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Verizon’s Business Strategy Analysis: Final Paper

**Introduction**

Verizon Wireless Telecommunication Company is currently covering almost ninety-eight percent of the total population of the US. It offers services related to the mobile phone through varied types of devices. Verizon Wireless is a subsidiary of Verizon Communications that is involved in providing wireless services, mobile telephony, broadband and Wi-Fi, etc. Bell Atlantic and GTE Corporation merged to form Verizon and bell Atlantic and Vodafone merged to create Verizon Wireless. In 2014, Verizon Communications purchased all the remaining shares of the company to become the sole owner.

**Problem Statement**

“How can Verizon create a compelling sustainable consumer value proposition?” The company is facing competition from new companies that offer services and products at relatively low prices while maintain acceptable quality of products and services. Verizon must have to revise its prices to align them with the current prices of the market. The company is relatively low on diversity, whereas diversity relates to the proficiency and universality of the company. Verizon boasts of its reliability and quality, yet the demands of industry are gradually shifting toward increased customer focus and finding alternatives to the current strategies and products. Verizon holds the leading position in its industry and to maintain this position, the company has to revise its strategies and include alternatives to the current strategies.

**Environmental Analysis**

*External Environmental Analysis*

**General Environment**

The businesses are driven by several forces including international, demographic, political, legal, technological, macroeconomic, and socio-cultural. Businesses in the US are subjected to follow the regulations set by the legislative authorities. The technology is shaping the ways businesses are run. People have changed wants and desires in respect of the services and products offered by the firms. The overall economic growth as well as the international affairs affect the businesses to great extent. Average purchase power has an influence on the market share that different businesses are receiving. Certain social and cultural factors impact businesses to thrive or fail in the industry. In today’s world, it is evident that the success rate of each business is determined to a large extent by the general environment they are operating in. The profitability of a technology company can never be the same in Africa as it is in the US, based on the standard of living and income per capita.

**Industry Environment**

The industry in which Verizon operates is a highly competent industry wherein various companies compete to get maximum market share through the implementation of technology, resources, and investment. The industry is enriched with highly complex operational networks, technological advancements, and highly capable electronic devices. Routers, mobile phones, data chips, telephones, etc. have developed to the highest level of complexity and efficiency. Then the global telecommunications industry has also its impacts on regional networks by creating issues of security, coverage, and convenience. The US telecommunications industry is regulated by law and each company has to follow the laws strictly. The competitors in this industry include Verizon, AT&T, Deutsche Telekom, CenturyLink, and Sprint. The other companies in the country are not of the same size and business volume as the aforementioned. Services offered by the telecommunications companies include wireless communications, local service, long-distance service, cable television, voice mail, call forwarding, caller identification, call waiting, and internet services.

Customers of Verizon are willing to pay for its services and products even at higher prices relatively out of their confidence in company’s standards. Suppliers are ready to agree on the company’s preferred terms and conditions due to its market position. The competitors include wireless services providers as well as cable TV providers. The competitors have strived much to provide high quality services at relatively cheaper prices. The company is not under any type of threats posed by new entrants because the market is heavily occupied by the few industry giants and that each new entrant will have to invest enormous amounts of money and resources as well as introduce technology to gain respective market share and repute. Substitutes of the existing products are not feasible in respect of most of the industry products such as mobile phones as it requires tremendous amount of effort, investment, and research to meet the challenge posed by these electronic devices (Barry). However, replacing of TV by the internet service provided for viewing channels is feasible and profitable. The major challenge faced by the company is insufficient diversification, increased prices for services, and high costs of the infrastructure.

*Internal Environmental Analysis*

**Resources**

Verizon’s resources are the strengths that the company possesses to its disposal. The economies of scale are high because the company optimizes its performance and services while it continues to provide services and products to the targeted segment of customers. An extensive infrastructure of telecommunications of the wireless network of Verizon offers a great optimization to the company’s operational efficiency and increases the profitability as well. Verizon’s strong brand image and elevated status of its brand enables the company to survive as the leading company in the industry. Its high quality products characterized by high prices precisely target the high income groups of the country. The data collected for users can be used as the big data by research firms to yield useful results. Economic changes created on the face of a community are also part of the success.

**Capabilities**

Verizon has capabilities to become the industry leader beyond doubt and sustain its position. It has already developed to at least all parts of data. The consumer base of Verizon is large and, hence, the network externalities can be strengthened. The company has the opportunity to increase its products’ values by increasing the market share and customer base. Verizon, based on its coverage, can easily operate in the new dimensions of the industry. It can diversify to create new product lines as well as new products. The company has all the strengths to grow and develop in the industry and it needs only to focus in the desired dimensions.

**Core Competence**

Verizon’s core competence is its brand image that creates customers’ confidence and loyalty and makes them use the company’s products in spite of the relatively higher prices. The company can further enhance the strength of its brand by tailoring its services and products to the customers’ changing needs and wants.

**Strategic Analysis**

*Business Level Strategy*

The company’s business level strategy of Verizon is to stay ahead of its competitors and provide its customers with highest level of product experiences. Verizon’s customers comprise almost the total population of the country, and the challenge is to satisfy their needs and come up to their expectations (Phillips and Moutinho). The company, however, seems to lack in cost leadership and differentiation, besides having sufficient focus on its operations and customers. The competitive advantage of Verizon over its rivals is its technological advancement over them.

*Corporate Level Strategy*

Verizon’s multiple business lines include wireless mobile phones, wireless broadband and Wi-Fi, and wireless home phones. It has further introduced a new business line named FiOS, which refers to the fiber optic services and TV networks. The corporate level strategy of Verizon has its influences on its major departments including finance, human resources, marketing, etc. Verizon has made several valuable decisions to expand its business that have impacted its various departments.

*Acquisition Strategy*

Verizon has purchased certain companies during the course of its history. These acquisitions have helped the company expand its business and grow in multi dimensions. Acquisition of wireless phone companies including West Virginia Wireless, SureWest Communications, and Rural Cellular Corporation has enhanced company’s assets and expansion (Kumar). The company’s strategy in this regard is based on systematic acquisition of other ventures after having done analysis of plausibility of prospects.

*International Strategy*

Verizon has established its international presence by establishing its business in many countries. The company is successfully delivering modern digital services to people in these countries. Verizon employs the strategy of direct investment for entering the foreign markets.

*Cooperative Strategy*

Verizon has entered into certain alliances with other companies to expand its scope of services and provide the users with an enhanced experience of services. For instance, Verizon made an alliance with Google to make the YouTube Channel available to the users of Verizon and improve their viewing experience.

*Entrepreneurial Issue*

The current entrepreneurial issue of Verizon is to compete with competitive prices offered by other companies in the industry. The competitors have entered the industry by continuously improving their quality and keeping the prices relatively lower. Customer retention can become a problem for the company in the future if the company continues to charge higher prices with the same quality. Another important issue is that the company is not diversifying its products and services as the industry trends demand.

**Recommendations**

*Strategy Alternative 1*

Verizon must devise ways to gain competitive advantage by cost control and eventually offering services to customers at competitive prices. The processes need to be revised and technology has to be upgraded.

*Strategy Alternative 2*

The company needs to diversify its services and products to cater to the varying needs of customers. Verizon can merge with certain IT or software production companies to gain a competitive advantage over its competitors.

Works Cited

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