

Orange SA - Case Study

1. INTRODUCTION

Today Orange SA stands proud as one of the most successful companies that were founded within the last century. From the 1990s until our time many businesses were established, but sadly only to be swallowed by their markets. But what Orange SA has to offer to the world is a success story, a story that owes its background to the same thing that any company that succeeded, effective advertising, effective marketing. Nowadays, Orange SA is among the most successful, worldwide situated providers of wireless communications¹.

The victory of this fairly new company, would not have been possible without the contribution of well-thought marketing strategies, which resulted in a stunning advertising campaign. If one thinks of the company as the vehicle, in that case one should consider advertising as the fuel. The motto "A brand is a promise delivered"² is what the company placed its vision upon, and has worked around ever since. As the company became more ascertained, this certainty polished its values, making them more exclusive and prevailing and enabled its competitive advantage to be a controllable and forceful one. The company was able to reach its consumers' heads and hearts, which can be considered as a great achievement nowadays, for the humankind is becoming less and less receptive of the environmental factors that are in affect due to overload.

2. BACKGROUND

Prior to its launch on the 28th of March, 1994, the first area being London, the company Orange, as we know it today didn't exist, the name of the corporation was Microtel. The telecommunications market that Microtel was introduced, had always been among the most competitive and rapidly growing markets. It was around May 1993³ that Microtel decided to take its chances in the wireless communications market. There were many existing firms in that market at the time, therefore their entry decision required a lot of courage and a great deal of market research. On such slippery ground the strategic plan had to be made in such a way that every detail concerning the launch of the brand would be a success.

Orange walked into the market with the self-confidence that allowed it to rephrase the well-established term "wireless" to "wirefree"⁴. The brand had the suppleness that none of the other companies in the market had. Orange managed to transform the disadvantage of being new in the market into a competitive advantage. The market at the time was not as vast as we now it today, in fact due to high prices in terms of tariffs cellular phones were considered as luxury items that were utilized by an elite class of businessmen. If we look back, not too far back, most of us only had a remote knowledge of the existence of cellular phones, and beepers were what the majority of consumers used as far as the wireless technology was concerned.

"Innovation" being the keyword, Orange translated the existing market structure into its own corporate language. This meant payment plans which were more on the consumer's side with their "Talk Plans", which opened up the doors of wireless technology to many potential customers. What the "Talk Plans" presented were "real value for money", "per second billing", caller ID, free of charge summarized billing information, and above all direct customer relationship which prioritized the customer and placed them above the company⁵. At the end of the first fiscal year of Orange the company had 379,000 customers, and by the time it was 1996 the number rose to about 785,000, which was more or less double the company's initial success. It was around the same time that Orange listed its shares to the public on the London and Nasdaq markets, having Hutchison Whampoa with 48%, and British Aerospace with 22% as its chief shareholders. The value of the company at the time being £2.4 billion, Orange was honored to be the youngest company that was listed within the

¹ Orange.com – about Orange

² Orange.com – about Orange

³ Orange.com – about Orange

⁴ Orange.com – about Orange

⁵ Orange.com – about Orange

FTSE-100¹. Prior to the end of the year 1997, Orange had around 1 million customers, and consequent to this, its shares were announced to be the best performing shares of the year 1998. Titled as “one of the outstanding business success stories of the past few years” by the NatWest/Sunday Times Business Enterprise Award in 1999, Orange began reaching out for international markets, Austria, Belgium and Switzerland being at the top, Hong Kong, Australia, Israel and India were also added to its list of countries. Consequent to its purchase by the German firm Mannesmann AG in October 1999, Orange no longer existed in the London and Nasdaq stock exchanges². At the same time Mannesmann AG was purchased by Vodafone, and in the year 2000 France Telecom bought Orange from Vodafone for about £25.1 billion. After being amalgamated completely with France Telecom, the Orange SA was formed and was introduced to EuroNext Paris and London stock exchanges. In May 2001, J.D. Power and Associates UK Mobile Customer Satisfaction Study declared Orange UK as number 1 among the other telecommunications companies within the country. During the same month Orange SA entered France’s top 40 companies (CAC40), having been rated for market capitalization³.

Today Orange SA receives its GSM revenues from monthly subscription fees and additional network charges, roaming charges, other companies that are used by the subscribers during roaming outside the Orange network. Company’s overall revenue also include sales of handsets and accessories done via Orange SA retail outlets, other dealers, distributors, and connection fees from fixed line and Internet operations.

3. MISSION STATEMENT

“Our mission is to become the leading provider of high quality wirefree communications services to the people of the world.”

From day one Microtel’s aim was not to remain within the average but to rise above it all working with and through the set of values that would be decided on. This set of values that the company was founded on is as follows: The Company was meant to be “refreshing”, presenting itself as a way of breaking free from the past technologies with the innovations it has to offer to the consumer. The above mentioned innovations were to be made in the cost of the product, the manageability of the product and the services offered. Secondly “honesty” was going to be maintained through absolute transparency. Third value was going to be “straightforwardness”, which meant communicating with the consumer in the plainest language possible. The fourth of these was to be “innovative”; due to the characteristics of the market, which will be examined in detail later in this document, every company that was ever in the wireless communications market had to bear this value. The last of the core values was decided to be “friendliness”. The Orange SA, unlike any other corporation that was in the market, was going to be on the consumers’ side.

Orange’s initial line that was communicated to the consumers was “The future’s bright. The future’s Orange”⁴, which combined all five of the above mentioned values. This statement also restates their corporate vision, which is to have their wirefree services to be the preferred among the competitors within the telecommunications market of the world.

Corporate social responsibility is taken as one of the most valuable business characteristic within the Orange SA. Their approach, having realized the impact of businesses in societies, aims at the growth of their business through their objectives to go hand in hand with the growth of the societies at large. The strategies that the company adapts are handpicked, in a sense that they contribute to the well-being of societies at large. Some activities that Orange SA clearly endures can be said to be its contribution to art and culture in the communities it exists, the support it gives to education at large, contribution in charitable activities, regardless of the location, considering ethical and environmental values when choosing supplier and adopting the responsibility of employee development and training. As for the environmental issues the company participates in the recycling of old cellular phones, promotes research in the health issues concerning radio waves that cellular phones emit

¹ Orange.com – milestones 1994-1997

² Orange.com – milestones 1998-2000

³ Orange.com – milestones 2000-2005

⁴ Orange.com – about Orange

4. PRESENT SITUATION

The telecommunications market is facing constant growth, which forces each and every company that is within its structure to give priority to innovation. In order to support the above argument, the first twenty of the hundred best brands of the world is presented below. Upon examination, two very well known companies of the telecommunications market can be pointed out, the first Nokia Corporation, positioned at number six, and AT&T Corporation, positioned at number seventeen. This factor of success of the telecommunications brands in the world markets entails both advantages and disadvantages, which oblige them to build powerful brands.

<u>2002 Brand Rank</u>	<u>Brand Name</u>	<u>2002 Brand Value (\$Mil)</u>	<u>2001 Brand Value (\$Mil)</u>	<u>Change in Brand Value (%)</u>	<u>Parent Company</u>
1	COCA-COLA	69,637	68,945	1	Coca-Cola Company
2	MICROSOFT	64,091	65,068	-2	Microsoft Corp.
3	IBM	51,188	52,752	-3	International Business Machines Corp.
4	GE	41,311	42,396	-3	General Electric Company
5	INTEL	30,861	34,665	-11	Intel Corp.
6	NOKIA	29,970	35,035	-14	Nokia Corp.
7	DISNEY	29,256	32,591	-10	Walt Disney Company
8	MCDONALD'S	26,375	25,289	4	McDonald's Corp.
9	MARLBORO	24,151	22,053	10	Philip Morris Companies Inc.
10	MERCEDES	21,010	21,728	-3	DaimlerChrysler AG
11	FORD	20,403	30,092	-32	Ford Motor Company
12	TOYOTA	19,448	18,578	5	Toyota Motor Corp.
13	CITIBANK	18,066	19,005	-5	Citigroup Inc.
14	HEWLETT- PACKARD	16,776	17,983	-7	Hewlett Packard Company
15	AMERICAN EXPRESS	16,287	16,919	-4	American Express Company
16	CISCO	16,222	17,209	-6	Cisco Systems Inc.
17	AT&T	16,059	22,828	-30	AT&T Corp.

18	HONDA	15,064	14,638	3	Honda Motor Company
19	GILLETTE	14,959	15,298	-2	Gillette Company
20	BMW	14,425	13,858	4	Bayerische Motoren Werke AG

TABLE 1: Data provided by Interbrand.¹

All competitors of Orange SA are strong and well managed organizations, which take logic and industrial marketing as a ladder to their success; this is the ladder to success in all the markets of the 21st century but especially in the market of concern. The greatest difference that Orange SA has among its competitors within the market is that the company was never solely conceived as a telecommunications company but as an ideology. The public exposure of the company was communicated not merely as a business, but as a way of living. This is possible only through a well thought, strategic advertising campaign. Bonding with the customers on emotional grounds gives a company the best possible competitive advantage. The greatest asset that Orange SA has is the consumer loyalty that it has gained through the above mentioned bond that was created by the marketing strategies it undertook. The company leads researches constantly, in both quantitative and qualitative areas, in order to create business opportunities and precisely define its situation within its markets of concern.

Today, Orange has a unique and a lasting competitive advantage within its immensely competitive market. Maintaining a mixture of label and the great importance that is given to the advertising arena, the company has delivered and is still delivering vast quantity of value to the community, its owners and to its market.

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¹ <http://bwnt.businessweek.com/brand/2002/index.asp>

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