

# **A Shift from Network to Value Added Services: A Case of Vodafone**

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## **Introduction**

Vodafone is a British mobile network operator with its headquarters in Newbury, Berkshire, England, UK. It is the largest mobile telecommunications network company in the world by turnover and has a market value of about £75 billion (August 2008). Vodafone currently has operations in 25 countries and partner networks in a further 42 countries.

The name Vodafone comes from Voice data fone, chosen by the company to "reflect the provision of voice and data services over mobile phones."

As of 2009 Vodafone had an estimated 303 million customers in 25 markets across five continents. On this measure, it is the second largest mobile telecom group in the world behind China Mobile.

In the United States, Vodafone owns 45percent of Verizon Wireless, the largest wireless telecommunications network in the United States, based on number of subscribers.

Vodafone Essar is the Indian subsidiary of Vodafone Group and commenced operations in 1994 when its predecessor Hutchison Telecom acquired the cellular license for Mumbai. The company now has operations across the country with over 78.68 million customers.

Over the years, Vodafone Essar, under the Hutch brand, has been named the 'Most Respected Telecom Company', the 'Best Mobile Service in the country' and the 'Most Creative and Most Effective Advertiser of the Year'. Vodafone is the world's leading international mobile communications group with approximately 315 million proportionate customers as at 30 June 2009. Vodafone currently has equity interests in

31 countries across five continents and around 40 partner networks worldwide. The Essar Group is a diversified business corporation with a balanced portfolio of assets in the manufacturing and services sectors of Steel, Energy, Power, Communications, Shipping Ports & Logistics, and Projects. Essar employs more than 50,000 people across offices in Asia, Africa, Europe and the Americas.

The Indian mobile market this growing at a healthy 20percent yield-of-year with growth coming mostly from the semi-urban and rural market while the urban metro market has become quite saturated. The brand is also facing severe competition from lower call rates of CDMA and BSNL and other newer and smaller players like Virgin Mobile, Idea Cellular, and Aircel etc. With 90percent revenue coming from voice and rental, and the rest from Value Added Service (VAS), mobile operators have hardly anything new to talk about.

## **Changing phases of Communication**

### **"You and I"- Hutch campaign**

In the year 2003 in India, several telecommunications companies were competing for a share of the rapidly growing mobile phone market. Hutch wanted to convey the message that its service was robust enough to provide coverage in every part of its coverage areas. It hired Ogilvy & Mather, Mumbai to create an advertisement campaign focusing on this theme. Cheeka is a famous pug who appeared in the "You & I" advertising campaign of Hutch's cellular service in India, along with the child actor Jayaram. 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 Pug was used by Hutch to display their large network availability with the tagline - "where ever you go our network follows



follows."

In 2005, HUTCH was relaunched and orange colour was replaced by pink colour. The company decided to re-brand its product, get rid of the brand name Orange, as it is called in Mumbai, and bring it under the same umbrella as the other 12 circles in the country. Naveen Chopra, corporate vice president, group marketing, Hutchison Essar, said, "The idea is just to refresh the brand, and inculcate a new 'Hutch spirit'." (Refer: Exhibit 1)

### **The brand transition campaign- "Change is Good"**

In this the TVC's portrayed the brand transition from Hutch to Vodafone and the Pug was used to show the change and register the vodafone symbol in the minds of the customers (Refer:

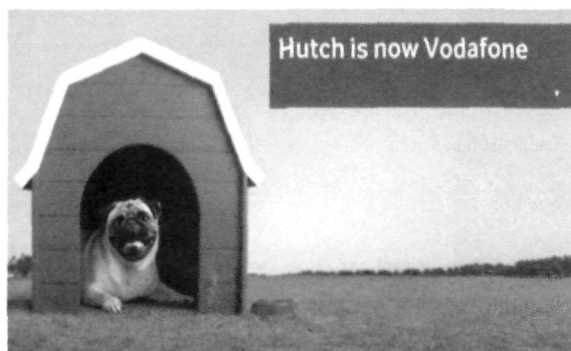


Exhibit 2).

### **Irfan Khan Campaign**

Vodafone had introduced validity extension for

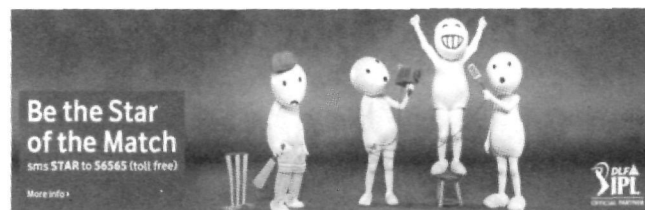
its prepaid customers. Subscribers who recharge with the Rs 99 valid for 30 days can get the dual benefit of carrying over unused validity period of their current recharge to the successive one along with the benefit of full talktime on subsequent recharges.

This service enables Vodafone customers to recharge anytime during the month and not wait for their validity to expire. As opposed to earlier practice, if customers recharged before the expiry date, they lost out on unused validity as it would get reset from the day they would recharge subsequently.

Harit Nagpal, Director - Marketing, and New Business, Vodafone Essar said, "It has been a constant endeavour at Vodafone to bring more value for customers' time and money. After introducing the concept of full talktime for Rs 99 customers, the next step was to make things even more beneficial by providing the customer to carry over the validity period. Hence we combined these offers to provide customers with the maximum benefit of both services and hope they will take full advantage of this."

### **The Zoo Zoo campaign**

This campaign was initiated during IPL Season 2 and around 30 TV commercials were aired to inform the customers of the various value added



Vodafone wishes to position itself as a leader in the Indian mobile market, with VAS as the potential revenue generator in the future. Therefore it mainly focuses to target and attract the urban youth with innovative value added services and increased usage. But with the Pug, their Brand Ambassador with a "Happy to Help" motto, they were not able to communicate all the

value added services.

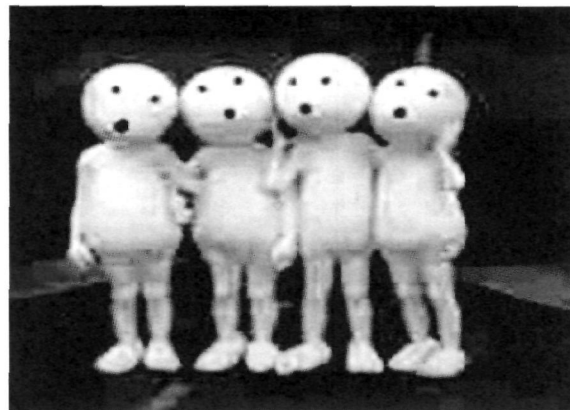
What Vodafone wanted was to strengthen the bonds with the customers. So, they briefed the advertisement agency to do what they had already done for Hutch (with the help of the pug ad campaign) and to create a character that will strengthen the brands bond with consumers and allow them to explore different value added services offered by Vodafone.

This resulted in the birth of the ZooZoo ad campaign. The campaign was aired at the time of IPL. Different stories were created to communicate different value added services for each day so as to develop the interest of the customers.

Some of the famous ads on air were for service offerings such as Cricket Alerts, Beauty Alerts, Phone Backup, Chhota Credit, Vodafone Maps, Vodafone Call Filter, Live Games and Musical Greetings. Each film, shot against a Grey backdrop, has these characters interacting with one another (some storylines even have Zoozoo families) with the product story weaved in.

### **The Making of ZooZoo**

According to Mr.Verma, Director, Nirvana Films, ZooZooos were not animated characters, they were actual humans .The costumes were made in such a way that the wrinkles were shown when the character moved, thereby shattering the illusion of animation .The production team divided the outfit into two parts: the body and the head. The body part of the outfit was stuffed with foam in some places, while the head was attached separately. To make it look bigger than a human head, a harder material called Perspex was used, which in turn was stuffed with foam (with scope for ventilation). The hands and legs were kept thin as compared to the head. The thin limbs, contrasted with big bellies and a bulbous head, all add to the illusion that these creatures



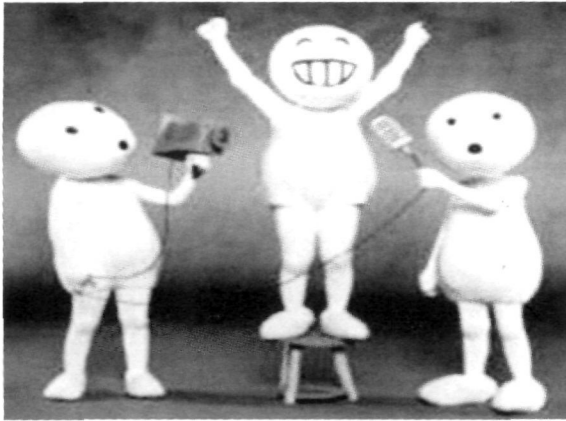
are 'smaller' than humans.

### **The ZooZoo – way**

ZooZoo was marketed very well. IPL provided a great platform for the ZooZoo commercials. People were lured with various funny ZooZoo advertisements. And the strategy of releasing the advertisements on a daily basis glued people to their television sets even during the breaks. The viewers didn't get bored watching the same ad over and over again. In fact, a curiosity was developed about “What next?”. Vodafone's marketing strategies went well with the ZooZooos. They released 30 ads in around 45 days which created a sudden hype about the ZooZooos and the commercials. Yes ZooZoo did promote the VAS and many people got to know about the services they were previously not aware of. But it will be interesting to see how much justice these advertisements do for these services. People are quite curious to see how Vodafone uses ZooZoo in the future. They have released 30 advertisements at a stretch. ZooZooos were meant to endorse VAS, but now it's almost definite that they will get promoted to become full scale brand endorsers of the company. But how much Vodafone will be able to keep it's identity in front of ZooZoo which has suddenly overpowered the brand itself.

ZooZoo seemed to be animated characters initially. But when the news came that there are real people behind the ZooZooos, the curiosity level took a further leap. The charm of the

ZooZoo was itself a great self marketing that gave ZooZoo an identity for itself. People liked their gestures and their innocent faces. They wanted to see more of the ZooZoo activities. ZooZoo searched out the hidden child inside



everyone.

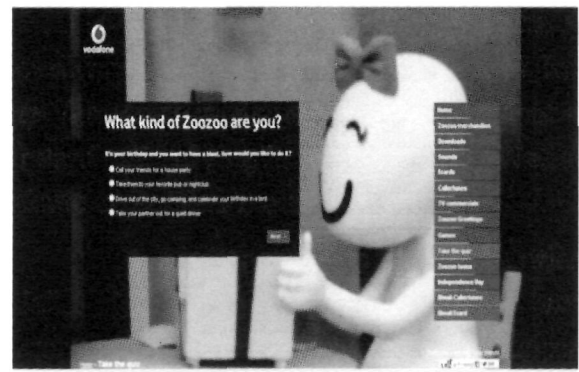
### **Vodafone Push Strategy**

Looking at the popularity of ZooZoo, Vodafone seems to be busy in doing all that can be done so as to enhance it. They just released DVDs especially for their customers that contains all the 29 ZooZoo ad films on the value added services and a complete guide to download the Vodafone VAS offerings. Moreover they are also providing their customers a facility to download ZooZoo wallpapers, screen saver etc from their GPRS enabled phones.

Vodafone is now into another game to target not only the Vodafone users but other customers also. They are creating a new set of customers other than the Vodafone users, they are the ZOOZOO fans. They have joined hands with Shoppers Stop to make the ZooZoo merchandise available especially to the ZOOZOO fans and not to the Vodafone fans.

Vodafone has announced to launch the ZooZoo goodies like ZooZoo toys, ZooZoo mugs, ZooZoo key chains, ZooZoo t-shirts. Not only this, one can easily find on the internet, quiz started by Vodafone by the name of

### **WHAT KIND OF ZOOZOO ARE YOU?**



A self owned website of ZooZoo <http://zoozoo.co.in/> can easily be found on internet.

ZooZoo has created a big fan following and opened up a big market. Although people are crazy about ZooZoo these days, the big question is for how long ZooZoo will be able to maintain this ZooZoo Mania.

### **Issues Related to ZooZoo**

Although the campaign was designed to communicate and promote the Vodafone's VAS offerings to its existing customer base, given the 20-30 different ads on air, users are really not able to catch on to the real message (individual VAS offerings) and are side tracked by the entertainment value of the egg-headed creatures. This can easily be seen with the growing number of the ZooZoo fan clubs and growing communities on various social networking sites such as Facebook, Twitter etc.

ZooZoo has become a brand in itself. ZooZoo is even popular among the consumer categories that have nothing to do with mobile phones. They are becoming more popular than the Vodafone brand itself, it is something surely that the company wont like to happen or it could spin up the profit by entering into the side business of selling ZooZoo goodies or merchandise. Even the pug campaign resulted in the remarkable increase of the sale of the Pug.

The other important thing that is worth noticeable is that as the ZooZoo campaign has

been aired at the time of the IPL cricket match and at the time of Independence Day, it has left the customers with a dilemma whether these VAS services are available only during the special occasion when the ads are broadcasted or throughout the year.

- The semi-urban and rural market will be fairly clueless about the point of the Vodafone ZooZoo ads. While they may understand that Vodafone is advertising its value added services, those markets still use the cell phone primarily for making and receiving calls.
- The ZooZoo ads do not give non-urban customers a reason to use the Vodafone network. Contrary to this, the latest ads by Tata Indicom emphasizing on their superior network quality is a reason to switch over for the customers. In spite of this, the success of the Tata Indicom ad is still not guaranteed.

If we see the other side of the coin, the ZooZoo campaign was able to create a buzz around the brand in a quite effective manner. Moreover it has also helped to break away the Pug's clutches, an imagery that is still too strongly associated with brand Hutch. In 2007, Vodafone had to pay almost four times the enterprise value of Hutch to acquire the brand, because of the tremendous brand value that Hutch's 'Pug' campaigns had generated.

With the ZooZoos, Vodafone now has an iconic property in India, which they truly and completely own or rather to say ZooZoo has established its own identity in India.

### Questions:

- Q1. Should the company completely end the Pug campaign and go in hand with the ZooZoo campaign?
- Q2. With the growing popularity of ZooZoo with ZooZoo fan clubs, ZooZoo CDs and ZooZoo merchandise, does Vodafone face a threat with its own created character?

Q3. "ZooZoo" and "Pug" seems to be the branding weapons of two different companies. What are your views about this statement?

Q4. Do you think ZooZoo was a strategy of Vodafone to diversify from services to products?

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