

BCG Task 3

Understanding consumer needs

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Sub-Task 1

Criteria:

- Affordability
 - Price comparison between handset leasing and normal plan
 - Price sensitivity
- Attractiveness
 - Is it trendy?
 - % of customers that prefer handset leasing to tradition plans
- Ability to upgrade
 - Desired frequency to upgrade phones
- Upfront costs
 - Sensitivity to higher upfront costs
- Option to buy phone
 - How many customers prefer to keep their phone
- Damage and insurance
 - Importance of insurance to customers
 - How often do customers damage phone

Sub-Task 2.1

Data summary

1. Appealing to stay with the trends for customers under the age of 30 also low upfront costs
2. Older customers have less financial issues and lower desire to stay trendy so only a 3rd were interested
3. Most people upgraded every 2 years, equal amount upgraded everyone and 3 years
4. People who upgrade after 24 months are price sensitive and majority would upgrade every year if the upgrade price was lower. Current difference is \$100 between one year and 2 year upgrades
5. Just under 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 old phones
7. 60% are very sensitive to upfront costs when buying a new Phone
8. Almost half we're ready to switch telecom providers to save 10 to 20%
9. Overwhelming majority have not bought insurance for handsets
10. 38% of people had to replace their handsets before the end of their contract due to damage

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 'trendy'

Low upfront costs and overall costs

Insurance

Offering Changes & Product Name

Offering changes

- Significantly lower the upgrade costs
- Add an option to keep the phone once the retail price has been covered
 - Change the option for trading/return device to be optional

Product Name

“Cell-Phone Lelo” Plan



Comparison of Current Plan and Cell-Phone Lelo Plan			
Yearly amount paid by customer	Current Plan	Cell-Phone Lelo Plan	Savings
12 Months	1240	1308	-5.48%
24 Months	1190	1108	6.89%
36 Months	1173	1041	11.25%