a marketing plan and a list of the principle marketing tools, techniques, structures and frameworks that apply to each step.

Table 2. 3: The elements of a marketing plan

The marketing planning process	The output of the marketing planning process strategic marketing plan contents	Marketing theory (structures, frameworks, models)
Phase 1 Goal setting	Mission statement Financial summary	
Phase 2 Situation review	Market overview → Market structure → Market trends → Key market segments → Gap analysis	Marketing audit Market research Market segmentation studies Gap analysis Product life cycle analysis Diffusion of innovation Ansoff Matrix Forecasting Market research
	Opportunities/Threats (By product) (By segment) (Overall)	Issue management
	Strengths/Weaknesses (By product) (By segment) (Overall) Issues to be addressed (By product) (By segment) (Overall)	Key success factors matrix Market research Market segmentation studies
	Portfolio summary	BCG matrix Directional policy matrix
	Assumptions	Downside risk assessment
Phase 3 Strategy formulation	Marketing objectives (By product) (By segment) (Overall) → Strategic focus → Product mix → Product development → Product deletion → Market extension → Target customer groups	Porter Matrix Ansoff Matrix BCG Matrix Directional policy matrix Gap analysis
	Marketing strategies (4 x 4 Ps) (Positioning/branding)) → Product → Price → Promotion → Place	Market segmentation studies Market studies Response elasticities Competitive strategies
Phase 4 Resource allocation and monitoring	Resource requirements	Forecasting Budgeting
		Measurement and review

Source: McDonald, 2002:568

2.9. SUMMARY

In this chapter the main components of a marketing plan were discussed from the perspective of a variety of authors. It is evident that an effective and efficient marketing plan can be compiled following the framework discussed in this chapter. Even though some of the elements in the framework may not be applicable to all marketing plans, adhering to the elements best suited to each organisation will ensure a plan that will meet its requirements. Only selected elements of the marketing plan will be discussed in the context of this research study. In the context of McDonald's model, the selected elements will be competitor analysis as a component of the market overview, marketing strategies and controls as an element of resource allocation and monitoring.

CHAPTER THREE

REVIEW OF GLOBAL MOBILE NETWORK OPERATORS

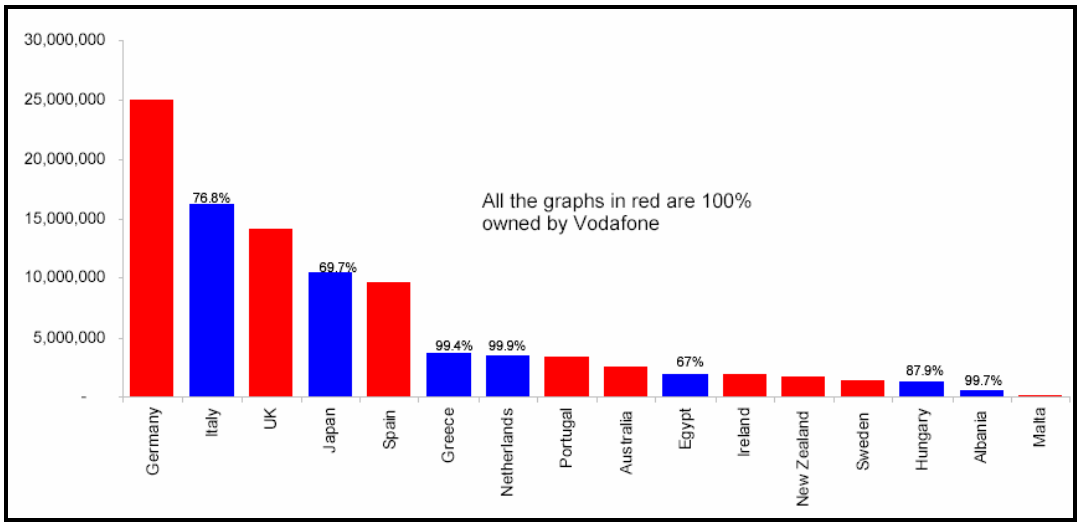
3.1 INTRODUCTION

In line with McDonald's template for a marketing plan, the phase two, situation review will now be conducted. Market structure, trends, segments and strategies will be explored (McDonald,2002:568).This chapter covers an overview of global mobile network operators that have successfully launched data services. Various global network operator companies were selected for this research. The object was to extract marketing strategies that were successful for these companies and including it in the development of a marketing plan for Vodacom to market data services. Firstly the companies operating in Europe will be discussed. They are Vodafone, T-Mobile, mmO2, 3 (previously Hutchison 3G) and Orange. Thereafter Japan with NTT DoCoMo and lastly South Korea with SK Telecom will be discussed. The reason for these companies is that they are the leaders in the mobile data field. Because the listed companies operate across different cultures, their selection will validate this report. The chapter will conclude with core concepts that have been distilled from these strategies.

3.2 VODAFONE

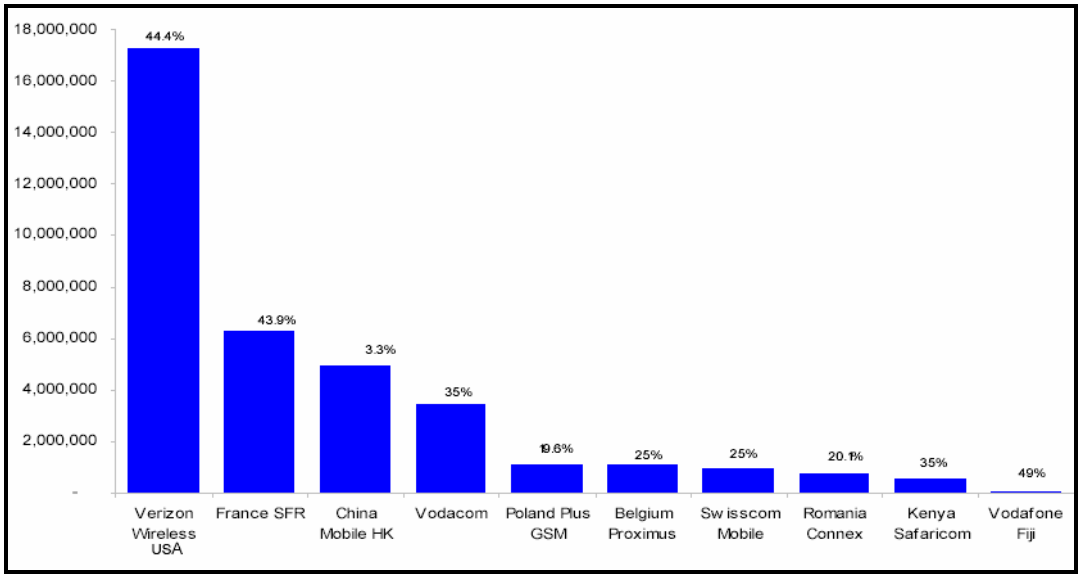
Vodafone is currently (2004) the worlds largest GSM mobile telecommunications company (Mzolo, 2004). They have a significant presence in Europe, UK, US, Middle East, Africa and the Asia Pacific region. Their subsidiary, joint venture and associated undertakings are shown in figure 3.1 and 3.2 respectively.

Figure 3. 1 Vodafone Subsidiary Companies – Proportionate customers and percentage ownership



Source (www.vodafone.com)

Figure 3. 2 Vodafone associate companies – Proportionate subscribers and percentage ownership



Source (www.vodafone.com)

3.2.1 Marketing Strategies

According to Pienaar (2004:7), Vodafone realigned their strategies in 2000 by:

- Creating revenue growth through increased marketing focus on Vodafone's established high quality customer base
- No longer expanding into new geographic markets but using Vodafone's established scale and scope to extend the financial and commercial benefits of operational leadership
- Extending Vodafone's service differentiation by investing in, and delivering, a Vodafone branded, easy to use, customer service proposition
- Deploying 350 interactive kiosks, this simulated the Vodafone Live phone experience. These kiosks proved to be an invaluable sales tool, giving customers the opportunity to research products and having sales staff demonstrating the capabilities of the service
- Joining ranks with mmO2 and T-Mobile in a content partnership. These partnerships have boosted data revenues for operators and provide a new channel for media giants such as Warner, Universal and Disney
- In preparation for 3G, Vodafone appointed a global marketing team.

Pienaar (2004:7) discuss further how improved marketing efforts to Vodafone's customer base are now a key business driver. Vodafone's entire organisational approach is focused on customers and the applications they want to use. Vodafone has conducted extensive research to determine what services customers require and how they want them delivered. As a result, Vodafone has created fully branded, easy to use, customer service propositions. Two examples of service prepositions are Vodafone live and Mobile Connect 3G data-card. Vodafone's approach means that customers can now access services through easy to use Vodafone branded menus. To achieve this, Vodafone have worked much closer with its suppliers and partners to implement what customers want. Microsoft and Siemens, are examples of suppliers and partners. Vodafone have built global technology

platforms, which seamlessly deliver services to its customers, and has created a global brand, which Vodafone believes will foster trust, customer loyalty and a significant service differentiation in the market. Figure 3.3 illustrates the Mobile connect data card.

Figure 3. 3 The Vodafone Mobile Connect Data Card

Source: www.vodafone.com

3.2.2 Vodafone Live

Vodafone launched Vodafone Live in 2002. The launch of Vodafone Live was successful due to the following:

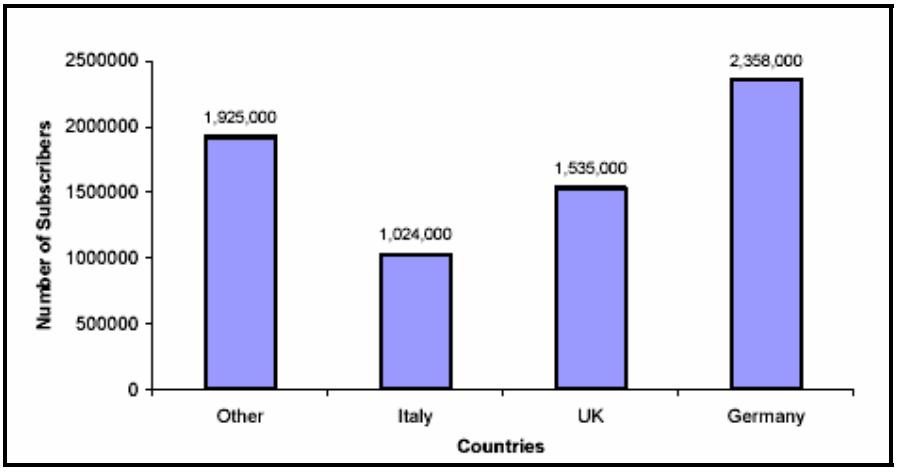
- The use of technologically advanced handsets.
- The use of the Vodafone Live data card.
- The range of services offered.
- The marketing campaign featuring David Beckham and Michael Schumacher, a famous footballer and Ferrari racing driver respectively.

The launch of Vodacom Live enabled Vodafone to increase its data service revenues by 8.5 per cent. From 14.6 per cent to 16.1 per cent (Pienaar, 2004: 9).

Figure 3.4 shows the Vodafone Live subscribers per country. It should be noted that in the diagram the “Other” category includes France, Spain,

Ireland, Netherlands, Sweden, Portugal, Greece and Hungary. Vodafone has over 6.8 million Vodafone live customers in controlled mobile business and over 0,7 million in associates as at 31 March 2004, plus an additional 13,0 million Vodafone live customers in Japan following the rebranding of the J-Sky service to Vodafone live on 1 October 2003. As the handsets in Japan do not yet incorporate the full Vodafone live experience, Japan has been excluded from the table below.

Figure 3. 4 Vodafone Live subscribers per country as at March 2004.



Source: Vodafone Group Preliminary Results – March 2004

Vodafone is looking to impress its customers, by extending what its products features, to what it can increasingly do. This involves communication of products and benefits, not the creation of brand awareness. Vodafone appeals to new customers and aim to keep its existing ones by emphasising the uniqueness of the brand. Vodafone's aim is to grow its revenue and improve its profit margin by adding value to its products and services by earning more from each product sold. Vodafone's marketing mix is described below (Pienaar, 2004: 11).

a. Product

A product, with different features, provides customers with opportunities to chat, play games, send and receive pictures, change ring tones, receive information about travel and sporting events, obtain billing

information - and soon view video clips and send video messages. Vodafone live provides on-the-move information services.

b. Place

Vodafone UK operates over 300 of its own retail stores. It also sells through independent retailers like the Carphone Warehouse. At these outlets customers are able to see and handle products they consider buying. Support staff in the retail stores ensures customer's needs are matched with the right product, and the different options available are explained.

c. Price

Vodafone wants to make its services accessible to as many sectors as possible. Sectors such as the youth, apprentices, high-powered business executives and the more mature users are targeted. Vodafone started to offer various pricing structures to suit different customer groups.

d. Promotion

Vodafone works with icons such as David Beckham and Michael Schumacher to communicate its brand values. Advertising on TV, on billboards, in magazines and in other media outlets reaches large audiences, and spreads the brand image and the message very effectively. Retail stores have special offers, promotions and point of sale posters to attract people and to encourage purchases. Vodafone actively develops good public relations by distributing press releases to national newspapers and magazines to explain new products and ideas.

Vodafone UK produces various publications for customers and staff:

- Vodafone Essentials which outlines the product range
- Vodafone Explore that helps customers to maximise their use of their purchases
- Direct mail stimulates customers and potential customers to find out more about Vodafone and its products

- Vodafone life magazine for employees which details products, people and sponsorship deals

3.3 T – MOBILE

Over the years, T-Mobile had different marketing structures and are now bringing them all together as the company matures. T-Mobile UK has restructured its marketing department, creating a senior marketing role responsible for all elements of its consumer business.

The revamp has been initiated as part of a shift in marketing strategy to focus on its customers with the services, rather than the technology behind them. T-Mobile launched this new approach in the last quarter of 2004. The structure of the marketing department has been reorganised into four teams (Pienaar,2004:14):

- marketing communications
- consumer business
- business
- customer insight.

T-Mobile is well positioned to take advantage of 2.5G and 3G services. It launched tzones, its answer to the gaming and picture-messaging centric Vodafone Live service, and have signed major deals with entertainment companies Sony, Disney, MTV and Universal that will ensure T-Mobile has superior content when demand for 3G services take off (www.t-mobile.com).

3.3.1 Customer Relationship Management

T-Mobile has one of the lowest customer churn figure in the industry. Churn is when companies gain new customers only to lose many of them. Churn is sometimes referred to as the customer defection rate (Kotler,2000:47). T-Mobile's annualised rate of churn is 21 per cent compared to mmO2 with 28 per cent. T-Mobile achieved this churn rate by focussing on customer relationship marketing. Direct marketing was used in the UK because mobile data use is higher than in any other T-Mobile country. Rather than marketing to the entire customer base,

T-Mobile have targeted only their customers with mobile data phones (Pienaar,2004:15)

At the 2003 CustomerThink Executive Summit, a two-day conference held during November 2003 in California, USA, Andras Kondor, the Vice President of Consumer CRM with T-Mobile International shared his insights regarding T-Mobile's shift from a product oriented company to a customer-centric organisation. First, he noted that long-term revenue growth was going to have to come from existing customers. T-Mobile have begun to differentiate itself from its competitors, by initiating customer-centric processes designed to make the company the industry's most highly regarded service company (www.crmguru.com).
According to Kondor, it all starts with:

- his team communicating a customer-centric vision
- direction and strategy to each of T-Mobile's European markets
- making the executives at each of the countries responsible for developing and implementing action plans in support of this overall vision and strategy
- applications have been put in place so that each country or market can measure and monitor the success that their action plans are having towards driving their operations to greater levels of customer-centricity.

T-Mobile is using sophisticated customer segmentation techniques based on customer needs, attitudes, demographics and usage history to better align its service levels and costs with customer value. T-Mobile manages customer relationships beyond a typical life-cycle, currently 30-50 months, using strategies, tactics and action plans that focus on retaining customers throughout their life-stages, youth, maturity and retirement (Berkowitz, 2003 online available from www.crmmastery.com accessed 7-10-2004).

According to Kondor in Berkowitz, 2003, part of T-Mobile's customer loyalty strategy was to make the customer feel monetary pain (switching

costs are high) if they were to leave T-Mobile for another provider. Some other pointers mentioned at the 2-day summit were:

- focus on being different; and that, differentiation must focus on customer service
- selling must shift from a product and technology focus to a consultative and solution focus by retaining current strengths while building customer relevance
- give customers a vision of the value of working with the company
- measurement is key, companies must be able to gauge their success towards becoming a more customer focused organisation
- focus CRM initiatives on a measurable pain or problem and then go where the greatest ROI is, and
- if executive buy-in and sponsorship is wanted, show them the earnings that can be achieved.

3.3.2 Marketing Strategy

T-mobile data service access strategies have been to create one multispeed, multimedia network by integrating all the available technology like GPRS, WiFi and UMTS into a single bundle. T-Mobile uses a flat-rate bill approach as a market entry strategy to gain a competitive advantage. T-Mobile have been first to market a number of new services on the flat-rate basis T-Mobile have been the most aggressive operator in adopting Wi-Fi technology as a complement to 3G, claiming that "3G is vital but not enough" for the provisioning of mobile data. T-Mobile has 4,000 hot spots available in the U.S. and 700 in Europe (as at March 2004). Thereby claiming about 42 per cent of global Wi-Fi hot-spot installations, and plans to raise the total to 10,000 by year-end 2004, with 4,000 in Europe and 6,000 in the U.S. T-Mobile are far ahead of other mobile network operators in terms of the number of hotspots. T-Mobile seems to be the innovators and Wi-Fi is clearly a differentiator for T-Mobile (Billing Plus, 5 April 2004 online available from www.telecoms.com accessed 2-07-2004).

3.4 MMO2

mmO2 was the first company in the world to rollout GPRS. This first-mover advantage made sure that their business in the UK and Ireland showed a record of revenue and growth. In the above-mentioned countries mmO2 have a strong presence in high value markets and in the provision of mobile data and internet services. mmO2 are one of the few mobile companies that have succeeded with wireless application protocol (WAP) services (Pienaar,2004:17).

3.4.1 Customer Relationship Marketing

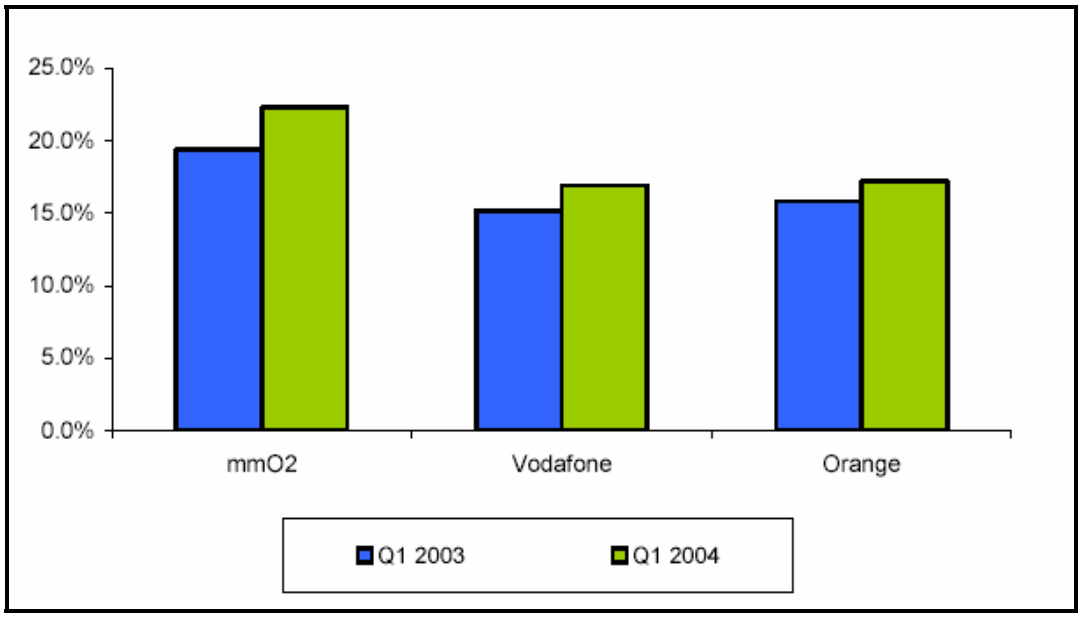
mmO2 has a loyalty programme that has 1.8 million members , which constitutes 8.3 per cent of its total subscriber base. This loyalty programme was devised by mmO2's marketing agency called Tullo Marshall Warren(TMW). This loyalty programme is named mmO2 First. In this loyalty group, the average churn is half that of its other customers. Every one per cent saving on churn is believed to deliver £5 million in profit. Customer satisfaction in this loyalty group is reported to be six to ten per cent higher than mmO2's other customers. TMW uses sophisticated data analysis software to create quarterly personalised communications, giving advice to customers on the most suitable tariff. This scheme has won gold at the 2002 Direct Marketing Association Awards. mmO2 have used its customer data to drive ideas and creativity. These ideas and creativity provide a competitive advantage. mmO2 does not have the debt of 3G license as they were demerged from British Telecom. By being a small company, mmO2 can focus on the UK and anticipate the needs of the British consumers (Pienaar,2004:17)

3.4.2 Marketing Strategy

In February of 2002 the company began restructuring its UK and Germany operations, with the aim of improving their financial performance. In the UK this involved reducing the workforce by 27%, and closing 133 of its existing 320 retail outlets. In Germany, staff was reduced by just under a quarter (www.btplc.com). During this period, the

company launched Revolution, an interactive mobile service giving users access to entertainment, travel, games, reference, business and health news and information. mmO2 have seen improvement in their operating matrix for the last six quarters as a result of a very successful re-branding from Cellnet to mmO2 and some very good marketing in the data segments of the mobile market. mmO2 is now the U.K. market leader in revenue generated from mobile data (Pienaar,2004:18) . In the following graph, Figure 3.5, mmO2 is compared with Vodafone and Orange mobile networks.

Figure 3. 5 Percentage Mobile Data Revenue generated in the UK per operator : Q1 2003 to Q1 2004.



Source: 3G Mobile, 9 June 2004

mmO2 have been successful in developing data revenues in terms of monthly revenue coming from data, which is about US8.08 (R54.14) per subscriber. mmO2's strategy has focused on three key areas:

- improved operating performance
- managing their businesses cohesively
- leading in mobile data services.

Pienaar(2004:19) states that mmO2 recognised that their strategy must evolve to reflect the changing nature of the marketplace. When mobile

systems started there was one killer application, mobile voice traffic and customers were perceived as having similar needs. Now that both voice and data services are what customer needs, the options available for satisfying those needs must be more diverse. By having a clear understanding of their customer's different needs, mmO2 believe they will be able to provide customers with a better overall experience of the company.

To achieve the satisfying of customers, mmO2 are developing a new segmentation framework to understand the priorities of their customers. mmO2 will deliver a range of service packages to different types of customers. mmO2 are enhancing their IT systems, to improve their capability in customer relationship management, and to help them transform their retail presence. mmO2 are building their skills and capabilities in customer service, marketing, brand building and service packaging. They are motivating their staff to live the brand values and to keep the customer experience at the center of their vision. mmO2 believe by doing the above they will improve their ability to attract and retain higher value customers, helping to increase ARPU, reduce churn and improve operational performance.

Data will continue to be a core element in their drive to build a strong brand, based on delivering an excellent end-to-end service experience. mmO2 does not necessarily want to be the first to market with each new data product, but they want to provide products and services that are relevant to their customer's lifestyles, easy to use, reliable, good value and backed up by excellent customer support (Pienaar,2004:19).

The UK and the German markets are approaching saturation point in terms of mobile phone usage, and mobile operators are poised to alter their approaches to focus more on customer support and retention, rather than the aggressive marketing of new customers (www.mmo2.com).

3.5 3

3 is a mobile multimedia company focused solely on the provision of 3G mobile communication services in the UK. The company's products are marketed under the 3 brand name. 3 were one of five companies awarded licenses by the UK Government in May 2000 to run third generation (3G) mobile services. Most of 2002 saw 3 awarding contracts to content providers. In 2003 the company signed a number of distribution agreements with high street retailers in the UK. 3 also sealed more agreements with content providers and began to take online customer pre-orders of its products and services. One of the company's strengths is their experienced and successful management team. 3's management team, including managing director Dr. Colin Tucker and strategy and marketing director Lisa Gernon, includes many of the people who built Orange into a key player. Their experience from building Orange, which itself was a new entrant, into the largest UK mobile operator should prove invaluable to 3. 3 want Europe's mobile operators to be impressed by their product, the Hutchison-Whampoa. This product is on course to achieving critical subscriber mass 2004 (Mobile Communications -November 2003 online available from www. mobilecomms .com accessed 2-07-2004).

In July 2003, 3 appointed a new marketing team with responsibilities as listed below. All the directors below report to Gareth Jones, chief operating officer, 3 UK.

- Gordon Webber as director of commercial activities. He will be evaluating 3's commercial opportunities and agreements in the UK. He will also be responsible for reviewing the performance of current products, price plans and propositions. Webber, has over 14 years of experience in the mobile telecommunication industry and joins from Orange where he was head of their global distribution department.
- Ian Munro as customer director. He will have responsibility for leading and managing all the dynamics of the customer experience, including the contact centre teams in Glasgow and

Mumbai. Munro has over twenty years experience in developing, implementing and managing contact centres. He has worked with a number of high profile organisations in successfully developing and implementing enhanced customer experience.

- Graeme Oxby as marketing director. Oxby has led the implementation and refining of the marketing proposition and his role encompasses product development, marketing, pricing and communications.

The roles of Webber and Munro are new and they reflect 3's focus on the customers and the operational side of the business (www.three.co.uk).

3.5.1 Marketing Strategy

3 is a pure-play provider of the 3G mobile communications services that are expected to heavily impact on the business model for 2G services over the next few years. This is significant because most other mobile companies still derive a substantial percentage of its revenue from its 2G offerings. 3 may choose to expand and offer its 3G services in other countries in Europe and thus present an even bigger threat to mobile companies (Pienaar, 2004:18).

Pienaar (2004:20) lists the main responsibility of the marketing team mentioned above, as developing multimedia services that will engage customers, including:

- Understanding who the potential customers are and how to target them
- Developing multimedia services
- Developing customer focused marketing propositions that will appeal to consumers and business customers
- Managing brand communications, advertising and media relations.

3 have gained important insights from its first few months offering the UK's first commercial 3G service. While it has had setbacks, poor network functionality and unappealing handsets, 3's new strategy presents an unprecedented danger to its rivals. Attractively bundled packages would let customers gain crucial experience of multimedia

services. This would leave 3 with the lesser challenge of keeping them loyal. 3 have planned new pricing and accessory options for 2004 and should help the operator offset the negative impact of poor battery life, variable network quality and unappealing handsets. Product and price improvements, coupled with 3's strong financial position, extensive distribution channels and 'no-nonsense' packages, make the operator a much larger threat to its competitors than is readily acknowledged. And 3 can move up the learning curve before the other mobile network operators get their own 3G services up and running (Pienaar,2004:21).

Vital clues about where the company is heading, is broken down into six key areas (Baskerville,November 2003 online available from www. Baskerville.telecoms.com accessed 2-07-2004).

They are:

- network rollout
- handsets
- tariffs
- marketing/branding
- content
- distribution.

3 have a sales strategy and developed a sales team that consists of four teams (Pienaar, 2004:21). They are:

- The business sales team which focuses on corporate business customers
- The consumer sales team that target customers both through its own retail outlets, and multiple and specialist retailers
- The logistics and sales support team focusing on order management
- The channel marketing team that develops, implements, coaches and manages marketing strategies in partnership with the channels mentioned above.

3 also have a technology strategy team that works closely with the marketing team to:

- Define, develop and deliver new applications
- Deliver enhancements to the established network
- Research future technologies and trends.

No detailed information is available on the above key areas.

3 have a clear and well thought out strategy for reaching their customers. Their own stores give customers the chance to be immersed in their brand and to see what the company can do for them. They are able to reach customers through their partnerships with existing distribution channels. The Whampoa purchase of Superdrug has given them access to a huge existing retail network, that they can use very effectively in putting 3 where customers perhaps don't expect to see them. Agreements with experienced and established retail operations like Carphone Warehouse, Dixons and Phones4U will make sure 3 keeps on building a strong profile (Pienaar, 2004:22).

In May 2004, 3 announced it would be selling ThreePay, its pay-as-you-go offering, vouchers in 60,000 outlets in the UK. In just two months, 3 have achieved a rapid rollout with distribution agreements in place with the four leading top-up providers. They are e-pay, PayPoint, Omega Logic/EPOSS and Alphyra. ThreePay is the first pay-as-you-go tariff from a UK mobile operator to offer customers the same great value as contract, under the headline "if you top-up more than once a month you'd be better off with ThreePay". 3 continue to expand successfully and are in negotiations with other retailers to further extend its ThreePay distribution network. In addition to the 60,000 outlets selling ThreePay vouchers, customers are able to top-up online or via their video mobile handset using a credit or debit card (www.three.co.uk).

3.6 ORANGE

Orange has operations and minority interests in 26 countries, but its principal controlled operations are located in France, UK, Netherlands, Switzerland and Belgium. Orange group companies have been awarded

3G (UMTS) licenses in various countries shown in Table 3.1 below (www.orange.com).

Table 3. 1 Orange UMTS licenses per country

Country	Operator	System	Status	Start Date	Opening
UK	Orange	W-CDMA	Pre-commercial		Q3 2004
France	Orange France	W-CDMA	Planned/In Deployment		Q3 2004
Netherlands	Orange	W-CDMA	Planned/In Deployment		Q4 2004
Austria	Connect Austria	W-CDMA	In Service	Dec 2003	
Switzerland	Orange	W-CDMA	Planned/In Deployment		Q4 2004
Portugal	Optimus	W-CDMA	Planned/In Deployment		Q2 2004
Belgium	Mobistar	W-CDMA	Planned/In Deployment		Q4 2004
Denmark	Orange Denmark	W-CDMA	Planned/In Deployment		Q4 2004
Slovak Republic	Orange	W-CDMA	Planned/In Deployment		Q1 2006
Luxembourg	Orange Communications	W-CDMA	Planned/In Deployment		Q4 2004

Source: EMC World Cellular Database – June 2004

During 2001 and 2002 Orange began to rebrand a number of its overseas operations. Mobilix rebranded as Orange in Denmark, while Itineris, OLA and Mobicarte rebranded as Orange in France. The company's operations in Slovakia, Romania, Cameroon and the Ivory Coast were also rebranded under the Orange name. Orange launched the world's first Microsoft Windows powered telephone in October 2002. The phone was named the SPV (Figure 3.6).

Figure 3. 6 First Microsoft Windows-powered telephone

Source www.Orange.com

In October 2003 Orange launch OrangeWorld which is a suite of personalised services and a range of handsets that the company hoped would replicate the success of Vodafone's Vodafone Live product. In March 2004 four of Europe's largest mobile phone companies announced the creation of an alliance called FreeMove. The companies are T-Mobile, Orange, Telefonica Moviles and Telecom Italia Mobile. They originally started talks on cooperation during 2003. FreeMove was created to offer a seamless service across all of its member's networks and to achieve economies of scale in a number of areas, such as the purchase of handsets (www.orange.com).

3.6.1 Global Brand Strength

Orange has created Europe's strongest telecoms brand based on lifestyle rather than technology. This brand recognition enables Orange to embark on high-profile marketing campaigns, and gives Orange the ability to offer global services which companies operating in individual markets would find difficult to do on their own. This therefore gives Orange an important competitive edge in local markets. OrangeWorld allows customers to access a range of services personalised to their tastes through a single icon on their phone This access by single icon makes the service easy to setup and use. Many of the services in Orange World are available on existing handsets in the UK and France, but Orange is also launching a new batch of phones to complement its existing Microsoft Windows-powered SPV smartphone (Figure 3.7 below). By the end of 2003, Orange had eight such smartphones in shops, including one from Nokia, all sporting the Orange brand and the Orange World icon (Pienaar,2004:24).

Figure 3. 7 Microsoft Windows-powered SPV smartphone.

Source www.orange.com

Orange is hoping 15 per cent of new customers will be using one of these Signature phones by the end of 2004. The company wants customers to spend more time calling, texting and downloading information. Orange has already persuaded more than 500,000 UK customers, 3,6 per cent of total subscriber base, with handsets that can use WAP to use OrangeWorld's predecessor, Your Page, to personalise their information services. These customers spend an average of three to four times more of their day browsing news and information than normal Orange customers do (Pienaar,2004:24).

3.6.2 Marketing Strategy

In February 2004, Orange introduced a new strategy in the UK aimed at persuading British users who are sceptical about mobile data to try it. Although they may not currently use services, such as mobile email and picture messaging, Orange is sure that users would like data services if they tried them. Orange kicked off the strategy with the launch if its “TRY” campaign at the start of February 2004. The strategy follows studies conducted by the operator that showed that less than 10 per cent of UK citizens would proactively invest in a new technology but that the mainstream, 90 per cent would be far more liable to buy new services and products if they were able to test-drive them first (Pienaar,2004:24).

The above approach allows users from both corporate and consumer sectors to trial services and products that they have never previously used, free. The untried products are available for a month's trial period, by which time Orange hopes the recipients will have been sufficiently enticed to want to buy them. The “TRY” strategy centers around data and messaging products, which are offered in bundled deals. According to Orange, this new strategy change the way they offer services to all of their customers and Orange hopes that this drive will be successful. Orange's challenge is to encourage more of the UK population to behave like the 'early-adopter' segment of the market and the scheme should certainly help to address this (Pienaar,2004:25).

3.7 NTT DOCOMO

Japan have three major mobile operators, and the overall numbers of subscribers for the three mobile operators are for Vodafone K.K. 14.9 million, for NTT DoCoMo 45.4 million and for KDDI 16.2 million, as of January 2004. NTT DoCoMo is the largest mobile operator in Japan, more than twice the size of its two competitors. The main reason for this is the success of i-mode (Henten,Olesen,Saugstrup &Tan,2004:201).

NTT DoCoMo is Japan’s leading mobile communications operator. The company’s operating revenue for the year ending 31 March 2004 was

five trillion yen. NTT DoCoMo has over 49 million subscribers as of July 2004 and accounts for more than half on Japan's cellular phone market and one of the largest subscriber bases of any mobile phone company in the world. NTT DoCoMo offers a wide range of mobile telecommunications services. These are cellular telephones, Personal Handyphone Systems (PHS), paging, satellite mobile communications and maritime. The world's first 3G product, Freedom of Multimedia Access (FOMA) and i-mode are positioned prominently in the above mix (www.nttdocomo.com).

3.7.1 Marketing Strategy

DoCoMo launched i-mode in February 1999. DoCoMo has a proprietary on i-mode which is a 2G/3G mobile-internet platform. This technology reinvented the cellular industry and most major mobile companies copied this technique. In Japan DoCoMo have 42 million users as at October 2004. Three million users of i-mode services are available over GSM networks in nine other countries and regions (www.nttdocomo.com).

In October 2001, NTT DoCoMo launched its 3G wireless service FOMA as the first 3G service in the world. DoCoMo's FOMA network permitted the transmission of voice, data, and video. Well ahead of potential 3G rivals in Europe and the United States, the company committed to being one of the early leaders in Asia. Since the launch of the service, coverage has been extended to almost 100% of the Japanese population, and the release of new terminals with higher-level functionality continues to attract ever more subscribers. i-mode service has become more advanced with the use of FOMA 3G technologies. FOMA's high-speed packet transmission with reception speeds of up to 384Kbps makes i-mode service significantly faster and able to handle greater volumes of data: e-mail messages of up to 10,000 characters, the ability to attach files of melodies and still images. The latest terminal also features an increased data capacity of up to 200KB for saving even more i-appli content. The i-mode service has always been incredibly

convenient, but FOMA's new capabilities realise entirely new potential (www.nttdocomo.com).

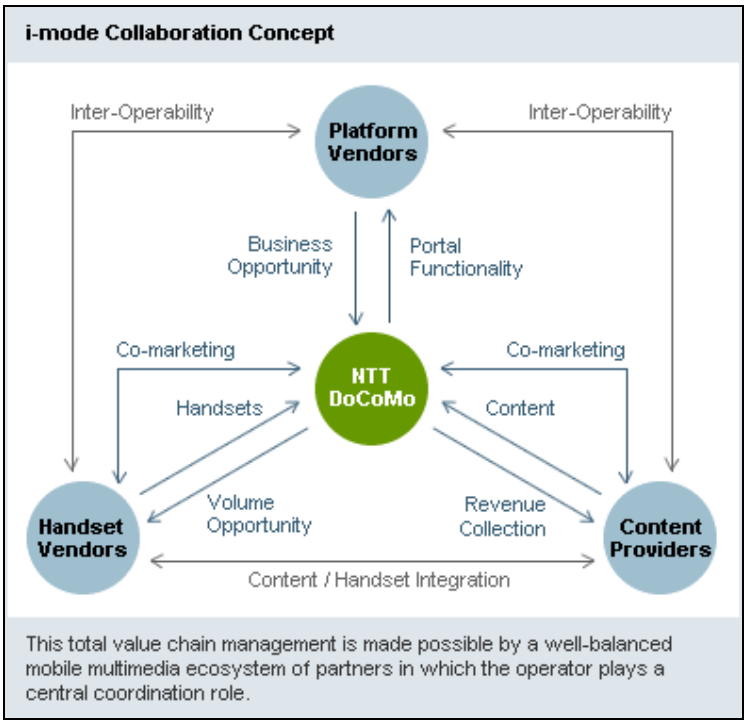
DoCoMo pronounced that i-mode was successful because it offers a win-win situation to developers and subscribers. Content providers are free to concentrate on the provision of information while NTT DoCoMo takes care of all billing on their behalf, while more and more subscribers are attracted by the constantly updated wealth of exciting and convenient content. One of the key strengths of i-mode is the fact that it remains connected to the Internet at all times. This means there is no need to dial up to access more than 4,400 Japanese and English-language web sites via the i-Menu and an infinite number of independent sites. i-mode also offers "Web to", "Phone to", and "Mail to" functions which add even greater convenience. i-mode is based on a foundation of technological advances. By embracing packet transmissions, the service offers continuous access. Additionally the use of a subset of HTML makes content creation simple and allows existing sites to be converted with ease. The i-mode business model of NTT DoCoMo is ingenuis. It involves the synchronisation of every aspect of the value chain to ensure wireless technologies, content quality, and the user experience evolves at the same optimal pace. Even the billing system is made more efficient too, with NTT DoCoMo collecting information access fees on behalf of i-Menu-listed content providers by presenting subscribers with a single, consolidated bill (www.nttdocomo.com). NTT DoCoMo receives three revenue streams from the i-mode business model: monthly charges from subscribers, 9 percent commission from content providers, and charges from packet transmission (Henten et al,2004:202).

3.7.2 The i-mode value chain

The i-mode collaboration model contains four main entities: NTT DoCoMo, platform vendors, handset vendors and content providers. The collaboration model or value chain is made up of a mobile ecosystem of partners, where the mobile operator plays a central role in coordinating most activities. NTT DoCoMo in the center coordinates and synchronises

the activities in order to continuously improve the service for the subscribers. One of the main reasons for the huge i-mode success is rooted in this constellation among the different entities in the value chain. Looking at the advantages, the most obvious one is that all entities in the value chain are working towards the same goal of satisfying the end-user, as their own success depends on this. All partners have aligned on a common interest, serving the end-user and, thereby, maximising their own and other entities' value within this value chain. This objective is achieved by exchanging information throughout the value chain, thus also providing beneficiary feedback to one another and sharing responsibility and development costs. The main task of getting the customers and marketing the services or applications is assigned to the operator in the center, NTT DoCoMo, whereas the other partners in the value chain can focus on their core competences (Henten et al, 2004:202). Figure 3.8 highlights this collaboration concept.

Figure 3. 8 I-mode Collaboration/Value Chain concept.



Source www.nttdocomo.com

3.8 SK TELECOM

South Korea has the fastest-growing mobile penetration rates in the Asia-Pacific region and has the largest penetration of mobile Internet users in the world. South Korea has around 12.5 percent of the world's wireless Internet users (www.eurotechnology.com/imode/faq-wap.html, accessed 29 September 2004).

South Korea has achieved this number of subscribers without having to offer any forms of subsidy because of the ban on subsidies by the South Korean government. Compared to Japan where terminals have been heavily subsidised. Mobile operators in South Korea have emphasised their commitment to bring popular and useful services to mobile users (Henten et al, 2004:203). One of the major influencing factors for the high rate of mobile usage in South Korea is the government's strong involvement in the country's development of next-generation core technologies, which include both wired and wireless communication (www.mic.go.kr/index.jsp, White Paper 2002 on informatization ,accessed 29 September 2004).

SK Telecom is Korea's biggest mobile telecommunications company. SK Telecom provides services to over 11 million mobile and Internet communication service subscribers, accounting for 43 percent of the Korean market. The firm's cellular services reach 79 cities and towns and 195 rural communities, covering at least 98 percent of the Korean population.

Although SK Telecom dominates Korea's telecommunication market, the company faces a bigger challenge from competition on a global scale. Telecommunications company mergers around the world are putting pressure on individual players such as SK Telecom to stay ahead in the increasingly global battle for the provision of information and communications services (www.microsoft.com /asia/crp/ search2.asp? CaseID=3).

3.8.1 Marketing Strategies

To be able to effectively deliver on this strategy and provide customers top-notch services, SK Telecom emphasises the importance of having a strong IT infrastructure, specifically in billing, customer management, and basic operations in the telecommunications business. SK Telecom decided to implement a system that would allow employees to better plan business strategies, provide solutions and establish infrastructure in IT services, as well as provide customer authentication and customer management. In July 1999, SK Telecom enlisted the aid of local Microsoft solution partner NETS Co. Ltd, which suggested implementing the IT services infrastructure on a Windows NT-based platform, setting up virtual private networks; hosting Internet, intranet and commerce-enabled Web sites; and deploying communication services including mail, news and conferencing. SK Telecom projects that data communications services will contribute 600-plus per cent revenue growth over the next five years, with the number of users increasing from 50,000 to one million in 2004 alone. Also, the Windows NT platform and migration path to Windows 2000 allows SK Telecom to work toward its goal of achieving 60 percent market share in wireless data communications since the system can scale to handle over 10 million online transactions per day (www. microsoft.com/ asia/crp/search2.asp? CaseID=3).

SK Telecom decided to use the consulting firm Ovum to develop a cost model for future termination charges that reflects the true business costs. In South Korea, regulators have been busy with the key issue of termination charges. SK Telecom had to contend with the lowest termination charge among its competition, and a much lower charge than that set for other regulated markets in Western Europe. With a further change to the regulatory framework mooted for 2004, the company had to be in the best possible position to protect a key income stream. This is where Ovum‘s services was successfully utilised (www.ovum.com/consultancy/default.asp?doc=sk_case/default.htm)

SK Telecom, work closely together with content providers to come up with applications that users are likely to want to see on their mobile terminals. SK Telecom collaborated with content providers to upgrade data-intensive content such as game applications, so that users would have a better experience with these applications. The priority is to attract new users to mobile Internet services and the way to do this is to introduce popular content that is in line with common daily activities such as access to news and location-based services. These services have been identified as the ones that are more likely to be attractive to users, both existing and new (Henten et al, 2004:203).

SK Telecom has provided a wide variety of services to users on the mobile Internet platform. Services have been introduced that allow mobile users to subscribe to, and to customise, services to their liking and to access the Internet whenever they desire. These services are accessible not only through mobile terminals but also through other devices such as personal digital assistant's (PDA) and personal computer (PC) management. In December 2003, SK Telecom launched the 3G (W-CDMA) version of the "MONETA" chip, which acts like a mobile credit card and allows users to pay for goods through infrared financial messaging or through physical terminals using a radio frequency (Henten et al, 2004:203).

Table 3.2 below lists the countries that the mobile network companies, described earlier in this chapter, operate in and the number of subscribers.

Table 3. 2 The countries that the mobile companies operate in

Company	NTT DoCoMo	SK Telecom	Orange	3	mmO2	T-Mobile	Vodafone
Company CEO	Masao Nakamura	Shin Bae Kim	Thierry Breton	Bob Fuller	Peter Erskine	René Obermann	Arun Sarin as from July 2003
No of subscribers (May '04)	49 000 000	18 300 000	75 894 550 (of which 13 million in the UK alone)	1 200 000	22 000 000 (13 million in UK	92 698 000	363 406 650 (12,8 million in the UK)
Share holders			100% owned by France Telecom	Hutchinson Whampao 65% NTT DoCoMo 20% Holland KPN Mobile 15%	BT Cellnet	100% owned by Deutsche Telekom	
Countries operating in	Germany Netherlands Taiwan Belgium France Spain Italy Greece Australia Israel	China Vietnam Cambodia Mongolia Israel Taiwan France Kazakhstan	Argentina Austria Belgium Botswana Cameroon Congo Cote d'Ivoire Denmark Dominican Republic Egypt El Salvador France India Italy Jordan Lebanon Madagascar Netherlands Paraguay Poland Portugal Romania Senegal Slovakia Switzerland UK Israel	Australia Austria Denmark Hong Kong Italy Sweden Ireland Israel Norway	UK Germany Ireland Isle of Man (Manx Telecom)	Austria Czech Republic Germany Hungary Malaysia Mozambique Netherlands Poland Russia Taiwan UK Ukraine USA	Australia (100%) Germany (100%) Ireland (100%) Malta (100%) New Zealand (100%) Portugal (100%) Spain (100%) UK (100%) Sweden (100%) Netherlands (99,9%) Albania (99,7% shareholding) Greece (99,4%) Hungary (87,9%) Italy (76,8%) Japan (69,7%) Egypt (67,0%) Fiji (49,0%) USA (44,4%) France (43,9%) South Africa (35,0%)

Source Websites of listed companies.

3.9 Conclusions

The following core factors can be extracted from the above market overview:

- Mobile network operators are making use of extensive research to improve their marketing efforts to customers and provide them with the products and services they want.
- Communication to existing and potential customers needs to be effective. Emphasis needs to be placed on the benefits of a product or service, as people buy benefits not products.
- New data services like 3G should be marketed to consumers as an extension of existing service offerings and not as something new. There must be a seamless integration between GPRS, Wi-Fi and UMTS.
- A well-integrated customer relationship marketing strategy is very important as the churn rate among loyal customers is half that of other customers. It is contended that every extra five percent churn per year causes a two percent drop in earnings before interest, tax, depreciation and ammortisation (EBITDA).
- Customer segmentation is of utmost importance to ensure that the most suitable products and services are offered to the right target market, Proper segmentation results in retaining higher value customers, increasing ARPU, reducing churn and ultimately improving operational performance.
- Having an experienced and successful marketing team is critical for the success of any marketing strategy. The mobile network operators covered in this overview embarked on major recruitment drives for top marketing and strategic positions.
- It would appear that one of the best ways to get customers to buy new products or services, is to let them “try” it first. Orange implemented this strategy after conducting research in the UK, which showed that people are more likely to buy products if they were able to “test-drive” them first.

- Mobile operators are sure of success when thy form partnerships to create a value chain or collaboration model to provide an end-to-end service and product.

3.10 SUMMARY

This chapter described seven global network operators. These operators were chosen by the researcher because they all have data service offerings and they have 3G licenses. The network operators are established companies and have refined their marketing strategies. Relevant aspects of the above conclusions will be adapted when proposing selected elements of a marketing plan for Vodacom to adapt when marketing 3G and re-launching data services. These issues are addressed in the following chapter.

CHAPTER FOUR

SELECTED ELEMENTS OF A PROPOSED MARKETING PLAN FOR VODACOM

4.1 INTRODUCTION

In this chapter selected elements of the marketing plan as they relate to Vodacom are discussed in detail. The detailed elements that will be discussed are competitor-analysis, a marketing strategy and controls. These elements refer to McDonalds model described in chapter two. Competitor analysis forms part of phase two, the situational analysis. Marketing strategies as part of phase three, strategy formulation. Controls forms part of phase four, resource allocation and monitoring. Since competitor analysis is central in the significance of potential marketing success, this section has been given more weight than the strategy and control elements contextually. Premised on research in this document and irrespective of any marketing strategy or documents used by Vodacom, the following plan is proposed.

4.2 COMPETITOR ANALYSIS

Vodacom's data service sector is in the early growth stage. Vodacom launched GPRS in October 2002 and have 256972 registered subscribers as at 09/12/2004 (Personal communication Y.De Beer, 9-12-2004). This equates to 2.6 per cent of their customer base. The other type of data, 3G, is being rolled out in December 2004 to main metro areas. 3G will be extended the same way GSM was introduced and expanded over several years (Le Roux, 2004). Vodacom spent R400m to upgrade 470 sites for 3G (Business Day, 11/11/2004). A competitor analysis will now be conducted by using Porter's five forces model as a reference.

4.2.1 Industry competitors

Industry competitors are also referred to as segment rivalry or competitive rivalry.

a. MTN SA

MTN SA is Vodacom's biggest competitor. MTN have decided to roll out enhanced data rates for global evolution (EDGE). EDGE will provide a higher user base and wider coverage for the next four to five years. This will increase the rate of uptake and ensure MTN's broadband is viable from the start. EGDE works on the existing network but operates more efficiently. EDGE technology offers many of the services that 3G offer, but at a slightly reduced speed and quality. MTN believes that once EDGE have been established and are widely used, the switch to 3G applications and cellphones will be fairly seamless. MTN will have covered 20 per cent of their network with EDGE technology by January 2005 (Lünsche, 2004).

MTN spent R20m on testing 3G and is spending R500m to upgrade their GSM network to EDGE technology (Business Day, 11/11/2004). When comparing Vodacom and MTN annual results 2004, it seems as if MTN is more efficient and their ARPU is higher. MTN have engaged Vodacom in various type of media battles to the point where MTN's Chief Technology Officer, Karel Pienaar, said that he will "eat his hat" if pervasive 3G services are rolled out by Vodacom by the end of the year 2004. MTN has a marketing strategy in place that they will adapt if the need arise. MTN will upgrade their current infrastructure and then gradually phase in 3G. They plan to make broadband wireless and 3G available to the South African market and then to the rest of Africa. Pienaar lists the challenges to 3G as the reason for MTN's delayed roll out of 3G, in 2006 (Whitford, 24 June 2004). The reasons Pienaar lists are:

- Handsets: The variety of 3G-enabled phones is to small and the cost of these handsets to high. This will inhibit the acceptance of 3G technology by the mass market.

- Telkom monopoly: A competitor is needed for Telkom to drive the prices of service to the cellular networks down. Bigger pipes from base stations to cellular switches are needed to carry an increased load of data and the current price of those links are to high.
- EDGE versus 3G: Pienaar wants to play a wait and see game. He says more EDGE-enabled phones compared to 3G-enabled phones are entering the market.

Pienaar expects pervasive 3G services to be available in five years time (Whitford, 24 June 2004).

b. Cell C

Cell C is the third competitor in the SA cellular industry. They entered the mobile cellular market in 2001(www.cellc.co.za). Since its launch, Cell-C has achieved a good level of success, and it now has approximately a 14 per cent share of the South African market. It secured 32 percent of net additions during the twelve months to March 2003 and in the six months since this proportion has increased to over 40 percent. This growth has been fuelled by enhancements to its media advertising campaigns and an increase in its distribution channels. With these growth rates, Cell-C is well positioned to achieve a market share of around 20 percent by 2007. This is a strong performance as it has been in commercial operation for only two years. Compared with many other wireless markets, a 14 per cent share after two years is a strong performance. However, Cell-C did enter the market at a time when mobile service penetration was relatively low (21 per cent), and new customers were being added very quickly. It should also be stressed that Cell-C does carry a significant number of inactive customers in its reported customer base numbers. Mobile data services are currently generating approximately 5 percent of Cell-C's total revenues. The vast majority of this is SMS. With its focus on the prepaid consumer market, it is not expected that Cell-C's mobile data service portfolio will match that of its competitors for the near future (Finnie et al, 2003:128).

Cell C launched its own GPRS offering in June 2004. This service was named smartdata and is available to their contract subscribers only. Smartdata is competitively priced at cheaper rates than the other two mobile cellular competitors, MTN and Vodacom. Cell C introduced three tariff packages. They are the standard, personal and professional tariff packages. The smartdata standard tariff package that has no subscription charge and users are charged R25 per megabyte. The personal package has a subscription fee of R15, with data charged at R17 per megabyte. The professional package has a subscription fee of R60 and data is charged at R12.50 per megabyte (Whitford, 4 June 2004). To promote the product, Cell C has offered one free megabyte of data to all subscribers activating their smartdata until 31 January 2005. Table 4.1 depicts the service and price comparison across the three mobile networks for GPRS as at June 2004.

Table 4. 1 Comparison of GPRS service

	Cell C	MTN	Vodacom
Package	Smartdata Standard	Basic	MyMeg 0
Monthly fee	None	None	none
Cost /MB	R25	R50	R45
Package	Smartdata Personal	2MB package	MyMeg 1
Monthly fee	R15	R50	R35
Cost /MB	R17	R25	R35
Inclusive MB		2 MB	1MB
Package	Smartdata Professional	15MB package	MyMeg 10
Monthly fee	R60	R263	R200
Cost /MB	R12.50	R17.50	R20
Inclusive MB		15 MB	10 MB

Source: Whitford, 4 June 2004

Czernowalow (2004) reports that on the 07-12-2004,Cell C unveiled a bold strategy for future growth, that it would rollout 3G technology and turn cash positive by the third quarter of 2005. Chairperson and CEO Talaat Laham stressed that Cell C would remain focused on competitiveness and that a more aggressive overall market to position itself favourably against Vodacom and MTN would be pursued.

Laham in Czernowalow (2004) lists the following challenges that Cell C will focus on:

- The potential SA mobile market is 8.5 million subscribers this is according to the latest All Media and Products survey. This is what Cell C will pursue to achieve the estimated revenue of R726 million a month.
- The big development poised to shake up the mobile industry in SA is the introduction of mobile number portability (MNP). MNP will allow subscribers to retain their numbers when changing mobile service providers. Thereby giving customers increased choice in terms of price, quality and service offering. MNP will also remove a strong barrier to churn.
- Cell C is in the planning stage of 3G and will launch 3G in the second half of 2005.
- Cell C is expecting to benefit from the introduction of the second national operator (SNO) in 2005. Cell C have met with the major SNO players about cooperation.
- Cell C five-year plan includes consolidating its base Cell C will also focus on growing its post-paid base and improving the post-paid mix.
- Cell C plans to acquire quality pre-paid subscribers. Cell C will introduce stricter commissionable criteria, reduce channel incentives and introduce a stricter churn policy.

Laham is not worried by being the last entrant into the SA mobile market and with Cell C's 12 per cent of market share. Laham argues that international experience shows that the last entrants to a market are the

biggest beneficiaries and that more entrants to a market are a prerequisite for a competitive market (Czernowalow, 2004).

4.2.2 Threat of new entrants

The issue of new mobile phone licenses and a change in telecommunications policies will change the threat of new entrants into the mobile data fields a reality. On 2 September 2004, the Minister of Communications made a policy announcement which will come into effect on 1 February 2005 and included the following:

- Value Added Network Service (VANS) providers will be able to carry voice traffic using any protocol, including Voice over Internet Protocol (VoIP)
- Mobile operators will be able to obtain their own fixed lines from any licensed Public Switched Telecommunications Service (PSTS) operator
- Any person may apply for a license to provide public pay phone services in any area of South Africa.The major players will be described here.

a. Sentech

Sentech, the state-owned broadcasting and telecom company, is set to become SA's fourth cellphone provider when it begins switching voice traffic across its 3G cellular network from 1 February 2005. Sentech offers always-on Internet access to consumers with its MyWireless network. Sentech's MyWireless network has been designed to carry voice traffic. Sentech's CEO, Sebiletso Mokone-Matabane says that telecom prices in SA are obscene and that Sentech will undercut the prices charged by other cellphone operators. If Sentech is able to launch on 1 February 2005, it could be the first operator in SA to launch a commercial 3G based voice network. In September 2004 MTN and Vodacom were still testing the technology (McLeod, 10 September 2004).

b. Wireless Business Solutions

Wireless Business Solutions (WBS) is a black-owned South African company established to provide mobile data network services to meet corporate, government and domestic requirements. WBS has gained vast knowledge and success by being the backbone network behind the National Lottery, providing nationwide wireless data services covering 95 per cent of the population. WBS is now rolling out a commercial wireless broadband data network using iBurst technology which can offer data speeds of up to 1 megabit a second, roughly double the maximum speed offered by Telkom and Sentech. Like cellular networks, iBurst will allow the user to move from one cell of coverage to another without interruption. This would allow WBS to act as a fourth cellular company when restrictions on voice-over-internet services are lifted. In turn, MTN and Vodacom are building high-speed data networks that will eventually offer high-speed internet access with the cell phone. To date iBurst has been deployed only in Australia. WBS has promised to cover 80 percent of the population within three years of launch, a target it says is easily achievable (De Wet, 2 August 2004).

WBS's goal is to cover SA's commercial centres and commuter belts so people traveling by car or by train can work without losing their connection. Both WBS and Sentech aim to put up sufficient base stations so people can connect wirelessly to the internet from a park, a shopping mall or the street. As from February 2005, WBS will sell handsets that users can plug into a laptop or desktop to call anywhere in the world over the wireless network. The WBS service will be charged at a flat-rate of R699 a month with a 24-month contract, including the laptop and desktop connectivity sets. Users not wanting a contract can buy an iBurst laptop card for R2100 or the desktop version for R2800, and pay R599 a month for unlimited access (Anderson, 30 July 2004). Figure 4.1 depicts the laptop card.

Figure 4. 1 iBurst laptop card

Source www.wbs.co.za

WBS claims it will liberate data communications in the same way the mobile phone liberated voice telephony. WBS is a wholesale provider of iBurst connectivity, concentrating on its strengths of establishing and managing the infrastructure. It will rely on its channel partners to disseminate the service to the community (www.wbs.co.za).

WBS partners are:

- ArrayComm, Inc. They are the world leader in smart antenna technology. ArrayComm's patented IntelliCell™ technology, based on fully adaptive smart antennas, creates dedicated personal cells of voice or data for wireless subscribers. ArrayComm licenses IntelliCell technology to manufacturers and improves the cost, coverage and capacity of any personal communications system. IntelliCell technology is installed in more than 150 000 IntelliCell-equipped base stations worldwide, serving more than 10 million people. IntelliCell technology is also the key ingredient of ArrayComm's innovative iBurst™ Personal Broadband System - the only wireless Internet access system that offers the freedom of mobility with the high speed of DSL at consumer pricing (www.wbs.co.za).

- Utstarcom. Founded in 1991 and headquartered in Alameda, California, Utstarcom is a leading global provider of wireless and wireline access and IP switching solutions. The company designs, manufactures, sells, and installs an integrated suite of future-ready access network and next-generation switching solutions. Utstarcom's products provide a seamless migration from wireline to wireless, from narrowband to broadband, and from circuit- to packet-based networks by employing "Next Generation Network Technology. Now." The company's customers include public telecommunications service providers that operate wireless and wireline voice and data networks in rapidly growing communications markets around the world. Utstarcom is providing WBS with its industry-leading Packet Data Serving Node (PDSN), which serves as a gateway into the operator's IP network for mobile subscribers (www.wbs.co.za).

- The Kyocera Group. This group is a leading supplier of solar energy systems, telecommunications equipment, semiconductor packages, electronic components, cameras, laser printers, copiers and industrial ceramics. Kyocera has been co-developing next-generation base stations with ArrayComm since 1998 and is one of WBS's suppliers of iBurst base stations and user terminals (www.wbs.co.za).

- Uunet. Uunet owns and operates a global IP backbone providing connectivity in more than 125 countries, over 2,800 cities, on six continents via more than 4,500 Pops. It is a mission-critical communications provider for tens of thousands of businesses. Uunet offers customers the fastest speeds available over IP today has five global network operations centers around the world to monitor network performance 24 hours a day, 365 days a year (www.wbs.co.za).

c. Storm

Storm is a self-proclaimed leader in the development of communication technology such as Voice over Internet protocol (VoIP). Storm products and solutions include (www.storm.co.za) :

- least cost routing - international and cellular
- high speed Internet access - on demand & always on
- backup
- hosting - server & web
- managed networks
- additional services - sms mail; fax; domain name services.

According to Storm's managing director Tim Wyatt-Gunning, the minister of communication's announcement opened new business avenues for the company, which was built on the back of call-back telephony and being an Internet service provider (ISP). Wyatt-Gunning adds that the announcement allows Storm to continue to do so, at last unimpeded by regulatory restraint with the eradication of any lingering doubt of illegality once and for all. Storm can extend their range of services from international and cell calls to include low-cost national calls and very low-cost inter-branch calls for companies with several offices. Storm expects to be able to offer those companies with permanent connectivity to Storm using Diginet, Wireless and ADSL. This will result in savings of up to 70 per cent on international calls and 30 per cent on national calls. With reduction in cost, Storm expects to see an increase in minute volumes. Storm hosted a number of free seminars in Cape Town, Johannesburg and Durban in November 2004 to assist their partners and customers to learn about the potential impact of VOIP on communications costs and general productivity levels (www.storm.co.za).

d. DataPro

DataPro is a niche telecommunications company and a Premier Business Internet Service Provider and are therefore well positioned for the future convergence of voice and data The company is currently rated

among the top four South African ISP's, it has a substantial client base, one of the most advanced networks in the world and provides a basket of voice and data communication products and services. The company is structured across four operating divisions: Connectivity, Voice, iCommerce, and Outsourced networking. The ISP division forms the core, providing the platform to leverage off the convergence of voice and data by accessing the Internet (www.datapro.co.za).

DataPro has been preparing itself for the convergence of voice and data technologies. It has established VoxTelecom as the least-cost routing and voice division of the DataPro Group. DataPro believes they are perfectly positioned toward maximising the opportunities brought about by the legalisation of VoIP. DataPro will take advantage of these changes, and as they are focused in delivering innovative and cost-effective solutions they have the ability to provide solutions that incorporate both voice and data services. DataPro has listed on the AltX Stock Exchange during October 2004 (www.datapro.co.za).

e. Tiscali /MWEB

In response to the announcements around the legalisation of VoIP, Tiscali has commented that this development could not have come at a better time. The company believes the news is exciting, and more so in relation to Africa's growing economic development and the potential to open its doors to the rest of the world, something previously only hindered by legislative constraints (www.tiscali.co.za).

Tiscali entered into an agreement with MWEB, a South African ISP and a subsidiary of MWEB Holdings (Pty), for the disposal of its South African subsidiary Tiscali Pty Limited. The agreed consideration does not include the cellular business, which will be the object of a separate transaction expected to take place before year-end 2004. The price for the disposal of the cellular business was expected to be over EUR 5 million (ITWeb, 24 August 2004). Tiscali South Africa sold its cellular business to Vodacom Service Provider Company Pty Ltd. Further to earlier

announcements of the agreed sale of Tiscali SA, the cellular division has been sold as a separate business. Tiscaly believes that Vodacom Service Provider Company is a logical home for its cellular business, and one that will ensure continued delivery of a high level of service and support to the existing cellular customer base (ITWeb, 20 October 2004 online at www.itweb.co.za accessed 12-12-2004).

The announcement by the minister also ties in closely with Tiscali's value proposition of being a voice and data service provider for mobile and fixed-line access, with the market potential for voice services now significantly expanded. Users will have more choice in terms of voice providers and won't see Tiscali exclusively as a data service provider. Tiscali has been actively following trends in the European market, devoting much of its Research and Development spend to the development of products and services to meet the VoIP eventuality when it becomes official next year (www.tiscali.co.za).

f. Internet Solutions (IS)

IS claims they are focused on anticipating the needs of their customers and that it is has an inventive spirit as part of its organisational culture. Examples of its inventiveness are: When the Internet began to reveal exciting new opportunities, IS were quick to identify them and introduce solutions and services designed to help their customers seize them. IS were first to market with security and hosting solutions. Realising the substantial benefits to be gained by sharing secure infrastructures, IS introduced the SA's first switched Virtual Private Network (VPN) through OmniLink in 1997. Their Virtual Remote Access service (VRAS) was yet another IS breakthrough, as was the launch of the country's first Multi-Protocol Label Switching (MPLS) VPN in 2000. More recently, IS have been at the forefront of bringing Web-based application services and mobile solutions to market (www.is.co.za).

IS have partnerships with global technology providers. IS seek out and build strong relationships with the world's best vendors and carriers.

Companies like Microsoft, Cisco, Dell, HP, BT, Cable & Wireless and AT&T as examples of their partners. IS's view is to harness the power of their partners's market-leading products and infrastructure to construct customised best-of-breed solutions for IS customers. To provide flexible solutions that can be scaled to customers constantly changing requirements. IS is expanding its services to the rest of Africa. IS states that mobile communications and satellite technology have alleviated the shortcomings of telecommunication and connectivity infrastructures outside of South Africa.. They are at the forefront, harnessing these wireless technologies as well as fibre optic solutions to make reliable infrastructure and bandwidth readily available to enterprises with African networks. Customers operating in countries on the west coast of Africa can link up with the SAT-3 fibre optic cable. Customers in other countries can connect via IS satellite service, offered in partnership with Transtel. IS offers satellite-based VPN services with the same 24 hour monitoring and support as their fixed line VPN services. IS's mobile solutions are capable of providing secure, reliable access to the corporate network from remote areas of the continent (www.is.co.za).

g. MTN Network Solutions (MTN NS)

MTN Network Solutions (MTN NS) was formed by MTN Holdings and Johnnic Communications to create a commercial Virtual Private Network (VPN) offering and manage the integration, consolidation and convergence of its IP networking interests. The company was launched in 2001 after the purchase and enhancement of a first tier ISP (Internet Service Provider). This acquisition allowed MTN NS to rapidly deploy an MPLS VPN network with full Internet access. MTN Network Solutions is positioned to harness the synergies between the Telecoms, Networking, Media and Entertainment interests of its two shareholders bringing together the IP networking and GSM worlds. MTN NS will be able to facilitate the convergence of traditional networking, cellular networks and the Internet. MTN Network Solutions operates and manages its own national backbone network as well as its own international links.

MTN Network Solutions hosted a free VoIP seminar titled “VoIP - what does this hold for corporates?”), on 19 October 2004 at the Sandton Convention Centre, to discuss the implications and opportunities of VoIP for the SA corporate market (ITWeb, 22 September 2004). The main objectives of the seminar were to look at the:

- practical requirements for the implementation of this technology in the corporate office.
- issue of IP phones, connecting the existing PABX, inter-branch VOIP, least-cost routing, local break-out and international call routing
- commercial aspects of VOIP and cover the regulatory issues, surrounding these changes.

h. BIDVest Network Solutions

BIDVest Network Solutions (formerly I-Fusion), owns and operates its own wide area voice and data network, which is built on the most current Cisco platforms, using MPLS technology. The company provides a total outsourced infrastructure solution with the main component being an outsourced wide area network, complemented by the provision of Internet, e-mail, server hosting, LAN management, desktop support, monitoring, backup, archiving, recovery and call centre services.

BIDVest Network Solutions has been providing Voice-Over-Data services for the past four years. The firm are one of the first VANS operators deploying voice over data services to its customers who are mainly corporates. It already provides full network solutions to many companies in the BIDVest stable, including Rennies Travel, FedEx franchisee myExpressCo and Safcor Panalpina, as well as companies outside the BIDVest stable, such as the Value Group. It hosts and supports in excess of 10 000 users with nodes in all major centres. There is a BidVest presence in every airport and in most shopping centres in South Africa. BidVest have a potential 500 wireless hotspots without the need to negotiate a lease or establish telecommunication links. This large footprint could extend BidVest Network Solutions existing infrastructure

to many millions of wireless Internet users. The provisioning of bandwidth within their network is another opportunity which will reduce costs (www.bidvest.co.za).

i. WaveStream

WaveStream, a wireless internet service provider (Wisp) owned by Clint J Armstrong (an Internet Café owner 10 years ago), originated in Bedfordview and is currently situated in Edenvale and Cape Town. The company provides Internet access to schools and is involved in adult education projects. WaveStream will be opening branches all over South Africa (www.wavestream.co.za).

WaveStream says it will install a national WiMax network using licensed frequency spectrum. Until now, WaveStream has used unlicensed spectrum in the commercial industrial-scientific-medical (ISM) bands and offered access to consumers using relatively short-range Wi-Fi technology. Once it has deployed WiMax, WaveStream will stop using Wi-Fi in its network. It has 19 Wi-Fi base stations, most of which service Johannesburg. WaveStream will also use its new network to offer voice telephony. It promises to offer its clients free in-province VoIP calls, provided the calls terminate on its IP network (or potentially on any IP network if interconnection agreements still to be concluded with other VoIP operators allows this). National calls between VoIP clients on WaveStream's network are expected to cost 25c/minute (compared with Telkom's 99c/minute). Calls to the US will cost R1,30/minute (Telkom charges R3,33/minute) (McLeod, 17 September 2004).

WaveStream provide the following services:

- wireless LAN (indoor)is a wireless LAN's within a building or office complex
- wireless WAN (outdoor) is used to connect offices less than 50km
- outdoor bridging is used to connect offices more than 50 km apart.

WaveStream will provide the above options with hassle free networking and voice telephony (www.wavestream.co.za).

j. Internet Company of South Africa (ICOZA)

ICOZA is well positioned, as a private sector tier one empowered ISP initiative, to provide essential value added services. As a value-added network service provider, ICOZA may carry voice using any protocol; and may also provide services by means of telecommunications facilities other than those provided by Telkom and the second national operator or any of them. ICOZA has a joint venture with IS and the J & J group. The J & J group is a strategic investment and management company with interests in IT, financial services and diversified industrials (www.icoza.co.za).

ICOZA welcomes the direct benefits envisaged by the minister (www.icoza.co.za) which include:

- a more competitive ICT environment
- improved access to ICT infrastructure and services
- affordable telecommunications services
- a variety of choice in services being provided by the ICT sector to meet both economic social needs of our society.

4.2.3 Threat of Substitutes

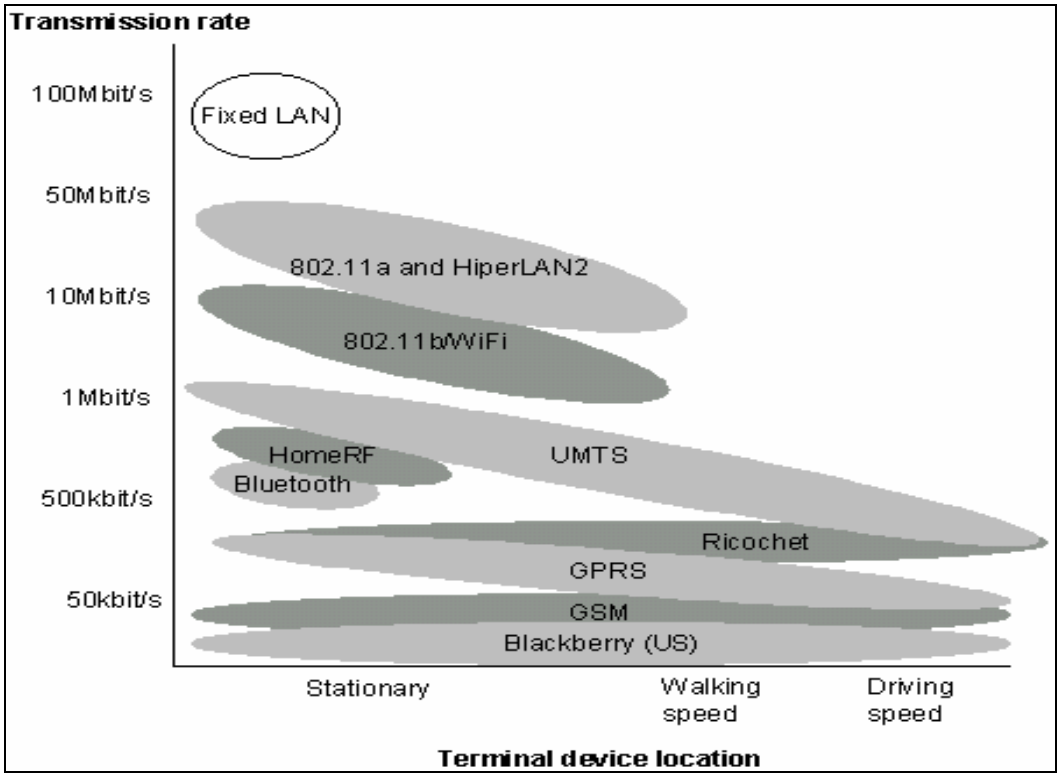
One of the biggest threats to Vodacom would be new technology offerings that customers might perceive to be of a higher benefit or of more value.

a. Wireless LAN

Wireless LAN (WLAN) is an example of such technologies. WLAN access is only one of a number of 802.11 applications. WLAN access will deliver mobile high-speed data access ahead of 3G. Several technologies offer mobile access to data applications, either in conjunction with mobile voice services like CDMA, GPRS, GSM, TDMA and UMTS/3G or as a standalone data channel ,Ricochet (wireless modems), Blackberry (two-way pagers) and Bluetooth. Figure 4.2 below

shows the transmission rate of each of these technologies and the types of environment in which they can be used (Pienaar, Loureiro& Pretorius, 2002:4).

Figure 4. 2 Comparison of wireless Internet access technologies



Source: Public Wireless LAN Access: A Threat to Mobile Operators, Analysis Research, 2001

b. Wi-Fi

Wi-Fi is a wireless networking technology for PC's and PDA's enabling multiple devices to share a single high-speed Internet connection over about 100 m. Earlier in 2004, some SA companies began running Wi-Fi networks in their offices, or, like Mugg & Bean, establishing hotspots in public places (Vegter,2004).

Harris (July/August 2004:25) reports that at the beginning of 2004 the number of Wi-Fi hotspots were:

- 13 000 in US
- 3 500 in UK

- 1 200 in Japan
- 2 300 in Germany
- 100 in SA.

At the time of Harris's report the main obstacle was the fact that South African companies and service providers had to use Telkom's services for backhaul connectivity. This fact explains the meagre 100 hotspots in SA. Telkom rolled out ADSL and capped it to 3Gbytes. The minister's announcement on 2 September 2004 levels the playing field and more Wi-Fi hotspots will emerge. Internet Solutions, MWEB and Airports Company South Africa (ACSA) have announced a joined venture. This venture will ensure that the companies, IS, MWEB and ACSA, develop Wi-Fi hotspots at major, high-traffic retail and hospitality venues throughout South Africa (Harris, July/August 2004:26).

Wi-Fi's data rate is substantially higher than the fastest Mobile data, 3G rate. Wi-Fi offers 11MBps whilst 3G only offers 384Kbps (Lehr and McKnight, 2002).

c. WiMAX

Worldwide Interoperability for Microwave Access (WiMAX) offers higher data rates than Wi-Fi, about 75 Mbps. Mobile networks offer full mobility, nation-wide coverage voice support and moderate data rates. Public WLAN,is limited in coverage and mobility capabilities. WiMAX circumvent these limitations and offers broadband connectivity in larger areas, called hotzones. WiMAX is used for long- range outdoor connections (Alcatel Strategy White Paper available from www.alcatel.com.).
A suite of industry players wants to make fixed-line data communications wireless. These industry players have formulated WiMAX to achieve fixed-line data communications for wireless and will also be able to do voice communications through VoIP. This would result in WiMAX and mobile data technologies competing for the same pool of users (Cellular-news.com).

Intel, the world's largest chipmaker, and French telecommunications equipment manufacturer Alcatel have agreed to jointly develop and

promote products for WiMAX. The alliance will deliver products by the second half of 2005, the companies said in a statement. WiMAX offers high-speed access to the Internet where wired connections are not feasible (ITWeb,26 March 2004).

Intel President Paul Otellini said the company was on the brink of a WiMax era. He continues to say that WiMax will be to DSL and cable modems what cellular was to land-line phones. Knowing that, phone and cellular companies have joined the 140-company WiMax Forum in hopes of using the technology to fend off threats from others. “WiMax can be used to either attack or defend someone's traditional turf in broadband communications”, said Scott Richardson, general manager of Intel's broadband wireless group. For example, an Internet service provider could set up its own unlicensed WiMax service in a city and offer both Internet and phone service through its network. Since the ISP would not have paid high fees to license spectrum as the cell phone companies did, the ISP might offer the service at lower rates. Similarly, cell phone companies could set up WiMax service to compete with DSL or cable. WiMax has been in the works for about three years, the product of engineers who set out to develop standards for wireless broadband. Intel began promoting WiMax as a way to solve the problem of the “last mile”, the expensive gap between a home or office building and the broadband network's central offices (Diaz & Takahashi, 4 October 2004).

Telkom announced a pilot of WiMAX. This was between Durban and Pretoria. WiMAX will initially be designed not for mobility but for fixed wireless access. It is likely to be priced like ADSL. It offers more flexible bandwidth, and has a bigger range than competing technologies, up to 50 km from base stations (Vegter,2004)..

d. Stratelite

Sanswire Networks, a Atlanta Georgia company plans to launch the first airship satellite (stratelite). Like satellites this airship will be able to provide wireless broadband coverage akin to WiMAX. A single stratelite

could provide coverage over an area of about 800 000 square kilometres, or about the size of Texas. It would thus be possible to create hotzones of coverage encapsulating entire cities and their surrounding countryside. Stratelites would be beneficial in countries with little or no network infrastructure (www.economist.com, 2 December 2004).

4.2.4 Bargaining power of Buyers

Weidemann (9 November 2004) interviewed Tomi Ahonen, a 3G strategy consultant on the topic of mobile data services and 3G. Ahonen listed the target markets that will be addressed by mobile data services. They are the high-end business sector, which requires rapid access to data and the young, hip crowd that demands quality entertainment. Ahonen suggests that operators should target the 20-something, employed, technologically aware crowd. The target group are the people who will probably have an advanced phone and will potentially want to own a second one, which will likely be a 3G handset.

These target groups have a high bargaining power as they know what they want and the different options of getting it. These buyers have the power to make life a misery for companies if poor service or high costs should be encountered. Examples of such behaviour are the Hello Peter website (www.hellopeter.co.za) that acts as a vent for disgruntled customers and the website aimed at Telkom for poor service and complaints, Helkom (www.helkom.co.za).
High-end business users meet at various business gatherings and can have a high bargaining power.

4.2.5 Bargaining power of Sellers

The majority of Vodacom's network architecture is procured from Alcatel, Motorola and Siemens. These are global companies with strong financial and technological backing. Vodacom has chosen Siemens to supply their 3G network after a tender process. This way Vodacom chose the strongest company and could negotiate prices and support. Vodacom can replace a suppliers architecture if need be. According to R.

Skorbinsky (personal communication, 3 December 2004) Vodacom replaced the Motorola network in Cape Town with Alcatel equipment after a problem was encountered with Motorola equipment that was substandard. The upgraded Motorola version was going to take to long to be incorporated into the Vodacom network.

The bargaining power of suppliers for network architecture is not strong because of the following:

- suppliers cannot raise their prices indiscriminately, prices are set and a allowed increase is build into the contract
- suppliers cannot reduce quantities to be supplied, Vodacom has a project management team in every region to monitor and rebuke offenders
- there are a lot of substitutes
- the switching cost would be high, but in the long-term suppliers would be hurt by this.

Vodacom has built strong relations with each of its suppliers and have created a win-win condition.

4.3 SURVEYS

From the global network operator studies in chapter three, a crucial point was the one of customer's research. This research is necessary to find out what products and services customers want. From these results Vodacom can then improve and focus their marketing efforts. Two types of surveys are conducted here and from the results marketing strategies are developed. The two types of surveys are focus groups and customer surveys. Knowledge Based Systems (KBS), a division in Vodacom that does research on various topics, conducted the focus group.

4.3.1 Focus Groups

Vodacom has started, on 10 August 2004, to conduct focus groups with four of their corporate customers in order to gain a better understanding of how corporate customers may find uses for 3G

and 3G-enabled products. The confidential report will be disseminated to the 3G project manager from the Sales, Products and Services Division (SPS). The SPS division requested the conducting of this focus group so that they can have a mandate to develop strategies to address the findings. Due to unforeseen circumstances only two of the four focus groups took place. Vodacom will continue the focus groups with the remaining two corporate customers when the 3G network is operational.

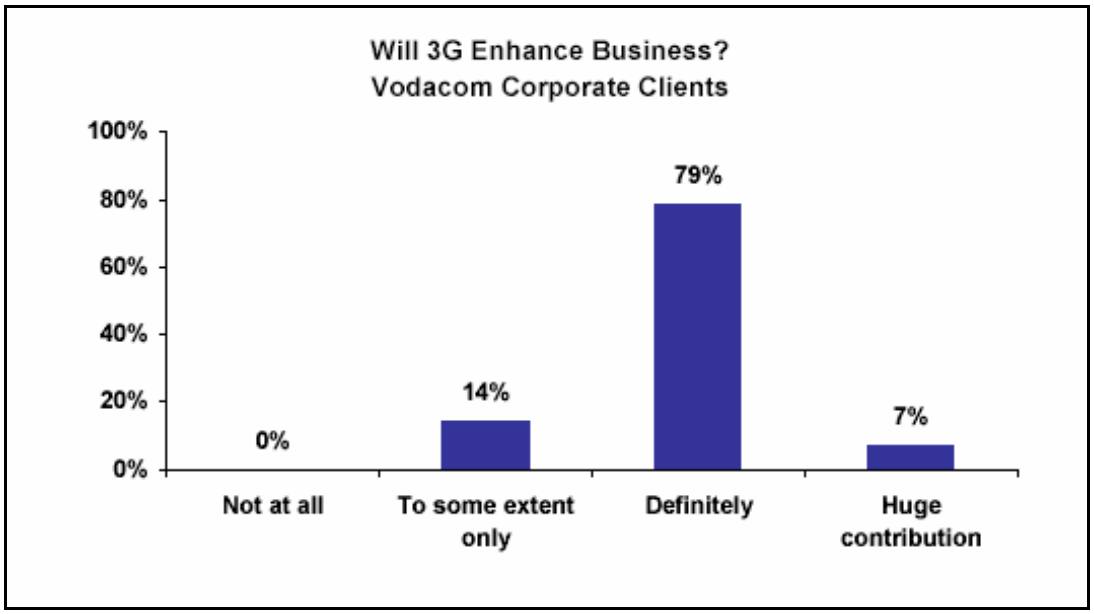
The focus group process was in order of occurrence:

- welcome and brief introduction on what 3G is about
- demonstration of 3G capability, with 3G phone and Vodafone data card
- group discussion
- topic one- current offering and use of data services
- topic two – 3G technology and applications
- topic three - changing the way you do business
- topic four – billing and packaging of 3G technology
- answer the quantitative questionnaire.

a. Findings of the focus group

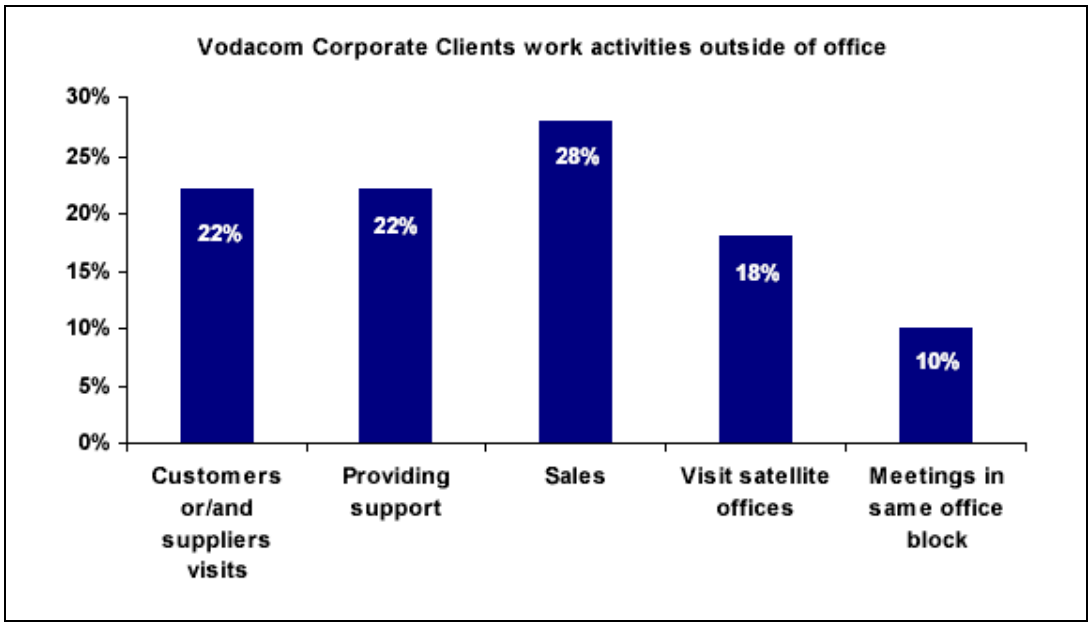
The Vodacom corporate client's responses to the quantitative questionnaire are presented below. This section is a brief overview. Refer to the Annexure A for the complete KBS report titled "Results of the first round of 3G groups". A brief overview of the findings is presented in a sequential order and is extracted from the KBS report (10-08-2004).

Figure 4. 3 Do you personally feel that 3G applications can enhance your business?



Source: KBS report(10-08-2004)

Figure 4. 4 What sort of work your company's employees do whilst they are away from their desk or out of the office?

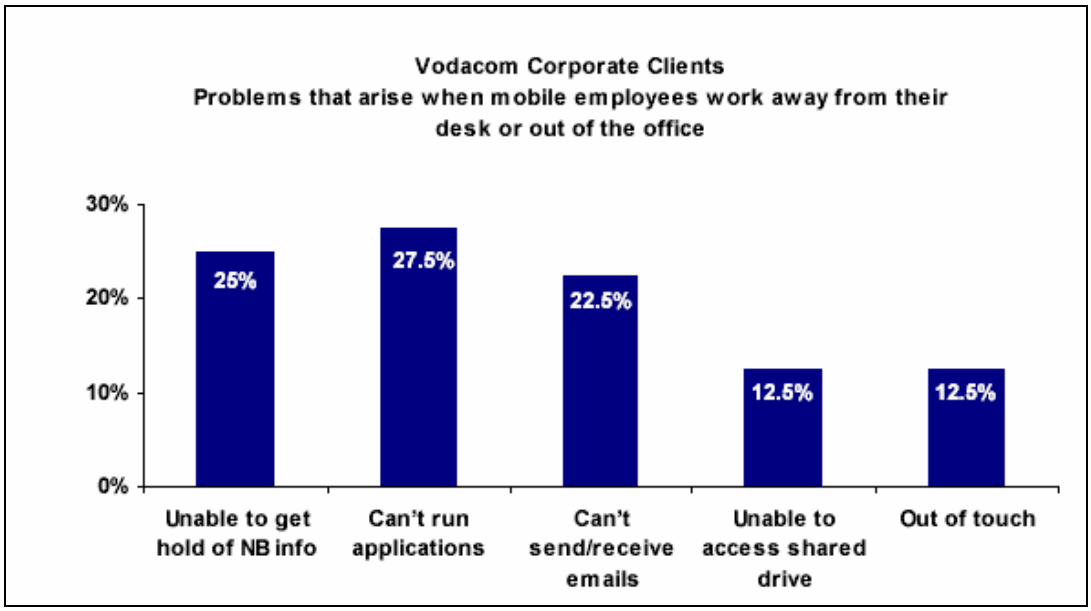


Source: KBS report(10-08-2004)

Figure 4. 5 In what locations are your mobile company's employees using wireless (if any)?

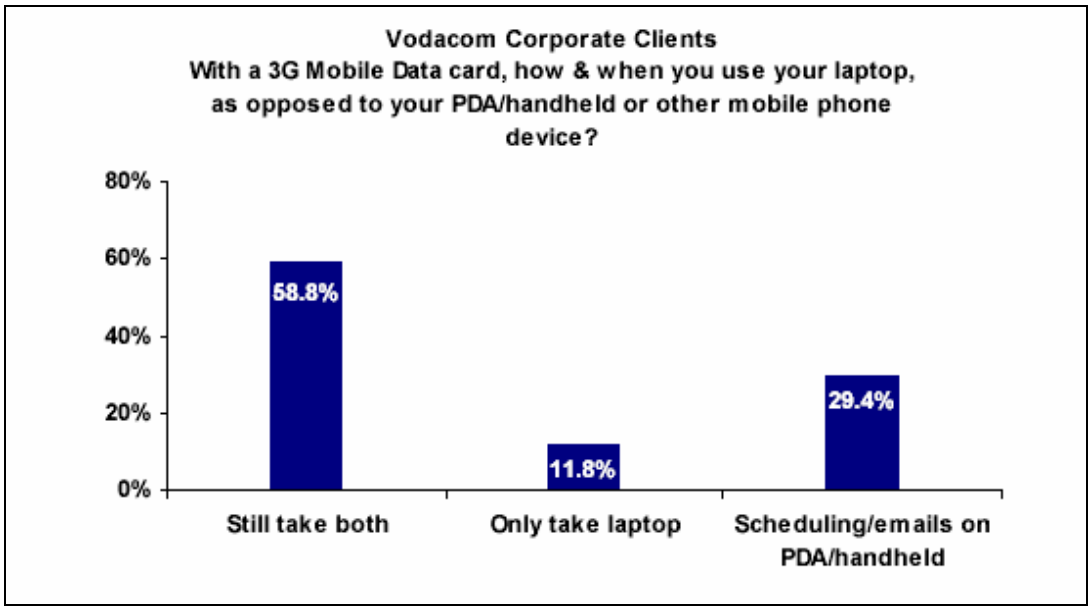
Source: KBS report(10-08-2004)

Figure 4. 6 What are the problems that can arise (if any) when your mobile company's employees work away from their desk or are out of the office?



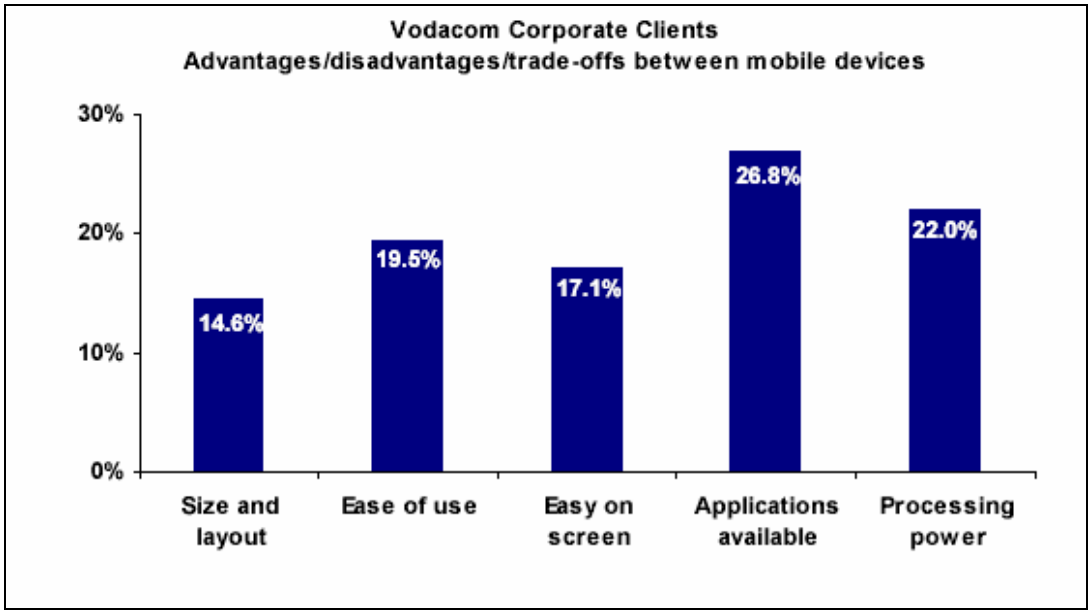
Source: KBS report(10-08-2004)

Figure 4. 7 If you had a 3G Mobile Data card, how and when would you use your laptop, as opposed to your PDA/ handheld or other mobile phone devie?



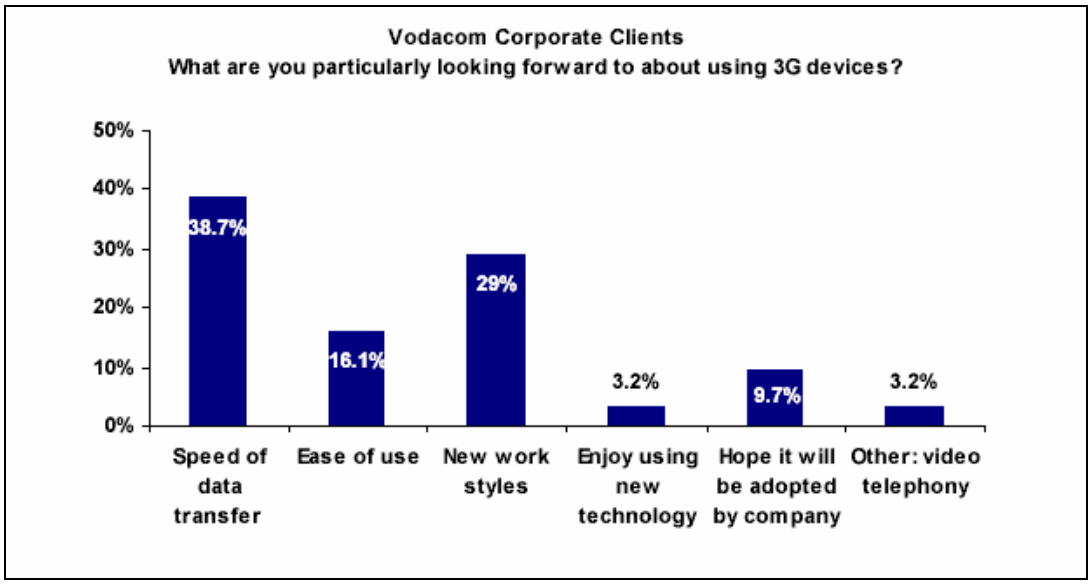
Source: KBS report(10-08-2004)

Figure 4. 8 What are the advantages / disadvantages /trade offs you have between mobile devices?



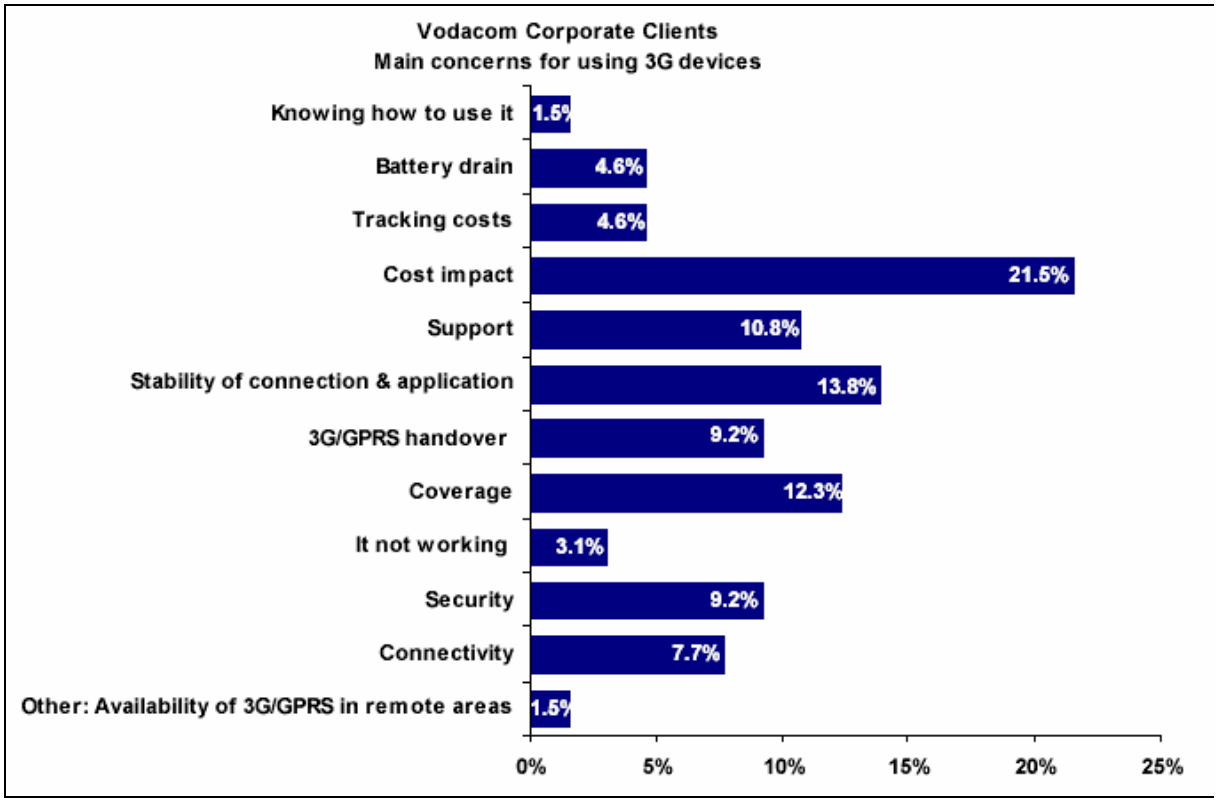
Source: KBS report(10-08-2004)

Figure 4. 9 What are you particularly looking forward to about your company using the 3G devices?



Source: KBS report(10-08-2004)

Figure 4. 10 What are your main concerns about using 3G devices?



Source: KBS report(10-08-2004)

In synopsis Vodacom corporate clients responded as follows and in each response the items are listed in order of importance:

- Feel that 3G will definitely enhance their business
- When away from their offices, they do sales, provide support and do customers and suppliers visits
- The locations wireless are being used is, in hotels while in transit
- The problems encountered while away from office are they can not run applications, unable to get important info and cant access email
- They would carry the 3G devices with their notebooks
- The trade offs between mobile devices are the applications available and processing power
- They are looking forward to speed of data transfer and new work styles
- Their main concerns are the cost impact, stability of connection and application and coverage.

4.3.2 Customer Survey

Customer surveys are key marketing research instruments used to understand what customers want. To make the company's offerings attractive, Vodacom will need to understand the importance and significance of the preferences of their target consumers. Companies around the world were asked what they thought a mobile data product should offer. Their responses were (McGrath & Axford: 2003):

- The need to connect their workers from anywhere, to the Internet, to the office, for emails or anything needed
- It should be simple: They want an intuitive interface with no technical complexity, quick to set up, easy to use and easy to manage
- Security is paramount. Companies have strict corporate security guidelines that cannot be broken
- The need for speed: A combination of performance and reliability. Time is money. Dead time is lost forever

- They want support: Support is very important to companies. It should be fast, reliable, responsive and wherever possible, human
- Leverage existing investments and making it scaleable to reduce cost and rollout times.

4.4 MARKETING STRATEGY

Of the three different strategy types described in chapter two, Vodacom need to follow a strategy of development for its mobile data service. Because Vodacom wants to introduce a new product, 3G, to existing customers in existing markets. A concentrated effort will be used for the core target segments, with the goal of maximising possible market share for each segment. The segments are the high-end business users and the young, hip groups. GPRS uptake in Vodacom was slow due to high pricing and poor support for the product. This was alluded to in previous chapters. Vodacom must make sure that the marketing mix for 3G is enhanced when compared to GPRS. The key findings from the review of global mobile operators in chapter three will be applied in a South African context to Vodacom for mobile data service marketing.

4.5 Strategy Formulation: Marketing Mix

The components of a marketing mix, with reference to the McDonald model summarised in table 2.3, which are product, price, promotion and place will be described now. These four elements constitutes the marketing strategy

4.5.1 Product

The new South African mobile data product must have different features that provide customers with opportunities to chat, play games, send and receive pictures, change ring tones, receive information about travel and sporting events, obtain billing information, view video clips and make video calls. These products

will be rolled out using Vodafone's research and development groups. The products must be adapted to suit the South African culture. The content of these services must be changed to appeal to South Africans. Different customers segments will want to use different product services.

Alan Knott-Craig, chief executive for Vodacom, says that the reception of mobile data could be an even bigger part of South African's lives than voice communication. Vodacom and its 35 per cent shareholder, Vodafone, have joint forces to bring mobile data to SA (Klein: 7 November 2004).

Vodacom must differentiate its data service with top of the range products like the Blackberry. The Blackberry is a unique cellphone combining easy access to e-mail, calendar and contacts, in an innovative and stylish format (www.news24.com, 8 November 2004). Figure 4.3 illustrates the Blackberry device.

Figure 4. 11 BlackBerry 6210 Wireless Handheld

Source: RIM

4.5.2 Price

Ahonen (2002: 207) notes that tariffing has a bigger impact than network dimensioning, sales provisions, handset subsidies or any other decisions made relating to mobile services. Ahonen continues

by stating that the underlying premise for tariffing and segmentation is that some customers are willing to spend more money for a similar, sometimes identical service than others. This investigation venture denotes that:

- Vodacom must ensure that its data services are accessible and affordable to as many sectors as possible
- Vodacom must offer various tariffing structures to suit different customer groups. The Vodacom data network should be marketed for different users
- A service provider, like Vodacom must have the ability to identify which customers are willing to pay more
- Vodacom must develop service categories, bundles, tariffs and other means to enable charging more for some customers, as this is a key to profitability
- Customers that are willing to pay more should be guaranteed an exceptional quality service
- Vodacom must create various flexible means to maximise its traffic and utilisation
- Vodacom must ensure that customers paying less do not crowd out those willing to pay more.

Tariffing is crucial to profitability. A mixture of market research, tariff modelling and adaptation will determine the right price (Ahonen, 2002: 214).

4.5.3 Promotion

Vodacom has proved its trustworthiness and good corporate governance with the Nigerian debacle (Klein: 7 November 2004). In Nigeria, Vodacom decided to terminate a multibillion rand investment because of a bribe issue or “brokerage fees”. Vodacom must use this good public image to its advantage when targeting sectors and advertising mobile data services. This study propose that:

- Vodacom must develop good public relations by distributing press releases to national newspapers and magazines to explain mobile data services
- A line like: “When we say we do, its forever”, would be excellent. It would conjure up all the images of a church, marriage, commitment and partnership. These images would be all the elements Vodacom want associated with its mobile data services
- Vodacom needs a public icon to communicate its brand values. A world famous icon like Nelson Mandela would do wonders for the mobile data services product
- The person introducing mobile data services must be famous and liked
- The option of using one of the athletes that achieved gold in the recent Olympics would be another option
- South Africa is a sport-loving country with different sport types being followed by different groups. The seasonal sport needs to be targeted as the medium to spread the brand image and the message effectively
- Vodacom sponsors a local soap opera in South Africa. This soap opera, Isigingo, can be used to show the functionality of mobile data services. Vodacom should approach the writers of the soap opera and request that a few episodes are written around the function of 3G or GPRS

4.5.4 Place

The Vodacom Service Provider Company (VSP) and Vodacom Customer Care franchise (VCC) have offices in all the regions. VSP is responsible to look after and support all the service providers and companies that sell Vodacom products. VCC are the place where customers can take their broken devices to and lodge complaints. VSP, VCC and all other providers interact with a number of customers daily. This meeting should be exploited. This research endeavour indicates that:

- Vodacom Sales, Product and Servicing Divisions should provide an interactive service in all these venues where customers are afforded the opportunity to research products and where
- sales staff can demonstrate the capabilities of mobile data service.
- Customers must be able to see and handle products they consider buying.
- Support staff must ensure the customer's needs are matched with the right product.
- The different options available should also be explained.

4.6 Controls

Controls form part of McDonald's phase four, resource allocation and monitoring stage, in the marketing plan model. When Vodacom rolled out GPRS, the weakness was that no controls were in place. This research undertaking denotes that the following types of control be evident:

- annual plan control, to examine whether the planned results are being achieved
- profitability control, to analyse where Vodacom is making and losing money
- efficiency control, to evaluate and improve the spending efficiency and impact of marketing expenditures and
- strategic controls,to examine whether Vodacom is pursuing its best opportunities in markets, products and channels.
- Vodacom must put extra controls in place to make sure that its marketing strategy of 3G achieves the specific targets.

From the literature it is apparent that forecasts and actual events are never the same and controls closes the planning loop. Vodacom needs to appoint a group to control and monitor the marketing of 3G in South Africa. This group should work in collaboration with the Vodafone 3G marketing group. Vodacom has so far just copied what Vodafone did in Europe. The South African market is fairly conservative in the take-up of new services such as data and streaming (Rotter, 29 January 2002). The

need to educate the market is key to counter this slow take-up of new services. Even controls for educating the market should be in place.

4.7 SUMMARY

In this chapter competitor analysis, marketing strategies and controls were discussed, as they would pertain to the marketing plan for Vodacom to market mobile data services. Michael Porter's five forces model was used as a reference to discuss competitor analysis. From the competitor analysis it becomes evident that Vodacom need to be one step ahead of the competition in developing new usages for mobile data. A marketing strategy was compiled with specific referencing to the four P's of marketing that constitutes the marketing mix. This chapter concluded with the element of marketing controls referred to in McDonald's model as measurement and review. Measurements and review form part of phase four, the resource allocation and monitoring. All these elements discussed are based on McDonald's model portrayed in Table 2.3.

CHAPTER FIVE

SUMMARY AND RECOMMENDATIONS

5.1 INTRODUCTION

This final chapter summarises the most important conclusions that can be drawn and recommendations made from the research into the development of a marketing plan of selected elements for mobile data services

.

5.2 SUMMARY

The main problem identified to be resolved in this research was: “What is the role of a market overview in gaining a competitive advantage and developing an effective marketing strategy, as parts of a marketing plan, for a cellular company such as Vodacom when selling data services?”

The motivation behind this study is that for Vodacom to successfully market mobile data services in the fast changing and ever increasingly competitive South African and global environment, they must be able to immediately identify, respond to and adapt to such conditions ahead of their competitors. In creating the correct marketing approach will differentiate the winners from the losers. The competitor analysis and the empirical study on global operators made the position that a market overview play very pertinent. The market overview provided clear direction into the strategy options, thereby resolving the main problem of this research.

The basis for this research was a literature study to describe the key components of a marketing plan, from where a model was chosen to base the research on. The literature study was followed by an empirical study of selected global mobile operators to identify core concepts and what these operators did to successfully market mobile data services. The researcher used the Internet, print media and Vodacom Knowledge

Based Systems (KBS) to complete this study. From the study, certain conclusions were drawn.

The combination of the above provided the necessary ingredients for an effective marketing plan consisting of the three selected elements, the competitor analysis, the development of a marketing strategy and controls for Vodacom. Marketing control is an area the researcher believes is a short coming in Vodacom's marketing approaches. The researcher is of the opinion that if proper controls were in place with the launch of GPRS it would have been more successful.

5.3 RECOMMENDATIONS

- Vodacom should invest in R&D not only for marketing new products but also in developing them. Joint ventures with other operators, suppliers and partners are important if Vodacom wants to survive with al the alternate technologies being developed. The integration of wireless LAN technology into the larger mobile fabric is key so that users has wireless access via a number of technologies such as Wi-Fi, WiMax, GPRS, 3G and EDGE. Users must be able to access these technologies wherever and whenever they want or need it. The intelligent use of the technology will enable Vodacom to maximize its effectiveness and get value for money.

- Most of the network operators have targeted post-paid subscribers for mobile data services. Only the network, 3, has targeted pre-paid customers. In South Africa, most of the networks subscribers are pre-paid. This means that a big percentage of subscribers would not have access to mobile data services. Vodacom should be the first South African company to make all mobile data services available to pre-paid subscribers.

- Vodacom and Vodafone use the Vodafone Mobile Connect data card. This is a card that only fits in a notebook PC. A recommendation is to develop a card that fits in a desktop PC. Subscribers that only have a

desktop PC will then have access to the 3G and GPRS technologies. This could be a segment that proves to be valuable.

- In magazines over the last year (2004) several viruses and worms was created to target smart phones. NTT DoCoMo has already promised its subscribers security and antivirus packages. Vodacom needs to follow their example and commit to subscriber devices being safe and virus free whatever the risk. This would be another project for the R&D and joint partnership teams.

- ITWeb (21 December 2004) reported that mobile radiation harms DNA. At the end of the article they say that the tests did not prove the statement, but more tests were needed prove or disprove it. ITWeb further states that previous independent studies have found cellphones may have some side effects like headache and nausea. They suggested that subscribers use handsets and walk-and-talk kits instead of putting the phone to their ear. Vodacom can use the mobile radiation threat to their advantage by suggesting that video calls, using a data card or cellphone, will reduce the risk as it is far away from the users ear.

- Vodacom didn't fare to well in their marketing of GPRS. The researcher wants to recommend that 3G be used as the new angle to sell all mobile data services. 3G will only be available in selected areas as described earlier, but GPRS is available across the country.

- In the study of the global operators it was evident that they had strong research and development teams in place with the launch of new products. Vodacom does not have a section or department that does research and development (R&D). This is a weakness and Vodacom could perform better if it understands and knows its customers and what they want. Vodacom has a KBS department that does some research. This department must be expanded to cover marketing and special projects like 3G. This new marketing research and development team must link up with the global marketing teams of

Vodafone to use its R&D knowledge. This SA R&D team must also educate and inform the public via different media mediums about Vodacom's mobile data products. This will help the market to realise the benefits that can be gained by acquiring the product.

- The lesson Vodacom can learn from NTT DoCoMo is the one of value chain. Vodacom must use this collaboration model to put the four entities together that will create this value chain. The four entities will be Vodacom, platform vendors, handset vendors and content providers. Where possible these must be South African companies that understand what content and functionality is required. This collaboration model must be used when Vodacom looks for joint partnerships with other South African companies. Vodacom must use its ownership power in Tiscali to influence and create content that South Africans will want and pay for.

- Empower staff to look for marketing and selling opportunities, offering them a percentage of any additional income.

- The researcher wants to make the following recommendations for a marketing strategy:
    - categorise potential subscribers, and for each category focus on desired content
    - launch with all the content the market wants, from the very first day
    - for the business segment, this is secure and rapid links into commercial intranets
    - for the household segment, high-speed access to the diverse riches of the Internet
    - live videophone, SMS and creative information and entertainment services
    - keep on adding new post-launch content in each category at regular intervals
    - add interactive games, gambling, and local weather and shopping sites

- develop a simple and secure billing and micropayment system.

5.4 FURTHER RESEARCH

This research had an exploratory nature and its focused was on developing selected elements of a marketing plan. All the study objectives have been achieved. The following research are suggested:

- A study to develop a full marketing plan for mobile data services, using the market overview and marketing mix as basis for this new research.

- To develop a similar marketing plan for Vodacom's African ventures to gain a competitive advantage.

- To repeat this study after the second national operator have started their network to see what impact they would have on the mobile data market.

- A research on developing a marketing plan for Vodacom in November 2005, when all the licensing and regulatory issues in the South African telecommunications market have been resolved.

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