Marketing

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**Introduction to Telstra**

The business organisation of Telstra established its position as one of the leading telecommunications and technology company operating in Australia. The management of Telstra enhanced its market position by offering a full range of communication services to potential customers. The following company has the potential to introduce new products and services in the market to increase its market position. It is noteworthy to mention that the organisation of Telstra is competing in all areas of telecommunication industry in case of both the domestic and international market. The company of Telstra originally started its operations in 1901 by the Postmaster Generals Department to ensure the proper management of all kinds of domestic phone services. The time period of 1982 was also critical when Telstra, originally Telecom Australia established its position as official Telecommunications Corporations in case of all forms of domestic and international telephone services. The telecommunication industry of the country progressed with the passage of time due to different forms of technological advancement (O’Leary, 2018). The market of telecom eventually turned as one of the most competitive industries operating in the country. Currently, there are many powerful stakeholders that involve in case of delivering telecom services to the customers.

**Identification of Main Competitors of Telstra**

It is vital for the management to assess the current positioning of the competitors operating in the market to formulate business strategies accordingly. Competitive analysis in the context of Telstra is important to determine the actual position of the company in the growing telecom industry of the country. This form of assessment is also crucial to propose a suitable proactive business plan to attain a competitive advantage in the market. Identification of the main competitors of Telstra is the first step to examine the effectiveness of the business strategies adopted by the company. Optus, Vodafone, TPG, 3U, and Virgin Mobile are recognised as the major competitors of Telstra operating in the telecommunication industry of the country. The entry of different companies in the telecom business ultimately leads to the highest level of competition in the market. Undoubtedly, the growing competition of the market is one major threat for Telstra that requires necessary attention.

The higher management of Telstra is focusing to adopt different innovative strategies to effectively cope with the growing concern of competition. The threat of competition for Telstra mostly prevails in case of telecom organisations of Optus, Vodafone, and TPG Telecom. The higher management of the company is keen to adopt new marketing measures to enhance its business horizon. The financial analysis of Telstra explicitly reveals that the yearly revenues of Telstra are negatively influenced by the prospect of increased competition in the market. The lower average revenue per user and decreasing profit margins are two prominent financial indicators that help to determine the adverse impact of growing competition in the business of Telstra (Daly, 2018). The arrival of new telecom companies such as TPG ultimately makes the situation more threatening for the market approach of Telstra. The organisation of Telstra established its market position as the largest services company but the involvement of many mobile operators negatively influences this position. It is critical to evaluate the growing concern of market competition to propose better business strategies and process according to the requirements of the industry.

**Approach to Assess Competitors**

Adoption of most suitable approach to assess competitors is important to step to adopt better strategic and marketing tools. It is necessary for the management of Telstra to timely identify the growing concern of market competition and take the required business measures. The practical approach of competitor analysis is one significant option to determine the potential competitors of Telstra. The main focus of this specific strategic approach is to explore the competitors of the company. Furthermore, the criteria of competitor analysis are also useful to assess the current strategies of the competitor organisations to determine their overall strengths and weaknesses. Competitor analysis is defined as one critical and necessary part of the overall marketing plan of the company.

The approach of competitor analysis can also be used in case of Telstra to explore the potential competitive companies operating in the telecom industry. Identification of all strengths and weaknesses of the competitive organisations is one effective approach for Telstra to reconsider its current business strategies and offer advance business prospect to the customers. Adoption of systematic steps is essential to achieve the required outcomes from the assessment approach of competitor analysis. The first step of identifying growing competition for Telstra is to explore the names of the companies as the potential threat. This form of assessment is vital to figure out the basic competition of the market exists for Telstra in Australian telecommunication market. The next step of the competitor analysis is to critically analyse and compare the significant strengths and weaknesses of all competitive organisations (Gerrand, 2004). This form of consideration also guides to rank the market position of each company that involves in the competition. Identification of the revenues of competitive organisations is also necessary to figure out the authority of all the related shareholders.

There are some specific aspects or features that need to be considered to adopt the successful approach of comparative analysis. When it comes to the development of competitor analysis in the context of Telstra then it is vital to identify the target customers in case of all main competitors. It is critical to determine the potential market range of Optus, Vodafone, TPG, 3U, and Virgin Mobile. Identification of the market share in case of all the competitors is also critical to determine their actual market position. Additionally, it is also primitive to examine the unique value-add that exists in case of product or service provided by the competitors. Proper assessment of the business approach of competitive orgqanisations is a significant step to ensure proper marketing decisions according to the risk of market competition.

**List and Rank Five Competitors of Telstra**

It is highly important for Telstra to find out its biggest competitors in the Australian market. For this particular purpose, a weighting system is utilized to determine the strength and weakness of five major competitors of Telstra. These five major competitors of Telstra are mentioned below along with their weighting regarding specific success factors.

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| --- | --- | --- | --- | --- | --- | --- |
| **Key Industry Success Factors** | **Weighting** | **Optus** | **Vodafone** | **TPG** | **Virgin Mobile** | **3U** |
| 1 - Extensive distribution | 0.40 | 0.31 | 0.27 | 0.30 | 0.25 | 0.22 |
| 2 - Customer focus | 0.30 | 0.27 | 0.23 | 0.22 | 0.20 | 0.18 |
| 3 - Economies of scale | 0.20 | 0.13 | 0.16 | 0.11 | 0.12 | 0.16 |
| 4 - Product innovation | 0.10 | 0.06 | 0.045 | 0.04 | 0.04 | 0.035 |
| **Totals** | **1.0** | **0.77** | **0.705** | **0.67** | **0.61** | **0.595** |

**Creation of Competitor Analysis Grid**

It is highly important to prepare a competitive analysis grid as it provides valuable information regarding different competitors in a particular field. A company should need to prepare a competitive analysis grid to determine valuable features of its competitors. Competitive analysis grid helps a company to produce certain valuable strategies to compete with its competitors. It is beneficial for an organization as it helps to overcome specific barriers that are preventing its progress in a particular industry. In the considered case of Telstra, competitive analysis grid is made to differentiate the strengths and weakness of Optus, Vodafone, TPG, Virgin Mobile, and 3U.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Key Industry Success Factors** | **Optus** | **Vodafone** | **TPG** | **Virgin Mobile** | **3U** |
| **Extension Distribution** | Advantage | Even | Advantage | Even | Even |
| **Customer Focus** | Advantage | Advantage | Even | Even | Even |
| **Economics of scale** | Even | Advantage | Even | Even | Advantage |
| **Product distribution** | Advantage | Advantage | Even | Even | Even |

For this particular purpose, four basic factors are utilised to determine the ranking of five major competitors of Telstra. Four basic industrial success factors that are used in this competitor analysis grid are extension distribution, customer focus, product distribution, and economics of scale. A critical examination of Optus, Vodafone, TPG, Virgin Mobile, and 3U helps to provide better understanding of the position of these companies. Among these five companies, Optus has a significant advantage in three major fields. Optus is working effectively to dominate three main industrial success factors including extension distribution, customer focus, and product distribution. Enhancement in these specific fields has provides Optus with a competitive advantage on other four companies. However, the overall dominance of Telstra is still higher as compared to Optus. After Optus, Vodafone has managed to occur significant portion of that particular market by focusing on customer satisfaction, economics of scale, and product distribution. Analysis of the competitor grid helps to determine the specific position of various industries in the Australian market (Krämer, Jung, & Burgartz, 2016). It is analysed that Telstra is one of the largest providers of fixed-line services in Australia due to its focus on extension distribution, customer satisfaction, and product distribution. In terms of coverage and subscription, Telstra is having a significant advantage over its competitors.

The strategic advantage of Telstra has enabled it to become significant leader of network in Australia. It is important to consider the fact that nearly 98 percent of Australian population is being covered by 4G networks of Telstra. Such high statistical figure demonstrates the dominance of Telstra in Australian market. Telstra has a significant advantage in terms of advanced technology. Significant investments in latest technologies are proven to be effective for Telstra. It is important to determine the strengths and weakness of Telstra’s competitors. Optus is making significant progress in product innovation as it is consistently developing new products. Integration with different technology companies has allowed Optus to establish a reliable supply chain. Significant supply chain proves to be effective for Optus as it helps streamline its operations (Madden & Ahmad, 2015). Customer satisfaction is highly beneficial for an industry to make significant progress in the market. Analysis of competitor grid has provided liable information regarding customer focus of these companies. Optus and Vodafone have specific advantage in terms of customer satisfaction as they are managing their products and services based on the demand conditions in the country.

**Assessment of Current and Future Objectives, Strategies of Competitors**

The comprehensive assessment of the telecom market of Australia helps to recognise Optus and Vodafone are the major existing competitors for Telstra. It is important to identify the current and future objectives, strategies of these competitor organisations to make marketing situation clear for Telstra.

**Optus**

Optus is becoming Australia’s strongest telecommunications brand by striding the boundaries of traditional telecommunications. It has an aim to become Australia’s most valued, acclaimed and innovative service brand. Its main focus has been on innovations in the past and has a goal of continuing it in the future. With the use of innovations and latest technology the company is targeted to meet their customers’ expectations. For example, it is currently delivering the 5G and for this has acquired additional 3.6GHz spectrum holdings in regional areas. Furthermore, its future strategy is to embrace digital technologies in all of its products and services (King, 2013). Optus had also been working to remain competitive in the business market.

In addition, it is famous for not only offering its products and services to the customers but also having partnerships with different organisations to strengthen its relationship with the Australian public. For instance, it is continuing its ten years partnership with the Australian Open and serving since 2001. Under this partnership, it not only provides them the cutting edge technology to Australian Open staff and media but also offer them free WiFi and network reception lift for the fans and visitors of the tennis shoe. This strategy is aimed to increase the target market and compete effectively. Likewise, Optus is also maintaining the quality and has a plan to continue it in the future also. This strategy will help the company to retain its customers in the long run.

**Vodafone Hutchison Australia (VHA)**

The telecom organisation of VHA established its position as one of the leading telecommunications companies in Australia. The current position of the company in the form of merger between Vodafone Australia and Hutchison 3G Australia is one strong market approach adopted by the organisation. The perspective of the joint venture makes it easy for the management to enhance its approach of product offering in both domains of prepaid and post-paid mobile phones and wireless broadband. Currently, this company has more than 5.3 million customers in the country. The management of the company is interested to expand its market position in future by offering endless data plans in case of SMBs. It is first telecom company in the market that introduced the approach of endless data. It is one smart business move by the company that eventually enhance the feature of competition in the telecom industry of the country.

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