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Market Study for Providing Advanced Digital Services in
Lahore: Case: Wateen Telecom Ltd.

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Market study for providing advanced digital services in Lahore: Case Wateen Telecom

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The objective of this thesis is to conduct a market study for the Abu-Dhabi based company located in Pakistan in the telecommunication industry: Wateen Telecom Ltd.; for improving and introducing new cable television service products, the advanced digital services (ADS).

The purpose is to study the company's marketing microenvironment so as to understand the market place environment and consumers. The market place environment is based on the company, the operating environment and the competitors and the quantitative method is applied for analysing the consumers.

The purpose of the theoretical section is to provide a framework for the analyses essential in conducting a market study. The area of the study includes the competitive market environment that incorporates the Porter five forces model of the competitive environment, the competitor analysis using Lehmann and Winer model and the consumer analysis that includes segmenting and targeting concepts providing a base for identifying the specific customers for the services. The concept of marketing mix was reviewed to be applied on the basis of four P's for providing ADS. Since ADS are in the form of product/service, the nature and characteristics of services in the industry are reviewed. Finally, a brief insight into the telecom industry and the transition phase from the analogue to digital platform is also presented.

The major contribution of this thesis is to provide the operating environment and consumer analyses and develop a marketing mix for the case company for positioning and differentiation prior to the launch of the particular services.

As ADS are the services provided over digital television and advanced digital television, the conception of this service is dependent on the set-top boxes. The ADS provided by Wateen comprises data on demand, internet on television, data broadcasting and television games. As it is a new service there is a risk of acceptance from the consumer market.

Keywords: Porter five forces, components of competitor analysis, consumer analysis, marketing mix

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1 Introduction

1.1 Scope of the study

The identified research areas for this thesis are the competitive market environment, competitor analysis and consumer analysis. The analyses were then used in developing the marketing mix for positioning and differentiation of the service/product.

The competitive market environment is conducted based on Porter's five force analysis and the competitor analysis is based on Lehmann and Winer's model of components of competitor's analysis. The consumer analysis was conducted based on the analysis of questionnaire results and finally the marketing mix was derived based on the analyses and research findings. The geographic scope of the research is restricted in the urban areas of Lahore.

1.2 Purpose/Objective

The purpose of this thesis is to provide information on the market for introducing and improving the provision of Digital Television and Advanced Digital Television services in the Lahore region of Pakistan. Based on the analysis a marketing mix has been devised and the content of Advanced Digital Services (ADS) has been suggested. The core of the thesis is to analyze the current market environment and competitors and potential customers.

1.3 Structure of the study

The thesis begins with the core concentration on the objective, conducting a market study for providing Advance Digital Services (ADS). The theoretical background of the research presents the current market trends, competitor and consumer analysis and an understanding of the telecom industry in general. After the theoretical framework is introduced, the research method is the focal point as the quantitative approach has been considered. The questionnaire was created for conducting a survey in the specific areas of Lahore. The data was collected that linked to the different segments of consumer and in addition, considering the consumers' needs for the product/service. In the end, based on the market, consumer, competitor and data analyses the marketing mix was devised and the conclusion includes suggestions and service variability for the users. The structure of the thesis is illustrated in Figure 1

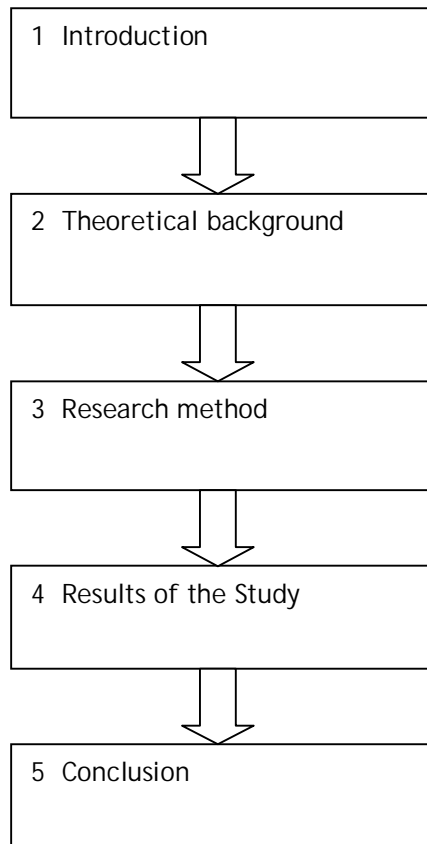


Figure 1: Structure of the research

2 Theoretical Background

2.1 Competitive Environment of the Industry

Competition between companies is common in modern economies. In the latter stages of the twentieth century, competition intensified as companies strove to create a competitive advantage in a growing market and increasing demand from customers.

Competitive environment of the industry provides the model for assessing and understanding the competitive environment of the market in which the companies operate. The application of Porter's five forces of industry model provides companies with the information on the competitive environment which guides the company to understand the environment and to position and defend or influence the competitive forces in the market.

2.1.1 Porter Five Force Model of Industry Competition

In 1980, Michael Porter provided a model for competitive forces which identifies the key to competitiveness in the industries. The five competitive forces as can be seen from figure 2 are threat of new entrants, threat of substitution, bargaining power of buyers, bargaining power of suppliers and rivalry among current competitors. The competitive forces reflect that competition in an industry is not only among established companies but also with the customers, suppliers, substitute products/services and potential entrants in the industry (Porter 2004, 6).

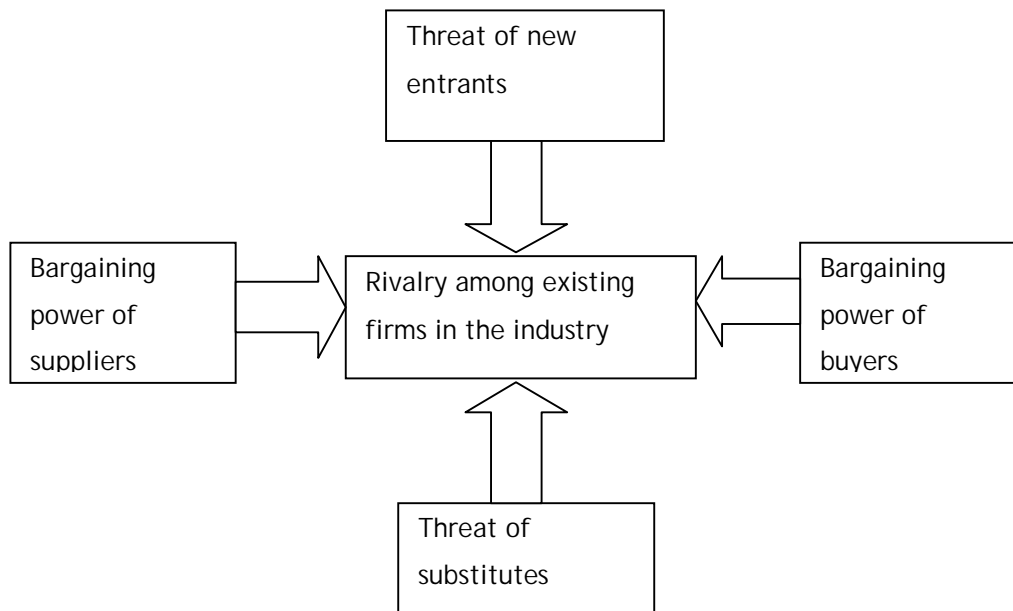


Figure 2: Five forces model of industry competition (Porter 2004, 4)

2.1.1.1 Threat of New Entrants

New entrants to an industry are new companies or companies diversifying through acquisition from other markets. The new entrants invest resources, new capacities and desire to gain market share. The threat of entry into an industry depends on the barriers of entry available and reaction from existing competitors in the industry.

Economies of scale of the company or companies established in the industry, is a barrier to entry as the particular companies operate with cost advantage. The established companies achieve cost advantage through an increased efficient production by reducing cost per unit produced. Such industries and industry which require high initial capital investment do not attract new entrants

because of the cost of entry to compete with the established companies in the industry (Porter 2004 7-9).

Customers acquire brand identification and loyalty through product differentiation. There is a requirement of substantial investment in time and finances to overcome the established companies offering product differentiation in the market. The industries with products lacking differentiation attract new entrants as there is potential to offer unique products and gain market share (Porter 2004, 9).

There are products or services that require a customer to incur substitute cost when the customer decides to change supplier. Such costs can be in the form of buying new equipment and technical assistance or the requirement to retrain employees. Low substitute cost industries attract new entrants than high switching costs industries as low cost lowers barrier to entry. High substitute costs require the new entrant to offer a significant cost or performance improvement to convince a customer to shift from the current supplier (Porter 2004, 10).

Entering a market where the distribution channels have been secured by the established companies is less profitable for new entrants. The new entrants incur cost of persuading the distribution channels to accept the products for example through low price which lowers the profitability. Therefore, it is difficult to enter markets which the established companies have secured the distribution channels than markets with easy access to distribution channels (Porter 2004, 10-11).

Government policy can also influence barrier to entry in an industry. The government policy can be a source of entry barrier in regulated industries for example industries that require pollution control or safety measures. Industries with such regulations discourage new entrants due to substantial capital requirements and lead times. Substantial lead times allow the established companies to learn about the new entrant and thus prepare for retaliation (Porter 2004, 13).

Therefore, new entrants are attracted in the industries depending on the cost and the retaliation of the established companies operating in the industry.

2.1.1.2 Rivalry among Existing Companies in the Industry

Rivalry among competitors in the industry is common as companies strive to improve positioning against competitors. In the process of improving positioning, the companies apply different

tactics by competing in price, advertising, customer services and introducing new products. Some forms of competition can improve the products/services offered and enhance demand and product differentiation. Other forms of competition lower the profit margin of the whole industry. The profitability of the industry depends on the intensity of competition among the existing companies in the industry (Porter 2004, 17).

Competition intensifies in slow growth industries. In the slow growth industry, existing companies compete for market share while in a rapid growth industry competition intensity reduces as the existing companies' resources diversify with the industry growth. Competition also intensifies in the industries with competitors of the balanced size and resources. Competition in such industries intensifies as the competitors are able to retaliate (Porter 2004, 18).

Moreover, products or services which require high fixed or storage costs can also reduce rivalry among the existing companies in the industry. Excess capacity influence companies to reduce price in order to enhance sales thus lower the storage costs. Lack of product differentiation and low substitute cost reduce the intensity of competition in the industries. The competitors in such industries compete in prices and services thus reducing the intensity (Porter 2004, 19).

Rivalry among competitors can also be influenced by the competitors with strategic intention to succeed in the same market. Companies can establish a strong competitive position in the markets regarded as of strategic importance. Some industries have high exit barriers. Companies in such industries have to sustain in the industry even when the market is not profitable to avoid exit cost. Therefore, competition intensifies as each company strives to remain in the industry. Examples of exit barriers are specialized assets and strategic relationships established by the company (Porter 2004, 20).

2.1.1.3 Threat of Substitute Products

Substitute products are products performing the same function as a product that a company offers in the industry. Companies in an industry compete with industries producing substitute products. The substitute products produced by companies making high profit with good price performance are a threat to the industry. Such products affect pricing decision and profitability when offer competitive prices and therefore affects competition in the industries (Porter 2004, 23-24).

2.1.1.4 Bargaining Power of Buyers

According to Porter (2004, 24) buyers or customers of the output influence the structure of an industry. The influence depends on the power of the buyer to bargain. For example, the buyers can bargain in prices, quality and services. Bargaining power depends on the market situation and the importance of the buyer's purchase from the industry.

The buyers have bargaining power in industries with few buyers who purchase in large volumes. Such buyers are important to the companies hence have the power to bargain. In the industries with undifferentiated products and low substitute costs the bargaining power of the buyers is enhanced. Buyer's bargaining power is enhanced as switching to alternative supplier is eased (Porter 2004, 25).

The buyers purchasing cost influence the bargaining power. High purchasing costs influence the buyers to be price sensitive and bargain for lower prices. High purchasing costs reduces the profitability the buyer can make in the industry. Therefore, the bargaining power of the profitable buyers is reduced as the buyers operate in profit (Porter 2004, 25).

Informed buyers are the buyers with information for example about market demand, prices and supplier's costs. Such information provides particular buyers with power to negotiate thus enhancing the bargaining power. Some buyers are capable of backward integration. Backward integration occurs when a buyer has enough resources and capability to take the role of the supplier, for example internal manufacturing of components. Corresponding capabilities enhance bargaining power of buyer (Porter 2004, 26).

The bargaining power of the buyer affects the industry profitability and can influence the nature of competition in an industry. With power to bargain, buyers can increase the cost of providing the product/service to satisfy buyers' needs.

2.1.1.5 Bargaining Power of Supplier

Conditions discussed in the bargaining power of the buyer section reflect the bargaining power of the supplier. According to Porter (2004, 27), suppliers have bargaining power when suppliers threaten to raise prices or reduce quality of the products/services.

Moreover, Porter 2004, 28 states that labour force should be considered as a supplier. Highly skilled employees and union labour have bargaining power thus reducing significant profits from an industry. Scarce labour supply may also enhance the bargaining power of the labour. Therefore, the bargaining power of the labor depends on the degree of organization and labour supply.

2.1.2 Government Role in Industry Competition

Governments can affect the structure of industry and influence the industry competition. Government role as a buyer or supplier is not determined by economic circumstances rather political factors and therefore affect the industry through policies and regulations.

The role of the government can be considered in the five competitive forces. For example, the government can affect rivalry among competitors by influencing industry growth and cost structure. Government subsidies and regulations can also affect industries with substitute products for example pollution and safety standards can affect relative cost and enhance the quality of the substitute products (Porter 2004, 28-29).

2.2 Competitor Analysis

In a market study, the competitor analysis is an assessment of the strengths and weaknesses of the current and potential competitors. The focus of the competitor analysis is within the companies that are within the same strategic category as the target company. However, for indirect competitors that have resources and are affected by entry barriers, the industry must be studied as a whole. New entrants can be attracted to the strategic group that demonstrates profitability and revenue growth (Hooley, Saunders and Piercy 2004, 207).

The purpose of a competitor analysis is to characterize how each competitor might adjust the anticipated strategy changes by creating a profile of the nature and success, how each competitor responds to the range of strategic moves other companies could construct and how each competitor reacts to the industrial and environmental fluctuations (Porter 1980, 47).

Lehmann and Winer (1991) suggest four main stages in competitor analysis as can be seen from figure.3 (Hooley, Saunders and Piercy 2004, 208).

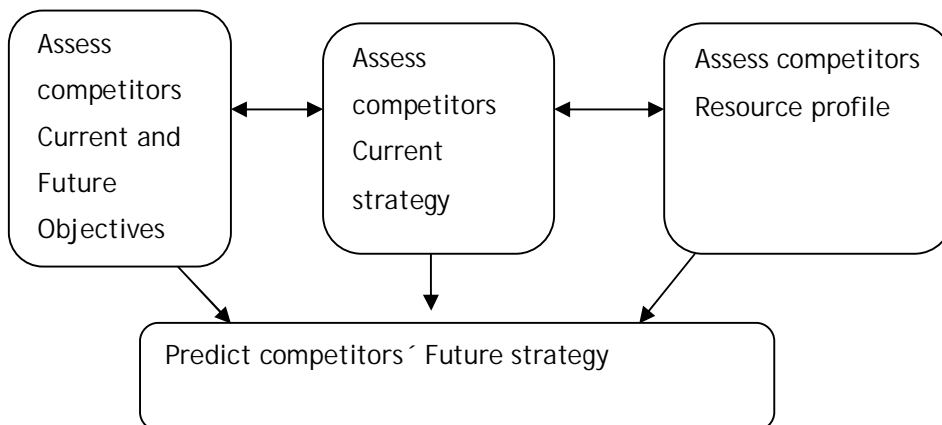


Figure 3: Components of competitor analysis (Hooley, Saunders and Piercy 2004, 208)

2.2.1 Assessing competitors' current and future objectives

Competitor's current and future objectives are competitor's intentions to achieve thus providing direction a competitor will undertake. Conceptual understanding of goals and objectives can enhance competitor's knowledge on three levels (Hooley, Saunders and Piercy 2004, 209).

Goals can contribute in indicating which market a company is determined to develop. The growth areas specify markets that are notably competitive and so it is better to compete directly in the fields where large companies have secondary interest (Hooley, Saunders and Piercy 2004, 209).

Also goals can indicate the competitor's rivalry or different activities a competitor is focusing on. For example there are companies that are persistent in securing a strong position in the markets they operate. It is anticipated that such companies will compete intensively in every market the companies operate (Hooley, Saunders and Piercy 2004, 210).

Competitor's goals and objectives can possibly indicate the adjustments the competitor is likely to make when experiencing difficulties. For example companies with short-term profit goals are more likely to forgo market share gain, in order to achieve specific goal in a market where profit is slowly generated (Hooley, Saunders and Piercy 2004, 210)

The goals and objectives of a competitor, press releases, annual reports and stock market information are some of the methods through which can indicate strategies pursued by a competitor. The hiring of staff with specific skills and the reward structure can also indicate new

directions and key objectives of the competitor respectively (Hooley, Saunders and Piercy 2004, 210).

Future goals can also be indicated in the competitor's ownership structure. The ownership structure can indicate the priority areas of the competitor, for example the competitors owned by shareholders may present lower priority in providing employment continuity than the ones owned by managers and employees (Hooley, Saunders and Piercy 2004, 210).

2.2.2 Assessing the competitors' current strategies

The assessment of the current strategy of competitor involves answering what the competitor is doing, what the competitor is trying to do and how the competitor is trying to achieve it. There are three main issues that need to be addressed in understanding the current competitor strategies, the identification of the competitor's target markets, the adaptation of the competitors strategic focus in relation to the type of competitive advantage competitor is trying to convey and the supporting marketing mix that the competitor adopts enabling the desired positioning (Hooley, Saunders and Piercy 2004, 211-212).

2.2.2.1 Competitors' target markets

The analysis of competitor's marketing mix can provide an assumption on the competitor's target market. The product and service a competitor offers, pricing strategy, channels of distribution and promotional tools a competitor uses can state the activities and are available for the companies to analyze the current situation. The features that are tailored to the product and the scope of services offered can indicate the anticipated target customers of the competitor (Hooley, Saunders and Piercy 2004, 212).

Different kinds of advertising, marketing and promotional campaigns can provide information on competitor's target market. For example the product/service offered and the choice of words, specific taglines in the advertisement can indicate customers which competitor targets (Hooley, Saunders and Piercy 2004, 212).

2.2.2.2 Competitors' strategic focus

Competitor's strategic focus is the identification of the way the competitor has chosen to operate in the target markets. Strategic focus can also be referred to as the competitive advantage the

competitor seeks to create in order to have a differential advantage over other major competitors in the market. Strategic focus can be created through cost leadership which is by adopting low cost in relation to competitors and differentiation in providing uniqueness in value. Customers will be willing to purchase different and unique products/service (Hooley, Saunders and Piercy 2004, 213).

It is important for companies focusing on low cost competition to control the financial situations carefully in order to get the lucrative results from the activities and functions companies specialize in, for instance limiting product scope or providing basic products or services without additional features. Additional features of products, prioritizing customer needs, loyalty schemes are means of differentiation and thus can indicate that the competitor is adopting differentiation (Hooley, Saunders and Piercy 2004, 213).

2.2.2.3 Competitors' supporting marketing mix

As mentioned in the section of competitor's target markets, the competitor's marketing mix can provide information on what markets the competitor is focusing on and the competitive edge companies seek in the particular markets, the analysis of the marketing mix can present an idea where competitor is weak (Hooley, Saunders and Piercy 2004, 213).

For example the pricing scheme a competitor adopts can indicate the gaps in the market where the company can place the offerings in a sector different than the competitors by pricing either higher or lower than the competitor. Competitor's message and the media used can also indicate the competitor's strengths and weaknesses, for example in exploiting new media such as satellites or cable. Understanding competitor's distribution strengths and weaknesses can as well identify the opportunities by knowing which channels the competitor has strong establishment (Hooley, Saunders and Piercy 2004, 214).

2.2.2.4 Competitors' value-chain analysis

Value chain is a chain of primary and support activities that gives a product more added value than the sum of all added values of all activities for a company operating in a specific industry. The primary activities include inbound logistics, operations, outbound logistics, marketing and sales and services. The support activities procurement, human resource development, technical development and infrastructure (Value Chain 2010).

There are several ways that the value chain analysis of the competitor can provide an insight as discussed in Hooley, Saunders and Piercy 2004, 216-217:

Competitor's value chain analysis can reveal the cost advantage a competitor may have due to efficient manufacturing, inbound or outbound logistics. The analysis can also reveal why the company making similar products is achieving higher added value through operations with better marketing, sales and services (Hooley, Saunders and Piercy 2004, 216).

As many conventionally oriented companies perceive operations as the primary source of added value, therefore the opportunities can be revealed for a competitor having an extended view of the value that can be added to the customer (Hooley, Saunders and Piercy 2004, 216).

The cost effective added value can help in revealing economical ways of adding value to the customer. The ways to achieve cost effective added value are for example in the efficient management of single sourcing and just-in-time inbound logistics, incorporating total quality in the operations and thus reducing the service requirements (Hooley, Saunders and Piercy 2004, 217).

2.2.3 Assessing competitors' resources

The assessment of competitors' resources involves looking at the strengths and weaknesses of the competitor. The resources, assets and capabilities determine the competitor's ability to initiate and sustain progress in response to environmental and competitive changes. Hence, the competitor's performance in the future in response to changes is explained in this section. The useful way of assessing the resources is to profile competitors against the key success factors in the particular industry for example operational areas and generic skills such as ability to grow and quick response (Hooley, Saunders and Piercy 2004, 218).

Hooley, Saunders and Piercy 2004, 218-219 discusses the analysis under five key competitor abilities as suggested by Lehmann and Winer

Ability to conceive and design is the assessment of competitor's ability to innovate. The company can predict the new products being brought to the market or products of new technology that are being employed above the existing products. The indication for ability to conceive and design can be revealed from the assessment of technical resources such as patents

and copyrights, human resources such as employing creative and technical staffs and funding and the proportion devoted to research and development (Hooley, Saunders and Piercy 2004, 218).

Production ability is another key factor for indicating competitor resources. In the manufacturing industry the ability to produce refers to production capacity and utilization while in the service industry to the capacity to deliver the service. The ability to produce can be indicated by physical resources such as the plant and equipment's with the human resources such as skills and flexibility of the staffs employed (Hooley, Saunders and Piercy 2004, 218).

The assessment and examining of the elements of the marketing mix can indicate the competitor's ability to market. A competitor might be strong in innovation and production but weak in marketing the products or services. Better results can be accomplished by assessing the skills of the staff involved in for example sales, marketing, advertising and distribution together with the funds available for marketing activities (Hooley, Saunders and Piercy 2004, 218).

The assessment of the financial resources indicates competitor's ability to finance. The financial resources are a constraint in any organization. The approaches used to overcome constraints are by examining published accounts that can reveal liquidity and cash flow characteristics of the competitor and assessment of the qualities and skills of the finance department (Hooley, Saunders and Piercy 2004, 219).

The characteristics of the manager indicating the strategic intentions of a competitor are defined as the ability to manage. Previous career paths, actions of powerful managers, the reward systems, and the degree of autonomy allowed to individual managers are some of the indicators of strong managerial abilities (Hooley, Saunders and Piercy 2004, 219).

2.2.4 Predicting competitors' future strategies

According to Hooley, Saunders and Piercy (2004, 220), the aim of the competitor analysis is to create the competitors' response profile, a guide to how the competitor might react during various environmental and competitive changes. This section discusses considerations for predicting future strategies of a competitor.

The competitor satisfied with the current position may allow indirect competitors to exploit new markets without or with less retaliation unlike the competitor trying to improve current position may be quick to respond to the market changes or be preoccupied with improving short-term

profit performance. The knowledge of the competitor's future goals has an important role in determining the satisfaction level of the competitor (Hooley, Saunders and Piercy 2004, 220).

The history of how the competitor reacted in the past can give a guide to competitor's future reaction, possible moves and strategy shifts. Studying the goals, assumptions and capabilities can also guide on the competitor's reaction to market changes. After the assessment, the company may be able to decide on the alternative strategies likely to result in favourable competitor's reaction (Hooley, Saunders and Piercy 2004, 220).

Moreover, Hooley, Saunders and Piercy (2004, 220-221) state the importance of identifying competitor's areas of vulnerability. Success is best achieved by concentrating strengths against weaknesses, and companies cannot fully defend against competitors. Regardless of the company size there are areas that the company is vulnerable and competitors can utilize the opportunities. For example competing against a big company in niche market where such companies cannot cover effectively. Also complacency of the market leader can provide opportunities for competitors.

There can be moves which can cause effective retaliation from the competitor. Market leaders may accept some peripheral activities by competitors due to the low margins perceived or anti-trust laws, but there can be some actions that can provoke intense retaliation from the market leader (Hooley, Saunders and Piercy 2004, 221).

The objective of the competitor analysis is to provide the response profile and the analysis that reveals competitors strengths and weaknesses. The information obtained from the analysis guides the company in strategy formulation and positioning of the product/service in the market against the competitors

2.3 Consumer Analysis

Consumer analysis section explores the concepts of segmenting and targeting customer groups. It is important to segment and target customers in order to attain right customers and to understand the specific needs of each customer group. The objective of the section is to provide base for obtaining data from the customers in order to understand customers' preferences and behavior.

2.3.1 Segmentation

Markets consist of buyers, and buyers differ in their needs and wants. Through market segmentation, companies divide large heterogeneous markets into segments that can be reached effectively and efficiently with products or services that match their unique needs. Customers differ in needs, intention to use the product, resources, location, buying attitudes and practices (Armstrong, Kotler, Harker and Brennan 2009 192).

Dibb, Simkin, Pride and Ferrell (2006, 206) define market segmentation as a process of grouping customers in markets with some heterogeneity into smaller homogenous segments. Therefore, segmentation is the identification of target customer groups in which customers are grouped by similar requirements and buying characteristics for a standard marketing mix.

2.3.1.1 Segmenting consumer markets

In order to find the best view of a market structure, there is a need to segment markets using different segmentation variables, alone and in combination. The following are the major variables used in segmenting the consumer markets.

2.3.1.1.1 Geographic segmentation

Geographic segmentation is dividing markets based on the needs of specified geographical areas. The sectors are within the range of continents to small area for example small cities and local towns. The needs of consumers from different geographic locations can be affected for example by local climate, population density, terrain and natural resources. Thus companies localize products, advertising, promotion and sales efforts to comply with the needs of specific geographic regions that can be caused by geographic variables from one region to another (Armstrong, Kotler, Harker and Brennan 2009 193-194).

2.3.1.1.2 Demographic segmentation

Demographic segmentation divides market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation and nationality. Demographic segmentation is the most used base for segmentation since the customer needs; wants and usage rate vary closely in line with demographic variables and are easier to measure than other types of variables.

Even when the segments have been defined using other bases, demographics must be known so as to assess the size of the target market and to reach the market efficiently (Armstrong, Kotler, Harker and Brennan 2009, 194).

2.3.1.1.3 Psychographic segmentation

Psychographic segmentation divides buyers based on the lifestyle, social class or personality characteristics. Classifying people according to the occupation or demographic variable can be included in psychographic segmentation. For example, social class affects the way in which people spend money and value place on different types of products and services. Personality can be an influence to product preference on individuals with different personality traits. For example, brands are designed with different characteristics that reflect the different personalities in the target market. By examining the geographic and demographic attributes of the population, various lifestyles can be identified. People with similar demographic attributes live in the similar types of houses and demonstrate the same lifestyles. People on the same demographic group can have different needs based on the psychographic characteristics (Hill and Sullivan 1998, 149).

2.3.1.1.4 Behavioural segmentation

Behavioral segmentation divides buyers into groups based on the way buyers react to and interact with the product or service. The study on the customer time of use, benefit of sought, application, related activities and products, expertise, purchase patterns and brand loyalty form the base for behavioral segmentation.

Different people consume the same product or service at different times, for example corn flakes or coffee consumption and holiday packages. The same product or service can have different ways that benefit the people (benefit of sought). Different people use the products for different purposes (application). Products can sometimes be used in conjunction with another product or activity (related activity and products). Different people can have different requirements from the same products according to the levels of expertise (expertise). Different people purchase products at different time intervals (purchase patterns). Finally being loyal to the brand can affect purchase patterns of different people (brand loyalty). (Hill and Sullivan 1998, 152-155)

After segmentation identifies the company's market segment opportunities, the company has to evaluate the various segments and decide how many and which segments can be served best. In

evaluating market segments the company has to consider the segment size and growth, segment structural attractiveness and company objectives and resources.

2.3.2 Targeting

A target market consists of set of buyers who share common characteristics or needs that a company decides to serve (Armstrong, Kotler, Harker and Brennan 2009, 205-206).

Targeting is the decision of which market segment or segments a company wants to prioritize sales and marketing efforts based on the clear understanding of the company's resources and capabilities, nature of the competition and the characteristics of the product market in question (Dibb, Simkin, Pride and Ferrell 2006, 228)

Target marketing can be implemented in a broad or narrow manner as can be seen from Figure 4. Different targeting strategies depend on company resources, product and market variability, product's life cycle stage and competitors target marketing strategies.

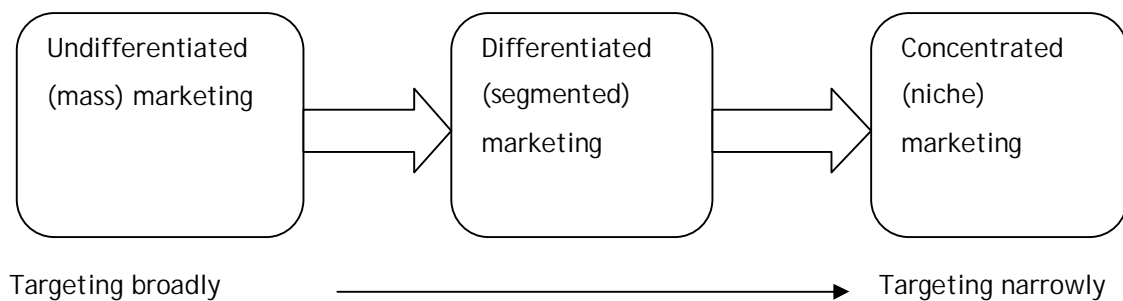


Figure 4: Target marketing strategies (Armstrong, Kotler, Harker and Brennan 2009 206)

2.3.2.1 Undifferentiated Marketing

Undifferentiated marketing or mass marketing is when a company decides to ignore the market segment differences and target the whole market with one offer. The strategy focuses on what is common in the market than what is different. The company designs a product and a marketing program that will appeal to the largest number of buyers.

However, difficulties arise in developing a product or a brand that will satisfy all consumers. Mass marketing companies often have trouble competing with companies that are more focused on

satisfying the needs of specific segments and niches (Armstrong, Kotler, Harker and Brennan 2009 206).

2.3.2.2 Differentiated Marketing

Differentiated marketing or segmented marketing strategy is when a company decides to target several market segments and designs a different offer for each. The company can generate higher sales and develop a strong position within each market segment comparing to undifferentiated marketing (Armstrong, Kotler, Harker and Brennan 2009, 206-207).

However, the strategy increases the costs of doing business since the company has to develop and produce separate product and marketing program to suit each segment. By doing so, the company requires extra marketing research, forecasting, sales analysis, and promotion planning and channel management. Reaching different market segments with different advertising increases promotion costs, thus the company must weigh increased sales against increased costs when deciding on such strategy (Armstrong, Kotler, Harker and Brennan 2009, 206-207).

2.3.2.3 Concentrated Marketing

Concentrated marketing or sometimes referred to as niche marketing, is when a company decides to target for a large share of one or few smaller segments or niches instead of targeting small share of a large market. In the concentrated marketing, the company acquires strong position and reputation in the market because of the greater knowledge of consumer needs in niches the company serves (Armstrong, Kotler, Harker and Brennan 2009, 208).

The company can market more effectively and efficiently by the strategy since the company can design the products and marketing programs to the needs of the carefully defined segments. Also niches attract one or few competitors and offer smaller companies with limited resources an opportunity to compete on niches that may not be important or unnoticed by larger competitors (Armstrong, Kotler, Harker and Brennan 2009, 208).

Although this strategy can be profitable but also can involve high risk when the larger competitor decide to enter the same segment with greater resources, so companies prefer to diversify in several market segments instead of depending on one or few segments (Armstrong, Kotler, Harker and Brennan 2009, 208).

This section indicates how the company can use segmenting techniques and target the right customer group in order to attain and specify their needs so as to serve the customers effectively and efficiently.

After the competitive market environment, competitor and consumer analyses, the company is able to position and differentiate its product or service in the market, based on the customer needs and the market structure. Positioning and differentiation can be done by applying the marketing mix concept as described in the following chapter.

2.4 Marketing Mix

Marketing mix can be described as a set of tools which are used by organizations to assist pursuing objectives and through which marketing strategies can be implemented. Marketing mix consist the usage and specifications of four P's. In this research the importance of each P will be described accordingly (Marketing Mix 2009).

2.4.1 Product

Product is considered as the key element in market offering. Anything tangible or intangible which can be consumed by the market to satisfy the needs and wants is known as product. Focusing on the services, in this case services are the intangible products. As explained by Kotler and Armstrong (2004, 276), services are products consisting of activities, benefits or satisfactions that are offered for sale and do not result in the ownership of anything. There are three basic levels of product are core, actual and augmented. The core product is described as the most basic stage in the three levels, what customers buy in terms of benefits. For example, a customer buys the camera not for taking pictures but for making memories which results in the core benefit of the product. The next level is building the actual product around the core product. In most of the cases, products are sorted according to the characteristics such as quality, features, styling, branding, usability and packaging. From the same example of a camera again, all camera capture memories, organizations must ensure that the products being offered have a different advantage from the competitors. Finally, the augmented level of a product consists of all the elements that surround the core and actual product. In the augmented level the purchasers of a product are provided with additional services and benefits. Competition at the particular level is based around delivery, warranties, and guarantees and after sales service, to satisfy the consumer's needs and wants (Kotler and Armstrong 2004, 279).

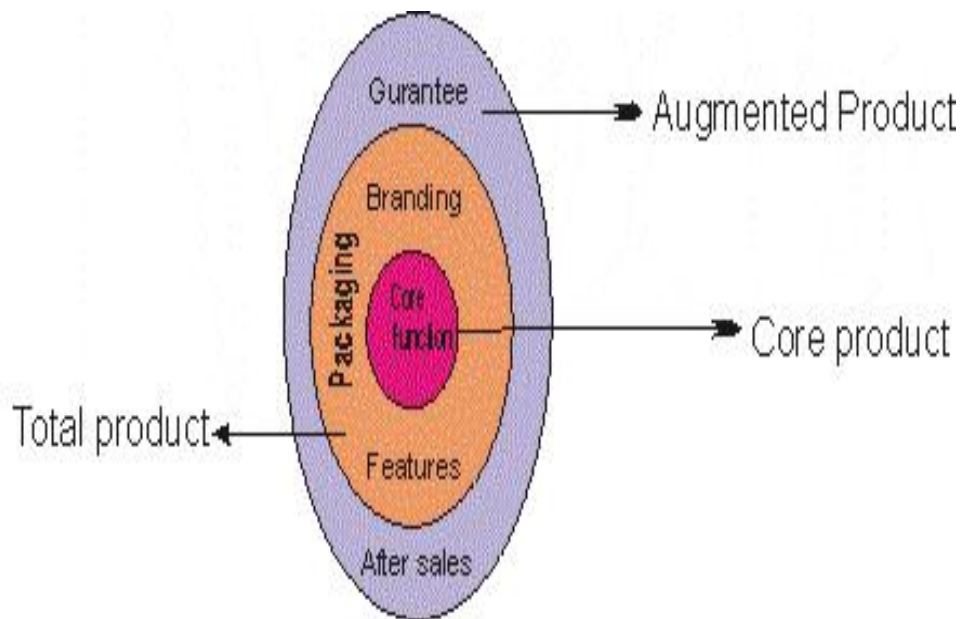


Figure 5: Kotler three product levels (The Kotler three product levels 2010)

2.4.2 Price

This section explains pricing which is the second major marketing mix tool. According to Kotler and Armstrong (2004, 343), the amount of money charged from the customers for consuming a product or service is known as price. Therefore, pricing is considered as the cost of product or service. Price is the single element in the four P's of marketing mix that generates revenue while the other P's represent expense or costs (Kotler and Armstrong 2004, 345).

Pricing is also the only flexible variable that can be easily altered. Product features and promotion channel commitments can take a longer period of time, but pricing can be changed directly. Besides, being the easiest element for making changes in the marketing mix, price is also considered the cheapest (Kotler and Armstrong 2004, 345).

Pricing strategy changes depending on the level in which the product is at its life cycle. Companies introducing new products to the market encounter the challenge of setting the price for the first time. Thus, companies can choose between two broad pricing strategies when introducing products which are market-skimming pricing and market-penetration pricing (Armstrong, Kotler, Harker and Brennan 2009, 310).

2.4.2.1 Market-skimming pricing

The concept of market-skimming pricing is when companies set a high price during the introductory phase of the product to acquire maximum revenues from the profitable segments of the market and lower it depending on the competition and response to reach a wider market (Armstrong, Kotler, Harker and Brennan 2009, 310).

Market skimming is applicable with the conditions that, the quality and image of the product must support its higher price and there are enough buyers willing to buy the product at that price. Also, competitors should not be able to enter the market easily and undercut the high price. And finally, the cost of producing a smaller volume cannot be so high that competitors cancel the advantage of charging more (Armstrong, Kotler, Harker and Brennan 2009, 310).

2.4.2.2 Market-penetration pricing

This is when companies set a low initial price so as to penetrate a market quickly and attract large number of buyers to win a large market share. The high sales volume reduces the cost and allows the company to cut the price even further (Armstrong, Kotler, Harker and Brennan 2009, 311).

This low price strategy can be applicable when the market is price sensitive so that the low price set increases market share. Also, production and distribution costs must fall as the sales volume increases. And finally, the low price must help to limit the competition, and the company that opts to use this strategy must maintain the low price position otherwise the price advantage may be temporary (Armstrong, Kotler, Harker and Brennan 2009, 311).

2.4.3 Place

Place which is often referred to as the distribution channel or the location, is the least changing variable in the marketing mix section and also one of the key factors in distributors ability to attract the customers. Place represents the location where the products can be purchased and answers to how and where the products will be distributed to consumers. Before choosing a precise location for distributing the products, channel levels are considered and then intermediaries are selected (Kotler and Armstrong 2004, 400).

According to Kotler and Armstrong (2004, 400), companies sometimes fail to pay attention on the distribution channels, the channel decision of the company affects every "P" of the marketing mix, for example, pricing is affected by using mass merchandising, specialty stores or via internet selling. Certain amount of persuasion and motivation is required by channel partners when advertising the products (promotion). A company producing a new product or acquiring the rights of existing products partially depend on how the product meets the need of the channel members. Choosing the right location can sometimes be very costly. Many distributors most likely invest in employing specialists to find a reasonable place. Moreover, place involves different methods and activities such as transporting, distributing and warehousing that organizations account for making the products available to customers (Kotler and Armstrong 2004, 400).

There is a long term commitment involved in choosing distribution channels. A company can easily alter its products and services, fluctuate pricing and advertise the product according to market trends and behavior, but when the distribution channels and a place is selected by franchises and retailers, complications arise for the company to replace these channels by company owned warehouses. Thus, the channel must be carefully designed by the company (Kotler and Armstrong 2004, 401).

2.4.4 Promotion

The last variable in the marketing mix is promotion. A successful product or service cannot mean anything unless the benefits are clearly communicated to the target market. Therefore, when companies choose the media strategy it is important to consider who the target customers are and what their general behavior is. Promotion is the only element in the marketing mix employed to inform, persuade and remind the target audience the capability of the company to satisfy customer's needs. Promotion is also used to influence audience's feelings, beliefs and behavior (Fifield 1998, 245).

Promotion is not considered as a single tool rather it is a mix of several tools that help in achieving the purpose. As stated by Kotler and Armstrong (2004, 465) under the concept of integrated marketing communications, the organization carefully coordinates the promotion elements to deliver a clear, consistent and compelling message about the organization and its products. The organizations promotional strategy is constituted under the marketing communications section. The promotional strategy comprises of advertising, that is, any non-personal paid form of communication using any form of mass media. Promotional strategy also consists of sales promotion, which is a short-term incentive to encourage the purchase or sale

of a product or service. Another point that is incorporated in the promotional strategy is personal selling, which is making sales and building customer relationships by personal presentation of sales force. Promotional strategy also involves public relations, which is a deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its public (Kotler and Armstrong 2004, 467).

2.4.4.1 Push and Pull Strategy

There are two main kinds of promotional strategies namely, push and pull strategies. A push strategy involves pushing the product through the channel to the final consumers. In this strategy, the producer directs the marketing activities (primarily personal selling and trade promotions) toward the channel members to encourage them to carry and promote the product to the final consumers (Kotler and Armstrong 2008, 415).

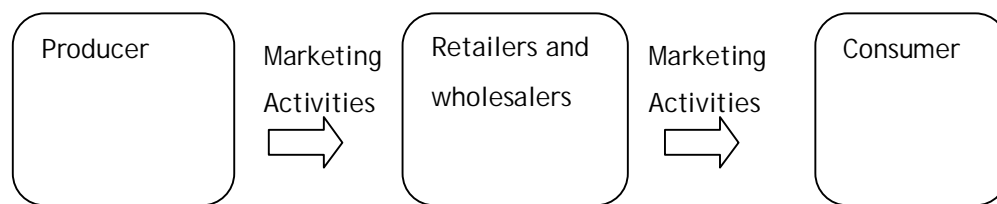


Figure 6: Push Strategy (Kotler and Armstrong 2008, 415)

On the contrary, pull strategy involves the producer directing marketing activities (primarily advertising and consumer promotion) towards the final consumer encouraging the consumers to purchase the product. The effective pull strategy results to the consumer to demand the product from the channel members, who will demand from the producer. In this strategy, consumer demand pulls the product through the channels.

In designing promotion mix strategy, companies consider the factors like product and market type and the product life cycle stage. For example, the importance of different promotion tools varies between consumer and business markets. Business-to-consumer (b-2-c) companies usually use pull strategy, by putting the funds into advertising, followed by sales promotion, personal selling and then public relations. Business-to-business (b-2-b) companies prefer push strategy more, putting the funds into personal selling, followed by sales promotion, advertising and public relations.

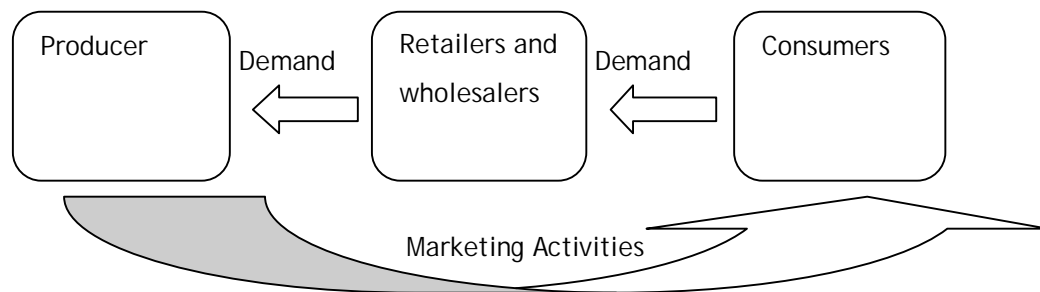


Figure 7: Pull Strategy (Kotler and Armstrong 2008, 415)

The effect of different promotion tools also vary with stages of the product life cycle. In the introduction stage, advertising and public relations are essential for producing high awareness and sales promotion is useful in promoting early trial. Personal selling must be used to get the trade to carry the product. In the growth stage, advertising and public relations continue to be of great influence, whereas sales promotion can be reduced as not much of incentives are needed. In the mature stage, sales promotion becomes more important relative to advertising. Buyers are aware of the brand and advertising is needed only to remind them of the product. In the decline stage, advertising is reserved for the reminder level, public relations are discontinued and sales people give little attention to the product. Sales promotion however might continue to be strong (Kotler and Armstrong 2008, 416).

2.5 Brief Insight on the Services

As the economies grow, a developing amount of the activities are focused on the production of services. A brief definition of service can be "an action of doing something for someone". A service is largely intangible and likely to be an experience that can be consumed at the point where it is purchased and cannot be owned since it quickly perishes. Therefore, services are not only produced by service businesses but are also essential to the offerings of many manufactured goods producers (Zeithaml and Bitner 1996, 5). Services include for example the work of airlines, financial institutions, hotels, consultants, lawyers, engineers, and maintenance and repair. Many market offerings consist of variable mix of goods and services (Kotler 2001, 32).

2.5.1 The Characteristics of Services

Services appear with the particular features that affect the creation and execution of marketing programs. The major characteristics of services have been classified under four main

headings namely intangibility, inseparability, variability and perishability.

2.5.1.1 Service Intangibility

Service intangibility can be considered as the single and most important factor in distinguishing goods from services. Service intangibility means the physical inability to touch, see, feel, taste, hear or smell the services before they are bought. With buying services, consumers buy an accomplishment rather than a physical product. As a result, service intangibility raises a perceived risk of purchase compared with the buying product (Kotler and Armstrong 2004, 299).

2.5.1.2 Service Inseparability

The second differentiating component of services is service inseparability. Service inseparability means that the services are produced and consumed at the same time and cannot be separated from service providers, whether the providers are people or machines. At first, a tangible product is manufactured by the company, then the product is distributed to the dealers who sell it and finally, the product is consumed. However, sales come first, with the services, there are number of strategies existing to conclude this limitation. The service providers can for example focus on working with the larger groups rather than on individual basis. Service providers can increase the confidence of a client by undergoing trainings provided by service organizations. Besides, the access of services must be very easy and user friendly for the customers (Dalrymple & Parsons 2000, 158).

2.5.1.3 Service Variability

It means that the quality of the service may differ, depending on who is the service provider and considering where, when and how the services are provided. On the contrary, products are produced in factories where inspectors can ensure conformity from component to component (Dalrymple & Parsons 2000, 159). Service organizations can execute measures to reduce variability in services and towards quality control.

The first step involved in this procedure is investing in extra ordinary hiring and training activities. The second step involves standardizing the service performance process throughout the organization. And the third step is regarding monitoring of the customer satisfaction through suggestions, complaint systems, different feedback mechanisms, customer surveys and comparison shopping (Kotler 2000, 432).

2.5.1.4 Service Perishability

The fourth major dimension is that services cannot be reserved or stored for later sale or use. The failure to store the services means that unused service capacity and ingenerated revenue is lost forever (Kotler and Armstrong 2004, 299). Inaccurate forecast of demand is one of the problems related to perishability. Unpredictable demand can adversely affect and one out of many ways to avoid service problems is performing efficiently to match demand with supply. Forecasting demand and planning creatively and accordingly for utilizing capacity are thus important and challenging decision areas. Service perishability can be stabilized by adjusting demand and supply (Zeithaml, Bitner and Gremler 2006, 24).

2.5.2 The Nature of Services

Service industry is very diverse and highly organized. Price levels, distribution rights and regions and product future are empowered and controlled by the government agencies. The service industry is divided in two sectors such as the government sector includes hospitals, courts, loan institutions, military services, employment services, fire departments, postal services and schools and universities. The private sector incorporates mosques, churches, museums and charities (Dalrymple & Parsons 2000, 151-154).

2.5.3 Service Marketing Management

A product or service can be anything that satisfies the customer's needs and wants. Product and services are often differentiated by product being tangible and services being intangible. However, a customer buying, either tangible or intangible is essentially considered as a service. Therefore, it is logical to include services within the definition of the product. Thus, there are physical products like cellular phones, computers, cars and service products like airlines, financial institutions and universities. All of these resulting in satisfying customer need (Zeithaml, Bitner and Gremler 2006, 8-11).

There has been a rapid progression in the field of services marketing management as a result of following combined forces. There is an indication that services marketing and strategies have expanded in reaction to the remarkable growth of service industries, resulting in increased significance to world economies. In the current situation there has been advancement in number of jobs and the active growth rate in job formation is in service industries. One key factor of the economic importance of services is that trade in services is growing worldwide. This unexpected

growth and economic contribution of the service sector has raised attention to the issues and challenges of service sector industries worldwide. There has been a clear indication of the fact that much of the activity in the early development in the field of services marketing and management emerged from the service industries such as financial institutions, universities, health care and transportation. The need for effective service management and marketing strategies is increasing rapidly, because of the competitive nature of the service industries. Consequently, the manufacturing and technological industries understood the importance and the need for providing better quality service in order to take the competition ahead globally. The needs of professional services and deregulated industries have also enhanced specific demands for services marketing and management concepts as both of the groups have experienced rapid development. Many considerable service industries including banking, telecommunications and airlines are deregulated in many countries of the world. As a result, marketing and management decisions that at some point were controlled by the government are now partially or completely under the control of individual companies that increased the need for more refined customer-based and competition sensitive marketing management. All the factors provide better ways to recognize and segment customers, to ensure the provision and delivery of quality services and to strengthen the company's position among the growing number of competitors. As organizations realize that there are many different problems and challenges to be faced when marketing or managing services, marketers reacted to this fact by developing and documenting marketing practices for services (Zeithaml, Bitner and Gremler 2006, 8-11).

2.6 Brief Insight on the Telecom Industry

Telecommunications industry deals with the transmission of messages through cables, television, radio or telephone using the activities and services of electronic systems. In recent years, the telecommunication industry has been growing rapidly due to the use of modern technology and market competition. The use of optical fibers and communication satellites as media of transmitting data instead of coaxial or twisted pair cables has revolutionized the industry as optical fibers and satellites are easier to install and maintain and are capable of transmitting high volume of data (Telecommunications Industry 2010).

Due to the rapid advancement in the field of networking and technology, wire line telephones that once were the highest revenue generators for the industry are now outdated. The focus of the telecom industry has been changed from voice to text messaging and images, high-speed internet access, delivering interactive entertainment and broadband information services from computer based data applications, centralizing the attention to home and office usage around

the world. At present, digital subscriber line (DSL) is the main broadband telecom technology which is leading the platform surpassing the cable modems. The commencement of such progressive technologies created an intense competition in the industries. Much of the corporations are taking interest to invest in the telecom industry as a result reducing the prices and improving the quality (The industry handbook: Telecommunications industry 2010).

Furthermore, the factors that construct changes in the telecom industrial sector include slow growth and pressures on budget because of global recession, the transition period from personal and residential using of the wired services to wireless, the growth in the competition between wired service providers and cable service operators and the development in the wireless technologies and internet and introducing advanced cellular phones with wider availability of third generation (3G) services (Introduction to the telecommunications industry 2010).

2.7 Transition from Analogue to Digital

The three main television delivery media sources are terrestrial, cable and satellite. The costs and benefits of transition from analogue to digital vary across platforms, depending on the costs and scarcity of transmission capacity. Although digitalization is economical for a platform, there is a strong case of rapid transition so that duplication of transmission costs necessary to reach old analogue viewers and additionally new digital viewers can be avoided. In digital broadcasting coordination is necessary among the owners of delivery medium, providers of broadcast content, equipment manufacturers and viewers. Since costs and benefits are unevenly distributed among companies in the industry, it is expected that the owners of the delivery platform coordinate the transition. Television satellite operators have completed a rapid transition from analogue to digital for the viewers in a number of European countries. During the transition stage, operators have employed more bandwidth, in the form of costly satellite transponder space. In order to accelerate the transition, analogue decoders have been replaced by the new digital decoders at no additional cost to the viewers (Adda and Ottaviani 2004).

2.8 Constructing the Framework

Figure 8 shows the theoretical framework for conducting a market study for providing advanced digital services for Wateen in the areas of Lahore. The research was conducted on the competitive environment of the market, competitor analysis and consumer analysis. The theoretical part of the thesis provides the framework for the research based on the objective of the thesis. As the objective is to provide case company's microenvironment market study, the

research was divided in three parts to formulate base for the analysis. The first part is the competitive environment of the industry (Porter five forces analysis), which is used for providing information on the industry and competitive forces that influence company operations and profitability in the marketplace.

The second part is the competitor analysis which comprise of the components of the competitor analysis (Lehman and Winer's model). The competitor analysis provides a base for understanding the nature and activities of the competitor in order to consolidate the company's position and predict future activities of the competitors.

The third part is consumer analysis, which comprises of segmenting and targeting concepts. It was essential to go through the concepts so as to provide base for obtaining the consumer information, preferences and behavior in relation to the launching services.

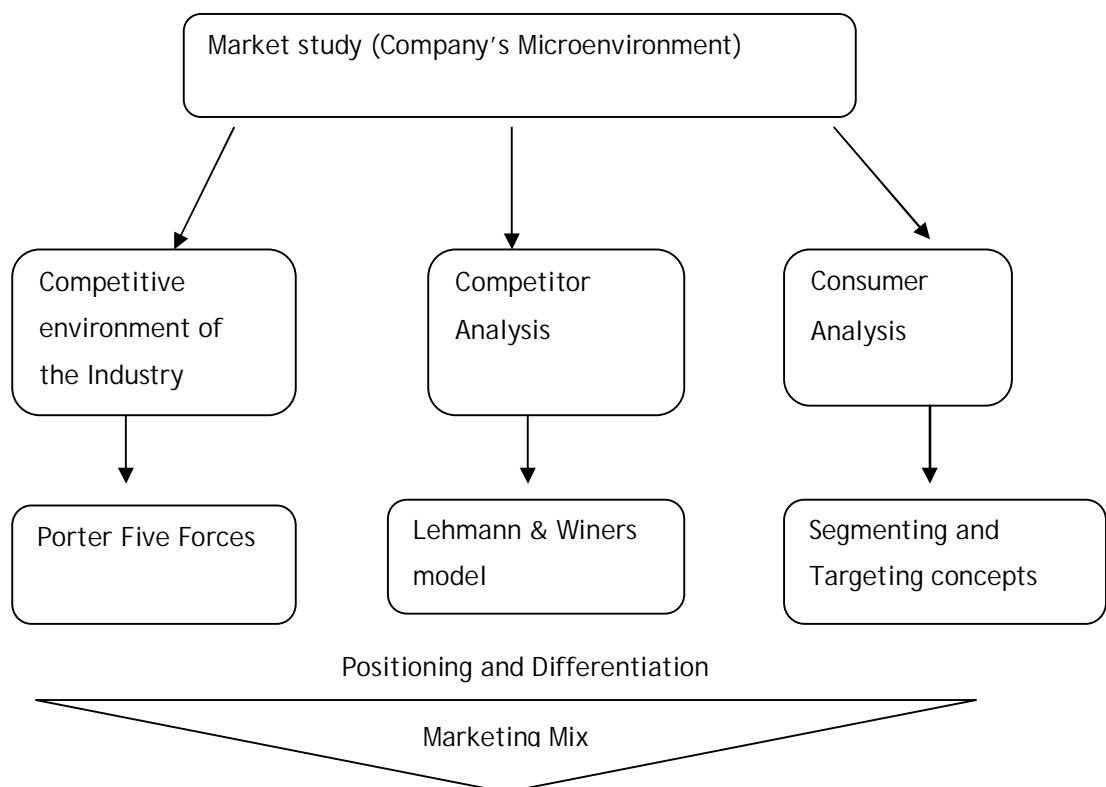


Figure 8; Theoretical Framework

As advanced digital services are a new service, the concept of marketing mix is essential. Marketing mix provides the understanding on positioning and differentiating the company's offerings in the market in terms of product, price, place and promotion.

The empirical section of the thesis applies the competitive environment and the competitor analysis models to provide information on the market situation/environment and utilizes the quantitative findings for providing information on customers. Finally, based on the analyses and the case company information, marketing mix was devised for the provision of advanced digital services in Lahore

3 Research Method, Reliability and Validity

3.1 Research Method

A quantitative research is an approach that uses questionnaires, attitude scales, tests or equipment in order to collect data that are always in numbers and statistics to classify and count features, and construct statistical models in an attempt to explain what is observed. It is a research method that all aspects of the study are carefully designed before data is collected (Burns and Burns 2008, 22).

In this research, survey is used where the data is gathered through a standardized question form, a questionnaire; from a representative sample of population. The questionnaire consists of structured questions. In these types of questions, the respondents choose the best or likely suitable alternative. These assist to ease handling of answers, quick answering and to avoid errors. The received data is then used to describe, compare and explain the studied phenomenon.

In this survey 212 responses were received from a sample size of 225 representing 94 percent. The sampling method applied to this research is multi-stage sampling. Multi-stage sampling sometimes referred to as multi-stage cluster sampling, is a development of cluster sampling that is normally used to overcome the complexity of reaching the geographically dispersed population or when it is expensive and time consuming to construct a sampling frame for a large geographical area. The technique involves taking a series of cluster samples, each involving some form of random sampling (Saunders, Lewis, Thornhill 2007, 223-224). Applied to this research, the geographical urban area of Lahore was divided into three towns namely Gulberg, Model Town and Iqbal Town. Then based on income, age and profession, the population was divided

demographically resulting into three clusters of decision makers, professionals and students. These clusters were further divided into sub-clusters of head of households and housewives, young professionals and university/college students to whom the questionnaire was provided.

3.1.1 Cluster Analysis

Cluster analysis is an exploratory data analysis tool which aims at sorting different objects into groups in a way that the degree of association between two objects is maximal if they belong to the same group and minimal otherwise (Cluster Analysis 2010)

Based on the questionnaire data accumulated from the students, decision makers and professionals, it is decided to use cluster analysis as a technique to segment the market for digital television seekers. Although the data is segmented demographically, but in terms of decision making there is a need to segment the data as per psychographics (consumer behavior and preferences). (See appendix 3 for methods and statistical solutions for cluster analysis).

3.1.2 Factor analysis

Factor Analysis is a statistical method to distinguish variability among observed variables in relation to the potentially lower number of unobserved variables called factors.

The main applications of factor analysis techniques are to reduce the number of variables and to detect structure in the relationships between variables that is to classify variables. Therefore, factor analysis is applied as a data reduction or structure detection method (Principle components and Factor analysis 2010)

In this research, factor analysis is applied by using principal component analysis as the extraction method to reduce data obtained from respondents on twelve types of video on demand and for Metadata contents into four and three major groupings respectively. 67 percent and 61.4 percent of variance in the data set was obtained respectively representing these factors as per initial Eigen value criteria (selecting only those which possess an eigen value greater than 1). The table representing scree plot for factor number selection and eigen values plus variance are provided in the appendix 4. Furthermore, the rotated component matrix with factor loadings is also provided in the appendix 4.

3.2 Reliability and Validity

According to Buckingham and Saunders (2004, 72), validity is achieved by using research instruments that measure what they are intended to measure. Reliability is achieved by using research instruments that produce the same results from the same conditions each time they are used.

For this research, validity of the research has been obtained through the creation and validation of the research questionnaire on the specific needs of Wateen's new service. The questionnaire is focused on the objective of the research and in the data analysis section of the research it is demonstrated that the validity for this research was achieved.

Reliability is achieved by using research instruments that produce the same results from the same conditions each time they are used Buckingham and Saunders (2004, 72). Therefore, reliability is permanence and accuracy of the results. The research covers the sub-subjects that define the main subject makes it accurate. Also the research relies on academic literature and internet sources to ensure that the information is gathered from reliable sources as can be confirmed by similar other academic sources.

4 Empirical Findings

4.1 Company Background

Wateen telecom is one of the Pakistan's largest telecom companies. Wateen has played a vital catalyst role in shifting the nationwide media user's interest from analogue to digital systems. The digital revolution in the technology has provided people efficient, cost-effective and flexible communication solutions (Wateen Services and Solutions 2009).

Wateen telecom continues to provide excellence in executing voice retail and wholesale communication services to its loyal customers. The business is embodied on the heritage of its parent company - The Abu Dhabi Group (Wateen Services and Solutions 2009).

Currently, Wateen has a subscriber base of over 10 million customers in 145 cities in Pakistan, and serves the industries like banking and financial services, education, real estate, government and healthcare by providing them with services and solutions. (Wateen Services and Solutions 2009)

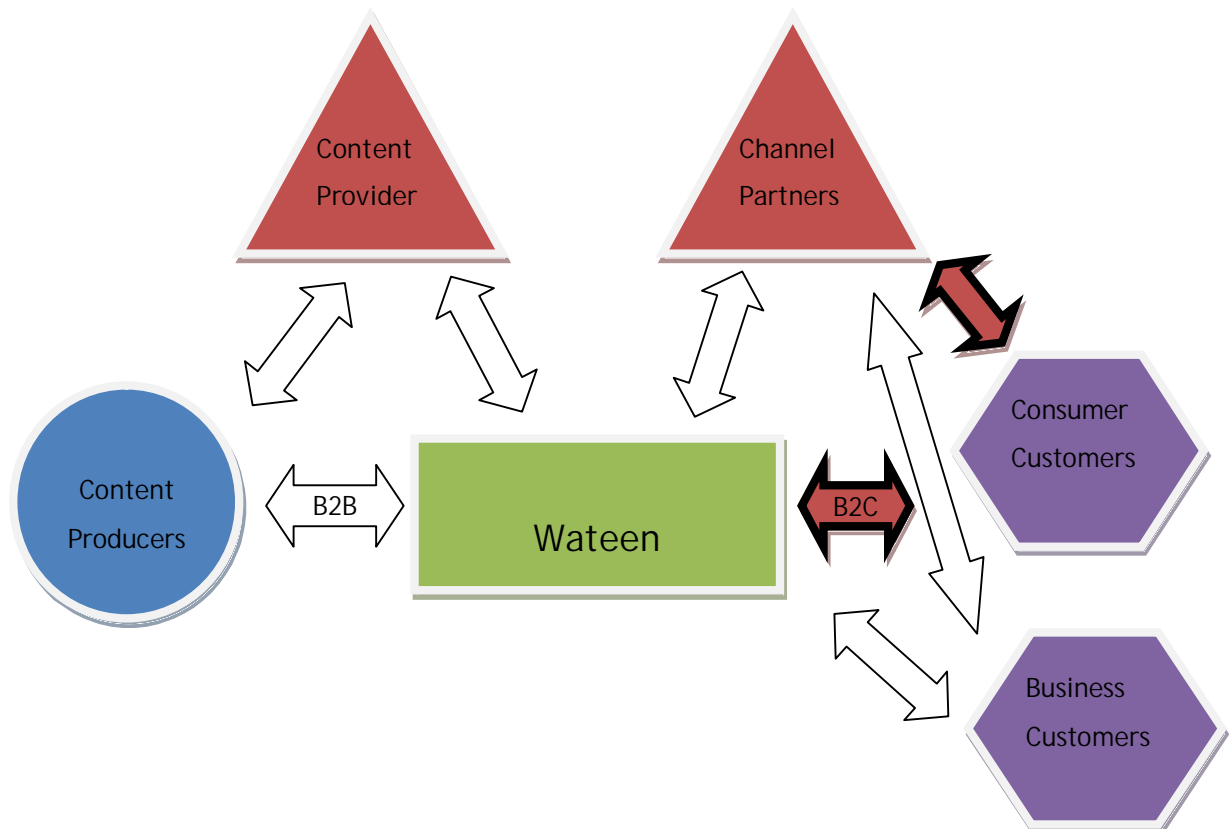
4.1.1 Mission and Vision

The company's mission is to provide affordable communication services that meet and exceed customer's requirements. Wateen focuses to deliver high quality, flexible and innovative solutions that are cost effective and conducive. The other mission for the company is to provide complete customer satisfaction every time and on time.

Wateen's vision is to introduce itself in the European and North American markets and provide the leading telecommunications international voice services through a world class, cutting-edge networking technology to deliver a broad range of reliable, affordable and quality customer-centric services (Wateen Company profile 2009).

4.1.2 Advanced Digital Services

Advanced digital services are important part of digital cable services. The services can only be offered over digital network hence the services are subjected to network capabilities and set-top box functionalities. Wateen telecom considers digital cable services as a tool to provide high interactivity and provide information to viewers. The advanced digital services comprise of data on demand (video on demand, audio and Meta data), data broadcasting, internet on television and television games.



Content Producer:	Satellite Channels
Content Provider:	Channel aggregator
Content Partners:	Franchises (local cable operators)
Consumer Customers:	Households and people using the services for personal use
Business Customers:	business concerns both subscribers and advertisers

Figure 9 Advanced digital services business models

4.1.3 The Company's Potential Revenue Models

The company identifies four basic potential revenue models characterized by the following methods of generating revenue: Advertising, Pay-per-view/use, Subscription and Television commerce.

4.1.3.1 Advertising

Revenue generation through advertising is described by placement of advertisements within interactive programming guides (IPGs) and the placement of an advertisement on a portion of the screen during the interactive video sessions. The service Meta data is an advertisement based service, therefore the only limitation for Wateen is consumers do not like advertisements streamed in the middle of a show or a movie.

4.1.3.2 Pay-per View/Use

An example of a pay-per use model can be video on demand (VOD and Audio), where the consumers pay the fee for each use of the service, example being pay per view cinema and documentaries.

Considering the pros of the model, Wateen's network would not suffer from a blockade as it requires little or no bandwidth for use as a return path. The reason behind the complications lie the uncertainty of events in Pakistani society such as electricity outages, social events and demanding professional life, Wateen therefore does not find the techniques cost beneficial.

Since the market and implementation of technology is still in the inception phase, this technique can be considered after attracting the early adopters of the product.

4.1.3.3 Subscription

Subscription is commonly used and accepted form of model where the consumers are charged on the billing method by the service provider. The subscription model is manageable for Wateen to implement in Pakistan as it is a tested and reliable model, generally accepted by the mass market.

4.1.4 Financial Report

Table 1 shows the income statement from the year 2005 to 2009. It indicates the company has shown consistent revenue growth from 15 million to 16185 million Pakistani rupees (PKR). Despite the financial crisis, Wateen has shown remarkable performance which has been driven by skilled workforce and diversified product portfolio.

Amount in PKR mil	2005	2006	2007	2008	2009
Revenue	15	2794	4448	9289	16185
Growth %		19035.6	59.2	108.8	74.2
Gross Profit	(32)	1082	1722	4054	5238
Growth Margin %	Nm	39.0	39.0	44.0	32.0
Operating Profit	(45)	503	786	1998	3018
Operating Margin %	Nm	18.0	17.7	21.5	18.6
Finance Cost	-	15	166	205	568
Profit after Tax (PAT)	(37)	227	386	1084	1019
Net Margin %		8.1	8.7	11.7	6.3

Table 1: Wateen financial report

With the growth of revenues, Wateen is capable of launching new projects and improve their offerings and services. The gross profit and the operating profit grew from 32 million to 5238 million Pakistani rupees and from 45 million to 3018 million Pakistani rupees respectively. Therefore, the income statement indicates that for the past five years the company has been generating profits which were 37 million Pakistani rupees in 2005 and 1019 million Pakistani rupees in 2009. Operating profits has been increasing which indicates the company is in good control of the costs and expenses associated with the business operations. (Wateen Prospectus 2010)

4.2 Competitive environment of the market

In order to analyze the competitive environment of the market for profitability of Wateen's advanced digital services, applied to the research is Porter's five forces market analysis. The objective is to identify the intensity of competition in the market. Following is the analysis of the five forces.

4.2.1 Bargaining Power of Suppliers

Wateen's suppliers regarding advanced digital services comprises of content providers, content producers and hardware providers. However, the scope of the research and provision of advanced digital services is limited to the content providers and producers as can be seen from figure 9. The market consists of a number of content suppliers, for example satellite channels, local channels and video distributors. As explained by Porter (2004, 27) industries with many suppliers reduce the bargaining power of the suppliers. Since buyers can easily shift from one supplier to another, substitute costs are low thus reducing the bargaining power of suppliers. However, due to lenient piracy policies, Wateen can obtain content from multiple channels. Besides, suppliers have multiple options to sell programs hence increasing the bargaining power.

4.2.2 Bargaining Power of Customers

Customers have a tendency to impose a relatively moderate pressure on margins and service volumes. Customers pressure the industry profitability by bargaining for lower prices and improved services and quality. The bargaining power of customers in Wateen's case is high due to various circumstances as discussed in a theoretical section according to Porter (2004, 24-26).

The number of service providers and substitute services is high in the market. For example, Dish Television, Tata Sky and other cable operators. Therefore, customer has the options to change service provider when not satisfied thus enhancing the customer's bargaining power.

Moreover, service providers operate with high fixed costs due to expensive infrastructure and technological sophistication required to provide advanced digital services. Thus, service providers have to comply with customers' demands to sustain in the business, which increases the bargaining power of customers.

Figure 13 illustrates almost 85 percent of the customers are willing to spend less than 300 Pakistan rupees a month on cable television, hence indicating customers are price sensitive. Price sensitive customers tend to bargain for lower prices and affect industry profitability.

However, there are circumstances which reduce the bargaining power of the customers. According to Porter 2004, 26 informed customers are in a position to bargain for favourable price. In Wateen's case, the customers are not aware of the cost of the service and can be charged premium. Furthermore, there are high switching costs for example equipment cost which further reduces customer's bargaining power.

4.2.3 Threat of New Entrants

Threat of new entrants is low in providing advanced digital services. In Lahore market, Wateen is the initiator in providing wider range of advanced digital services. The case company has the opportunity to acquire customer and market knowledge and achieve cost advantage through economies of scale as well as achieving customer brand loyalty.

The industry requires high initial investment in infrastructure and technology. As discussed in the theoretical section, industries with high initial capital requirement reduce the threat of new entrants (Porter 2004, 7-9). However, Wateen has to consider main competitor Worldcall as discussed in the competitor analysis section, as a threat in entering the market as Worldcall has the required infrastructure and technology to provide advanced digital services.

Substitute cost also minimizes the threat of new entrants in the advanced digital services market. In particular services, customers are bound to long term contracts which can be an obstacle for the new entrant to acquire customer from the current provider.

4.2.4 Threat of Substitutes

Wateen is confronted by threats from a number of substitutes available in the market such as local cable operators, video stores, Dish Television and Tata Sky. It is anticipated that telecommunication provider such as Pakistani Telecommunications Limited (PTCL) will emerge with the innovative technologies like Internet Protocol Television (IPTV). The threat of substitutes can be influenced by the following reasons.

In Wateen's case, the company has established itself in the market having a base of over 10 million customers in 145 cities in Pakistan, as explained in the section of case company background. The brand loyalty of customers for the respective service provider is high due to high substitute costs. The customers are loyal to the providers due to long term contracts as explained in the previous section. The extra services provided with the advanced digital services differentiate Wateen from the substitutes in the market. Thus, the threat of substitutes in Wateen's case is low.

However, the current trends of market indicate conception of high technological innovations causing rapid obsolescence. Since advanced digital services are technological services, obsolescence can raise a threat to substitutes as new innovations can lure customers in a particular industry.

4.2.5 Competitive Rivalry between Existing Companies

The intensity of competition in an industry can cause price competition among competitors, hence pressurizing each company's profitability. Wateen has one direct competitor, Worldcall, with regard to the advanced digital services. There are different factors intensifying competitive rivalry between Wateen and Worldcall.

According to Porter (2004, 19), when the industry growth is slow competition intensifies as companies compete for market share. The growth rate of the Lahore urban market is slow. Lahore average growth rate is 5.6 percent per annum (Industrial triangle of central Punjab 2010). Due to industry slow growth, competition between companies operating in such a market intensifies as the companies compete for market share.

High exit barriers are another reason for competition intensity in the industry. According to Porter (2004, 19), it is difficult or expensive to exit from the industry with high exit barriers such

as specialized assets and fixed costs of exit. The companies operate with high fixed costs due to expensive specialized equipments. Therefore, the companies avoid exit costs from the industry instead increase production capacity, thus intensifying competition.

Differentiation between the products Wateen and Worldcall offer is low. Both companies operate in telecommunication industry offering similar products and services. Rivalry is intense in industries where the products or services offered lack differentiation. The competition is price-based and difficult to ensure customer loyalty (Porter 2004, 19).

4.3 Governmental Regulations

PEMRA is the major regulatory authority for television services in Pakistan. There are regulations from the analogue cable pertaining to number and types of channels, types of programs and maximum limit on consumer price. The particular services have started and development has been achieved in the field for the past few years. However, no regulations have been devised for digital cable yet, due to limited presence of the service in the country. Hence, the conclusion is where there is flexibility in the service offering, there are also possible threats of strict regulations which might limit the service offerings. (Pakistan electronic media regulatory authority 2009)

4.4 Competitor Analysis

This section analyzes the competitors operating in the same industry as the case company. The section contains the competitor company information and then analyses the competitor based on the components of a competitor analysis in order to provide information that can guide the case company to position against the competitor and recognize the competitor's areas of weakness.

Wateen has no direct competitor in this industry regarding the advanced digital services. However, Worldcall provides Digital television and is a pioneer provider of video on demand services in Pakistan, thus making Worldcall potential competitor to analyze. Also Worldcall has the infrastructure and capabilities to provide the advanced digital services. The competitor analysis section provides information on Worldcall in terms of capabilities in entering the market and possible reaction to the launch of advanced digital services especially video on demand services, which Worldcall already provides.

4.4.1 Company background

WorldCall telecom is one of the most reliable telecom and multimedia operating services in Pakistan. The brand was launched in June 1996 with payphone operations. Due to the rapid progression and advancement in technology WorldCall grew in diversified businesses offering wide range of services to serve the domestic market. From cable broadband to wireless broadband, from cable television to video on demand WorldCall has achieved a number of milestones. WorldCall services operate under four main categories (Data, Entertainment, Voice and LDI). WorldCall has been a pioneer in providing the interactive multimedia services through hybrid fibre coaxial (HFC) in Lahore. In Cable television network in Lahore, WorldCall was the last and the largest entrant (About Worldcall 2009).

Currently, the only competitor of Wateen in digital cable market is WorldCall. In 2000 Worldcall multimedia established a Hybrid Fiber Coaxial scalable network in Lahore to become the first multimedia operator to provide cable television and internet over cable. In 2003, the company launched the largest and only national networks capable of triple play (cable television, high speed internet/data and telephony) in Karachi under Worldcall broadband limited. Worldcall was also the first company to launch digital television channels and video on demand services in Pakistan in 2006 (Worldcall 2009).

4.4.2 WorldCall's Vision and Mission

WorldCall vision is to become the leader in providing telecom and multimedia services at national and international levels. WorldCall continues to provide the state of art technology with regard to bring Pakistan at par with the most developed countries in the world (Worldcall 2009).

4.4.3 WorldCall 's Objectives

Worldcall objective is to create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable so as to ensure value for money to all segments of the market. The company intends to be a leader within indigenous operators in terms of market share, gross revenues and average revenue per user (ARPU) within five years and maintain the same position thereafter (Worldcall 2009).

Moreover, Worldcall intends to achieve dynamic growth and service excellence by being at the cutting edge of technological innovation. The company also intends to achieve utmost customer

satisfaction by providing high standards of technical quality and service delivery (Worldcall 2009).

4.4.4 Components of competitor analysis

Obtaining competitor information is not easy as companies do not want to expose some of the information that can be considered sensitive when obtained by competitor. Components of competitor analysis provide information on competitor's objectives, resources, strategies and assumptions on future strategies.

4.4.4.1 Current and future objectives

According to the Worldcall goals and objective as can be seen from Worldcall goals and objective section, it is evident that the company will compete intensively in the market as the objective is to be a market leader. According to Hooley, Saunders and Piercy (2004, 210), companies with objective of being strong in the market, will compete intensively in markets such companies operate. The type of competition will most likely be in terms of market share and gross revenues. Companies interested in market share gain will most likely lower prices, improve products, increase advertising spending and expand distribution channels.

Furthermore, being the daughter company of Omantel which is one of the largest telecommunication companies also shows the intensity Worldcall will impose. Being one of the largest companies, Omantel is capable in terms of infrastructure and desire to compete intensively to defend and maintain the position.

4.4.4.2 Current strategies and activities

According to Hooley, Saunders and Piercy (2004, 211-215), three main issues need to be addressed in understanding the current competitor strategies and activities are the identification of the competitor's target markets, strategic focus and value chain analysis. The following section analyses Worldcall's current strategies and activities.

4.4.4.2.1 Target market

Worldcall is working on a concept of undifferentiated or mass marketing. The concept means Worldcall ignores the segment differences and target the market as a whole as described in the

undifferentiated marketing section. This can be demonstrated in the company's distribution and promotion operations. Worldcall has an extensive distribution network covering all over Pakistan. Promotion can be seen in the media, for example newspapers, magazines which are advertising tools aimed for reaching mass population.

4.4.4.2.2 Strategic focus

The company's main strategic focus is differentiation which is achieved by offering a wide range of services in comparison to competitors. Being services based company, the focus is on marketing and after-sale services. There are a number of services that differentiate WorldCall from its competitors, for example offering postal billing and computerized billing system, call centres for customers to compensate customers during service downtime and providing three services on a single modem (Report on Worldcall Multimedia 2009).

4.4.4.2.3 Value chain analysis

As explained in the theoretical section, value chain is a chain of primary and support activities that gives a product more added value than the sum of all added values of all activities for a company operating in a specific industry.

In Worldcall's case, inbound logistics is managed by purchasing goods according to the requirement of the company and being stored in the warehouse by the purchase department. Worldcall has their own warehouses and vehicles for storing and moving their inventory (Report on Worldcall 2010).

Moreover, the company's operations focuses on delivering high standard technical quality and service to customers, therefore, Worldcall has to ensure smooth operations in order to achieve this. The role of the operations department is to implement and operate the systems that can ensure smooth operation. For example, making sure the signals are strong in the areas where Worldcall provide the services (Report on Worldcall 2010).

Sales manager and marketing director are responsible for sales and marketing activities sales respectively. The marketing department is responsible for informing potential customers and identifying the target market for their products and services. The role of marketing managers is to choose how to market their products, services and new offers. The sales department is responsible for licensing competent authorized dealers (Report on Worldcall 2010).

Furthermore, Worldcall has invested considerably in after-sales services by establishing 59000 sales centres and franchises all over the country. The company has a separate customer relationship management department whose function is to identify and resolve customer problems. Customer care department is another independent department that records customer problems and informs the technical department to solve them (Report on Worldcall 2010).

4.4.4.3 Competitor's resources

Worldcall is at the forefront in innovation and it is one of their objectives and vision to be at the leading position in technological innovation. Worldcall has been the first in providing varieties of new technology trends in the Pakistani market. For example digital television channels and video on demand and triple play networks in 2000 and 2003 respectively, as mentioned in the company background.

Worldcall uses aggressive marketing on the services that are considered important, for example data and broadband services. Based on the analysis of their operating costs, despite making a loss in the previous financial year, still Worldcall's marketing expenditure rose from 79 Million to 79432 Million Pakistani rupees in 2008 and 2009 respectively. (Worldcall Annual Accounts 2009)

However, the company has been making a loss since the last financial year. Last quarter Worldcall posted a net loss of 121 million Pakistani rupees due to high finance costs. High markup cost on total finance cost and borrowings contributed to the losses recorded (Worldcall Annual Accounts 2009).

4.4.4.4 Assumptions on future strategies

The assumption on future strategies section anticipates competitor's area of vulnerability and reaction to changes in the market.

4.4.4.4.1 Competitor's area of vulnerability

The areas the competitor shows vulnerability can be identified in the financial capabilities as stated in the competitor's resources section. As the company has indicated financial constraints, this can make the competitor slow in reacting to the launch of Wateen's new services.

As Wordcall is operating on undifferentiated marketing concept, it makes Worldcall weak to serve customers on their specific needs. This can be the opportunity for other competitors who are targeting a niche market as the company can identify the specific needs and serve the market best. This can also be identified on Worldcall's desire to increase the customer base. Another area identified is their customer service. Despite having an extensive number sales and call centres, the customers have not been satisfied with services as can be seen from figure 16.

Moreover, the area that the competitor also has indicated vulnerability is having a diversified business portfolio. According to Hooley, Saunders and Piercy (2004, 220-221), it is better to compete with a big competitors in niche markets and areas where such a competitor cannot operate effectively due to the company size and bureaucracy, which means the company is not flexible to respond fast. Worldcall focuses on expanding the presence by investing in new ventures and diversifying their services. For example the company joint venture with Hayleys Limited of Sri Lanka and pay phone services in Yemen (Worldcall Annual Accounts 2009). Thus, there is a possibility for small competitors who can focus on small segments and invest in research for specific customer requirements to serve customers effectively and hence establish themselves in the market.

4.4.4.4.2 Competitor's strategy changes to market changes

Based on changes in the market trends and demands, WorldCall has tendency to react by upgrading the services by being at the forefront in technology. This can be seen the company was the first to introduce hybrid fibre coaxial in the Pakistani market (Worldcall company background). Also recently they introduced Evolution data only (EVDO) for high speed wireless broadband and increasing the share of services in their portfolio.

4.5 Consumer Analysis

The questionnaire survey was conducted in the urban areas of Lahore. The participants were head of households, young professionals, housewives and students (See Appendix 2 for copy of questionnaire). The following are the findings of the data analysis with respect to responses to individual questions.

4.5.1 Choice of Television Subscriptions

It can be seen from figure 10 that cable television is the most preferred and most used service as 97 percent respondents have subscribed to Cable television. Cable television has acquired previous services for example terrestrial antennas and satellite dishes which are now used only in rural areas. Most of the households in major cities and towns have subscribed to cable television and it is the area with potential if better quality and value added services are provided to the users.

4.5.2 Tenure of Usage

As Figure 11 shows that 67.55 percent of respondents use cable television for more than three years. This shows that the users are sophisticated and are also aware of the latest trends and technologies in cable television via advertisements of Sky TV, Dish TV and Tata Sky on various

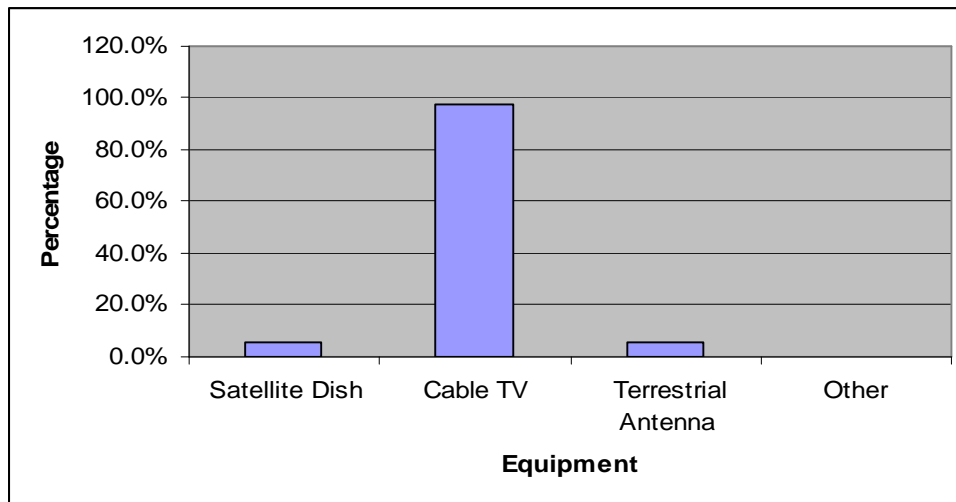


Figure 10: Respondents subscription

cable channels. However, there are not many value added service providers and most of the cable operators are providing the same mundane services. Therefore, users will be appreciative if provided with value added services for example interactivity and digital cable.

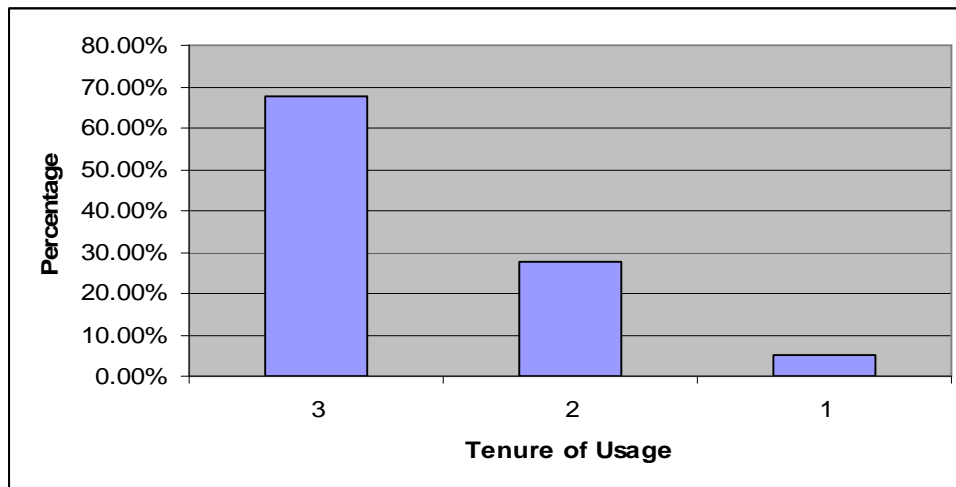


Figure 11: tenure of usage of cable television of respondents

4.5.3 Monthly Spending on Cable television

Almost 70 percent of respondents stated that they are currently paying 201-300 Pakistani rupees and 10 percent of respondents stated 301-400 Pakistani rupees as Figure 12 shows. This means that customers will be willing to pay in the range of 200-400 rupees for cable television service. However, if value added services are provided then an additional amount can be charged from the users depending on the type of service and its receptivity.

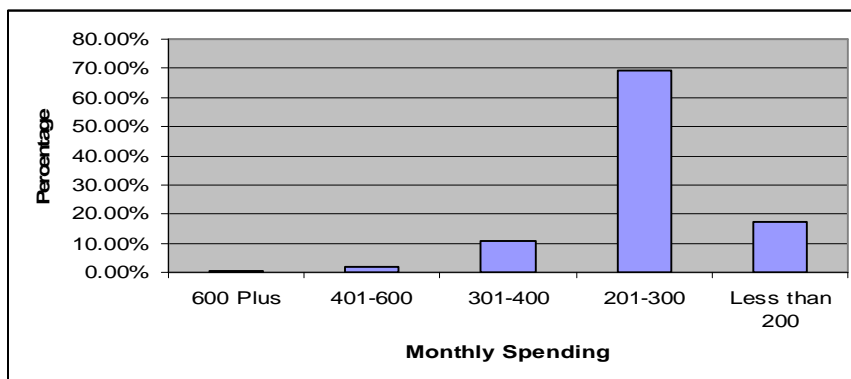


Figure 12: Monthly expenditure respondents spend on cable television

After cluster analysis two cluster solutions were obtained and named as variety seekers and service conscious. The interpretation of the two cluster solution is in appendix 3. The clusters are now being explained in terms of demographics of the participants in each cluster. The demographics of the participants have been identified and described.

4.5.4 Household income of clusters

Figure 13 shows that the variety seekers household income ranges from 20,000 to 75,000 Pakistani rupees. However, the service conscious segments household income ranges from 40,000 to 100,000 Pakistani rupees plus.

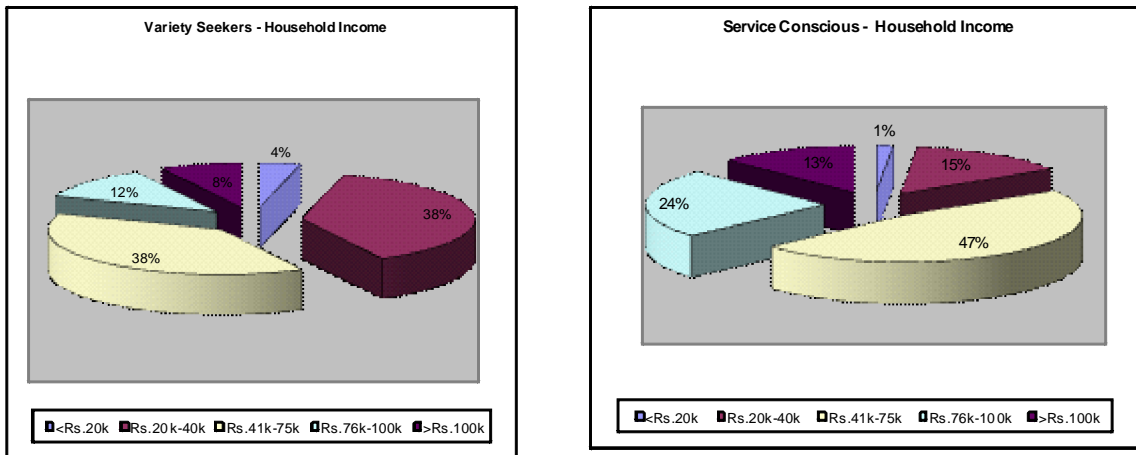
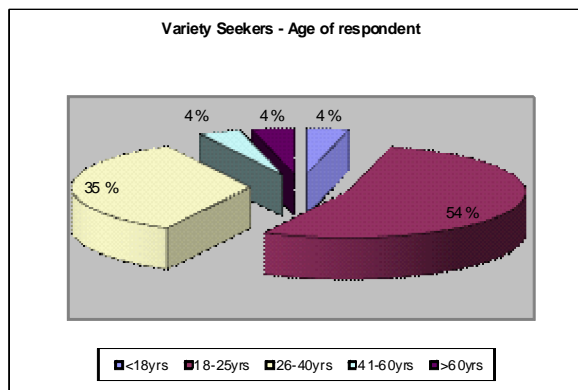


Figure 13: Household incomes of clusters

4.5.5 Age of Respondents of Clusters

Figure 14 shows the age of respondents of clusters. It can be seen that more than half of the respondents in the variety seeker segment are within the age bracket of 18-25 years. This results in younger audiences requiring a variety of channels.

At the same time more than half of the respondents in the service conscious segment are within the age bracket of 25-60 years. In this segment it is indicated that people are professionals and seek value and service in return. Hence, Wateen can charge a premium price from professionals if provided with appropriate service levels.



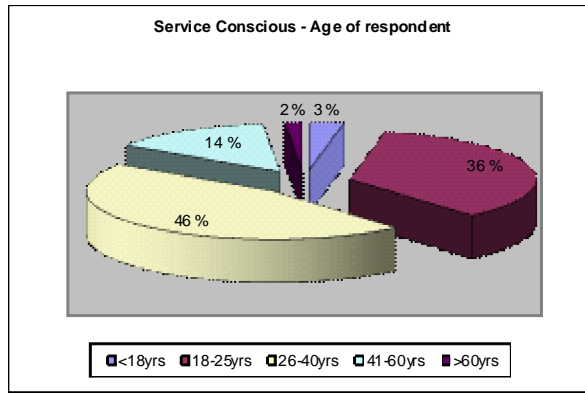


Figure 14: Age of respondents of clusters

4.5.6 Dissatisfaction of Current Cable Users on Important Attributes

Figure 15 indicates both males and females are most dissatisfied with the variety of channels being offered at present. Similarly, customer service is the second most important attribute that is causing dissatisfaction. An important interpretation is that males are less concerned about charges than females if provided with the appropriate service. Males can be charged premium pricing for the service offering by Wateen, since they are the prime decision makers.

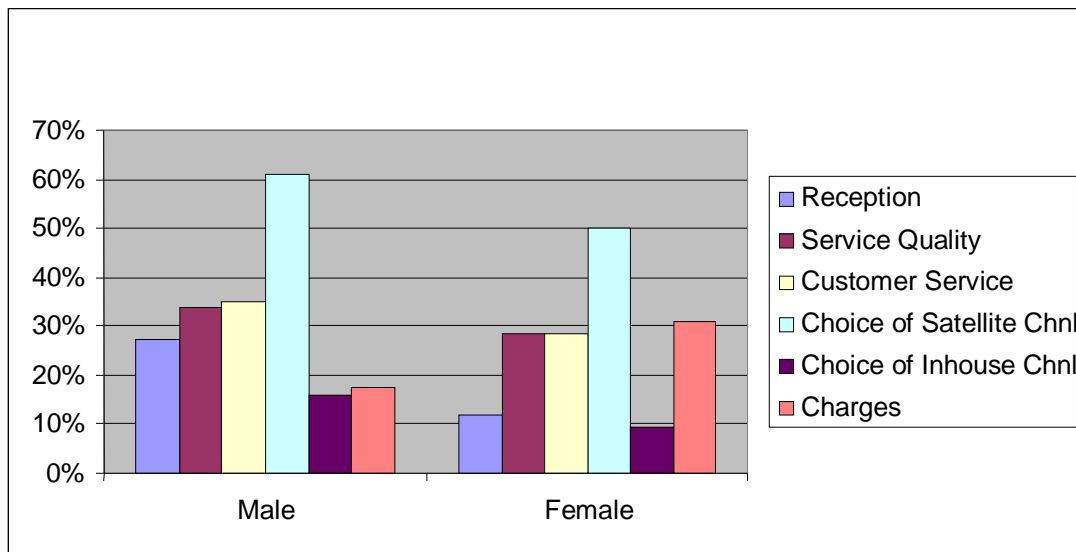


Figure 15: Dissatisfaction with current cable services

4.5.7 Time Spent on television Watching (Hours per Week)

Figure 16 shows that there is a considerable usage of television amongst the respondents with

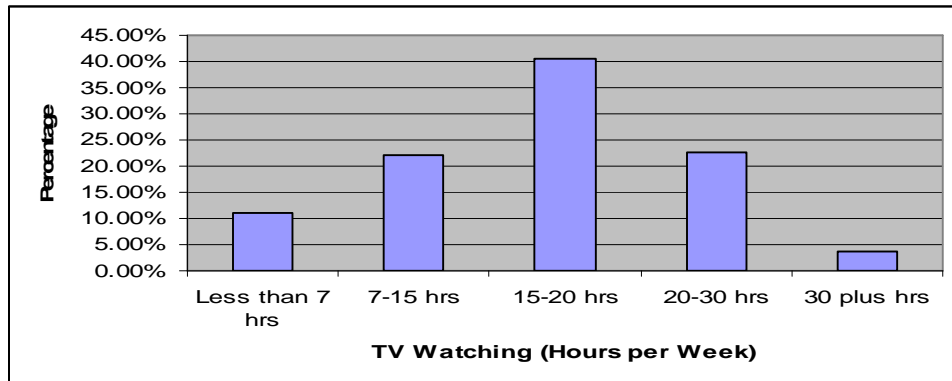


Figure 16: Time respondents spend watching television

almost 90 percent of them watching television in the range of 7-30 hours per week. This indicates that watching television is one of the prime entertainments in the region. Hence if there is provision of more variety and interactivity to people, they will be more responsive to such value added services as characterized by the variety seekers segment obtained from the cluster analysis.

4.5.8 Ownership of Media Services

It can be seen from Figure 17 that 25 percent of the respondents use liquid crystal display (LCD) and big screens and over 70 percent of them own digital video disc (DVD). Thus people value and are willing to spend a lot on media entertainment.

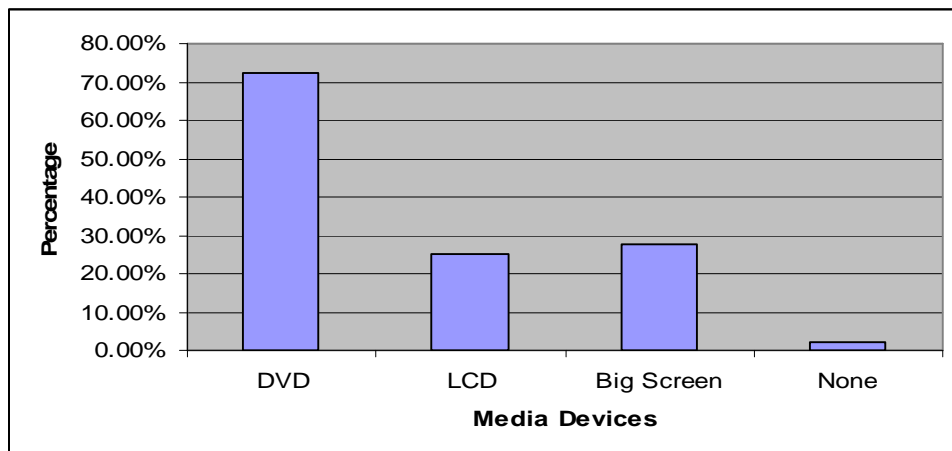


Figure 17: Respondents ownership of media devices

4.5.9 Video/DVD Rental Frequency

As can be seen from Figure 18 people prefer watching cinemas that are aired on the cable television channels despite the poor quality of the cinemas instead of going to the rental shops. Therefore, it is assumed that if the cable network operators provide consumers with high quality cinemas of their choice (VOD), people will be more receptive to the service and will be ready to pay an appropriate price for it as supported by the service conscious segment.

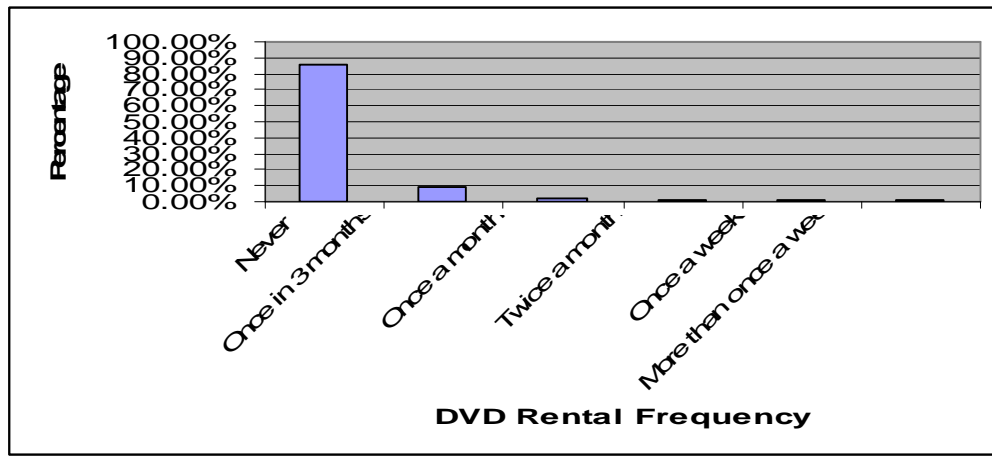


Figure 18: Respondents movie renting frequency

4.5.10 VOD Usage in the Past 12 Months

Although the smallest interactive version of VOD is available in few localities offered by WorldCall, almost 70 percent of respondents have never used VOD in the past 12 months as Figure 19 shows. This indicates that VOD is a new service for subscribers and there is potential, and if properly served by Wateen can be an ample source of revenue. The prospective subscribers to this service are both variety seekers and service conscious.

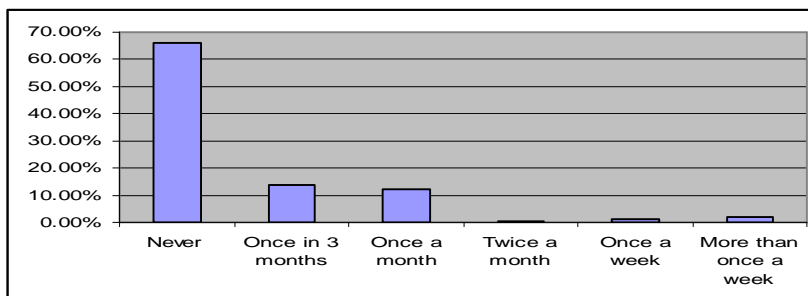


Figure 19: VOD usages by respondents

4.5.11 Cinema Watching Options

Figure 20 represents that DVD is a much more appropriate medium considered by many respondents; both network and cable DVD channels are second in the preference list. Respondents specifically do not favour going to cinemas although the trend is changing due to opening of some high standard cinemas.

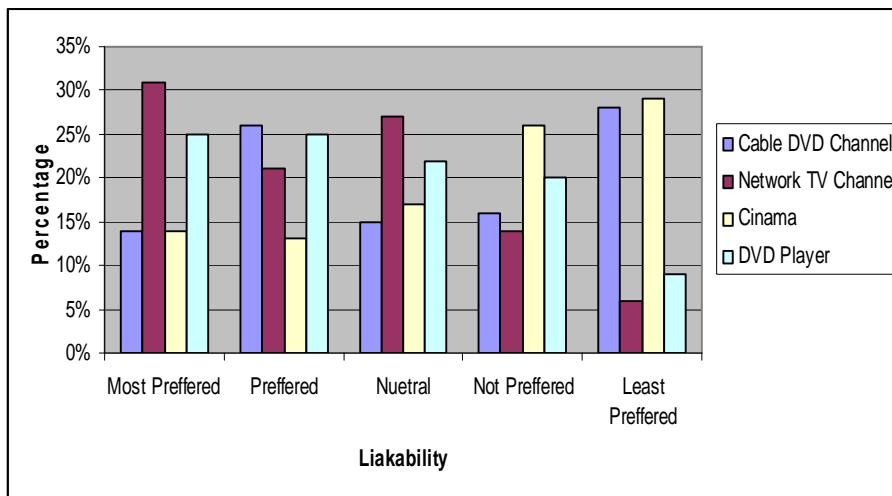


Figure 20: Movie watching media preferred by respondents

4.5.12 Download Cinemas from the Internet

Figure 21 shows the preference of the respondents in downloading films from the internet. Through digital subscriber line (DSL), cable operators offer internet downloading almost everywhere. Video on demand can be a major competitive option in future. However, at present, it is in the beginning phase.

4.5.13 Cinema Watching Attributes

4.5.13.1 Price

Figure 22 shows that more than fifty percent of the respondents stated price as an important attribute. Nevertheless, the other fifty percent of the respondents are neutral or less to price as

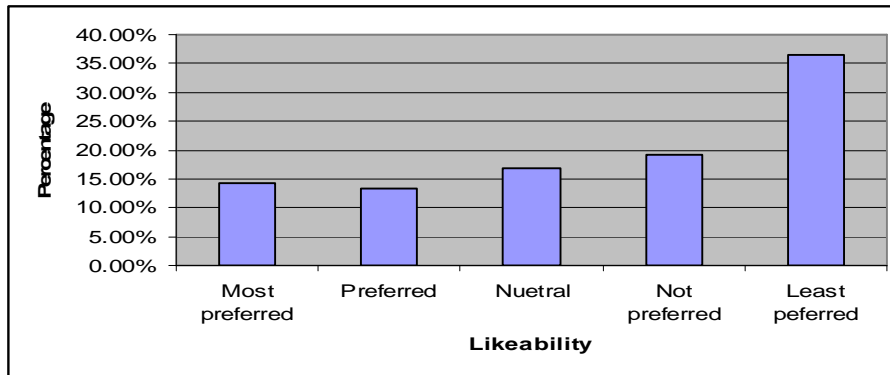


Figure 21: Respondents preferences on downloading films from the internet

an important attribute, because they are willing to pay for quality service and variety. Price sensitive people are willing to pay extra for value added services at the same time paying less for a cable fee.

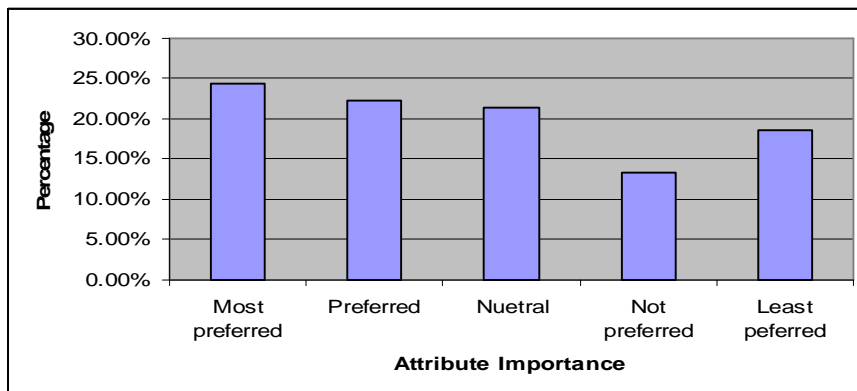


Figure 22: Respondents on price attribute

4.5.13.2 Availability

As can be seen in Figure 23, the response is almost neutral from the respondents when availability is considered. Besides, people can be provided with uninterrupted coverage as some of the respondents have experienced interruption during transmission.

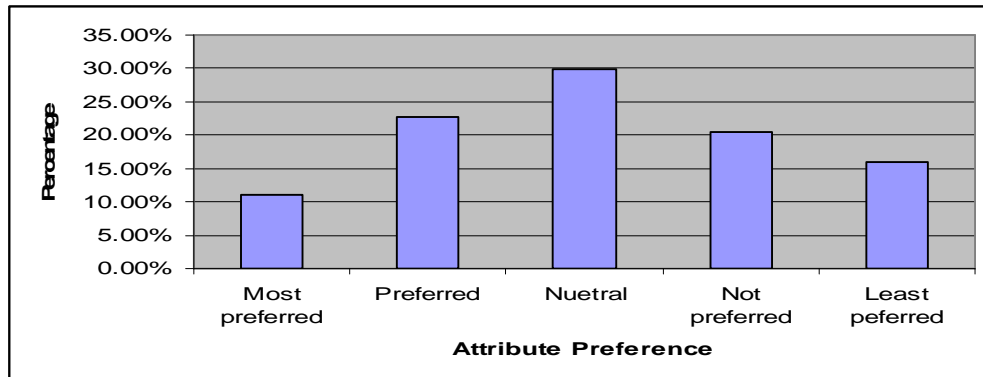


Figure 23: Respondents on availability attribute

4.5.13.3 Quality

As already stated, cinema quality is a much preferred service especially by the service conscious and there are interruptions such as television advertisements in terms of delivery to subscribers. Taking this information into account, Wateen can have a competitive edge over others because of high quality video on demand service. Figure 24 presents the respondents preference on quality attribute.

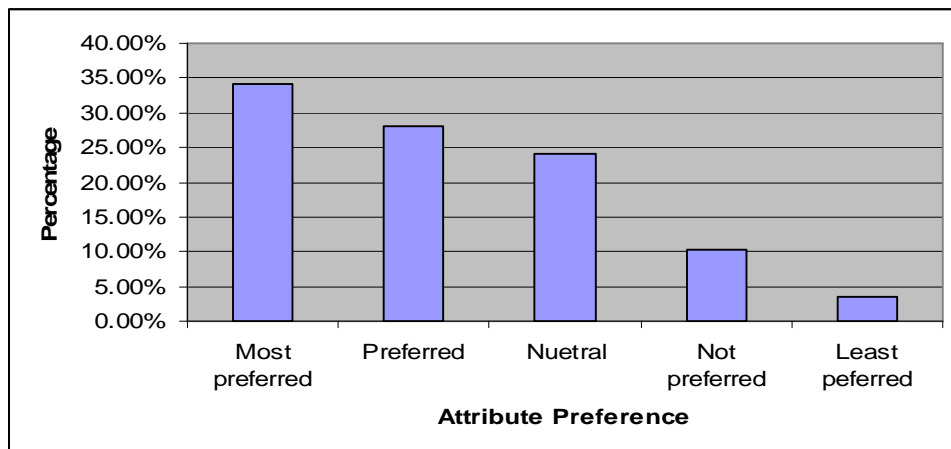


Figure 24: Respondents on quality attribute

4.5.13.4 Viewer Control

Viewer control attribute provides a customer with a choice and access to forward, pause and rewind when watching cinema. Figure 25 shows that 35 percent of respondents prefer viewer control although a larger proportion is not concerned about it. Consumers are mostly unaware of the attribute but it is anticipated that preference can grow when people become aware of its advantages.

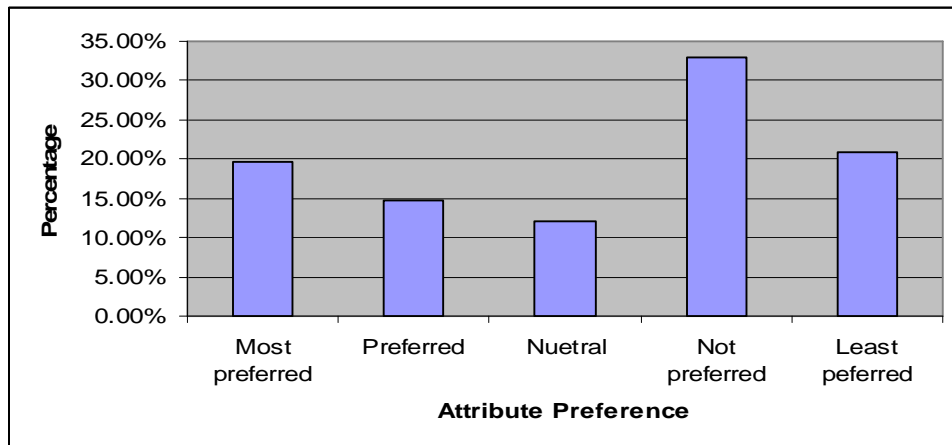


Figure 25: Respondents on viewer control attribute

4.5.13.5 Choice

As shown in Figure 26, the choice of cinemas has a high priority amongst consumers at present as the cable services air cinemas on a weekly schedule basis and subscribers usually miss the cinemas of their choice because of timing. Therefore, customers will value an option to choose cinemas at anytime.

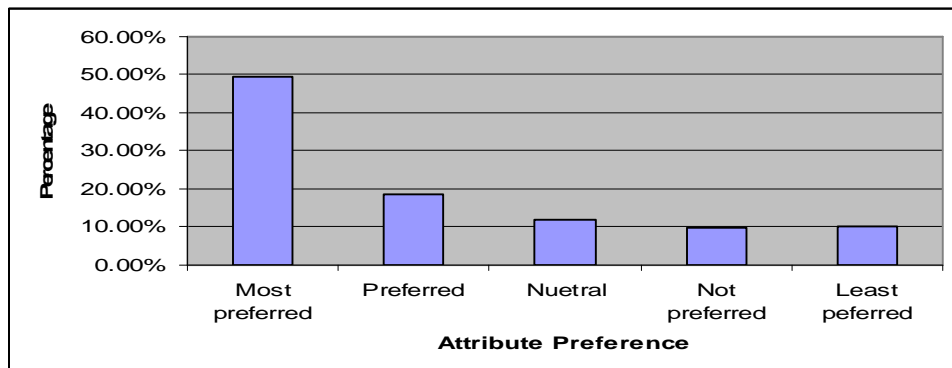


Figure 26: Respondents on choice attribute

4.5.14 Nature of Games

Wateen initially offered simple games for example cards and puzzles, which have very low acceptance by respondents due to the vast availability of computer and console games. Figure 27

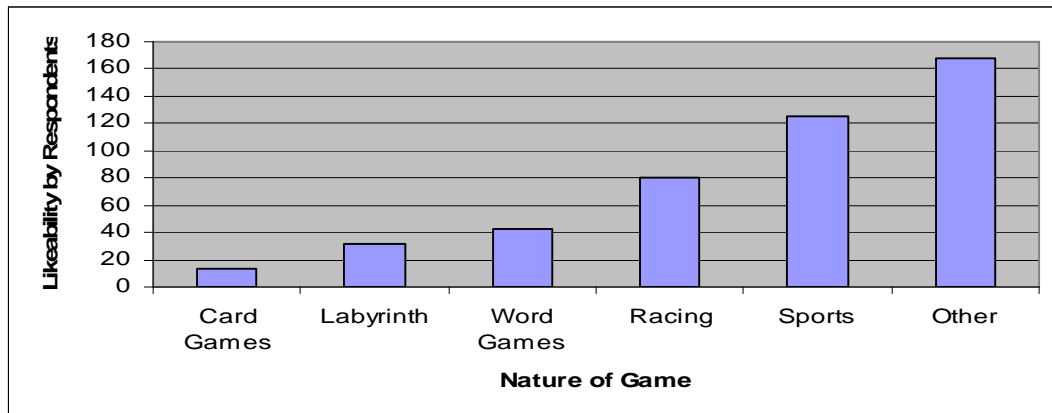


Figure 27: Respondents preferences on nature of games

shows most of the respondents have instead shown interest in racing and sport-related games or other games. However, respondents expectancy from Wateen will be the advanced graphics games and is not possible for Wateen or other television game providers to offer due to lack of game development and graphics capability.

4.5.15 Children's Learning Options

4.5.15.1 Children's television educational programs

Most respondents stated their interest in educational television programs and declared them the most important educational tool for children as can be seen from Figure 28. This implies that Wateen should provide such children educational network channels in their digital cable service to attract and retain families with growing children.

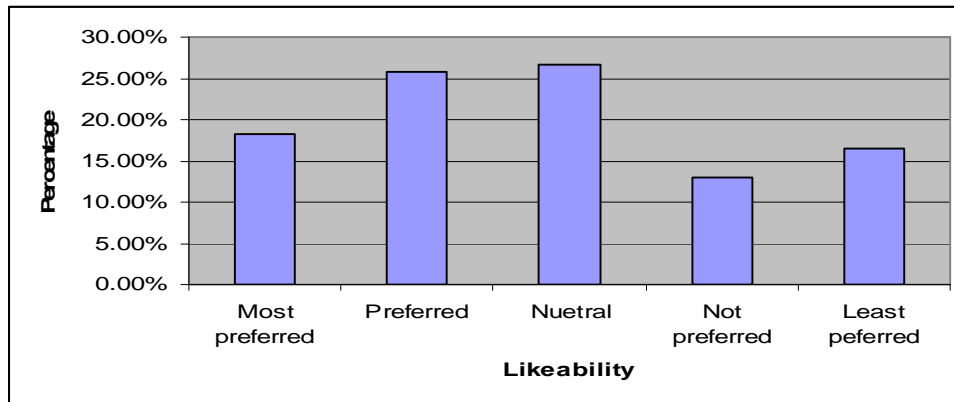


Figure 28: Level of preference of respondents on children's television educational programs

4.5.15.2 Computer Software

Computer interactive learning software is readily and cheaply available and this is the reason that most respondents prefer these for educating their children as Figure 29 shows. Furthermore, this software makes education entertaining and interesting for children.

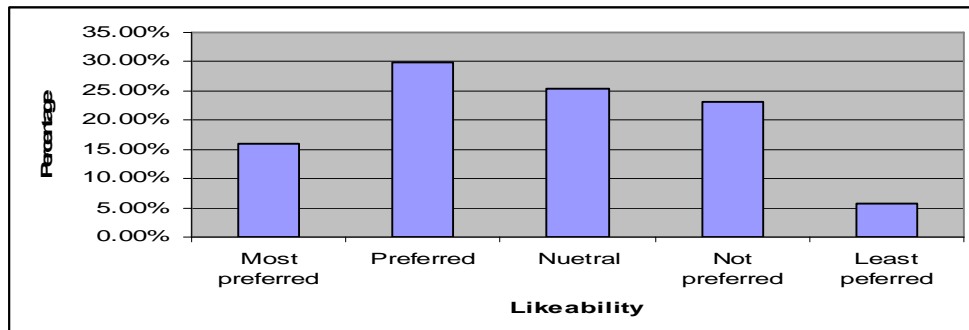


Figure 29: Preference level of respondents on computer children educational programs

4.5.15.3 Books

Figure 30 shows the respondents preference level to books as the source of learning for children. Most respondents have shown preference on books as a source of learning for children. However, almost 32 percent of respondents did not prefer books.

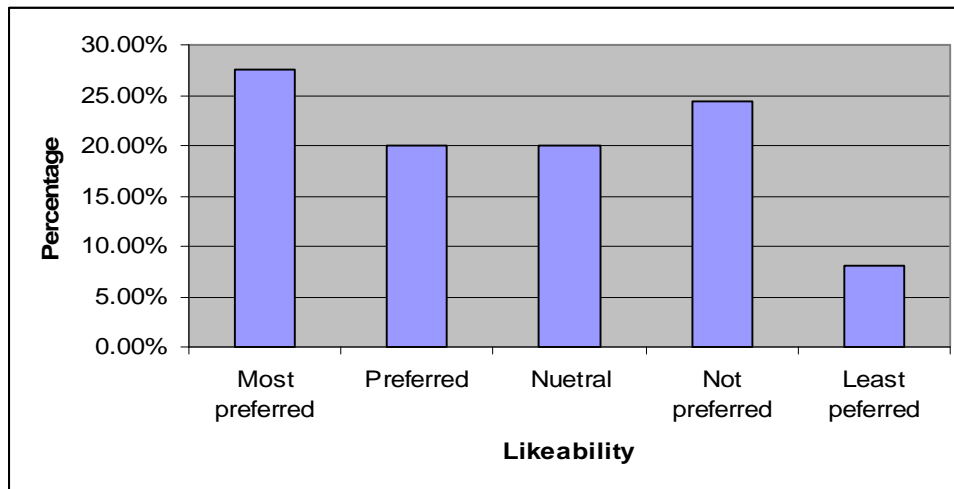


Figure 30: Level of preference of respondents on books as children's source of learning

4.5.15.4 Interactive Learning Toys

As can be seen from Figure 31, the respondents consider learning toys as the least effective for children education because it is believed that children consider toys for playing and throwing around only rather than extracting meaning out of them.

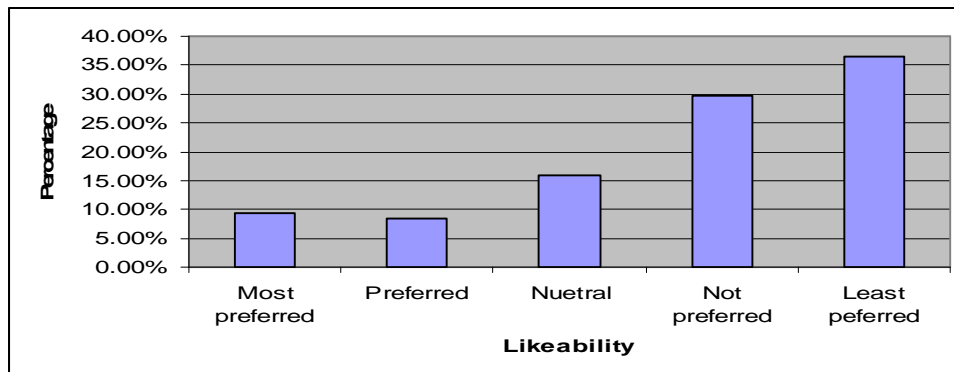


Figure 31: Level of preference of respondents on toys as children's source of learning

4.5.15.5 Games

Figure 32 shows that parents appreciate educational games but at the same time they are cautious that if the games are less educational and more entertaining or violent, then children will start playing them for entertainment and spend their study time for non-educational

purposes. This is the reason that most of them dislike games as an option for children education. However, if Wateen can provide television games that are enriched with information and knowledge, most parents will be willing to use the service. Hence, it is suggested that educational games should be developed in order to make games on television a success.

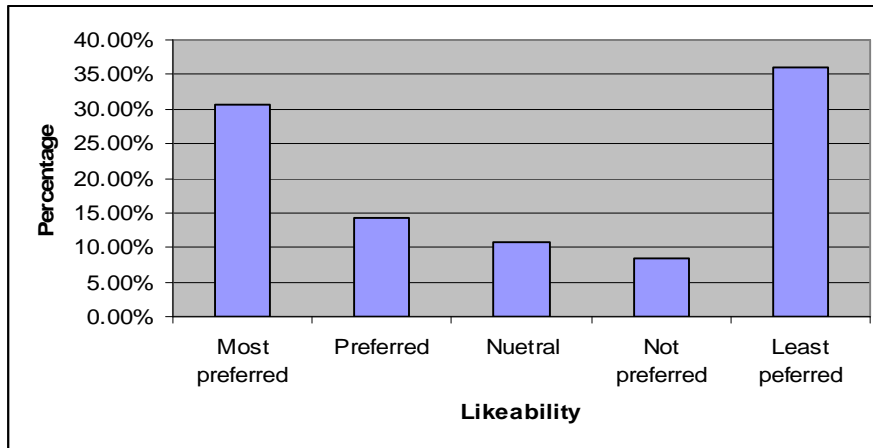


Figure 32: Preference level of respondents on educational games for children

4.5.16 Type of Internet Connection

Figure 33 illustrates most of the respondents have high speed internet connections at home and Wateen's internet on television will not be of much use and value to these people since it only offers the capability to open and view website pages.

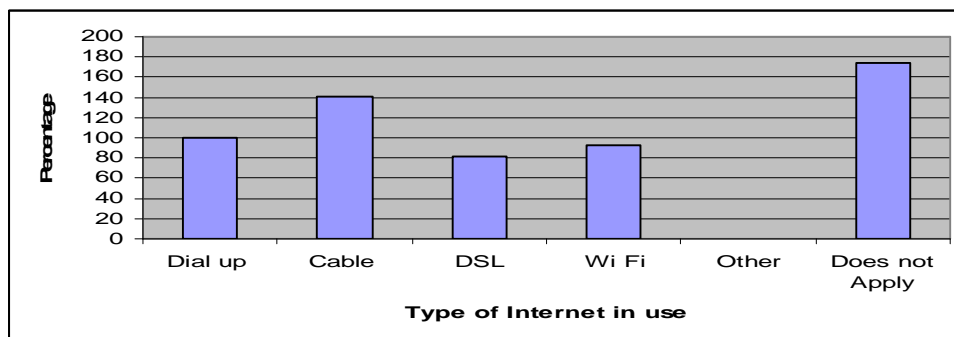


Figure 33: Types of internet connections used by respondents

Therefore, people will not be willing to pay for such a service. However, this service can be offered on a trial basis and sold later upon improvement and addition of features such as ability to run Java-enabled and Flash programs.

4.5.17 Online Activities

Most respondents use the internet for communicating (through chat rooms) and information as presented in Figure 34. It will be of great value to the customers if Wateen can offer self-developed and updated informative website pages. However, there is a need to attach peripherals to the television for chat communication (using internet on television) and this may not be welcomed by most people since doing so may occupy the television set and prevent others from watching programs on television.

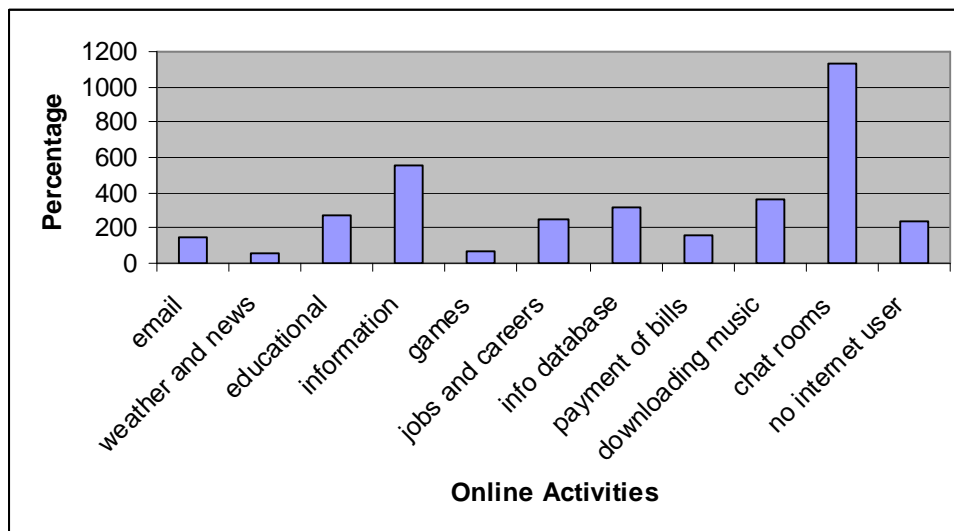


Figure 34: Respondents online activities

4.6 Marketing Mix

4.6.1 Product

Services are products that consist of activities, benefits or satisfactions that are offered for sale. This section applies Kotler's three product levels concept as explained in the theoretical section, to Wateen's advanced digital services.

As Figure 5 illustrates, the core product is at the centre of the total product. It consists of the problem-solving services or core benefits that a consumer seeks when buying a product. For example entertainment and information in the case of Wateen's advanced digital services.

Thereafter, is building an actual product around the core product. Actual products may have characteristics such as quality of service, features, a brand name and packaging. Finally, the augmented product is built around the core and actual product by offering additional consumer services and benefits.

This section gives an insight in decisions relating to the development and marketing of the product. The focus is on decisions about product attributes, branding, packaging, and labeling and product support services.

The significance in this area is on defining the benefits that the product will offer. These benefits are communicated and delivered by tangible product attributes, such as quality, features and design. Decisions about these attributes are particularly important as they greatly affect consumer reactions to the product. The Following are the discussed issues involved in each decision.

4.6.1.1 Product Quality

Quality is defined as the ability of the product to perform its functions. It includes the product overall durability, reliability, precision, ease of operation and repair, and other valued attributes. In the case of Wateen's advanced digital services both technological and functional aspects of quality are considered important. Reception quality, uninterrupted service, reliable data sources and ease of use are the factors that are acknowledged by customers on which they benchmark the quality of Wateen's advanced digital services.

4.6.1.2 Product Features

The product can be offered by varying features. A digital cable service without any extras is a basic model. The company can create more features such as video on demand, Meta data, interactive games and internet on television by adding higher level models. The extra features can be a competitive tool for differentiating Wateen's products from the competitor's products. Being the first producer to introduce a needed and valued new feature is one of the most effective ways to compete.

The product information as provided by the case company on the potential users (Appendix-1), considers the product, the specific features of the product that the general public like the most, the features that could be added to improve the product. The information provides a list of feature ideas, each of which is assessed on the basis of its customer value. The information gave insight into features customers highly value and which would improve the products competitive position. From the results of factor analysis as can be seen from appendix 4, the features that can be added in classic and live events category of video on demand are parental control, search options, movie ratings and description, variety of programs and category wise classification as preferred by potential users (appendix-1). Also in metadata preferred additional features in shopping information category are local perspective, up to date information, data sharing and networking, category wise classification and on-screen easy navigation (Appendix-1).

4.6.1.3 Product Design and Packaging

Product design is another important aspect to be considered for adding distinctiveness to advanced digital services. If the focus is maintained on designing the product accordingly, it will contribute to the product usability as well as the product user interface and will offer one of the most effective tools for differentiating and positioning. A unique product design gains customer attention, improves product performance, reduces the production/service delivery costs and gives the product a strong competitive advantage in the target market. Since the advanced digital services are in the unsought products category, there is a need to offer them individually. This will provide the customers the liberty to test different services independently, thus increasing the trial rate.

4.6.1.4 Branding

Consumers view brand as an important attribute of the product, and branding can add value to a product. Branding has become a central issue in product strategy. A brand conveys a specific set of features, benefits and services to buyers. It is a tangible attribute which expresses something specific about the product. A brand is qualified to deliver four levels of meanings which are attributes, benefits, values and brand personality.

Wateen has to decide on which of the four levels of a brand's meaning to build the brands identity. Consumers and buyers are more persuaded by product benefits than product attributes. Moreover, competitors can easily copy attributes or the current attributes may later become less

valuable to consumers, and damage a brand with specific attributes. This becomes even more relevant in technology products.

The most durable and sustainable meanings of a brand are its core values and brand personality because these define the brand essence; the brand strategy should be built around creating and protecting brand personality. The important benefits that Wateen can base its services on can be control through interactivity, variety of options in contents, customer satisfaction and single platform solutions (triple play services).

4.6.1.5 Product-Support Services Decisions

Customer service is another element of Wateen's product strategy along with augment and actual products. Wateen's offer to the market place should include services as a major part of the total offer. It can use product support services as a vital tool in gaining competitive advantage.

4.6.2 Price

According to Pakistan Electronic Media Regulatory Authority (PEMRA) standard for cable television regulations 2003 under rule 30 of PEMRA rules 2002, there are no regulations limiting the pricing of cable service provider. However there are pricing regulations for analogue services.

4.6.2.1 Competitor Pricing

Worldcall offers Video on Demand and digital cable television services for 1500 Pakistani rupees per month depending on the area and the time span of subscription. In Lahore, the charge for analogue, digital television and video on demand is 900 Rupees per month.

Worldcall also charges 3500 Rupees and 5000 Rupees for a set-top-box (STB) that supports digital cable only and that supports digital cable and Video on demand respectively. Customers have to pay the whole amount at the inception of the service. (Appendix 5-6)

4.6.2.2 Pricing objectives

It is suggested that Wateen should use quality leadership charge a higher price than the competitor to acquire the respective position. The company should offer better value propositions and excellence in operations and services than the competitor.

Wateen will offer extra benefits such as audio for monthly charges of 100 Rupees higher than what Wordcall offers. Also, the customers will have an option to decide whether to buy the set top box or to rent, as some of the customers might have already bought the box from the competitor.

4.6.2.3 Pricing strategy

The pricing strategy to support quality leadership positioning is market-skimming pricing. The company should charge a higher price in the beginning and lower it in time and according to the response of the market (Armstrong, Kotler, Harker and Brennan 2009, 310). The fact that the service-conscious segment in Wateen's target market belongs to high-income earners; this pricing strategy will enhance the company to benefit from high short-term profits.

The company will build a high quality image in its services and can reduce the price according to the strength of the competition later and attract the variety-seeker segment.

4.6.2.4 Strategy Implementation Scenario

Based on the research, there will be two main stages of implementation. The first stage will be attracting trendsetters (early adopters) and the second attracting people who use service or product only when the majority is using (late majority).

For each stage of strategy implementation, two scenarios can be constructed depending on the suggested choice of subscription, purchasing the set-top box or renting. Customers can either buy the equipment or can sign a one year contract and acquire the equipment usage rights, and pay only a refundable security fee monthly. This strategy will reduce the substitute costs to the customer.

4.6.2.5 Payment methods

Pay-per-view and pre-paid card options were discarded on the basis of uncertain electricity availability and lack of control over cinemas and data to be viewed. It is suggested to start the monthly fee basis in the early stages and introduce duration based pre-paid cards subsequently.

Although electronic billing is highly feasible and cost effective for digital services offered by Wateen, however the passive local culture does not allow such deviation from conventional

ways of payment.

4.6.3 Place (Distribution)

Among the attributes identified from the product information (Appendix 1), quality of service (reception, content, customer and technical support) is one of the most important factors for selection of a cable service. It is suggested Wateen expand its own network but at any stage if franchising is desired, special considerations must be given to the quality of service delivery.

In terms of geographical coverage, Wateen should start offering advanced digital services in the high income regions such as Defense Housing Authority, Gulberg and Cantt. High awareness of technology in these areas creates feasibility to launch the service. The proposed strategy for Wateen entails quality leadership and market-skimming pricing can also be applied to these high income regions.

4.6.4 Promotion

The promotion strategy recommended is pull strategy. As explained in the theoretical section, pull strategy involves the producer directing marketing activities (primarily advertising and consumer promotion) towards the final consumer to induce them to purchase the product (Kotler, Armstrong 2008, 415). Therefore, Wateen will require direct interface with the end user of the offering. Use of distribution channels should be at a minimal level during the initial stages of promotion and a major commitment in advertising will be required. This strategy has a limitation in Wateen's case as the plan is to launch the product in limited areas of Lahore. The problem can be overcome by using billboards. Also developing kiosks with informed staff and placing them at appropriate locations for example shopping malls or exhibitions can be taken into account by Wateen.

The objective of the promotional techniques will not only help in building the brand but will also reinforce efforts towards positioning Wateen as a quality leader. During the second stage, for the targeted segment which appears later, pull strategy can be supplemented with push strategy.

Advanced digital services are to be offered in the third phase of the Wateen digital television services. Minimum understanding of the digital cable television and interactivity is necessary for the success of the advanced digital services.

4.6.4.1 Special Limited Time Promotion

All four products of advanced digital services must be offered on the individual basis. However considering the preferential differences for products, it is suggested products to be divided into two categories. Video on demand and Audio and Meta Data as main products and on buying one of the product a customer can choose any of the other two products (Games or Web on television) free for the first three months. After the completion of the promotional period, the customer will be required to disconnect the free service otherwise it will be assumed to be part of the package and charged for that service.

4.6.4.2 Advertisement Strategy

Since Wateen digital services are part of the Wateen triple play services, a combined advertising strategy is appropriate when all the services, for example Internet, telephone and television are promoted in the same advertisement and the benefits are highlighted.

Since advanced digital services will be offering new solutions, product benefit advertising should be emphasized. Emphasizing benefits of the services will help the customers know about the service and relate their needs to using such features. Wateen can also use its cable channels to advertise its services as the company can cross-sell its various services to existing customers.

5 Conclusion

Advanced Digital Services is a new service to the market. There are challenges which arise with the launch of the particular services. Wateen lack staffs with technical expertise and customers are not aware of the new service. There is also a threat of other digital broadcasters entering the market after Wateen has launched the service.

Wateen can provide training for customers and staffs, customers can be trained by giving them free trials of the service, supplementing the information about the new service on the already used services. Training should be provided to the customer support department in order to give a clear description of the service when the customer requires.

Wateen being the first in providing these services over digital television, it is important to obtain patents and copyrights in order to minimize the risk of other digital broadcasters entering the market.

The company can reduce the bargaining power of customers by partnering with the key stakeholders in the content supplying industry, increasing customer loyalty by building relationships, particularly focusing on quality customer service. Wateen can also achieve this by increasing incentives and other value-added services, examples being the promotional packages.

On reducing rivalry with the competitor, the company can apply suggested strategies such as avoiding price competition, differentiate Wateen's advanced digital services on the basis of quality, product features such as content and number of products and focusing on different segments.

It costs less to keep the goodwill of existing customers than to attract new customers or to regain customers. By providing high-quality service Wateen can outperform its less service-oriented competitors. By achieving high service standards it can be able to charge more, grow faster and make more profits.

Wateen has to decide on delivering product-support services to customers. For example, to consider the ways to offer customer services. It could hire and train its own service people and locate them across the country or allow independent companies to provide these services. Given the importance of customer service as a marketing tool, it is highly recommended to set up strong customer service departments to manage complaints and adjustments, credit service, maintenance service, technical service and customer information. Setting up automatic signaling services to manage consumer complaints and requests for information is also a proactive approach.

Table 4 shows the strategies which can be applied to reduce variability introduced by the users. Since the service is being provided at all times complete accommodation strategy should be used to reduce arrival variability. Moreover, users can only request the content which is available on the content list so as to reduce the request variability.

One of the most critical aspects of Wateen advanced digital services is high customer involvement. Being technologically advanced the service requires the user to be capable of managing the process of service delivery. Since the user has to perform the whole process independently, only the reduction strategy remains applicable. Users must be educated through different mediums, only a selected class of users must be targeted which can be easily educated for using the service.

Customer Introduced Variability	Strategy
Arrival Variability	Accommodation
Request Variability	Minimal Reduction (Selection from available content)
Capability Variability	Reduction (Educate customers, Offer to specific class of customers)
Effort Variability	Reduction (Simplify the service)
Subjective Preference Variability	Manage customer expectation of value proposition

Table 2: Strategies to reduce customer variability

In order to reduce the effort variability required by the users the service must be designed in a very user friendly way, for example simplified remote control and easy-to-navigate screens. The value proposition for every user is not the same. The subjective preference variability should be accommodated by providing options to customize the service content and minimal reduction by targeting specific segments with similar value propositions.

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Appendix 1: Product Information - Likeability and Feasibility

Product /Attributes	Feasibility
Video on Demand	High
Content	Level of Likeability
Feature Films	High(vast variety)
Documentaries / Reality Shows	High
Theatrical Performances (Stage Play, Concerts etc)	High
Selected TV programs (Recordings)	Medium
Memorable Sports Events	Medium
Music Videos (Jukebox)	Medium
3D Animation Movies	Low
Educational / Religious Videos	Low
Kids Entertainment	High
Additional Features	Level of Likeability
Quality (Reception)	High
Parental Control	High
Search Options	Medium
Movie Rating / Description	Medium
Category wise Classification	High

Product /Attributes	Feasibility
Meta Data	High
Content	Level of Likeability
Classified Adds	Medium
Fashion Information (Cloth and Jewellery)	High
Price and other promotions	High
Announcements (Local/National, Festivals)	Medium
Catalogues	High
Price Lists (Comparisons etc)	Medium
Schedules	Low
Restaurant (Menu, Deals and Advertisements)	Medium

Stock Exchange	Low
Cooking recopies	Low
Horoscopes / Weather Forecast	Low
Additional Features	Level of Likeability
Local Perspective	High
Up to date Information	Medium
Easy to Navigate	High
Data Sharing / Networking	Medium
Category wise Classification	High

Product /Attributes	Feasibility
TV Games	Medium (Only for kids)
Content	Level of Likeability
2D Games (e.g., Card Games, Pool Table etc)	Low
Interactive kids learning games	High
Quiz games (General Knowledge)	Medium
Interactive Encyclopaedia	Low
Additional Features	Level of Likeability
Easy Usage	Medium

Product /Attributes	Feasibility
Web on TV	Low
Content	Level of Likeability
E-mail	Low
Browsing	Low
Additional Features	Level of Likeability
None	

Appendix 2: Survey Questionnaire

The following set of questions is designed to conduct a survey to improve current and introduce new Cable TV service products in Pakistan. We appreciate that you took time out of your schedule to fill out this form.

Please answer all the questions below except those that you are asked to skip. Please give only ONE answer to each question, unless specified as "choose all that apply".

1. Which TV service do you currently subscribe to? (Choose all that apply)

- Satellite Dish
- Cable TV
- Terrestrial Antenna
- Other (please mention name of the provider) _____

2. How long have you been using the Current TV service?

- Less than 1 year
- Between 1 to 3 years
- More than 3 years

3. How much money do you pay (*Rupees per month*) for your Current Cable/TV service? (Skip Questions 3 and 4 if you don't use a paid TV service)

- Less than Rs.200
- Rs. 201 - Rs. 300
- Rs. 301 - Rs. 400
- Rs. 401 - Rs. 600
- More than Rs. 600

4. Please rate the following attributes from 1 to 5, for your current cable/TV service, with (1 being highly satisfied and 5 being highly dissatisfied)

Picture Reception and Sound Quality	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
Service Reliability (e.g. service disruption, channel outages)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
Customer service and support	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
Choice of Satellite channels available for viewing	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
In-house movie/drama/kids channels	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
Service Charges	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5

Media Viewing Habits

5. How many *hours per week* do you spend watching TV at home on average?

- Less than 7 hours
- Between 7 to 15 hours
- Between 15 to 20 hours
- Between 20 to 30 hours
- More than 30 hours

6. Please rate the following statements describing your typical media viewing habit, from 1 to 5, with (1 being strongly agree and 5 being strongly disagree)

I often read TV schedules to decide which program to watch	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
I often read synopsis or preview highlights of the show to keep updated about what will happen	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
I often read entertainment news on previews, gossips about the actors or actresses in the show I like	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
I go to the Internet to search for more information about a program I watched or will watch	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
TV is just background noise for me. I will follow whatever my family is watching or which channel is on when I turn on TV set	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5

7. Do you own any of the following media devices? (*Choose all that apply*)

- DVD Player
- High Definition TV Set (LCD)
- Projection TV/Big screen TV (TV set larger than 40'')
- None

8. How many times, on average, have you rented videos/DVDs in the past 12 months?

- Never
- Once every 3 months
- Once a month
- Twice a month
- Once a week
- More than once a week

9. How many times, on average, have you used Video on Demand (*Requesting Cable operator through calling or mobile SMS*) in the past 12 months?

- Never
- Once every 3 months
- Once a month
- Twice a month
- Once a week
- More than once a week

10. Please rank the following options (you would like to use for watching movies/videos) from 1 to 5, with (1 being most preferred and 5 being the least preferred)

- | | |
|--------------------------|--------------------------|
| Cable DVD Channel | <input type="checkbox"/> |
| Network TV Channel | <input type="checkbox"/> |
| Cinema | <input type="checkbox"/> |
| DVD Player | <input type="checkbox"/> |
| Downloaded from Internet | <input type="checkbox"/> |

11. Please rank the following attributes (for selecting a mode of watching movies/videos) from 1 to 5, with (1 being most important and 5 being the least important)

- | | |
|--------------------|--------------------------|
| Price | <input type="checkbox"/> |
| Availability | <input type="checkbox"/> |
| Quality | <input type="checkbox"/> |
| Control of viewing | <input type="checkbox"/> |
| Control of choice | <input type="checkbox"/> |

12. Please rate the following categories of videos from 1 to 5; where (1 is most-liked and 5 is least-liked).

- | | | | | | |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Feature films | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Stage/theatrical performances | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Recorded TV Channel programs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Current Affairs/ Politics Shows | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Documentaries | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Reality shows | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Selected sports events | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Animated movies	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Cartoons for kids	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Music videos	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Jukebox (audio only)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Religious Programs	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>

13. Please rate the following statements regarding information gathering from 1 to 5;
where 1 is strongly agree and 5 is strongly disagree

I would like to get all information through one source	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
I would prefer TV over other sources as a single mode of getting information	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
If available, I would prefer TV for viewing:					
Classified ads	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Fashion information (cloth and jewelry)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Price and other promotions	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Announcements (Local/National, Festivals, Religious)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Catalogues (Household items)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Price List of edible items (Comparison etc.)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Schedules (Airport/ Train/ Bus etc.)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Restaurant (Menu, Deals and Advertisements)	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Stock Exchange	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Cooking recipes	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Horoscopes	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>
Weather Forecast	<input type="text" value="1"/>	<input type="text" value="2"/>	<input type="text" value="3"/>	<input type="text" value="4"/>	<input type="text" value="5"/>

14. What kind of low graphic/ low console games do you like to play in your free time? (Choose all that apply)

- Card games
- Labyrinth (snake, pack-man etc)
- Word Games/ Puzzles

- Racing
- Sports
- Other (please mention name) _____

15. Please rank the following options as a good way of kids' learning, other than studies

- | | |
|---------------------------|--------------------------|
| TV kids learning programs | <input type="checkbox"/> |
| Computer software | <input type="checkbox"/> |
| Books | <input type="checkbox"/> |
| Interactive learning toys | <input type="checkbox"/> |
| Games | <input type="checkbox"/> |

16. What type of Internet connection do you use at home? (Choose all that apply)

- Dial-up Internet
- Cable Internet
- DSL Internet
- Wi-Fi/ Wireless Internet
- Other (please mention name) _____
- Does not apply

17. What activities do you do when online? (Choose all that apply)

- Sending or receiving e-mail
- Gathering news or weather reports
- Educating applications
- Getting information
- Playing games
- Searching jobs or career-related info
- Accessing information databases
- Paying bills or handling personal finances

- Downloading programs or music
- Joining chat rooms
- Non internet user

Demographic Information

18. What is your gender?

- Male Female

19. What is your age (years)?

- Below 18 18-24 25-34 35-44 45-54 55-64 Above 64

20. What is the highest level of education you have completed?

- PhD Master's Degree Bachelor's Degree Intermediate Matriculation

21. What is your marital status?

- Single Married Widowed/Divorced

22. What is your Monthly household income?

- Under Rs. 20,000 Rs. 20,000 to Rs. 39,999 Rs. 40,000 to Rs. 64,999

- Rs. 65,000 to Rs 99,999 Rs. 100,000 to Rs. 150,000 Above Rs. 150,000

23. What is your profession?

Self employed

Salaried employee

Retired

Student

House wife

Other

Thank You!

Appendix 3: Cluster Analysis Process

The clustering process can be defined in the following steps:

- Accumulation of data from all three locations of respondents (Gulberg, Allama Iqbal Town , Model Town) onto the SPSS sheet.
- Performed hierarchical cluster analysis using variables from Q 4 of the questionnaire i.e. Video Quality (VQ), Service Reliability (SERVICE), Customer Service (CS), Choice of Channels (CHOICE), In house Channels (INHOUSE), Service Charges (CHARGES) and clustering by cases i.e. respondents.
- Selected agglomeration schedule from the statistics window with no cluster membership.
- Clicked method button and selected between groups linkage as the cluster method with interval measure being squared Euclidean distance. Furthermore, z scores were selected for the variables.
- After obtaining the dendograms and clustering of respondents, the next step was to assign a particular variable or a set of variables to the resulting clusters in order to give the clusters a certain identity in terms of behavior.
- This was accomplished through valuing labels for the newly formed variable (CLU2_1). The two cluster solution was labeled as variety seekers and service conscious
- In order to differentiate the clusters from each other on the basis of six initial variables, their means were compared and one-way ANOVA was used to obtain mean plots (presented in the output section).

Cluster of User Groups

Interpretation of two cluster solutions (as per importance of different attributes)

In the two cluster solutions, following understandings can be concluded from the mean plots:

- Service reliability is rated very low by variety seekers as compared service conscious who rate it as an important attribute in the overall package.
- Unlike variety seekers, service conscious are very much concerned about the customer service.
- A lot of choice in channels/contents is needed by variety seekers whereas service conscious are not equally attracted to this attribute.
- Service conscious seek in-house channels unlike variety seekers.

- Variety seekers are prepared to pay any extra charges for additional channels unlike service conscious that are very much concerned about the charges and demand a desirable service in return for their fees.

Cluster Analysis Outputs

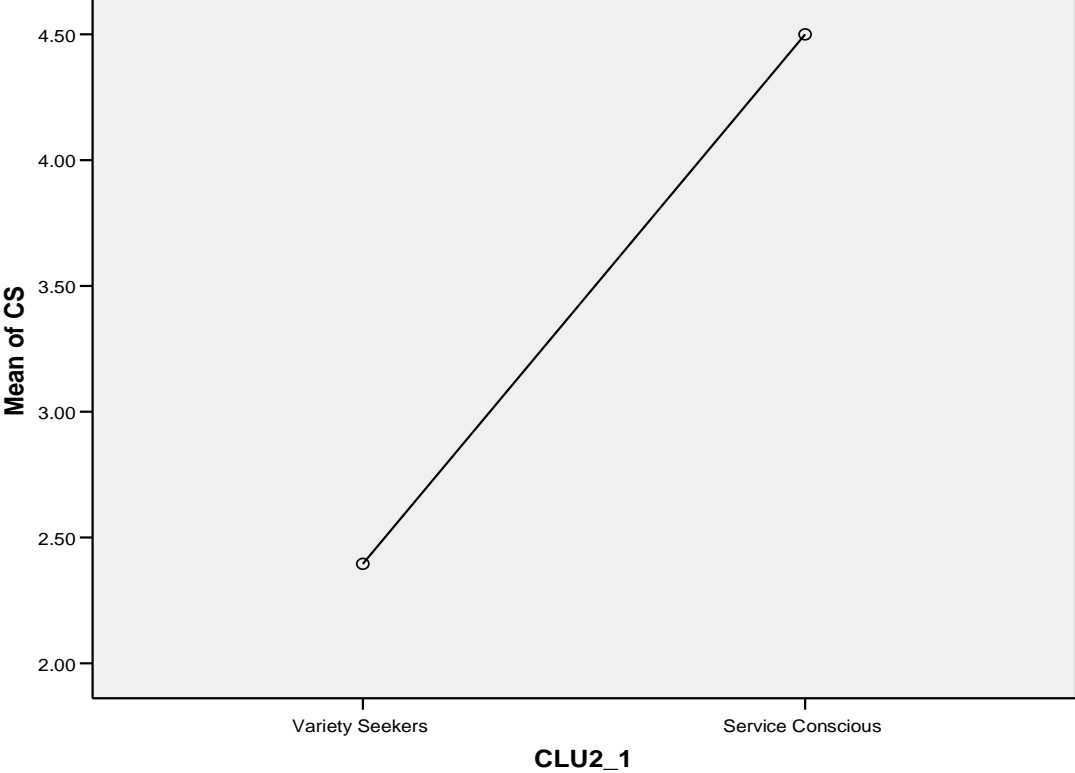
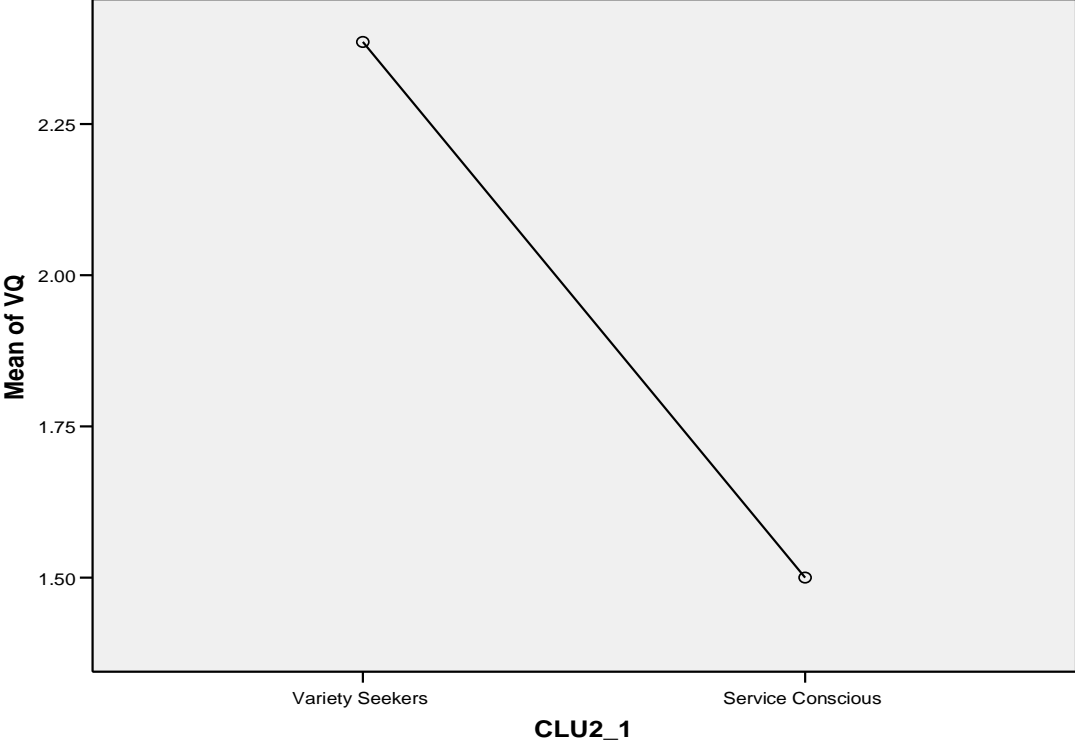
Two Cluster Solutions

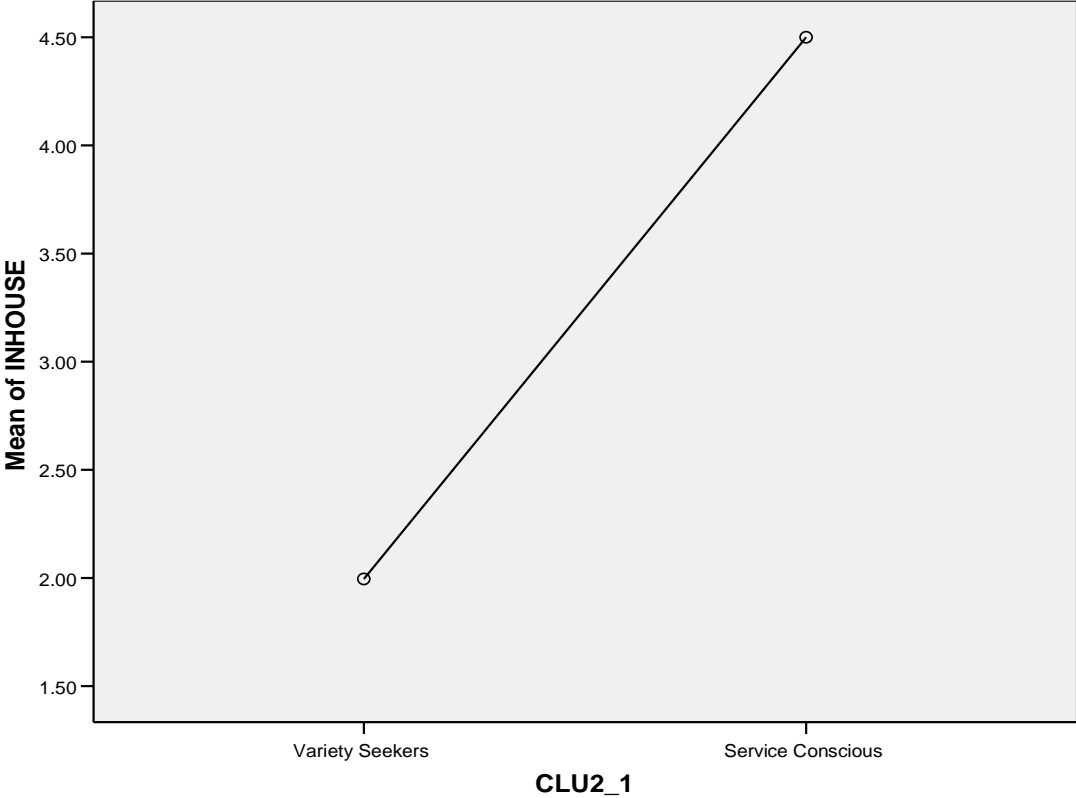
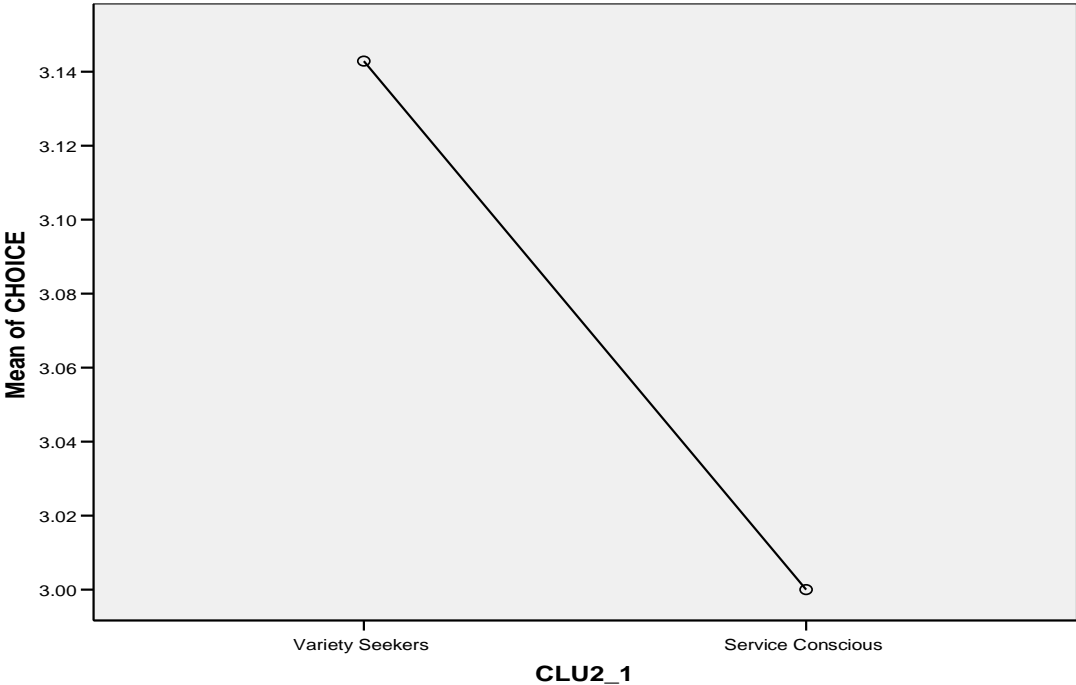
Means

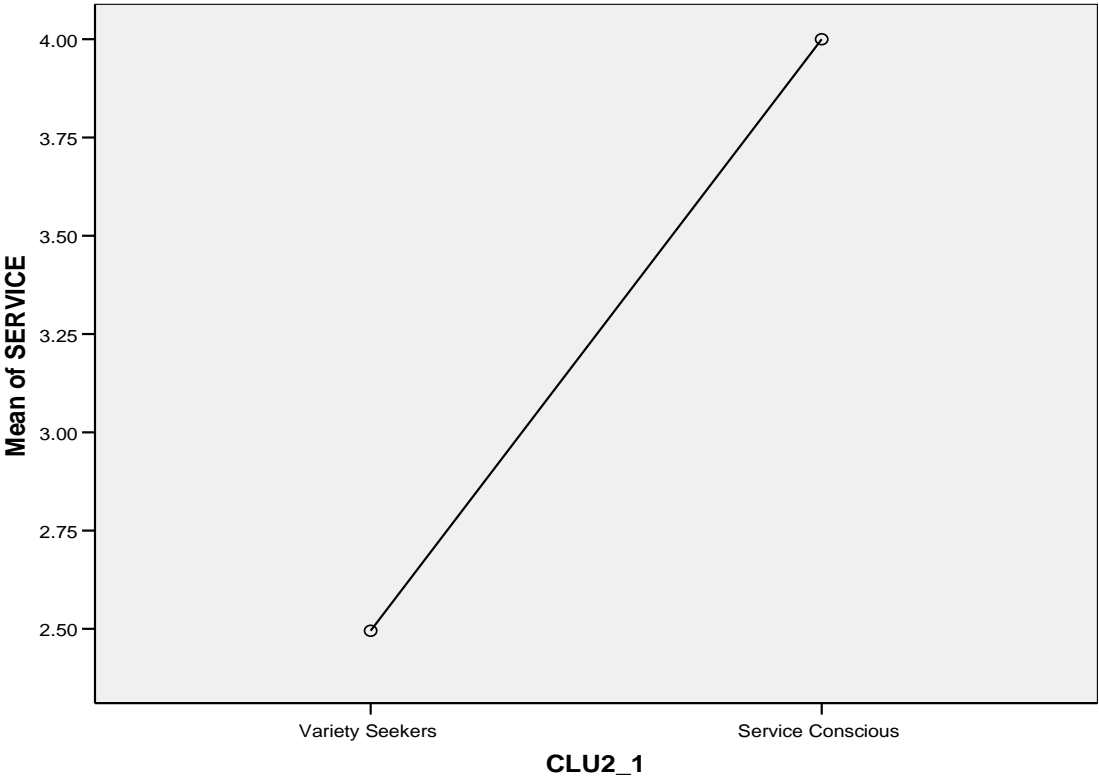
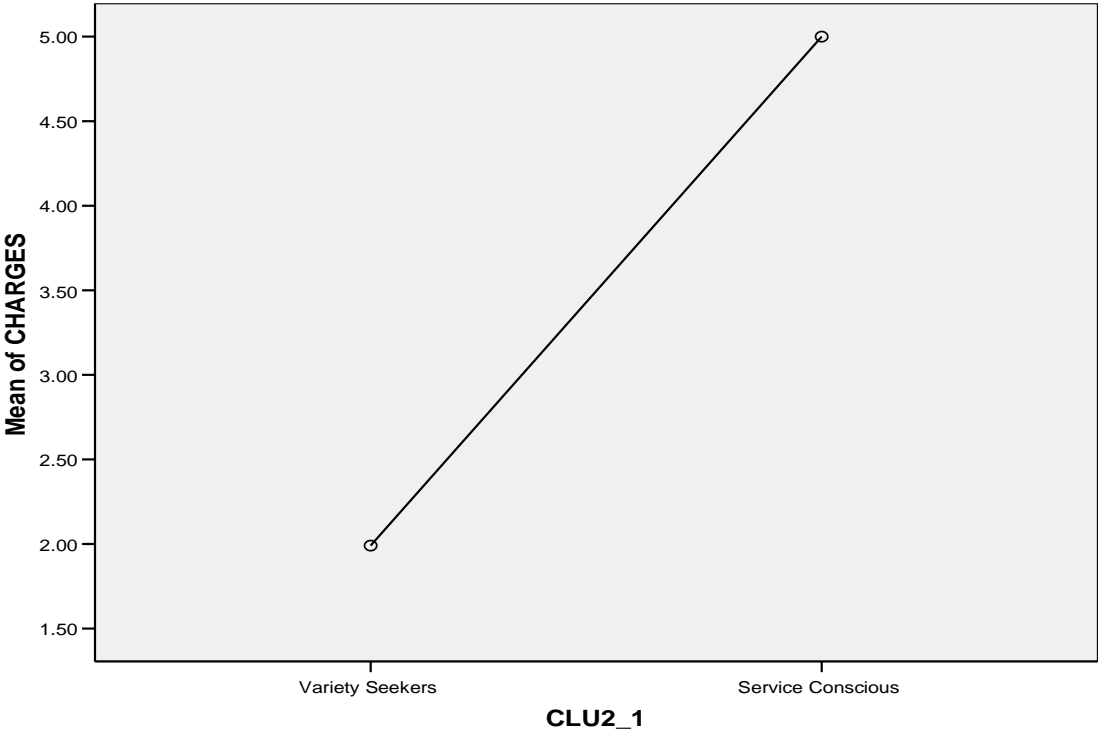
Report

CLU2_1		VQ	SERVICE	CS	CHOICE	INHOUSE	CHARGES
Variety Seekers	Mean	2.3857	2.4952	2.3952	3.1429	1.9952	1.9905
	N	210	210	210	210	210	210
	Std. Deviation	1.05757	1.09478	1.02643	1.17737	.79771	.98792
Service Conscious	Mean	1.5000	4.0000	4.5000	3.0000	4.5000	5.0000
	N	2	2	2	2	2	2
	Std. Deviation	.70711	1.41421	.70711	2.82843	.70711	.00000
Total	Mean	2.3774	2.5094	2.4151	3.1415	2.0189	2.0189
	N	212	212	212	212	212	212
	Std. Deviation	1.05716	1.10359	1.04285	1.18792	.83162	1.02556

Means Plots







Appendix 4: Factor Analysis

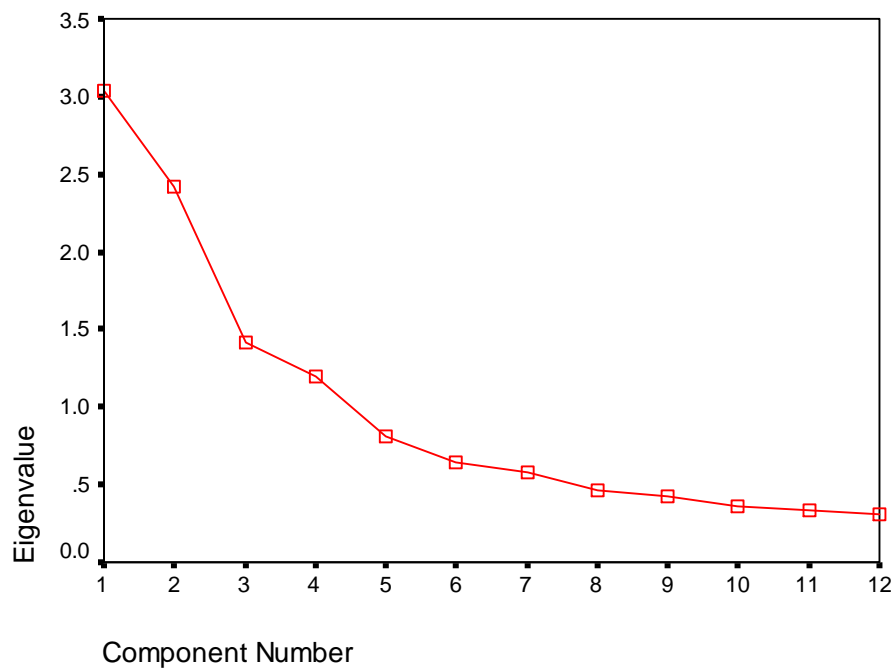
VOD & AUDIO Content

Initial Eigen Values and Total Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.033	25.278	25.278	3.033	25.278	25.278	2.533	21.107	21.107
2	2.418	20.153	45.431	2.418	20.153	45.431	2.133	17.773	38.880
3	1.410	11.749	57.180	1.410	11.749	57.180	1.820	15.163	54.043
4	1.201	10.012	67.192	1.201	10.012	67.192	1.578	13.149	67.192
5	.807	6.727	73.919						
6	.648	5.404	79.323						
7	.585	4.879	84.201						
8	.467	3.891	88.093						
9	.428	3.569	91.661						
10	.355	2.961	94.622						
11	.339	2.826	97.448						
12	.306	2.552	100.000						

Extraction Method: Principal Component Analysis.

Scree Plot



Rotated Component Matrix(a)

	Component			
	1	2	3	4
CARTOONS	.808	-.076	.208	-.075
ANIMATED	.768	.037	.224	.063
JUKEBOX	.699	-.274	.274	.100
MV	.642	.426	-.252	.152
FF	-.012	.830	.090	-.074
SSE	-.062	.687	-.083	.172
RTP	.189	-.025	.827	.108
STAGE	.162	.455	.675	-.157
RS	.292	-.281	.575	.398
RP	.293	-.057	-.065	.765
CA	-.380	.316	.269	.612
DOCU	-.086	.564	.161	.588

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

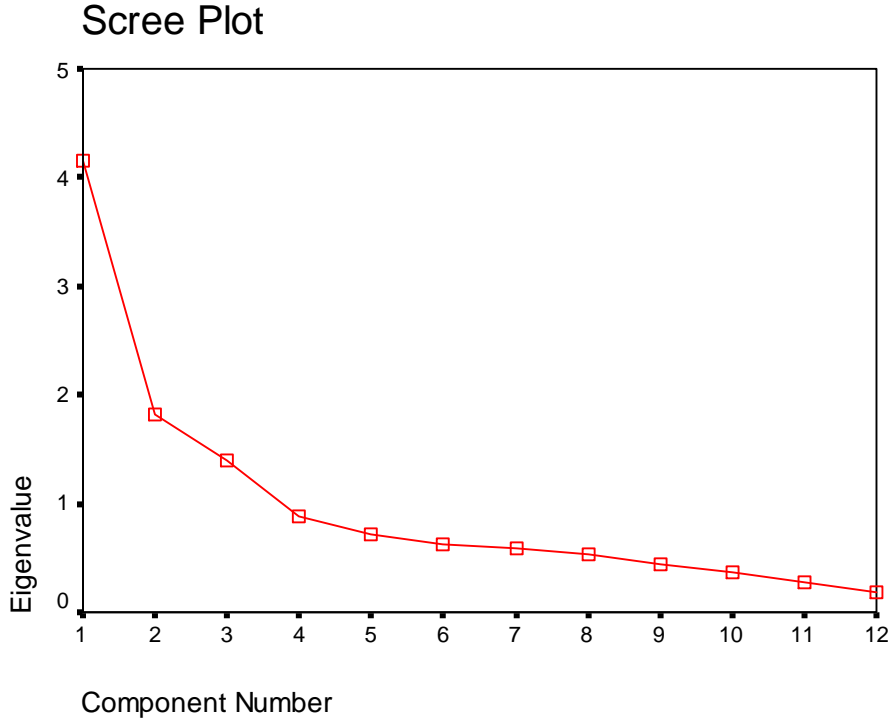
A Rotation converged in 9 iterations.

Factor Analysis - META DATA Content

Initial Eigen Values and Total Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.148	34.570	34.570	4.148	34.570	34.570	3.100	25.830	25.830
2	1.818	15.149	49.719	1.818	15.149	49.719	2.219	18.495	44.324
3	1.403	11.689	61.408	1.403	11.689	61.408	2.050	17.084	61.408
4	.883	7.356	68.763						
5	.720	5.996	74.759						
6	.634	5.280	80.039						
7	.596	4.963	85.003						
8	.529	4.410	89.412						
9	.444	3.696	93.108						
10	.365	3.043	96.151						
11	.279	2.321	98.472						
12	.183	1.528	100.000						

Extraction Method: Principal Component Analysis.



Rotated Component Matrix(a)

	Component		
	1	2	3
RECIPES	.774	.075	-.014
ANCMNTS	.716	.013	.381
PRICELST	.694	.134	.222
WEATHER	.681	.296	-.146
CATALOGS	.609	.116	.478
HOROSCPS	.571	.183	.088
REST	.147	.873	.102
SCHEDULE	.335	.771	-.055
SE	.054	.755	.132
CLSFD	.088	.020	.806
FASHION	-.015	.317	.747
PROMOS	.445	-.185	.599

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 7 iterations.

VOD Content

After the factor analysis, twelve different genres of video contents have been reduced to four different categories.

General Entertainment

The general entertainment category contains selected sports events and feature films. Young professionals mostly appreciate particular content as they have limited time and need entertainment for a shorter duration. Since young professionals have limited time for watching television, they value high quality and do not spend on inferior quality service. Therefore, the service conscious segment should be a focus for this category.

Furthermore, general entertainment also attracts a young audience as they are very much involved in sports. As young professionals are decision makers, Wateen should engage them by offering classics and latest material of this type.

Children/Teenagers Entertainment

The category contains animated cinemas, cartoons, music videos and audio music. This content is more attractive to a younger audience and teenagers and Wateen should focus on showing the latest content of this nature as the younger audience is more interested in a variety of programmes and are in variety seeker segment. Therefore, children/teenagers entertainment should focus on the variety seeker segment and its content should be modified and upgraded.

Informative

Informative category contains current affairs, documentaries and religious programs. The programs are readily available to audiences through network channels for example Q TV, National Geographic, Discovery and news channels thus considered unappealing content to offer. However, famous documentary series for example "100 years of flight" and others can be offered to attract viewers seeking a variety of documentaries not easily available on cable network channels or on DVD. Informative content should be continuously updated and variety seekers should be the main focus.

Classic and Live Events

The category includes recorded TV programs, reality shows and theatre as its content. Such entertainment is mostly viewed by housewives and should be offered on a continuous basis so that females (major influence in decision making to continue or discontinue the service) remain loyal to Wateen. This category should be focused on both variety seekers and service conscious because of a variety of content for classics is mandatory, whereas good reception and high quality event coverage are important for live events.

Meta Data Content

After the factor analysis, twelve different genres of video contents have been reduced to three major categories.

In-house Daily Information

The category includes data on recipes, horoscopes, weather forecasts, announcements, catalogues and price lists which are looked for on a daily basis through mediums for example newspapers and retailer catalogues. Such information is extremely helpful for housewives in terms of their decision making regarding purchase of items for household usage and recipes for cooking. Furthermore, a younger audience seeking information about latest happenings in the town can rely on television as a convenient source of information rather than newspapers and magazines. Therefore, this category should include all six types of content although horoscopes and weather forecasts can be excluded as such information is not much wanted and is already available on network channels.

Professional Information

The professional information category includes information on for example flight/train schedules, stock information and restaurant offerings. Such information can be of value to professionals and corporate clients however these professionals have individual computers at their and may not substitute to television for information while at work. However amongst this group, stock information can be of use to investors who seek such information from home or private offices.

Shopping Information

The category contains fashion information, price promotions and classified advertisements. Such information will again be useful to females (young girls, housewives, mid-aged women etc.) and can play a major role in decision making

regarding service adoptability and continuous usage. This group should be offered with all three types of content.

Appendix 5: Worldcall Price Chart

Primary Connection	Monthly Rs.	Quarterly Rs.	Half Yearly Rs.	Yearly Rs.
VOD & Digital Cable TV Monthly Rate	1,500	1,425	1,350	1,275
VOD & Digital Cable TV Subscription Package	1,500	4,275	8,100	15,300
Discount % age in Monthly Subscription	-	5%	10%	15%
Connection Charges:	Rs. 6,000 (Non-refundable)			
* Set-up cost is non-refundable. Customer Premises Equipment (Cable Modem/Set Top Box) shall remain company property.				

Bundled Packages (Only for Lahore)

Digital Cable TV - Value Bundled Package					
Description	Set up cost	Monthly	Quarterly	Six Month	Annual
Analog + Digital Tv	3,500	400	380	360	340
* 5%, 10%, 15% discounts are applicable on quarterly, half yearly and yearly packages.					
** Above mentioned are monthly subscription rates.					
*** Set-up cost is non-refundable. Customer Premises Equipment (Cable Modem/Set Top Box) shall remain company property.					

Video On Demand - Value Plus Bundled Package					
Description	Set up cost	Monthly	Quarterly	Six Month	Annual
Analog + Digital Tv + VoD	5,000	900	855	810	765
<p>* 5%, 10%, 15% discounts are applicable on quarterly, half yearly and yearly packages.</p> <p>** Above mentioned are monthly subscription rates.</p> <p>*** Set up Cost waiver: 50% on 3 months & 100% on 6 months advance payment.</p> <p>**** Set-up cost is non-refundable. Customer Premises Equipment (Cable Modem/Set Top Box) shall remain company property.</p>					

All Rounder Bundled Packages					
Description	Set up cost*	Monthly	Quarterly	Six Month	Annual
Analog + Digital Tv + 128Kbps Shared Unlimited Internet	3,500	1,100	1,045	990	935
Analog + Digital Tv + 256Kbps Shared Unlimited Internet	3,500	1,500	1,425	1,350	1,275
Analog + Digital Tv + 512Kbps Shared Unlimited Internet	3,500	1,700	1,615	1,530	1,445
Analog + Digital Tv + 768Kbps Shared Unlimited Internet	3,500	2,300	2,185	2,070	1,955
Analog + Digital Tv + 1024Kbps Shared Unlimited Internet	3,500	3,000	2,850	2,700	2,550
<p>* 5%, 10%, 15% discounts are applicable on quarterly, half yearly and yearly packages.</p>					

** Above mentioned are monthly subscription rates.
 *** Set-up cost is non-refundable. Customer Premises Equipment (Cable Modem/Set Top Box) shall remain company property.

Supreme Bundled Packages					
Description	Set up cost	Monthly	Quarterly	Six Month	Annual
Analog + Digital Tv + VoD + 128Kbps Shared Unlimited Internet	5,000	1,600	1,520	1,440	1,360
Analog + Digital Tv + VoD + 256Kbps Shared Unlimited Internet	5,000	2,000	1,900	1,800	1,700
Analog + Digital Tv + VoD + 512Kbps Shared Unlimited Internet	5,000	2,200	2,090	1,980	1,870
Analog + Digital Tv + VoD + 768Kbps Shared Unlimited Internet	5,000	2,800	2,660	2,520	2,380
Analog + Digital Tv + VoD + 1024Kbps Shared Unlimited Internet	5,000	3,500	3,325	3,150	2,975
<p>* 5%, 10%, 15% discounts are applicable on quarterly, half yearly and yearly packages.</p> <p>** Above mentioned are monthly subscription rates</p> <p>*** Set up Cost waiver: 50% on 3 months & 100% on 6 months advance payment.</p> <p>**** Set-up cost is non-refundable. Customer Premises Equipment (Cable Modem/Set Top Box) shall remain company property.</p>					

