

Market Segmentation, Targeting and Positioning Strategy Adaptation for the Global Business of Vodafone Telecommunication Company

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Abstract:- Telecommunication service providers, Vodafone adopts acquisitions for expanding the scope and arena of the business. Targeting the aristocratic people looking for high internet speed and accessibility attaches effective positioning on the brand. Product diversification and differentiation is an agent in terms of penetrating into the foreign markets. These techniques are a part of the scientific management theory, which is aimed at increasing the productivity and profitability. Acquisitions can be a means for introducing quality services for the customers through a collaborative performance. The main purpose of this report is to understanding of Segmentation, Targeting and Positioning strategy and its importance in the success or failure of a company. This particular report has been developed with two major segments. In the first segment, the study focused the concept of STP explain it beside why STP is important in the international business area. In the second segment the report covered the issue of changing and adaptation of the STP concept of Vodafone in the international market. In the second part the study also explain that how Vodafone formulate new alternative strategies according to the market demand and vivacity of the global business to survive in the international market.

Keywords: Vodafone, Segmentation, Targeting, Positioning.

I. INTRODUCTION

Marketing is an art, which all of the sellers need to know for luring the buyers. Tactful approach is required for influencing the purchasing decision and power of the clients and the customers. Strategic planning is needed in terms of organizing the activities according to the needs, demands and requirements of the customers (Fernandes and Pinho 2016). Situational analysis forms the basis of this planning, which helps in detecting the arenas in which modification is to be applied. Resource and capability analysis acts assistance for the brands in terms of gaining an insight into the extent to which expansion strategies can be planned. This assignment attempts to conduct the international marketing approaches of Vodafone, United Kingdom focusing on segmentation, targeting, positioning and adaptation.

II. SEGMENTATION, TARGETING AND POSITIONING (STP)

STP denotes as Segmentation, Targeting and Positioning. A marketer could not satisfy every person in the market and so the concept came, where marketers divide the market into various segments and positions (Kotler & Keller, 2005, p.24).

Segmentation, Targeting and Positioning (STP) is a strategic marketing techniques for the market, where this helps to understand how much efficiently the business is planning various marketing activities to compete in that market and the way how they linking with the overall market. According to Schlegelmilch (2016) STP considered as the important instruction for marketing strategy as this is the main reason for the business to face failure or success in the market. As the market is more competitive and consumer is getting choosier day by day, STP helps to analysis critical strategy for every product in the market. The STP approach proposes that the mass market comprises of certain number of groups that are relatively homogenous each with different desire and needs. For that reason marketers try to analyse STP to understand each of the small segments of the market, targeted segment of the particular product according to the merchandising. For the sustainable business, segmentation often use as the most important competitive advantages as its main analysis area on the focus strategy, differentiation and low cost (Aaker, 1995, p.49). Segmentation is a process where to set a unique marketing mix to separate different consumer in a subset according to the characteristics. In this process various factors have to analyse like geography, demographics, values, belief, benefits and behavior. A business will segmented its product according to geographical variable (Nation, State and Region), demographical variables (Age, Gender and Education), psychographic variables (Interest, Values and Attitude) and behaviors (brand loyalty, channel usage and purchase intention). In next second strategy is Targeting which is a method to select the right segment and business must be balance the capabilities and resources against the desirability of diverse segments (Hajar, Mahrani and Sinarwati 2014). The next stage is positioning which refer a modest tool to build an image in consumers mind. Positioning is an endless effort by marketing and designing a particular product to fulfill desired requirements for targeted market.

III. STP IMPORTANT TO THE MARKETING PROCESS

When the data have collected, it is necessary to choose the statistical process by which the segments will be identified. The segmentation technique to be used depends largely on the type of data available (metric or non-metric variables), and the kinds of dependence observed - that is, dependence or

interdependence (Cooper D. & Emory, W., 1995, p. 521). Among the most common segmentation techniques used are factor analysis, cluster analysis, discriminant analysis, and multiple regression. Among newer and increasingly utilized techniques include chi-squared automatic detection (CHAID), LOGIT, and Log Linear Modeling (Magidson, J., 1990). According to Dibbet. al. 2007 brand equity can be defined as the value of brand which goes above the functional benefits of the product. (Adapted from Dibb et. al. 2007, pp – 319). Brand equity plays an important role in the positioning of the product in the market it is the value of the brand which the consumer keeps in mind. The brand name awareness helps the consumer to get familiar with the brand which helps in the selection of the brand. Brand loyalty is an important aspect of the brand equity because it reduces the competition with other mobile phone brands. It helps in retaining the existing customers and provides a potential for new customers to be loyal. Customers see quality with the brand. Segmentation, targeting and positioning helps the brands in expanding the offerings to the stakeholders and shareholders. This technique is assistance for identifying the target audience and increasing the sales revenue and profit margin. Segmentation is the first and the second stage, where the target market is segmented. Focusing on the niche marketing through identification of the targets is beneficial for improvising on customer relationship management (Cuervo-Cazurra 2016). STP model is used by the brands for creating the marketing plans for expansions into the foreign countries. Market research, accompanied by the customer data is an integral component in the STP analysis. In this process, demand and supply analysis is conducted for assessing the feasibility of the market position in the home country. Competitor analysis and internal analysis is conducted for developing the core brand value proposition. Evaluation through the resource and capability analysis helps in restructuring brand loyalty according to the needs and priorities (Boso, Hultman and Oghazi 2016).

IV. INSIGHT INTO THE COMPANY

Vodafone achieves accolades and glory by emerging as one of the fast, reliable and best mobile network service providers in the threshold of United Kingdom. 4G service covers almost 90% of the cities in United Kingdom. 5G service has also been launched, which has transformed the speed of the data as compared to Wi-Fi services provided in the homes. The customers are provided with the options to select from the range of services, which includes the services of unlimited data packs, calls and texting facilities. This approach reflects the initiatives towards influencing their purchasing power and decisions. Along with this, schemes, offers and rewards are levied for expanding the customer base and achieving maximum satisfaction. The first time users are provided with the facilities of opening an account (Vodafone.co.uk 2019). No additional costs are charged from the customers for availing the 5G unlimited data plans. When the customers buy a new smartphone, they are provided with an offer that they would get first gaming services free for the first three months. Services like Vodafone Global Roaming reflects the

widespread network in the 48 European destinations. Apart from this, the customers can also choose Unlimited Max plan to availing the roaming service in more than 77 countries. The company takes pride in emerging as the first United Kingdom mobile network provider in 5G services in Spain, Germany and Italy. Reliability and improvement in the speed of the network services are the biggest strengths of the company. Acquisition with the research and development team is assistance towards enhancing the standards and quality of the network (Vodafone.co.uk 2019). This improvement has enabled the Vodafone, UK to encounter an increasing sales revenue of pound 1 billion every year. Reliance, and connectedness improves the customer relationship management.

In-depth analysis

STP analysis helps in identifying the strengths, weakness, opportunities and threats towards expanding into the foreign markets. On the other hand, market analysis of the foreign countries is assistance towards analysing the feasibility of the resources, capabilities. Mention can be made of the SWOT analysis, which acts as an agent towards determining the changes, which are needed for achieving infrastructural developments. Changes are made in the STP analysis by brands like Vodafone, UK, for maintaining the pace with the competitive environment of the market along with the altering needs, demands and requirements of the clients and the customers. Alden and Nariswari (2017) are of the view that market research in this context can be considered as a strategic management practice for enhancing the productivity in a proper manner. The target of Vodafone are the people intending to possess smartphones with high internet speed and accessibility. These customers usually belong to the upper aristocratic class. Excellent globalized services attaches perfect positioning for the company in the competitive ambience of the UK market. Geographical segmentation is conducted by Vodafone, UK for developing the market share for Telecom. Demographic segmentation is beneficial for expanding the market through the leverage of the 5G networks. However, Haapanen, Juntunen, and Juntunen (2016) states that customers belonging to the low income group would not be a prospective target market for the company. Prepaid services in the iPhone and Blackberry have empowered the customers in the rural areas in terms of their purchasing power and decisions. Product differentiation is the strategy for penetrating into the foreign markets. Excellent distribution channels enhancing the brand positioning. Strong and flexible supply chain network is the cornerstone for improvising on the customer relationship management. Brand promotion through cartoon characters and celebrity endorsement is also a means for globalizing the services.

V. GLOBAL BUSINESS OF VODAFONE, UK

Acquisitions, undertakings and investments are the strategies adopted by Vodafone, UK for penetrating into the markets of Europe, United States, Asia Pacific and others. Plans for

expanding into the Mexican markets is directed towards enhancing the profitability. Segmentation of the target market has been done through the consideration of the factors like gender, age and income. It was with de-merging from Radal Electronics was the initiation of the globalization for Vodafone. Acquisition of Talkland added 30.6 million pounds to the sales revenue. Focusing on the People’s phone mounted the revenue to 77 million pounds. After this, 80% of the Aztec Communications’ share stabilized the company’s position in the market (Vodafone.co.uk 2019).

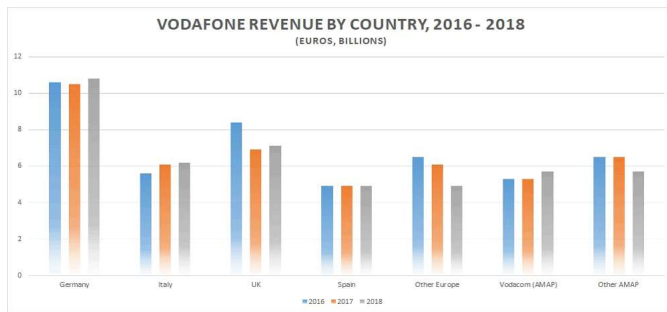


Fig 1: Vodafone revenue by country (Source: Vodafone.co.uk 2019).

Acquisitions increased the sales revenue of the company to 35% of the shares of Vodafone, UK. Mergers and acquisitions can also be accounted as one of the other sources, which assisted Vodafone to complete their expansion strategies. Investments in technology also proved beneficial for radically transforming the standards and quality of the 4G network. When the concept of Partnering Networks were introduced, Vodafone shifted the focus towards strategic alliances, which concentrated and decentralized the production of the network services. The strategy of partnership was also adopted by Vodafone, UK in terms of expanding the shares and rebranding. In this process, Ft.com (2019) reveals that the target market was shifted towards introducing wireless networks. Pressurization on the employees for increasing the sales equipment, data services and accessories can be correlated with the initiative towards positioning the brand within the competitive ambience of the market. Cutting the costs was an attempt for segmenting the target markets.

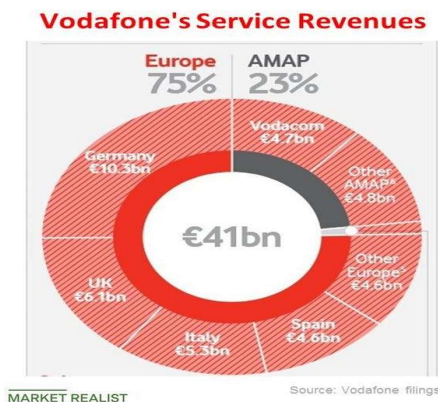


Fig 2: Vodafone service revenue (Source: vodafone.co.uk 2019).

VI. APPLICATION OF RELEVANT THEORIES AND PRACTICAL EXAMPLES

Porter’s diamond model is one of the relevant theories, which can be applied for understanding the feasibility of the location in terms of achieving higher competitive advantage. The important factors of consideration, which Vodafone, UK considers are local factors, demand conditions, related and supported industries along with firm strategy, structure and rivalry. According to Camilleri (2018), these issues contribute in determining the advantages, which can be extracted on expanding the services geographically. Global sourcing is also used by Vodafone, UK, which helps in gaining an insight into the purchases from the suppliers irrespective of the location. This method is beneficial for availing the advantage in terms of cost. Preparing budgets helps in enhancing the awareness about the expenses regarding labor, transportation, communication, taxation and investment incentives

One of the other concepts is that of CAGE framework, which can be applied into the global expansion strategies of Vodafone, United Kingdom. The important components are cultural distance; administrative and political distance; geographic distance and economic/wealth distance. Vodafone’s global outsourcing programs is an agent for expanding the scope and arena of the supply chain networks. The provision of checking the network coverage suffices the need for addressing the external environment factors. Reference can be cited of staged international expansion model, which Vodafone, UK uses for enhancing the commitment towards penetrating into the foreign markets by building the knowledge and capabilities of introducing 5G network in almost all the districts of UK. As per the arguments of Schlegelmilch (2016), the factors of born global firms and emerging country multinationals challenge the model. Technologies assists Vodafone for building unique capabilities like 5G networks. However, start-up telecommunication service providers exploit the opportunities of the brand.

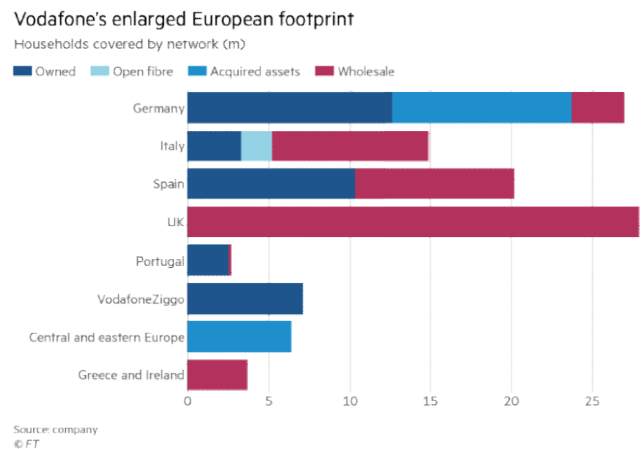


Fig 3: Vodafone’s European footprint (Source: Vodafone.co.uk 2019).

VII. VODAFONE STP ADAPTION IN INTERNATIONAL MARKET

Internet market is growing rapidly as Compound Annual Growth Rate shows that it will grow 13.1% since 2015 will continue until 2021. Vodafone have the opportunity to continue global partnership to spread its global presence. Emerging market indicates significant positive presence in the global business which explains that the recent trends of Vodafone has shifted the focus towards seeking new markets from the developed markets. Global acquisitions have enabled Vodafone to achieve expansion in an efficient and effective manner (Choi and Kim 2015). The major drive behind this are:

- Wireless and internet facilities
- Niche oriented markets luring the investors in the wireless operations
- Consumer oriented business

Mention can also be made of the adaptation of social media strategies, which helped in gaining a better understanding of the customers' intentions towards purchase. Facebook advertising campaigns in the countries of UK and Greece reflected the cultural differences, which needs to be catered for addressing the specific needs, demands and requirements of the clients and the customers. Standardization and adaptation through content analysis helps in enhancing the standards and quality of the customer engagement (Wirtz and Lovelock 2017). Local policies on communication through social media reflects the initiative towards ensuring their wellbeing. Internationalization helps Vodafone in UK to increase the sales revenue to US\$ 27 billion. Seamless Adaptation Rate technology is one of the grounds on which Vodafone, UK intends to expand to the foreign markets. In this process, the speed is assessed before distributing to the clients and the customers (Kubacki, Dietrich and Rundle-Thiele 2017). Beside that the brand strength also raises the profile of group's distribution channels and drives purchasing decisions for customers.

VIII. CONCLUSION

Vodafone, UK is one of the second biggest network provider in the world. Introduction of 5G network helps in luring the customers across the globe. Product development strategies helps in penetrating into the foreign markets. Along with this, mergers and acquisitions; strategic alliances and partnerships are also assistance towards expanding the scope and arena of the supply chain network. Segmenting the targets of people below the income group is assistance in terms of influencing the purchasing intentions, decisions and power of the customers. Excellent speed of the internet and high accessibility issues reflects improvements in the customer relationship management. No additional costs on the roaming facilities is an agent in terms of expanding the customer base.

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