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HOW CAN VIRGIN MOBILE DIFFERENTIATE ITSELF BY FOCUSING ON MOBILE DATA

ALEXANDRE ROSA FIGUEIREDO
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A Project carried out on the Business Project course, under the supervision of:
Christine Bishop, Academic Supervisor
Philippa Durant, Corporate Supervisor

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Abstract

This report aims to assess the impact of the increase in mobile data traffic, and other relevant trends, in the telecommunications industry. In addition, it analyzes the telecom landscape in Australia and Virgin Mobile’s current position in the market. Based on the research mentioned above, the report identifies an appealing segment in Vodafone’s current customer base, which represents an attractive market opportunity for the company. Accordingly, it proposes a potential differentiation strategy and outlines two strategic guidelines to acquire the target customers identified. Moreover, the report includes several strategic recommendations in order to increase customer acquisition and profitability. Lastly, an academic extension of the project is provided containing a literature review on scenario planning theory.

Keywords:

Virgin Mobile; Mobile Data Traffic; Differentiation Strategy; Customer Acquisition
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1. Brief Context

1.1. Virgin Mobile Overview

Virgin Mobile Australia (VMA) is an Australian telecommunications company that trades online, over-the-phone and in over 70 Virgin Mobile retail stores across Australia. Richard Branson founded the company in 2000 as a joint venture between Virgin Mobile UK and Optus. VMA was the first mobile virtual network operator (VMNO) in Australia, operating under the Optus network infrastructure which covers 98.5% of the Australian population (ACCC, 2016). In January 2006, Optus bought all shares of the company and Virgin became a wholly subsidiary of Optus. Although using Optus’s network, the Virgin brand maintains a separate identity, self-branded plans and customer service.

1.2. Market Overview

The telecommunications industry in Australia consists of companies offering communications products categorized as landline phone services, broadband Internet, mobile phones and data services. Since the liberalization of the industry, the Australian telecommunications market experienced a substantial increase in competition. This led to important developments in the quality of the networks and services provided, and decreased the prices charged to consumers (ACCC, 2016). Due to the geographic and demographic characteristics of the country, there is a notable difference in the services offered to different regions of Australia as providers focus on areas that have higher population densities (Spencer, 2015). Overall, the market is relatively concentrated and dominated by the three biggest players: Telstra and Optus - that own the network infrastructure and offer both fixed and mobile services - and Vodafone Hutchison Australia
which has its own network but offers mobile services only. Additionally, there are several mobile virtual network operators (MVNOs) in the market, which lease the major carriers infrastructure and networks but operate under a separate identity.

1.3. Client Current Situation

Virgin Mobile is the fourth biggest player in the mobile services market in Australia. The company sells pre-paid and post-paid plans both for mobile phone and mobile broadband services. Currently, Virgin serves over 1 million of Australian customers on prepaid and post-paid deals. The major focus of the company is on post-paid customers, which represent almost two thirds of its total customer base. Virgin holds a 7% market share on post-paid customers, which corresponds to approximately 700 thousand customers (Virgin, 2016). In addition, the company sells a variety of mobile phones and accessories with their plans as well as SIM-only services.

1.4. Business Project Challenge

In recent years, the telecommunications industry has experienced dramatic changes due to the appearance of smartphones. As the number of smartphone owners across the world increases, so does mobile data traffic driven by the usage of mobile apps. The main objective of the business project is to understand the current trends affecting the telecom industry and how Virgin Mobile can take advantage of those changes in order to differentiate their strategy and offerings in Australia.
2. Reflection on the work done

2.1. Problem Definition

Global mobile data traffic has grown considerably in recent years due to the increase in smartphone usage and higher consumption of mobile data by individual consumers. The increase in mobile data traffic is mainly driven by the use of audio-video content streaming platforms such as YouTube or Netflix and other mobile apps such as social media. Based on this global trend, mobile providers are expected to become increasingly data-focused and adopt different positioning strategies in order to meet consumer’s needs.

The main objective of our project is to outline a successful differentiation strategy for Virgin Mobile in Australia taking into account the growth in mobile data traffic. In addition, the report aims to provide the company with creative yet feasible solutions on how to improve customer retention, acquisition and profitability in order to build a sustainable strategy for the future.

2.2. Research Approach

2.2.1 Hypotheses

In order to evaluate how Virgin Mobile can differentiate itself in the marketplace, it’s fundamental to understand the impact, implications and relevancy of the increase in mobile data traffic for the telecom industry. Particularly, it is essential to understand if this global trend denotes a change in consumer’s behaviour and expectations with the potential to disrupt the industry. Additionally, successful differentiation strategies must target an attractive segment of the market, therefore, implying the existence of a profitable market gap that allows the company to distinguish its offerings from competitors.
Consequently, the report aims to assess the veracity of the two following hypotheses:

**Hypothesis 1**: “Mobile data is a global relevant trend worth pursuing in the future of the telecommunications industry”

**Hypothesis 2**: “It is possible for Virgin Mobile to find a distinctive yet attractive positioning in the Australian mobile data market”

### 2.2.2. Methodology

In order to answer the first hypothesis, the research methodology required an empirical and analytical approach based on secondary research. The initial research aimed to access the current and future impact of the increase in mobile data traffic as well as other relevant trends for the industry. The research was conducted on a global and Australian perspective. Both qualitative and quantitative data was collected from a wide variety of sources. The sources used included industry analysis and forecasts (e.g. by Cisco), consulting reports (e.g. by McKinsey), related academic papers and business articles. Benchmarking research was also conducted in order to map best practices and solutions in the industry. The benchmark focused on developed markets such as the USA and the UK or markets with similar demographics and consumer patterns such as New Zealand, Singapore and Finland.

In order to evaluate hypothesis 2, Virgin provided the group with confidential industry reports for further analysis. These reports contained quantitative and qualitative data regarding the post-paid market in Australia. Based on these documents, insights on customer profiles and offerings were drawn for the most important players in the market. In addition, the group conducted meetings with Virgin Mobile research specialist Kelly Pullin as well as the director of brand and customer Philippa Durant. These meetings allowed a deeper understanding of the market as well as the strengths and opportunities for Virgin Mobile in Australia.
2.2.3. Trends affecting the telecom industry

The following section of the report assesses the increase of mobile data traffic and other relevant market trends affecting the telecommunications industry. Particularly, the analysis provides a better understanding of how consumer’s changing behaviour is impacting the industry, with a focus on the Australian landscape.

The smartphone Era

The launch of the first iPhone by Apple in 2005 has disrupted the telecommunications industry radically. This revolutionary device set the stage for an explosive growth on the smartphone market and drastically changed the dynamics of the industry. In 2015, it was estimated that about 45% of all mobile devices in the world were smart devices. The smartphone proliferation is expected to continue in the future, as subscriptions are likely to double until 2021, summing a total of 6.4 billion devices globally (Appendix 1). While different countries and regions vary significantly in adoption rates, the Asian Pacific region will count for most of the growth in new smart devices connected: subscriptions are expected to grow by 1.5 billion until 2021 (Ericsson, 2016). Australia is considered one of the most mature markets in the world, as smartphone penetration rate reached 80% of the population in 2015 (Deloitte, 2015).

Mobile data traffic

The growing number of mobile subscriptions, particularly smartphones, is causing a tremendous increase in mobile data traffic. Not only are there more devices connected to the Internet but also each individual subscription is consuming increasingly high amounts of data. Consequently, global mobile data traffic is expected to grow eightfold until 2021, which corresponds to a CAGR of about 45% in that period. This equates to an average of 8.5 GB of mobile data per user per month (Cisco, 2015). The explosion of mobile data is more evident in mature markets such as the
USA or Western Europe where consumption rates will reach as high as 22GB per month for the same period. Nevertheless, the Asia Pacific region will count for the largest share of total traffic in 2021 due to the growth in number of subscriptions. (Appendix 2)

Australia follows the global trend for constant connectivity and the smartphone market has boosted in recent years. Simultaneously, data usage on mobile devices has skyrocketed, and the trend doesn’t seem to be slowing down. Research suggests that mobile data traffic will increase by 40% until 2021 which means users will consume an average of 8GB per month (Cisco, 2015). Australia is considered to be an extremely mature market regarding mobile data traffic as the relatively importance of data on the purchasing decision and the supply of mobile data is high compared with the global standards (McKinsey, 2015).

**Drivers for data usage**

The increase in mobile data traffic can be explained by the new functionalities and features that smartphones brought to the world. Mobile phones are not solely used for functional purposes such as voice or text but mostly for entertainment purposes due to the use of social networks, video content platforms and web browsing. The main driver for the growth in mobile data is the usage of video streaming platforms on mobile such as YouTube or Netflix. These platforms counted for almost 50% of all traffic in 2015. In 2021, almost 70% of mobile data traffic will be from video, which will grow by 55% annually during that period (Appendix 3). Additionally, the spread of social networks and the appearance of new messaging/voice apps are replacing the traditional forms of communication. Instead of using the standard calls and SMS’s, smartphone users are communicating through platforms such as WhatsApp and Facebook iMessage, therefore, accentuating mobile data consumption. Research suggests that 15% of mobile data traffic in 2015 came from social networking and messaging platforms (Ericson, 2015). Consequently, service
providers are decreasing the prices charged to traditional voice and SMS features and pricing the allowance of data on mobile plans (ACCC, 2015).

**Internet of Things (IoT)**

As technology evolves, humans are connecting endless objects to the Internet from washing machines and lamps to fitness wearables and automotive cars. Internet of Things (IoT) consists of converting regular objects into smart devices that, through the use of sensors and Internet connectivity, are able to collect and exchange data. Research suggests that by 2020, there will be 28 billion devices connected to the Internet, from which 15 billion will be consumer electronics or machine-to-machine (Ericsson, 2016). The rise of IoT will drive data consumption and accentuate the growing mobile data trend that is disrupting the industry. As IoT changes consumers’ data and connectivity demands, it becomes fundamental for telecom companies to define a strategy that supports the next generation of smart devices (Cisco, 2016).

**Fixed-to-mobile shift**

Today’s subscribers expect a high quality user experience and continual service improvement (McKinsey, 2015). In order to deal with the boost in data consumption and avoid traffic at peak hours, Australian service providers are upgrading the quality of their network infrastructure assuring a reliable connection to users. Due to the recent upgrades in 4G technologies and LTE networks, mobile data services are becoming a viable solution that can potentially substitute wired services in Australian households, resulting in a fixed-to-mobile shift (ACCC, 2016).

Based on the analysis of trends affecting the telecommunication industry, it’s possible to confirm **Hypothesis 1**: “Mobile data is a global relevant trend worth pursuing in the future of the telecommunications industry”
2.2.4. Industry Analysis

The following section of the report contains a summary of the telecom landscape in Australia, focusing on the 3 biggest player’s strengths and offerings as well as Virgin’s position in the market. Detailed customer profiles for each company can be seen in Appendix 4.

Telstra

Telstra is the leading telecom company in Australia, holding a market share of 38% on post-paid customers. The company enjoys the most reliable network infrastructure in the country and a significantly loyal customer base as only 7% of their current customers consider to switch provider (Virgin, 2016). Telstra offers mobile, broadband and fixed lined services for businesses and households. The company charges the highest prices in the market for mobile services and it’s perceived as the most conservative telecom brand in Australia (Virgin, 2016). Their current plans emphasize bundles for the entire family, containing a mix of voice, data allowance, video streaming and the possibility to add more devices. The company is also targeting adjacent industries such as ‘connected houses’ and the health sector in order to increase the value of their offerings (Telstra, 2016).

Optus

Optus is the second biggest player in Australia, holding a market share on post-paid customer of 24% of the market (Virgin, 2016). Optus is competing with Telstra on all communication products and offering both mobile and fixed services. The company is perceived as the most innovative player in the market and emphasizes the entertainment aspect of their offerings by providing customers with unique features such as live sports events, free music streaming and data pooling options. Additionally, Optus takes the most personal approach towards its customers; it is known for superior customer service and launched the “Yes Crowd”, a customer community that is
rewarded with special perks and offerings on a monthly basis, reinforcing the dynamic image of the company (Optus, 2016).

Vodafone

Vodafone is the third player in Australia, holding a market share of 17% on post-paid customers. The company has the lowest customer satisfaction rate in the market with 18% of their customers consider switching provider in the future (Virgin, 2016). Vodafone does not offer fixed line services; therefore, the main focus of the company is on mobile broadband and mobile phone services. Their mobile broadband solutions include devices such as pocket Wi-Fi or car hot spots. Additionally, Vodafone emphasizes the data allowance in their mobile plans by offering unlimited calls and text and providing customers with a range of innovative data features such as shared plans and premium accounts for Netflix and Spotify (Vodafone, 2016).

Virgin

As stated in the ‘Client Current Situation’ section, Virgin Mobile is the fourth player in the market, holding a market share of 7% on post-paid customers. Despite offering mobile broadband solutions, the company focus and biggest revenue stream comes from mobile phone services. Virgin is adopting an increasingly data-centric approach to its plans, emphasizing the great value for money of their offerings. Additionally, it offers pioneering features such as data rollovers and data auctions. The company also offers free use of music streaming platforms and rewards customers with special perks on other Virgin ventures. In fact, the Virgin master brand is considered to be the key strength of Virgin Mobile Australia. Virgin is one of the most powerful and desirable brands in the world, built around the charismatic and irreverent image of its founder Sir Richard Branson. The Virgin logo is recognized worldwide and associated with supreme customer experiences and remarkable lifestyle (Gordon, 2014). As stated in Virgin’s website: “the
brand’s backbone is its values: providing heartfelt service, being delightfully surprising, red hot, and straight up while maintaining an insatiable curiosity and creating smart disruption.” (Virgin, 2016)

**Market Assessment**

The services and offerings provided by telecom companies in Australia are extremely similar. Due to the dynamic nature of the industry, competitors quickly imitate new product offerings and plan ideas and differentiation becomes challenging (ACCC, 2016). However, Telstra and Optus have a competitive advantage by providing both mobile and wireless services and leverage that by offering superior bundles targeting the entire household. Regardless of the product portfolio, players try to differentiate by constantly developing new features to their plans (e.g. data rollover by Virgin) and targeting adjacent business areas (e.g. entertainment by Optus). In addition, companies develop distinctive marketing strategies and promotional campaigns to appeal to different segments of the market. As a result, the average customer profile for each company is considerably different. While Telstra and Optus have on average an older customer demographic, who traditionally has a longer contract with the company and high monthly expenditures, Vodafone and Virgin target a younger segment, which usually has a shorter contract and a lower average expenditure compared with the biggest players (Virgin, 2016).

**2.2.5. Market Opportunity**

Through a deeper analysis of the current situation of the telecom market, it’s possible to identify an attractive market opportunity for Virgin Mobile in Australia. Firstly, it’s plausible to claim that competing with the biggest players, Telstra and Optus, is unrealistic as they offer a wider product portfolio and tailor their offerings to a larger segment of the market. In addition, cannibalizing
Optus customers is not a viable option, as Virgin is owned by Optus and targeting the leading player in the market would be too ambitious, particularly taking into account that Telstra has the most loyal customer base and the most reliable network. On the other hand, Vodafone has highest number of dissatisfied customers in the Australian market with 18% of their current clients considering switching provider in the future. According to Virgin’s research, the main reasons for Vodafone’s dissatisfied customers are the unreliability of the network and the prices charged by capped plans (Virgin, 2016). Vodafone and Virgin have similar offerings focused on mobile phone services as well as comparable average customers profiles. Therefore, targeting Vodafone’s customers would not risk losing Virgin’ current clients. Consequently, it’s reasonable to assume that Vodafone’s dissatisfied customers present an attractive acquisition opportunity for Virgin Mobile in the Australian market.

These findings are sustained by Virgin’s own research, which identified an interesting customer segment of Vodafone’s dissatisfied customers, the ‘Likely Leavers’. This target group is composed by 532,090 post-paid customers, which classify as ‘high spenders’ and sum a total market value of $29,248,121 (Virgin, 2016). The ‘Likely Leavers’ are an extremely tech savvy cohort that are on average 36 years old and consume high amounts of mobile data. They are segmented as ‘Life Hackers’ or ‘Techibitionists’ and are dissatisfied with Vodafone’s capped plans therefore looking to switch provider in the near future. The biggest challenge to convert this cohort is convincing them to choose Virgin instead of other competitor. The ‘Likely Leavers’ segment is an extremely attractive target group for Virgin as they represent a solid market value, they are likely to change provider in the short-run and consume high amounts of mobile data, therefore, are a good match with the future of the telecommunications industry.
2.2.6. Positioning

In order to have a better understanding of competitor’s different positions in the market and identify potential market gaps for Virgin to tap in, a positioning map was developed. The map can be seen in Appendix 5.

Two dimensions that describe the telecom market in Australia and customer’s purchasing decision define the map: brand perception and product portfolio. The vertical axis refers to product offerings by different competitors and contrasts a wider portfolio by Telstra and Optus, that includes both mobile and fixed-line services, against a narrower portfolio focused on mobile data only. The horizontal axis refers to how the brands are perceived by consumers and contrasts a more conservative brand image with a more dynamic and disruptive one. The position of the brands in the map was assessed through secondary research (e.g. by ACCC) as well as through meetings with Virgin’s brand director, Philippa Durant.

There are several possible positioning’s that Virgin could adopt in order to differentiate itself in the market and can be seen in detail in Appendix 6. However, it’s clear that the company does not have the capacity to expand its offerings into fixed-line services, which represents a major barrier and bounds the move to the lower axis of the map. In addition, Virgin must take advantage of the powerful and pioneering perception of the master brand by maintaining itself on the right corner of the map. Based on these reasons, the best strategy for the company is to move towards the upper-right corner of the map (position 5), leveraging the disruptive image of the Virgin brand and focusing their portfolio on data-centric plans. This positioning would allow Virgin to differentiate itself by adopting a unique position in the market. It also embraces the increase of mobile data traffic by implementing a positioning that is appealing to Vodafone’s ‘ Likely Leavers’. The recommended strategic positioning can be described in the following positioning statement:
“Our goal is to allow Virgin data users to showcase their vibrant personalities through a fair provider that never ceases to wow them”

The positioning map and potential market gaps analysis confirm Hypothesis 2: “It is possible for Virgin Mobile to find a distinctive yet attractive positioning in the Australian mobile data market”

2.3. Recommendations

Based on the analysis of trends affecting the industry, the reality of the Australian telecom landscape and identification of an attractive target group, an acquisition strategy is recommended. In addition, several managerial recommendations are included which aim to increase the value of Virgin’s offerings and meet new consumer needs.

The objective of this acquisition strategy is to move Virgin towards the new recommended positioning and acquire Vodafone’s ‘Likely Leavers’ segment. The acquisition strategy is based on two main pillars:

1. “Bring Virgin back to life”

This strategic guideline refers to the importance of moving towards the horizontal axis of the positioning map and leverages the disruptive and pioneering identity of the Virgin brand. Today’s customers expect not only a quality service but also innovative features and brand experiences. In order to become a desirable brand, Virgin must leverage the core values of the master brand “providing a heartfelt service, being delightfully surprising, red hot, and straight up while maintaining an insatiable curiosity and creating smart disruption.” Providing customers with unique experiences and emphasizing the Virgin lifestyle and mindset will increase brand awareness among the target group while retaining Virgin’s current customers.
2. “Show our fair value”

The second strategic recommendation stresses Virgin’s new value proposition of fairness and leverages the great value for money of Virgin’s mobile plans. It aims to meet consumer demands by tailoring Virgin’s product offerings at a suitable and fair price. This also implies accompanying the market trends and becoming an increasingly data-centric company. It is important that the company is able to create “smart disruptions” and provide novel value propositions towards its customers. This guideline refers to the importance of moving towards the upper corner of the positioning map and focusing the company’s portfolio in mobile data.

Following the acquisition strategy described above, this section defines how that strategy can be brought to life by outlining a set of managerial recommendations and initiatives that would increase the value of the services provided by Virgin. These recommendations are assembled in three main categories: Offerings – refers to the current plans, features and pricing models; Service Delivery – refers to how the company interacts with his customers; Promotion – refers to prospective marketing initiatives and advertising campaigns.

**Offerings** – In order to keep up with the new developments of the market and meet consumer’s demands for mobile data, it’s fundamental that Virgin’s mobile plans become increasingly data-centric. This means that the company should standardized certain components of their plans by offering unlimited calls, SMS’s and MMS’s. Additionally, Virgin should continue creating pioneering features such as the data rollover or data auction as they increase the value added to consumers. It’s critical that the company upgrades certain features that competitors have already implemented such automatic pop-ups or data gifting. The following initiatives serve as examples of actions that Virgin could develop to increase the value of their plans and can be seen in details in Appendix 7.
• **Initiative 1: Watch More, Consume Less** – Reward customers that watch videos and TV shows on their phones through data bonuses and perks. By encouraging users to stream on mobile, Virgin’s customers will increase the consumption of mobile data.

• **Initiative 2: Air Data** – Partner up with Virgin Australia to offer on-board Internet services during Virgin flights. This unique feature would differentiate the company’s offerings and strengthen the link with the master brand.

• **Initiative 3: Unlimited data, limited speed** – Provide customers with unlimited amounts of data while pricing the speed of their connection. This innovative pricing model, which is already implemented in other countries, could disrupt the Australian market and Virgin would benefit from first mover advantages.

**Service Delivery** – Today’s customers demand continuous service improvements across several different channels. It’s fundamental that Virgin adopts a multi-channel approach towards their customers and provides clients with interactive and superior customer solutions, using a combination of direct and indirect communication channels. Particularly, to appeal to a growing tech-savvy audience, the company must offer seamless interactions through their main digital channels: website, mobile app and social media. For Virgin, it enables the company to provide services to individual customers more efficiently and gain insights on how to improve their customer service practices. To encourage the shift towards digital, Virgin can offer data bonuses and perks for online purchases and services. The following initiatives serve as example of how Virgin could offer a superior customer experience and can be seen in detail in Appendix 8.

• **Initiative 4: Skype your data expert** – Develop a video-type solution that allows customers to have a face-to-face experience and personalized customer service online.
• **Initiative 5: Virtual Virgin community** – Build a strong virtual community where customers actively help each other online. This is a powerful tool to increase brand loyalty and engage tech-savvy users.

• **Initiative 6: Wow deliveries** – Make use of guerrilla marketing strategies to reward online customers and encourage users to use the company’s digital platforms.

**Promotion** – Since its inception, Virgin has been known in the market for their cheeky advertising campaigns and awarded with several international prizes (Virgin, 2016). In order to increase customer acquisition, it’s crucial that the company continues developing powerful marketing initiatives that “delightfully surprise” and “maintain the insatiable curiosity” that characterizes the Virgin brand. In order to do so, Virgin Mobile must emphasize the dynamic and vibrant lifestyle and leverage the power of the global Virgin brand locally. Creating innovative promotional campaigns is particularly important to raise brand awareness in the market and convince the target group to choose Virgin rather than competitors. The following initiatives serve as example of how Virgin could develop superior advertising campaigns and can be seen in detail in Appendix 9.

• **Initiative 7: Garage sale** – A campaign that allows users to exchange unused data for second-hand products through a mobile app. This initiative would provide a unique interaction within the Virgin community and reinforce the innovative image of the brand.

• **Initiative 8: Friends with benefits** – Becoming part of the customer’s lifestyle by rewarding clients who use the data-gifting with entertainment vouchers and deals.

• **Initiative 9: Sharing is Caring** - React to major catastrophes by creating a ‘data-poll’ that converts into donations, organized by Virgin on behalf of their customers.
**Recommendations Assessment**: The set of initiatives proposed was evaluated in order to assess the impact and relevancy to the recommended strategy. In order to do so, two frameworks were used: 1) Virgin’s internal framework (People, Profit, Planet) including two additional variables: brand and product fit; 2) An Impact vs Feasibility matrix to assess the initiatives that provide higher value to customers. This assessment can be seen in Appendix 10.

### 2.4. Concerns and Limitations

While assessing the recommendations and initiatives proposed, several concerns and limitations of the project must be taken into account. Firstly, the research analysis on trends impacting the telecom industry was primarily conducted on a global perspective due to lack of relevant data regarding the Australian market. Therefore, the results of this analysis might be partially biased towards the Australian reality. Secondly, the initiatives proposed did not include a financial analysis; consequently, it’s viability and ROI must be evaluated before implementation. It is also critical to mention that several initiatives recommended were thought and developed to increase brand loyalty and strengthen the Virgin community in Australia, however, this do not translate into short-term profits to the firm. Finally, it’s important to outline that the success of several initiatives proposed is correlated with the level of engagement by Virgin’s customers, which was not evaluated due to the lack of resources and time constraints of the project.

### 2.5. Individual Contribution

After the formation of the business project team, the group organized a kick-off meeting to establish individual and collective objectives for the project. In this meeting, group roles were allocated and I assumed the role of project manager. This position proved pivotal throughout the
life cycle of the project. As the project manager, I had an important role developing the strong dynamics of the group as well as planning and organizing key milestones and tasks. My primary duty was to manage the research, plan and ensure that all team members were comfortable with their allocated tasks. Consequently, I was responsible to follow-up with my colleagues and keep track of the progress in order to stay on schedule. In order to do so, I suggested the implementation of a project management tool that I had used previously called Trello. The group agreed that this platform would add value to the project as it facilitates internal communications and allows for greater collaboration and organization. I was also responsible to draw the structure of our academic report, which was discussed and approved by the academic supervisor.

Regarding the team dynamics, an important contribution to highlight is conflict management. Due to the creative nature of our project, we conducted long brainstorm sessions and group meetings. Occasionally, people became very passionate about their ideas and about doing things the way they feel was most appropriate. This often led to conflict and discussions and created tensions in the team. I was able to balance opposite opinions, bridge discussions and find common places, which proved to be beneficial for the positive progression of the group. Maintaining an optimistic posture and reminding my colleagues of the big picture was instrumental to ensure performance on the rough days.

Concerning my individual contribution to the project, I was responsible for evaluating the impact of the increase in mobile data traffic in the telecom industry mainly through secondary research. In addition, as I was the member with more advanced Microsoft Excel experience, I helped my colleagues to conduct the industry analysis by analysing the data provided by the company. Lastly, I was responsible to assemble the final recommendations given to the client, which proved to be one of the most challenging aspects of the project.
3. Academic Discussion

3.1. Possible links with Master in Management

The main objective of the business project was to analyse how the increase of mobile data traffic is shaping the telecom industry and provide a short-term strategy for the company. However, a different approach to the project could be taken in order to study how the industry will evolve in the long term. Particularly, an alternative method could be the development of a scenario planning analysis for the industry. Research suggests that scenario planning allows organizations to better prepare for the future and improves firm’s decision-making processes (Schwartz, 2012). This section of the report provides an overview in the scenario planning literature and its potential contributions to the competitiveness of firms.

3.2. Relevant theories and empirical studies

Today’s business world is characterized by high levels of uncertainty and change. The rapid pace of change in business environment requires enterprises to quickly learn and adapt to the new circumstances (McCallum, 2001). Academics argue that the ability to learn faster than competitors may be the only source of sustainable competitive advantage (Geus, 1998). Consequently, it becomes fundamental that companies understand the new trends disrupting their industries in order to deal with uncertainties and rapidly adapt when major changes occur. In the last decade, several researchers have been devoted to understand the benefits of scenario planning implementation to help business leaders and organizations to better prepare for the future.

Scenario planning is a strategic planning method, originally introduced for military purposes, that stimulates creative thinking and allows organizations to make flexible long-term plans (Garvin,
Michael Porter described scenarios as: “an internally consistent view of what the future might turn out to be – not a forecast, but one possible future outcome” (Chermak, 2011). As explained by Porter, scenarios do not attempt to provide an accurate description of the future. Their role is to challenge paradigms of thinking by recognizing driving forces that might shape industries and draw multiple possibilities of what decisions can be made for each scenario (Garvin, 2006).

A typical scenario planning development requires 15 to 30 participants and involves diverse stakeholders in an organization – managers, customers, suppliers, academics and industry experts (Heidjen, 2003). The exercise entails a solid research component in order to understand what trends are likely to change the industry. According to Wilkinson, these trends or driving forces can be categorized as: social dynamics (e.g. changes in demographics, consumer expectations, social values); economic issues (e.g. fluctuations in exchange rates, labour force, industry structure); political affairs (e.g. changes in regulation, tax legislation, legal environment); technology (e.g. new software or hardware, development of new devices and applications) (Wilkinson, 2012).

Participants must agree on the two most critical driving forces, by ranking them according to level of uncertainty and impact to the industry, and combine them in a 2x2 matrix with four possible scenarios of the future. For each of the scenarios, a narrative of how the future may look like must be written as well as the implications to strategy and critical decisions to be made. Finally, a list of early warning signals must be included in order to help business leaders identifying the emergence of one scenario or another (Garvin, 2006).

A vast number of articles explain the advantages of using scenario planning to improve firm’s decision-making. Generally, there is an academic consensus that the benefits are not directly linked with the final outcomes of the exercise but rather on the processes carried out and the
learnings acquired by participants. Heidjen argues that managers are mostly focused on day-to-day operations and strategic planning works as a tool that allows them to move away from the routine by challenging their way of thinking and expanding their horizons beyond the short term (Heidjen, 2003). In addition, Wack advocates that through scenario thinking managers gain confidence when dealing with uncertainties by acquiring the ability to re-perceive reality (Wack, 1985). In line with Wack, Miller and Waller argue that the perception of possible futures helps business leaders to generate strategies that reduce risks, take advantage of opportunities and avoid potential future threats (Miller and Waller, 2003). On a different note, Garvin claims that scenario planning diverges from traditional strategic theory by interpreting several possibilities to the future instead of focusing on one single uncertainty; consequently, the tool is particularly beneficial in business environments that are more prone to ambiguities and change (Garvin, 2006).

3.3. Implications for theory and future research

The current literature on scenario planning includes several articles exploring its concept and advantages for companies. However, there is a lack of literature regarding the effects of this method towards corporate performance. Future research on the impact of strategic planning exercises to companies’ financial performance must be undertaken in order to acquire a broader view on the benefits of this approach. In addition, most of the best practices reports and examples encountered study the effects of strategic planning to large/multinational firms. Therefore, additional research on how SME’s can implement strategic thinking in their strategy must be explored.
4. Reflection

4.1. Personal Experience

The business project was an extremely valuable experience, combining a strong theoretical component with the practicality of a real business challenge. From a personal perspective, throughout the business project I became aware of several strengths and weaknesses that should be taken into account and improved in the future.

The first strength to be highlighted would be my leadership skills and the ability to effectively plan and organize the project. I believe that throughout the project, I was involved in all the decision-making processes and was able to guide and motivate my colleagues to provide value to the client. Due to the cross-cultural nature of the project, my teamwork work skills proved to be one my key strengths. I played an important role developing the collaborative atmosphere within the team by always encouraging my colleagues to express their views and proactively listen to their opinions and thoughts. This was particularly important to integrate some colleagues in the group dynamics. I always maintained an optimistic and confident posture during the project, which was important to overcome certain challenges encountered on the way. Lastly, I proved to be an effective communicator both within the team as well as with the client and academic supervisor.

On the other hand, personal limitations also emerged. Particularly, my lack of PowerPoint skills became evident in the last week of the project while preparing our final presentation. It was clear that my colleagues were much more comfortable working with that tool, therefore, I was more focused on the final report rather than on the presentation slides. Consequently, a PowerPoint course must be a priority as this is a useful tool for the future. In addition, one leadership
weakness I’m aware of is that I’m overly direct when providing feedback to my colleagues. Given that this project involved working in a culturally diverse environment, I took extra care when providing negative feedback to my colleague’s work. Particularly, as English was not the native language of any group member, it was important to structure the feedback in a positive way in order to keep a good environment in the group. I observed that this was particularly important when collaborating with colleagues who are unfamiliar with western business practices. I believe that the project was a valuable experience as it allowed me to work on this weakness and gain a greater insight on how to give feedback. In the future, I must continue to make an extra effort to provide negative feedback in a positive way, independently of the diverse nature of the group.

4.2. Benefit of hindsight

I’m convinced that team managed to deliver value to the client, by combining a strong research component with feasible solutions to improve customer acquisition and profitability. Personally, the aspect of the project that provided me with most value was the discovery of a fast-moving and dynamic industry and the possibility to work with Virgin Mobile, an innovative company with exceptional culture and values.

Regarding what could have been done differently, planning more regular meetings with the client would have been beneficial in order to receive greater feedback during the life cycle of the project. The contact person was a new manager at the company and had limited resources and time constraints, which proved to be a barrier to the group. From a group dynamics perspective, time management should have been improved as the group went over the allocated time in several meetings, which was detrimental to the group efficiency and productivity.
5. References


Chermak, T., 2011, A Review on Scenario Planning Literature, Futures Research


Virgin, 2015, Introducing the Attacking Vodafone Toolkit, Virgin Mobile.


Heidjen, K., 2003, First steps: Towards Purposeful Activities in Scenario Thinking and Future Studies, Futures Research


6. Appendix

Appendix 1 – Smartphones Subscription per region 2015-2021

Source: Ericson Mobility Report, 2015

Appendix 2 – Smartphone Data traffic per region

Source: Ericson Mobility Report, 2015
Appendix 3 – Mobile data traffic by application type

In 2015, video accounted for around 50% of mobile data traffic.

Almost 70% of all mobile data traffic will be from video by 2021. It will grow by 55% annually during this period.

15% of mobile data traffic in 2015 came from social networking.

Source: Ericson Mobility Report, 2015
### Appendix 4 – Companies’ Customer Profiles

<table>
<thead>
<tr>
<th></th>
<th>Telstra</th>
<th>Optus</th>
<th>Vodafone</th>
<th>Virgin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>Average customer age is 49 years (&gt;$40%$ of customers older than 55 years old)</td>
<td>Average customer age is 46 years</td>
<td>Average customer age is 39 years old.</td>
<td>Average customer age is 42 years old.</td>
</tr>
<tr>
<td><strong>Situation</strong></td>
<td>Lives in a household with at least 2 persons and is married</td>
<td>The great majority lives in young families or in a relationship.</td>
<td>The great majority lives in young families or in a relationship.</td>
<td>The great majority lives in young families or in a relationship.</td>
</tr>
<tr>
<td><strong>Contract length &amp; average monthly spend</strong></td>
<td>64% of post-paid customers have a contract of more than 5 years and a monthly average spend on mobile services of about 79AUD</td>
<td>The average customer has a contract of 5 years or more and spends on average 66AUD per month.</td>
<td>The average customer has a contract between 1 and 3 years and spends on average 44AUD per month.</td>
<td>The average customer has a contract between 1 and 3 years and spends on average 51AUD per month.</td>
</tr>
<tr>
<td><strong>Satisfaction</strong></td>
<td>73% of customers consider themselves satisfied with the service provider, particularly with the quality of the network coverage; only 7% of customers consider to switch provider</td>
<td>Beats Telstra with higher overall customer satisfaction of about 78%; (especially satisfaction to the ratio of plan inclusion per price of 77%). Total likelihood of customers to switch provider is 12%</td>
<td>Despite of the overall satisfaction rate of 73%, Vodafone has the customer base which is most likely to consider a switch of provider in the next years: 18% of their post-paid clients.</td>
<td>An extremely satisfied customer base, 85% of current customers consider themselves satisfied with the service, particularly with the value for money of the deals and customer service. 13% of the clients consider switching provider in the future.</td>
</tr>
</tbody>
</table>

Source: Virgin Forethought, 2016
Appendix 5 – Positioning map for the Australian data market
Appendix 6 - Evaluating Market Gaps in Data Positionings

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
</table>
| 1 | - No brand match  
   | - No match with target customer’s needs |
| 2 | - Hard to thrive in against big players  
   | - Cannibalizing Optus |
| 3 | + Least effort  
   | + Brand match  
   | - Offering not differentiated enough |
| 4 | + Match with target customer’s needs  
   | - Brand positioning not appealing enough |
| 5 | + Unique positioning  
   | + Brand match  
   | + Match with target customer mindset |
Appendix 7 - Recommended Initiatives for Product Offerings

Initiative #1 – Unlimited Data, Limited Speed

As mobile data traffic is moving towards incredibly high volumes of data, some telecom companies are taking a different approach to price data. In Finland, an extremely developed telecom market, providers such as Elisa and DNA are offering unlimited amounts of data to consumers and pricing the speed of their Internet connection. As speed becomes increasingly important to consumers, this innovative pricing model may results in a solid revenue stream. Additionally, this pricing model might be advantageous in order to avoid data congestion during peak hours and assure a reliable and fast connection to different types of users.

STORY#1 – UNLIMITED DATA, LIMITED SPEED ALLOW USERS TO ENJOY UNLIMITED AMOUNTS OF DATA
Initiative #2 – Air Data

In recent years, several airlines companies, including Virgin Australia, are providing in-flight broadband services to their customers. By partnering up with the brother brand Virgin Australia, Virgin Mobile could offer a unique and pioneering data feature by including free “air data” on Virgin’s airplanes in their post-paid plans. Besides the distinctive and innovative aspect of the initiative, the company would strengthen the link with other Virgin ventures.

STORY#2 – AIR DATA
CONNECTED ANYTIME, ANYWHERE

FREE DATA ON VIRGIN’S PLANES
LINK TO VIRGIN MASTER BRAND
Initiative #3 – Watch More, Consume Less

Today, video watching accounts for 55% of mobile data traffic on tablets, against 43% for smartphones (Ericsson, 2015). In order to change consumer behaviour and encourage video streaming usage on mobile, Virgin must reward heavy data users. The idea is simple: “The more you watch, the less you consume”. By partnering up with video producers and streaming platforms such as Netflix, Virgin could compensate users with data bonuses through small quizzes after an episode or movie. Additionally, the monthly/yearly user who answered more quizzes correctly would be rewarded with an exclusive access to other Virgin brands in order to do his dream holidays. This strategy will increase brand awareness, encourage video consumption on mobile and provide customers with unique interactions while watching their favourite shows.
Appendix 8 - Recommended Initiatives for Service Delivery

Initiative #4 – Skype Your Data Expert

While digital customer interactions became increasingly common in recent years, research shows that face-to-face interactions continue to be more efficient. In fact, 2/3 of online customers visit offline stores before or after purchasing (Deloitte, 2015). Moreover, many consumers find online channels impersonal and prefer a two-way conversation. That being said, providing customer interactions through live video on mobile would allow consumers to have a face-to-face interaction with the company without the need to move to a physical store. This initiative would give customers the convenience they want while assuring a successful resolution of their problems. (WDS, 2015)
Initiative #5 – Virtual Virgin Community

Online forums are great places to answer customer’s uncertainties and questions about the product and services. Moreover, they provide consumers with 24/7 content that help them solving their problems. Despite having an active online forum, most of the content and answers in the Virgin forum are provided by the company’s employees. Virgin should strongly encourage other customers to participate in the forum by rewarding them through data bonuses and other perks. Building a strong online community, where customers helps each other to find the information they need, will create a great sense of belonging, boost customer retention and emphasize the digital facet of the brand.

STORY#5 – VIRTUAL VIRGIN COMMUNITY
ENCOURAGE USERS TO SUPPORT EACH OTHER ONLINE

VIRTUAL VIRGIN COMMUNITY

✦ MODERATE DEBATE
✦ REWARD WITH DATA BONUS
Initiative #6 - Wow Deliveries

When used properly, guerilla marketing can be a very powerful promotional tool. In order to incentivize customer to purchase online instead of in store, Virgin could consider special deliveries. Following the success of Uber’s puppy day for instance, Virgin could consider delivering online-purchased SIM cards with pets for a day. SIM cards could also be delivered in person by a celebrity for instance. These special deliveries would leverage the Virgin coolness, raise awareness about online channels and encourage customers to shift to digital retailing.

STORY#6 – WOW DELIVERIES
SHOWCASE VIRGIN’S VIBRANT VALUES

UNEXPECTED
SIM CARD DELIVERY
IF YOU ORDER ONLINE
Appendix 9 - Recommended Initiatives for Communication

Initiative #7 - Garage Sale

Based on the growing trend of sharing economies and the concept of data gifting, this idea is simple: exchange unused data for unused second hand products. Creating a Virgin marketplace app with a Tinder-like interface could be a fun and interactive way for Virgin to create such a platform. Individuals seeking to buy data and give away second hand products would set up a profile and upload pictures of the unused items. Virgin users seeking to give away unused data would be able swipe through the different product offerings to select their favourite one. Such a platform would strengthen the Virgin community and build on the idea of “fairness” as users would be able to get the most out of their purchased data, consumed or not. It also stresses the disruptive and wow character of the company.
Initiative #8 - Friends With Benefits

Following up on the trends mentioned in the previous story, this idea revolves around exchanging data against your friend’s time. Any Virgin user could send a “distress signal” to his Virgin contacts, asking for a top up. If a friend, let’s call him Leo, decides to accept and gives Tim 1GB, Tim will receive a message saying “Tom topped you up! How are you going to thank him?” with a list of options. Leveraging on Virgin lover’s interests and preferred activities, the options could be a) take Leo to the movies and receive free popcorn, b) take Leo to Devon’s Cafe and receive one free coffee, c) take Leo to Via Napoli and receive a free bottle of wine. Upon agreement on one option, Tim and Leo will receive a common voucher with both names via email that they would have to use together within a month. The idea behind this platform would be to allow Virgin Mobile to become part of its customer’s life and convert them from satisfied users to Virgin Lovers.

STORY#8 – FRIENDS WITH BENEFITS
GIVE DATA AND SPEND TIME WITH YOUR FRIENDS
When a major tragedy occurs, most individuals wish to help, but not everyone knows where to give to have a real impact. What if Virgin customer’s data could make a difference? Virgin Mobile could react to a major event by creating a data poll and offering help/donations in exchange for users’ data. Virgin customers could simply give away 1GB of data on the Virgin App. Virgin would then convert each GB into a $10 donation, up to a certain limit, given to a cause on behalf of Virgin customers. This use of resources would once again strengthen the Virgin community and leverage on the Virgin’s fervent environmentalist values.
Appendix 10 – Recommendations Assessment

11.1 – Virgin’s internal framework

<table>
<thead>
<tr>
<th>Idea</th>
<th>People</th>
<th>Profit</th>
<th>Planet</th>
<th>Brand Fit</th>
<th>Product Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited data, limited speed</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Air data</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Watch more, consumes less</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>Skype your data expert</td>
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<td>✔️</td>
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<td>✔️</td>
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<tr>
<td>Virtual Virgin Community</td>
<td>✔️</td>
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<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Wow deliveries</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Garage sale</td>
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<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Friends with benefits</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Sharing is caring</td>
<td>✔️</td>
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</tbody>
</table>

11.2 – Impact vs Feasibility Matrix

![Impact vs Feasibility Matrix Diagram]

**Impact**
- High
- Low

**Feasibility**
- High
- Low

**Time to Implement**
- Short term
- Medium term
- Long term