



*In the Name of Allah*

*Most Merciful and Compassionate, the Most Gracious and  
Beneficent, Whose help and guidance I always solicit at  
every step, at every moment.*

## *Acknowledgement*

*I thank Almighty Allah, the Gracious and Merciful, who blessed me with guidance and resolve to successfully complete this Thesis. Working on this Thesis has been an experience and education in its own right.*

*All my achievements are undoubtedly indebted to Ms. Zeenat Jabbar, whose affectionate and ingenious way of teaching and able guidance paved way for the successful completion of the thesis. During the course of my thesis I had a conducive environment for learning and enhancing my theoretical knowledge and practical skills tremendously.*

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## *Executive Summary*

Cellular Mobile communication is the fastest growing area in the telecom sector. It has attracted almost 11% of the total investment in the telecom sector and the growth rate can be measured by the estimate that the number of mobile phone subscribers rose to 3.4 million by December 2003 from 0.2 million subscribers all across the country in 1999. Number of licensed operators for mobile networks has increased exponentially and they are running successful business with attractive returns in most of the developing as well as developed countries.

The purpose of the research thesis was to conduct a thorough market research and find out what is U-fone's brand image in customers' minds. How people describe its personality in terms of the identified characteristics. And how they compare its services' performance with the competitors thus, identifying its customer satisfaction level.

The research findings are as follows.

- Currently there are six mobile operators doing business in the Pakistani market. I.e. Mobilink, Instaphone, Paktel, U-fone, Warid and Telenor. U-fone is termed to be the only competitor of mobile industry leader Mobilink in Pakistan. U-fone is a mobile service named after the people, it is meant to serve, YOU. U-fone is designed to target the general public of Pakistan, who can't afford the expensive mobile communication.
- Pakistan has a significant population base. But because of the fact that economy is weak and per capita income of people very low, it has failed to provide the required market base for the operators of telecomm services. Although, globally mobile business has been a great success and most of the operators who have invested in this business have earned good returns on their investments.
- PTA has played a vital role in the promotion and support of mobile industry by adopting CPP (calling party pays) Regime from MPP (mobile party pays) in 2000 giving a tremendous boost to the market, which grew in that particular year by 142% as the affordability for mobile reaches the public at large. The mobile market is

slowly moving from duopoly and oligopoly to near competition though there remain only two (2) GSM operators Mobilink and Ufone respectively.

- The current competition among the companies is of neck to neck that are 1) Mobilink 57% market share 2) Instaphone 11% market share. 3) Paktel 7% market share. 4) U-Fone 25% market share.
- U-fone is offering both prepaid and post paid packages under different names. Also it is offering variety of services with attractive attributes and benefits. U-fone has direct competition with Mobilink, Instaphone and Paktel whereas an indirect competition with fixed line services, card payphone services and prepaid calling cards.
- SWOT analysis was carried out both for U-fone and its competitors to evaluate the company in terms of its external and internal environment as well as to find out the positive and negative aspects of the company in a better way.
- U-Fone's general pricing strategy is to offer high quality at competitive prices. Pricing also is customer segment specific. The prices offered depends upon: 1) Spending level of the customer. 2) Customer needs for services. 3) Usage pattern of the customer
- Company is utilizing following distribution channels for its services. The key-differentiating factor is developing better distribution channels to the market. 1) Customer Services Centers. 2) Branch offices. 3) Sales force. 4) Countrywide Dealership networks. 4) Subscription through company's website.
- Talking about its lifecycle, U-Fone is at early growth stage, its cost is average at the moment and profits are rising due to rapid growth in sales. Competition is growing with increase in public awareness and usage of mobile phones. Customers have now experienced the services provided by mobile communication industry.
- U-fone is using all marketing tools including, media vehicles, print media, out door sources and sponsorships to advertise and promote its product.
- U-fone has positioned itself in the market as most friendly people oriented service by differentiating its product from competitors in technology, wide range of services and affordable prices. It has out scored its competitors in terms of affordability, after sales services, coverage, voice reception, customer services and packages.

Research recommendations are as follows:

- First, they need to change and reinvent their business mission, vision and objectives as per emerging scenarios.
- Second, Ufone have to keep on reorienting technological innovations in its products and services by establishing and inculcating the hard-core research and development departments in its core business functions.
- Third, they have to employ and educate themselves with enterprise relationship management strategies, techniques and technologies.
- Fourth, Ufone need to read the environment thoroughly and correctly to identify the elements that are prone to change. In certain cultures and or under certain circumstances a firm's ability to readily adapt to these elements of change becomes a fundamental criterion for its success or the failure in its particular industry. These firms need to carefully analyze technologies and business concepts that may become either a compliment to their competition or substitute to their own offerings.

## *Preface*

*These days' mobile phones are no more luxurious goods. Even a person having a small shop can afford to keep a mobile phone. Despite the fact that there is an increasing demand for mobile phones and mobile communication services, very few mobile communication service providers are operating in our country.*

*Among the few companies, U-fone is a new venture and has started its operations in January 2001. To find out what people say about its services and how they describe its brand personality, this research thesis was conducted.*

*This report contains complete information about U-fone, its services, packages as well as its competitors. A thorough research analysis is given in the end of the report along with conclusion and some recommendations and strategies for future.*

*Lots of personal efforts have been put to come up with a solid report but due to limited time period and geographical limits certain areas have remained uncompleted. Besides this research thesis gave me an opportunity to understand customers perspectives about a service as well as it gave me an idea about how researches are conducted, which would be of great help for me in my future life.*

*Syed Mohsin Ali*

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## ***1.1 Introduction to Cellular Communication:***

Cellular mobile communication is the fastest growing area in the telecom sector. It has attracted almost 11% of the total investment in the telecom sector and the growth rate can be measured by the estimate that there will be more than one billion wireless subscribers by the year 2005. Number of licensed operators for mobile networks has increased exponentially and they are running successful businesses with attractive returns in most of the developing as well as developed countries of the world.

Pakistan Telecommunication Company Limited has been the monopoly operator of fixed line telephony services in Pakistan for the last 50 years. But rapid deregulation, privatisation and liberalisation of telecom sector, in Pakistan as globally have necessitated broadening of the company's investment base and business operations. This would ensure company's presence in all potentially profitable fields of telecommunications and successful operation in the future competitive environment.

Pakistan with its large population, low fixed-line as well as mobile penetration and high estimated demands presented an opportunity for expanding into mobile communication business. Also because of the recent development in the technological sector as well as the improvement in the economic conditions of the country will provide more opportunities to the telecom sector. With the implementation of WTO more foreign investment is expected in the country, which will increase the recent competition trend in the mobile communication operators.

(Source: <http://www.pta.com.pk>, Dated: 28<sup>TH</sup> June, 2005)

## ***1.2 Environmental Analysis:***

### ***1.2.1 Mobile Business Environment:***

Pakistan has a significant population base. But because of the fact that economy is weak and per capita income of people very low, it has failed to provide the required market base for the operators of telecomm services.

Although, globally mobile business has been a great success and most of the operators who have invested in this business have earned good returns on their investments. This has especially been the case in developed countries around the world. But in developing countries of the world like Pakistan, the situation may not be the same. In the context of Pakistan following are the reasons for this:

- ❑ Pakistan is a developing country where per-capita income and spending power of the people is low.
- ❑ Political and economic conditions are unstable. Policies are dependant upon whom government is in power rather than on any long term planning. This besides other effects has hurt the confidence of the investors who see political and economic stability as an important requirement before committing themselves to any investments.
- ❑ Although there has been shift towards free market economy, but the progress has been slow and marred by many problems. Much more is needed to be done for complete deregulation, liberalisation and privatisation of the economy before we will have a truly free market environment.
- ❑ Law and order situation has not been satisfactory for many years. This can and has effected the business operations and reflected badly on the potential investors.

(Source: <http://www.pakistaneconomist.com.pk>; Date 24th June 2005)

### ***1.3 Mobile Industry in Pakistan:***

Currently there are six mobile operators doing business in the Pakistani market. And for a limited customer base the competition between these operators is fairly intense. Under such conditions, a big challenge for the PTML is how to succeed in a limited and very competitive business environment and differentiate its services with respect to other operators in order to create and develop its market share. This requires that the management of PTML fully understand the business environment for mobile telephony in Pakistan vis-à-vis Politico-legal, competitive, economic, socio-cultural and technological

environment. It needs well-defined goals, objectives and clear policies as to how it will conduct its business and create and develop its market share to achieve profitability in a highly competitive business environment.

The mobile industry in Pakistan has experienced phenomenal growth over the years as the subscriber base in 2003-04 has reached 4.2 million (70% increase from 2002-03 as of 2.2 million subscribers). Cellular mobile penetration rate has reached to 1.16% compared to the fixed-line penetration rate of 2.57%. According to conservative estimates the total number of mobile subscribers is getting double each year and will surpass the fixed-line subscribers by the end of 2005.

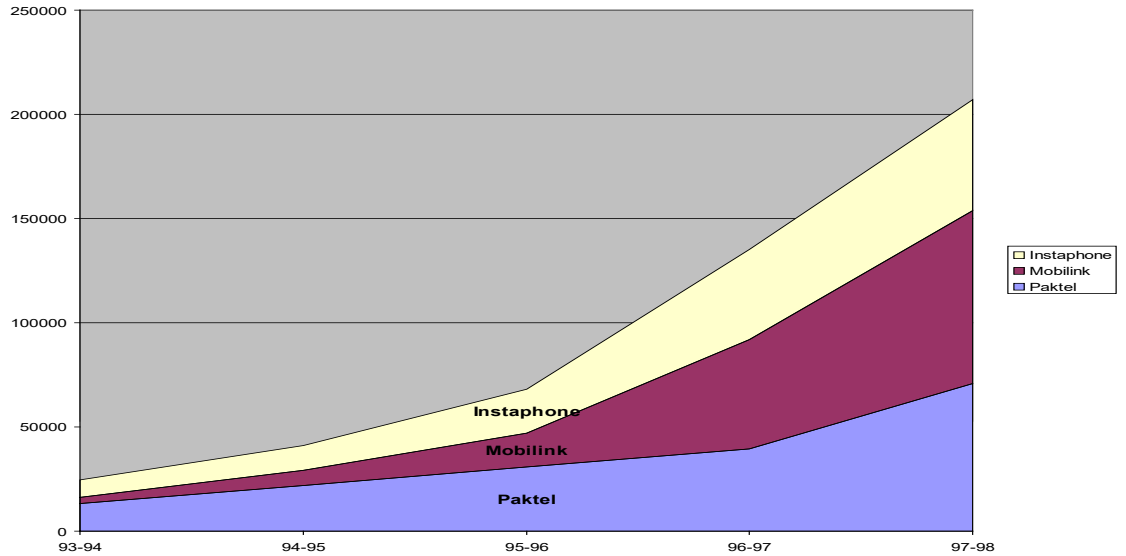
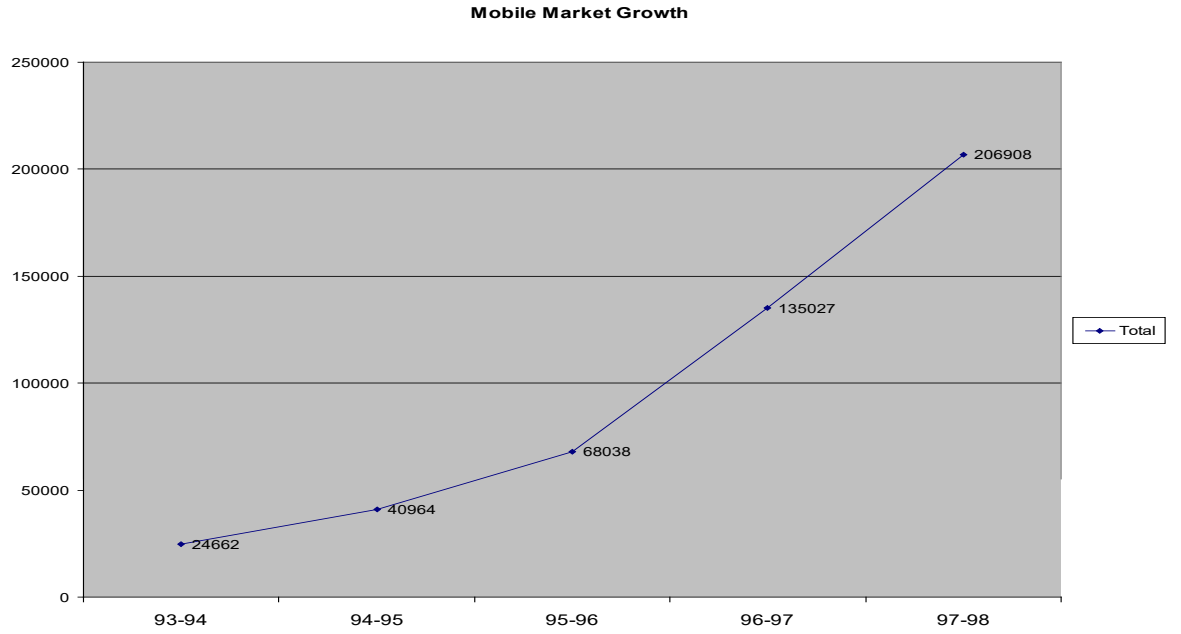
PTA has played a vital role in the promotion and support of mobile industry by adopting CPP (calling party pays) Regime from MPP (mobile party pays) in 2000 giving a tremendous boost to the market, which grew in that particular year by 142% as the affordability for mobile reaches the public at large. The mobile market is slowly moving from duopoly and oligopoly to near competition though there remain only two (2) GSM operators Mobilink and Ufone respectively.

Mobile sector is still opening up where Mobilink enjoys a monopolistic situation because of its nation-wide coverage until 2000 when PTCL launched its subsidiary Ufone. Mobilink and Ufone are both GSM operators. The previous market leader Paktel has been taken over by the Millicom from Cable & Wireless, which is also the parent company of Instaphone — the runner up in cellular competition after Mobilink due to its nation-wide coverage.

Mobile market has experienced both vertical and horizontal integration with costing separation. Still interconnection, quality of service, network rollout, and universal access remains real issues to this market making the customers to be exploited in the hands of few operators. In this regard, PTA has taken concrete steps and has initiated necessary action against key violator namely; Mobilink, which has earned the status of SMP in mobile market but congestion and denial of service problems, has created a lot of inconvenience for its customers



### Graphical Form of Mobile Growth in Pakistan



### ***1.4 Economic analysis of Pakistan:***

Economy has been slow to grow. It is heavily dependent upon internal as well as external borrowing. The problems have been further aggravated by mismanagement and misappropriation at all levels. The result is that economy is unable to sustain on its own and economic policies are often dictated by the donor agencies like IMF and World Bank. The aid from these donor agencies is often linked with harsh conditionality. The government through more taxes covers the ever-increasing budgetary deficit. All this puts heavy strain on the purchasing and spending power of the people, which is so important to provide customer base for any business venture.

### ***1.5 Regulatory Environment Analysis:***

Pakistan has a regulatory body by the name of PTCL - Pakistan Telecommunication Authority. It was established in 1996 with a view to provide a legal entity, which is responsible for developing rules and regulations concerning telecomm business environment in Pakistan. It is also meant to monitor and control telecomm operators' activities with the aim of providing fair grounds for operation and competition among them. It is still a long way to go before PTA is strong, independent and competent enough to play the role it was created for. It is the licence giving body to mobile operators in the country.

### ***1.6 Market Analysis:***

Currently there are six mobile operators i.e. Mobilink, Instaphone, Paktel, U-Fone, Telenor and Warid doing business in the Pakistani market. And for a limited customer base the competition between these operators is fairly intense.

Among these six operators, Mobilink, Instaphone and Paktel have an understanding and experience of many years in the mobile telephony business, established customer base

and network coverage in most of the urban areas. These operators have been aggressively advertising and promoting their services and offering incentives and packages to attract customers. The competition among these operators has resulted in:

- ❑ Decrease in the tariffs/prices, both for the equipment and service.
- ❑ Offer of many value- added services to customers according to their requirements.
- ❑ Increase in the coverage provided by these operators to target new customers and provide more value to existing customers.
- ❑ More refined customer segmentation and service offers to attract greater number of customers.

### ***1.6.1 Market players:***

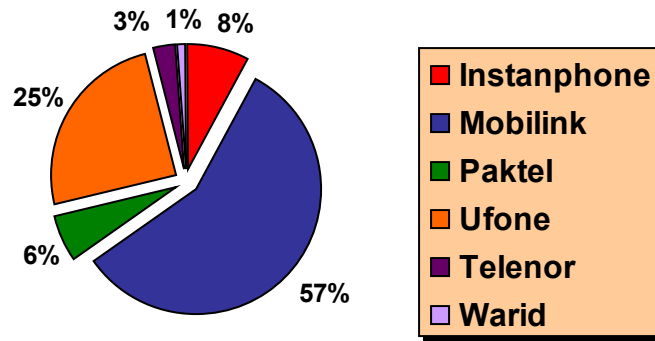
The players of the mobile communication industry in Pakistan are Instaphone, Paktel, Ufone, Mobilink, Telenor and Warid. Where Paktel, in Pakistan, is the pioneer in mobile phone communication services provider, and most recent is Warid.

### ***1.6.2 Market share:***

The current competition among these six companies is of neck to neck that are

- ❑ Mobilink 57% market share.
- ❑ Instaphone 8% market share.
- ❑ Paktel 7% market share.
- ❑ U-Fone 25% market share.
- ❑ Telenor 3% market share.
- ❑ Warid 1% market share.

### Market Share



#### *1.6.3 Market size:*

At the moment, mobile communication has a huge market. As said earlier its no more rich man's toy. Everyone can afford it ranging from college students to head of companies, from taxi driver to a huge firm owner.

Total market size of mobile phone users in Pakistan is of 1,500,000 active connections.

### ***1.7 Key Economic Indicators:***

Pakistan economy has shown average growth of around 6% in the last three years. There has been a sustained growth in private sector investment over the years. Service sector has been in the forefront of this growth. The economy once received a serious setback after sanctions were imposed upon Pakistan in the wake of atomic explosions during May 1998, leading to suspension of all foreign aid and loans to Pakistan. This also affected stock market performance. But much of these sanctions have now been lifted and the economy seems to be recovering quickly as is clear from the current improvement in the GDP and per capita income of the country.

During outgoing fiscal year, Pakistan succeeded in attaining; a higher than targeted growth in real GDP, powered by stellar growth in large-scale manufacturing and a continuing robust performance in services; a double-digit growth in per capita income, reaching \$ 652; a strong rebound in investment, particularly in private sector investment owing to a rare confluence of various positive developments on the economic scene.

The GDP growth rate during the outgoing financial year (2003-04) noted at 6.4 percent as against the target of 5.3 percent whereas the last fiscal (2001-02) the GDP growth was 5.1 percent

These economic indicators shows that the country is moving on strong economic growth thus making room for further improvements and opportunities for developments in all sectors.

**(Source: Pakistan & Gulf Economist, Haroon, Yousaf. (June 2003). Pakistan Telecommunication liberalization. Part II. Islamabad)**

## ***1.8 PEST Analysis:***

### ***1. Political Factors:***

The government through Pakistan Telecommunication Authority (PTA) maintains an active interest in the industry and intervenes when feeling justified. It has played an active role in the growth of mobile phone market by issuing licenses to new operators to increase competition. Government regulations, high interconnection tariffs with PTCL, tax burdens and too much competition in a small market can drive them out of their initial dominant positions.

### ***2. Economic Factors:***

Inflation, rate of unemployment and availability of disposable income are some of the economic factors that can influence mobile industry in Pakistan. At the moment the competition is based on price. Companies are compromising on margins to gain maximum customer base. Every now and then advertisements are popping up of free connections, or no roaming charges, lower outgoing rates or provision of other free services. Thus in this crucial competitive time, whoever can win war by providing good services coupled with a good price would be a leader in the longer run.

### ***3. Social Factors:***

There was a time when possessing a Mobilink connection was considered to be a symbol of prestige. Social factors like population demographics, income distribution, social mobility, lifestyle changes, attitudes to work and leisure, consumerism and levels of education can influence selection of mobile service.

### ***4. Technological Factors:***

Growing technological infrastructure and continuous investment is making mobile service providers able to maintain their market share. Both Instaphone and Paktel have been left far behind in the race, and pose no serious threat to Mobilink and Ufone because of their inferior technology. To compete effectively, they would need to upgrade their network technology, which has been done to some extent by Paktel. Mobilink and Ufone are based on GSM technology that has enhanced capacity and additional network features.

### ***1.9 Porter's Five Forces Model:***

Through Porter's five forces analysis we can identify the forces which affect the level of competition in mobile industry, and which might thus help managers of different mobile service providing companies to identify bases of competitive strategy.

#### ***1. Threat of New Entrants:***

High costs involved in obtaining an operator's license are a potential barrier of deterrent to many potential entrants (\$ 291 million PTA license fee for fifteen years). This position could change as the large term profitability of the mobile phone industry becomes more fully established. Mobilink was threatened in 2001 by the entrance of Ufone. Ufone, not only came with the same GSM technology, to offer the same level of competition, but also came up with a brilliant strategy to capture Mobilink's market; the introduction of Pre-Paid service. Moreover its PTCL backing and strong marketing made it a strong and a major threat to Mobilink.

#### ***2. Threat of Substitutes:***

Cheaper pricing of substitutes like internet, pagers, fax and wireless local loop (WLL) communication systems has reduced the use and revenue potential of mobile phone operators. Despite the increase in popularity of these substitutes they do not pose a major threat to mobile companies.

#### ***3. Competitive Rivalry:***

The level of competitive rivalry is increasing in 2005 as operators seek to differentiate themselves to attract new subscribers. This has led to price reductions, customer incentives and higher advertising costs. With two more multinational mobile operators (Warid Telecom & Telenor) preparing to launch their operations with better technology infrastructure and networking capabilities existing operators recognize the need to retain business and reduce customer switching between networks.

#### ***4. Bargaining Power of Buyers:***

With almost similar tariffs and service features, the design and price of a handset could play a significant part in attracting new subscribers to a network operator. The government through Pakistan Telecommunication Authority (PTA) maintains an active interest in the industry and intervenes when feeling justified. It has played an active role in the growth of mobile phone market by issuing licenses to new operators to increase competition.

#### ***5. Bargaining Power of Suppliers:***

In the telecommunication industry there are very few vendors who provide the infrastructure to the service providers. This means that they can very easily exercise a role of dominance. The competition among the networking companies is high. There are only four major players namely Alcatel, Nortel Networks, Siemens and Ericsson. It is the quality of their networking services that would determine the level of success to the service provider.

Nortel has entered the market in a big way and much of the equipment supplied by Nortel is of U.S origin. Earlier, Motorola had made a major investment in the Mobilink network. Now Alcatel is the vendor. For both Instaphone and Paktel Ericsson is the supplier. Having one vendor for the two respective companies can be a sign of caution. More or less the same services are being provided to the two. It was Ufone who brought Nortel Networks into the playing field. From 2001 to date Nortel has been serving as the only vendor to Ufone. Nortel provides networking, communications and technological infrastructure to Ufone. Thus Nortel enjoys the role of a dominant vendor for Ufone.



## 2.1 Brand:

A brand is defined as:

*"A name, sign or symbol used to identify items or services of the seller(s) and to differentiate them from goods of competitors."*

Signs and symbols are part of what a brand is, but to us this is a very incomplete definition. Walter Landor, one of the greats of the advertising industry, said:

*"Simply put, a brand is a promise. By identifying and authenticating a product or service it delivers a pledge of satisfaction and quality."*

(Source: <http://www.pdmamn.org/glossary.htm>; Dated: 25<sup>th</sup> June,2005)

The idea of a brand has been around for 5,000 years. But what *is* it? Let's start with what it's not – it's not your logo; it's not your corporate identity system; it's not your product or service. Your brand is that emotional, intuitive "something" that makes your company what it is. It's the emotional response engendered in people that come into contact with your company, by whatever means. (Harper W. Boyd, Jr., 1998)

People are complex beings. We quickly assimilate all sorts of diverse bits of sensory information and put them together to formulate our opinion. It's common knowledge that we tend to form an opinion about people we meet within the first 10 seconds of meeting them. There's no room for reflection, we instinctively know what we feel based on our first impression. Gut reactions are hard to overcome, so it pays to get it right at the outset. When it comes to your business, there many factors influencing the impression people form. It could be a combination of factors such as the interior design of your offices, the innovative features of your product, the look of your website, they type of company cars you offer, or even the tone of your receptionist's voice. Each element is just a small facet of the big picture - the big picture that is your brand. (Harper W. Boyd, Jr., 1998)

In a nutshell, brand is what customers say it is, not what you do. You can only encourage people to form an opinion that is closely aligned with what you know to be true of your company. (Harper W. Boyd, Jr., 1998)

## ***2.2 Branding:***

Brand is customer interaction with the company that creates an impression. It's clearly more than just a logo or an advertisement - it's the personality and soul of your company. It's how your phone is answered. It's the quality of your customer service. It's also what makes you unique. It should communicate the difference between you and your competitors - your reason for being. It should reinforce your message. It should help you stand out in the crowd. Quite simply, it's your company's most valuable asset. It's the difference between a struggling company with a great product and a thriving company with a good product. We believe brand is as much about perceptions of your product as the actual product you produce. (Harper W. Boyd, Jr., 1998)

Those unique attributes that make up a brand, when executed consistently and correctly, lead to brand loyalty. When customers become loyal to a brand, price becomes less relevant. When employees buy into your brand promise, your turnover goes down. When your advertising reflects your brand personality consistently, companies pull more ROI from its ad dollars. Creating a strong brand will have a substantial affect on your bottom line now and in the future - count on it. (Harper W. Boyd, Jr., 1998)

An effective brand strategy incorporates all components of the brand. If all of your marketing and advertising reflects a focused brand strategy, the quicker your prospects will "get" your message. As a result of effective branding, you can often times spend less on media and traditional advertising, while actually increasing sales. Also, because there is more media clutter and more competitors in the marketplace, getting noticed is becoming tougher and tougher. A compelling and focused brand message concentrating on the needs of the prospect will rise above the clutter and demand attention. Customer expectations are rising every day, and only those brands that communicate real value in today's world will succeed. (Harper W. Boyd, Jr., 1998)

## ***2.3 Brand Management:***

Brand management is the application of marketing techniques to a specific product, product line, or brand. It seeks to increase the product's perceived value to the customer and thereby increase brand franchise and brand equity. Marketers see a brand as an implied promise that the level of quality people have come to expect from a brand will continue with present and future purchases of the same product. This may increase sales by making a comparison with competing products more favorable. It may also enable the manufacturer to charge more for the product. The value of the brand is determined by the amount of profit it generates for the manufacturer. This results from a combination of increased sales and increased price.

*(Source: [http://en.wikipedia.org/wiki/Brand\\_management](http://en.wikipedia.org/wiki/Brand_management))*

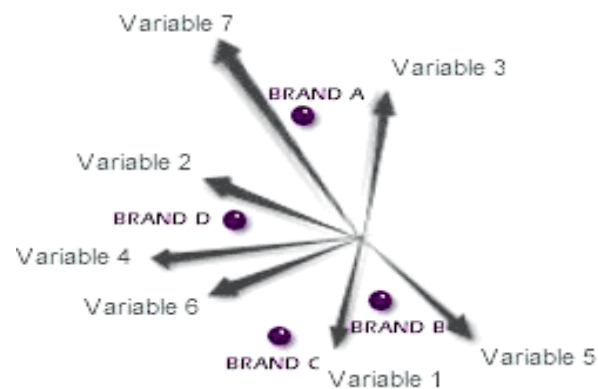
## ***2.4 Brand Strategy:***

The Brand Strategy phase is comprised of three components: 1) Brand Positioning, 2) Opportunity Identification and 3) Brand Architecture.

### ***1. Brand Positioning:***

Product positioning is an important strategy for achieving differential advantage. Positioning reflects the "place" a product occupies in a market or segment. A successful position has characteristics that are both differentiating and important to consumers. Every product has some sort of position — whether intended or not. Positions are based upon consumer perceptions, which may or may not reflect reality. A position is effectively built by communicating a consistent message to consumers about the product and where it fits into the market — through advertising, brand name, and packaging.

**(Loudon David L.; Albert J. Della Bitta; 1993)**



Positioning is inextricably linked with market segmentation. You can't define a good position until you have divided the market into unique segments and selected your target segments. Three key research issues must be addressed:

- ***What is your current position?***

What does the "space" look like — what are the most important dimensions in the category

What are the other products in that space and where are they?

What are the gaps, unfilled positions or "holes" in the category?

Which dimensions are most important?

How do these attitudes differ by market segment?

- ***What position do you want to have?***

Some of the positioning opportunities for a product include:

- ❖ Finding an unmet consumer need — or at least one that's not being adequately met now by competition
- ❖ Identifying a product strength that is both unique & important
- ❖ Determining how to correct a product weakness and thereby enhance a product's appeal. (e.g., legitimate "new & improved")

- ❖ Changing consumer usage patterns to include different or additional uses for the product
  - ❖ Identifying market segments, which represent the best targets for a product
- *How do you create a new positioning?*

Creating a new positioning can come from two sources:

- ❖ Physical product differences
- ❖ Communications — finding a memorable and meaningful way to describe the product (e.g., calling 7-Up the "Uncola"). As Ries and Trout point out, "Positioning is not what you do to a product; positioning is what you do to the mind of the prospect."

(Harper W. Boyd, Jr., Orrville C. Walker, Jr., Jean- Claude Larreche; 1998)

## ***2.5 Branding Options:***

### ***1. Product Branding***

This is where a brand name and exclusive position are allocated to one product. Companies adopting this approach make every brand stand and fall on its own merits. Proctor and Gamble and Unilever are masters of this approach with brands such as Pringles and Ariel. The advantages of this approach are that you can have precise positions and be aimed at precise target markets, allowing multiple brands to occupy the whole category. If there is failure then it will not damage the corporate brand. But of course this is a costly route, as each brand needs its own A&P budget.

(Loudon David L.; Albert J. Della Bitta; 1993)

### ***2. Line Branding***

Line brands offer one basic product under one name, but also offer complementary products - Dove not only has soap, but cleansers, deodorants, wipes, creams etc. The

brand can be extended and complementary line extensions reinforce the brand image with marketing costs shares across the portfolio. However, the disadvantage is that line extensions are limited to that discrete positioning.

### ***3. Range Branding***

Range brands have a unique brand positioning with many products under their brand name, such as Bird's Eye frozen foods and Schweppes soft drinks. This allows for focus on one brand name giving synergy of communications across all products. However excessive extension can dilute brand success and sub-brands or lines may have to be brought in to liven up the brand. (Loudon David L.; Albert J. Della Bitta; 1993)

### ***4. Umbrella Branding***

This is where one single brand name, often the company name, covers all products, as with Canon cameras, fax machines and printers. The products don't have names, but tend to have other descriptors, either functional (Canon BJC-2100SP Printer) or just alphanumeric (Mercedes S320). Every product is contributing to the overall brand awareness, equity and value and of course there are economies of scale. (Loudon David L.; Albert J. Della Bitta; 1993)

### ***5. Shared Branding***

This strategy is similar to umbrella branding, except that the products are named. For example - Calvin Klein's Contradiction for Men and Microsoft Windows. The product and parent brand share the spotlight. This is a less expensive way to launch because you are riding on the established parental brand and you already have a platform to launch from regarding the parental values. However, there is less freedom because you are restrained by the parent brand and any failure can damage the reputation of the parent brand. (Loudon David L.; Albert J. Della Bitta; 1993)

### ***6. Endorsed Branding***

This is where the parent brand only takes an endorsement role - that is to say more subservient than the parent brand. This gives the brand more freedom to extend into other

categories. The parent acts as a guarantee of quality and legitimacy yet failure of the parent brand can affect the product brand. The above options act as a continuum from which a company can choose its architecture. However, there is a trend towards corporate branding. (Loudon David L.; Albert J. Della Bitta; 1993)

### ***7. Corporate Branding***

There is a definite trend towards the company being involved in the branding process, even Proctor and Gamble has a worldwide strategy to leverage the corporate brand name by attaching it to some of their product brands as a source reference. There are several reasons for the company brand name to appear including:

- ❖ You get a double message underlining the product and company
- ❖ The core values of the company wrap around the product, resulting in consumer confidence
- ❖ There is less confusion for consumers, as they know the source of the product
- ❖ There are more possibilities for brand extensions
- ❖ There are synergies and cost savings in A&P
- ❖ The financial value of the company is enhanced, corporate brands being strategic business units in their own right.

### ***2.6 Hybrid branding strategies:***

A number of companies had hybrid brand structures with a combination of corporate and product brands. Coca-Cola, for example uses the Coca-Cola name on its cola brand worldwide, with product variants such as Cherry Coke, Coke Lite or Diet Coke or caffeine free Coke in some, but not all countries. In addition, Coca-Cola has a number of local or regional soft drink brands, such as Lilt in various fruit flavors in the U.K., TabXtra, a sugar-free cola drink in Scandinavia, and Cappy, a fruit drink in East Europe and Turkey. In other cases, companies used the corporate name for some product businesses, but not on others. Mars, for example, used the Mars name on its ice-cream, soft drink and confectionery lines, but used the Pedigree house brand for pet food. This

was intended to create separate and distinct images for the confectionery and pet food businesses. Similarly, Danone used the Dannon/Danone name on yogurt worldwide, on bottled water in the US and on cookies in Eastern Europe. Danone also owns the Lu and Jacob brands which are used on biscuits in Europe and the US, and three other bottled water brands, Evian, sold worldwide, Volvic and Badoit only sold in France, as well as Kronenbourg and Kanterbrau beers, and Vivagel and Marie frozen foods in Europe. Other companies had different brand architecture for different product divisions. For example, Unilever has global brand architecture in its personal products division. The yellow fats division consists mostly of local brands with some harmonization in positioning or brand name across countries, while the ice-cream division had a combination of local and global product brands such as Magnum, Cornetto and Solero. A country or regional house brands such as Walls and Algida endorse these, and all shared a common logo worldwide.

(Source: Thompson, Arthur A. Jr and Strickland A.J. 13<sup>th</sup> ed. New Delhi: Tata McGraw-Hill.2003)

## ***2.7 Product market structure:***

The nature of the product market(s) in which the firm is involved also influences its brand architecture. Here, three factors play an important role in brand architecture:

### ***1. Target market:***

Global branding is frequently an effective means of reaching target markets with relatively homogeneous needs and interests and similar sociodemographic profiles and media habits worldwide (Hassan and Katsanis 1996). Luxury brands such as Godiva, Moet and Chandon, Louis Vuitton and Aveda as well as brands such as Bodyshop or Benneton are all targeted to the same market segment worldwide, and benefit from the cachet provided by their appeal to a global consumer group. (Thompson, Arthur A. Jr, 2003)

### ***2. Market integration:***

Another factor impacting the firm's brand architecture is the degree of product market integration. This can be viewed not only in terms of whether the same customers are



present in different country markets or regions and have similar purchase needs and interests worldwide, but also whether the same competitors are present in these markets (Douglas and Craig 1996). Where markets are fully integrated and the same competitors compete in these markets worldwide, as in aerospace, use of global brands help to provide competitive differentiation on a global basis. Where the same competitors compete in all or most markets, but local competitors are also present, use of a multi-tier branding structure, including global corporate or product brands as well as local brands is desirable. Coca-Cola, for example, not only has its global brand of colas, but also numerous local and regional brands catering to specific market tastes. (Thompson, Arthur A. Jr, 2003)

### ***3. Cultural embeddedness:***

A final, and in many cases, critical factor influencing brand architecture is the degree of cultural embeddedness of a product. As noted earlier, markets where demand is relatively homogeneous worldwide are likely to be prime candidates for global branding at either the corporate or product level. Products which are deeply culturally embedded, as for example, food or in some cases, household products are on the other hand, more likely to thrive as local brands. In some cases, they may be products which cater to specific local tastes, such as food products. Particularly, where these are traditional products and market tastes have evolved little over time, a well-established local brand name may have substantial value. In some instances, where the product is associated with local cultural habits and tastes, use of a local sounding brand name may be preferable.

## ***2.8 Market dynamics:***

While the firm's history and the product markets, in which it operates, shape the firm's brand structure, market drivers create and continually change the context in which this brand architecture evolves. In the first place, removal of political and economic barriers between markets together with regulatory change creates opportunities to harmonize branding across countries resulting in fewer brands. The integration of markets and in particular, the growth of regional and global media also encourages a move towards

international brands in order to obtain cost efficiencies and reinforce brand strength. Advances in global communication technology and the internationalization of retailing further facilitate the growth of international branding and stimulate a shift towards international brands. Increased consumer mobility enhances the value of establishing a global identity and potential synergies from establishing a global presence. Political and economic integration: Increasing political and economic integration in many parts of the world has been a key factor stimulating the growth of international branding. As governments remove tariff and non-tariff barriers to business transactions and trade with other countries, and people and information move easily across borders, the climate has become more favorable to the marketing of international brands. Firms no longer need to modify products to meet local requirements, and develop specific variants for local markets, but can market standardized products with the same brand name in multiple country markets. In many instances, harmonization of product regulation across borders has further facilitated this trend. (Thompson, Arthur A. Jr, 2003)

## ***2.9 Dynamics of International Brand Architecture:***

As a result of rising media and promotional costs as well as the trend towards globalization, brand architecture is increasingly subject to pressures at both the corporate and product level. Increasingly complex brand structures are beginning to emerge, characterized on the one hand, by corporate endorsement of product brands, and on the other, by extension of strong brands across countries and product businesses.

### ***1. Corporate endorsement:***

At the one end of the spectrum, international expansion and consumer needs for reassurance about product quality and reliability is resulting in a shift toward corporate endorsement of product brands. This helps to forge a global corporate identity for the firm and gathers its products under a global umbrella, thus generating potential cost savings through promotion of the global corporate brand, rather than multiple independent product brands. At the same time, endorsement by the corporate brand provides reassurance for the customer of a reliable corporate image and enhances

visibility.

Corporate endorsement of product level brands is increasingly used as a mechanism to integrate brand structure across country markets, providing a unifying element across product offerings. For example, Cadbury uses the Cadbury name on all its confectionery products, in conjunction with product brands such as Dairy Milk, Whispers, etc. Equally, a house brand is sometimes used on a product business worldwide. For example, Akzo Nobel places the Sikkens name on all its paint products. The relative size of the corporate or house name and the brand name varies from one company to another. In some cases, e.g. Cadbury or Nestlé, the corporate brand has equal prominence to the product name. In other cases, it is smaller and used primarily as an endorsement rather than an identifier. In some cases, the prominence and role of the corporate brand or logo varies from country to country. For example, Douwe Egbert uses the Friesen lady logo on its coffee in all countries, but the size of the lady and also the positioning statement vary from country to country. In Spain, for example, the positioning emphasizes the richness of the coffee and the master brewer, while in the UK, its continental taste, and in Holland, the association with family and comfort are featured. (Thompson, Arthur A. Jr, 2003)

## ***2. Brand champion:***

An approach that appears to be becoming increasingly popular is to appoint a brand champion. The brand champion is typically given responsibility for building and managing the brand worldwide. This includes monitoring the consistency of the brand positioning in international markets, as well as authorizing use of the brand on other products or other product businesses. The brand champion can either be a senior manager at corporate headquarters or a country manager or product development group. For example, a lead country or one with major market share for the brand can be given responsibility for the brand. (Thompson, Arthur A. Jr, 2003)

In examining consistency in brand positioning across countries, often there is recognition that some adjustment to local market conditions will be needed, especially for mature brands. Typically, however, it is considered desirable that the core positioning should be maintained, though execution may vary. The extent to which some deviation is permitted typically varies considerably from company to company, and from one product business

to another. For example, Nike strictly controls positioning centrally while Douwe-Egbert permits substantial adaptation. (Thompson, Arthur A. Jr, 2003)

### ***2.10 Designing international brand architecture:***

First, management needs to design an efficient harmonious brand architecture that spans operations in different countries and product lines. This establishes the framework for decisions relating to the firm's brands in international markets. It should clearly define the importance and role of each level of branding, as, for example, at the corporate, product division or product brand level, as well as the interrelation or overlap of branding at each level (Table). It should also determine the appropriate geographic scope for each level relative to the firm's current organizational structure. (Thompson, Arthur A. Jr, 2003)

The design of this architecture should satisfy a number of key principles:

**1. Parsimony:** The brand architecture should incorporate all of the firm's existing brands, whether developed internally or acquired. It should provide a framework for consolidation in order to reduce the number of brands and strengthen the role of individual brands. Brands that are acquired need to be melded into the existing structure, especially where these brands occupy similar market positions to those of existing brands. Equally, when the same or similar products are sold under different brand names or have different positioning in each country, ways to harmonize these should be examined.

**2. Consistency:** Another important element of brand architecture is its consistency relative to the number and diversity of products and product lines within the company. A balance needs to be struck between the extent to which brand names serve to differentiate product lines, or alternatively, establish a common identity across different products. Establishment of strong and distinctive brand images for different product lines helps to establish their separate identities and diversify risk of negative associations (for example between food and chemicals). Conversely, use of a common brand name consolidates effort and can produce synergies.

**3. Endorsement:** The value of corporate brand endorsement across different products and product lines, and at lower levels of the brand hierarchy also needs to be assessed. Use of corporate brand endorsement either as a name identifier or logo identifies the product with the company, and provides reassurance for the customer. In international markets, corporate brand endorsement acts an integrative force unifying different brand identities across national boundaries. At the same time, corporate endorsement of a highly diverse range of product lines can result in dilution of image. Equally, negative effects or associations can harm and have long-lasting effects across multiple product lines. Thus, both aspects need to be weighed in determining the role of corporate brand endorsement in brand architecture.

### ***2.11 Brand Equity:***

Brand equity is the value built-up in a brand. The value of a company's brand equity can be calculated by comparing the expected future revenue from the branded product with the expected future revenue from an equivalent non-branded product. This calculation is at best an approximation. This value can comprise both tangible, functional attributes (eg. TWICE the cleaning power or HALF the fat) and intangible, emotional attributes (eg. The brand for people with style and good taste). (Assael, Henry, 1990)

It can be positive or negative. Positive brand equity is created by a history of effective promotion and consistently meeting or exceeding customer expectations. Negative brand equity is usually the result of bad management. (Assael, Henry, 1990)

Positive brand equity can be a significant barrier to entry for prospective competitors. The greater a company's brand equity, the greater the probability that the company will use a family branding strategy rather than an individual branding strategy. This is because family branding allows them to leverage off the equity accumulated in the core brand. This makes new product introductions less risky and less expensive.

*(Source: [http://en.wikipedia.org/wiki/Brand\\_equity](http://en.wikipedia.org/wiki/Brand_equity))*

### ***1. Brand Image:***

Consumers perceive and accept many brands within a certain trade group in different ways. By personifying a brand we can find out, that for instance consumers perceive brand A as a young, impulsive, lively, attractive, energetic woman full of ideas. In the same way could brand B be an elderly, conservative and relaxed man. The brand can also have a completely inexpressive and bad image. That is how brand C may not have any real personal characteristics, slim, tall, unnoticeable and calm.

The image basically expresses a way of a consumer thinks about the brand and the feelings the brand arouses when the consumer thinks about it. On the basis of these characteristics, which the consumer associates with the brand, the company can build a competitive advantage for its brand. (Assael, Henry, 1990)

### ***2. Brand Name:***

The power of a brand should not be underestimated. A brand has the power to create interest and command a second look. A brand is a symbol, image or slogan that is associated with a company, product or service. Every business owner should be concerned about his brand. This includes whether or not your business has a recognizable brand. The value of a business is directly related to the strength of its brand. A strong brand will evoke a number of images in the mind of prospects. (Assael, Henry, 1990)

A good brand name should:

- ❖ Be legally protectable
- ❖ Be easy to pronounce
- ❖ Be easy to remember
- ❖ Be easy to recognize
- ❖ Attract attention
- ❖ Suggest product benefits (eg.:easy off) or suggest usage
- ❖ Suggest the company or product image
- ❖ Distinguish the product's positioning relative to the competition

(Source: [http://en.wikipedia.org/wiki/Brand\\_management](http://en.wikipedia.org/wiki/Brand_management))

### ***2.12 Brand Analysis:***

Branding starts with an objective assessment of your current position versus your competition - measurements of competitive share, market growth, and projections for the industry. These measures, in turn, are complemented by more subjective analysis gained through listening to key internal and external constituencies. We provide the qualitative and quantitative research to answer primary questions in the brand audit, and then analyze all data to come up with a snapshot of your brand versus its competitors.

- ❖ Customer Analysis
- ❖ Competitor Analysis
- ❖ Internal Analysis

(Harper W. Boyd, Jr., 1998)

### ***2.13 Brand Planning:***

Once a framework for all brand building has been established we embark on a process of clarifying and elaborating the brand identity. Brand planning is the transition from identity to communication that strives to establish to tools and methods to keep the strategy on track. The goal of the brand planning process is delivering the substance behind the brand identity:

- ❖ Working with existing identity-supporting programs and creating new programs
- ❖ Identify the stories, people and events that perfectly represent the brand identity
- ❖ Make the identity more vivid by translating it into visual metaphors -- interesting and memorable
- ❖ Set priorities for brand differentiation and communication objectives

#### ***1. Developing Your Brand:***

Many businesses assume that customers know what they are all about. But how could that be? How can a customer know even an ounce of what you know about your business? It is your job to educate them both visually (with a logo) and verbally (with a

short message that best describes your business and its benefits). You must offer prospective customers a reason to come into your business. (Harper W. Boyd, Jr., 1998)

Example of how to use an effective verbal message: "We sell kitchen and bath fixtures" informs but it does not motivate action. Your catch phrase or slogan and visual logo must jump out and grab them by their emotions. A branded slogan such as, "Our expertise is kitchen and bath accessories that transform your home into a palace" says much more about the uniqueness of your business and why a prospect should go there to check you out.

When Creating Your Brand Ask Yourself These 7 Questions:

1. What is my business and why is it different than my competitors?
2. Why are my products and services different and/or innovation?
3. How is my business unique and shamelessly special?
4. What USP sets me apart from my competition?
5. How can I demonstrate that my business is the best place to do business?
6. How can I build customer loyalty better than my competition?
7. Does my business have an identifiable logo and tag line that customers recognize?

(Harper W. Boyd, Jr., 1998)

The key to creating a strong icon or logo is to paint word pictures. Then compare the word or visual pictures with your description of your business and what sets it apart from the rest of the business world. Think unique, think independent step outside of your marketing mindset and get shamelessly creative.

## ***2. Saving a Brand:***

One bad brand experience will not ruin a company. One bad brand experience per day, however, can ruin a company over time. Do the math. If one person receives a bad experience with a brand, they might tell 10 people. If one person gets a bad experience per day times 365 days per year, that's 4,015 potential customers that have a negative perception of your brand. Not good at all. So, how can your employees save your brand on a daily basis? It all lies in training. It's one thing to educate your staff (especially



customer service reps) on your products or services, but even more importantly, knowing how to deal with upset customers is vital. This is known as soft skills training. Many companies believe that building a brand is reserved for the Fortune 500. This is simply not the case. Sure, if you want to build a brand in the minds of millions of people, that will take a lot of money. However, if you are focusing on a select target market, you just have to make sure your “brand” is communicated to them effectively and consistently. It all starts with a brand message. (Harper W. Boyd, Jr., 1998)

Depending on your industry and the size of your target market, you can usually focus your branding efforts on a narrow group of people. Obviously, if you’re Coca-Cola, you need to spend billions of dollars, and wait years before building a true brand identity in the mind of your target market. However, if your industry is a fairly narrow niche, it is a lot easier to become the “Coke” of your industry. (Harper W. Boyd, Jr., 1998)

It takes the right brand message; the right mixes of media, and frequency. With this solid base of information, you can put together a much-focused strategy that will gain a recognizable brand identity without a huge marketing investment.

- ***It All Starts With The Right Message:***

A brand message can be developed using information about your industry, your business, your product, your people, your target market, your sales process and your differentiator (what makes you better than the competition). You will want to conduct some data gathering and research sessions to compile loads of information on these topics. Similar to a funnel, you will want to narrow down the most important and significant points in your lists. After compiling this laser-focused list, you can use it to come up with ideas for your true brand message. It is important that this message is not too broad. It must focus on one benefit, not your top three or four. If a car company tried to brand their new car as the safest, most reliable, sports car station wagon in the world, nobody would know how to perceive it because the message has been diluted. (Harper W. Boyd, Jr., 1998)

- ***Do Not Dilute Your Message:***

Focus on the singular benefit that has the most impact and would garner the most attention by your target market. This is your ticket to brand identity to be known for

something specific. When you have the killer message that will make your target market stand up and take notice, its time to focus on the right mix of media. (Harper W. Boyd, Jr., 1998)

- ***The Right Mix of Media:***

As you know by now, technology has had an incredible impact on society. There are many ways to communicate in this age of technology (the Internet, personal digital assistants, email, electronic signage, newsgroups, pagers, cell phones, etc.), and branding is no exception. Many traditionalists feel that the old tried and true methods (billboards, newspaper and magazine ads, in-store promotions, radio, television, etc.) are the way to go. Many new media experts feel that this new exciting technology is the solution. The answer is that they're both right. With few exceptions, most consumers and businesses in America regularly use at least some form of technology every day. Having said that, most people in America use traditional media as much as ever. What does this mean? It means a truly integrated approach is needed to build a brand identity among your target market. How will you know which methods are good for you? That depends on whom you're going after. Study your target market to find out which Web sites they frequent, where they live, what their buying habits are, what they read, what they do in their free time, etc. Once you've chosen those targeted media outlets, it's time to hammer home the point. (Harper W. Boyd, Jr., 1998)

- ***Frequency and Consistency:***

Now that you have the right message and the right choice of integrated media, it's time for the most difficult part - frequency and consistency. It sounds easy, but it's not. Your brand must stay consistent from one medium to the next. That means your message must be recognizable and identifiable whether it's on a banner ad, a magazine ad, or a billboard. And you must stick with it. Erecting a billboard for three months, running a magazine ad for a few issues, or sending out a single email offer will not get the results you want. Since most people won't even know you exist until you've been in front of their face at least 10-15 times, you must repeat your brand message over and over. Then, you will begin to build that ever-important brand relationship with your prospect.

So, there you have it. It sounds like a simple formula, and it is. Most businesses don't have the foresight, the knowledge or the patience to see it through. However, if you follow this simple plan, your product could become the "Coke" of your industry.

(Harper W. Boyd, Jr., 1998)

### ***2.14 Perception:***

The process by which incoming stimuli activate sensory receptors is known as perception. It occurs when stimuli are registered by one of our five senses, namely vision, hearing, taste, smell and touch. The processing of visual stimuli is influenced by color. Taste perceptions are critical for some products and also vary across cultures. Consumers appear to have some abilities to perceive things that are outside their conscious level of awareness a phenomenon is called subliminal perception. However, the perception of these stimuli seems to have limited impact on consumer's motive or behaviors. Exposure, attention and perception are important because they affect what consumer comprehend, attitudes they have and what they remember. This information, in turn, affects the decisions consumers make. (Berkman, Lindquist, Joseph, 1997)

### ***2.15 Product Positioning and Consumer Benefits:***

No matter how accurately marketers can describe a segment and understand the benefits consumers within it seek, that segment is only useful if it is a good match with the product marketed. Product positioning is the means through which marketers seek the right fit between a product and desired benefits. Products achieve position based not upon the benefits they offer alone, but on the way in which consumers perceive those benefits. A car that is perceived, for example, to be particularly safe, may, in fact, be no safer than its competitors. It is the consumer's belief in or perception of its safety that makes its positioning in the market as a safe car effective. (Berkman, Lindquist, Joseph, 1997)

There are following ways to position products for targeted segments:

### ***1. Positioning On Benefits or Characteristics:***

Marketers may position products and services based on benefits or on characteristics consumers feel will provide the benefits they seek. Honda has been successful over the years in positioning its car as best engineered. BMW cars are positioned as the status symbol that men “deserve” because they are “worth it.” The image of a product, as the consumer sees it, is a combination of benefits and characteristics. So one can say that positioning on benefits is positioning on image.

(Berkman, Lindquist, Joseph, 1997)

### ***2. Positioning Against Competitors:***

When positioning against competitors, marketers invite product comparison. Competitors are clearly identified and their performance in relation to desirable consumer benefits assessed. Advertising achieves competitive positioning either through direct comparison or by offering facts or imaging that is parallel to those of competitors. The objective is to achieve the same favorable position in the consumer’s mind that is enjoyed by competitors. (Berkman, Lindquist, Joseph, 1997)

If comparisons are made, it is important that they are accurate. A popular and effective selling strategy is to claim to offer virtually the same product at a much lower price. However, this claim rarely works well unless it is true and is perceived to be true by the consumer. If quality, image, or performance are not really equal or are not perceived to be so, the lower-priced product is not a good substitute. Even if very real differences do exist, if the consumer does not perceive them as important, comparative claims rarely work. (Berkman, Lindquist, Joseph, 1997)

## ***2.16 Repositioning:***

From time to time, in response to changes in the market environment, marketers reposition products. Repositioning, however, is difficult to achieve effectively and is impossible to achieve overnight. This is because once the image of a product is established in the consumer’s mind, the consumer resists change. Repositioning involves re-

educating the consumer about changes in important product, price, distribution, and promotional and/or personal selling benefits. (Berkman, Lindquist, Joseph, 1997)

There are certain things which are understood like: consumers buy benefits, not products; consumers naturally fall into groups who seek similar benefits in the marketplace; and identifying market segments is only worthwhile if the product marketed matches the benefits consumers seek. (Berkman, Lindquist, Joseph, 1997)

### ***2.17 Reference Group:***

Reference groups are classed as primary or secondary. A primary reference group is one with which the individual has frequent face-to-face contact and in which members are close-knit. Families, households, study groups, work teams, roommates are all primary groups. Members exert significant influence on each other, including marketplace influence, simply because they are significant in each other's lives.

A secondary reference group is one in which interaction with other members is less frequent. Professional organizations, church congregations, large social clubs, and alumni associations are examples. The power to influence is far less than with primary groups. Secondary groups are often made up, however, of several smaller primary groups.

Reference groups are either formal or informal. A formal group is one in which there is some sort of structure and, in some cases, for which there are specific membership requirements. To join a civic club you may have to make a formal application, be voted in, and pay dues. To join a professional club, you may have to meet educational requirements. If the club runs regularly scheduled luncheons each month, you are likely to be obligated to attend, particularly if the club is both formal and primary. Informal clubs are those that have no special membership or attendance requirements, other than common interests. Walking clubs, reading groups, and mother-and-toddler playgroups are typical examples. Though they may be primary, the groups do not have rigid schedules or rules. (Berkman, Lindquist, Joseph, 1997)

A group to which an individual does not currently belong or may never belong is known as an aspirational group. Here, individuals may attempt to emulate group members by taking on the "cloak of membership," that is, by dressing, acting, and even thinking the way they perceive members do. Classifying consumers according to aspirational groups allows marketers to create special appeals.

Some reference groups are dissociative. These are groups that individuals avoid or deny connections with. Hence, clothing, music, and entertainment options associated with the group are avoided by people who do not wish to be identified with it, Marketers should take care to avoid identification of their products with groups considered dissociative among target audiences. (Berkman, Lindquist, Joseph, 1997)

### ***2.18 Reference Group Influences:***

There are several ways of viewing reference group influence. Let's take detailed look at the most important ones:

#### ***1. Reference groups as part of the socialization process:***

We learn the norms, appropriate behavior patterns, and values of a society or of a group within it, as part of a reference group, we observe correct group behavior, emulate it, and teach it to new members. At the same time, we learn and pass on appropriate roles and values. Often, these are reflected in purchase choices and marketers attempt to position their products according to them. Retailers, for example, may advertise the type shoes most popular with college students as a means of showing freshmen the style dress that will help them fit in on campus, thus accelerating socialization. It is among adolescents that reference groups exert the strongest socializing influence, affecting choices of visible products such as ice skates, snow skis, and ten-speed bikes. (Berkman, Lindquist, Joseph, 1997)

#### ***2. Reference groups as setters of roles:***

Roles are behavior patterns that people are expected to carry out based on the positions they hold within groups. Members of the group expect certain behaviors and feel the need to conform to them. A woman who carries out the role of president of a local charity may oversee the organization of various activities, participate as a speaker at fund-raising events, and interact with sponsors at dinner parties and on outings. At the same time, as family member, she may perform the role of parent, nurturing, supporting, and disciplining her children. Within the family, she is also wife, sister, and daughter, and plays those roles accordingly. In each case, both she and other members of the groups in which she participates have expectations about what she should do. It is up to her to decide her level of conformity. (Berkman, Lindquist, Joseph, 1997)

By understanding reference group membership in terms of roles set and played, marketers can offer goods and services to support those roles. Sometimes roles are in conflict, with each reference group having a different set of behavior expectations. In these cases, the dominance of the reference group and the individual's self-concept

determine behavior. (Berkman, Lindquist, Joseph, 1997)

### ***3. Reference groups as information sources:***

When a reference group is used as an information source, individuals obtain and use product information from group members. Information is gathered verbally or in writing from the group or by direct demonstration, instruction, or observation of group members. Members become authoritative sources for all kinds of information. Obviously, some members rely more heavily than others on the information available. If the source is seen as trustworthy and the information itself is relevant to the problem at hand and is perceived as reliable, it is a more dominant influence. (Berkman, Lindquist, Joseph, 1997)

Information may be disseminated within the reference group in several ways. The group may pass on information to all members through a newsletter or group meeting, for example. An individual member may request information from co-members or authoritative members. Information may also be transmitted among members unintentionally or informally, with normal word-of-mouth communication, which is more often absorbed and acted on within reference group boundaries. (Berkman, Lindquist, Joseph, 1997)

### ***4. Reference groups as normative influences:***

Influenced by normative values, individuals act in ways that will meet the expectations of the group. The reward for this behavior is increased group acceptance. If normative values are not accepted, rewards are withheld or sanctions are imposed.

(Berkman, Lindquist, Joseph, 1997)

### ***5. Reference groups as an expression of self-value:***

Reference groups can influence an individual's values, beliefs, attitudes, self-image, and lifestyle. Individuals tend to join groups whose characteristics are in line with their own or groups with whom they wish to become more identified. The goods and services associated with the group are thus extended to "say" something about the individual.

(Berkman, Lindquist, Joseph, 1997)



## ***2.19 Market Segmentation:***

Market segmentation is the process of grouping a market into smaller subgroups. This is not something that is arbitrarily imposed on society: it is derived from the recognition that the total market is often made up of submarkets (called segments). These segments are homogeneous within (i.e. people in the segment are similar to each other in their attitudes about certain variables). Because of this intra-group similarity, they are likely to respond somewhat similarly to a given marketing strategy. That is, they are likely to have similar feelings about a marketing mix comprised of a given product, sold at a given price, distributed in a certain way, and promoted in a certain way.

*(Source: [http://en.wikipedia.org/wiki/Market\\_segment](http://en.wikipedia.org/wiki/Market_segment))*

### ***1. The requirements for successful segmentation:***

- ❖ Homogeneity within the segment
- ❖ Heterogeneity between segments
- ❖ Stability of segments
- ❖ Segments are measurable and identifiable
- ❖ Segments are accessible and actionable
- ❖ Segment is large enough to be profitable

### ***2. The variables used for segmentation:***

#### ***❖ Geographic Variables***

- i. Region of the world or country
- ii. Country size
- iii. Climate

#### ***❖ Demographic Variables***

- i. Age
- ii. Gender

- iii. Sexual orientation
- iv. Family size
- v. Family life cycle
- vi. Income
- vii. Occupation
- viii. Education
- ix. Socioeconomic Status
- x. Religion
- xi. Nationality/race

❖ *Psychographic Variables*

- i. Personality
- ii. Life-style
- iii. Values
- iv. Attitudes
- v. Behavioural variables
- vi. Benefit sought
- vii. Product usage rate
- viii. Brand loyalty
- ix. Product end use
- x. Readiness-to-buy stage

When numerous variables are combined to give an in-depth understanding of a segment, this is referred to as depth segmentation. When enough information is combined to create a clear picture of a typical member of a segment, this is referred to as a buyer profile. When the profile is limited to demographic variables it is called a demographic profile (typically shortened to "a demographic"). A statistical technique commonly used in determining a profile is cluster analysis

(Source: [http://en.wikipedia.org/wiki/Market\\_segment](http://en.wikipedia.org/wiki/Market_segment))

## ***2.20 Hypothesis***

Based on the literature review the researcher has come up with the following hypothesis. The research analysis would be based on the following hypothesis.

### ***H1:***

*“Despite neck to neck competition in any industry a company can be successful in developing a friendly, sociable and highly technical brand image in customer’s mind in a very short period of time by reading its customers profile.”*

### ***H2:***

*“Besides tough competition in any industry a company can be lucky enough to capture a compatible market share in a very short span of time by providing superior services at a competitive price range.”*

### ***3.1 Background of Study:***

The world has gradually become a global village. That means a revolution in field of communication in the business world. Easy accessibility of the wireless has paved the way for the mobile phone industry, the world over. Initially, it was regarded as a luxury for the elite; however, due to its competitive pricing and promotion, it has become more affordable for the general public. The in-charge of sales at Mobilink GSM says: "mobile phones are no more a rich man's toy."

Cellular Mobile communication is the fastest growing area in the telecom sector. It has attracted almost 11% of the total investment in the telecom sector and the growth rate can be measured by the estimate that the number of mobile phone subscribers rose to 4.2 million by December 2004 from 2.2 million subscribers all across the country in 1999. Number of licensed operators for mobile networks has increased exponentially and they are running successful business with attractive returns in most of the developing as well as developed countries.

Currently there are six mobile operators doing business in the Pakistani market.

- ❑ Paktel
- ❑ Instaphone
- ❑ Mobilink
- ❑ U-fone
- ❑ Telenor
- ❑ Warid

Telenor & Warid are the latest ones to obtain license and operate in the market. U-fone is relatively old and is termed to be the only competitor of mobile industry leader Mobilink in Pakistan. U-fone, a subsidiary of Pakistan Telecommunication Company Limited (PTCL) started its operations in January 2001 with initial investment of around Rs 6.2 million and at the end of first year, the Company showed an improvement in the

subscriber base. U-fone is a mobile service named after the people, it is meant to serve, YOU. U-fone is designed to target the general public of Pakistan, who can't afford the expensive mobile communication.

For a limited customer base the competition between these operators is fairly intense. Under such conditions, a big challenge for U-fone is how to succeed in a limited and very competitive business environment and differentiate its services with respect to other operators in order to create and develop its market share. This requires that the management of Ufone fully understand the business environment for mobile telephony in Pakistan vis-à-vis Political-legal, competitive, economic, socio-cultural and technological environment. It needs well defined goals, objectives and clear policies as how it will conduct its business and create and develop its market share to achieve profitability in a highly competitive business environment.

Mobile industry was slow to grow in Pakistan till 1998. Till that period it has shown a very conservative growth rate. This has been because of the particular economic conditions of Pakistan and the fact that initially the rate of services and customer mobile equipments were very high. But now because of the improvement in economic conditions of the country as well as development in technology, Pakistan has started catching up with the spread of mobile communications.

### ***3.2 Problem Area:***

U-fone has been very lucky in establishing a good market share in very little time. It is in its growth stage and is looking forward to grow further. In the first one month U-Fone captured 3 % of mobile communication market and within just three and a half years has captured 25% of the total market of Pakistan. It has been successful because of its affordable prices and variety of services.

Now the question here arises:

- ❑ How customers take U-Fone as a brand?
- ❑ What is the brand image in their minds? And
- ❑ How they compare it with other existing mobile communication providers in the market in terms of its service delivery performance?

### ***3.3 Objectives of Research:***

The objective of the research thesis is to conduct a thorough market research for U-fone to:

- Analyze company's macro and micro environment
- Analyze its competitor
- Study the company's brand from customers' perspective
- Access consumers' preference for this brand through a market research. What is the brand personality image in their minds?
- How the customers compare its services with the existing competitors.
- Analyze U-Fone's promotional strategies.

### ***3.4 Research Methodology:***

Data will be collected for the said research by using different available resources and techniques, which include:

- ❑ **Primary sources like:**
  - ❖ Questionnaires to be distributed among people belonging to different age groups, economic backgrounds and occupations.
  - ❖ Personal Observation

- **Secondary sources like:**
  - ❖ Company website
  - ❖ Competitors websites
  - ❖ Internet search engines
  - ❖ Company handouts, brochures etc
  - ❖ PTCL annual and quarterly reports
  - ❖ Marketing and marketing research related books from library
  - ❖ Periodicals & Publications

### ***3.5 Limitation of the thesis***

Limitation of the research lies in limited access to information due to

- ❖ Time constraint
- ❖ Geographical limits

### ***3.6 Hypothesis***

The research analysis would be based on the following hypothesis.

#### ***H1:***

*“Despite neck to neck competition in any industry a company can be successful in developing a friendly, sociable and highly technical brand image in customer’s mind in a very short period of time by reading its customers profile.”*

#### ***H2:***

*“Besides tough competition in any industry a company can be lucky enough to capture a compatible market share in a very short span of time by providing superior services at a competitive price range.”*

### ***4.1 U-fone Profile:***

U-Fone was launched on January 29, 2001, under the product name U-Fone. Whereas the parent company i.e. Pak Telecom mobile Ltd, was incorporated on 30<sup>th</sup> of June 1998 under a licence obtained from Pakistan Telecommunication Authority to be the fourth licensed operator of cellular mobile services in Pakistan. The company is a wholly owned subsidiary of Pakistan Telecommunication Company Limited. It has set up its headquarters in Islamabad, Pakistan and is offering its services under the corporate brand name of Pakistan Telecomm Mobile Ltd.

The parent company, Pakistan Telecommunication Company Limited has been the monopoly operator of telecommunication services in Pakistan for the last 50 years. Realising the current trends in the telecomm business and rapid deregulation, privatisation and liberalisation of telecomm sector in Pakistan as elsewhere in the world, PTCL has been expanding its business operations in other areas of telecommunication. It is with this in mind that PTCL has set up PTML to compete in the mobile telephony business. PTCL is also the largest data communication and Internet service provider in Pakistan. To further enhance its business in Internet services; it has now formed an independent subsidiary by the name of Paknet. PTCL has a sound financial standing, with annual revenues of about RS. 40 Billion.

#### ***4.1.1 Mission statement:***

We aim to be the first choice provider of cellular mobile service in Pakistan. This aim will be achieved by providing:

- Quality mobile communication services to our valued customers, tailored to their needs in a cost-effective manner.
- Bringing profitability to the company and rewards to its employees and associates through efficient planning and utilization of resources.
- Ensuring healthy return on investment for their investors and shareholders.



## ***4.2 Packages:***

### ***4.2.1 U-Fone Prepaid:***

- ❑ Incoming calls for six months even if the card expires in between.
- ❑ No monthly charges (U-fone JAZBA)
- ❑ Two customer friendly tariff options.
- ❑ Rich value added services included in the cost.
- ❑ No hidden costs
- ❑ Better coverage
- ❑ Easily available at most retail outlets. By dialing \*000 we can also obtain the address of the nearest U-fone outlet.
- ❑ No change of mobile numbers if package converted from prepaid to postpaid.

### **Package names are**

- ✓ Ufone josh
- ✓ Ufone jazba

### ***4.2.2 U-Fone Postpaid:***

U-fone's attractive and economical postpaid Packages offer a variety of benefits, including:

- ❑ Lowest rates ever offered
- ❑ Enhanced value added services
- ❑ Better coverage
- ❑ Detailed and friendly bill statement
- ❑ Convenient locations for bill payment

**Package names are**

- ✓ U Fone Rabta
- ✓ U fone Asaish
- ✓ Ufone Lajawab

### ***4.3 Services:***

At the moment U-fone is offering seven services with attractive attributes and benefits. They are explained briefly as follows

#### ***1. Online bill payment***

For the first time in Pakistan, you can now use any Visa or Master card to pay your Ufone bill, or recharge your prepaid account securely and conveniently through online bill payment just by calling U-fone through your mobile.

#### ***2. Power Sim***

Power SIM adds a new Ufone Menu to your phone. Just like other menus, you can simply select the options, enter data and navigate through the menu. For example to find out the local weather news and namaz timings just log in to this menu.

#### ***3. WAP***

WAP in simple terms is Internet content customized for mobile phones. This means that if you have a GPRS phone with a WAP browser, you can have access to Internet content with out a PC or laptop.

#### ***4. International roaming***

Ufone International Roaming allows you to take your Ufone outside Pakistan and use it without having to change your telephone number. Your business associates and loved ones can stay in touch with you by dialing the same familiar Ufone number,

and you have the convenience and security of a mobile phone even outside Pakistan. Some of the services may not work when you are roaming. These include:

- ❖ Voice mail
- ❖ CLI
- ❖ Call waiting
- ❖ Free minutes

### ***5. Pay Via SMS***

Recharge your prepaid account or pay your postpaid bill through SMS - using your Credit Card – master card or visa card etc. To pay through SMS, just send "payufone" to 801 and follow the instructions.

### ***6. Call management***

Call management service includes

- ✓ **Conference call**

When you want to speak to more than one person at the same time

- ✓ **Call waiting**

It intimates you about an incoming call while you are talking to someone on the phone

### ***7. Internet Access***

Just connect your Ufone to your PC or laptop and surf the Internet at high speeds and low costs. You never have to dial up; you are always on line. That's why to access the World Wide Web, you just have to connect your Ufone to your PC or laptop and you will be surfing in no time.

Besides these services U-Fone has messaging services, which are listed below:

- ❖ MMS
- ❖ SMS
- ❖ Web2SMS chat
- ❖ Global SMS

- ❖ E-mail over SMS
- ❖ Urdu SMS
- ❖ Voice mail
- ❖ Tele SMS

With U-Fone's above listed services you can stay in touched with your concerned ones without talking anytime of the day.

(Source: <http://www.ufone.com>; Dated: 25<sup>th</sup> June, 2005)

#### ***4.4 U-Fone SWOT Analysis:***

##### ***1. STRENGTHS:***

- ❖ Ufone is using digital GSM technology, which gives it an edge over its other competitors.
- ❖ With PTML (Pakistan Telecommunication Mobile Limited) a subsidiary of PTCL, behind its back, not only provides it with massive infrastructure, but also a backing of government, as it is a semi-government organization.
- ❖ With its competitive pricing strategy to penetrate into market, it has increased its share rapidly.
- ❖ They are operating both in pre-paid and post-paid market segments.
- ❖ With aggressively using all the promotional strategies, and utilizing both print and electronic media, they have aggressively launched in to the market.
- ❖ It has a proven technology world wide
- ❖ Chosen management from the industry

##### ***2. WEAKNESSES:***

- ❖ Late market entry
- ❖ No previous experience of working in competitive environment.
- ❖ A new organization, which has a lesser market managerial and market experience, would face problems while competing with its rivals.
- ❖ They have less market share in post- paid connections as compare to pre-paid connections.
- ❖ Political in stability, military government can hamper stable investment.
- ❖ Spill over of market image from PTCL.
- ❖ State of Pakistan's economy inflation rate, debt etc.

### 3. *OPPORTUNITIES*

- ❖ Deregulation and liberalization of telecomm sector
- ❖ Possible cooperation with GMPCS operators
- ❖ With the help of PTCL and Paknet offer fully packaged solutions to its customers.
- ❖ Success of pre-paid services to attract new customers and increase market share.
- ❖ Increased customer awareness both for price and quality built over the years by other mobile operators.
- ❖ Increasing rate of urbanization.
- ❖ A large rural population of about 68% mostly uncovered by present operators.

### 4. *THREATS*

- ❖ Slow historical Growth rate in mobile sector
- ❖ Competitive pressures direct as well as indirect.
- ❖ New entrants after year 2005 because of implementation of WTO.
- ❖ Unstable economic and political conditions

#### *4.5 Competitive Analysis:*

The competitive environment for mobile telephony in Pakistan is tough and PTML's entry into the market place has further increased it. Primary competition is of course from the three mobile operators with whom PTML is directly competing for share of the market. But there are other potential sources of competition, which should also be taken into consideration.

#### 4.5.1 Direct Competition:

Direct competition to U-Fone service will come from the three licensed mobile operators.

These are:

- ❖ Mobilink
- ❖ Instaphone
- ❖ Paktel
- ❖ Telenor
- ❖ Warid

The table given below presents a brief summary of information regarding these competitors.

	<b>Mobilink</b>	<b>Instaphone</b>	<b>Paktel</b>	<b>Telenor</b>	<b>Warid</b>
<b>Started Operations</b>	August, 1994	1990	1990	March 15, 2005	2005
<b>Company Locations &amp; Facilities</b>	H/Q: Islamabad Regional Corporate Offices: Islamabad, Lahore, Karachi Business Centers:	H/Q: Islamabad Centers: 15 countrywide	H/Q: Islamabad	H/Q: Islamabad Regional Offices: Lahore, Karachi	H/Q: Lahore
<b>Technology</b>	GSM-900	AMPS/D-AMPS	GSM-900	GSM-900	GSM-900

The value-added services, IN services and various discounts and promotional offers provided by these operators are given below.

	<b>Mobilink</b>	<b>Instaphone</b>	<b>Paktel</b>	<b>Telenor</b>	<b>Warid</b>
<b>Value Added Services</b>	Calling Line Identification, Single Access Code, Call Waiting, Call Forwarding, Call Barring, ANSA Call, Short Message Service. Fax & Data, Closed User	Conference Calling (with all Packages), Billing Via E-mail, Call Forwarding, Call Waiting, Calling Line Identification	Voice Mail, Call Transfer, Calling Line Identification, Call Waiting, Conference Calling, Call Barring, Voice Mail Plus, Corporate Connect, Fax & Data, Ezee Roam, Planet Roam, Billing Via E-mail,	GPRS, WAP Calling Line Identification, Single Access Code, Call Waiting, Call Forwarding, Call Barring, Missed Calls Alert	GPRS, WAP, MMS, Call Forwarding, Call Waiting, Calling Line Identification,
<b>IN Services</b>	Pre Paid Service by the name of Jazz	Pre Paid Card by the name of Insta-One	Pre-paid service package called "Paktel White"	Easy Load facility	Zem—Pre Paid Zabi—Post Paid
<b>Promotional Offers</b>	Free minutes, Free Incoming(depending upon the package chosen	Free minutes, Free Incoming(depending upon the package chosen	Free minutes, Free Incoming(depending upon the package chosen and time of usage)	Free sms at the start and now lowest rate on all networks	Free minutes, Free Incoming(depending upon the package chosen



#### ***4.5.2 Direct Competition Audit:***

An individual audit of these three operators is as follows:

##### ***1. Mobilink:***

The company is a joint venture between Saif Group of Companies and Motorola Inc of USA. It is registered by the name of M/s Pakistan Mobile Communication Limited and is the only GSM operator of the three. It is also current market leader in terms of customer base.

- ❖ The company has been lacking in providing comparable area coverage to its customers. This is one of the main reasons for the company's failure to gain market leadership despite technological advantage.
- ❖ Its prepaid card Jazz has also ran into trouble, reportedly because of billing and congestion problems. The network has been upgraded now, which has relieved some of the problem.
- ❖ The company advertising is mainly through print media and focuses upon promoting its position as the only digital, GSM operator in the Pakistani market.
- ❖ Tariff planning is based on the usage rates and packages are few and simple to understand for the customer.
- ❖ For a little premium over other operators, Mobilink has the strategy of including more free minutes and many value-added services into monthly line rent and airtime charges.

##### **Vision:**

*“To be the leading Telecommunication Services Provider in Pakistan by offering innovative Communication solutions for our Customers while exceeding Shareholder value & Employee Expectations.”*

(Source: <http://www.mobilinkgsm.com>; Dated: 25<sup>th</sup> June, 2005)

### 1. *STRENGTHS:*

- ❖ Mobilink is using GSM digital technology, which gives it an added advantage over its competitors other than Ufone.
- ❖ Mobilink is both in pre-paid and post-paid market segments.
- ❖ Mobilink has used effectively its promotional strategies, and it has also utilized print and electronic media to capture larger share of market.
- ❖ With very close to market coverage as Instaphone has, Mobilink has another competitive edge on its competitors.
- ❖ Motorola is one of the leading companies in communication accessories and other diversified segments such as microprocessor provide Mobilink with strength in resources compare to its other rivals.
- ❖ Mobilink charges premium prices as compare to its competitors in post-paid market segment.
- ❖ With arrival of Ufone in a market with its GSM technology as well after Mobilink, Ufone has priced its services below Mobilink.
- ❖ Mobilink is offering more added value services like G-mail,E-mail,VAS,Voice mail, promotional free SMS and free CLI. They have formal contract with Philips, Ericsson and Motorola for the supply of handsets.
- ❖ They are developing the dealer network with their connect offices and also expanding the retail outlets for their scratch cards and the CD packs.
- ❖ They are provided with well-trained staff and also they offered time-to-time internal training sessions.
- ❖ Mobilink is also offering customer loyalty program and prizes on point system, it all dependent on the airtime usage.

### 2. *WEAKNESSES:*

- ❖ They have financial instability as their principal ownership has changed hands three times.
- ❖ They have congestion problems in major cities.

- ❖ Expensive equipment for maintenance and expansion.
- ❖ GSM handsets are still more expensive than AMPS counterparts.

Increasing market competition has shrunk market share for Mobilink, and in future, competition is likely to intensify more.

## ***2. Instaphone:***

The company is registered by the name of M/s PakCom Ltd. It is a subsidiary of Millicom International Cellular, which is operating 34 cellular networks worldwide. It is the second largest operator in terms of customer size.

- ❖ It is the only company providing service in all the four provinces of the country.
- ❖ The company has benefited substantially from the launch of its Pre-paid card Insta-One.
- ❖ Spends a lot on advertising and promotion.
- ❖ Focuses heavily on selling through its dealership network.
- ❖ It is progressively shifting to digital technology and extending the coverage.
- ❖ The tariff planning reflects company's strategy to target customers in other ways besides usage rates e.g. attitude and demographics

(Source: <http://www.instaphone.com>; Dated: 25<sup>th</sup> June, 2005)

### ***1. STRENGTHS:***

- ❖ Instaphone is operating both in pre-paid and post-paid market segments.
- ❖ Only company, which is present in all four provinces.
- ❖ With its coverage in all the four provinces of Pakistan and both at Motorway, and at GT Road makes it as a leading services provider in coverage.
- ❖ As Paktel, Instaphone's parent company is also Cable & Wireless, which has over a century experience in communication industry.

## 2. *WEAKNESSES:*

- ❖ Customers are suffering with billing problems.
- ❖ Instaphone is also using analogue technology, which gives similar disadvantages as Paktel had.
- ❖ They should go after the migration to D-AMPS in Karachi, 60% percent of market. Free up more capacity for more subscribers and alleviate congestion problems.
- ❖ Political instability, military government hampers the stable investment.
- ❖ State of Pakistan's economy, inflation rate debt etc.

## 3. *Paktel:*

The company is a subsidiary of C&W of UK. This company had second largest share of the market and was the first to launch its service in Pakistan. But with the entry of U-Fone it has lost more than 50% of its market share.

- ❖ Company got into serious trouble when mobile services were suspended in Karachi, where it had a very large customer base. Financial problems become so acute that the owners C&W had almost sold the company but for *the economic sanctions imposed on Pakistan which drove away any potential buyers*.
- ❖ Provides most extensive coverage.
- ❖ Previously company had been lacking in Customer care and Advertising and Promotion. It is now concentrating on this aspect as is evident from the many customer care staff being hired by the company, renovation of front-end offices undergoing and launching of many advertising and promotion campaigns.
- ❖ Tariff plans are few, simple and usage based. Value-added services are paid or free according to the tariff plan chosen.
- ❖ Paktel is expected to launch its prepaid service in near future.

(Source: <http://www.paktel.com>; Dated: 25<sup>th</sup> June, 2005)

### **1. STRENGTHS:**

- ❖ Paktel in Pakistan is the pioneer in mobile communication industry, which creates a good image and they were also the first one to capture the market and get the early share out of it.
- ❖ With a parent company such as Cable & Wireless, this gives an added advantage to Paktel as a resource provider.
- ❖ Paktel is charging lesser prices in post-paid market segment than its competitors.
- ❖ They are offering economical packages designed for all target segments.

### **2. WEAKNESSES:**

- ❖ Paktel has never launched its electronic media promotional campaign, while others differentiate from Paktel by advertising both in print and electronic media.
- ❖ Paktel is using analogue technology, which is considered to be inferior comparing to digital technology being used by other companies. Some other weaknesses are related to analogue technology, such as, voice reception, coverage, cloning, and cross talking.
- ❖ They have less coverage on GT roads than Insta phone.
- ❖ Paktel coverage is not as wider as its competitors are providing in the market.
- ❖ PTML low-end market.
- ❖ Political instability, military government hampers the stable investment.

### **4. Telenor:**

Telenor acquired the license for providing GSM services in Pakistan in April 2004, and has launched its services commercially in Islamabad, Rawalpindi and Karachi on March 15, 2005. The official opening was held in Islamabad with the President of Pakistan General Pervez Musharraf as the guest of honor and a Telenor delegation headed by CEO Telenor Jon Fredrik Baksaas. On March 23, 2005 Telenor started its services in Lahore,

Faisalabad and Hyderabad. Telenor will be launching its services in other cities as per the roll out plan.

- ❖ The license terms stipulate that by year 4, Telenor will cover 70% of Pakistan's 297 administrative Tehsil headquarters. Telenor will fulfill the license requirements and provide superior quality coverage.
- ❖ Telenor is proud to build mobile communication infrastructure in Pakistan and looks forward to combining its experience in mobile technology with the local Pakistani high level of competence. Telenor's primary aim is to offer top quality mobile services and promote healthy competition in the mobile market.
- ❖ The company has covered several milestones over the past eleven months and grown in a number of directions.
- ❖ In addition to recruiting hundreds of people, Telenor established its Call Center on January 28 in Lahore.

#### **Vision:**

*"Telenor shall be a driving force in renewing, developing and introducing new solutions that simplify our customers' workday. Telenor's vision is demanding, setting an ambitious goal for the organisation and its individual employees. Renewal and simplification of our own structures and routines is a prerequisite for attaining competitive power and added value."*

(Source: <http://www.telenor.com.pk>; Dated: 25<sup>th</sup> June, 2005)

#### **5. Warid:**

Warid is the hub of telecommunication in Pakistan. Backed by the Abu Dhabi Consortium, lead by His Highness Sheikh Nahayan Mubarak Al Nahayan, we at Warid Telecom cherishes our team, vision, shareholders and associated companies. With complete dedication to our users, we have the background as well as sincerity to cater to their demands.

We have made no compromise on investments required for research and development. With a projected capital expenditure of over US \$500 million, Warid Telecom has been set up to provide a premium quality GSM service. The Company will be operational in the 28 major cities of Pakistan at the time of launch, and will cover most of the larger cities of Pakistan by summer of 2006.

**Vision:**

*"To be the leading national communication provider with a strong international presence"*

(Source: <http://www.waridtel.com>; Dated: 25<sup>th</sup> June, 2005)

**4.5.3 Indirect Competition**

The indirect competition could come from:

- ❖ Fixed-line services.
- ❖ Card Payphone services. (07 licenses have been issued so far)
- ❖ Prepaid calling cards.

Massive expansion in penetration and quality of fixed line, Payphone and Prepaid calling cards and Trunk Radio services can effect mobile business environment. Economic scenario of Pakistan makes this observation relevant because mobile services are still comparatively much expensive and customers may prefer to use cheaper, more readily available alternatives.

**4.6 Pricing:**

Pricing in the Pakistan's business environment is a sensitive issue. In general customers are substantially conscious of the prices being offered. Moreover customers demand higher quality and better service at lower rates. U-Fone could not charge high prices even if they offer high quality because many customers were expected to react negatively to that. On the other hand lower price offers will compel competitors to do the same and they have the economies of scale in their favor compared to U-Fone. Therefore on the

Product-Quality matrix, U-Fone's general pricing strategy is to offer high quality at competitive prices. Pricing also is customer segment specific. The prices offered depends upon:

- ❖ Spending level of the customer.
- ❖ Customer needs for services.
- ❖ Usage pattern of the customer

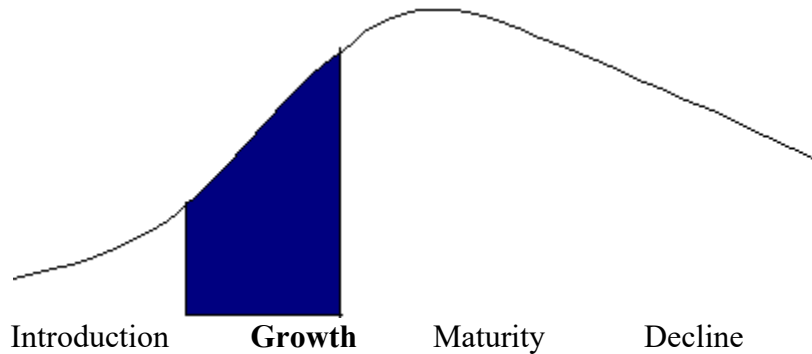
#### ***4.7 Distribution Channels:***

Company is utilizing following distribution channels for its services. The key-differentiating factor is developing better distribution channels to the market.

- ❖ Customer Services Centers.
- ❖ Branch offices.
- ❖ Sales force
- ❖ Countrywide Dealership networks.
- ❖ Subscription through company's website.



#### 4.8 U-fone's Life cycle analysis:



<b>Cost</b>		Average		
<b>Profit</b>		Rising		
<b>Sales</b>		Rapid		
<b>Competition</b>		Growing		
<b>Customer</b>		Early Adopters		

U-Fone is at early growth stage, its cost is average at the moment and profits are rising due to rapid growth in sales. Competition is growing with increase in public awareness and usage of mobile phones. Customers have now experienced the services provided by mobile communication industry.

### ***4.9 Advertising & Sales promotion:***

#### ***❖ Pre-launch objectives***

- ✓ To create awareness and interest about the services offered in the marketplace
- ✓ Build-up of corporate and brand image as a top quality, solution provider at competitive price

#### ***❖ Post-launch objectives***

- ✓ To build brand preference
- ✓ Increase market share

#### ***❖ Media Vehicles***

Following media vehicles are utilized for advertising campaigns by U-Fone.

- Print & Electronic Media
- Launch supplements
- Newspaper ads
- Television prime time ads

Their popular TV advertisements are

- Khushion Ki Awaz
- Salma ki Amma (Crying)
- Salma ki Amma (Wrong Number)
- Restaurant (Sir Bill)
- Restaurant (Boss Jal Gia Hey)
- Class Room
- On Road (Chai key Paisay)
- On Road (Mera Phone)

- Cowboy (Take it easy)
- Cowboy (Dancing)
- Cowboy (Salma ki Amma)
- Cowboy (Ghora kahan Park kia hey)
- Filmi – Shaboo
- Taxi

❖ *Outdoor Advertising*

- Billboards
- Point of Sales Displays (e.g. at dealer premises)
- Hoarding
- Illuminated Hoarding
- Shop Front Signs

## ***5.1 Brand Analysis of Ufone***

### ***5.1.1 Brand Equity***

The most important assets of any business are intangible including its base of loyal customers, brands, symbols & slogans and the brand's underlying image, personality, identity, attitudes, familiarity, associations and name awareness. These assets along with patents, trademarks, and channel relationships comprise brand equity, and are a primary source of competitive advantage and future earnings. A brand is a promise made to its customers and shareholders. Promises that are kept yield loyal customers and produce steady streams of profits. Brand equity is initially built by laying a foundation of brand awareness eventually forming positive brand images and is ultimately maximized by high levels of brand loyalty.

The brand of Ufone is a distinguishing name and/or symbol (logo, trademark, or package design) intended to identify the origin of the goods or services and to differentiate those goods or services from those of its competitors.

(Source: Zeithaml, Valarie A. and Bitner, Mary Jo. 3<sup>rd</sup> ed. New York: McGraw-Hill Irwin. 2003)

### ***5.1.2 Brand Personality***

Brand Personality connects the brand to the consumer. In fact, research shows a correlation between BP and the personalities of users. BP develops and is shaped by a combination of marketing communications and actual experience with the brand. Brand personality is a reflection of how organizations do what they do, expressed through their words, actions and communications. Its foundations lie in the vision and core values that drive businesses, which are captured by their positioning, promise and attributes. It is short-sighted to track only traditional brand image attributes.

Ufone continues to strive to offer world-class services in Pakistan. Their goal is to ensure continuous improvement and development of technology and offer new services that help to achieve the overall vision and mission. Their commitment is to provide customers with reliable service and they are in transition phase to fulfill their promises.

### 5.1.2.1 Brand Personality Scale

EXCITEMENT	WEIGHT	SCALE (1-5)	WEIGHTED INDEX
Innovative	0.3	2	0.6
Spirited	0.1	4	0.4
Credible	0.4	3	1.2
Out of the box thinking	0.2	2	0.4

**2.6**

COMPETENCE	WEIGHT	SCALE (1-5)	WEIGHTED INDEX
Reliable	0.3	2	0.6
Intelligent	0.3	2	0.6
Successful	0.4	2	0.8

**2.0**

### *Brand Personality of Ufone*

Ufone was launched on January 29, 2001, under the product name Ufone. Whereas the parent company i.e. Pak Telecom mobile Ltd, was incorporated on 30<sup>th</sup> of June 1998 under a licence obtained from Pakistan Telecommunication Authority to be the fourth licensed operator of cellular mobile services in Pakistan. The company is a wholly owned subsidiary of Pakistan Telecommunication Company Limited. It has set up its headquarters in Islamabad, Pakistan and is offering its services under the corporate brand name of Pakistan Telecomm Mobile Ltd.

Through its initial advertisement campaign, Ufone has projected itself as a confident brand that is ready to give something extra ordinary to the consumers and was basically targeting the low and middle end market segments. Basically that was the time when

mobile industry got a huge boom and helped to break the monopoly of Mobilink GSM, which was the market leader at that time.

Ufone went through many ups and downs during its 4 years of services and had to position and reposition itself several times to cater for wider market segments and to cope up with the competition. Presently, Ufone's marketing and advertising theme is based on youth and is portraying youngsters in its various ongoing campaigns.

From the above brand personality analysis the researcher is of the view that Ufone is a strong male who is excited, energetic, always on the toes, first to market new offerings, which makes it a competitive and an innovative brand.

### ***5.1.3 Brand Elements***

“Brands have social and emotional values to users. They have a personality and speak for users”. Consumers use brands to represent their own personality.

#### ***1. Brand Name***

Ufone is a wholly owned subsidiary of Pakistan Telecommunication Company Limited. It has set up its headquarters in Islamabad, Pakistan and is offering its services under the corporate brand name of Pakistan Telecomm Mobile Ltd.

The parent company, Pakistan Telecommunication Company Limited has been the monopoly operator of telecommunication services in Pakistan for the last 50 years. Therefore, the brand name Ufone gives a national and a local feeling to the people living in Pakistan. Also at the time of its launch, the positive feelings towards the brand name already created by the marketers proved wonders for the brand. It really came up with the expectations of the people that is why it is able to capture a huge market share in the local industry. The name is easy and catchy and therefore people can easily retain it in the evoked sets of their minds.

## 2. Logo



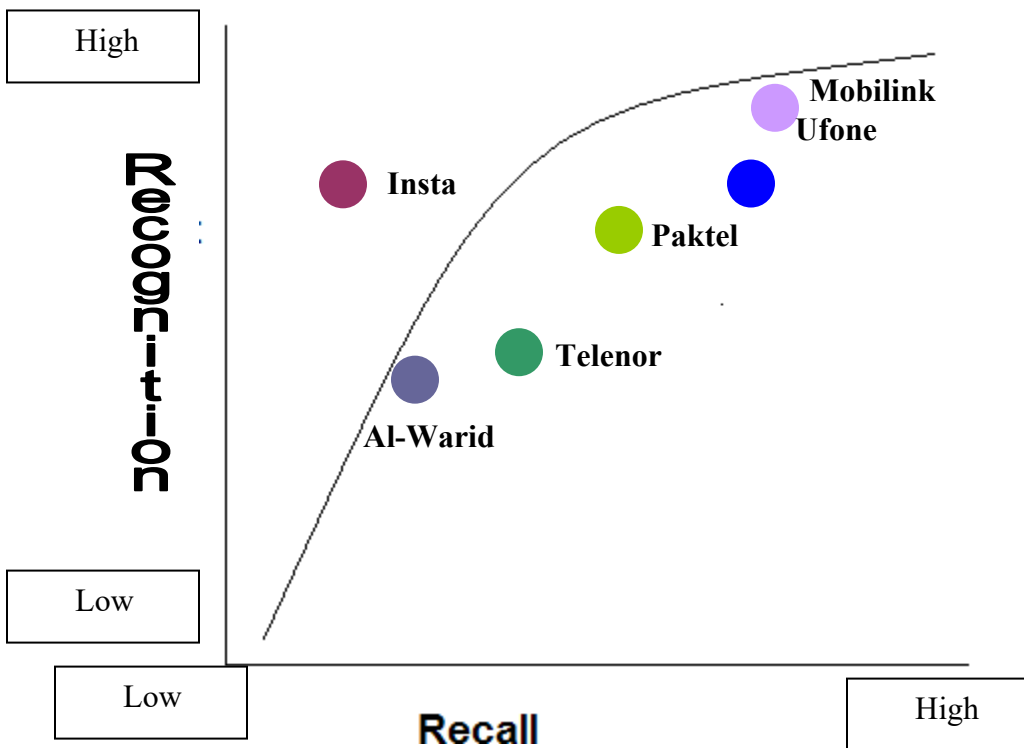
The logo of Ufone is quite a simple one signifying ease of use and the smoothness of operations performed at the organization. Ufone logo gives the sense of security and trust to its customers. The logo has been designed in a way that it is portraying the GSM Technology that the company is using along with giving a National touch to the patriots by using green color. The orange color is adding excitement feature of the brand and is projecting life in the brand. And the GSM written in the centre is portraying technological advancements depicting that Ufone is in control of any situation coming its way and has a proactive rather than a reactive approach. Overall the logo is simple and easy to get into the mind of the people so that they can associate to it more often and it is always there in the evoked set.

## 3. Tag Line:

***“Its All About U”***

The tagline of Ufone is very much aligned by the theme and expectations of people. Whatever people were expecting and demanding from the brand, it has come up with the expectations by always being the innovators and providing excellent services to its users. The tag line gives a feeling of belongingness, customer focused and customer being the king if he is a part of Ufone community. The tag line suggests that customer is the first priority and the brand believes on relationship building.

## 5.2 Graveyard Model



According to the graveyard model analysis, brands like Mobilink, Ufone, Paktel, Telenor and Al-Warid are placed high on recognition and high on recall dimension. Mobilink and Ufone being in the market for quiet some time and being the market leaders enjoy high level of customer loyalty and are always present in the evoke set of the consumer.

Although Telenor and Al-Waird are both new comers in the telecom sector of Pakistan but still Telenor has better brand recall than Al-Warid. This is because of their strong brand name and international presence. Insta phone on the other hand is recognized more among people as it is an old name and has been serving the local market for more than a decade. Yet its brand recall has eroded with the passage of time and the brand has fallen in the graveyard category, where if consideration on part of management is not paid, the brand will ultimately die.



### 5.3 Brand Perception Index

	Ufone			Al-Warid			
	Weights	Scale	Weighted Index	Weights	Scale	Weighted Index	Weights
<b>VISUAL</b>							
LOGO	0.25	4	1.00	0.25	3	0.75	0.25
Service center	0.25	3.5	0.875	0.25	3	0.75	0.25
Web site	0.5	4	2	0.5	1	0.5	0.5
<b>TOTAL</b>	<b>1</b>		<b>3.875</b>	<b>1</b>		<b>2</b>	<b>1</b>
<b>VERBAL</b>							
Advertisements	0.2	4	0.8	0.2	2	0.4	0.2
Slogan	0.25	3.5	0.875	0.25	3	0.75	0.25
Image	0.2	3	0.6	0.2	2	0.4	0.2
Word of mouth	0.25	3.5	0.875	0.25	2	0.5	0.25
PR events	0.05	3	0.15	0.05	2	0.5	0.05
Value added services	0.05	3.5	0.175	0.05	2	0.5	0.05
<b>TOTAL</b>	<b>1</b>		<b>3.475</b>	<b>1</b>		<b>3.05</b>	<b>1</b>
<b>EXPERIENTIAL</b>							
Connectivity	0.4	3.5	1.4	0.4	3	1.2	0.4
Prices	0.2	3.5	0.7	0.2	3	0.6	0.2
Service staff	0.2	3	0.6	0.2	3	0.6	0.2
Help line	0.2	2	0.4	0.2	2	0.4	0.2
<b>TOTAL</b>	<b>1</b>		<b>3.1</b>	<b>1</b>		<b>2.8</b>	<b>1</b>

**BPI Ufone =3.875+3.475+3.1=10.45**

**BPI Al-Warid =2+3.05+2.8=7.85**

	Telenor			Mobilink		
	Weights	Scale	Weighted Index	Weights	Scale	Weighted Index
<b>VISUAL</b>						
LOGO	0.25	3	0.75	0.25	4.5	1.125
Service center	0.25	3	0.75	0.25	3	0.75
Web site	0.5	5	2.5	0.5	4.5	2.25
<b>TOTAL</b>	<b>1</b>		<b>4</b>	<b>1</b>		<b>4.125</b>
<b>VERBAL</b>						
Advertisements	0.2	2	0.4	0.2	4	0.8
Slogan	0.25	3	0.75	0.25	3	0.75
Image	0.2	3	0.6	0.2	4	0.8
Word of mouth	0.25	3	0.75	0.25	4	1.00
PR events	0.05	4	0.2	0.05	3	0.15
Value added services	0.05	2	0.1	0.05	2	0.1
<b>TOTAL</b>	<b>1</b>		<b>2.8</b>	<b>1</b>		<b>3.6</b>
<b>EXPERIENTIAL</b>						
Connectivity	0.4	3	1.2	0.4	3	1.2
Prices	0.2	2	0.4	0.2	4	0.8
Service staff	0.2	0	0	0.2	4	0.8
Help line	0.2	3	0.6	0.2	3	0.6
<b>TOTAL</b>	<b>1</b>		<b>2.2</b>	<b>1</b>		<b>3.4</b>

**BPI Telenor = 4+2.8+2.2=9**

**BPI Mobilink= 4.125+3.6+3.4=11.125**

	Paktel			Insta phone		
	Weights	Scale	Weighted Index	Weights	Scale	Weighted Index
<b>VISUAL</b>						
LOGO	0.25	3	0.75	0.25	3	0.75
Service center	0.25	3	0.75	0.25	3	0.75
Web site	0.5	2	1	0.5	3	1.50
<b>TOTAL</b>	<b>1</b>		<b>2.5</b>	<b>1</b>		<b>3.00</b>
<b>VERBAL</b>						
Advertisements	0.2	2	0.4	0.2	1	0.2
Slogan	0.25	3	0.75	0.25	2	0.50
Image	0.2	3	0.6	0.2	2	0.4
Word of mouth	0.25	3	0.75	0.25	2	0.50
PR events	0.05	2	0.1	0.05	1	0.05
Value added services	0.05	1	0.05	0.05	1	0.05
<b>TOTAL</b>	<b>1</b>		<b>2.65</b>	<b>1</b>		<b>1.7</b>
<b>EXPERIENTIAL</b>						
Connectivity	0.4	3	1.2	0.4	3	1.2
Prices	0.2	2	0.4	0.2	2	0.4
Service staff	0.2	2	0.4	0.2	1	0.2
Help line	0.2	2	0.4	0.2	2	0.4
<b>TOTAL</b>	<b>1</b>		<b>2.4</b>	<b>1</b>		<b>2.2</b>

**BPI Paktel =2.5+2.65+2.4=7.5**

**BPI Instaphone = 3.00+1.7+2.2 =6.9**

The visual and verbal parts of this brand perception index are based on the electronic and print advertisements. For the experiential part, a lot of reliance on word of mouth is made, as reliable surveys are not available. Comparison has been restricted mostly to the top-of-the-line mobile service providers that are main competitors of Ufone.

S.No	Brand	Brand Perception Index
1	Ufone	10.45
2	Mobilink	11.125
3	Al-Warid	7.85
4	Telenor	9.00
5	Paktel	7.50
6	Instaphone	6.90

### 5.4 Brand Foot Printing

The brand foot printing of any company is done in order to minimize the gap between the desired values of any company and the quality, which it is actually delivering to its customers. The minimization of the gap helps in achieving a competitive edge by delivering better in terms of quality and the service in the case of mobile service providers hence increasing the market share of the respective company. Here in the case of Ufone the researcher has used this tool to analyze the Gaps that exist and how to cater for those gaps in order to further strengthen the image of the brand. The researcher has compared Ufone with all the others in the Pakistani market i.e. Al-Warid, Telenor, Mobilink, Paktel, and Instaphone.

The calculations have been made as follows:

#### *Actual Brand Foot Print Calculations*

Attributes	Weights	Ufone		Mobilink		Telenor		Warid		Paktel		Insta	
		Scale	Index	Scale	Index	Scale	Index	Scale	Index	Scale	Index	Scale	Index
Awareness	0.25	3	0.75	4	1	4	1	4	1	3	0.75	2	0.50
Positive Feelings	0.25	3	0.75	3	0.75	2	0.50	2	0.50	3	0.75	1	0.25
Uniqueness	0.25	2	0.50	2	0.50	2	0.50	2	0.50	1	0.25	1	0.25
Relevance	0.25	3	0.75	3	0.75	3	0.75	2	0.50	3	0.75	1	0.25
<b>Total</b>	<b>1.00</b>		<b>2.75</b>		<b>3.00</b>		<b>2.75</b>		<b>2.50</b>		<b>2.50</b>		<b>1.25</b>

*Desired Brand Foot Print Calculations*

Attributes	Weights	Ufone		Mobilink		Telenor		Warid		Paktel		Insta	
		Scale	Index	Scale	Index	Scale	Index	Scale	Index	Scale	Index	Scale	Index
Awareness	0.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25
Positive Feelings	0.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25
Uniqueness	0.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25
Relevance	0.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25	5	1.25
<b>Total</b>	<b>1.00</b>		<b>5.00</b>		<b>5.00</b>		<b>5.00</b>		<b>5.00</b>		<b>5.00</b>		<b>5.00</b>

Following calculations have been made in order to know what gap exists between the desired and the actual calculations hence determining the level of efficiency.

*Gap analysis*

Brand	Gap=Desired - Actual
U-fone	$5 - 2.75 = 2.25$
Mobilink	$5 - 3.00 = 2.00$
Telenor	$5 - 2.75 = 2.25$
Instaphone	$5 - 1.25 = 3.75$
Warid	$5 - 2.50 = 2.50$
Paktel	$5 - 2.50 = 3.50$

**Analysis:**

After making the desired calculations the researcher has come up with the conclusion that Mobilink has the smallest gap of 2.00 as it has a very strong brand name. After Mobilink, Ufone and Telenor has the smallest gap of 2.25 as Ufone has already created a niche for itself within 4 years of operations in Pakistan and Telenor has emerged to be a strong brand name in Pakistan.

The highest gap found between the actual and the desired brand foot prints is of Instaphone i.e. 3.75. The reason in view of researcher being the obsolete technology and negligence on part of management to enhance the brand image in the minds of the consumers.

### 5.5 Brand Asset Valuator for Ufone & its Competitors

For the calculation of Brand Strength and Brand Stature of Ufone and its competitors present in Pakistan Telecommunication industry the researcher has graded each attribute on a scale of 1 to 5, where 1 being the lowest and 5 being the highest.

The product of differentiation and relevance score has given rise to the Brand Strength. The product of esteem and knowledge has given rise to Brand Stature simultaneously.

Brand	Differentiation	Relevance	<u>Brand Strength</u>	Esteem	Knowledge	<u>Brand Stature</u>
Ufone	4	5	20	5	5	25
Mobilink	4	5	20	4	5	20
Telenor	5	4	20	4	3	12
Al-Warid	4	5	20	4	3	12
Paktel	5	4	20	4	3	12
Instaphone	2	2	4	4	5	20

Mobilink & Ufone are given top scores in all the factors due to their unparalleled rapport of being the best brands in the country. They have established a strong brand name in the community through experience and number of years that they have served the local market of Pakistan.

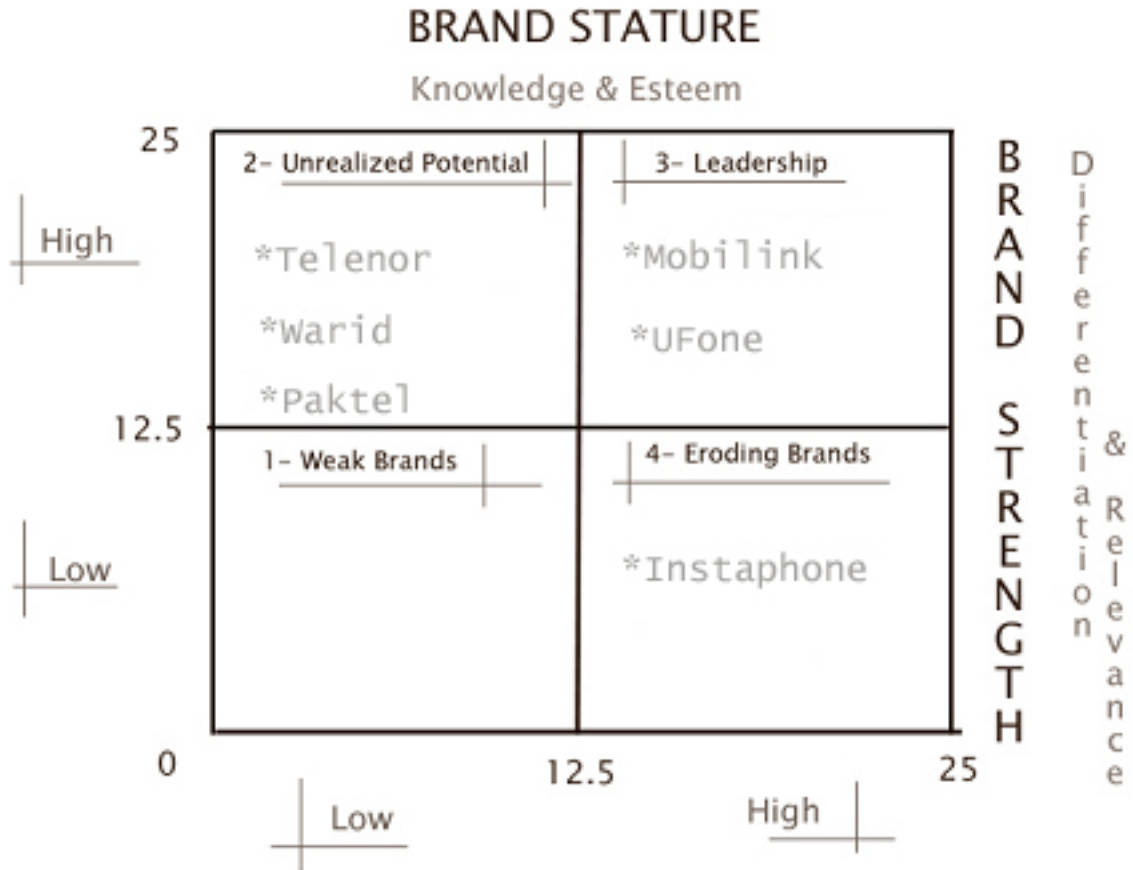
These are the companies that can be benchmarked by other mobile service providers in order to gain favorability and preference among the minds of the consumers. Brands like Telenor, Paktel and Al-Warid are established brands with high brand strength. They have achieved high brand strength through differentiation and relevance in their product for the



end consumer. But these brands are still unable to create strong brand stature, even after being in the market for quiet some time.

Instaphone was at one time an established brand that has lost its brand strength and market share over the years and has become an eroding brand.

*5.6 Young & Rubicam Power Grid for Pakistan Telecommunication Industry*



**YOUNG & RUBICAM POWER GRID**

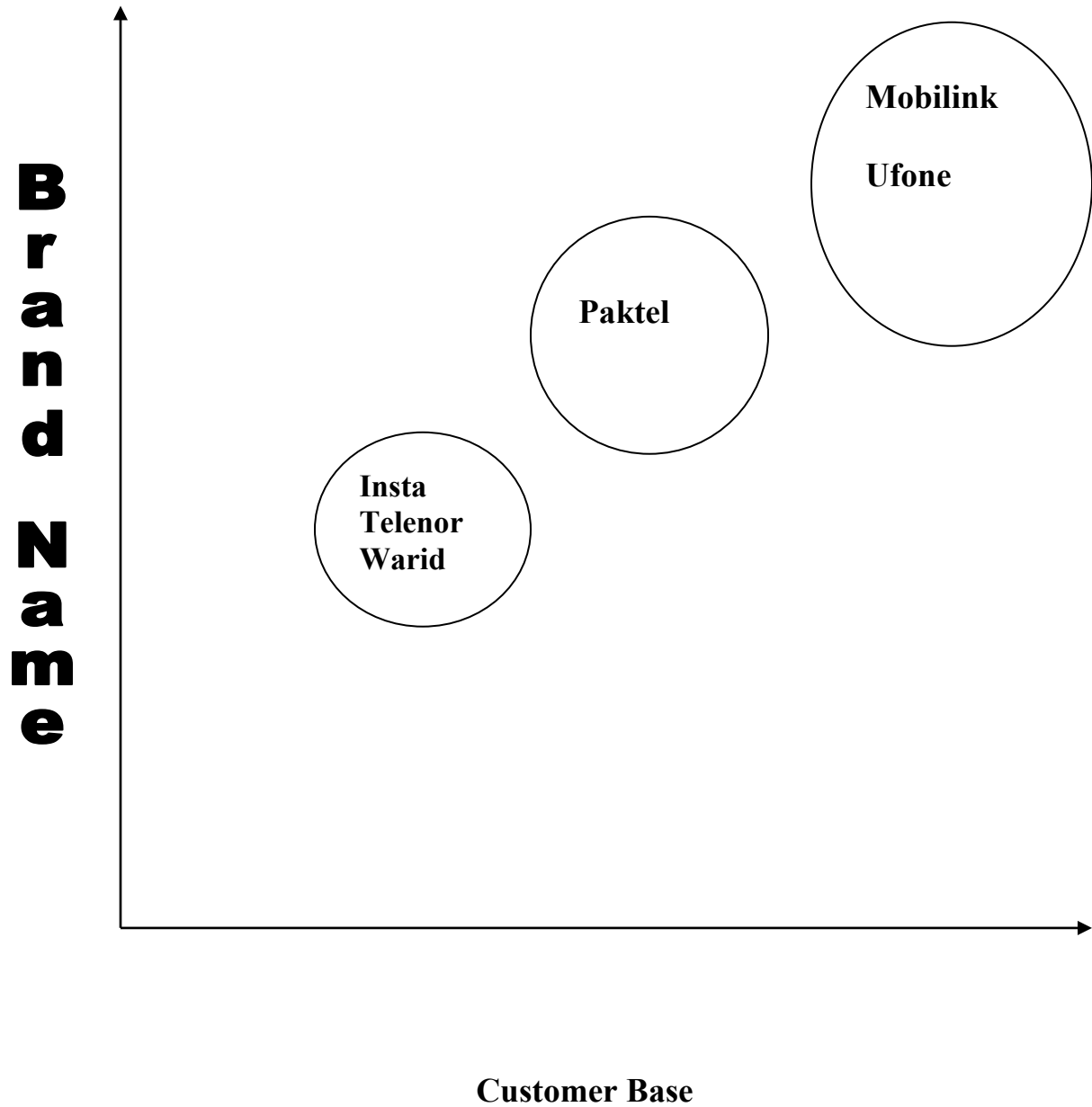
***Explanation:***

Through the Brand Asset Valuator we can see that brands like Mobilink and Ufone have high Brand Strength and Stature. These brands can be termed as the market leaders, with strong brand awareness in the industry. They have differentiated themselves against their competitors successfully for a number of years and continue to do so.

Brands like Paktel, Telenor and Al-Warid are new entrants in the market. Paktel has some years of experience where as others are new entrants in the industry. These brands have low Brand Stature but high Brand Strength. The brands have achieved significant market shares in the market in a short time and have created niches for themselves. They have tremendous potential to grow if they increase their Brand Stature.

Instaphone on the other hand reflect itself as an eroding brand; brand with high Brand stature but low Brand Strength. Instaphone had retained very high levels of Relevance, Esteem and Knowledge for a considerable time, but now if their declining Differentiation is not reversed, eventually the brand will lose its value.

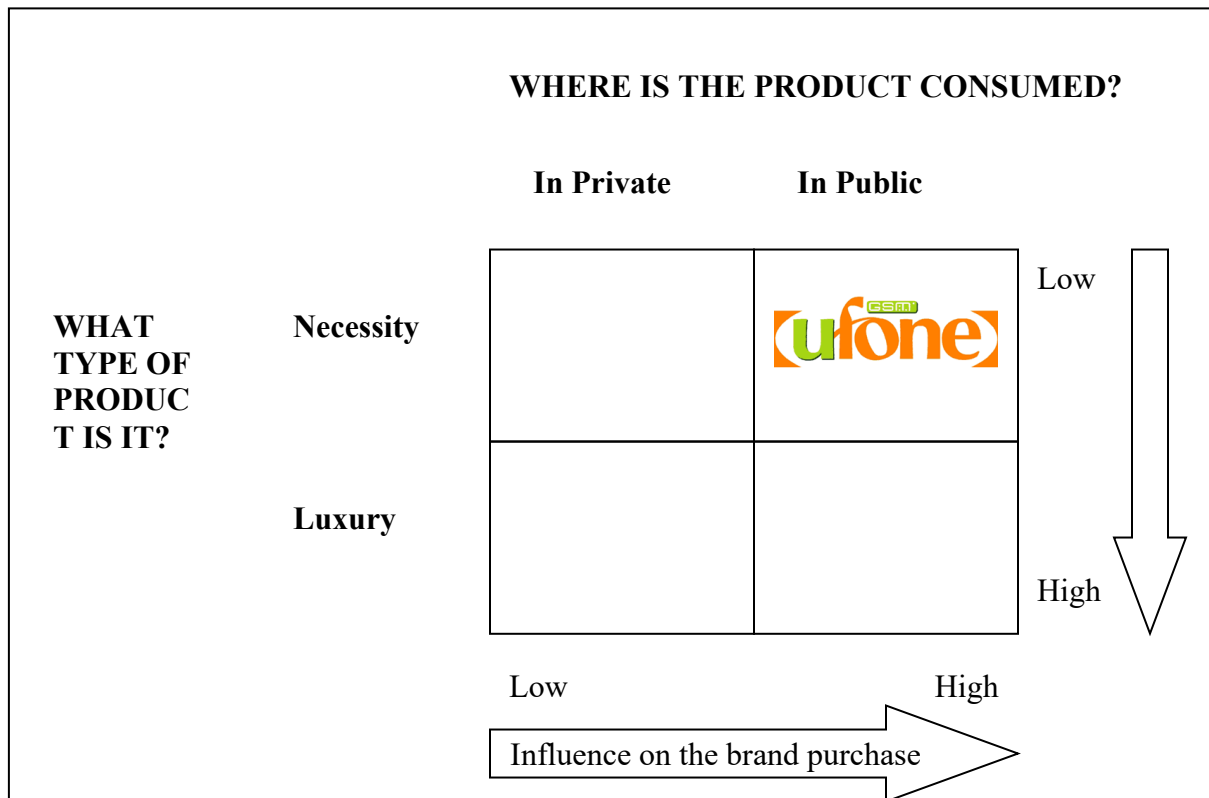
### 5.7 Strategic Group Mapping



### *Explanation*

Mobilink and Ufone enjoy the maximum market share with Mobilink out performing all its competitors by having maximum number of customers and strongest brand name. The second group contains Paktel where as Insta comes with the new comers Telenor and Al-Warid because of less customer base and relatively less brand name strength in the local market.

## 6.1 Reference Group Influence



### *Explanation*

For the *type of product*; Ufone (mobile phone service provider) lies in the *necessity* section, it is necessity for the target audience of the mobile phone service and reasons are as follows:

- Communication through mobile phone service has increased tremendously that the subscriber of mobile phone service provider has crossed the number of subscriber of fixed line phones. The channel used for most of the communication now is mobile phone.
- And if we look at the needs of mobile for which people use to buy mobile clearly shows that it has become necessity and not luxury; they are as follows:
  - ❖ People use mobile to communicate and to be constantly connected while they are traveling outside Pakistan.

- ❖ People those who use to travel in different cities of Pakistan need a mobile phone to be connected and in touch with other. So with this need we can easily conclude that they buy the service not because of luxury but because it is too important and its is the only and best way to be connected.
  - ❖ People use to buy the mobile service to perform transactions, to connect to the Internet while traveling, to perform e-commerce functions, to perform conferencing etc. And all these need are not for person luxury but because it has become necessity.
- 
- It is the only way to contact any person out of his site.
  - People are so use to it that every body assumes/expect that the next person carry mobile.
  - It is so commonly used now a days that without it you feel that something is missing.
  - Usage of mobile phone has increased immensely that without it you are incomplete.
  - It is the best way to contact any person.

For *where the product* is consumed; Ufone (mobile phone service provider) lies in the *public section*;

- It is used in public
- People use to keep different kind of numbers, connections for various kinds of people.
- It is only consumed/ used with others.

## 6.2 Segmentation Analysis

Market segmentation is the process of examining the population to find the natural sub-groups of like-minded consumers within it. Marketers use segment bounding to define market segments in terms of the characteristics of members, their location and the time period during which these factors remain applicable. Target markets are significant if they are of sufficient size to generate an adequate level of profits, measurable, clearly differentiated from other segments, and reachable in terms of both product distribution and media access.

(Source: Berkman, Lindquist, Joseph, 1997)

Marketers select their segments on the basis of the Demographic, Geographic, Psychographics and Behavioristic variables.

<p style="text-align: center;"><b><u>DEMOGRAPHIC VARIABLES</u></b></p> <ul style="list-style-type: none"> <li>- Age</li> <li>- Sex</li> <li>- Race</li> <li>- Ethnicity</li> <li>- Income</li> <li>- Occupation</li> <li>- Religion</li> <li>- Social Class</li> <li>- Family Size</li> <li>- Education</li> </ul>	<p style="text-align: center;"><b><u>GEOGRAPHIC VARIABLES</u></b></p> <ul style="list-style-type: none"> <li>- Region</li> <li>- City Size</li> <li>- Country Size</li> <li>- Market Density</li> <li>- Urban, Suburban, Rural</li> </ul>
<p style="text-align: center;"><b><u>PSYCHOGRAPHIC VARIABLES</u></b></p> <ul style="list-style-type: none"> <li>- Personality Attributes</li> <li>- Motives</li> <li>- Lifestyles</li> </ul>	<p style="text-align: center;"><b><u>BEHAVIOURISTIC VARIABLES</u></b></p> <ul style="list-style-type: none"> <li>- Volume Usage</li> <li>- End Use</li> <li>- Benefit Expectations</li> <li>- Brand Loyalty</li> <li>- Price Sensitivity</li> </ul>

(Source: Loudon David L.; Albert J. Della Bitta; 1993)



### 6.2.1 Target Audience And Their Needs Plus Profile Analysis

Need	Activities	Interest	Opinions	Demographics
Need of people to communicate and to be connected while outside Pakistan.	Can be businessman or other professionals who has lot of interaction and visits outside world.	Reading newspapers, news channels, books, jogging, enjoying time with family, traveling.	Branded products, top successful business persons/ professionals, newspapers. Business reviews,	<b>Age:</b> Above 25 years. <b>Gender:</b> male, female both. <b>Income:</b> above RS. 25,000.
Need for the mobile to heavily communicate and to perform transactions.	Businessman, professionals like investors, stockholders, capital marketers	Reading newspapers, news channels, books, and jogging, enjoying time with family.	Branded products, top successful business persons/ professionals, newspapers. Business reviews,	<b>Age:</b> Above 25 years. <b>Gender:</b> male, female both. <b>Income:</b> above RS. 25,000.
Need of people to communicate and to be connected within Pakistan in different cities.	Can be businessman or other professionals who has lot of interaction and visits in different cities of Pakistan.	Reading newspapers, news channels, books, jogging, enjoying time with family.	Branded products, top successful business persons/ professionals, newspapers. Business reviews,	<b>Age:</b> Above 25 years. <b>Gender:</b> male, female both. <b>Income:</b> above RS. 25,000.
Need for the mobile to be in touch with family and friends	Students, Professionals, businessman,	Reading newspapers, surfing internet, Television, rock music	Branded products, top successful business persons/ professionals, newspapers. Business reviews,	<b>Age:</b> Above 14 years <b>Gender:</b> male, female both. <b>Income:</b> all income groups.

Ego	Students, Businessman, Professionals.	Reading newspaper, News channels, books, jogging, enjoying time with family, surfing internet, music	Branded Products, friends, televisions, internet, newspapers, parties, concerts.	<b>Age:</b> Above 14 years. <b>Gender:</b> male, female both. <b>Income:</b> all income groups.
Need for the mobile to connect to internet	Professionals, business mans	Reading news paper, traveling,	Business reviews	<b>Age:</b> Above 25 years. <b>Gender:</b> male, female both. <b>Income:</b> above RS. 25,000.

## ***6.3 Positioning Analysis***

### ***6.3.1 Perception***

The process by which incoming stimuli activate sensory receptors is known as perception. It occurs when stimuli are registered by one of our five senses, namely vision, hearing, taste, smell and touch. The processing of visual stimuli is influenced by color. Taste perceptions are critical for some products and also vary across cultures. Consumers appear to have some abilities to perceive things that are outside their conscious level of awareness a phenomenon is called subliminal perception. However, the perception of these stimuli seems to have limited impact on consumer's motive or behaviors. Exposure, attention and perception are important because they affect what consumer comprehend, attitudes they have and what they remember. This information, in turn, affects the decisions consumers make.

(Source: Consumer Behavior Resource Pack, by Madam Zeenat Jabbar, Assistant Professor, NUST, Head of International Business & Marketing)

### ***6.3.2 Product Positioning and Consumer Benefits***

No matter how accurately marketers can describe a segment and understand the benefits consumers within it seek, that segment is only useful if it is a good match with the product marketed. Product positioning is the means through which marketers seek the right fit between a product and desired benefits. Products achieve position based not upon the benefits they offer alone, but on the way in which consumers perceive those benefits. A car that is perceived, for example, to be particularly safe, may, in fact, be no safer than its competitors. It is the consumer's belief in or perception of its safety that makes its positioning in the market as a safe car effective.

(Source: Berkman, Lindquist, Joseph, 1997)

There are following ways to position products for targeted segments:

### ***1. Positioning On Benefits or Characteristics***

Marketers may position products and services based on benefits or on characteristics consumers feel will provide the benefits they seek. Honda has been successful over the years in positioning its car as best engineered. BMW cars are positioned as the status symbol that men “deserve” because they are “worth it.” The image of a product, as the consumer sees it, is a combination of benefits and characteristics. So one can say that positioning on benefits is positioning on image.

(Source: Berkman, Lindquist, Joseph, 1997)

### ***2. Positioning Against Competitors***

When positioning against competitors, marketers invite product comparison. Competitors are clearly identified and their performance in relation to desirable consumer benefits assessed. Advertising achieves competitive positioning either through direct comparison or by offering facts or imaging that is parallel to those of competitors. The objective is to achieve the same favorable position in the consumer’s mind that is enjoyed by competitors.

If comparisons are made, it is important that they are accurate. A popular and effective selling strategy is to claim to offer virtually the same product at a much lower price. However, this claim rarely works well unless it is true and is perceived to be true by the consumer. If quality, image, or performance are not really equal or are not perceived to be so, the lower-priced product is not a good substitute. Even if very real differences do exist, if the consumer does not perceive them as important, comparative claims rarely work.

(Source: Berkman, Lindquist, Joseph, 1997)

### ***6.3.3 Repositioning***

From time to time, in response to changes in the market environment, marketers reposition products. Repositioning, however, is difficult to achieve effectively and is impossible to achieve overnight. This is because once the image of a product is established in the consumer’s mind, the consumer resists change. Repositioning involves re-

educating the consumer about changes in important product, price, distribution, and promotional and/or personal selling benefits.

There are certain things which are understood like: consumers buy benefits, not products; consumers naturally fall into groups who seek similar benefits in the marketplace; and identifying market segments is only worthwhile if the product marketed matches the benefits consumers seek.

(Source: Berkman, Lindquist, Joseph, 1997)

#### ***6.3.4 Perceptual Mapping***

Marketers use a method called “Perceptual Mapping” to position products against competitors. Perceptual mapping is based on the belief that when consumers think of a product category, they see it in terms of a map or grid that clusters like products or brands together. Typically, products or brands that consumers consider similar share like benefits and attributes. By understanding the perceptual maps of consumers in targeted segments, marketers can see where their products fit in with others on the market.



### *Analysis*

The attributes of geographic coverage and connectivity have been chosen for this perceptual map so that the four competitors presently operating in Pakistan's mobile telecom industry can be widely spread in different quadrants.

Geographic coverage from low to high covers the range from 0-300 cities/towns within Pakistan connectivity means how easy or difficult it is to achieve inter-users connectivity within the same mobile service or from one service to the other. Low connectivity means it is very difficult to access a service, where as high connectivity means accessing the required service in first attempt. Ufone is lower in geographic coverage than Mobilink but it is highest in the connectivity. Mobilink has its high coverage but not very high connectivity. Instaphone has high coverage but its connectivity leaves much to be desired. Mobilink tops the list of geographic coverage with 218 cities/towns within

Pakistan, and Ufone trailing with 108 cities. Warid has more geographical coverage than Telenor at the moment.



### *Analysis*

Quality of service, which is measured on x-axis, includes no. of customer service centers, efficiency and effectiveness of customer service, efforts by the company to meet customer's expectations and public perceptions about the quality of services offered. The range poor to good indicate different levels of unsatisfied to satisfied customers. Similarly on y-axis the number of customers from low to high measures from 0-5.0 Million customers. Presently there are around 7.0 Million mobile users in Pakistani industry as per the statistics issued by the Pakistan Telecommunication Authority (PTA). Mobilink is the market leader with 63 % of the market share, which means 4.41 Million users; Ufone is second with 15% market share or around 1.05 Million users. Instaphone

has 13% market share with 0.91 Million users while Paktel is trailing with 9% or 0.63 Million users.

Moblink with the highest number of customers had fallen quite low on its quality of service, when earlier during the year it was fined Rs 60.0 million by PTA after an open hearing for its poor quality of service. However, now it is in the process of shifting to higher frequency band (900-1800 MHz) and falls somewhere in the middle on this aspect. Ufone in the past has ensured the quality of its service, by restricting the no, of its customers. However, with its span to increase its customer base, its quality of service may be affected in future.



### *Analysis*

After Telenor and Warid were issued licenses by PTA in April 2004 for \$ 291.0 million each for a period of 15 years time, the race to grab the maximum market share is on

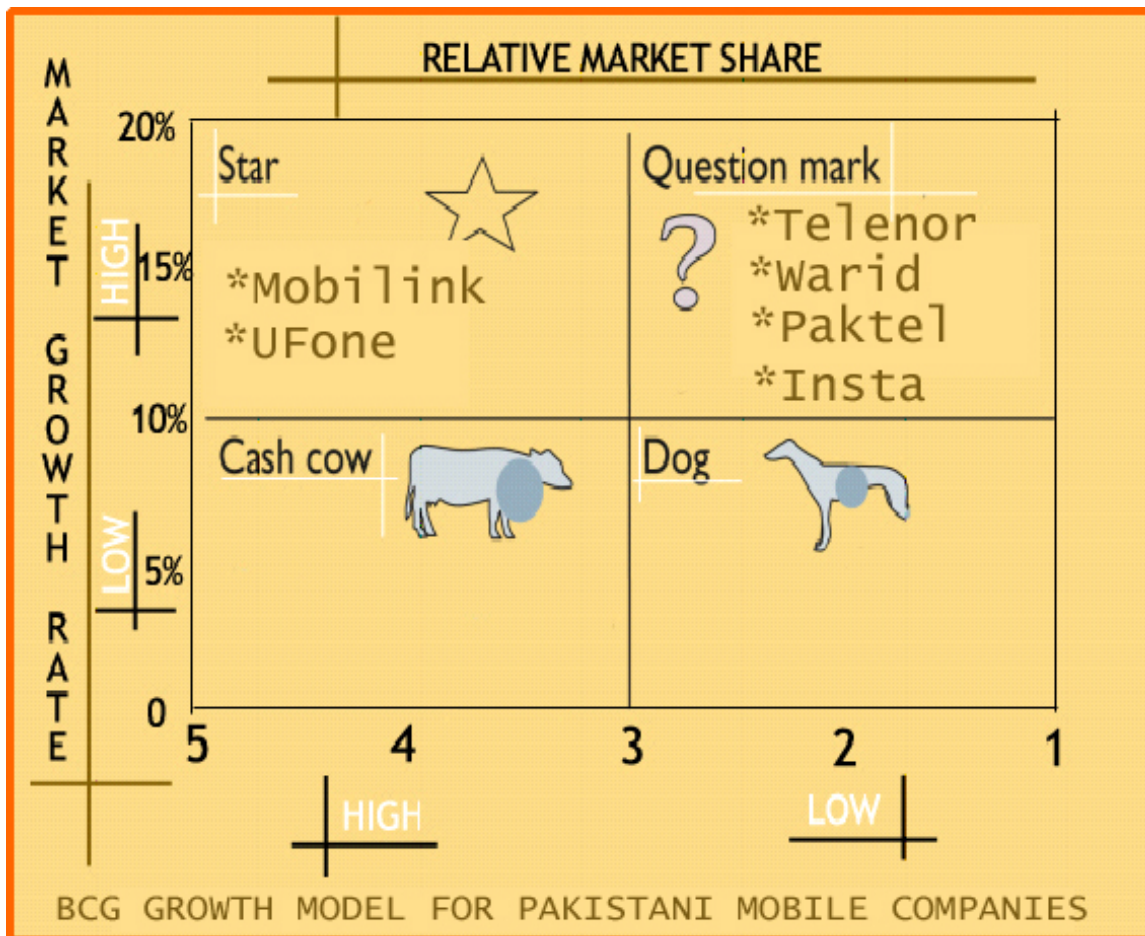


between the existing four competitors. Presently different services offered by these mobile operators include Voice-mail, SMS, MMS, GPRS, WAP, International Roaming, Call-Waiting, Call-Forwarding, and Conference Calling etc. Ufone tops the list with the maximum number of these services being offered whereas Instaphone is the lowest on variety of services.

Brand equity, which is measured on x-axis, relates to favorable associations linked to a brand to enhanced brand awareness and its recall. Mobilink has been consistently investing in various advertising, marketing and promotional campaigns to stay ahead of competitors in brand equity. It has also been successfully using show-biz celebrities to enhance its brand image. Use of “Shaan” for the launch of its call and control INDIGO connection is a case in point.

### 6.4 BCG Growth /Market Share Analysis

Using the Boston Consulting Group (BCG) growth/share portfolio matrix competitive position and market share of each firm can be analyzed independently. In the mobile service provider industry there are six major players, out of which Warid Telecom and Telenor have yet not launched their operations. Let us see where these would be placed in the four quadrants of BCG matrix.



The telecommunication industry of mobile service providers is growing at a very fast pace. Though the market is experiencing high growth, yet some brands are growing at a faster pace than the others.

- **Question Mark – High Growth Rate, Low Market Share**

Both Telenor and Warid Telecom have just started in the quadrant of question mark. Paktel and Instaphone are the oldest service providers in Pakistan starting their operations in 1990 and 1991 respectively. However, their brand life cycle (BLC) has not been renewed at different stages of their product life cycle (PLC), because of which they continue to remain in the first quadrant of question mark. Paktel has recently renewed its brand by offering a GSM Network and is likely to follow its natural progression to becoming a star. Instaphone if it does not renew its brand when its license expires in April 2005 may move straight into “dog” quadrant.

- **Star – High Growth Rate, High Market Share**

Mobilink and Ufone started their operations in 1994 and 2001 respectively, but their market shares are higher than their predecessors Paktel and Instaphone because of their high initial investments in their technological infrastructure and networking facility. Both these brands are investing huge amounts to further upgrade their infrastructure and facilities to remain competitive even after coming of new entrants Telenor and Warid Telecom.

Though Pakistan Telecommunication Authority (PTA) and service providers proclaim different market shares but in the opinion of the researcher their market shares calculated through their brand attributes are: -

Attributes	Weight age	Rating 1 to 5				Weighted Index			
		Mobi-link	Ufone	Warid	Telenor	Mobi-link	Ufone	Warid	Telenor
Geographic Coverage	0.3	5	1	2	3	1.5	0.3	0.6	0.9
Brand Image	0.25	5	4	3	1	1.25	1.0	0.75	0.25
Variety of Packages	0.25	5	3	2	1	1.25	0.75	0.5	0.25
Superior Technology	0.1	4	5	3	1	0.4	0.5	0.3	0.1
Customer Care	0.1	3	4	2	2	0.3	0.4	0.2	0.2
<b>Total</b>	<b>1.0</b>					<b>4.7</b>	<b>2.95</b>	<b>2.35</b>	<b>1.7</b>

## ***7.1 Brand Image***

Brand image represents overall perception of the brand formed from information about the brand and past experience. It is the set of beliefs that forms a complete picture of the brand.

Advertisers mostly influence a consumer's brand image by positioning a brand such that it communicates their desired benefits.

As far as the branding is concern U-fone has come up with very strong banding. A research was held to know that how the people have come up for this as a brand. How they explain U-Fone's personality? And what is U-Fone's image in their minds as a brand?

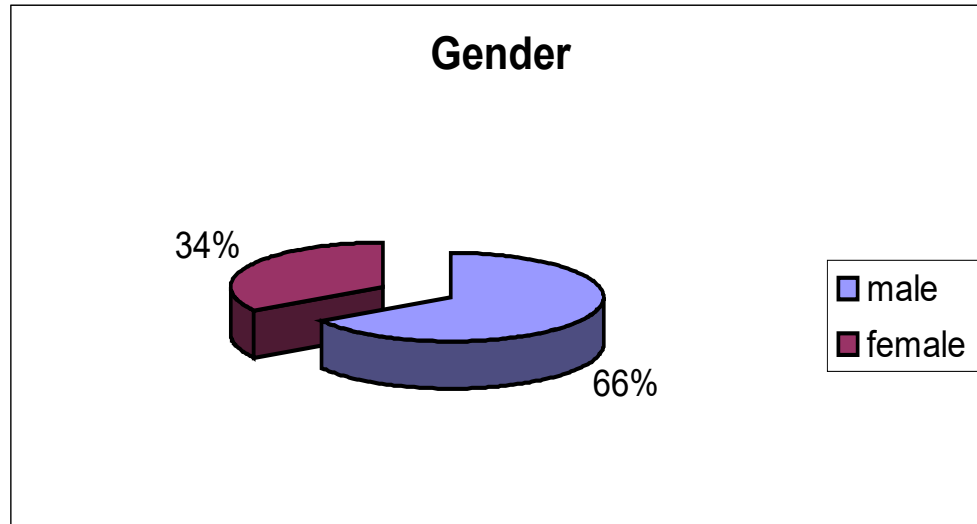
20 respondents were targeted for the questionnaire. The nature of the questions was close ended. Questionnaire attached as annexure part I.

**Some results of the branding research are given on the next pages in tabular as well as graphical form.**

*Q 1. How will you describe the gender of U-fone?*

### **Tabular form**

<b>Options</b>	<b>Total</b>	<b>Percentage</b>
Male	13	66%
Female	7	34%
<b>Total</b>	<b>20</b>	<b>100%</b>

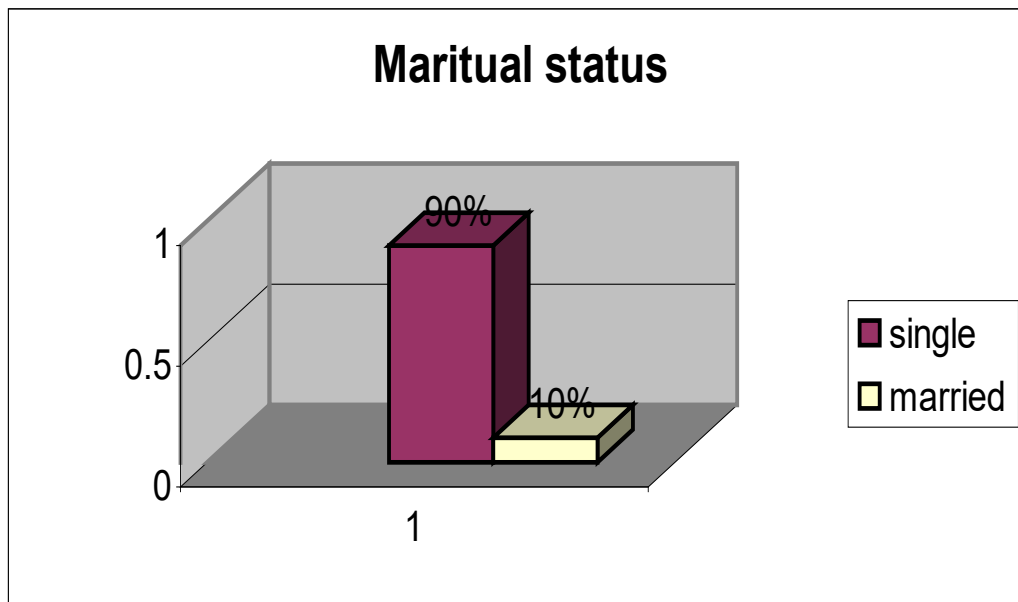
*Graphical form*

*Gender of U-fone was found to be male*

*Q 2. What is the marital status of U-fone?*

**Tabular form**

<b>Options</b>	<b>Total</b>	<b>Percentage</b>
Single	18	90%
Married	2	10%
Divorced	0	0%
<b>Total</b>	20	100%

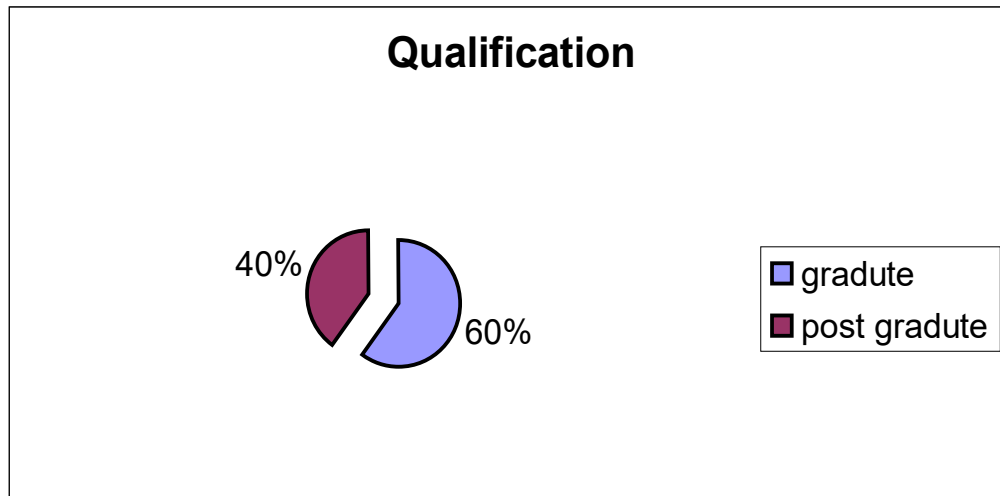
*Graphical form*

**Marital status of the Ufone was found to be single**

*Q3. What is the qualification of U-fone?*

*Tabular form*

<b>Options</b>	<b>Total</b>	<b>Percentage</b>
Graduate	12	60%
Post graduate	8	40%
<b>Total</b>	20	100%

*Graphical form*

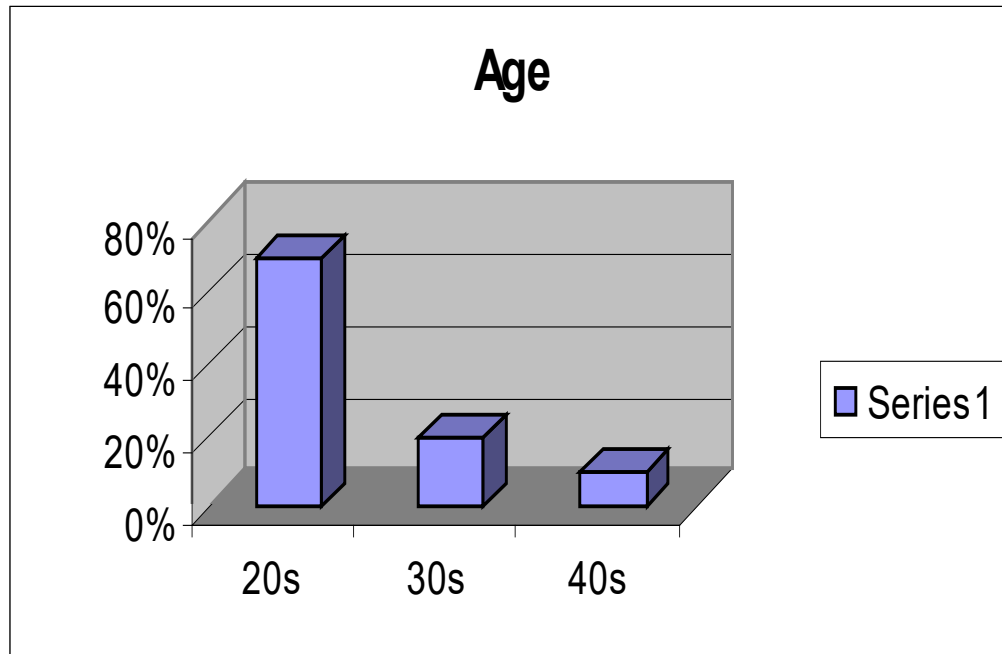
*Qualification of the Ufone was found to be graduate*

*Q.4 What is the age of U-fone?*

*Tabular form*

Options	Total	Percentage
10-20 years	14	70%
20-30 years	4	20%
30-40 years	2	10%
<b>Total</b>	<b>20</b>	<b>100%</b>

Graphical form



Age of Ufone was found out to be between 10-20years.

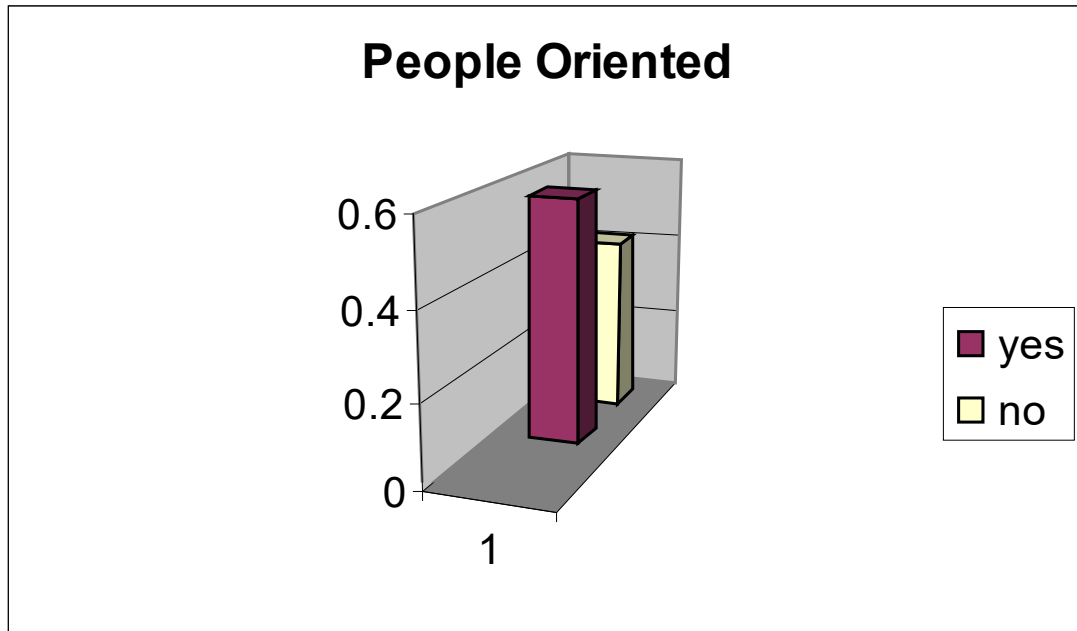
*Q5. What is the nature of U-fone? Is it people friendly?*

**Tabular form**

Options	Total	Percentage
Yes	12	60%
No	8	40%
<b>Total</b>	20	100%

**Graphical form**





***U-fone has people friendly nature / social behavior***

## *Conclusion*

On the basis of above research the brand personality of Ufone is as follows

- U-Fone is a male dominating brand because most of the advertisements show males using U-fone to impress their girlfriends, fiancés etc. and that's the major reason most of the audiences described it as male by gender.
- U-fone services are described as people friendly and social in the sense that they can be used anywhere any time by everyone. It is not just for rich people; even the lower class of the society can use them because of its cheaper prices. But still 44% audience said that they are not accessible from everywhere.
- Many people believe that U-fone is a single brand with no brand extension and no partner that's why majority termed it as a single brand, not married.
- Looking at the age of u-fone, majority of the people have put it in between 10-20 years, which means U-fone is in the growth stage and will grow further. This has already been explained in the earlier part.
- U-fone is a graduate brand because it is using all the latest technologies in its services which some of the competitors don't have. Majority of people don't think that it's a highly technological brand because they compare it with international brands, which have more advanced technologies.

## ***7.2 Customer Satisfaction and comparative service performance***

Customer satisfaction is the extent to which the desires and the requirements of the clients are met. A service is considered satisfactory if it fulfils the needs and expectations of the customers. When clients are not satisfied with a service as provided, the service is neither effective nor efficient. The level of customer satisfaction with services is an important factor in developing a system of service provision that is responsive to clients' needs while minimizing costs and time requirements and maximizing the impact of the services on target populations.

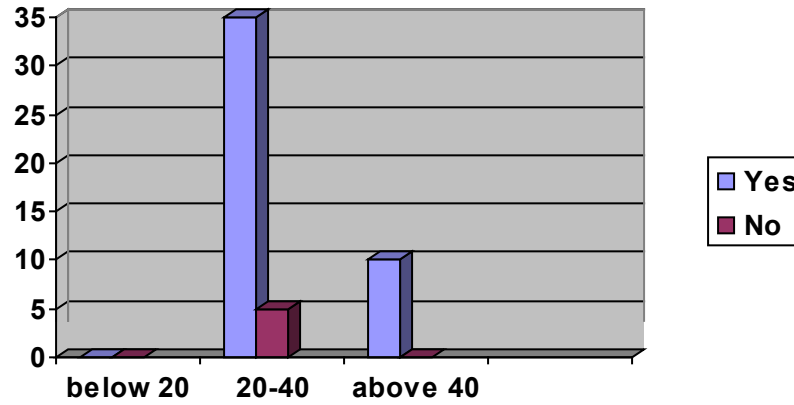
This part of research is based on measuring customer satisfaction for U-fone. Also U-fone services performance as compared to its competitors is measured. A questionnaire was developed and was distributed among 50 respondents all belonging to different age groups and occupations. The nature of the questionnaire was close ended. Questionnaire is attached as annexure part II.

***Some results of the performance and customer satisfaction research are given on the next pages in tabular as well as graphical form.***

*Q 1. Do you have a mobile?*

***Tabular form***

<b><i>Options</i></b>	<b><i>Age groups</i></b>			<b><i>Total</i></b>	<b><i>Percentages</i></b>		
	<b><i>Below 20 yrs</i></b>	<b><i>20-40 yrs</i></b>	<b><i>Above 40 yrs</i></b>		<b><i>Below 20 yrs</i></b>	<b><i>20-40 yrs</i></b>	<b><i>Above 40 yrs</i></b>
<i>Yes</i>	0	35	10	45	0	70%	20%
<i>No</i>	0	5	0	5	0	10%	0%
<b><i>Total</i></b>		40	10	50			

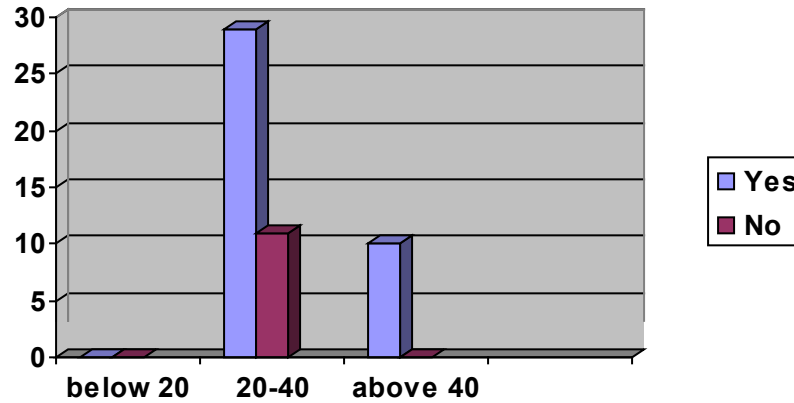
*Graphical form*

Majority of the respondents have mobile phones. It shows the tendency towards usage of mobile services these days in Pakistan.

*Q2. Do you think mobile is a basic necessity of an individual's life?*

*Tabular form*

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>Yes</i>	0	29	10	39	0	58%	20%
<i>No</i>	0	11	0	11	0	22%	0%
<i>Total</i>		40	10	50			

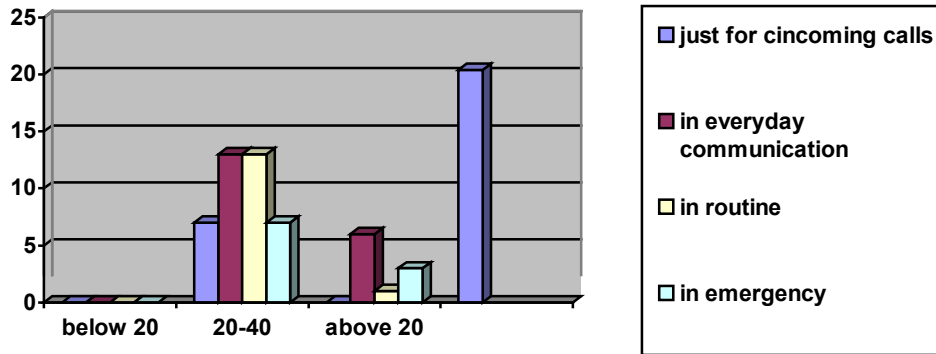
**Graphical form**

78% of respondents believe that mobile is a basic necessity of life now. While the rest of 22% still think that even in today's busy life one can live without a mobile. It's just a luxury good.

*Q3. To what extent do you use your mobile?*

**Tabular form**

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>In emergency</i>	0	7	3	10	0	14%	6%
<i>In routine</i>	0	13	1	14	0	26%	2%
<i>In everyday communication</i>	0	13	6	19	0	26%	12%
<i>Just for incoming calls</i>	0	7	0	7	0	14%	0
<b><i>Total</i></b>		40	10	50			

**Graphical form**

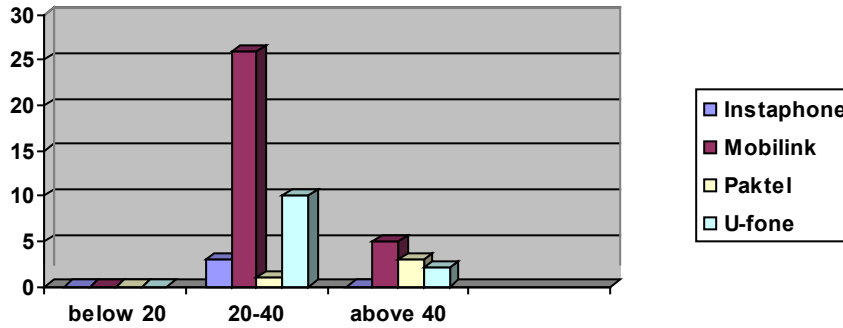
28% of respondents said that they use mobile in routine life while 38% replied that they use it for everyday communication. Rest of 20% called it a device used in emergency and 14% said it is just for incoming calls.

*Q4. Which mobile connection do u have?*

**Tabular form**

<b>Options</b>	<b>Age groups</b>			<b>Total</b>	<b>Percentages</b>		
	<b>Below 20 yrs</b>	<b>20-40 yrs</b>	<b>Above 40 yrs</b>		<b>Below 20 yrs</b>	<b>20-40 yrs</b>	<b>Above 40 yrs</b>
<i>Instaphone</i>	0	3	0	3	0	6%	0%
<i>Mobilink</i>	0	26	5	31	0	52%	10%
<i>Paktel</i>	0	1	3	4	0	2%	6%
<i>U-Fone</i>	0	10	2	12	0	20%	4%
<b>Total</b>		40	10	50			

*Graphical form*

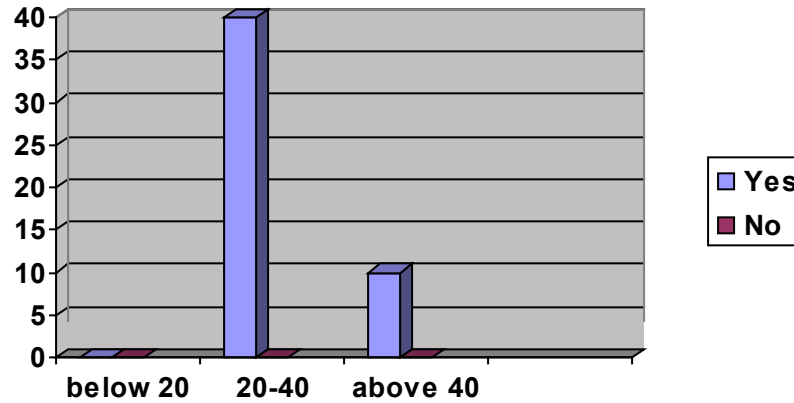


Total of 62% of the respondents were using Mobilink and 24% had U-fone. This shows that Mobilink is still the market leader having major market share and U-fone still climbing the ladder to increase its market share.

*Q5. Do you know about U-fone mobile service provider in the city?*

*Tabular form*

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>Yes</i>	0	40	10	50	0	80%	20%
<i>No</i>	0	0	0	0	0	0%	0%
<i>Total</i>		40	10	50			

*Graphical form*

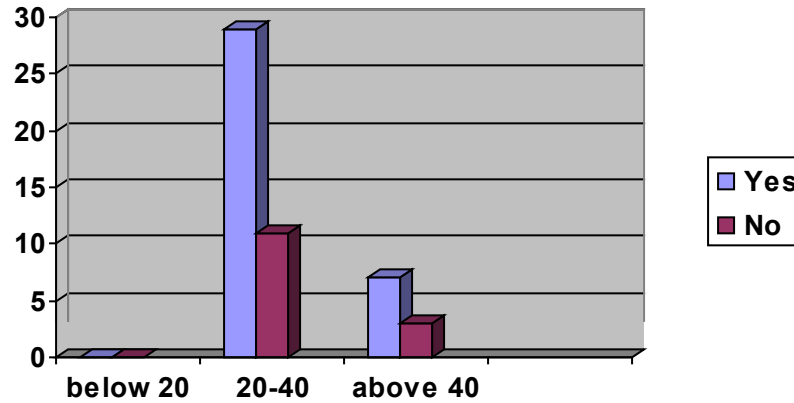
All the respondents are aware of U-fone services in the city and all around the country. This shows that U-fone has been successfully promoting its products and services.

*Q6. Do you have complete information about its packages and services?*

*Tabular form*

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>Yes</i>	0	29	7	36	0	58%	14%
<i>No</i>	0	11	3	14	0	22%	6%
<i>Total</i>		40	10	50			



*Graphical form*

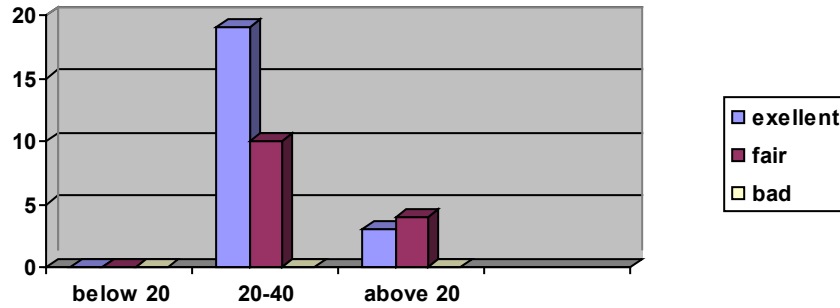
Total of 72% respondents said that they are completely aware of all the packages and services provided by U-fone and the rest of 28% said they are not and they are the ones who are using other connections i.e. Mobilink, Insta etc and are satisfied with it and have no intentions of changing it.

Only those respondents who were using U-fone and who had complete information about its services and packages were asked to answer the following questions.

*Q7. How will you rank the services of U-fone?*

*Tabular form*

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>Excellent</i>	0	19	3	22	0	52.7%	8.3%
<i>Fair</i>	0	10	4	14	0	27.7%	11.10%
<i>Bad</i>	0	0	0	0	0	0%	0%
<i>Total</i>		29	7	36			

*Graphical form*

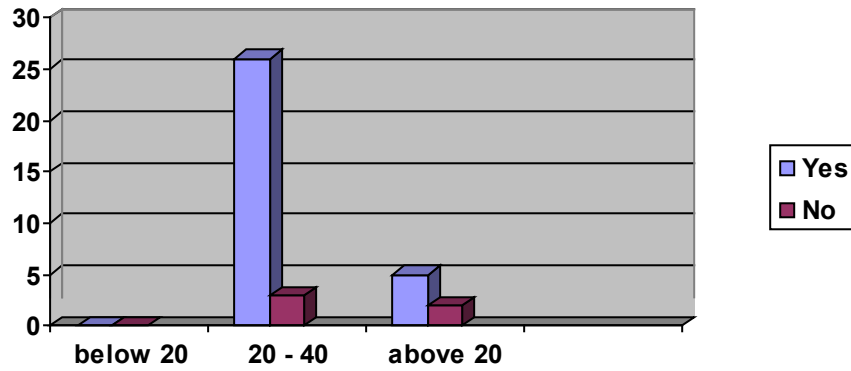
61% of respondents termed the services of U-fone as excellent and 39% called it as fair. None of the respondents said they are bad.

*Q8. Are you satisfied with the charges of U-fone?*

*Tabular form*

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>Yes</i>	0	26	5	31	0	72.2%	13.88%
<i>No</i>	0	3	2	5	0	8.33%	5.55%
<i>Total</i>		29	7	36			

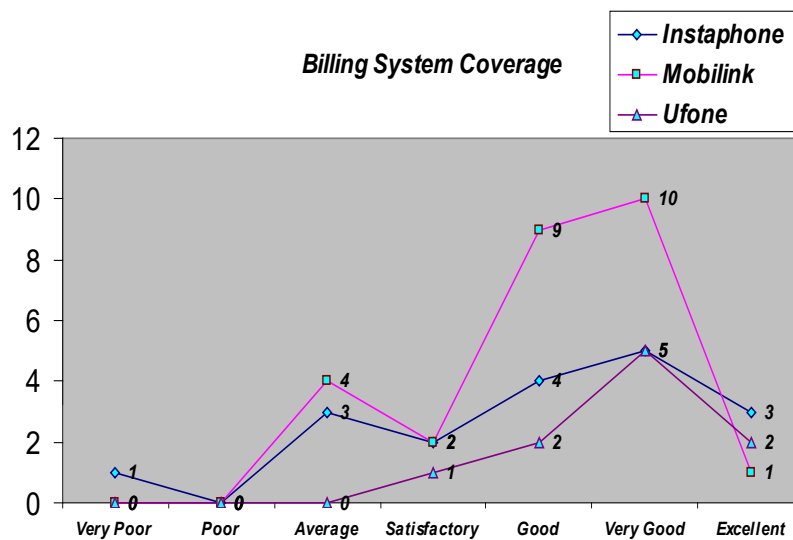
*Graphical form*

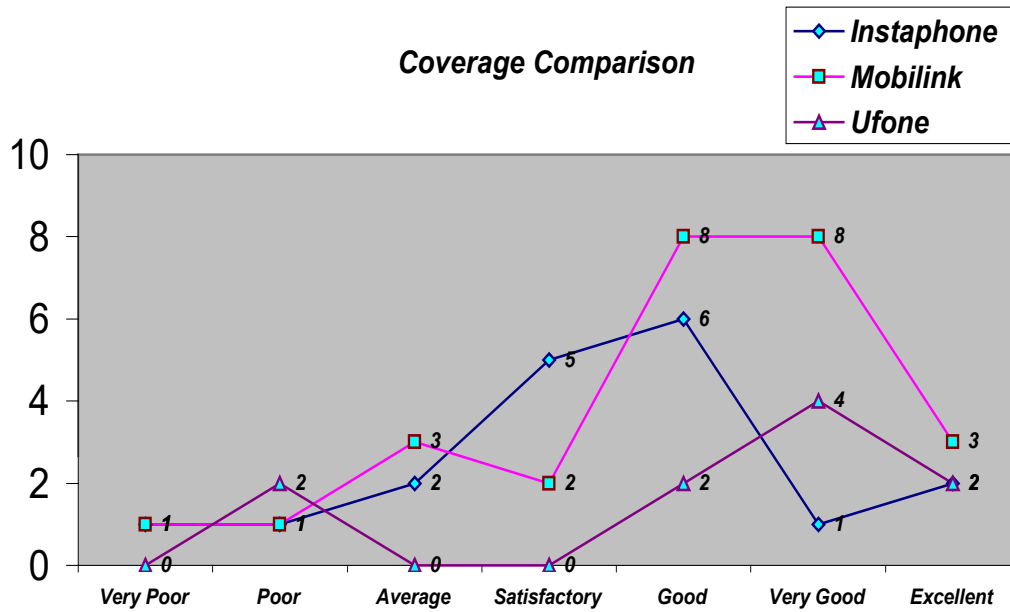


86% of respondents were satisfied with the charges, U-fone is offering for its services and packages. The rest of 14% said that they are not because of the coverage problem.

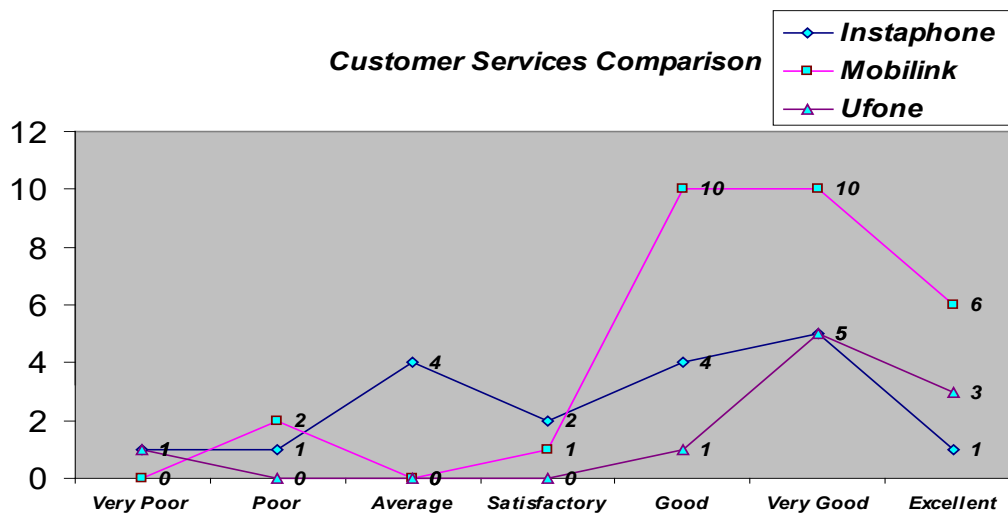
*Q9. How will you rank the services of U-fone as compared to its competitor i.e. Mobilink and Instaphone in the following categories?*

**In billing system U-fone has out scored its competitors; its mean score in 5.8.**

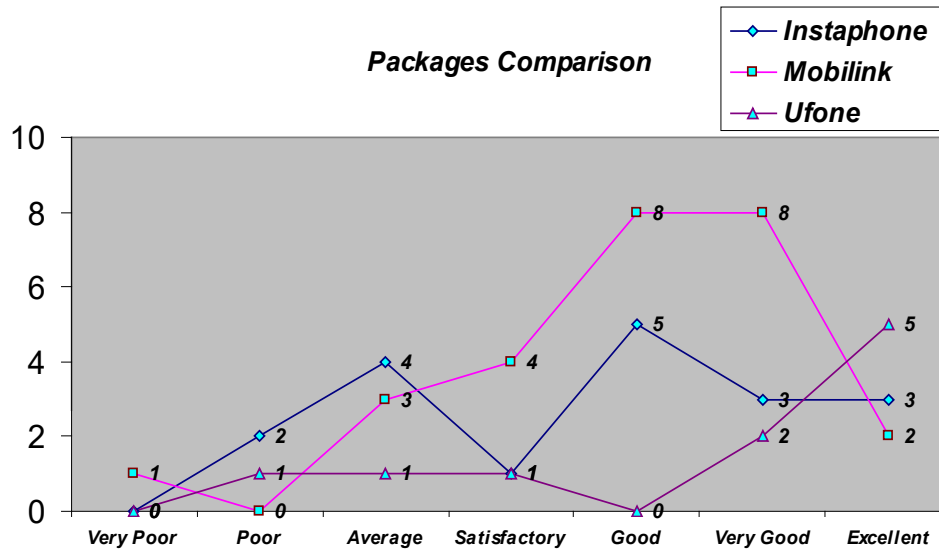




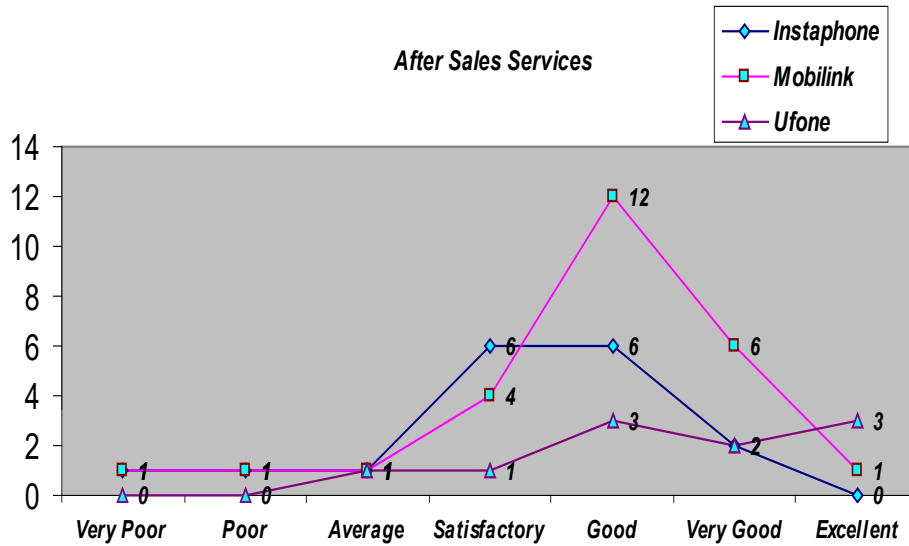
In coverage comparison U-fone mean score is 5.4, which is again greater than Mobilink and Instaphone.



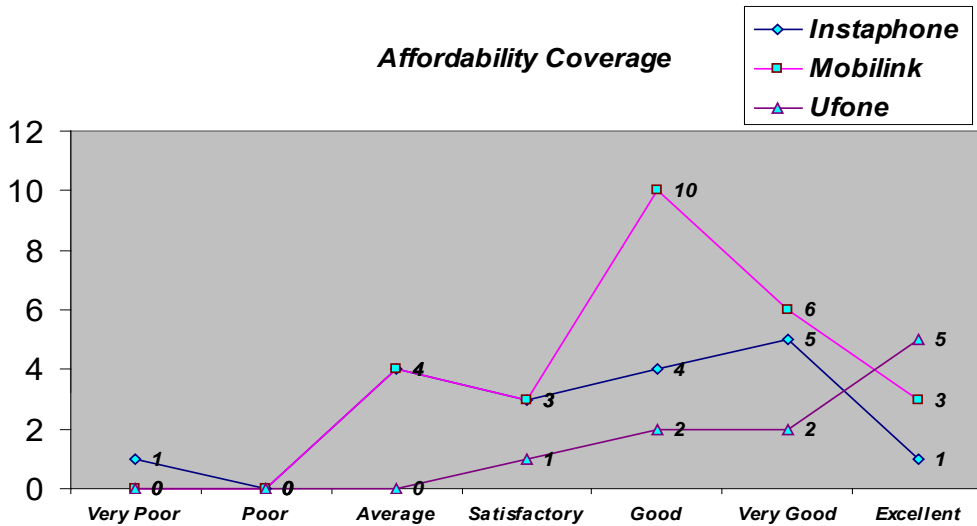
In customer service respondents believe that Ufone is providing better packages and better customer services. Mobilink in customer service is very closely behind Ufone.



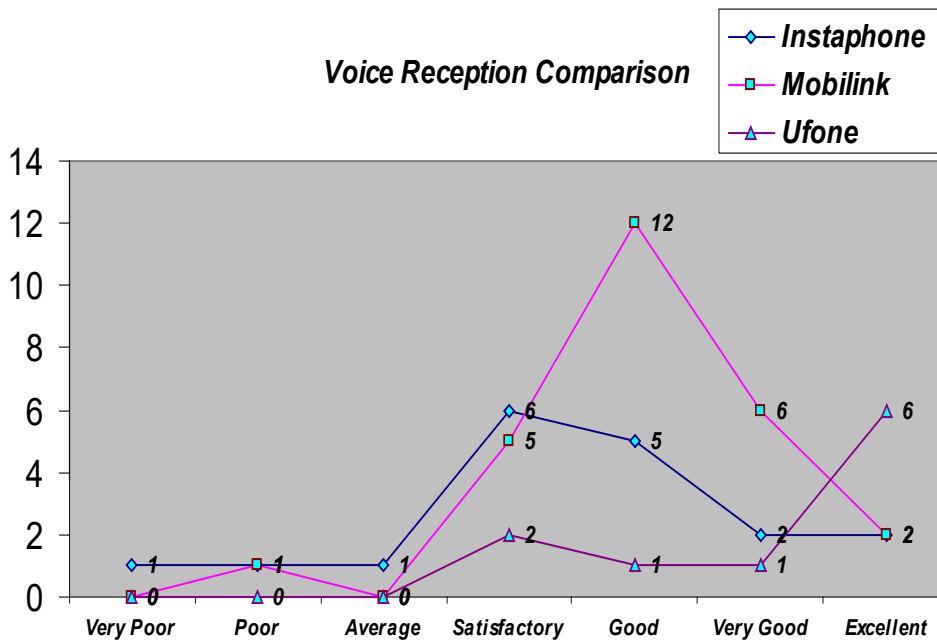
**In package comparison, respondents again believe that Ufone is providing better packages and better customer services. Mobilink is again very closely behind Ufone**



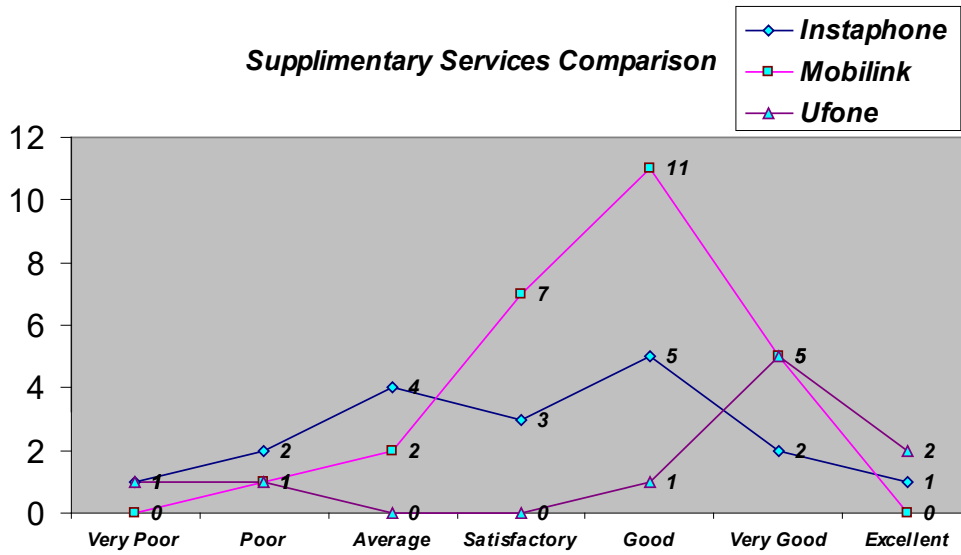
**After sales service is again perceived by customer as higher in Ufone**



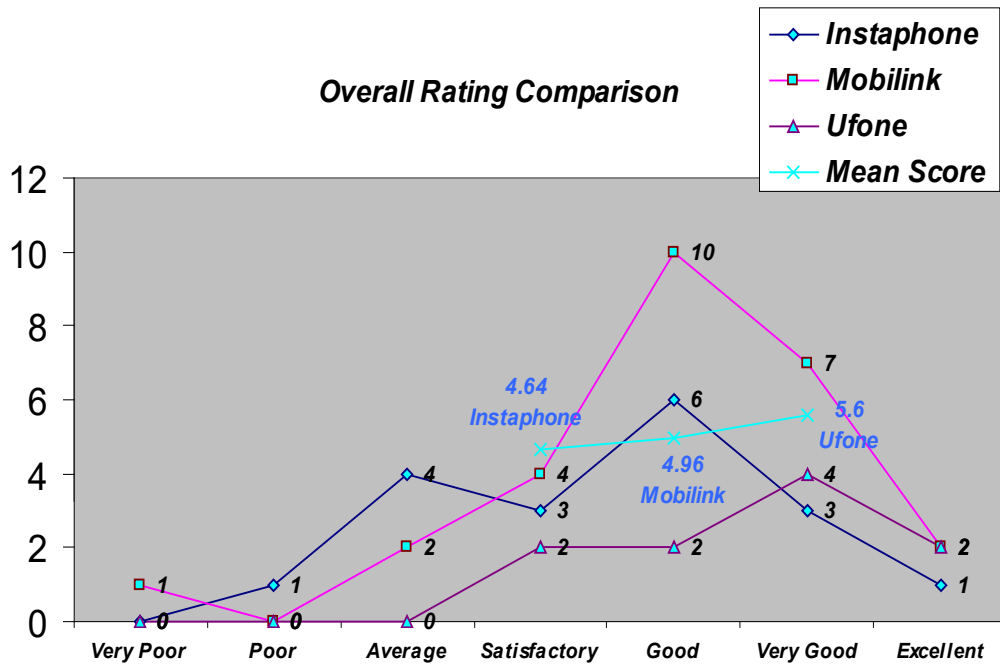
In affordability comparison Ufone has mean score of 6.1, which is larger than ever.



In voice reception once more, U-fone's average score is 6.1.



**In supplementary services, all the competitors are neck to neck with their mean scores very near to each of them.**



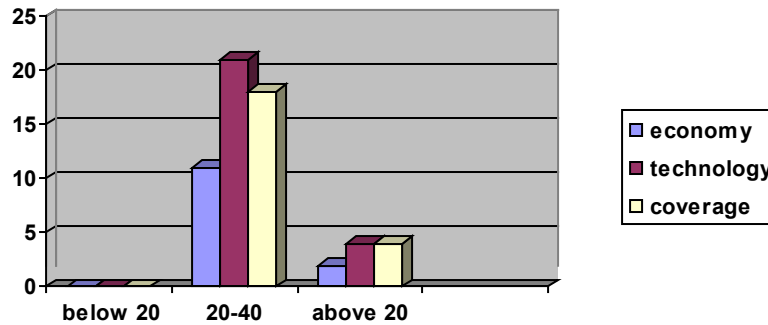
**In overall rating of customer satisfaction U-fone has higher customer satisfaction then its competitors.**

Q 10. On what basis will you grade the mobiles in Pakistan?

**Tabular form**

<i>Options</i>	<i>Age groups</i>			<i>Total</i>	<i>Percentages</i>		
	<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>		<i>Below 20 yrs</i>	<i>20-40 yrs</i>	<i>Above 40 yrs</i>
<i>Economy</i>	0	11	4	15	0	22%	8%
<i>Technology</i>	0	21	4	25	0	42%	8%
<i>Coverage</i>	0	18	2	20	0	16%	4%
<i>Total</i>		40	10	50			

***Graphical form***



50% respondents said that mobile services in Pakistan are graded on the basis of technology. 30% said on the basis of economical benefits and rest 20% said on the basis of coverage level.



## *Conclusion*

The latest unprecedented growth in cellular mobile in the country primarily fueled by introduction of CPP regime (500% in the last two years) amply exhibits that Cellular Mobile has a great potential in Pakistan and thus provides opportunity for substantial investment from all the concerned players to exploit the market. Appreciating these trends and opportunities, PTCL took a strategic decision to enter into the cellular business in a big way with the launching of its fully owned subsidiary PTML (U-fone). With the introduction of the best available technology coupled with hiring of the best professionals in the Cellular business and aggressive marketing strategy, Ufone has been able to position itself as one of the major players in this business and has succeeded in capturing a fair share of the market in a record period of 40 months despite the presence of strong and well-entrenched and experienced competitors.

Presently, Ufone - a subsidiary of PTCL has 25 per cent market share and has 0.55 million subscribers with coverage area of more than 50 cities in the country. This sector has enormous potentials and has surpassed the fixed telephone services in a short span of time. U-fone has managed not only to attract 25 per cent market share but also introduced a number of innovative products

### *Hypothesis*

The research was based on the following hypothesis which the researcher in the later part of the research report will prove to be accepted. The reasoning for approval of the hypothesis is mentioned below.

#### **H1:**

*“Despite neck to neck competition in any industry a company can be successful in developing a friendly, sociable and highly technical brand image in customer’s mind in a very short period of time by reading its customers profile.”*

**H2:**

*“Besides tough competition in any industry a company can be lucky enough to capture a compatible market share in a very short span of time by providing superior services at a competitive price range.”*

U-fone has been a highly successful venture both in terms of subscriber uptake and coverage, touching 750,000 subscribers in less than five years of operations. With fastest expanding coverage, unmatched product leadership and consistent focus on customers, U-fone has emerged to be the most prominent player in the market. Based on the BCG Growth matrix, U-fone as a brand falls in the category of Star quadrant along with Mobilink and on the brand asset valuator, U-fone falls in the leadership quadrant.

U-fone has positioned itself in the market as most friendly people oriented service by differentiating its product from competitors in technology, wide range of services and affordable prices. This is also evident in the perceptual maps drawn on a number of dimensions where U-fone out smarts most of its competitors. Based on the brand personality index ratings, the personality of U-fone also comes out to be an exciting and a competent brand. U-fone has out scored its competitors in terms of affordability, after sales services, coverage, voice reception, customer services and packages.

## *Future Strategies and Recommendations*

Pakistan's business environment for telecommunication industry and subsequently for its products has certain merits and demerits. Among the most visible merits is the growing literacy rate of the general population, increasing buying power of consumers, better understanding of the use of and benefits derived from telecom products by a common man, increasing usage of sophisticated telecom products and services by the different tiers of industries, businesses and public sector organizations.

The demerits are not much except for the rapid, unpredictable and uncertain changes in geo-political scenarios in this region in general and unstable political and economic conditions in Pakistan in particular.

Now what needs is to look at the possible strategic moves that leading mobile giants have to adopt in order to deter and possibly face this expected competition that have already been talked about.

- First, they need to change and reinvent their business mission, vision and objectives as per emerging scenarios.
- Second, Ufone have to keep on reorienting technological innovations in its products and services by establishing and inculcating the hard-core research and development departments in its core business functions.
- Third, they have to employ and educate themselves with enterprise relationship management strategies, techniques and technologies

This fundamentally includes some functions that are given below, at the core level that need to be reprocessed if not already done so:

1. Implementing ERP for creating a unified and holistic picture of the internal and external customers of the firms.
2. Automation of marketing processes.
3. Automation of customer services and processes; automation of sales and support processes.

4. Integration of suppliers and retailers information systems into company's systems for smooth flow of data and information.
  5. Rapid innovation and deployment of business concepts and products in processes like marketing and sales (essentially based upon intelligence gathered from markets and changing consumer preferences and lifestyles).
  6. Rapid development of innovative and cost effective technologies and reduction in cycle time to market them.
  7. And in the last but not the least, creating immediate feedback systems in all of its primary and support functions to become a truly learning organization.
- Ufone need to read the environment thoroughly and correctly and identify the elements that are prone to change. In certain cultures and or under certain circumstances a firm's ability to readily adapt to these elements of change becomes a fundamental criterion for its success or the failure in its particular industry. These firms need to carefully analyze technologies and business concepts that may become either a compliment to their competition or substitute to their own offerings.
  - What lies ahead for PTML, Ufone is not just some plane unpredictable and uncertain future but the real-life on-ground cutthroat competition that is characterized by the availability of increasingly symmetrical offerings, by the new entrants, to the customers in terms of the quality telecom products at ever-decreasing prices. What is needed to keep U-fone ahead of everyone else is a million dollar/rupee question that needs an answer. How should they keep their existing customer base safe from the expected predators of the Telecom market? And how should they build a bigger, a better and above all a loyal customer base? These are the challenges faced by the telecom firms today and unless they have appropriate knowledge and human resource to tackle these issues, they may not survive as a successful business organization in years to come.
  - U-fone must always keep this thing in mind that they have to stay one step ahead from its competitors in this tough neck to head competition by the virtue of the fact that it itself is here now and they, its competitor may not hold them at a

competitive edge once things start to materialize as an aftermath to 2005 implementations of WTO.

- The managers, entrepreneurs and industry leaders of the telecom businesses must develop an understanding in terms of sharing their concerns. Of course this understanding must be within the limits of anti-trust considerations. They need to explore possibilities that might look odd in the light of commonly fathomed business perceptions but would be innovatively life saving for those who understand the possibility of becoming extinct.
- Sales promotion and Public Relations are becoming increasingly important tools to achieve marketing objectives. But as more and more companies are utilizing these tools, effective utilization of these tools depends upon finding ways to differentiate from others. And this is what is recommended for U-fone. For sales promotions U-fone can use the following tools

➤ **Customer Promotion Tools:**

- ❖ Limited Free Airtime for initial subscribers
- ❖ Lucky draws
- ❖ Special discounts offers
- ❖ Brochures
- ❖ Gifts/Giveaways

➤ **Sales Force Promotional Tools**

- ❖ Bonuses
  - ❖ Contests (e.g. Salesman of the Month)
  - ❖ Get-togethers
- Public relationing can be very useful in building awareness and credibility for the service and organization. It also serves as a stimulus for employees. Following activities are recommended in this regard:

- ❖ Pre-Launch news conference
- ❖ Seminars
- ❖ Workshops
- ❖ Conferences
- ❖ Hiring of Graphic Design Consultant to develop Corporate Identity  
Media
- ❖ Customers satisfaction survey
- ❖ Consumer behavior and usage survey

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