

## INTERNATIONAL BUSINESS ASSIGNMENT HELP

### QUESTIONS

#### Assignment Brief/Scenario

*“Visit a real Life Company to discover, analyse and understand the need of the Company for getting into International Business.”*

*“Do an analysis of a country which the company is planning to enter into International Business in the future”*

#### Task One

Choose a real life Company, which does business internationally, which will be the focus of your Assignment. This could either be the Company in which you are working at present OR the company of a close friend or relative, where access to information is easily available.

It is essential that you keep in mind that you will need a lot of support and information on the International Business Goals & Objectives and Strategic Initiatives of the Company to enable you to do full justice to this assignment.

Your personal knowledge of the industry in which the Company exists should be enhanced through literature and web research, so that you are very familiar with the environment and competent enough to understand the influence of these external factors on the strategies of the Company. You also need to keep in mind the internal Strengths and Weaknesses of the Company to better evaluate its strategies at both the Corporate and Business level:

List out the International Business Strategies of the Company for the coming year, and show how they support the Company Level Strategies, and Company Goals and Objectives.

#### Task Two

Based on the study so far of International Business and analysis, take any one country which you should analyse and develop recommended strategies for the company in that Country.

#### Task Three

Justify each of the recommended strategies made in Task 2 above, showing the advantages of and/or justification for the same.

## ANSWERS

### VODAFONE GROUP

In today's world there is one thing without which it's very difficult to survive. Now we are not talking about air or food, its telecom and more specifically mobiles. Today mobiles have become the need of the hour and the company which has been chosen by me is VODAFONE GROUP.

Vodafone Group Plc is the world's leading mobile telecommunications company, with a significant presence in Europe, the Middle East, Africa, Asia Pacific and the United States through the Company's subsidiary undertakings, joint ventures, associated undertakings and investments.

Vodafone was formed in 1984 as a subsidiary of Racal Electronics Plc. Then known as Racal Telecom Limited, approximately 20% of the company's capital was offered to the public in October 1988. It was fully demerged from Racal Electronics Plc and became an independent company in September 1991, at which time it changed its name to Vodafone Group Plc.

Following its merger with AirTouch Communications, Inc. ('AirTouch'), the company changed its name to Vodafone AirTouch Plc on 29 June 1999 and, following approval by the shareholders in General Meeting, reverted to its former name, Vodafone Group Plc, on 28 July 2000.

The Group's mobile subsidiaries operate under the brand name 'Vodafone'. In the United States the Group's associated undertaking operates as Verizon Wireless. During the last two financial years, the Group has also entered into arrangements with network operators in countries where the Group does not hold an equity stake. Under the terms of these Partner Network Agreements, the Group and its partner networks co-operate in the development and marketing of global services under dual brand logos.

#### **GOALS & OBJECTIVES:**

The goals and objectives of a company are always valid for all its operations - be it domestic or international so when Vodafone decided to go international, its basic goals and objectives did not change.

The group's vision is to lead the industry in responding to public concerns about mobile phones, masts and health by demonstrating leading edge practices and encouraging others to follow.

They have a Group EMF (electromagnetic fields) Board that includes representatives from some of their local operating companies and key functional areas. This board

monitors public concerns, helps local operating companies to provide public information and advice and reviews the available information about mobile phones, masts and health. The policies and strategies in this area are set accordingly. The Group EMF Board has set a number of strategic goals:

- Ensure the health and safety of the general public, their customers, their employees and business partners
- Engage stakeholders in an open and transparent dialogue to address health concerns
- Work to resolve scientific uncertainty
- Play a leading role in the mobile industry's management approach
- Implement a global strategy which recognises the significance of local concerns and cultural and legal requirements. They have EMF leaders in each local operating company to ensure this.

As part of their wider management of corporate responsibility, they have also committed to set targets, track and report stakeholder opinion on how responsibly Vodafone is acting regarding mobile phones, masts and health.

They fund independent scientific research into the priority areas identified by the World Health Organisation. They have committed more than €9 million to support independent scientific research into mobile phones, masts and health since 1999.

#### **STRATEGIES FOLLOWED BY THE GROUP BOTH DOMESTIC & INTERNATIONALLY:**

In May 2006, they mulated a five point strategy which served them well for more than two years. They have broadly maintained or improved share against their largest or reference competitors in most of their markets and delivered on their key cost targets. They have increased the share of revenue from non-core mobile services from 10% to 15% and they also successfully increased their exposure to higher growth markets.

However, a number of challenges have evolved. Elasticity on core voice and messaging services remains below one, competitive and regulatory pressures continue to be strong, and recently they have not met their expectations in some markets. They are clearly entering into a more difficult macro economic environment. These factors led the Board to conclude that they should review whether the strategy established in May 2006 remained appropriate for the current environment.

The fundamentals of Vodafone and the industry continue to be attractive; the sector leaders continue to be able to generate strong cash flow. In terms of revenue prospects, whilst prices are likely to continue to decrease in Europe, the scope for usage growth remains significant, as demonstrated in markets such as the US and India. Mobile data is also proving to be in high demand: effective communications drive productivity benefits, meaning businesses and individuals need more, not less, of our services. A greater range of data devices and portable computers, at increasingly lower costs, are enlarging the addressable market.

Vodafone has three key attributes which strongly differentiate them from their competitors, both domestic and international: firstly, their scale in technology with which they continue to drive network and IT savings through consolidation and centralisation of core activities; secondly, their strong presence in the enterprise market, in large corporate as well as in small and medium sized businesses; and finally, their brand, especially in consumer pull markets.

Their strategy will now be focused on four key objectives:

- Drive operational performance
- Pursue growth opportunities in total communications
- Execute in emerging markets
- Strengthen capital discipline

The group will drive operational performance through customer value enhancement, rather than revenue stimulation, and cost efficiency. Value enhancement involves maximising the value of their existing customer relationships, not just the revenue. They will shift their approach away from unit pricing and unit based tariffs to propositions that deliver much more value to their customers in return for greater commitment, incremental penetration of the account or more balanced commercial costs.

On growth opportunities, the three target areas are Mobile data, Enterprise and Broadband. They have already made significant progress on mobile data, with annualised revenue of £2.8 billion, but the opportunity remains significant with the penetration of data devices still relatively low in Europe and almost nil in emerging markets. In enterprise, they have a strong position in core mobile services and they have built a solid presence in 18 months in multi-national accounts through Vodafone Global Enterprise. Their strategy is to leverage this strength to expand their offerings into the broader enterprise communications market locally, serving SoHo and SMEs with shared platforms and services, supported by our local sales forces.

They are already represented in most of the key emerging markets where significant growth is expected in the coming years. Their principal focus now will be on execution in these markets, in particular in India, Turkey and their African footprint following their recent agreement to acquire control of Vodacom. They will also seek to maximise the mobile data opportunity. There are few potential large new markets of interest to them and they will be cautious and selective on future expansion.

#### **TARGET COUNTRY:**

One of the countries in which the group can enter is **China**. The mobile phone sales in China amounted to about 96 million units in the first half of 2008, among which 89.2 million units were the licensed mobile phones. The mobile phone export reached about 248 million units in the first half of 2008, the export volume was

USD14.7 billion, and the average export price was USD59.3. In addition, the mobile phone import reached 7.5 million units, among which 7 million units were unlicensed mobile phones. The total output of mobile phone was 330 million units in the first half of 2008.

The majority of companies had suffered the profit decline in the first half of 2008. Telsda, who had excellent performance in 2006 also started to fall down dramatically in 2007, its mobile phone output shrank to 1.7 million units in 2007, losing more than CNY100 million. In the year of 2008, Telsda has been running at half capacity, and it tends to real estate investments.

It was even worse for the mobile phone OEMs. Compal, the largest mobile phone OME in Taiwan, the mobile phone shipment of which was about 20 million units in the first half of 2008.

However, the main consumers of mobile phone has not influenced by economy descends. The group, mainly ranging from 18 to 28 years old, has been optimistic about the future economy; those are not tending to decline their consumption expense.

Looking at the outlook of the growth in the telecommunication industry and knowing that China is the most populated country with most number of the target customers present there, China could be a very good target country for Vodafone group as it has all the strategies and experience to enter a country and that too as big as China.

In fact very lately on 1<sup>st</sup> April, 2009, Verizon Wireless announces that it plans to join the Joint Innovation Lab (JIL) established by China Mobile, SOFTBANK and Vodafone to help accelerate the uptake of innovative mobile technologies on a mass-market scale. The addition of Verizon Wireless, a joint venture of Verizon Communications and Vodafone, would mean that the JIL now has a combined customer reach of approximately one billion consumers.

Different ways by which the group can capture the market of China is by entering into JVs, strategic partnerships, by mergers and acquisitions. But I believe that the best way to enter and capture a market is through acquisitions especially for a group as big as Vodafone, the way they did it in India by acquiring the stakes of Hutchison. The biggest advantage of doing it is that the acquiring Company gets the ready market for its product and it only has to make changes in the target Company to make it compatible with the goals and objectives of the acquiring Company.

**References:**

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