

# BCG TASK 3

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Understanding consumer needs

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# Sub-Task 1

## Criteria:

### Features

- Up to date features offered, and easy upgradability

### Affordability

- Price comparison between handset leasing and normal plan
- Price sensitivity

### Up-front costs

- Sensitivity to higher up-front costs.

### Attractiveness

- Is it Trendy ?

### Operating System

- Is it integrable to their current virtual environment

### Damage insurance

- Importance of Insurance to customers

# Sub-Task 2.1

## Data summary

- 1 Attractive to stay with trends for customers under 30, also low initial costs.
2. 60% are very sensitive to the initial cost of buying a new phone
3. Most people upgraded every 2 years, an equal number upgraded every one and three years
4. People who upgrade after 24 months are price sensitive and most would upgrade every year if the upgrade price was lower. The current difference is \$100 between a one-year and two-year upgrade
5. Less than half would not want to pay more than \$500 upfront for a new phone
6. More people prefer to trade in their phone, 32% keep their old phones
7. Older customers have less financial problems and less desire to stay trendy, so only a third were interested.
8. Almost half were ready to switch telecom providers to save 10-20%
9. The vast majority have not purchased cell phone insurance
10. 38% of people had to replace the handset due to damage before the end of the contract

# Defining The Target Segment

## **Market Segment**

Customer under the age of 30 who upgrade their phones every 24 months

## **Marketing Targets**

Cheaper and Frequent phone upgrades that allows one to stay “up to date”

Low up-front costs and overall costs

Insurance is included

# Offering Changes and Product Name

## Offering changes

- Add option to keep the phone after the retail price is covered
- Significantly lower the upgrade costs
- Add extra benefits for switching to this plan

## Product Name

“Barter old phone with new phone plan”