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SERVICE WATCH ARTICLES BLOG POST: SHARE BUILDING

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In a recent article in *Fortune*, Aaron Pressman analyzes a new service implemented by Verizon Communications, the largest provider of wireless communication services in the US. To be more precise, the company charges fees from advertisers for installing their applications on consumer smartphones that are first activated within the Verizon's network. The price ranges from $1 to $2 per service. However, the applications are 'bloatware,' or 'crapware': they occupy too much memory on devices, while customers do not even request for them. Moreover, Verizon requires payment even if consumers will never open the software. Therefore, this innovative attempt of the US market leader to diversify its revenues caused complaints in both customers and businesses. Foremost, business partners have never asked for such a collaborative venture. What is more, Apple even forbids installing any applications using its brand name. At the same time, consumers dislike having unnecessary applications on their phones. The issue resulted in sufficient dissatisfaction among the clients. In this context, the company's willingness to expand the market share seems a flawed interpretation of the service marketing theory.

To start with, the strategy discussed in the article shows that Verizon applied a concept of share-building to reach its goals. The company operates in a mature market of telecommunications. For this reason, the competition is adverse. The analyzed corporation offers diverse services to consumers, but these are not too profitable. On the contrary, Verizon experiences evident decline in revenues for long. Thus, to survive in this complicated situation, the service provider decided to ensure its growth through installation of advertisement applications for a fee. This move was for 'survival of the fittest.' In other words, the business tried to gain larger shares on the existing market by adding innovative features to its services. Due to that the company sold about 8 million phones during the first quarter of the year, the managers are optimistic about this strategic step. According to the theoretical implications of this concept, marketers should achieve the greatest level of awareness about the service, develop the customer base, and make sure that demand for the service, its accessibility and opportunities for its delivery increase along with quality. As long as all above stages are well planed and gradually implemented, the framework can become a success for a business as a good option for consumer retention.

It follows that share-building might be a useful approach for adding value to the brand if implemented properly in the conditions of the fierce market competition. First, the company presents its innovative character, market-driven flexibility, and responsiveness to changing consumer needs and preferences. Furthermore, clients tend to compare a proposed innovation with the services offered by competitors. If the strategy is well-developed, customers are likely to appreciate the innovator by their loyalty and increased purchasing behavior. As a result, the method can be a valuable incentive for further growth and profitability of a business entity. In this respect, advertising and proper communication of the new service is a very important aspect of share-building. The company should create positive attitudes among consumers through well-shaped messages in the communication channels that are popular among its consumer segments. With this approach, the company will have an opportunity to evolve in the long run. In case the service provider fails to complete all the specified aspects and opts to choose short-term profits, the consequences will be mostly negative.

Drawing upon the article, Verizon failed to take into account the entire set of critical success factors of a share-building model. The greatest concern is the fact that the management made a unilateral decision in development of a new service. The marketers considered neither other businesses' nor consumers' opinions at the planning and implementation phases of the service introduction. Moreover, the essence of the innovation remained not clarified for the key stakeholders. From the standpoint of businesses, the service seems a deceit as Verizon tries to improve its financial condition at the cost of its partners. In terms of consumers, the company also failed to carefully frame the message regarding the 'bloatware' installation. Instead of forming positive attitudes, such as availability of connectedness with a variety of brands, Verizon positioned itself as an avaricious corporation that seeks profits only rather than cares about consumer satisfaction. As a consequence, the framework appeared an unethical profit-making strategy with objectives implemented in the short run.

Based on the findings of the analysis, Verizon should develop a mitigation strategy immediately. The task of the service provider is to re-frame the venture as a winning option for all parties. On the one hand, the company must re-shape its share-building vision in agreement with business partners. Installation of advertising applications can be a good promotional step in terms of positioning of Verizon as a connecting link of the best brands with the best consumers. In this case, the communications company will provide an expert advice in terms of brand preferences as a form of brands' promotion. On the other hand, Verizon may articulate the collaboration with other enterprises as an opportunity to have access to all favorite brands in a single device. Companies pay to be close and instantly connected with their consumers. As a result, customers will have easy and informed access to companies to which they are loyal as Verizon cares about its customers and their relationships with favorite brands. However, the company has to customize the applications effectively and ensure possibility of easy removal. At the same time, the marketers should explain that availability of the software is a must-have communication channel for updates and feedback with brands both Verizon and clients respect.

In conclusion, the discussed article revealed numerous shortcomings in Verizon's interpretation of the concept of share-building. Instead of provision of a well-thought-out innovative service with long-term objectives, the company tended to refer to financial gains in the short run. Nonetheless, reconsidering the strategy can assist Verizon in changing the practice in line with the theoretical background on the issue.