CHAPTER – 3

3.1 VODAFONE IN INDIAN SCENARIO

Vodafone is the world’s largest mobile telecommunications community, employing over 65,000 staff and with over 130 million customers. The business operates in 26 countries worldwide.

Vodafone is a public limited company with listings on the London and New York stock exchanges. Global recognition of the Vodafone brand is growing as the company rolls out its identity into new markets. However, it retains local names and imagery in markets where this is essential to maintaining the trust of customers. To help promote its image worldwide, Vodafone uses leading sports stars from high profile global sports, including David Beckham and Michael Schumacher.

3.1.1 History of Vodafone in India

Vodafone India is a member of the Vodafone Group and commenced operations in 1994 when its predecessor Hutchison Max acquired the cellular license for Mumbai. The company has operations across the country serving over 150 million customers. Vodafone India has firmly established a strong position within the Vodafone Group to, becoming the largest subscriber base globally. This journey is a strong testimony of Vodafone’s success in a highly competitive and price sensitive market. Vodafone India in its long-term commitment to India has been providing innovative, customer friendly and reliable products and services by continuously differentiating itself with a strong brand, best quality network, unique distribution and great customer service. For this contribution, the company has been receiving several awards and recognition across different segments.

At Vodafone, sustainability is an integral part of the company’s mission and strategy, shaping the conduct of business every day. Since 2011, in line with its Group
philosophy, Vodafone India became the first telecom operator in India to release an annual Corporate Sustainability Report for India – Footprints. Vodafone India was awarded the ‘Green Telecom Company of the Year’ at the Telecom Leadership Awards 2012 by a renowned media group recently and has also been awarded the prestigious “Golden Peacock Award” for corporate social responsibility for 2012 and for Innovation in Product/Service in Telecom category for 2013.

Vodafone Group is one of the world's largest mobile communications companies with over 408 million customers as on March 31, 2013. Vodafone currently has equity interests in over 30 countries across five continents and more than 40 partner networks worldwide.

Vodafone India Limited, formerly Vodafone Essar Limited, is the second largest mobile network operator in India after Airtel and Reliance Communication by subscriber base. It is based in Mumbai, Maharashtra. It has approximately 147.48 million customers as of December 2012.

In July 2011, Vodafone Group agreed terms for the buy-out of its partner Essar from its Indian mobile phone business. The UK firm paid $5.46 billion to its Indian counterpart to take Essar out of its 33% stake in the Indian subsidiary. It will leave Vodafone owning 74% of the Indian business, while the other 26% will be owned by Indian investors, in compliance with Indian law. On 11 February 2007, Vodafone agreed to acquire the controlling interest of 67% held by Li Ka Shing Holdings in Hutch-Essar for US$11.1 billion, piping Reliance Communications, Hinduja Group, and Essar Group, which is the owner of the remaining 33%. The whole company was valued at USD 18.8 billion. The transaction closed on 8 May 2007. It offers both prepaid and postpaid GSM cellular phone coverage throughout India with good presence in the metros.

Vodafone India provides 2.75G services based on 900 MHz and 1800 MHz digital GSM technology. Vodafone India launched 3G services in the
country in the January–March quarter of 2011 and plans to spend up to $500 million within two years on its 3G networks.

**Vodafone acquires Essar's Stake**

In 2007, Vodafone granted options to Essar that would enable the conglomerate to sell its entire stake for USD5bn, or to dispose of part of the 33 per cent shareholding at an independently appraised fair market value. In January 2011, Vodafone objected to Essar’s plans to place part of its 33% stake in India Securities, a small public company. Vodafone feared the move would give an inflated market value to Vodafone Essar. It had approached the market regulator SEBI and also filed a petition in the Madras High Court.

The final shareholding pattern post this deal was not provided by the company as it was not clear whether Vodafone's stake would exceed the 74 per cent FDI limit. Indian laws don't allow foreign companies to own more than 74% in a local mobile-phone operator. Vodafone has assured it will comply with local rules. Vodafone will have to sell that 1% to some Indian entity, or they will have to consider an initial public offering. Vodafone also said that final settlement is anticipated to be completed by November 2011. The completion of the deal would be subject to meeting certain conditions which includes Reserve Bank of India's permission as well as valuation of the deal.

On March 31, 2011, Vodafone Group Plc announced that it would buy an additional 33% stake in its Indian joint venture for USD5 billion after partner Essar Group exercised an option to sell the holding in the mobile-phone operator. The deal raised Vodafone’s stake to 75%. Essar left the company after it implemented a put option over 22% of the venture. Vodafone exercised its call option to buy an 11% stake.
3.1.2 Vodafone Market Share In India

Table 3.1: Vodafone Market Share In India

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Total Sub Figures</th>
<th>Additions in Jan 2013</th>
<th>% Market Share</th>
<th>% Growth over previous month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharati Airtel</td>
<td>176, 954, 165</td>
<td>1301349</td>
<td>27.30%</td>
<td>0.55%</td>
</tr>
<tr>
<td>Vodafone Essar</td>
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<td>855349</td>
<td>22.93%</td>
<td>0.58%</td>
</tr>
<tr>
<td>Idea</td>
<td>108127280</td>
<td>1747169</td>
<td>16.68%</td>
<td>1.64%</td>
</tr>
<tr>
<td>BSNL</td>
<td>93426223</td>
<td>860846</td>
<td>14.42%</td>
<td>0.93%</td>
</tr>
<tr>
<td>Aircel</td>
<td>62462121</td>
<td>817710</td>
<td>9.64%</td>
<td>1.33%</td>
</tr>
<tr>
<td>Uninor</td>
<td>38798376</td>
<td>2491511</td>
<td>5.99%</td>
<td>6.86%</td>
</tr>
<tr>
<td>Videocon</td>
<td>5848729</td>
<td>405846</td>
<td>0.90%</td>
<td>7.46%</td>
</tr>
<tr>
<td>MTNL</td>
<td>5492222</td>
<td>50180</td>
<td>0.85%</td>
<td>0.92%</td>
</tr>
<tr>
<td>Stel</td>
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<td>-119093</td>
<td>0.53%</td>
<td>-3.36%</td>
</tr>
<tr>
<td>Loop Mobile</td>
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<td>10395</td>
<td>0.50%</td>
<td>0.32%</td>
</tr>
<tr>
<td>Etisalat</td>
<td>1692673</td>
<td>22587</td>
<td>0.26%</td>
<td>1.35%</td>
</tr>
<tr>
<td>All India</td>
<td>648080958</td>
<td>8443849</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

3.1.3 Vodafone 3G in India

On 19 May 2010, the 3G spectrum auction in India ended. Vodafone paid ₹11617.86 million (the second highest amount in the auctions) for spectrum in 9 circles. The circles it will provide 3G in Delhi, Gujarat, Haryana, Kolkata, Maharashtra & Goa, Mumbai, Tamil Nadu, Uttar Pradesh (East) and West Bengal.

On 16 March 2011, Vodafone launched 3G services in Uttar Pradesh (East) in the city of Lucknow. Vodafone had already launched limited 3G services in Chennai and Delhi earlier, but the Uttar Pradesh (East) launch counts as its first fully commercial launch. This makes Vodafone the fifth private operator (seventh overall) to launch its 3G services in the country following Tata Docomo, Reliance Communications, Airtel and Aircel.

On 23 June 2011 Vodafone launched 3G service in Kerala by joining with Idea in an Intra Circle Roaming agreement. Initially Vodafone 3G services will be available in the following cities in Kerala – Ernakulam, Aluva, Calicut,
Koyilandy, Alappuzha, Cherthala, Malappuram and Manjeri. On 28 June 2012, Vodafone launched a new international roaming package under which the users shall have not to pay multiple rentals in the countries they are visiting.

- **Angel stores**

  Vodafone Angel Store is a first of its kind retail concept store, that is completely managed and run by women employees, including security, pantry staff, customer service resources and management level personnel. As of 3rd September 2013, there are 16 Vodafone Angel Stores across 14 states of India. Stores are currently operating in Agra, Ahmedabad, Bhubaneswar, Chennai, Delhi, Goa, Haryana, Hyderabad, Jaipur, Kerala, Kolkata, Lucknow, Mumbai, Mysore, Pune, Shillong, Vadodara and Rajkot.

  According to Marten Pieters, Managing Director and CEO, Vodafone India, "The Angel Stores are a part of Vodafone’s commitment to provide our women employees with one of the most secure and productive work environment. Additionally, our women customers feel more welcomed while visiting the store. Vodafone's own research and customer feedback revealed that the Angel Stores help improve the quality of customer service as women generally show greater patience and empathy than men, and are able to act and help in speedy resolution. Vodafone also found that higher productivity and performance parameters recorded in Angel Stores, across locations.

### 3.2 Vodafone India subscriber base.

**Table 3.2: Following is the Vodafone India subscriber base statistics as on January, 2013.**

<table>
<thead>
<tr>
<th>Subscriber Base Statistics as on January, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Telecom Circle</strong></td>
</tr>
<tr>
<td>Gujarat</td>
</tr>
<tr>
<td>Telecom Circle</td>
</tr>
<tr>
<td>------------------------------------</td>
</tr>
<tr>
<td>Uttar Pradesh(East)</td>
</tr>
<tr>
<td>Maharashtra</td>
</tr>
<tr>
<td>West Bengal</td>
</tr>
<tr>
<td>Tamil Nadu</td>
</tr>
<tr>
<td>Rajasthan</td>
</tr>
<tr>
<td>Uttar Pradesh(West)</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
</tr>
<tr>
<td>Delhi</td>
</tr>
<tr>
<td>Goa</td>
</tr>
<tr>
<td>Karnataka</td>
</tr>
<tr>
<td>Kerala</td>
</tr>
<tr>
<td>Bihar</td>
</tr>
</tbody>
</table>

Total number of Vodafone India Subscribers: **141,519,840**, i.e. **21.54%** of the total **657,158,013** Indian mobile phone subscribers.

### 3.2.1 Essentials of Marketing

The world is a global market with few barriers, so Vodafone has to be highly visible as ‘the brand to buy’. Effective marketing is the key to this high
visibility. Marketing involves anticipating customers’ needs and finding the right product or service to meet those needs, thereby encouraging high sales levels. Vodafone goes further by looking to impress on its customers not merely what its products are i.e. features, but also what they can increasingly do i.e., benefits. This involves effective communication. There is a slowdown in sales of mobile handsets, in some markets like the UK, as the mature part of the product lifecycle is reached. Customers are exposed to a barrage of different images and messages by mobile phone companies, as the competition gets tougher. Vodafone appeals to new customers and aims to keep its existing ones by emphasizing the uniqueness of the brand.

Vodafone’s aim is to grow its revenue and improve its profit margin by adding value to its products and services i.e. earning more from each product sold. The ‘Vodafone live!’ service enables customers to use picture messaging and to download polyphonic ring tones, colour games, images and information, through an icon-driven menu.

This service will soon be further enhanced by picture messaging libraries, video clips and video telephony (seeing the person calling) and improving download speeds. Another service is the Vodafone Mobile Connect Card, which enables customers to access their normal business applications on a laptop when out of the office. Such services add value to the product, and high profile effective promotion will help sell these services to existing and new customers.

3.3 Vodafone’s Marketing Mix

A longer term marketing strategy is underpinned by careful planning and a successful marketing mix. The marketing mix is a combination of many features that can be represented by the four Ps.
Figure 3.1: Vodafone’s Marketing Mix
- product - features and benefits of a good or service
- place - where the good or service can be bought
- price - the cost of a good or service
- promotion - how customers are made aware of a good or service.

**Product**

A product with many different features provides customers with opportunities to chat, play games, send and receive pictures, change ring tones, receive information about travel and sporting events, obtain billing information - and soon view video clips and send video messages.

- Vodafone live! provides on-the-move information services

**Place**

- Vodafone UK operates over 300 of its own stores.
- It also sells through independent retailers e.g. Carphone Warehouse.
- Customers are able to see and handle products they are considering buying.
- People are on hand to ensure customers’ needs are matched with the right product and to explain the different options available.

**Price**

- Vodafone wants to make its services accessible to as many people as possible: from the young, through apprentices and high powered business executives, to the more mature users.
- It offers various pricing structures to suit different customer groups.
- Monthly price plans are available as well as prepay options. Phone users can top up their phone on line.
- Vodafone UK gives NECTAR reward points for every £1 spent on calls, text messages, picture messages and ring tones.
Promotion

Vodafone works with icons such as David Beckham to communicate its brand values.

- Advertising on TV, on billboards, in magazines and in other media outlets reaches large audiences and spreads the brand image and the message very effectively. This is known as above the line promotion.
- Stores have special offers, promotions and point of sale posters to attract those inside the stores to buy.
- Vodafone’s stores, its products and its staff all project the brand image.
- Vodafone actively develops good public relations by sending press releases to national newspapers and magazines to explain new products and ideas.

3.4 Success Story Of Marketing Campaigns In India

- Zoo zoos
- BlackBerry Boys
- Pug (network campaign)
- Chota Recharge
- Delights
- Made for You offers
- Vodafone Internet Campaign IPL

3.4.1 Vodafone Zoo zoos

IPL Season 2 saw the birth of the Zoo zoo for Vodafone: eggshell like characters created to tell a new value-added service story each time. In 2008, Vodafone had unveiled the ‘Happy to Help’ series during the first season of the Indian Premier League (IPL). With the launch of the second season, Vodafone had given birth to the Zoozoo: a special character created specifically to convey a value added service (VAS) offering in each of the newly released commercials.
There were some 25 such commercials planned under this campaign. The aim was to release approximately one ad a day, to sustain interest till the end of the IPL.

Media spends and visibility for brands peak during the IPL, so Vodafone obviously wanted a piece of the pie. Further, the brand was in need of an idea that would work doubly hard, as it was planning to spend some four months’ worth of marketing monies in one month.

Vodafone briefed its agency, Ogilvy India, to create uncommon characters – a common thread to link the ads in the campaign together. Ogilvy experimented with several characters and finally took its love for the term ‘egghead’ one step too far, creating characters that don the colour white with black dots for eyes and a mouth, have heads resembling eggs, and disproportionately thin bodies.

The Zoo zoo idea was conceived by Rajiv Rao. He was also the mind behind the story lines and the name. The ads were shot by Prakash Varma and produced by Nirvana Films within a record time of 10 days. The pre-production work happened within a month and cost around 3 crore rupees. The creatures were then given a characterization: they are to lead simple lives, speak a language of their own (something that sounds like gibberish), move in a certain way, and even emote like human beings, with big frowns or big grins to do the trick. The execution was almost like emoticons.

After a brief break, the Zoozoos were back on Indian television with a new set of ads during the IPL 2013. Only this time, they were accompanied by a new set of characters called the Zumi Zumis. Vodafone’s Zoozoo ads were a hit among the Indian audience. This can be gauged from the huge fan following on social networking sites such as Facebook and Twitter. There are more than 200 pages on Zoozoos having over 250000 fans, growing daily. The ads were also
viewed by millions of people on YouTube. It is history what the Zoozoos have
done for the brand. Most importantly, it made the brand a little more playful, a
little less serious, a little less emotional and a little more fun.

3.4.2 BlackBerry Boys

In September 2010, Vodafone India, in an endeavor to take the benefits of
Blackberry services mainstream and reach out to its young and upwardly mobile
audience, had successfully launched a campaign featuring the 'Blackberry Boys'.

Conceptualized by Ogilvy India, the television commercial showed five
men in suits, singing about how, being business people, they are distinct and
superior from the rest and make smart use of their BlackBerry phones. Their
song takes a twist when casually dressed youngsters join in and sing about the
cool stuff that they do with their BlackBerry phones. The jingle was widely
appreciated and the advertisement did a good job in bringing down the notion
that BlackBerry phones are meant only for the executive world.

The BlackBerry boys returned in 2012 with their second commercial
which talked about how they are no longer the 'BlackBerry Boys' because the
youth uses BBM service for various purposes, right from sharing pictures to
music and many more, which takes them beyond the world of chatting. The advertisement was shot in a manner that gave the impression of a 'boy-band'
music video and was backed by the song, 'They are the BlackBerry Boys'.

3.4.3 Network ads with the Pug

"You & I" was an advertising campaign of Vodafone India which aimed
at establishing the superior network provided by the company. The ads featured a
child actor Jayaram along with a pug named Cheeka. The dog follows the boy in
unlikely locations, prompting the tagline, "Wherever you go, our network follows." The duo first appeared on TV, billboards, newspapers and bus shelters
in 2003 and became instant celebrities all over India. The campaign was created by Mahesh V. and Rajeev Rao, Senior Creative Directors at Ogilvy & Mather, Mumbai.

The television ad was the first to be shot, a 60-second sequence in lush green Goa. The role of the boy was played by Jayaram, an eight-year-old who had already starred in four other ads. Cheeka was suggested for the role by an assistant at Nirvana Films, the makers of the advertisement. The campaign became a hit, and was soon followed by a print version for newspapers. The campaign was well received all over India.

3.4.4 Vodafone Delights

Vodafone launched Vodafone Delights in October 2011 that offered customers benefits on travel, lifestyle, dining and entertainment with other commercial establishments. These benefits could be availed by the customers by sending a SMS or dialing a USSD code. The Vodafone Delights commercials depicted a budding friendship between two schoolgirls who would go out of their way to treat the other. The jingle ‘Little things you do for me’ appreciated by every viewer and struck a chord especially with the youngsters.

Vodafone was back with their Vodafone Delights campaign in 2012 to promote new special offers including happy hours, gifts for consumers on their birthdays and on every visit to the 8,000 Vodafone Stores across the country. Vodafone also introduced discounted tariffs on calls and messaging between 2 pm and 4 pm every day.

The new advertisements showed a growing friendship between a young boy and an old man. The old man rewards the boy with gifts emerging from magic tricks each time the boy visits the old man's house. Ogilvy & Mather, which has been producing ad campaigns for the company for the past 10 years,
was given the mandate to develop a campaign that had the emotional resonance of the earlier campaign. This six-week long campaign was backed by full-scale media exposure on television, radio, print, outdoor, on ground, digital and online.

3.4.5 Made for You offers

The Vodafone 'Made For You campaign was launched in November 2012. It was a set of three commercials that were practically identical except for the situations that had been portrayed. The first television spot was set in a tailor's shop, the second at the barbershop and the third in a fitness centre. Together they created a montage of shots of people talking to the camera and providing detailed specifications about their needs in every situation.

The advertisement highlighted ‘121’, an IVR (Interactive Voice Response) based product offering that empowered customers to choose their best offers across products such as local, STD, SMS, VAS, data and thereby placed the power in the hands of the customers to decide what offer suited their unique requirements. The campaign was created to attract the SECTION B and C segment of customers that are price conscious and have a better affinity to IVR-based services.

3.4.6 Vodafone Internet Campaign IPL

After a brief break, the Zoozoos were back on Indian television with a new set of ads during the IPL2013. Only this time, they were accompanied by a new set of characters. These characters resembled the Zoo zoos in almost all aspects except their size and their distinctive helmets. Termed as the Mini Zoo zoos by many, these characters did not have any official name.

The name Vodafone comes from voice data fone, chosen by the company to "reflect the provision of voice and data services over mobile phones".
3.5 Various Group Of Vodafone And Its Airtouch PLC: 1991 To 2000

On 16 September 1991, Racal Telecom was demerged from Racal Electronics as Vodafone Group, with Gerry Whyn as its CEO.

In July 1996, Vodafone acquired the two thirds of Talk land it did not already own for £30.6 million. On 19 November 1996, in a defensive move, Vodafone purchased Peoples Phone for £77 million, a 181 store chain whose customers were overwhelmingly using Vodafone's network. In a similar move the company acquired the 80% of Astec Communications that it did not own, a service provider with 21 stores.

In January 1997, Gerald Whent retired and Christopher Gent took over as the CEO. The same year, Vodafone introduced its Speechmark logo, composed of a quotation mark in a circle, with the O's in the Vodafone logotype representing opening and closing quotation marks and suggesting conversation.

On 29 June 1999, Vodafone completed its purchase of AirTouch Communications, Inc. and changed its name to Vodafone Airtouch plc. The merged company commenced trading on 30 June 1999. In order to gain anti-trust approval for the merger, Vodafone sold its 17.2% stake in E-Plus Mobilfunk. The acquisition gave Vodafone a 35% share of Mannesmann, owner of the largest German mobile network.

On 21 September 1999, Vodafone agreed to merge its U.S. wireless assets with those of Bell Atlantic Corp to form Verizon Wireless. The merger was completed on 4 April 2000, just a few months prior to Bell Atlantic's merger with GTE to form Verizon Communications, Inc.

In November 1999, Vodafone made an unsolicited bid for Mannesmann, which was rejected. Vodafone's interest in Mannesmann had been increased by the latter purchase of Orange, the UK mobile operator. Chris Gent would later
say Mannesmann's move into the UK broke a "gentleman's agreement" not to compete in each other's home territory. The hostile takeover provoked strong protest in Germany, and a "titanic struggle" which saw Mannesmann resists Vodafone's efforts. However, on 3 February 2000, the Mannesmann board agreed to an increased offer of £112 billion, then the largest corporate merger ever. The EU approved the merger in April 2000 when Vodafone agreed to divest the 'Orange' brand, which was acquired in May 2000 by France Télécom. The conglomerate was subsequently broken up and all manufacturing related operations sold off.

3.6 VODAFONE GROUP PLC: 2000 TO PRESENT

On 28 July 2000, the Company reverted to its former name, Vodafone Group plc. In 2001, the Company acquired Eircell, the largest wireless communications company in Ireland, from eircom. Eircell was subsequently rebranded as Vodafone Ireland. Vodafone then went on to acquire Japan's third-largest mobile operator J-Phone, which had introduced camera phones first in Japan.
On 17 December 2001, Vodafone introduced the concept of "Partner Networks", by signing TDC Mobil of Denmark. The new concept involved the introduction of Vodafone international services to the local market, without the need of investment by Vodafone. The concept would be used to extend the Vodafone brand and services into markets where it does not have stakes in local operators. Vodafone services would be marketed under the dual-brand scheme, where the Vodafone brand is added at the end of the local brand. (i.e., TDC Mobil-Vodafone etc.)

In 2007, Vodafone entered into a title sponsorship deal with the McLaren Formula One team, which has since traded as Vodafone McLaren Mercedes.

In May 2011, Vodafone Group Plc bought the rest of the shares of Vodafone Essar from Essar Group Ltd with value of $5 billion and became a solely owned of Vodafone Essar.

On 1 December 2011, it acquired the Reading based Bluefish Communications Ltd – an ICT consultancy company. The acquired operations formed the nucleus of a new Unified Communications and Collaboration practice within its subsidiary – Vodafone Global Enterprise, which will focus on implementing strategies and solutions in cloud computing, and strengthen its professional services offering.

In April 2012, Vodafone announced an agreement to acquire Cable & Wireless Worldwide (CWW) for £1.04 billion. Vodafone was advised by UBS AG, while Barclays and Rothschild advised Cable & Wireless. The acquisition will give Vodafone access to CWW’s fibre network for businesses, enabling it to take unified communications solutions to large enterprises in UK and globally; and expand its enterprise service offerings in emerging markets. On 18 June 2012, Cable & Wireless’ shareholders voted in favour of the Vodafone offer, exceeding the 75% of shares necessary for the deal to go ahead.
On 24 June 2013, Vodafone announced it would be buying German cable company Kabel Deutschland. The takeover is valued at €7.7 billion, and was recommended over the bid of rival Liberty Global.

On 2 September 2013, Vodafone announced it would be selling its 45% stake in Verizon Wireless to Verizon Communications for $130 billion, in one of the biggest deals in corporate history.

In October 2013, Vodafone began its rollout of 4G to provincial New Zealand, with the launch of the system in holiday hotspots around Coromandel.

3.7 VODAFONE GLOBAL ENTERPRISE

![Map of countries where Vodafone Global Enterprise has operations](image)

Figure. 3.3 A map showing the countries where Vodafone Global Enterprise has operations (coloured in red)

Vodafone Global Enterprise is the business services division, and a wholly owned subsidiary of Vodafone Group. It was established in April 2007 to provide telecommunications and information technology services to large corporations.
It offers integrated communication solutions in cloud computing, unified communications and collaboration. Its services include domestic and international voice and data, Machine to Machine services, mobile email, mobile broadband, managed services, mobile payment and mobile recording.

In December 2011, it acquired the Reading-based Bluefish Communications Ltd – an ICT consultancy company. The acquired operations will form the nucleus of a new Unified Communications and Collaboration practice within VGE, which will focus on implementing strategies and solutions in cloud computing, and strengthen its professional services offering.

It operates in over 65 countries, operated by its "Northern Europe" (based in London, United Kingdom), "Central Europe", "Southern Europe and Africa", "Asia Pacific & Sub-Saharan Africa" (based in Singapore) and "Americas" geographical divisions. VGE's major customers include Deutsche Post, The Linde Group, Unilever, and Volkswagen Group.

3.8 PRODUCTS AND SERVICES

![Figure. 3.4 Products and services](image)
A Vodafone shop selling a range of products in Leeds, England
Products promoted by the Group include Vodafone live!, Vodafone Mobile Connect USB Modem, Vodafone Connect to Friends, Vodafone Eurotraveller, Vodafone Freedom Packs, Vodafone at Home, Vodafone 710 and Amobee Media Systems.

In October 2009, it launched Vodafone 360, a new internet service for the mobile, PC and Mac. This was discontinued in December 2011 after disappointing hardware sales. This was after The Director of Internet Services resigned in September 2010 tweeting "5 days before I leave Vodafone. Freedom beckons." In February 2010, Vodafone launched world's cheapest mobile phone known as Vodafone 150, will sell for below $15 (£10) and is aimed at the developing world. It will initially be launched in India, Turkey and eight African countries including Lesotho, Kenya and Ghana.

- **Mobile money transfer services**

In March 2007, Safaricom, which is part owned by Vodafone and the leading mobile communication provider in Kenya, launched a mobile payment solution developed by Vodafone. M-PESA is aimed at mobile customers who do not have a bank account, typically because they do not have access to a bank or their income is insufficient to justify a bank account. The M-PESA system allows customers to deposit and withdraw cash via local agents, and transfer money to other mobile phone users via SMS.

By February 2008, the M-PESA money transfer system in Kenya had gained 1.6 million customers. By 2011 there were fourteen million M-Pesa accounts by which held 40 percent of the country’s savings. **Following M-PESA’s success in Kenya, Vodafone announced that it was to extend the service to Afghanistan. The service here was launched on the Roshan network under the brand M-Paisa with a different focus to the Kenyan service. M-Paisa was targeted as a vehicle for microfinance institutions' (MFI) loan disbursements**
and repayments, alongside business to business applications such as salary disbursement. The Afghanistan launch was followed in April 2008 by the announcement of further a further launch of M-PESA in Tanzania, South Africa and India.

In February 2012, Vodafone announced a worldwide partnership with Visa to introduce a Vodafone Mobile Wallet, initially in Germany, The Netherlands, Spain, Turkey and the UK. "The Vodafone mobile wallet represents the next stage of the smartphone revolution," says Vittorio Colao, Vodafone's group CEO. This will enable Vodafone subscribers to pay for goods and services using their mobile phones instead of coins and banknotes.

- **Mhealth services**

  In November 2009, Vodafone announced the creation of a new business unit focused on the emerging MHealth market (the application of mobile communications and network technologies to healthcare). One of its early success stories is with the Novartis-led "SMS for Life" project in Tanzania, for which Vodafone developed and deployed a text-message based system that enables all of the country’s 4,600 public health facilities to report their levels of anti-malarial medication, so that stock level data can be viewed centrally in real-time, enabling timely re-supply of stock. During the SMS for Life pilot, which covered 129 health facilities over six months, stock-outs dropped from 26% to 0.8%, saving thousands of lives.

  Vodafone has also been active in MHealth from a philanthropic perspective. The Vodafone Group Foundation is a founder member of the MHealth Alliance, supporting the adoption of MHealth through policy research and advocacy and the development of interoperable and sustainable MHealth solutions.
- **Vodafone Foundation**

  The Vodafone Foundation is a recognized charity which supports and initiates projects which use mobile technology to benefit the vulnerable. It is described by Vodafone as ‘Mobile for Good’, using mobile technology to support good causes. They often work in collaboration with other charitable groups. Below are some examples of their initiatives:

- **TECSOS** – mobile phones have been adapted to allow victims of domestic violence to activate immediate contact with the emergency services if they are in danger

- **Paediatric Epilepsy Remote Monitoring System** – a monitoring system that allows physicians to remotely make patient observations

- **Safe Taxi System** – an initiative in Portugal that consists of technology that taxi drivers can use to alert police if they are in danger of being assaulted

- **Learning with Vodafone Solution** – technology that allows teachers in India to use graphical and multi-media content to enhance their teaching

- **The World of Difference UK programme** - successful applicants choose charities for which they work either full-time for two months or part-time for four months (minimum 15 hours a week). The charities are provided with £2,500, with each winner receiving the balance as a salary after NI and tax have been paid.
3.9 CORPORATE AFFAIRS

Figure. 3.5 Corporate affairs

- Senior management

In a period just short of twenty years from its initial public offering, the Company had had just three Chief Executives. The fourth CEO, Vittorio Colao, stepped up from Deputy Chief Executive in July 2008. Each of his predecessors made a personal contribution to the development of the Company.

Sir Gerald Whent, at that time an Executive with Racal Electronics plc, was responsible for the bid for a UK Cellular Network license. The Mobile Telecoms division was de-merged, and was floated on the London Stock Exchange in October 1988 and Sir Gerald became Chief Executive of Racal Telecom plc. Over the next few years the company grew to become the UK's Market Leader, changing its name to Vodafone Group plc in the process.

Sir Christopher Gent took over as Chief Executive in January 1997, after Sir Gerald's retirement. Sir Christopher was responsible for transforming
Vodafone from a small UK operator into the global behemoth that it is today, through the merger with the American AirTouch and the takeover of Germany's Mannesmann, the Goldman Sachs chief advisor on the deal was Scott Mead.

Arun Sarin was the driving force behind the Company's move into emerging markets such as Asia and Africa, through the purchases such as that of Turkish operator Telsim, and a majority stake in Hutchison Essar in India. Faced with increased competition, and penetration rates above 100% in the more mature European markets, he saw it necessary to diversify from being a mobile-only business into a company which provided all telecommunications services. This has seen Vodafone launch DSL and other fixed-line services in markets such as Germany and the UK.

<table>
<thead>
<tr>
<th>Chief executive</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Gerald whent</td>
<td>October 1988 – December 1996</td>
</tr>
<tr>
<td>Sir Christopher Gent</td>
<td>January 1997 – July 2003</td>
</tr>
<tr>
<td>Vittorio Colao</td>
<td>Since July 2008</td>
</tr>
</tbody>
</table>

- **Financial results**

  Vodafone reports its results in accordance with International Financial Reporting Standards (IFRS).

  Vodafone has some large minority stakes, which are not included in its consolidated turnover. In order to provide additional information on the overall scale and growth trends of its business, it publishes "proportionate turnover" figures, and these are included in the tables below. For example, if a business in which it owns a 45% stake has turnover of £10 billion, that equals £4.5 billion of
proportionate turnover for Vodafone. Proportionate turnover is not an official accounting measure, and Vodafone's proportionate turnover should not be compared with other companies' statutory turnover.

Vodafone also produces proportionate customer number figures on a similar basis, e.g. if an operator in which it has a 30% stake has 10 million customers that equals 3 million proportionate Vodafone customers.

<table>
<thead>
<tr>
<th>Year ended 31 March</th>
<th>Turnover £m</th>
<th>Profit before tax £m</th>
<th>Profit for the year £m</th>
<th>Basic eps (pence)</th>
<th>Proportionate customers (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>46.417</td>
<td>9.549</td>
<td>7.003</td>
<td>13.74</td>
<td>446.5</td>
</tr>
<tr>
<td>2011</td>
<td>45.884</td>
<td>9.498</td>
<td>7.870</td>
<td>15.20</td>
<td>347.7</td>
</tr>
<tr>
<td>2010</td>
<td>44.472</td>
<td>8.674</td>
<td>8.618</td>
<td>16.44</td>
<td>341.4</td>
</tr>
<tr>
<td>2009</td>
<td>41.017</td>
<td>4.189</td>
<td>3.080</td>
<td>5.81</td>
<td>302.6</td>
</tr>
<tr>
<td>2008</td>
<td>35.478</td>
<td>9.001</td>
<td>6.756</td>
<td>12.56</td>
<td>260</td>
</tr>
<tr>
<td>2007</td>
<td>31.104</td>
<td>(2.383)</td>
<td>(5.297)</td>
<td>(8.94)</td>
<td>206.4</td>
</tr>
<tr>
<td>2006</td>
<td>29.350</td>
<td>(14.835)</td>
<td>(21.821)</td>
<td>(35.01)</td>
<td>170.6</td>
</tr>
<tr>
<td>2005</td>
<td>34.073</td>
<td>7.951</td>
<td>6.518</td>
<td>9.68</td>
<td>154.8</td>
</tr>
<tr>
<td>2004</td>
<td>36.492</td>
<td>9.013</td>
<td>6.112</td>
<td>8.70</td>
<td>133.4</td>
</tr>
</tbody>
</table>

*Losses for year to 31 March 2006 reflect write downs of assets, principally in relation to the Mannesmann acquisition.