



PART II

Assessing the external marketing situation

CHAPTER 4

Customer behaviour 107

CHAPTER 5

Competitor analysis and intelligence 155

CHAPTER 6

Analysing relationships in the value chain 185

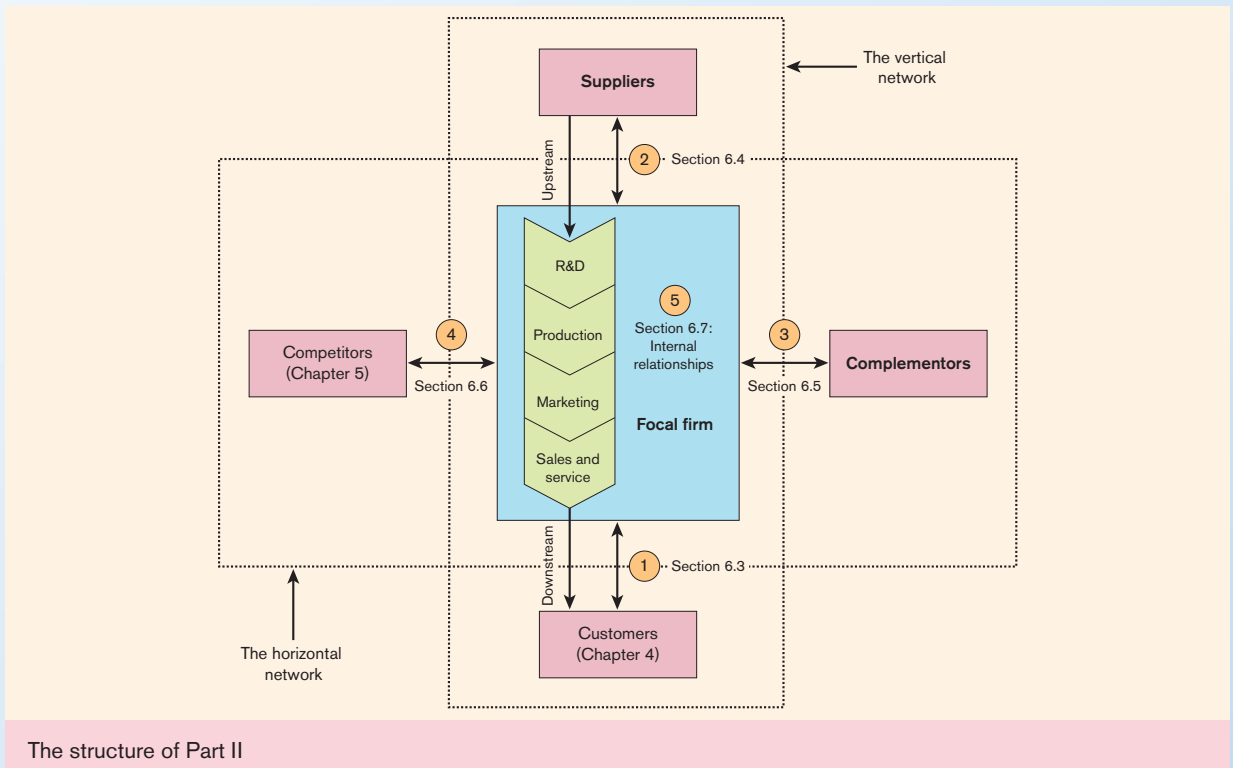
CASE STUDIES

Video **Orascom Telecom:** Developing the mobile business in emerging countries 104

4.1 **Baxi:** Trying to capture boiler market shares globally and in China 144

5.1 **Cereal Partners Worldwide (CPW):** No. 2 World Player is challenging the No. 1 – Kellogg 175

6.1 **Saipa:** The Iranian car manufacturer seeks a drive to serve 220



The structure of Part II

Part II looks at the environment in which marketing operates. The marketing environment consists of a *micro-environment* and a *macro-environment*.

The macro-environment consists of the larger societal forces which effect the whole micro-environment:

- *Demographic environment*: population size and growth trends, age structure of population, changes in family structure.
- *Economic environment*: income distribution, purchasing power, etc.
- *Political environment*: laws, government agencies, growth of public interest groups.

The ethical, social and environmental aspects and how they affect and shape the marketing plan will be analysed in Chapter 9.

The micro-environment consists of forces and players close to the firm such as customers, suppliers, complementors and competitors. The structure of Part II (see diagram above) shows how these players (via Chapter 6) are connected in a value net approach.

The focus of this part is on the micro-environmental factors and the relationships between the central players.

Chapters 4 and 5 start by analysing the most important issues of two of the most important players shown in above diagram:

- the customer 'box'
- the competitor 'box'.

Customers and competitors have been chosen for further analysis because they receive the most attention among managers in firms. These two types of player are also represented in the model labelled 'the competitive triangle' (see Figure 3.3).

Chapter 6 tries to analyse the relationships between the most important players in the value net.

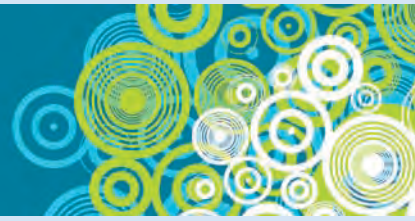
The analysis in Chapters 4 and 5 contains the more traditional approach to customer and competitor behaviour and analysis. This forms the basis for the analysis of the relationships between the important players in the micro-environment.

Part I (assessment of the internal conditions) and Part II constitute the input for the later development of marketing strategies (Part III) and the marketing plan (Part IV) and its implementation (Part V).

PART II VIDEO CASE STUDY

Orascom Telecom

Developing the mobile business in emerging countries



Naguib O. Sawiris, Chairman and Chief Executive Officer of Orascom Telecom

Source: Abdulqader Saadi/AFP/Getty Images

Orascom Telecom Holding (OTH) provides wireless communications services in the Middle East and beyond. It serves more than 70 million subscribers with GSM-based networks in Egypt (Mobinil), Tunisia (Tunisiana), Algeria (Djezzy), Pakistan (Mobilink), Bangladesh (Banglalink), and Zimbabwe (Telecel). Orascom's mobile service operations account for the majority of its revenues, but the company also provides Internet services, as well as network installation and support, procurement and distribution services under the Link brand. The family of founder Naguib Sawiris owns a controlling stake in Orascom.

Sawiris founded the company to take advantage of developing market opportunities in the Middle East, Africa and South Asia. The company's 2000 listing on the Cairo and Alexandria Stock Exchange set a record at the time as Egypt's largest IPO.

While northern Africa remains Orascom's largest market (it accounted for about 43 per cent of the company's revenues in 2007), the company continues to look outside its home region for growth. Orascom was granted a licence to operate mobile network services in North Korea in 2008.

The company is restructuring by divesting business lines that fall outside its core mobile communications operations. In 2008, Orascom sold its OrasInvest subsidiary, which built and maintained mobile phone transmission towers, to Abu Dhabi Investment for \$180 million. The following year it sold subsidiary M-Link to Italy-based Wind Telecomunicazioni and later agreed to sell its IT service subsidiaries, LINKdotNet and Link Egypt, to Egyptian Company for Mobile Services.

Table PII.1

Orascom Telecom: financial data

	2007	2006	2005
Revenue (US\$m)	\$4,747	\$3,904	\$3,226
Net income (US\$m)	\$2,021	\$721	\$667
Net profit	43%	19%	21%
Employees	20,000	20,000	15,000

Table PII.2

Orascom Telecom: geographical segmentation of 2007 Revenue

	% of total
North Africa	43
South Asia	31
Middle East	22
Other regions	4
Total	100

Table PII.3

Orascom Telecom: product segmentation of 2007 revenue

	% of total
Cellular operations	88
Telecommunication service	11
Internet and fixed-line service	1
Total	100

Table PII.4

Africa: ICT (Information and Communication Technologies) Indicators, 2007

	Population 000s	Main telephone lines 000s	per 100 persons	Mobile subscribers 000s	per 100 persons	Internet users 000s	per 100 persons
Algeria	33,860	2,922.7	8.63	21,446.0	63.34	3,500.0	10.34
Egypt	75,500	11,228.8	14.87	30,047.0	39.80	8,620.0	11.42
Libya	6,160	852.3	14.56	4,500.0	73.05	260.0	4.36
Morocco	31,220	2,393.8	7.67	20,029.0	64.15	7,300.0	23.38
Tunisia	10,330	1,273.3	12.33	7,842.0	75.94	1,722.2	16.68
North Africa	157,070	18,670.9	11.91	83,865.0	53.39	21,402.2	13.64
South Africa	48,580	4,642.0	9.56	42,300.0	87.08	5,100.0	10.75
South Africa	48,580	4,642.0	9.56	42,300.0	87.08	5,100.0	10.75
Angola	17,020	98.2	0.62	3,307.0	19.43	95.0	0.60
Benin	9,030	110.3	1.22	1,895.0	20.98	150.0	1.66
Botswana	1,880	136.9	7.78	1,427.0	75.84	80.0	4.55
Burkina Faso	14,780	94.8	0.70	1,611.0	10.90	80.0	0.59
Burundi	8,510	35.0	0.45	250.0	2.94	60.0	0.77
Cameroon	18,550	130.7	0.79	4,536.0	24.45	370.0	2.23
Cape Verde	530	71.6	13.80	148.0	27.90	33.0	6.36
Central African Rep.	4,340	12.0	0.29	130.0	2.99	13.0	0.32
Chad	10,780	13.0	0.13	918.0	8.52	60.0	0.60
Comoros	840	19.1	2.33	40.0	4.77	21.0	2.56
Congo	3,770	15.9	0.40	1,334.0	35.40	70.0	1.70
Côte d'Ivoire	19,260	260.9	1.41	7,050.0	36.60	300.0	1.63
D.R. Congo	62,640	9.7	0.02	6,592.0	10.52	230.4	0.37
Djibouti	830	10.8	1.56	45.0	5.40	11.0	1.36



Table PII.4

Africa: ICT (Information and Communication Technologies) Indicators, 2007 (continued)

Equatorial Guinea	510	10.0	1.99	220.0	43.35	8.0	1.55
Eritrea	4,850	37.5	0.82	70.0	1.44	100.0	2.19
Ethiopia	83,100	880.1	1.06	1,208.0	1.45	291.0	0.35
Gabon	1,330	36.5	2.59	1,169.0	87.86	81.0	5.76
Gambia	1,710	76.4	4.47	796.0	46.58	100.2	5.87
Ghana	23,480	376.5	1.60	7,604.0	32.39	650.0	2.77
Guinea	9,370	26.3	0.33	189.0	2.36	50.0	0.52
Guinea-Bissau	1,700	4.6	0.27	296.0	17.48	37.0	2.26
Kenya	37,540	264.8	0.71	11,440.0	30.48	2,770.3	7.89
Lesotho	2,010	53.1	2.97	456.0	22.71	51.5	2.87
Liberia	3,750	–	–	563.0	15.01	–	–
Madagascar	19,680	133.9	0.68	2,218.0	11.27	110.0	0.58
Malawi	13,930	175.2	1.26	1,051.0	7.55	139.5	1.00
Mali	12,340	85.0	0.69	2,483.0	20.13	100.0	0.81
Mauritania	3,120	34.9	1.10	1,300.0	41.62	30.0	0.95
Mauritius	1,260	357.3	28.45	936.0	74.19	320.0	25.48
Mozambique	21,400	67.0	0.33	3,300.0	15.42	178.0	0.90
Namibia	2,070	138.1	6.66	800.0	38.58	101.0	4.87
Niger	14,230	24.0	0.17	900.0	6.33	40.0	0.28
Nigeria	148,090	6,578.3	4.44	40,396.0	27.28	10,000.0	6.75
Rwanda	9,720	16.5	0.18	679.0	6.98	100.0	1.08
S. Tomé & Príncipe	160	7.7	4.86	30.0	19.09	23.0	14.59
Senegal	12,380	269.1	2.17	4,123.0	33.31	820.0	6.62
Seychelles	90	20.6	23.79	77.0	89.23	29.0	35.67
Sierra Leone	5,870	–	–	776.0	13.23	10.0	0.19
Somalia	8,700	100.0	1.15	600.0	6.90	94.0	1.11
Sudan	38,560	345.2	0.90	7,464.0	19.36	1,500.0	3.89
Swaziland	1,140	44.0	4.27	380.0	33.29	42.0	4.08
Tanzania	40,450	236.5	0.58	8,252.0	20.40	384.3	1.00
Togo	6,590	82.1	1.30	1,190.0	18.08	320.0	5.07
Uganda	30,880.0	162.3	0.53	4,195.0	13.58	2,000.0	6.48
Zambia	11,920	91.8	0.77	2,639.0	22.14	500.0	4.19
Zimbabwe	13,350	344.5	2.58	1,226.0	9.18	1,351.0	10.12
Sub-Saharan Africa	757,880	12,098.3	1.65	138,310.0	18.28	23,904.2	3.23
AFRICA	963,530	35,411.2	3.77	264,475.0	27.48	50,406.4	5.34

Source: Adapted from the International Telecommunication Union (ITU) website (www.itu.in). Reproduced with permission of ITU.

Please watch some of these YouTube videos:

- <http://www.youtube.com/watch?v=BcUN1RDoHgQ>
- <http://www.youtube.com/watch?v=7029LTTJRVo&feature=related> (interview with Chairman Naguib Sawiris – very good for describing Orascom's strategy)
- <http://www.youtube.com/watch?v=kFMYaRFAh28&feature=related>
- <http://www.youtube.com/watch?v=QHj-acaQ8y4> (a commercial)

QUESTIONS

- 1 Which external factors are mainly influencing Orascom Telecom's business?
- 2 What are the main reasons for the success of Orascom Telecom in emergent markets?
- 3 Which markets would you suggest for the further international expansion in Africa? (Please use Table PII.4.)

SOURCES

Orascom Telecom (www.orascomtelecom.com); International Telecommunication Union (ITU) (www.itu.in).