

MOBILE WAR INDUSTRY- ADVERTISING STRATEGY OF VIVO

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Introduction

- **Vivo is a mobile telecommunications service provider - mobile phone services, data transmission and Internet - that has been in operation since 2003 in the telecommunication industry.**
- **The company's main focus is to provide more and better products and services of mobile communication, bringing innovation and advantages in order to make customers' life easier and enjoyable.**
- **Currently, the company holds about 30% market share and a customer base of 50 million users in the Brazilian market.**

OBJECTIVES

- **The ultimate goal for this marketing plan is to improve the bottom line and increase shareholder value. Financial objectives are in four categories: Sales, Margins, Profits, and Ratios.**
- **To provide more and better services that foster a network society and to create potential opportunities of development and progress - for people, corporation, society and country.**
- **Quality services - Efforts to ensure that customers have access to quality services at the time and where desired.**
- **Customer services - Ensure customer satisfaction. Investing in training and systems which provide an integrated view of information available on the customers.**

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- Increase shareholders revenues - constant improvement in the company's corporate governance practices
- Keep its leadership in the Indian mobile phone market - innovative solutions and increasing coverage network.

Table 1: Top Six Global Smartphone Brands by Worldwide Market Share, 1Q16~2Q16

Company	2Q16		1Q16	
	Ranking	Market Share	Ranking	Market Share
Samsung	1	24.5%	1	28.0%
Apple	2	15.1%	2	14.5%
Huawei	3	9.2%	3	9.3%
OPPO	4	5.6%	4	5.3%
LG	5	5.4%	5	5.2%
BBK/vivo	6	4.7%	6	4.7%
Others	--	35.5%	--	32.8%
Total Production Volume (Unit: k)	314,550		288,960	

Source: TrendForce, Jul., 2016


- Increase the ARPU (average revenue per user) by 15%, within the next 2 years.
- Retain the most active and profitable customers on the market - reducing the churn rate by 10% within the next 2 years - annualised 31.3% in 2015.
- Continue reducing acquisition expenses investing in segmented markets - from R\$ 102 (£ 34) in 2007 to R\$ 77 (£ 26) in 2009 (per customer).
- Introduce a new and revolutionary service that will ease customers' life, creating another way of payment (Mobile Payment) - register 2.5 million customers by the end of

2017 and increase 10% every month on the following year.


Battle for Market Share

Analysts say the competition for spots 2-5 will continue to be between Chinese brands who have ousted Indian players


Samsung continues to lead the smartphone segment with **26.5%** share during the January-March quarter, according to Counterpoint Research



Apple continues to lead the premium segment, i.e. phones priced over ₹30,000, with **56%** share, down from **62%** in the previous quarter



Samsung's share in the premium segment has increased to **40%** during this quarter, from **31%** from the previous quarter

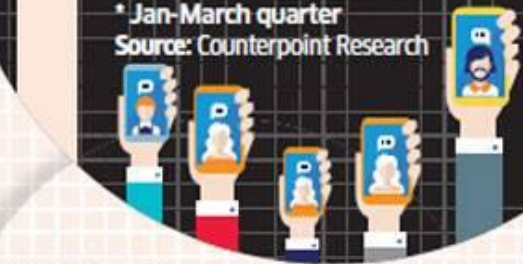


Samsung is pinning its bets on its new flagship Galaxy S8, to take the lead in the coming quarters

The Leaders

Company	Market share*
Samsung	26.50%
Vivo	12.60%
Xiaomi	11.20%
Oppo	11.00%
Lenovo + Motorola	7.90%

* Jan-March quarter
Source: Counterpoint Research



Chinese players have been able to reach into the tier 2 and 3 cities, by concentrating on offline sales that are driven by high retailer and distributor incentive

ANALYSTS AT COUNTERPOINT

STRATEGIES

- Vivo and its competitors have always been pursuing differentiation and innovation to get and retain customers. Having this in mind, in the last few years Vivo has worked hard on its market development, expanding its coverage nationally.
- At the moment, in order to achieve its future goals, the most appropriated growth strategy is one of product development. This could be achieved by enabling a revolutionary service, which would add value for the company and for its customers.
- The chosen competitive strategy was Differentiation. Vivo seeks to be unique in its industry developing services that are widely valued by customers.

Segmentation, Targeting and Positioning

The segmentation analysis (showed below) demonstrates how customers are classified within the company. They have the following segmentation:

- "Descomplicado" (Uncomplicated) - interested only in talking on the phone. Do not care about the device and is highly price sensitive.
- "Multifuncional" (Multifunctional) - interested in technologies, but in a moderate way. Wishes to use every functionality of the device, such as email, agenda, video and photos in order to facilitate their lives.
- "Fashion" (Fashion) - concerned about individualization. Wants to be different and modern. Focus on beauty than practicality.
- "High-tech" (High-tech) - interested mainly in new technologies. Wants to have the latest models. Little price sensitive.

TACTICS

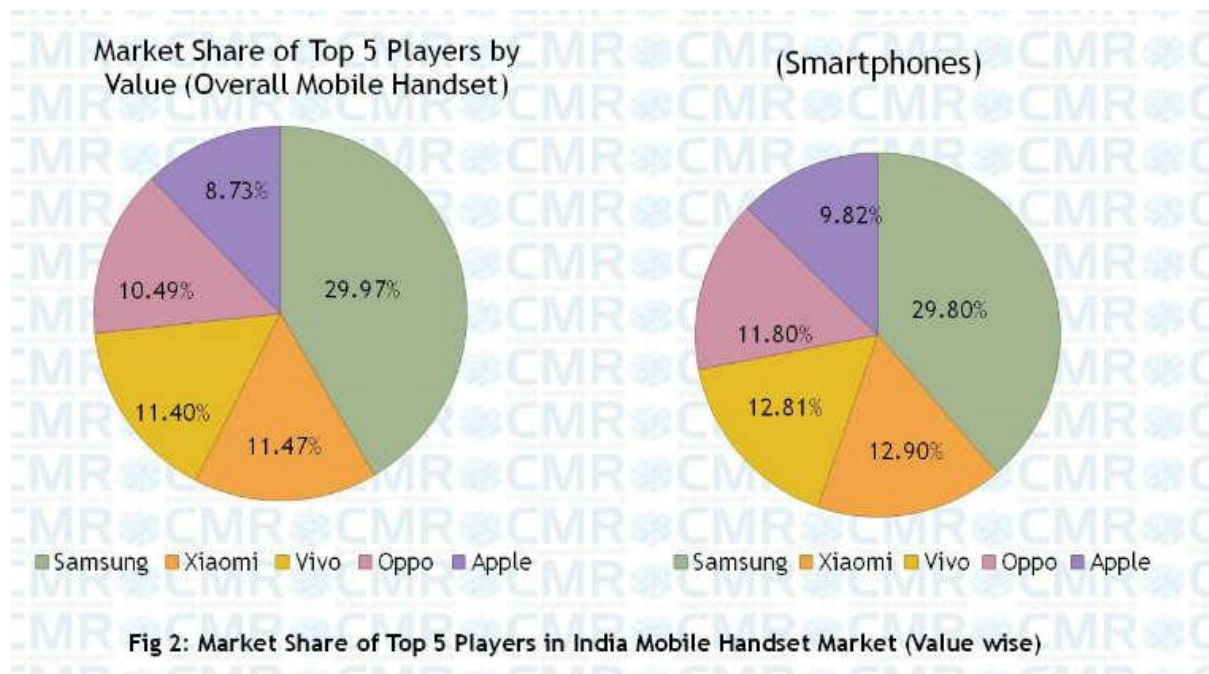
The marketing mix approaches product, price, place, promotion, people, process and physical evidence in the following ways:

Product

- Their main service, mobile payment, enables customer to benefit from convenience, facility and an innovative service. This product will be the focus for targeting the "multifunctional" and "high-tech" customers segments as it addresses the customers' needs.

Price

- The pricing of their product is based on Intermediate pricing. Their market is fairly developed and has many competitors; therefore, their pricing strategy should be in line with competition.
- A similar service has already been offered by one of their competitors (Company named Oi). However, this company has a different approach of target, and the strategy used is slightly different from theirs. Besides, they haven't reached great market share and its product is not known of the public - 0.8% of its customer base is registered to use the service. For that reason, they still considered their product as a USP.
- Based on surveys and research of their target market, customers seem to be normally sensitive to pricing of their products. They should price their product slightly above their competitors following their strategy of having premium products.



Place

- The main distribution channels for their products are through their own stores, dealers, internet and telemarketing.

- they want their product to be seen as an added value product, so it makes sense that it would be available in every distribution channel. The distribution strategy adopted will be Direct and Indirect Distribution.
- The motives for choosing those two strategies is that they would like to have control of their services, identify customers' trends/behavior as well as using intermediates channels to enhance marketing penetration.

Promotion

- Launching a revolutionary product, they must communicate clearly with their customer and prospects customers, it is important that they present a consistent marketing message between the different marketing channels. Effective communication is vital to ensure that their service generates significant impact within industry.

Advertisement Expenditure



How has their association with Ranveer Singh helped the brand?

Ranveer Singh is a great person, the reason for choosing him as the face of their brand was that his personal spirit matches the ethos of their brand, which is filled with energy, joy and youth. He is extremely fun to work with and will always deliver his best.

How important is India as a market for Vivo?

India is one of the most important market for Vivo. It is filled with young people, who like music, selfies and this kind of matches with the DNA of their brand. they are already among the top 5 Smartphone brands. their target always is to make their consumers happy and their priority is to give them the best product and service.

What are your marketing plans for 2018?

Next year will be a big year for Vivo India, as you know, it will also be the 11th anniversary of IPL in India, so along with new launches, there are lots of activities lined up for Vivo India.

How many manufacturing plants do you have in India?

They have one manufacturing unit in India till now. Regarding plans of opening another unit in the country, they are currently in the research phase - they may expand or open another one.

What is the target for this year?

Sales target - register 2,500,000 new customers within the end of the year.