The Impact of E-Promotion and Social Networking on E-Business: Case Study

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Abstract: Vectone Mobile (Vectone.com) is a newly growing mobile operator in the telecommunications industry which provides communication services to a huge market of Europe and particularly the UK. It has targeted the customers from different ethnic backgrounds and is providing the lowest possible rates on all local, national and International Calls. Vectone Mobile has tremendously made its brand popular by strengthening its brand image in a very short period of 8 months through some strategic decisions taken by them. They have made partnership with T-Mobile (The world 7th largest mobile operator) in order to obtain the Mobile Virtual Network Operator (MVNO) Technology. This deal has added value to the services provided by Vectone.com. Vectone Mobile is offering very attractive Promotional Incentives to the consumers with improved services in comparison with its competitors Lebara and Lyca etc. These promotions are communicated through word of mouth (very effective because of its lowest rates and offers) besides information on the website. Other marketing communication channels and Online Social Networking tools have not been used, as it should be, in order to increase its market share. In the light of the literature review, critical analysis reflected that Branding, Promotion and Social Networking all are closely related to each other. For Example, Promotional Campaigns and Promotional activities are heavily dependent upon Social Networking and both of Promotion and Social Networking are the main pillars of Brand Building Process. This aspect is evaluated critically in order to find this correlation with respect to the website under consideration i.e. Vectone.com.

1. Introduction

Chernatony and McDonald defined a successful brand (**cited in Chaffey et al. 2009, page 289**) as a brand which should be a person, service, place or a product that can be identified easily. The brand should be strong enough that the consumer or user can see the unique added values associated with that brand and consider that brand compatible and equitable to their need fulfilment. Moreover, the important consideration here is the sustainability of these value added services for the successful results in such hyper competition. In an online context they also emphasize upon the value creation for the company itself and at the top for the consumers while considering it the core branding activity (Saba and Alqahtani, 2013).

Cheffy (2004) has highlighted the importance of reputation of brand management for online business and companies which can be maintained through online forums, bulletin boards and consumer review sites. According to the estimates he mentioned that there are over three million active blogs throughout the globe. The importance of the blogs cannot be overlooked and can be very damaging for the reputation of brand if not handled, seen and managed closely. For example a disappointed or dissatisfied customer can be quoted by many bloggers resulting in a huge loss to the reputation of that brand.

De Chernatony and Christodoulides (2004) explains the stages of branding process and its evolution such that brand facts were stored as a repository in the shape of online presence during the initial stage recognised as classic brochureware sites. In the next phase of site evolution, further detailed offers and information is placed on the site while adding some value. In context of E-permission marketing site is managed through personalized information and diverse selection of E-Newsletters.

Aaker and Joachimstahler (2000) defines that brand can be built and strengthened by creating a distinguished, positive and good consumer experience and the role of website in this regard cannot be undermined. Website should be timely, interactive, easy to use, personalised and deliver value to achieve this objective. Other factors highlighted by them in this regard are compatibility with the rest of the communication mediums, providing home to the loyal customers, reflecting and supporting the brand and differentiating with the key sub-branded content. **De Chernatony and Christodoulides (2004)** further added some more elements which include the download speed, navigation, personal support, site appearance,

differential reward, locating the brand and its ease and Physical delivery and returns.

1.1.   E-Promotion (Element of Marketing Mix)

Bazac (2002) has described the three important parts of the strategy required for promotional activities through internet. i.e. The promotion of the products and services, promotion of the website and the promotion of the domain name. The site should be much closer to the SERPs (Search Engine Result Pages) for the effective promotion of the domain names. The reason is that after first thirty results there are very fewer viewers who check the results on SERPs. For this purpose the site is required to be indexed by web directories or on the pattern of Google and Yahoo Search Engines (**Saba et al., 2012, Razi et al., 2004**).

Garfinkel et al. (2008) have identified the reasons of decrease in the consumer search costs which are linked to the evaluation of best purchase price by the customer and the place of purchase of the products by the shoppers. The current generation of shopbots have contributed a lot in reducing such costs. While **Ryan and Whiteman (2000)** explained Online sponsorship as the activity of creating brand awareness while integrating the brand with context of brand awareness as well as related content. Moreover, it is also very much related to the brand augmentation such that it must be different from button, banner or any other traditional and standardized ad unit. **Cheffy (2004)** has explored the impact of sponsorship on the brand which is higher in e-newsletters as compared to the websites. The people are more comfortable to see the advertisements which are opened along with the opening of an email because they can see the sponsorship more clearly as compared to opening a specific website. The only concern is that the e-newsletters must be designed properly (Rehman and Saba, 2011).

Kevin et al. (2005) concluded after studying the UK based internet companies in detail that the role of e-branding cannot be overlooked and a prevalent appreciation of its importance emerged as a result of the analysis of such company's activities. The other emergent need is the focus on those strategies which are customer-centric and collaborative e-brand building strategies. These strategies should include distribution partnerships, co-branding and affiliating with existing offline and online brands, personalised e-mail contacts and the content alliances. They also identified the various online tools and offline methods used by these internet companies for communicating and promoting their key e-brand values. They also have explored the various means of communication used by these companies which include radio, newspapers, television, magazines, promotion through trade events, public relations, banner advertisements, affiliate programmes with other websites and personalised e-mail notifications.

Singh (2002) has mentioned the importance of the information to be displayed on the website regarding the different processes involved in the business. He stressed upon the companies to display all such information on their websites which is required by the customers regarding different payment methods involved in completing the transaction. While **Torkzadeh and Dhillon (2002)** mentioned some more aspects of the Internet based business which play an important role in the success of company's business and these are consumer relations, shopping convenience, value of the product offerings and Internet ecology.

1.2.   Social Networking

Borgatti and Foster(2003) explain the importance of Social networks that "Social capital equals the value of network connections." **Diane and Jason (1998)** have mentioned the benefits associated with the social networks especially in the context of the exchange of information among and between the different members of the said network. They highlighted its importance in terms of information dissemination and knowledge sharing across the community. The importance of the market and social networks of the start-ups is embedded in the emotional and social contexts (**Borch, 1994; Starr and MacMillan, 1990; Saba and Rehman,2012; Jenssen and Greve, 2002**).

Zeffane (1995) explained how the strategic thinking of organisations have been changed and included the networks and strategic alliances at the heart of their strategies. **David and Michael (2004)** identified the core importance of the social network, business partner, customer and government agency and their impact on the company's performance and on increasing the customer value. **Lianxi et al. (2007)** explored the role of social networks on the firm performance as well. They also highlighted the mediating role of the social networks on the inward and outward relationship in an internationalization context. Moreover they also mentioned the three main benefits of the social networks for the information dissemination and these are advice and experiential learning, knowledge of foreign market opportunities and referral trust and solidarity (Sulong et al., 2010).

Chaffey (2010) mentioned the different site types which provide a very good framework for the presence of firms on social media. He mentioned these site types as social knowledge, social news, social networking, social streaming, company blogs,

community blogs and social sharing. **The Economist (2010**) has stated that considerable benefits are received by the business firms from the social networking technologies regardless of their size. The top social networking websites ranked by the web information company (Alexa) are as "Facebook, MySpace, Twitter, LinkedIn and Ning are ranked 4th, 11th, 25th, 89th and 154th among all websites in the world, respectively".

Boyd and Ellison (2007) have studied the organisational practises in context with the use of social Network sites (SNSs) such as Cyworld, Facebook, Bebo and Mypace and found that after integrating these sites with their routine processes, these organisations have attracted millions of customers.

2.   Findings

Detailed critical Analysis was carried out between the guidelines provide by the Literature Review and the Presence of these elements in the policies adopted by Vectone.com.

The Business model adopted by the Vectone Mobiles is the mobile "virtual network operator business model". It is based on "**Click and Mortar**" Business approach providing the physical channels besides online transactional facilities (transaction here is not the financial transaction only but also encompasses the other business transactions e.g. order, inventory, sale etc.).

They have focussed on the ethnic groups present in the UK from all around the world including Pakistan, India, Nigeria, Poland and many other countries. The importance of ethnic calling market is obvious from the fact that there are approximately 10 million markets potential for this market in the form of its UK based subscribers. The ethnic market to be targeted is diversified more and more and tailoring the promotional plans, brand building strategies and Social Networking with respect to the expectations based on such a diversified cultural norms is really challenging one. This market has the capacity to generate billions of calls in a Year. Their direct Competitors are Lebara and Lyca Mobiles besides many other competitors in the industry including 3 Mobiles, Orange, Voda Phone, O2 etc.

Vectone Mobile is a subsidiary of Mundio Mobile Ltd. and started their business in the UK w.e.f. September 2009. Other than UK, they are operating in the other European countries like Netherlands, Norway, Switzerland, Denmark and Austria.

Within 8 months time period after taking a humble start in UK, Vectone Mobile has really taken some strategic steps in an attempt to make it a powerful brand of the UK in the presence of many other big players in the same industry. Behind this was the visionary approach, strategic alliance and partnership with one of the very powerful brand of the world i.e. T-Mobile and this partnership has leveraged the brand image for Vectone Mobile. Brand Building Process is directly related to the number of users/customers utilizing the services for such type of brands and "Vectone mobile was successful in attracting 1 million customers in UK in just a period of 8 months" (**Telecoms, 2009**).

"European mobile virtual network operator (MVNO) Vectone Mobile, is partnering with T-Mobile UK to extend its services to the UK market with the launch of a low-cost prepay service**" (Cellular News, Oct 2009).**

T-Mobile, German based company, operating in United States and Europe has a big name in the Mobile service industry throughout the world (7th largest in the world as a mobile service provider). T Mobile has announced the merger with one of its main competitor Orange. This re branding strategy resulted in a very strong brand as far as T Mobile is concerned. Vectone Mobile remained very successful in getting T- Mobile as its partner for obtaining the "MVNO" services from them, which would be a competitive advantage for the Vectone Mobile while competing in the ethnic group based market The officials from the T Mobile has decided to stay behind the scene through provision of "radio access and GSM functionality". This deal resulted in a strong brand image for Vectone using the platform of the T Mobile.

Another important decision taken by Vectone Mobile is the establishment of a new department for Marketing Services in London to oversee the expansion of European MVNO for Vectone. Vectone Mobile has decided to expand their services in Spain and for this purpose they have allocated a budget of GBP 17.5 millions.

Vectone Mobile has an aim of strengthening their brand through innovation and creativity to be brought in service and products to capture the major market share of ethnic based market of Europe. Low rate offers of the Vectone Mobile have made it popular among the ethnic groups during the hard recession time of world economy and UK in particular.

Vectone Mobile has a value proposition to offer the lowest rates for national, local and International calls in addition to best savings and deals options on roaming and messaging services. Activation of service is simple and easy by just having a Vectone SIM and topping up through vouchers which can be purchased from any shop or through online for which transaction facilities are

available through website as well. The Vectone is providing only prepay offers at the moment but has got the capability to extend it for post pay as well. Vectone Mobile has delivered its value proposition which is based on the cheapest International Calls besides many other offers and promotions including free sim calls, extra free minutes etc.

As a part of the Promotion Plan, Promotional Incentives/packages include 100 % (£ 20) extra credit with £ 20 top-up for Vectone Plus, Upto £ 60 (200%) call value for £20 Vectone top-up, 5p local calls weekday offer, 1p calls for International destinations, Free calls from Vectone to Vectone, Receiving credit on receiving calls, Caller back tones, zero sims, ring back tones and selection of own songs etc. Top up vouchers and cards for Vectone Mobile are available on any shop selling mobile calling cards. These are sold through online

retailers as well including DiGiCalling Cards providing the payment options through debit cards, credit cards, VISA cards and pay points.

This was possible due to word of mouth communication from within the customers, Vectone mobile requires to put a lot in the area of its promotional campaign. Despite the fact that they are providing the lowest rates for International Calls and best mobile deals, they lack their close ties with the search portals emphasizing the need for their improved social networking.

When you Type Cheap Calls to Pakistan on any of the search engines or portals like gocomapre and Google etc., they display different set of links that are providing the lowest rates in ascending orders not mentioning Vectone. Table 1 shows domain of vectone.com.

Table 1: Domain Vectone.Com

Domain:	vectone.com
Title:	VECTONE.COM
Site language:	English
Global traffic ranking:	951848 (Alexa, toplist global)
Traffic ranking within .COM:	518120 (Alexa, toplist .COM)
Pages indexed by Google:	8 (toplists: global/.COM)
Hosting location:	London, United Kingdom
Launch (first date w/ traffic):	2009-10-24 (Saturday) Sites launched on 2009-10-24

Source: "http://serversiders.com/vectone.com"

The website of Vectone.com was launched on 24-10-2009 and uptil now there are only 8 pages indexed by Google. Within Dot coms "traffic ranking lies" at 518,120 and Traffic ranks at 951,848 globally. Vectone.com is weak in this area and it should not be ignored, because global reach and reach to maximum number of users/consumers is at the heart of any marketing or brand building activity. For this purpose, it should make necessary.

Sponsoring arrangements to be present on the top of Google, Yahoo and some of other search and price comparison portals.

They have given the users the option to register with them through Account ID and Password under the tab MyVectone when you visit the link on vectone.com (it takes you to "http://www.vectonemobile.co.uk"). There are segments on the website with Home, Buy, Rates,

Register, About, Offers, Help besides other links for Terms and Conditions, Vectone Community etc.

The services which added value for the Vectone customers making it a strong brand include the usage of any mobile number, Shifting of existing Vectone Number to a new SIM in case of previous SIM Loss, Checking the balance from Online account through My Vectone Login etc (Rehman et al., 2013).

Other Services which has strengthened the brand for Vectone.com includes Carrier Voice Services, Virtual Calling Cards, Virtual Network operator, PC2Call etc. Due to this cost effective service, customization of self branded calling cards, connectedness to the PC Users targets were achieved. During each month, there is more than billion minutes of Voice traffic in addition to the 15 points where Vectone is present throughout the world.

Social Networking has taken an important role in promoting the company offers and brand positioning and e-social networking has become the most effective communication vehicle. As a mobile operator, Social Networking is important for two reasons. One aspect is itself being the means of Communication among the users of the mobile services and second one is the promotional activities through other social networks available e.g. Facebook, twitter and Bebo, blogs, news groups and chat rooms etc. Vectone Mobile should use both of these social networking platforms as part of Viral Marketing program i.e. they should join the other social networking set-ups besides their own created social Networking platform (Vectone Community is one of such approach adopted by Vectone).
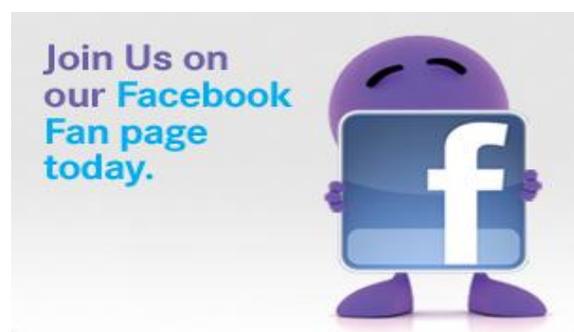
Blogs are very important as well and can play an important role from the Reputation Management perspective. Number of Active Blogs rose from 15.5 millions in 2007 to 133 millions in 2009. According to Research ("http://online-social-networking.com"), "18 percent of mobile users, the equivalent of 950 million users, worldwide to be accessing at least one social networking site via their mobile device."

Reputation Management, Customer reviews, comments and blogs, quality, price, customer satisfaction are important from business point of view. Quality in terms of connectivity because of heavy traffic on their mobile network remained a main issue for vectone Mobile, which they have overcame through acquisition of MVNO from T Mobile. On different blogs, the messages regarding Vectone mobile and its quality have been communicated, which played a de marketing role for the company.

As Vectone.com has started its UK services from September 2009, it requires to put a lot in building long term relationships with its customers by adding value. Social Networks are good means to communicate the marketing and Promotional messages. Another good reason for this is the fact that a customer is not only himself involved in the buying/utilization of Products/Services process but also has a strong influence on others in his close circle. So Network Value of the Customers cannot be ignored by the companies while doing business under the stress of competition.

3.   Conclusion/Recommendations

A common business practise by many major mobile operators in UK is to attach the purchase of topups with the purchase of handset for both of the purchase deals i.e. Pay as you go and monthly deals. Besides extending the postpay services, Vectone Mobile should take these things into account as well because of its importance from the consumer perspective. Another area, which requires immediate attention is the Customer Service, because at the moment it is very weak. A strong Customer Service is at the heart of any business activity in General and Branding Building Process in particular, for which Vectone.com being the newly established business in UK is very weak. Often, on contacting them through Email, They do not even reply to the queries and mails sent by the users.

All of the portals comparing the prices and rates of various products and services should mention vectone while it is not, inspite of its rates being the lowest. Its Promotional Incentives are excellent, prices are lowest, yet promotional campaign should be effective and Social Networking (utilizing online resources) can reduce this gap. Blogs should be used for reputation management and Information should be accessible through Google and Yahoo.

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