

Mobile Terminal Management Strategies based on Supply Chain

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Abstract—We analyze four principal parts of “terminal manufacturers- telecom operators- sales channels- consumers” based on the experience of the end-product from the flow from terminal manufacturers to consumers. As for the four principal parts that end-products must passed through from production to sales, we do researches on three aspects which include mobile terminal acquisition, channel management and mobile terminal marketing. Specific to the strong correlation between terminals and telecom operators’ business for the 3G/4G era, corresponding management strategies are provided based on summarizing the experiences and characteristics of foreign and domestic telecom operators’ 3G business development process.

Keywords- *mobile terminal acquisition; channel management; mobile terminal marketing*

I. INTRODUCTION

In early 2009, the MIIT issued three third-generation mobile communications (3G) licenses, China officially entered the third generation mobile communication era, mobile Internet has become a new engine of growth for domestic carriers. In the 3G era, terminal as carrier of the interface to communicate with customers, as well as the implementation platform for applications, tariff, network, channels, brand and other factors, has become the core strength for successful operation of 3G services. It can be said that customized terminal competition has become the focus of “data management” competition in the 3G era. Terminal supply chain and channel construction are important manifestations of terminal competition. Terminal competition forces operators to actively promote the transformation, extends to upstream and downstream of the industry chain, forward integrates the mobile terminal sales, and backward integrates the mobile phone R&D and production. The effects of traditional marketing strategies only depending on services bundling, channel sales, advertisements and value-added privileges are not significant. Far deeper and more of heterogeneity terminal marketing strategies are needed to guarantee business development and maintain operators’ advantage and value. Above all, terminal supply chain optimization, channel development, marketing strategies and other related researches are bound to become key initiatives for telecom operators to transform services, enhance competitiveness and expand the 3G market.

In the strategy researches on mobile terminal management, Xu (2007)^[1] briefly introduced the development of domestic and international terminal customization, discussed the terminal customization from aspects of five custom process, current market environment and user demand, and gave outlook and thinking for the future terminal customization. Xu (2009)^[2] stated some new requirements to carry out 3G services for channel management, put up with some advices for telecom operators’ channel management and control of the value chain based on the introduction of operators’ planning and foreign operators’ 3G business model. Lin and Fan (2009)^[3] analyzed the necessity for the telecom enterprises in China to carry out precision marketing on the basis of clearing the concept and content of precision marketing. They analyzed the 3G market scientifically and put forward precision marketing initiatives for telecom enterprises in 3G era. Zhang (2010)^[4] pointed out that terminal customization has become an important part of the 3G development. He also did a comparative analysis of the 3G terminal customization strategies of the three major domestic carriers, and recommended the operators develop from customizing terminal to customizing experience. Gu (2012)^[5] proposed mobile terminal marketing positioning and corresponding marketing strategies based on competitive differentiation on the basis of analysis of terminal marketing internal and external environment and experience of domestic and international terminal marketing benchmarks. The above literature analyzed the mobile terminal management from one side, but not its full range. Therefore our systematic study on terminal acquisition, channel management and terminal marketing from the perspective of supply chain has certain academic value.

II. FRAMEWORK MODEL

We analyze four principal parts of “terminal manufacturers-telecom operators-sales channels-consumers” based on the experience of the end-product from the flow from terminal manufacturers to consumers. As for the four principal parts that end-products must passed through from production to sales, we do researches on three aspects which include mobile terminal acquisition, channel management and mobile terminal marketing. The general idea of the paper is shown in Figure 1. Specifically, the idea has three main parts.

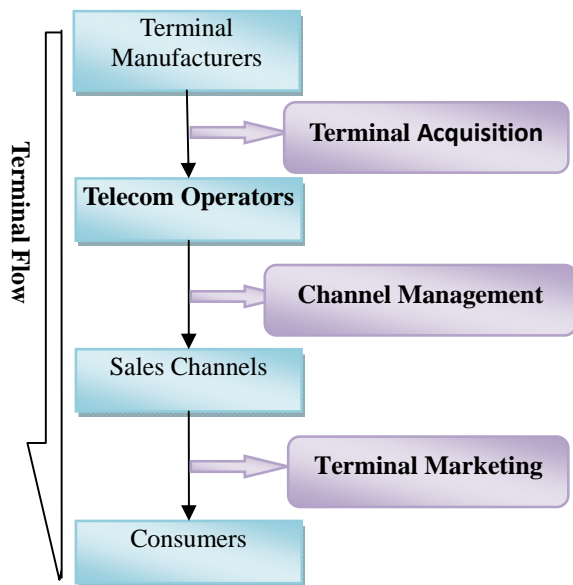


Figure 1. General idea of the paper

A. Mobile terminal acquisition

That is the supply research between terminal manufacturers and telecom operators. Specific to the strong correlation between terminals and telecom operators' business for the 3G/4G era, through the research on more developed foreign terminal customization modes, we make out targeted terminal acquisition strategies in this section.

B. Channel management

That is the management research between telecom operators and sales channels. This section starts from experiences in sales channels formed during the development of 3G businesses in domestic and foreign telecom enterprises such as optimize the channel structure and channel management structure, enhance the channels operating capacity and responding capacity, strengthen in spiriting and optimize channels logistics support. Corresponding improvement strategies for different marketing channels are put forward afterwards.

C. Mobile terminal marketing

That is the marketing research between sales channels and consumers. According to the characteristics of 3G terminal marketing such as single terminal marketing is difficult to achieve anything without support, emphasis should be put on product and service differentiation and experience marketing becomes the key, we propose marketing suggestions from the four aspects of brand, product, price and promotion.

III. THE MOBILE TERMINAL ACQUISITION STRATEGIES BASED ON SUPPLY CHAIN

A. Terminal customization mode selection

Through summary of three terminal customization modes more developed overseas which are brand image customization (shallow customization), business applications customization (moderate customization) and fully customization (deep customization), combined with technical and funding strength of mobile operators currently, China's telecom operators are more suitable for business applications customization mode. Business applications customization means that mobile operators make standards for the phone menu, shortcut set etc. in accordance with the needs of the business development; they not only develop a mobile phone specification, and regard complying with it as access condition to the mobile network, but also propose specific phone requirements as basis for terminal manufacturers' product development and production.

B. Terminal vendor cooperation strategies

From the development experience of global 3G markets in recent years we can see that cooperating closely with international terminal vendors is the most effective strategy in the early 3G business development. Therefore our operators should provide more preferential policies to attract foreign terminal equipment giants to participate China's 3G markets. Local firms have a deeper understanding of the habits of users and can reduce terminal costs to some extent. However there are some limitations for local manufacturers compared to international well-known terminal manufacturers, and domestic manufacturers are no matches for international manufacturers in the market, channels and R&D technology as well. Therefore it would be a reasonable choice to cooperate extensively with domestic manufacturers to customize low and middle-end products so as to attract low-end users to capture the marker.

There are mainly three cooperation modes between operators and vendors: simple customization, cooperation customization and exclusivity customization. Although exclusivity customization can strengthen the operators' dominant position in the whole industry chain, facilitate the development of business and the control of business operations, and is a good strategic choice for operators in the mature stage of development. Due to China's 3G business is still at the very beginning, terminal manufacturers are not rush into the adoption of this mode of cooperation. So taking the cooperation customization mode with vendors, and establishing a relationship of interests associated with some in-depth cooperation vendors can conduct business and promote 3G terminals more efficiently.

C. Customized terminal R&D strategy

With the increase in the variety and number of 3G terminals, in order to better meet the needs of users and reduce the churn rate, foreign operators put more efforts on terminal technology research and development. Operators' own unique, easy-to-use user platform to build their own unique brand of terminal and image has increasingly become

an important component for customization strategies. Therefore, our operators should devote more efforts on customized terminals' R&D as well.

IV. THE CHANNEL MANAGEMENT STRATEGIES BASED ON SUPPLY CHAIN

A. *Self-owned business hall: put emphasis on visual information dissemination*

Channel functions such as customer service, visual information dissemination, market information collection have values for both users and operators. The self-owned business hall in a sense takes the demonstration and leading role for the whole channel system. Hence the self-owned business hall should strengthen the visualized marketing, improve the image of business hall and products, and create a happy atmosphere. Meanwhile use systematic performance, logical product planning to create the differentiation which is difficult for competitors to imitate so as to improve sales efficiency.

B. *Reform agent system*

3G businesses focus on the large flow of data services, which have a wide variety and complex structures and functions, change quickly, and not easily understood by users. So the users' needs include products' extended value. Hence 3G businesses require agents devote emphasis on both sales and services, or even transform to service-oriented, supplemented by sales mode after mature of 3G services. Therefore operators need to reform agent system by contracts to better adapt to development of 3G businesses.

C. *Strengthen direct marketing channel*

Direct marketing is a kind of marketing system that can interact and make deals with users at any place through phone、email、TV、Internet and other media. The general characteristic of direct marketing is selling products without stores by providing a variety of ways such as customer service hotline、online business hall etc. for individual communication.

3G subscribers emphasize on the personality and distinctive differences of telecommunications needs. An ideal pattern is that operators gain support from terminal manufacturers and achieve "mass customization" for both business combination and terminal configuration in the same place, and Internet can better support this sales model. For this reason, operators need to pay attention to the direct marketing channels, especially the construction and improvement of the Internet.

D. *Improve customer service mode*

Compared with 2G, 3G businesses have a lot more complex data services, and many have using restrictions, tariff restrictions or special use processes, which are challenges for ordinary users to understand. Besides, the complexity of communication network and technology occasionally produces some obstacles during the process of using business as well. All these listed above put forward higher requirements for customer service system. Operators

should improve customer service capability, construct new Internet-based service channels combined with direct channels, and expand customer service.

V. THE MOBILE TERMINAL MARKETING STRATEGIES BASED ON SUPPLY CHAIN

A. *Brand strategy*

Establish a superior brand image. Select suitable brand style, marketing strategy, development strategy in accordance with their advantages and consumer evaluation, so as to reinforce a personalized, unique, specialized brand positioning. Through a series of product advertising, public relations activities and services, they can increase consumers' participation and enhance consumers' brand perception. By creating their own brand of mobile phone sales as well as incorporating mobile network value-added services, they can enhance the relevance of the mobile communications network services and the mobile phone.

B. *Product strategy*

Operators should establish targeted, meeting needs of segment market product system from dimensions of user brand, functional support and price. Specify possible differences in function, hardware, software, content for different terminals, further promote interoperability development of data services and ultimately form customer loyalty. Try to create a closed-loop controlled mobile terminal industry chain, nurture consumers' habits by a unified interface and menu and a unified operation, and thus reinforce customers' approval on operators' businesses (including business forms, menu display).

C. *Price strategy*

Pricing model determines price and mode of operation ultimately sold to consumers, and is very important content in customization marketing. Operators should establish charges or other non-cost subsidies-based, supplemented by periodical cost subsidies pricing mode. At the same time alleviate the single cost subsidies pressure according to different customer group and manufacturers' profit sharing rate to establish a multi-level marketing program which is rational, conducive to scale-development of customized terminals and bundle of terminals and data services.

D. *Promotion strategy*

Operators should choose promotional media effectively considering both costs and effects of different media, combining with consumer behavior. They can also take advantage of coupons, discounts, gift samples and prize contests to enhance interests of consumers' experience. And through the free period experience, as well as some innovative activities blending social marketing, strengthen customers' understanding of product when they experience fun and a sense of accomplishment.

VI. CONCLUSION AND PROSPECTION

We analyze four principal parts of "terminal manufacturers-telecom operators-sales channels-

consumers” based on the experience of the end-product from the flow of terminal manufacturers to consumers. As for the four principal parts that end-products must pass through from production to sales, we do researches on three aspects which include mobile terminal acquisition, channel management and mobile terminal marketing, and propose appropriate management strategies. The follow-up study can conduct on more detailed and in-depth management strategies on the basis of fully taking into account of the development rules and characteristics of telecom industry in 3G/4G era.

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