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Opportunity Analysis of the Cellular Industry of Pakistan for Vodafone

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ABSTRACT

Communication revolution is evident in the human history. Ways to communicate are becoming faster, reliable, and there is a definite race between the service providers to reap best revenues by providing good communication services to the largest mobile markets in the world. In developing countries telecommunication plays a key part, increasing their gross domestic product. Increase in the cellular penetration, a mobile culture has evolved, where the cell phone is a social tool, and people mostly depend on their mobile phone address book to keep in touch with their family and friends.

In Pakistan cellular density has increased rapidly from only 8.3% in 2005 to a staggering 55.62% in June 2008. During the third quarter Jan-Mar 2008, Foreign Direct Investment in telecom has been reported \$157 million, which is 47 percent less than same period last quarter but Standard and Poor rating showed that telecom sector continued to share positively in national economy during quarter ending March 2008.

Emerging markets in Asia, Eastern Europe, Latin America and Africa offer the highest growth potential due to the liberalization of telecom sector in these regions. Vodafone's principal activity is providing mobile telecommunications services. Founded in 1985 as a small subsidiary of the Racal Radio Group, Vodafone has grown rapidly through acquisitions to become the world's biggest mobile telecom company. Competition is forcing Vodafone to re-evaluate its strategy. Vodafone is mainly present in the European market. European cellular telecom market is mature and the penetration is over 100%. This is the primary

reason that Vodafone is looking for emerging markets where cellular penetration is low.

The PEST analysis will be used to give insight into Pakistan's overall business environment. These are the factors expressing Vodafone's opportunities in Pakistan. These country specific factors are important since a sudden change in these factors may affect the opportunity of Vodafone in Pakistan. Market analysis will give an insight into the future trends in the industry. Firm level analysis will clarify whether or not Vodafone has the necessary resources and capabilities to cope with the issues raised in the above analysis.

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