

# The curious case of Alcatel

There is something about resilient brands that I really admire and find endearing. By resilient brands I mean those that go through a trough - are forced to go back to the drawing board, institute an uncomfortable process of introspection and through the dark forecast still maintain the will and resolve to stay in it (the market). Rediscovery is a powerful thing and for a brand to have to undergo the process of rediscovery and repositioning is perhaps one of the trickiest exercises.

 By Saint-Francis Tohlang<sup>24 Nov 2012</sup>

Ever wondered what happened to Alcatel mobile phones? Once upon a time the "Rolls Royce" of cellars in the peak of the cellphone boom, the brand somewhat waned into obscurity. Now it seems to have re-emerged to boldly claim a stake in the smartphone market and 2013 is the year touted for this bold dynamic play to take full effect. Let us unpack the curious business case of the Alcatel brand and its journey of rediscovery and brand repositioning.

## Brand twists and turns

With a brand history spanning 20 years, the mid 2000s presented some interesting shifts to the brand. Rewind to April 2004 when Alcatel-Lucent and TCL Corporation announced the creation of a mobile phone manufacturing joint venture: Alcatel Mobile Phones. Track down to May 2005 and TCL announced that its Hong Kong-listed organisation would acquire Alcatel 45% stake in its mobile phone joint venture for consideration of (US\$8.1 million) worth of TCL Communication shares.

We move along to June 2007 when TCL announced that its mobile phone division planned to discontinue using the Alcatel brand and switch entirely to the TCL brand within five years. Now let's reconvene to the present - Alcatel mobile has since been reincarnated under the new brand and trading name Alcatel One Touch, specifically in bold to assert the new brand identity as explained by the marketing manager (Southern Africa).

## Shifting competitive landscape

The global mobile phone market has changed significantly. Christian Kraft states: "Looking back ten years, innovation in mobile phones was primarily on features, design, and to some extent, basic services like ringtone download. Just a few years ago, companies that could provide a design, form factor, and feature set won the market." In the present climate of this market; this is not the case.

The changing complexity of the mobile phone market has meant that brands and phone manufacturers need to constantly look to better enhance their products and gain that competitive edge just to survive in this highly competitive market. It has been a well-documented fact that global mobile brands of yesteryear have struggled to retain their market share.

The paradigm shift truly became apparent with the introduction of smartphone manufacturing, which is undoubtedly the backbone of the global mobile phone market. Figures forecast an upward growth curve for this market - the total global mobile market is expected to be worth US\$341.4 billion by 2015; while smartphone revenue will account for a staggering 75.8% of the overall mobile handset revenue at US\$258.9 billion. This is a healthy market.

With such projected growth, it means that the competitive landscape among the big cellular brands is changing with the convergence of new entrants like Microsoft & Co, Alcatel One Touch, Huawei, ZTE, Motorola and other smartphone manufacturers targeting emerging markets and shifting production efforts to smartphones.

## Rediscovery and repositioning

Brands and companies are constantly reinvigorating their businesses and positioning them for growth. There is a constant need to innovate, reimagine, understand and optimise their position in the market, to simply fend off the competition in an effort to survive.

Brand repositioning occurs when a brand tries to change its market position to reflect a change in consumer's tastes. This process is often required when a brand has become tired, perhaps because its original market has matured or has gone in decline.

What is key in the brand repositioning effort is to rethink the brand vision and strategy, re-define the value proposition, identify new pockets of opportunity and stake a position that speaks to the above in the market.

## **Vision and strategy**

According to Gartner (August 2012), Alcatel One Touch is currently the fastest growing of the world's top ten mobile phone manufacturers. This growth point can be attributed to a clear strategic focus on Africa and particularly engineering their strategy to fit emerging markets. Global growth has indicated a decline in other mature markets; however the African market has shown a pattern converse to that.

Since the official re-entry of Alcatel One Touch into South Africa and key markets in Africa at the beginning of 2011, these markets have demonstrated rapid growth. Presence of the product can be seen in all corners of Africa, with great success coming from Kenya, Mozambique and Uganda, where a close 60% of the market share for the top network in Mozambique held and smartphones showing exponential growth in Kenya. In South Africa, a tougher more mature market, Alcatel One Touch has had considerable success with over 500,000 devices sold over the last 18 months.

## **Value proposition: "Android for All"**

The value proposition to consumers and the market has to change and at times be slightly tweaked. This is one of the core features that are definitive of a brand repositioning. The value proposition from Alcatel One Touch is one that is in keeping with their vision and strategy; relatively lower priced android smartphones for all. Launched in 2012, the "Android for All" campaign has been the driver for smartphone offerings, and specifically for Android devices. In line with the company's mission - to make technology accessible to all - Alcatel One Touch is working towards filling a gap where new technology becomes accessible for all, both from a functionality and affordability point of view. The campaign has spread into Africa, where some countries have seen sales in excess of 100,000 Android handsets in September 2012.

The value proposition is clear in positioning Alcatel One Touch as providing smartphones, particularly android devices, that are accessible to all through cost and at the same time still keeping true to their dedication to innovative design.

## **Actual product - Customisation to the markets**

It is one thing for the business strategy, brand vision and value proposition to speak a certain message, but in repositioning oneself, it is also important that the actual products offered also translate and mirror this message. An interesting example is the One Touch Glam 808 device which was designed for a young female market. A strategic brand association was formed with South African *Idols* finalist Sindi Nene as a brand ambassador for the GLAM range during the period of her album release and launch.

In addition to the Glam 808, the entry level ONE TOUCH Smart 990 was released to be a taste of the smart, affordable and simple smartphone.

## **Identifying new pockets of opportunity**

Setting out to capture new and niche markets in emerging markets, if smartphone brands didn't realise that African penetration is the key, they may be missing the point. Telecommunications predictions suggest that the biggest opportunity in emerging markets where internet access is low but the desire for communication and information services is growing. Africa is that new market, leading the post-pc world revolution. Moreover, it is telling that Alcatel One Touch has focused on Africa.

Furthermore, with its Android specific focus, Alcatel One Touch has identified a pocket of opportunity. According to NPD DisplaySearch research, by 2016 low-cost smartphones will account for 29% of all smartphone sales. Android - not Apple

is leading the charge with its open-source operating system.

In an effort to further distinguish itself; Alcatel One Touch is the only manufacturing company to offer a full telecommunications package, from low cost to Android devices, tablets, internet keys (modems) and routers. The products are also offered as ODM (original design manufactures) through manufacturing capabilities that allow for custom designs of the product and the packaging.

## **Repositioned and sights on future**

Could Alcatel re-create the journey which Samsung so bravely chartered? Can Alcatel One Touch be that brand that come from obscurity, much like Samsung did, and through its ingenuity in design and, most importantly, staying true to its mantle of making "technology accessible for all", showcase that in this mix of the smartphone pickle of brand sentiment versus actual product?

2013 promises to be an interesting year ahead for the telecommunications company. My curious exploration into this renewed brand has shown that the brand has very ambitious plans with new products (including a tablet called the TAB T1 set to be a groundbreaker in the tablet market) set to be launched in the first quarter of 2013.

Having ticked the checklist in repositioning its brand, refining its strategy and products that stand a chance to compete; Alcatel (now Alcatel One Touch) may just be that resilient brand that arises from the near ashes.

## **ABOUT SAINT-FRANCIS TOHLANG**

Saint-Francis Tohlang is an Independent Insight Consultant and Trend Analyst. He provides insight observations to different stakeholders such as Flux Trends, HDI Youth Marketeers, Lovelife, Savino Del Bene and South African trend observations to a leading international trend firm. He holds an MA in Media from UCT and continues to research in the areas of media markets and strategies, consumer culture and popular subcultures. Follow @SaintFrancisT on Twitter.  
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