

OMNITEL PRONTO

CASE SUMMARY: OMNITEL, the second biggest telecom player in Italy which started its operations in Mobile telephony in December 1995, has been able to capture a market share of approx. 4% in a span of 6 months of operations. It is facing fierce competition from the state controlled Telecom Italia Mobile (TIM) in terms of the market share, pricing & the huge capital investments involved. The main challenge before the management of OMNITEL is to increase the market share & also improve upon the profit margin fronts. The Managing Director Mr. Bona & Marketing Manager Mr. Della are working on various strategies to increase their market share & associating themselves with high quality customers to be suggested to the CEO of the Company. The biggest challenge faced is the fear of initiating a price war amongst the two players which they are bound to lose if that really happens. So, they are trying to devise a strategy to position themselves as a potential player in the market with a substantial chunk of market presence.

CASE PROBLEM: LIBERO.....to be or not to be??

SWOT Analysis of LIBERO:

Strengths No Monthly Fees Image of Omnitel as Excellent Customer service provider First Private Player and so can attract people unsatisfied with TIM	Weaknesses Omnitel is a smaller Player with weak financial backing New to market so weak operations and is relying on other agencies for sale
Opportunities To tap the huge potential Italian Market which is growing with penetration reaching only 7.5% Survey suggesting that a large percentage of potential willing to opt for cheaper service	Threats Low Quality Consumers may come in the Customer base in pursuit of increase in turnover TIM retaliating the with an aggressive price war

Omnitel looks to be creating a niche by targeting just the high value customers. What LIBERO is offering it though is a chance to capitalize on the fact that Italy is projected to grow into a huge market. The total customer base of Italy as a market will increase and with a planned marketing campaign (as suggested by huge advertisement fund allocated) they can become an important player in the market.

Survey gives all the indications in favour of Omnitel as it scores high on customer service and the service ranked high amongst customer preferences. The cost sensitive segment comprising 30% of mobile phone users wished to have a mobile phone that was always under reach and this matches with Omnitel's motto of making mobile phones "a primary mode of communication". The fixed costs (monthly fees) are dreaded more than one time cost of mobile phone. So, the monthly fee waiver will be preferred over subsidy on mobile cost.

Decision: Basically, the need is to increase the market share & improve the average talktime which can be done by provoking the impulse call making of the customers. This shows the behavioural segmentation of the consumers where 48% of the consumers were Brand Loyal & Service oriented & could see their benefits easily. In our opinion, LIBERO should get company's nod for going ahead with the plans.

On further deliberation though, there can be a few strategic changes that can be made to the plan so that it appears attractive to the CEO of the company.

- One such idea can be to calculate monthly rent as per usage (including both incoming and outgoing calls). What this will do is give an impression to the user that he/she is being charged only for the usage.
- Based on the average usage details obtained, a suitable uniform rate for both incoming and outgoing calls can be worked out. During the business hours the usage will increase and increased rates during off-peak hours will make up for the reduced usage.

In the end, if we look at the case in retrospect also, Indian market seems to have emerged only due to the lower operating costs. Mobile telephony went to an explosive growth after incoming calls were made free. And the apprehension that revenues would be hit was also overcome by staggering high usage patterns.

So our vote: **GO LIBERO!!!!**

Need to liberate, just call ...
OMNITEL