How can YaBand position YCall (a VoIP App) in the Dutch target market?

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# Executive summary

This thesis gives an overview about how YCall (a VoIP App) can be positioned in the Dutch market. This positioning helps to minimalize information overload in the mind of consumer, and thereby leaving a clear impression and message about the product and brand. Thus, by designing the most suitable market positioning for YCall, the company can receive the greatest benefit in the selected target market and use the best marketing strategies to serve its target group.

The YCall App was developed by its parent company YaBand in the beginning of 2015. This App allows users to make international or domestic calls with low calling rates and HD voice quality. The technology behind it is VoIP (Voice over Internet Protocol). This is the transfer of voice via advanced internet technology. YaBand has worked as a VoIP wholesaler for more than ten years, so the company is supported by its own professional VoIP technology and voice platform. The wide-spread use of the mobile internet, smartphone and mobile Apps give reasons for YaBand to develop YCall App and exploit it in the mobile Apps market. However, YCall has not attracted many users since its January of 2015. The total number of users and profit was lower than expected by the company. There were two main reasons for this, the first reason was due to technical problems within the App. YaBand is working hard to solve these problems. This thesis focuses on the second problem --- the lack of effective promotion tools. This thesis endeavours to find solutions for YCall, so that it can serve its customers better, and thereby attract more users. This is also the central question of this paper. The main approach used in this thesis is the STP model, that is market segmentation, targeting and positioning. The STP model is constructed by analysing the internal environment, macro-environment and meso-environment. The meso-environment consists of the five force analysis, the competitor analysis and the customer analysis. The research methods in this thesis include desk research and field research. The desk research involved searching relevant information on different search engines and textbooks. The field research includes a questionnaire directed towards four target groups of YCall and an interview with the CEO of YaBand.

The initial results of the internal analysis indicate some strengths and weaknesses of the YCall App. The competitive advantages are professional technological support, independent telecommunication operational system, low calling rates, strong financial support from the parent company and low resource load on mobile battery and data. Weaknesses are technical issues, a lack of effective promotional tools, limited product formats, tailored functions and discount plans. The analysis on macro-environment and meso-environment also reveals some opportunities and threats for YCall. The opportunities include the positive growth of the Dutch economy, the widespread use of smartphones and mobile Apps and the increasing awareness of sustainable products. There are several threats that cannot be ignored, such as a fierce competition, too many substitutes, low entered requirements and astrong bargaining power from customers. The Strengths, Weaknesses, Opportunities and Threats of the product can be combined together to develop an effective marketing strategy for the firm.

YaBand is suggested to target four target consumers (students, business professionals, immigrants and tourists) with specific offers and formats. In terms of students and tourists, the company can develop further its messaging and video calls on the App thereby adding to the customer’s experience. Unique tailored plans, such as student plans or travel plans can also be added to attract these two groups of consumers. Furthermore, the company can be more active on social media, thereby encouraging students and tourists to use promotion by positive word of mouth. In terms of business professional and immigrants, YCall is suggested to develop a computer based App, so that they can also use this on the computer. The diversified plans can be designed for these two groups of consumers, such as business plans or discount plans for the more specific country. The company can use promotional tools such as vouchers, rewards, discounts and incentives to attract more business people and immigrants to use the YCall App.

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# Chapter 1 Introduction

YCall is a VoIP mobile App which allows users to make calls via Internet technology instead of through the SIM card technology. By using the VoIP technology, users can not only enjoy international calls in good quality, but they can also enjoy low calling rates. The YCall App was developed and released by its parent company YaBand at the beginning of 2015. YaBand is a wholesale provider in the voice market, providing voice and SMS services to global telecom companies using the VoIP technology. YaBand has used its professional VoIP technology and service platforms to develop the YCall App in the Netherlands, so this App enjoys a mature and independent VoIP voice technology from its parent company. This is one of the main reasons for good communication quality and competitive calling rates of the YCall App.

YaBand has been promoting the YCall App in the Dutch market since 2015. However, the total amount of users and the profits generated did not satisfy the company. The users of YCall App are lower than expected, and the profits are negligible for YaBand. The aim of this thesis is to find a suitable market position for the YCall App on the Dutch market, so that it can attract more users.

## 1.1 Problem statement

Nowadays, the usage of the internet has experienced tremendous growth. According to data from The *International Telecommunication Union* (ITC, 2016), worldwide Internet users surpassed 3 billion, which accounts for 43.6 percent of the world population in 2014. Iceland, Norway, Sweden, the Netherlands, and Denmark had the highest Internet penetration by the number of users, with 93% or more of the population with an access to the internet (Internet users graphs, 2015). Besides that, the usage of mobile web also has experienced rapid growth in the recent years. The shifting trend from the web internet users to mobile web has been increasingly accelerating since 2007 (Parkes, 2010). In 2015, the penetration of the mobile phone internet users exceeded the web access. According to the data from *Statista* showed(Statista, Mobile phone internet user penetration worldwide from 2014 to 2019, 2014), in 2015, 52.7 % of the global mobile phone population accessed the internet from their smartphones. This figure is expected to grow to 61.2% in 2018. The increasing popularity of the Internet and mobile web leads to the widespread usage of the smartphone. The statistics portal concluded that the number of smartphone users worldwide was 1.5 billion in 2014, and this amount is predicted to increase by 2.5 billion in 2019 (Statista, Number of smartphone users worldwide from 2014 to 2019, 2014). At the same time, the usage of mobile phone Apps also increases sharply. In 2009, the worldwide mobile App downloads was 2.52 billion and are expected to reach 268.69 billion in 2017. (statista, 2009). Therefore, the usage of smartphone and mobile Apps show an increasing trend, and there are many different kinds of Apps on the market, including calling Apps.

A calling Apps are based on VoIP technology, which uses Internet Protocol (IP) to deliver voice communications and multimedia sessions. In general, international calls service via VOIP costs less than the equivalent service from the traditional phone. There are no extra charges when both of the users have access to Internet services, so people can enjoy free VoIP call no matter where they are. Therefore, the VoIP telephone becomes increasingly popular these years, and many people are using VoIP calls everyday (Kelly, 2014). There are many VoIP App on the market, such as Skype, Rebtel, Google talk, Viber and Line. Most of these Apps have entered the world market successfully for a long time, thereby gathering much experience and increasing their customer base (Teltscher, 2013).

YCall is a VoIP App which was developed and published by YaBand in January 2015. However, the company is confronted with many difficulties and challenges since this App has been released. One of the most obvious problems is too few users. According to the internal data, 375 people downloaded and registered YCall in the Netherlands from January 2015 to April 2016, but they are not active users. The majority of downloaders just registered YCall, and then left without using it. An active user is one who downloads YCall, and continues to subscribe or add credits. The total number of active users is 92 in the Netherlands. Among these active users, only 5 people averagely add credits on their account every month, and the average monthly profit for the company is 50 Euros. Therefore, the lack of the user, especially active users is the biggest problem YaBand is facing. There are two main reasons for that, one of the reasons for that is the lack of efficient marketing strategies. YCall have not been using efficient promotional tools to present itself, so it is hard for the customers to see and know this product. This is the main reason why there are not many YCall users currently. Furthermore, there are some unsolved bugs within YCall, which might put the customer off in using it further. Thus, the customer retention rate of YCall is quite low, and there are no many active users. The technological problem is now being tackled by the technological department of the company.

This thesis endeavours to focus on how YCall can find a suitable market position and develop promotion tools within the Dutch market, so that it can attract more customers and thereby gain more profits.

## 1.2 Research objective

The aim of this paper is to identify a suitable position of YCall App in the Dutch market. Therefore, this thesis will find out the competitive advantages of YCall, and research the calling App market in the Netherlands, and providing recommendations about how YaBand can better position this App, so that it can attract more users and increase profit.

## 1.3 Research questions

**Central question:**

How can YaBand position YCall in the Dutch target market?

**Sub-question:**

1. What is YaBand?
2. What is YCall?
3. What are the strengths and weaknesses of YCall?
4. What is the external marketing environment YCall faces?
5. How do YCall’s competitors position themselves?
6. What are the preferences of the Dutch consumers regarding mobile calling applications?

## 1.4 Scope of the research

This thesis is going to provide some information about how can YCall find its position in the Netherlands, this is one of the most essential problems for YaBand to solve. Although there are the other problems, such as the unsolved technical problems with the App, this report did not target to solve the internal issues. In the thesis, the relevant market environment, such internal environment, macro-environment and meso-environment will be analysed, and then the most suitable marketing strategies for YCall can be identified and analysed. The purpose is to help YCall serve its customer base properly with the right position.

## 1.5 Road map

This thesis will discuss the topic about the position of YCall App. In chapter 1, basic information about the company YaBand and its product YCall App will be introduced, and this is followed by the problem statements. The main problems that the company is faces now will be analysed, and this leads on to the research objectives and research questions. Chapter 2 outlines an overview about main research steps applied in this thesis, and the functions of theories will be explained also. After that, relevant information and topics about VoIP will be introduced in the second part of chapter 2, which helps to further research this thesis. The main research methodologies that used in this thesis will be listed in chapter 3. The research results about the internal environment, macro-environment and meso-environment will be outlined in chapter 4. The internal analysis includes some detailed information about the company and the YCall App. The strengths and the weaknesses of the product will be concluded in the end. In the second part of chapter 4, macro-environment and meso-environment of YCall will be analysed. Meso-environment includes the analysis on five forces, competitors and consumers. After that, the opportunities and threats of YCall can be concluded. The SWOT confrontation matrix in chapter 5 will further analysis the results from chapter 4, to identify the most effective marketing strategies for the company. In the concluding chapter 6, the target market and how to serve them will be presented.

# Chapter2 Theoretical framework

The aim of this thesis is to identify the position of YCall in the Dutch market, so the STP model will be used to direct the process in finding the most suitable market positioning. STP is the acronym of segmentation, targeting and positioning, which helps marketers to develop marketing strategies.

In order to identify the market segmentation, the external situation will be analysised through research of the macro-environment and the competitor environment. The internal environment will also be analysed to understand the situation within the firm. All theories that apply in this thesis will be explained in this chapter.

The current situation of VoIP market will be explained further in this chapter, which includes the main forms of VoIP service, and the advantages and disadvantages. This information helps readers to acquire a basic background knowledge about VoIP. Also, this chapter will list elements of how to design mobile application marketing framework, plus how hi-tech customers make their decision of purchasing. A marketing design framework provides a guide to design a marketing strategy. The process of purchasing decisions made by a hi-tech consumers helps one understand more about the psychology and requirements of customers, it also directs the company to meet the end needs of the customer.

## 2.1 STP model

The purpose of this thesis is to find a suitable position for YCall in the Dutch market. According to Kotler and Armstrong as explained in the book *“Principles of Marketing”*, positioning is "the place a product occupies in consumers’ minds relative to other competing products" (Armstrong & Kotler, Principles of Marketing, 2012). Therefore, marketers have to design the image of the company and the product, and then create marketing strategies that can be more outstanding to the corresponding specific target market groups. A well-positioned brand should relate to the way consumers position the brand in their minds, accommodate the needs of the target group and offer enough differentiation from other competing brands. The more that brand will then dominate the market (Keller, 1993). Positioning strategy defines the tactics and the tools used by a marketer to differentiate itself from competitors and thereby gaining market share. Therefore, positioning is very important as it establishes a competitive strategy for the product and creates a comprehensive marketing mix (Chowdhury, 2013).

In order to have a clear understanding of the position, the STP model will be used in this thesis. STP is the acronym of segmentation, targeting and positioning, which is used widely in the marketing plan. Philip Kotler was first to combine these three elements as STP model (Armstrong & Kotler, Principles of Marketing, 2012). This is a tool and a decision making process with inherent marketing strategies, so a marketer should never put them out of order. No one can target customers properly without understanding the various segments of the customers that are present in the market. No one can decide the positioning for a product without understanding who the targets are. After the process of STP, the marketer can then fully understand different groups of customers in a particular market and how to present products to meet the desired groups.

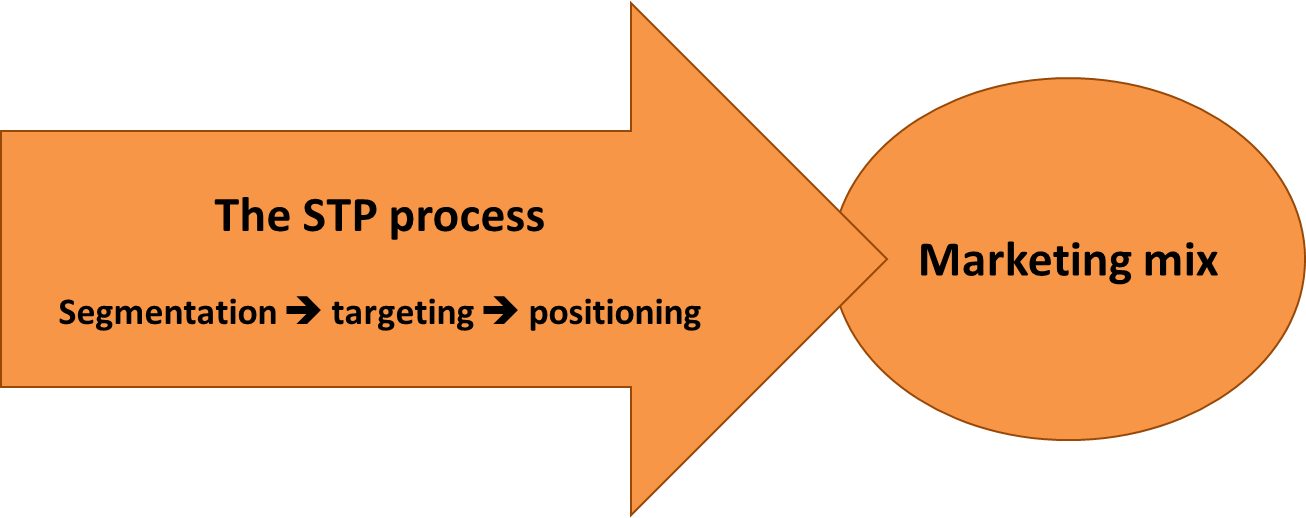


Figure 1: The STP process (What is the STP Process, 2012)

### 2.1.1 Segmentation

In terms of marketers, it is difficult to appeal to all buyers in the marketplace, because buyers are to numerous and to varied in their needs and buying habits. Therefore, it is important for a firm to divide the large and heterogeneous market into smaller segments, and choose one or more segments, and developing a marketing strategy tailored to each. The purpose of segmentation is to divide a market into smaller groups with distinct needs, characteristics and behaviours who might require particular products or marketing mix (Armstrong & Kotler, Principles of Marketing, 2012). By placing individual purchasers into groups, the firm can target and serve customers easily and efficiently. Being competent in market segmentation helps understanding the customer properly and is a crucial step, contributing to the success of a company’s marketing strategy.

There are several segmentation methods which can be used, thus creating segmentation layers. A marketer has to try different segmentation variables and combinations to identify the best way to view and understand the market structure (Armstrong & Kotler, Principles of Marketing, 2012). Philip Kotler outlines four major variables that might be used in segmenting the customer market, namely “geographic, demographic, psychographic and behavioural”. This thesis is going to compare different segmentations according to these four variables.

**Geographic segmentation**

Geographic segmentation divides the market into different geographic unites such as nations, states, region, countries, cities or neighbourhoods (Armstrong & Kotler, Principles of Marketing, 2012).

**Demographic segmentation**

Demographic segmentation calls for dividing the market into groups based on age, gender, family size, family life cycle, income, occupation, education, religion, race, generation and nationality (Armstrong & Kotler, Principles of Marketing, 2012).

**Psychographic segmentation**

Psychographic segmentation divides the market into different groups based on social class, lifestyle and personal characteristics (Armstrong & Kotler, Principles of Marketing, 2012).

**Behavioural segmentation**

Behavioural segmentation divides buyers into groups based on their “attitude, knowledge and responses” to a product(Armstrong & Kotler, Principles of Marketing, 2012).

### 2.1.2 Targeting

Market segmentation presents different market segment opportunities for the firm, so the next step for the company is to evaluate these segments and identify one or more segments it can serve best. A target market consists of a group of customers sharing common needs or characteristics that the company decides to serve. As explain by Philip Kotler in *the principle of marketing*, marketing can be carried out at several different levels, namely undifferentiated marketing, differentiated marketing, concentrated marketing and micromarketing (Armstrong & Kotler, Principles of Marketing, 2012).

**Undifferentiated marketing strategy**

Undifferentiated marketing strategy is to ignore the differences of market segmentation and target the whole market with one offer. This strategy focuses on what is common in customers’ needs instead of what is different (Armstrong & Kotler, Principles of Marketing, 2012).

**Differentiated marketing strategy**

Differentiated marketing is a market-coverage strategy in which a firm decides to target several market segments and design separate offers for each (Armstrong & Kotler, Principles of Marketing, 2012).

**Concentrated marketing strategy**

Concentrated marketing strategy means to go after a large share of one or a few segments or niches (Armstrong & Kotler, Principles of Marketing, 2012).

**Micromarketing**

Micromarketing is to tailor products to meet the tastes of specific individuals and locations (Armstrong & Kotler, Principles of Marketing, 2012).

The company has to consider many factors before choosing a suitable market targeting strategy, namely company resources, product life-cycle, market variability and its competitor’s marketing strategy (Armstrong & Kotler, Principles of Marketing, 2012). This thesis is going to select a differentiated marketing strategy, which means targeting several segments, and serving different offers according to the features of those different segments.

### 2.1.3 Positioning

After deciding which market segment one to target, the firm needs to decide how to create differentiated value for target segments and what positions it wants to occupy is those segments. According to Philip Kotler in *The Principle of Marketing*, the position is the place the product occupies in customers’ mind relative to the competitors. The position of a product is the complex set of feelings, impressions and perceptions that the customers have for that product compared with all other competing products. The purpose of the position is to cut through the information overload in consumer’s mind and that it leaves a clear impression and message about the product, the service, or brand. Positioning enables a marketer to tailor the product to one or more segments identified in the targeting step. Therefore, the marketer has to design the product positioning, so that they can receive the greatest possible advantage in the selected target market. After that, the firm also needs to a design marketing mix to create these planned positions.

## 2.2 Internal analysis

It is important for the marketer to divide the market into several small segments, selecting one or more segments (segmentation and targeting), and focusing on satisfying and serving customers in those segments (positioning). Therefore, the firm should analys its internal environment and the external marketing environment (Armstrong & Kotler, Principles of Marketing, 2012). Internal analysis helps to identify and evaluate specific characteristics of a firm. The internal analysis of this thesis consists of two parts: the existing marketing mix and the analysis of the resources of the company. The strengths and weaknesses will be concluded at the end.

### 2.2.1 Marketing mix – 4p’

The marketing mix is a set of controllable tactical marketing tools that the firm blends to the produce the response it wants from the target market. The marketing mix consists of product, price, place and promotion. Product means the goods and service combination the company offers to the target market. Price is the amount of money the customer has to pay to obtain the product. Place means companies activities that make the product available to target consumers. Promotion includes activities that communicate the merits of the product and persuades target customers to buy it (Armstrong & Kotler, Principles of Marketing, 2012).

### 2.2.2 Resources- financial, technological, human resources

Resources mean the assets that a company has for carrying out activities relative to its business goal, mission, objective and definition. In general, resources involve financial resources, physical resources, human resources and intangible resources. Resources of an organisation are used to create value for the firm, and various resources are the inputs for organisational capabilities. The capabilities of a firm means a company’s processes and routines that decide how effectively and efficiently the company transforms its resources (input) into products or service (output). The capabilities of a firm direct to the competitive advantages, which helps the firm to distinguish itself from its competitors. Organisational capabilities are the fundamental basic for developing core competencies, which means the main value-creating skills and capabilities of a firm (Marino, 2015).

The purpose of the internal analysis is to evaluate the strengths and weaknesses of a company. Strengths are resources that the company own, and helps the company to exploit and develop its competitive advantages. Weaknesses are resources and capabilities that the company is lacking, and might prevent the sustainable competitive advantages of a company (Marino, 2015).

## 2.3 External analysis

The external analysis involves macro-environment analysis and five force analysis, which will be explained as followed.

### 2.3.1 Marco-environment analysis

The macro-environment analysis helps the firm to understand the impact of the external factors. The macro-environment consists of the six societal forces, namely demographic environment, economic environment, natural environment, technological environment, political environment and cultural environment. The result of the macro-environment can be used to identify the external opportunities and enable solutions of the threats when making the business plan (Armstrong & Kotler, Principles of Marketing, 2012).

**Demographic environment**

Demographic environment considers the human population in terms of size, density, location, age, gender, race, occupation and other statics (Armstrong & Kotler, Principles of Marketing, 2012).

**Economic environment**

The economic environment consists of factors that affect customer buying power and speeding patterns, this was stated by Philip Kotler and Gary Armstrong in *“Principles of Marketing”*, (Armstrong & Kotler, Principles of Marketing, 2012). These factors directly impact the short term and long term development of the company. The current economic situation is also closely related to the buying pattern and buying power of consumers.

**Natural environment**

The natural environmental means the natural resources that are required as inputs or that are affected by marketing activities. Natural concerns have grown gradually these years, and air pollution and global warming have reached dangerous level (Armstrong & Kotler, Principles of Marketing, 2012). Therefore, it is necessary for a company to develop environmentally sustainable strategies and create environmentally friendly products.

**Technological environment**

Technological environment means technology that may influence the operations of the organisation. Changes in technology influence the operation of the business. A company may have to change their marketing strategy as a result of changes in the technological environment (Armstrong & Kotler, Principles of Marketing, 2012).

**Political environment**

Political environment includes regulations, laws, government agencies that can influence organizations or individuals. Well-conceived laws can ensure a fair trade market and completion. It is very important for marketers to understand the laws and regulations while operating the business (Armstrong & Kotler, Principles of Marketing, 2012).

**Cultural environment**

The cultural environment is made up of institutions and other forces that affect a society’s basic values, perception, preference and behaviours. People live in a certain society that grows their beliefs and culture, which affects marketing decision making (Armstrong & Kotler, Principles of Marketing, 2012).

### 2.3.2 Five Forces analysis

According to Marcel, Gerben and Paul in *“Key Management Models”* (Van Assen , Van den berg, & Pietersma, 2009), the five forces model analyse five fundamental competitive forces that affect the attractiveness of an industry: rivalry among competitors, possibility of new entrants, threats of substitutes, bargaining power of suppliers and the bargaining power of buyers. The five forces provide an overview of the dynamics and relationships of a company, which allows a company to make strategic decisions.

**Rivalry among competitors**

Competitive rivalry refers to the competition within the industry. It is important for the company to find its tremendous strength which is irreplaceable and unsurpassable by the other competitors.

**Possibility of new entrants**

As explain in the book of *Key Management Model* (Van Assen , Van den berg, & Pietersma, 2009), profitable markets have more chance to attract new entrants. Newcomers can raise the level of competition, as well as decrease the profit of existing companies.

**Threats of substitutes**

Substitutes are alternative choices that the consumer can choose which meet the same needs as the original products or services. For example, the train is a substitute for the bus. Substitutes are alternative choices of products or services that the consumer can choose which meet the same needs as the original products or services.

**Bargaining power of suppliers**

As presented in the book of *Key Management Model*, suppliers are closely related to a company’s profitability and margin distribution, depending on several levers. To be more specific, the price of the product will increase if there are fewer suppliers and more buyers.

**Bargaining power of buyers**

Buyers’ bargaining power means to the pressure that consumers can add to companies to obtain high quality products at lower prices. Buyer power might be increased while there are fewer buyers and more sellers in the market, or when products are easily substituted as there are no outstanding differentiations from the other products.

## 2.4 VoIP App market

A mobile App is a software application designed to run on electrical mobile devices, such as smartphones and tablets. Apps are available on App stores, namely Apple App Store, Google Play, Windows Phone Store and BlackBerry App World. Some App’s is free of charge, while others are paid for. Mobile Apps provide several services and functions which have an impact on the everyday lives of the users (Dube & Helkkula, 2015).

VoIP App allows users to make phone calls worldwide for free or eminimal charge. The technology behind it is to digitise the voice, compress it, break it and send it over an internal protocol network. Then the data is reassembled, decompressed and convert it back into an analog form. Some advantages of VoIP include low cost calling rates, bandwidth efficiency, portability and call recording. However, the main advantages are the quality of voice, reliability, security and power dependency (Deepti, Voice over Internet Protocol, 2014).

### 2.4.1 The current situation of VoIP market

With technological advancements, such as broadband and Wi-Fi, the seamless integration of phones, computers, and other devices, VoIP has become an integral part of the daily lives of many people around the world. Many people now use VoIP services to keep in touch with their friends and family members overseas for a low calling rates or even for free (Kelly, 2014). There are many VoIP App’s in the market, such as Skype, Rebtel, Google talk, Viber and Line (Teltscher, 2013). As shown in a survey made by *Deloitte* in 2014 (Sethi, Gaykema, & Bremer, 2014).

The report *VoIP statistics* (Teltscher, 2013) made by Point Topic claim that the VoIP market is mainly dominated by six countries: American, Japan, France, South Korea, Germany and China. These countries account for approximately 80% of the global VoIP market share. VoIP subscribers in smaller countries are experiencing increasingly rapid growth, but overall these markets do not have much impact on the overall global trends.

According to statistics tracked by Point Topic, there are 155.2 million VoIP subscribers in 2013.

### 2.4.2 Different forms of VoIP services

There are many different forms of VoIP service, and the main approach to categorising VoIP service is to identify the terminal configuration connected to the network. In conclusion, the VoIP service can be used between a personal computer to another personal computer, between a personal computer and a phone, and also from one telephone to another telephone (Goralski & Kolon, 2000).

**PC-to-PC VoIP**

PC-PC VoIP is one of the most common VoIP platforms among users. The service is free of charge. Users just need to install and register the VoIP Apps, and then they can make unlimited international calls with other users using the same application. Furthermore, users can also call to landline and mobile phone numbers from their PCs at a low calling rate (Goralski & Kolon, 2000).

**PC-to-phone VoIP**

In PC-to-phone VoIP service, one end subscribes the IP technology service with his or her computer connected with the Internet, while at the other end is the user of the traditional telephone service. Voice data from the PC user is transmitted as digitised packets over the Internet to a server, and then the digitised packets are converted into voice signals. The server then dials the telephone number, and when a connection is made, the server will send the voice of the PC user to the telephone users (Goralski & Kolon, 2000).

**Phone-to-phone VoIP**

Mobile VoIP allows users to make voice calls in their smartphone with Wi-Fi, 3g or 4g Internet. Users benefit from the cost factor and the portability. Users not only can enjoy the lower calling rate, they can also make a phone call anytime, anywhere through the wireless internet connection on their phone. (Umino, 2004)

### 2.4.3 Advantages of VoIP

There are many advantages to be gained from implementing a VoIP call.

**Low cost:**

VoIP services are cost effective. VoIP services do not need high-cost equipment or require large fixed infrastructure like the traditional phone call. Therefore, users can enjoy lower calling rates or free internal calls among the same application users. (Umino, 2004)

**Portability:**

VoIP can be used anywhere in any corner of the world as long as the internet connection is available. The distance does not have any effect on the cost, which benefits users with high mobility. (Deepti, Voice over Internet Protocol (VOIP): Future Potential, 2014)

**Single network infrastructure:**

There is no need for any separate telephone wiring, when installing VoIP in the office only a single cable is required to the desk, for both telephone and data. Therefore, it reduces the cost of installing a communications infra-structure and the maintenance cost once installed. (Deepti, Voice over Internet Protocol (VOIP): Future Potential, 2014)

**Simple upgrade path:**

The VoIP technology is software based, which is easier to expand, upgrade and maintain than traditional telephony counterparts. (Deepti, Voice over Internet Protocol (VOIP): Future Potential, 2014)

### 2.4.4 Disadvantages of VoIP

While there are many advantages of VoIP, the technology is constantly developing and problems therefore remain.

**Voice and Service Quality:**

The voice quality problem is one of the great challenges for VoIP, and the quality of some VoIP services is still inferior to the traditional phone call at the current technological level. The voice quality of VoIP service depends on many factors, namely broadband connection, hardware, the destination of the call etc. Heavy congestion on the network can also result in poor voice quality. Many users complain of hearing Martians, or having to wait for a long time before hearing the answer. (Umino, 2004)

**Reliability:**

It is hard for the VoIP service provider to control the reliability of the underlying physical network. For example, if there is network congestion, router A cannot send packets to router B, these packets will be dropped and the call cannot be connected. Waiting for delayed packets or retransmission of lost packets can result in considerable degradation of quality (Deepti, Voice over Internet Protocol (VOIP): Future Potential, 2014)。

**Security:**

Security is one of the main concerns with VoIP service. The security issues over VoIP service are identity and service theft, viruses and malware, denial of service, spamming, call tampering and phishing attacks. (Deepti, Voice over Internet Protocol (VOIP): Future Potential, 2014)

## 2.5 Mobile App marketing design framework

According to a Journal *Marketing design elements of mobile fashion retail apps*, made by Magrath and McCormick, four aspects are needed to be considered while identifying the marketing framework of mobile the App (Magrath & McCormick, 2013).

**Multimedia product viewing**

Multimedia brings sensory experience and interactive, transferring information to the customer, and offering information, satisfaction and enjoyment. The customer might view the product offerings of the retailer store through multimedia features, such as video, graphics and image interactivity technology. To be more specific, video is an interactive website to enhance the shopping experience of users. Video can also be integrated into mobile services to enhance enjoyment. Graphics means the images, logos or pictures that can be used for marketing purposes, because images are often a visual representation of the brands values. Image interactivity technology is an important e-marketing design element that ensures utilitarian user experience and enjoyment (Magrath & McCormick, 2013).

**Product promotion**

Sales promotion is one of the most important elements within the promotional mix. The main idea of product promotion is to reduce price and to encourage the intention of purchase and the sales. Multimedia product viewing is principally visual, therefore, the promotion of the product to create a more persuasive and powerful message by offering visual and textual information. There are six product promotion techniques that have been identified as appropriate for mobile apps: vouchers, incentives, rewards, discounts, competitions and social media promotions. Vouchers enable the customer to used promotional codes to gain a positive perception of product value, and the purpose is to increase the intention of purchase. Incentives are an encouragement tactic and a convincing motivation, which persuade the consumer to buy the product. Reward is to offer discount codes, price promotions and gifts to loyal customers who buy often. Discount refers to a reduction in the original price without the need of voucher. Competitions are an immediate and persuasive way of collecting personal consumer details for later direct marketing. Consumers are able to share information regarding products and promotions through social media channels, i.e. Facebook and Twitter, as an encouraging tool to spread positive word of mouth (Magrath & McCormick, 2013).

**Consumer-led interactions**

It is also important for marketers to offer influential visual aids that allow the consumer to interact with the App. The main menus, functional symbol keys and the commendation of the product can help to guide the user’s interaction with the App and its products. There are three elements contained in consumer-led interactions: personalisation, customisation and augmented reality. Personalisation refers to the web site design, which affects consumer satisfaction, loyalty, increased patronage intentions, perceived value and brand relationships. Customisation allows the consumer to tailor their settings and modify the format and design of the online environment and the purpose is to reduce the uncertainty and increasing enjoyment. Augmented reality contains overlaying digital data over a live camera feed so that digital imagery appears within the physical world as seen within the computer-mediated environment (Magrath & McCormick, 2013).

**Informative content**

Informative content consists of readable text and visual aids, which helps users to understand the product. There are five elements contained in Informative content: practical product information, practical services information, trend information, style advice and social media content. Practical product information includes price, colour or care instructions, which provides the customer with a clear understanding and satisfaction with the product. Practical services information refers any textual information and helps to inform consumers of the practical information concerning the product. Trend information means to create a fashion image in the mind of customers, and encouraging the customer to continue buying the newest products. Style advice helps the customer in finding new product information and encouraging their purchasing decisions. Social media refers to information that has been seen on retailer websites for the purpose of hedonic entertainment, added value and promotion (Magrath & McCormick, 2013).

**2.6 Hi-tech consumer purchase decision**

According to the report *VoIP branding* made by Kunthika Macharoensak (Macharoensak, 2012), there are six steps contained in a hi-tech consumer purchase decision process, namely: problem recognition, information search, alternative evaluation, design evaluation, purchase decision-making and post-purchase evaluation.

At first, the customer realises the problems due to internal factors like problems with existing service or by external foctors like the observation of new technology purchases. After the problem recognition, the customer starts to search for solutions to solve their problems. Therefore, buyers will evaluate a set of solutions, and the amount of information that the buyer needs will differ according to the type of product. Customers may ask for information from their friends or colleagues or search for commercial sources through advertising or the Internet. In terms of consumers in a high technology environment, they may also consider the switching of costs while evaluating products. In addition, the attractive form or design might also affect the decision of the customer in a high technology environment. Product design creates differentiators for a product and an integrator of efficient business and delivering customer experience. Furthermore, integrating sustainability factors in the design of a product also enable the competitive advantage and social responsibility for firms (Macharoensak, 2012).

After consumers have considered their opinions on each alternative, they will gain experience of contact with retailers and service providers. In other words, customers have experience on how to use new technology and how the products deliver its promise and discover any hidden costs. The post-purchase after sales period is quite critical for hi-tech customers. Therefore, the firm needs to facilitate the interaction of the user online and offline to remain good long term customer relationship (Macharoensak, 2012).

## 2.6 Conceptual model

Figure 2: The conceptual model

This thesis shows an overview about the research structure and the relevant information about VoIP.

The purpose of this paper is to find a suitable position for YCall App in the Dutch market, so STP model will be used to guide the whole research. In order to know more about the current App market in the Netherlands. The analysis of the internal environment of YCall and YaBand will be introduced first.

The internal analysis consists of the research on the 4p’s, and financial resources, technological resources, human resources and the core competencies. Following that, the external environment will be analysed to evaluate the market situation of YCall in the Netherlands.

Macro-environment will help to analyse the factors of political-legal, economic, social-cultural, and technological and environment. The purpose is to help marketers to understand the external marketing environment factors which have an impact on the organisation. Except for the macro-environment, YCall also faces some fierce competition, so the five force model will also be used to evaluate the competitors of YCall. The five force model includes rivalry among competitors, possibility of new entrants, threats of substitutes, bargaining power of suppliers and bargaining power of buyers. The purpose of the five forces model is to provide an overview of the dynamics and relationships of a company, which helps a firm to make strategic decisions. After that, competitors of YCall will be analysed also, to understand better the situation of the competitors. The customer analysis will follow to conclude the features of each segment, and the preference of each segment will be provided in the end. After this research, the firm can be better target and serve its customers more easily and efficiently. Then the company may identify the position of YCall by establishing a competitive strategy for the product thereby createing a comprehensive marketing mix.

# Chapter 3 Research methodology

The main research methods used in this thesis are desk research and field research. Desk research involves searching relevant information on different search engines and textbooks. Field research includes a questionnaire among the target group of YCall and an interview with the CEO of YaBand.

## 3.1 Methods per sub question

Different research methods were used in different research questions. The first sub-question is about the company YaBand, all related information was researched and collected from the official website of the company and the interview with the CEO of the company, Mr.Feng. The second and third sub-question is related to the YCall App. The main research methods included consulting the official website of YCall, the internal report plus the interview. The information in the fourth question about the macro-environment was gathered through accessing some governmental websites, reports and journals. The fifth question about the competitors of YCall was collected from their official website plus some other relevant reports. The last sub-question concerning the customer was conduct through the questionnaire.

|  |  |  |
| --- | --- | --- |
| Sub question | Desk research | Field research |
| 1.What is YaBand? | Official website: YaBand | Interview |
| 2.What is YCall? | Official website: YCall  Internal report from the company  Internal data from the company | Interview |
| 3.What are the strengths and weaknesses of YCall? | Official website: YCall  Internal report of the company | Interview |
| 4.What is the external marketing environment YCall faces? | Textbook  Governmental website: CBS  Report  Journal |  |
| 5.How do YCall’s competitors position themselves? | Official website: Skype, Rebtel  Report |  |
| 6.What are the preferences of the Dutch consumers regarding mobile calling applications? |  | Questionnaire |

## 3.2 Desk research

Desk research includes searching for relevant information, statistics, reports, journals, articles and documents. All these sources were found through Google, Google Scholar, Being, Baidu and the HHS library. Through the research via the search engines mentioned above, several official websites were found, such as the official website of YaBand and YCall. These websites provide reliable information that can be used in this thesis. Besides that, many reports, journals, articles and documents about the VoIP App and current telecommunication tools were found through Google scholar and the HHS library. This information offers some background information and relevant data that can be used to analyse the market environment of the company is in. Furthermore, governmental websites such as CBS was also used in this thesis, to provide some credible data and statistics about the current Dutch market. Moreover, the company also provide some internal reports and data, which help analysing the internal environment of YCall. Lastly, three books were used as resources theories in this thesis, including *“Principles of Marketing”,* (Armstrong & Kotler, Principles of Marketing, 2012), *“Key Management Models”* (Van Assen , Van den berg, & Pietersma, 2009) and *“Research methods for business students”* (Saunders, Lewis, & Thornhill, 2012). To be more specific, *“Principles of Marketing”,* written by Philip and Gary, was used as a guideline when writing about the macro-environment and the marketing mix. *Key Management Model* written by Marcel, Gerben and Paul provides some theoretical background for the five forces analysis. The book of “Research methods for business students” directs the methodologies on research.

## 3.3 Field research

The field research involves a survey and an interview.

***Questionnaire***

The questionnaire was finished between 2 May 2016 and 17 July 2016, and at the end of the data collection period, 187 questionnaires were successfully submitted. The survey can be found in Appendix 1.

The questions of the survey consisted of three parts, the personal information, the perspective of VoIP App and opinions towards YCall App. All of these questions were constructed on the basis of the research on the theoretical framework in chapter 2. The results from interview and field research about the internal environment also help into making the questions of this survey. The measuring table of the questions from the survey can be found in the Appendix 2, which shows how these questions were constructed.

According to the internal report, *DNA and core values of YCall* (Goosen, 2015), YCall has four main target groups, International students, Business professionals, Immigrants and Tourists. In order to get in touch with these groups of people, questionnaires were posted on the ThesisTool website, and a link was sent to the respondents. Except for the online questionnaire, a printed questionnaire was also made and sent to respondents directly in different locations, such as The Hague University, TAALTALL language school, various hurches and Schiphol airport.

In order to get in touch with more target customers and potential customers, the results of the questionnaire were gathered by different means. At first, the link to the questionnaire was sent to YCall users by email. They are using YCall, so their responses were important to the further development of YCall. Secondly, the printed questionnaire was sent to international students in The Hague University randomly in the canteen, the main hall and restaurant. There are many international students in The Hague University. There is a great potential for exposure in using calling App to contact their family and friends in their home country. The third means to deliver the questionnaire was in TAALTALL a language school in The Hague. Several students in this language school were invited to answer the questionnaire. This school provides Dutch courses for non-Dutch speakers, or new immigrants, so there are many expats and immigrants in the class, also potential target customers of YCall. Fourthly, Redeemer International Church and the OneLove Chinese church in The Hague were also used to deliver the questionnaire. These two churches have many expats, immigrants and international students, who have a high chance to make use of international phone calls. Lastly, the questionnaire was sent to tourists in Schiphol airport in Amsterdam randomly in the airport terminals and waiting rooms while the author travelled to Spain in the beginning of July. The tourists came from many different countries, they came to the Netherlands for short-term travel, and they also have a high possibility to use international calls during their trip.

The results of the questionnaire were gathered in Excel, and the results are used to analyse the customers of YCall in chapter 4.

***Interview***

The interview with Mr. Feng was done on 2 May 2016 (Feng, Interview about YCall, 2016), which can be found in Appendix 3. In the interview, he introduced some background information about the current situation of the company YaBand, which included the features, its strengths and organisational structure. In addition, he provides some information about YCall, such as the process of development, plus the investment in time and money, its strengths and weaknesses. This interview contributes to the internal analysis of the company.

## 3.4 Limitation of research methodology

There are some inevitable limitations of this thesis. In terms of the questionnaire, there are four main targets, which include students, business professionals, immigrants and tourists These four target groups encompasses a large proportion respectively in the Netherlands, so the sample size for each target group is quite large theoretically. However, because of time limitations, this thesis did not gather the needed amount of respondents. Therefore, in order to gather more accurate information, 200 questionnaires were made and delivered to the respondents representing the four target groups. In the end, 187 results were gathered, but this number was less than the needed sample size. Thus, the results of the questionnaire have some limitations and deviations. Besides, the Chinese language was used in the interview with the CEO of the company, Mr. Feng, which means all of the information in the interview was translated from Chinese to English. The language might also be the cause of some inconsistencies in the information.

# Chapter 4 Research findings

In this chapter, the overall internal environment will firstly be analysed at first, namely the brief introduction of the company, and the strengths and weaknesses of the product. After that, the macro environment will be researched in order to understand the external marketing environment of YCall. The Five force analyses propose five fundamental competitive forces that affecting the attractiveness of a firm. After researching the internal and external environment, the market segmentation and target market can be identified.

## 4.1 Internal analysis

The information about YaBand, the parent company of YCall will be introduced in this part, which includes the current situation of the company, the company’s main products and the management team. After that, brief information about YCall will be outlined, such as the product features, instructions, and the current situation. YCall’s strengths and weaknesses in finance, technology and human resources will also be introduced in order to have a clear understanding of the internal environment of YCall.

### 4.1.1 Company analysis

**Introduction**

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Figure 3: The logo of YaBand (About us, 2016).

YaBand International (Asia) Limited was established in Hong Kong in the year 2003, which is a wholesaler in the voice market. YaBand provides voice services and SMS services to global companies using VoIP technology. VoIP technology digitalises the human voice, and uses the IP network to deliver the voice, audio and text in data packets. YaBand’s experienced VoIP technology is built on six soft-switch services routers in the world, namely, China Telecom IDC, China Unicom IDC, Dallas IDC, Amsterdam IDC, Singapore IDC and the Cambodia telecom network switching centre. These soft-switch services routers work together to transfer voice services successfully worldwide. Nowadays, YaBand serves more than one hundred million calls monthly and provides more than 200 partners with communication support. Most of the partners are telecom operators, company operators and enterprises (About us, 2016). In 2012, in order to explore the voice market in Europe, the company established a subsidiary, YaBand Telecom B.V. in The Hague. YaBand has expanded its voice business in Europe successfully, and now the company is working with European telecom operators, such as T-mobile, KPN and Lebara (Feng, Interview about YCall, 2016).

**Main products**

**Voice service –** YaBand has been in the voice wholesale industry for more than ten years. YaBand owns six soft-switch centres in different places around the world. That is the reason why YaBand has high performance servers and stable networks. Nowadays, the company is monitoring more than one hundred million calls monthly (Service , 2016).

**SMS service –** Besides the voice service, YaBand also developed an SMS service in the Netherlands in 2013. The company is dedicated to providing the most reliable and fastest SMS service for enterprises and operators engaged in communications with customers. The SMS service includes verification codes, SMS notifications and marketing information (Service , 2016).

**E-media –** As a new form of media in the Netherlands, e-Media follows the trend of the switch from traditional reading to modernise online reading. YaBand Telecom contributed to the development of e-media by launching Dutchcn.com, a Chinese language media platform for news about the Netherlands.

Dutchcn.com aims to provide useful daily life information for Chinese expats living in the Netherlands, or in general, Chinese speakers interested in getting to know the Netherlands (Service , 2016).

**YCall App –** In 2014, YaBand used its own voice service and platform to develop an App, YCall. YCall is a VoIP calling App for smartphones, which uses broadband internet (Wi-Fi, 3G/4G) to make phone calls instead of using a SIM card. YCall allows the user to make a VoIP phone call to more than 200 countries around the world, and the contacts need neither internet connection nor even installation of the App. YCall owns its own voice network and platform from YaBand, so the stable sound and low calling rates can be guaranteed. In the near future, YaBand is aiming to promote this calling App to the world market (Service , 2016).

**Management team**

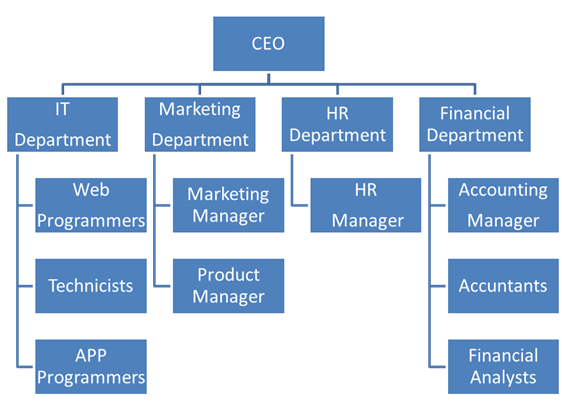


Figure 4: Organizational structure (Feng, Interview about YCall, 2016),

YaBand has four main different departments, namely the IT department, marketing department, human resources department and finance department, as shown in the Figure 4. According to the interview with Mr. Feng, the CEO of YaBand (Feng, Interview about YCall, 2016), the IT department is locates in China, one of the most essential elements of the company. Several programmers and technicians work on the website and App design, as well as maintaining and developing soft-switch services all around the world. The marketing department is another large department. YaBand has two marketing departments both located in China and in the Netherlands. This company focuses mainly on the B2B market, which sells high-level telecom services to companies around the world. The marketing team in China is led by a marketing manager. They maintain customer relationships and develop new voice wholesalers. The marketing department in the Netherlands is led by a product manager, Mr. Feng, who is also the CEO of the company. The main task of the marketing department is to promote a calling App, YCall, in the European market. The third department is the human resources department. The head office of the human resource department is in China, with a small office based in The Hague. Human resources are responsible for recruitment, employee transfers and employee training. In the finance department, accountants and financial analysts are required to compile annual reports and the statement of accounts. The accountant in the office of The Hague is mainly responsible for the tax returns (Feng, Interview about YCall, 2016).

### 4.1.2 The YCall App

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Figure 5: The logo of YCall (About us, 2016)

The idea of YCall was proposed at the end of 2014, and after several months of development, YaBand released the calling App at the beginning of 2015. This App allows users to make international phone calls via VoIP technology, and the users enjoy the clear voice quality and low calling rates. YaBand uses its own mature VoIP technology and service routers to support and develop YCall, thus ensuring the stable network and clear voice capabilities of this App.

**History**

The initial idea of YCall was conceived by the CEO of YaBand, Mr. Feng. In the beginning when he came to the Netherlands in 2013, he realised that the international calling rates of normal mobile phones was quite expensive, and the voice quality of the call fell short of expectations. Therefore, Mr. Feng decided to take advantage of the resources and services from YaBand to develop a premium calling App, which offers high voice quality and low calling rates. At the end of 2014, YaBand finished the R&D of the YCall, and released it several months later on the Apple Store, Google Play and other App stores (Feng, Interview about YCall, 2016).

**Mission & vision**

According to the report from Yaband *DNA and core values of YCall* (Goosen, 2015), the telecom branch is undergoing significant changes, transitioning from the traditional SIM-based calling to an internet-based App calling. The vision of YCall is to be at the frontier of this trend. The company believes that it needs to own and control the technology behind the services, to be able to maintain the most reliable, best quality and client service at the lowest possible rates. YCall has several advantages over both services and has chosen Europe to make its preliminary steps to expose itself to a broader public in both the business and consumer markets.

The mission of YCall is to create the best mobile internet calling App in the market by continually improving its technology and software. The App must be the best, exceeding in user friendliness at the highest quality and the lowest rates. YCall wants to become the most widely used internet -based calling App for consumers and businesses worldwide.

***4***.***1.2.1Marketing Mix***

**Product**

**Introduction -** YCall allows the user to make cheap international calls via VoIP Internet technology. The normal phone number can be used to register YCall, and users get 50 cents immediately as a trial credit. These credits can be used to make a phone call to any country around the world. The contact does not need to download YCall or have access to the internet, they can answer the phone just like a traditional phone call. If the contact has download YCall on their phone, all calls are then absolutely free of charge. The main profit contribution of YCall is from buying the credits. Normally the user can buy credits via the ALI pay and PayPal, or use the IDEAL and Master card payment methods from the YCall website. The credits can be used as calling time or subscribing to a fixed price plan. The calling rate remains low, and if users subscribe to a calling plan, they can enjoy even lower calling rates.

**Main product -** YCall has two main products, which includes regular calling rates and a plan subscription. Users can use YCall to make international calls with regular fees, which is counted by minutes.

For those who have a substantially high demand in international calls, they are required to subscribe to a fixed plan. YCall has more than 30 plan subscriptions for different countries, such as Austria, China, France and The Netherlands. There are three main plans, namely a 90 minute plan, 120 minute plan and 360 minute plan. The subscription period can last as long as 90 days. The calling rate per minute is much lower than the regular calling price. Take China for example, the regular calling rate is 1 cent per/ min. If a user subscribes to a 360 minutes plan, the calling rate per minute is 0.6 cent. However, these plans were designed for everyone, and not designed according to the unique features for a specific target group.

**Main function –** The main function of YCall App is to make international calls or domestic calls via the smartphone. Therefore, phone-to-phone VoIP is the primary usage for this App, which means it is not possible for the user to use YCall on a personal computer or tablets. Besides that, users can only use YCall to make calls, and it is still not possible for them to have the group meeting conference calls, video chat or instant messaging within this App.

**Packaging -** The packaging and the design of YCall indicate the feature of this product. The main colour of YCall is blue. The colour can be recognised on the website, the user interface and the logo. Blue gives a calm, sensational and reliable feeling, that is why the company chose blue as its main colour. The logo of YCall is also well-designed, it uses a combined symbol of a telephone and message box, which makes it easily recognisable. As for the brand name of “YCall”, it directly uses the letter Y, which stands for the parent company YaBand.

**User interface -** The user interface of YCall is very simple and user-friendly, as can be seen in Figure 6. The home page covers all the contacts, recently dialled numbers and the keypad. The App can be used to make phone calls in the same way as with the normal telephone when the smartphone is connected to the Wi-Fi or 3G/4G internet. Under the more button, users can find more items, such as remaining balance, personal account information, plan and calling rates. Users can not only use YCall to make phone calls, they can also add credit by using PayPal and/or Alipay or subscribe to different kinds of plan within the App (About us, 2016).

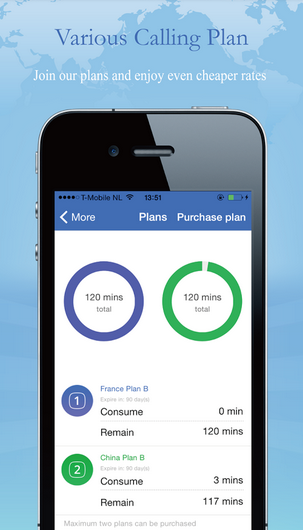
  

Figure 6: The interface of YCall (YCall, 2016)

**Quality -** YCall App also has some quality problems that cannot be ignored. According to the internal report from YaBand, there are two main unresolved issues for this App. The first problem is the unstable voice quality, due to limitations of VoIP technology. As stated in VoIP developments in the market, a report made by *OECD* (Umino, 2004), the voice quality is one of the great challenges for VoIP Apps. Service routers cannot transmit the voice successfully all the time due to the heavy congestion on the network or poor Internet connectivity. YCall also has this problem, users cannot connect with each other, or they have to wait for a long time before hearing an answer. The second problem lays in the App itself, there are many consecutive bugs, such as automatically quitting, stuck in the middle of the service, accounts denied and some other problems. Therefore, the company is still working hard to solve these problems (Feng, Interview about YCall, 2016).

**Place**

YCall is available in the Apple Store and Google Play, and everyone can download it for free (Feng, Interview about YCall, 2016).

**Price**

The calling rate of YCall is quite reasonable. With technical support from the parent company, YCall can save abundant unnecessary costs in the technology items. Thus lower the overall product cost, this is the reason why YCall could gain a comparable advantage in the price compared with other rivals. To be more specific, YCall does not charge connection fees and for expensive roaming costs, all the costs are transparent to the customers, so all the customers pay for are very cheap calling rates. Moreover, there are several plans subscriptions offered towards different countries and regions (Plan, 2016), which is displayed on the company’s website. These subscriptions enable users to get even lower calling rates. If the contact has installed YCall as well, then all the calls are absolutely free of charge. It is also easy and convenient for the user to buy credits and plans on the App and website, similarly there are several payment methods, such as Ideal, Maestro, MasterCard or Visa.

**Promotion**

YCall has three main promotion tools (Goosen, 2015). Firstly, YCall advertised via adverts in Chinese websites and Chinese newspapers. This includes a Chinese language website geared towards Chinese expats calleds *Gogo Dutch*, which is the largest Chinese website in the Netherlands. Several news items and local information about the Dutch lifestyle are listed on this website, and it also contains some advertisements. The main visitors to this website are Chinese. The newspaper *China Times*, is one of the most well-known Chinese newspapers in the Netherlands. The main readers of this newspaper are also Chinese people. Therefore, both of these two advertisements are focused on Chinese people, and do not cover customers of other nationalities. Secondly, several flyers and posters were designed, made and strategically placed in established Chinese restaurants in The Hague, and The Hague Universities. However, it is difficult for the real customers of YCall to receive and read flyers and posters, so this promotion tool has its limitation. Lastly, YCall is active in promoting itself in social media, such as on Facebook, Twitter and Weibo. The latest news, activities and promotions about YCall are published on these social media channels regularly. However, there are not many followers in these social media, so it cannot bring efficient promotion results.

YCall only has three promotion tools, advertisements on Chinese websites, newspapers and social media, as well as some printed advertisements. However, the effects of these promotion tools were not that effective. YCall does not provide the right information using the right means in front of the right potential customers. This is also the reason why YCall does not attract many users.

#### 4.1.2.1Resource

**Financial resources**

YaBand has 16 of years experiences in the voice transmitting market, which has accumulated abundant financial support. During the interview with the CEO of YaBand (Feng, Interview about YCall, 2016), he said that the company is willing to 100% support the development of YCall. He also mentioned that during the initial stage of the YCall, the company had invested 3500 Euros, and still planned to invest another 5000 Euros this year on fixing the existing bugs of YCall, in order to offer a better service to its customers. For the advertisement, YaBand has already spent 8000 Euros on the advertising, and the company has still another 15000 Euros to be allocated into the advertisement budget this year. Thus, financially speaking, YaBand has a very solid foundation to enable the YCall to raise its brand awareness in Netherlands.

**Technological resources**

YCall is designed independently by the parent company YaBand, which is a mature and well developed company. YaBand has already focused on the voice service worldwide for many years, and the company has a good reputation and experience in the industry. Besides that, YaBand has a very solid basis in the telecom industry, especially in the Wi-Fi and 3G/4G communication technology, which is based on the VOIP technology (Armstrong & Kotler, Principles of Marketing, 2012). Thus, YCall can take advantage of this technology to fulfil the world-wide telecommunication directly, and the quality of the voice transmitting can also be guaranteed.

**Human resources**

The headquarters of YaBand is locates in China, many specialists and employees in VoIP service are gathered here, both in App design and sales. They have been working in YaBand for several years, so they have accumulated enough specialised knowledge and experience. Besides that, the branch office in The Hague consists of two groups of people, the marketing department and the technological department.

With employees both in China and in the Netherlands, customer service becomes one of the most outstanding features of YCall. YCall is able to offer a 24/7 customer service to fulfil the needs of the users worldwide (Feng, Interview about YCall, 2016).

The marketing department in the Netherlands consists of three people. One is the marketing manager, also the CEO of YaBand, he took part in the design and R&D of YCall from the very beginning. However, he is also quite busy with other aspects of the company, and therefore he could not assume a full time position in YCall. There is another product manager who deals with all aspects of YCall, including researching the Dutch market, advertising, and finding sponsors. He is a fresh graduate, and lacks practical experience in marketing and the Dutch market. The third person is the author, a part-time employee, and also lacking relevant experience. Therefore, the company does not have the experience and an experienced marketer to lead the whole team (Feng, Interview about YCall, 2016) (Feng, Interview about YCall, 2016).

**Core competencies**

As an experienced voice company, YaBand has an exclusive and independent telecommunication operational system, without affected by any third parties. YCall can also rely on this system directly, when YCall encounters problems, the parent company is able to work with YCall to fix it immediately and independently, and without any restrictions by any other firms.

During the R&D of the product, green energy is also taken into consideration. The technicians selected the best battery saving operation system to make it an energy-saving App. Therefore, users can still receive phone calls without battery consumption in a standby mode. During operation, the battery consumption is also fairly minimal. All this advantage is gained after thousands of trials and testing by the technical department.

### 4.1.3 Strength & Weakness

The technological and financial support from YaBand provides a solid foundation for the development of YCall, and this is also the reason why users can enjoy the clear voice quality and low calling rates. Furthermore, YaBand has its company both in China and in the Netherlands, ensuring a good customer service to customers worldwide. In terms of the product features, YCall enjoys an exclusive and independent telecommunication operational system from YaBand, to ensure that every technical problem could be solved immediately without any restrictions from third parties. Besides that, YCall is also designed to be an energy-saving and user-friendly product. However, there are several internal problems for YCall, such as the lack of the experienced marketer to direct the development of YCall in the Dutch market. More importantly, there are some consecutive and unsolved bugs within the App, which brings inconvenience to customers. The whole picture of the strengths and weaknesses of YCall can then be concluded as follows:

|  |  |
| --- | --- |
| Strengths | Weaknesses |
| Professional and mature technological support | Lack experienced marketer |
| Exclusive and independent telecommunication operational system. | Unstable voice quality |
| Low calling rates | Only have two App markets |
| Strong financial support from parent company | Consecutive and unsolved bugs |
| 24/7 customer services | Lack of useful promotion tools |
| Energy-saving App | Limited product forms and functions |
|  | Lack of diversification and uniqueness of discount plans |

## 4.2 Macro-environment analysis

Macro-environment analyse is a framework for marketers to analyse and understand the external marketing environment factors which have an impact on an organisation. The macro-environment consists of demographic, economic, natural, technological, political and cultural environment (Armstrong & Kotler, Principles of Marketing, 2012).

### 4.2.1 Demographic environment

From the database of *Statistic Netherlands* (Population, 2015), the population of Netherlands in the 2015 is around 17 million, and the ratio of male to female is almost 1:1. Moreover, the data from Statistic Netherlands also shows that the Netherlands is quite a young country, the average age of the population is around 40 (Population, 2015). The native Dutch population is around 13million which accounts for 77% (Population, 2015), and the rest are emigrants. In recent years, the number of international students also presents an increasing trend in the Netherlands. According to data from the Dutch university association, VSNU, the total number of international students increased from 32.443 in 2014 to 36.711 (International students in universtity programmes, 2015).

To draw the conclusion, the emigrant population accounts for 23% of the total Dutch population, and the number of international students is also growing year by year. Therefore, there are certain opportunities to introduce YCall into the Dutch market.

### 4.2.2 Economic environment

**GDP -** GDP - According to the data from the OECD, the average GDP per capita of The Netherlands was €44475 ($ 49487) in 2015, and €43368 ($ 48256 US) in the year 2014 (Gross domestic product, 2014). Therefore, the GDP increased gradually during this period.

**Buying power** – As shown in *Statistic Netherlands*, the buying power in 2013 was -1.2. While in 2014, buying power jumped to 1.5 (CBS, 2015), which means that the Dutch people have a growing purchasing power.

**Real household net disposable income -** Real household net disposable income means the sum of household final consumption expenditure and savings. According to *OECD* (Household disposable income, 2014), the annual growth rate of Dutch Household disposable income was 1.13% in 2014, while the growth rate in 2013 was -8.3%.

**Unemployment rate –** According to the *Statistic Netherlands* (Unemployment, 2015), unemployment rate dropped from 7.4% in 2014 to 6.9% in 2015.

To conclude, the Dutch economy is gradually recovering. The GDP per capita showed an increasing trend, and the buying power and the real household net disposable income also showed a positive trend. Therefore, the good economic environment helps YCall to step into the Dutch market.

### 4.2.3 Natural environment

**The awareness of sustainability -** According to the article about sustainability in the Netherlands on the *Dutch embassy website* (Sustainability in the Netherlands), the Dutch government has the incentive to stimulate innovation and sustainability in business, and they are leading the way in the purchase of innovative products. The aim is to have sustainability as a major performance commitment in all government procurement and investments. With this kind of purchasing power, the private sector will be stimulated to produce more sustainable goods and thereby making them more affordable.

With the stimulation of Dutch government sustainability and innovation in business, energy saving products will become increasingly popular in the Netherlands.

### 4.2.4 Technological environment

**Telecommunications markets in the Netherlands -** According to the report made by international trade administration (Haas, 2011), there are several dynamic and innovative telecom providers companies in the Netherlands. The Netherlands has consistently ranked among the top rated telecommunications markets within Western Europe. Broadband services offer the greatest opportunities for growth, while fixed lines are expected to continue to decline. Mobile broadband connections have increased in the Netherlands, since they can be provided via the 900/1800MHz spectrum. Wi-Fi services accounts for a small portion of the Dutch internet access market, but they are believed to have long-term growth potential. Despite the recessionary conditions, Dutch subscribers have shown that they will continue spending, especially due to their desire for the latest technologies (Haas, 2011).

**Smartphone penetration –** As shown in a survey made by *Deloitte* in 2014 (Sethi, Gaykema, & Bremer, 2014), and this survey was responded by 2000 people. The result shows that the smartphone penetration in the Netherlands is 71% in the year 2014, which means most people in the Netherlands are using a smartphone currently.

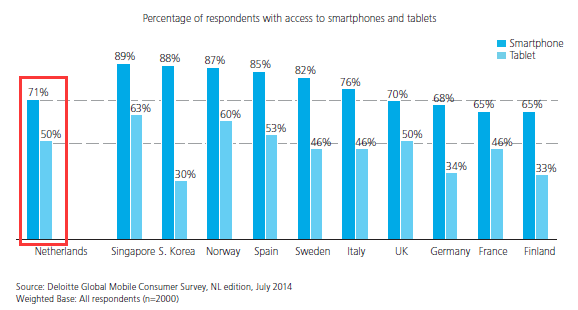


Figure 7: The smartphone penetration rate (Sethi, Gaykema, & Bremer, 2014)

**Usage of Apps –** The survey from *Deloitte* also shows how often the Dutch people download Apps on their smartphone (Sethi, Gaykema, & Bremer, 2014). The results indicated that 95% of the Dutch people have downloaded Apps in a typical month. Therefore, downloading Apps are quite popular among Dutch people.

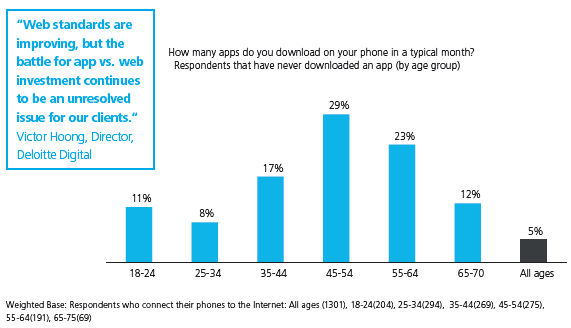


Figure 8: The usage of App (Sethi, Gaykema, & Bremer, 2014)

**Penetration of VoIP –** However, the Dutch do not have the habit of using VoIP to make a call. They often use SMS, MMS, instant message and voice calls to get in touch with their friends or family. Only 7% of the Dutch people regard VoIP as their communication tool. That is to say, the penetration of VoIP service is relatively low as compares to the other communication tools (Sethi, Gaykema, & Bremer, 2014).

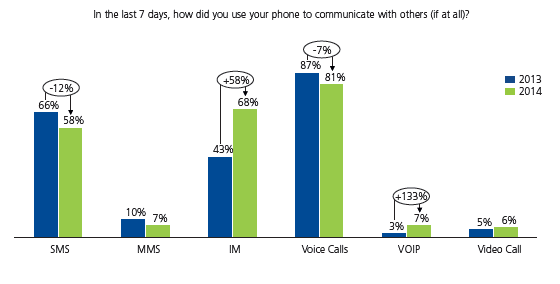


Figure 9: The penetration rate of VoIP (Sethi, Gaykema, & Bremer, 2014)

In conclusion, the Netherlands is a big telecommunications market, and the usage of mobile and Wi-Fi is gradually increasing, which is a good opportunity to promote YCall. The smartphone is popularised in the Netherlands, and it is not at all strange for Dutch consumers to download an App from an App shop. However, the penetration and the usage of VoIP services are relatively lower than the other communication tools. Dutch people prefer to use SMS, MMS, instant messaging and voice calls, instead of using VoIP based services. The main reason is that there are not many people are using VoIP based services in the Netherlands.

### 4.2.5 Political environment

The report called *Telecommunication market snapshot: Netherlands*, made by international trade administration (Haas, 2011) mentioned that the regulatory environment in the Netherlands is supportive of the growth of the telecom market. The Ministry of Economic Affairs has released a 'conceptual note' regarding future policy on mobile development for 2011-2017, which includes objectives such as the pursuit of effective competition, removal of barriers to entry and a timeline for the renewal of existing mobile frequencies. Mobile licenses are valid between 15 till 20 years, depending on the frequencies involved. 3G licenses were advanced for renewal in 2015. The removal of barriers to entry were due to a rise in infrastructure sharing, more favourable roll-out obligations, spectrum swapping and a proposal to limit the lives of new licenses to 2030, when current the 2.6GHz licenses will be expired.

### 4.2.6 Cultural environment

71% of the Dutch people are using the smartphone in 2014, and use it highly frequently (Sethi, Gaykema, & Bremer, 2014). More than 10% of 18-34 year olds people look at their cell phones 100 times or more a day, and 9% of the over 65s never check their phone. On average, people check their phone 27 times a day. For young people in the age between 18 and 24, averagely, they check their smartphone almost 50 times a day. Therefore, the smartphone becomes important and indispensable aid for most of the Dutch population.

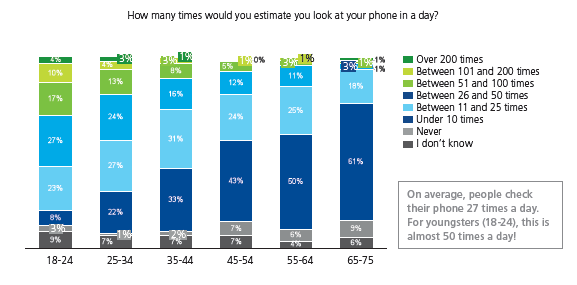


Figure 10: Rates of using smartphone (Sethi, Gaykema, & Bremer, 2014),

However, most of the Dutch people do not regard VoIP phone as their main communication tool, the survey made by Deloitte indicates that 7% of the Dutch people are using VoIP service (Sethi, Gaykema, & Bremer, 2014). The main reason why Dutch people do not use VoIP calling is because none of their family or friends use it. In other words, consumers tend to start using new functionalities like VoIP only when friends or family start to use them (Sethi, Gaykema, & Bremer, 2014). Besides that, substitutes like SIM card and SMS restrictions also obstruct Dutch people in using VoIP services, they probably use their airtime minutes on their phone calls or via SMS to get in touch with their friends.

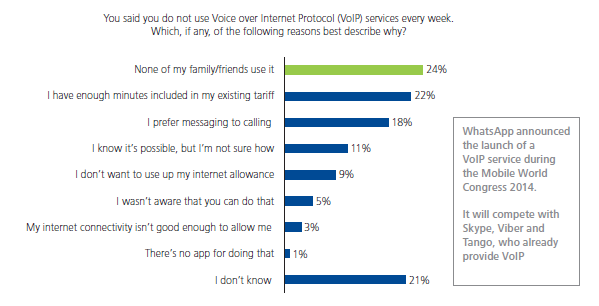


Figure 11: Reason for not using VoIP (Sethi, Gaykema, & Bremer, 2014)

In concluding, the smartphone becomes an important part of Dutch people lives, and most of them check their smartphone quite often. However, Dutch people still get used to using traditional phone calls or SMS to contact their friends, instead of a VoIP based service.

### 4.2.7 Conclusion of macro environment analysis

According to the data formed above, the macro business environment of the Netherlands is quite clear. The opportunities and threats can be concluded as followed:

|  |  |
| --- | --- |
| Opportunities | Threats |
| The increasing number of immigrant and international students | Low penetration of VoIP service |
| The positive growing of the Dutch economy |  |
| The increasing awareness of sustainable products |  |
| The increasing popularity of using smartphone and Apps in the Netherlands |  |

## 4.3 Five forces analysis

According to Marcel, Gerben and Paul in *“Key Management Models”* (Van Assen , Van den berg, & Pietersma, 2009), the Five Forces model analys five fundamental competitive forces that affect the competency of an industry: rivalry among competitors, possibility of new entrants, threats of substitutes, bargain power of suppliers and bargaining power of buyers. The Five Forces model provides an overview of the dynamics and relationships of a company, which allows a company to make strategic decisions.

### 4.3.1 Rivalry among competitors

As concluded in competitor analysis below, YCall has two major competitors: Skype and Rebtel. These two Apps stepped into the VoIP market in 1998 and 2006 respectively, and they have accumulated good brand awareness. Both of these two companies have mature VoIP technology and well -designed Apps, they also have good marketing strategies. Therefore, these competitors pose a threat to YCall. Although YCall enjoys the technology support from its parent company, and have its own independent service platform, the low brand awareness and the defective App are problems for YCall. Thus, YCall is facing a great threat from its competitors.

### 4.3.2 Possibility of new entrants

The requirement of developing an App includes the investment of capital, time and technology. In terms of the financial investment, it costs about 5.000 to 10.000 Euros to develop an App like Skype (Banks, 2015). Skype has many services, such as phone call, video call, instant messaging and group conference meeting. Thus, the overall cost to develop an App like Skype is more expensive than an App simply with the function of the phone calls. Except for the financial investment, a well-designed App requires a large amount of time to examine, restore, renew and update the App, and it also needs professional technicians to follow up on the whole development of the App. However, with enough financial resources, it is easy to find some professional and experienced technician to invest time to develop a similar App. Therefore, barriers to entering are relatively low.

### 4.3.3 Threats of substitutes

The main substitute of VoIP App is traditional SIM card telephone. In terms of a SIM card telephone, users do not need to download and install an App, and there is no requirement for connection to the Internet or Wi-Fi. The users just turns on the mobile phone, and a number can be dialled in no time. Moreover, there are many mobile communications operators who focus on the international calls market, such as Lycamobile and Lebara. Take Lycamobile for example, it costs 1 cent for the customer to call from the Netherlands to China (lycamobile, 2016), and the price is 0.2 cents cheaper than YCall (Rates, 2016). More importantly, Lycamobile relies on SIM card technology, so the voice quality is more stable than VoIP technology. And there is no need for the Internet, which means users can dial at any time. Therefore, YCall also faces threats from substitutes.

### 4.3.4 Bargaining power of suppliers

VoIP App needs a voice supplier in order to be able to offer voice services，the voice supplier of YCall is its parent company, YaBand. Except for YaBand, there are many different kinds of voice suppliers around the world, such as KDDI, HGC and CHTI. Take KDDI for example, this is a Japanese based telecommunications operator and VoIP voice wholesaler, established in 2000. They have service routers around the world, and they provide high quality voice services between every country around the world at low prices (Corporate data, 2010). Therefore, with so many voice suppliers around in the market, YCall can always offer VoIP services to its customer, even if YaBand has technology problems. In conclusion, it is easy for YCall to find a good supplier, who can offer a high quality voice service, and at a low price at the same time.

### 4.3.5 Bargaining power of buyers

There are so many VoIP Apps in the market, and most of them provide incredible low calling prices. Therefore, there is not much difference between calling rates. The differences between different Apps lie in the voice quality and the quality of the App. The customer has the potential to choose an app because of the good services and well-designed App. As for YCall, there are some technical problems within the App, and the brand awareness of YCall is subsequently not high. Therefore, the bargaining power of the buyer also poses a threat to YCall.

### 4.3.6 Conclusion of the Five Force Model

YCall is facing severe competition from its competitors, like Skype and Rebtel. Besides that, due to the low entrance requirements, there will be more and more similar products coming to the market, which poses a threat to YCall. Furthermore, YCall does not have unique and obvious competitive advantages to attract customers, as the buyer can choose the other similar products just as easily. However, there are many voice suppliers, so YCall has many opportunities to find suitable suppliers.

|  |  |
| --- | --- |
| Opportunities | Threats |
| Many suppliers in the market | Fierce completion from competitors |
|  | Low entered requirement for new entrance |
|  | Many substitutes |
|  | Strong bargaining power from customers |

## 4.4 Competitor analysis

According to the feedback of the questionnaire, YCall has so many competitors. The questionnaires indicate that 93% of the interviewees are using more than two calling Apps at the same time. Skype and Rebtel are two of the most popular calling Apps., 34% of the interviewees use Skype, and 16% of them use Rebtel. Therefore, Both Skype and Rebtel will be researched and discussed further here. In particular what makes these two brands so unique, and the reasons why they are more appealing to the customers when compared to others..

### 4.4.1 Skype

**Introduction**

Skype is the global symbol for VoIP business. In 1998, Niklas Zennström came up with the idea about Skype, and he did not start with Skype immediately, but invested in peer-to-peer file sharing technology. The first version of Skype was launched on 29 August 2003. Within 2 years since its launch, Skype gathered from zero to 50 million users. Skype used a business model, which was different from other companies at that time. They offered the product for free but a cost for add-on products, this was accepted by users quickly. Skype still benefits today from its large number of users in terms of returns and customer lock-in (Hammar, 2007).

**Product**

Skype has four main products as follows:

**Free –** Skype offers free calls such as “Skype-to-Skype calls, One-to-one video calls, instant messaging and screen sharing”. The only requirement for users is to be connected with the Internet.

**Pay As You Go –** Users can also buy prepaid credit for making a call to normal mobiles and landlines, or for sending SMS and Call forwarding.

**Subscriptions –** Users can enjoy a lower calling rate through different subscriptions.

**Skype Premium -** Skype Premium is a daily or monthly package which is suitable for group calls of more than three people (Skype, 2016).

**Price**

According to the price list on website of Skype (Calling rate) and YCall (Rates, 2016), the regular calling rate to the Netherlands, United States and China are listed below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Netherlands | United State | China |
| Skype | Mobile: 9 cent/min  Landline: 2.1 cent/min | Mobile: 2.1 cent/min  Landline: 2.1 cent/min | Mobile: 1.5 cent/min  Landline: 1.5 cent/min |
| YCall | Mobile: 5 cent/min  Landline: 1 cent/min | Free | Mobile: 1 cent/min  Landline: 1 cent/min |

**Target group**

Skype has three main target groups, the family communicators, the social connectors and the youthful influencers (Hammar, 2007). Family Communicators are those who are separated from their family or friends, so they use international calls to contact them. Social connectors use Skype while they want to contact their customers or to have business meetings. Skype has special services for businessmen, such as online meetings, messaging, calls and video with up to 250 people. Besides that, Skype also targets young people as their main customers, they look for low cost, low effort tools to connect and share. Skype provides several discount options or plans for them.

**Promotion**

**Promotion tools –** According to the theoretical framework, there are six main promotions methods that can be used to promote a mobile App (Magrath & McCormick, 2013), namely discount, vouchers and social media promotion etc. Skype has many different kinds of discount options and plans, such a plan subscription to one specific country or one specific region. Customers can enjoy calling rates which is much lower than using normal credits. Besides that, Skype is also quite active in social media channels like Facebook or Twitter. It publishes advertisements, new activities, new discount plans and new Skype versions.

**Product viewing –** In the mobile App marketing design framework mentioned in theoretical framework (Magrath & McCormick, 2013), it requires video, graphic and image as the product viewing to provide useful information to customers. The purpose is to improve the satisfaction and enjoyment of consumers. Although Skype does not use video to introduce the brand and its product, it publishes some interesting videos to show its features and advantages to its customers. In terms of graphic, Skype uses blue as its main colour, and this colour can be seen in its logo, pictures and images (Skype, 2016).

**Word-of-mouth and peer-to-peer affect** - Skype offer the same basic features to customers worldwide, and the only localisation investment was to translate website and software into several local languages. Skype offers international calling at very low costs, which is very popular among users worldwide. The wide spread use of Skype was derived from user word-of-mouth and the effect of peer-to-peer networking. Users benefits even more while their contacts are using Skype also. Instead of technical or complex words, Skype’s website provides information about benefits and downloads instructions. The original tagline was “Free Internet Telephony that Just Works” (Hammar, 2007).

**PR –** In the beginning, in order to get the customers’ attention, Skype tried to mobilize investors, technology media and consumer press such as lifestyle and trendsetting. As a result, Skype was on the cover of Fortune Magazine in 2004, and the BBC also broadcasted a program about VoIP and Skype (Hammar, 2007).

**Local market partnership -** Skype created partnerships with local companies in foreign markets such as Japan, China, Poland, Spain and Turkey. This strategy helped Skype to solve the limited marketing and localisation resources. Skype has marketing partners in different areas, such as Logitech, Bebo, Salesforce.com, Radio Shack, El Corte Ingles, Philips, Panasonic and Aftonblade” (Hammar, 2007).

**Compared to YCall their strengths are:**

* Well-known brand awareness
* Many different kinds of discount plans
* Active in social media promotion
* Profound brand image, logo and colour
* Experienced marketing leader
* Various products
* Good partnership

**Compared to YCall their weaknesses are:**

* Independent VoIP technology
* Low calling rates

### 4.4.2 Rebtel

**Introduction**

Rebtel networks AB was established by Hjalmar Winbladh and Jonas Lindroth in 1994, and then it was sold to Microsoft in 1999. After that, Windbladh went on a trip around the world where he found that he pays such a pricey international call and roaming charges. This was what inspired him to develop a special mobile phone which later became Rebtel in 2006. Untill the year 2014, there are more than 25 million active users using this calling App, and it is still growing by more than 10% each year (About us, 2014). Rebtel is currently the second largest mobile VoIP company currently.

**Product**

Rebtel provides free calls among Rebtel users and cheap international calls and texting to non-Rebtel users worldwide, and the platforms includes mobile Apps for iPhone, Android, BlackBerry and PC-to-PC.

**Price**

According to the price list on website of Rebtel (Rates, 2016) and YCall (Rates, 2016), the regular calling rates to the Netherlands, United States and China are listed below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Netherlands | United State | China |
| Skype | Mobile: 32 cent/min  Landline: 8 cent/min | Mobile: 8 cent/min  Landline: 8 cent/min | Mobile: 12 cent/min  Landline: 15 cent/min |
| YCall | Mobile: 5 cent/min  Landline: 1 cent/min | Free | Mobile: 1 cent/min  Landline: 1 cent/min |

**Target group**

Rebtel focuses on people in the age between 25 and 40, who use mobile phones often and are familiar with international calls (Magrath & McCormick, 2013). They tend to use the service for private calls, and they are also internet-savvy and eager to try new technologies. Moreover, they tend to be the financial providers for their families and use the service frequently. These customers benefit from the free call service that Rebtel provides. If the person on the receiving end of the call also uses Rebtel, the call is automatically detected as a free call. Rebtel also regards young people, like international students as their target group, as they have the greatest demand in using international calls. Rebtel has some discount plans especially for international students, so they can enjoy more reduced prices (Rates, 2016).

**Promotion**

**Promotion tools –** The theoretical framework above mentioned six main promotion channels for mobile Apps (Magrath & McCormick, 2013), Rebtel also has used some of the similar promotion tools. Firstly, Rebtel has several promotions on its social media, such as Facebook and Twitter. They publish many videos and images on its social media to highlight special features of their products. Besides that, Rebel also provides promotions plans and options to its customers, which help them to save much money.

**Informative content –** The mobile App marketing design framework mentioned in theoretical framework also list five useful informative contents, namely, practical product information, practical services information, trend information, style advice and social media content (Magrath & McCormick, 2013). Rebtel also presents itself with trend information, such as fashion image and video to attract its customers.

**Online marketing –** In the beginning, Rebtel invested 50% of the marketing budget on the search engine optimization. Search engine optimisation helps Rebtel to be found easily by potential users around the world. Besides that, Rebtel also interacts with the customer through social media, or monthly newsletters and monthly account updates to customers worldwide (international calling guide, 2016).

**Local market partnership** – As Rebtel has customers around the world, and their calling preference varies from country to country. Rebtel needs local partners in order to build up the bridge to the foreign market and customers. Rebtel has reseller partners in different markets, such as XCom Global in Japan, which helps to introduce Rebtel to their customers (international calling guide, 2016).

**Compared to YCall their strengths are:**

* More experience in VoIP industry
* Well-known brand awareness
* Products are available on several platforms
* Good marketing strategies
* Good social media promotion, and using trend information to attract customers

**Compared to YCall their weaknesses are:**

* Technology and financial support from parent company
* Low calling rates

### 4.4.3 Conclusion of competitor analysis

From the table above, it is quite clear that the YCall is not on the same level with the other two competitors. Those two companies have already built up a well-known brand awareness. As can be seen in the marketing field, several global companies became their cooperating partner. However, YCall is still using the traditional way to promote the products, like spreading flyers, making posters, and advertising on the Chinese website. Not only does it cost the company huge expenses (ratio of marketing / revenue), but also only little effect of the advertising can be brought back.

|  |  |
| --- | --- |
| Opportunities | Threats |
|  | Fierce competition from competitors |
|  | Competitors have many VoIP forms and discount plans |
|  | Competitors use different promotion tools to attract customers |

## 4.5 Customer analysis

187 surveys were done between 2 May 2016 and 17 July 2016, and the purpose was to understand the basic information and the perspective of VoIP among potential users and YCall users. According to the internal report, *DNA and core values of YCall* (Goosen, 2015), YCall has four main target groups, including international students, businessmen, immigrants and tourists. Therefore, this questionnaire also focuses on these four groups of people. To be more specific, 30% of the respondents are students, this is followed by those who are employed for wages or self-employed (27%), and the percentage of immigrants and tourists account for 11% and 8% respectively. In terms of YCall users, the percentage of students and business professional accounts for the largest proportion, with 36% and 31% respectively. In this sub-chapter, the detailed information about these four target groups and their perspective towards a VoIP App will be analysed.

### 4.5.1 Survey results

**Personal information**

The majority of respondents come from the Netherlands (22%), Germany (11%) and China (9%), and most of them are currently living in the Netherlands. 77% of the total respondents were between 18 to 45 years of age, while 13% were under 18, and 10% were over 46 years old. 31% of them have a bachelor degree, and those who have a master and PhD degree represent 25% and 29% respectively of the total respondents. 42% of the respondents were male and 58% were female. In terms of marital status, most of them are in a relationship (39%) and married (33%). The proportion of single people accounts for 23%. 61% of respondents have an income of less than €24,000, and 25% do not have any income.

**About VoIP**

The survey also contains some questions about their view of a VoIP App, such as preference for a certain brand, App market and promotional tools etc.

**VoIP brand -** Skype (34%) is the most popular calling App among all respondents, Rebtel (16%), Google talk (9%), Viber (7%), WeChat (7%) and Line (3%), and the rest of 24% respondents are using other calling Apps.

**App market -** According to the results of the questionnaire, Apple App store and Google play are most popular App stores. The majority of the respondents downloaded Apps in these two App markets.

**Functions of VoIP App –** Making international calls and sending text messages are the two main functions for most respondents, with 27% and 23% respectively. 20% of them use VoIP Apps to video chat with their friends or families, and 18% of them are holding group meeting in VoIP App.

**Forms of VoIP service -** VoIP App has three main forms, Phone-to-phone VoIP is the most popular one (32%), this is followed by PC-to-PC VoIP (29%), PC-to-phone VoIP (25%), and the rest 14% them choose the other forms of VoIP service.

**The frequency of using VoIP -** Most of the respondents answered that they use a VoIP App 1 to 5 times a week, which accounts for 65% of the total response. Besides, 26% of them use a VoIP App every day, the 9% of them seldomly use VoIP service.

**Reasons for choosing an App -** Among all of the advantages of VoIP App, low calling rate (39%) and clear voice quality (32%) are the most attracting reasons. Respondents also care about the design and the user interface of the App, and to most of the respondents, customer service and battery situation are not the primary reasons that they are concerned about in a VoIP App.

**Concerns about VoIP App -** The biggest concern about VoIP App is the voice quality, 37% of respondents claimed that this is the issue they cannot neglect. Besides, security issue (33%) and unreliability (30%) also raise some concerns among VoIP users.

**Reasons for choosing a VoIP app -** According to the survey, 29% of the respondents are most likely to choose an App if this product has higher rank in a search engine or App market. 23% of them will use an App if they have some friends or relatives recommend them to use. Besides, online advertisements (21%), promotions (5%) and offline advertisements (12%) also affect their decision on choosing an App.

**Promotion tools -** The most popular promotion strategies are discount (27%) and social media promotion (22%), and this is followed by vouchers (19%), rewards (28%) and incentives (14%).

**Multimedia product viewing -** In terms of the multimedia product viewing of VoIP App, 39% of the respondents claimed that they prefer the graphic way to display an App. Image interactivity technology (33%) is another attractive method to them, and 28% of them are interested in the product viewing in the video.

**Informative content -** 58% of the respondents indicate that they want to see more practical products or service information in the App, so that they can understand the product directly.

**Expense on VoIP App -** The majority of the respondents (72%) claim that they are willing to pay at most 10 euros per month for the calling rates of VoIP App. Seldom are people willing to spent more than 20 euros per month.

**About YCall users**

**Approaches to know YCall** – 31% of the YCall users use YCall because of the recommendation from their friends and families, and 25% of them got to know YCall via social media.

**App markets of YCall -** The majority of the YCall users downloaded the App from Apple Store, which accounts for 59% of the total respondents from YCall users, the rest found the App on Google Play.

**Reasons for choosing YCall** - Most of the respondents from YCall prefer the features of low calling rates and good voice quality, with 37% and 25% respectively. Low battery and data usage is another important reason for them to choose YCall.

**Concerns about YCall** - 42% of the YCall users are concerned with the voice quality of the App, and 38% of them might stop using this App because of the technical problems.

**Rates of buying credits -** 10% of the respondents from YCall users has bought credits more than 2 times a month. However, 69% of them bought credits less than once a month, or never bought credits.

**YCall’s calling plan** – In all respondents from YCall users, 48% of them have ever bought the calling plan.

### 4.5.2 The analysis of survey results

YCall regards four main target groups as its main customers, and the preference of each target group is different. Therefore, it is necessary to analyse the preference and features of each target group.

**Students**

Students account for 30% of the total respondents, and most of them are in the age between 18 and 25 years old. The majority of students have either a bachelors or masters degree, and most of them are unmarried or in a relationship. Most of the students do not have income, or only have little income.

In terms of business working people, they often use PC-to-PC VoIP and phone-to-phone VoIP to make international calls and holding business meetings, but they do not use this service every day. Most business people download Apps on Apple’s App Market. The quality of the voice service is the primary reasons that they are concerned about in a VoIP app, and they do not care a lot about the price. Most of them claimed that they are willing to pay at most 20 euros per month on a VoIP App. However, many business professionals also claim that they worry about the reliability and security problems about VoIP, and they might stop using an App because of these two reasons. This group prefers promotion tools like vouchers and rewards, and they want to see detailed and practical information about the products and services within an App.

**Business professionals**

Those who are employed or self-employed have fixed jobs and high income normally, and most of them are married and in the ages between 26 and 45 years old.

In terms of business working people, they often use PC-to-PC VoIP and phone-to-phone VoIP to make international calls and having the business meeting, but they do not use the service every day. Most of the business people downloaded their App on Apple App Market. The quality of the voice service is the primary reasons that they are concerned about VoIP app, and they do not care too much about the price. Most of them claimed that they are willing to pay at most 20 euros per month on VoIP App. However, many business professionals also claims that they worry about the reliable and security problems of VoIP, and they might stop using an App because of these two reasons. This group of people prefers the promotion tools like vouchers and rewards, and they want to see detailed and practical information about product and service within an App.

**Immigrants**

According to the survey, most of the immigrants come from China, Indonesia and Turkey, and most of them are in the ages between 18 and 45 years old. 38% of them are married with children, and with an income of below 24,000 Euros.

Most of the immigrant respondents prefer to use PC-to-PC VoIP and PC-to-phone to call or video chat with their families or friends, and 41% of them use a VoIP App four times a week. What they are concerned about the most is the price of a VoIP based service, which accounts for 43% of them. If there are some promotions for sign up, discounts, or other rewards or incentives, they may consider using the App. The majority of the immigrant respondents prefer to have a video to display and introduce the product, so that they can understand the App directly.

**Tourists**

The majority of the tourist respondents are in the age between 18 and 35, and they need VoIP calls to contact their friends and families. Most of them are highly educated with a fixed profession and income.

61% of the tourist respondents prefer to use phone-to-phone VoIP to make international calls or sending text messages, and they use quite it often. Except for the price, they also care about battery consumption and the data usage. Most of them said that they are willing to pay at most 10 euros in making VoIP calls. Some of the tourist respondents claimed that they worried about the bad voice quality and the security issues of VoIP. They are willing to try an App if the product has higher rankings on search engines. If there are some discounts, rewards or promotions, they are also willing to try. They prefer to see a product view in image interactivity technology and graphic, and they also pay more attention to the information on social media.

**YCall users**

According to the questionnaire, the majority of the YCall users are living outside of the Netherlands, and most of them live in Asia and Middle East. 47% of them are in the age between 18 and 45 years old, and 41% of them are students or working professionals. Most of them are single or married, and with low or medium income.

In terms of their preference on the form of VoIP, 39% of them prefer Phone-to-phone VoIP, and they use this kind of App every day. The most attracting reason for them is the low calling rates, while low voice quality is their biggest concern. To most of the YCall users, if an App ranks high in the search engines or App market, they have high possibility in choosing this App. The promotion and discounts will also entice them to choose an App. In terms of the product viewing of VoIP, most of the respondents from YCall users said that they prefer graphic with practical product and service information in it. And they are willing to spend less than 5 euros per month on VoIP App.

|  |  |
| --- | --- |
| Opportunities | Threats |
| The increasing popularity of using VoIP App | The big concern about the reliable and secure problems of VoIP App |
| The high preference on low cost App | There are too many similar competitors |
|  | The rank of the YCall in search engine is much lower than most of the similar App |

## 4.6 Opportunities and threats

In conclusion, YCall has many great opportunities to present itself in the Dutch market, while it also faces some avoidable threats. The overall opportunities and threats can be concluded as followed.

|  |  |
| --- | --- |
| Opportunities | Threats |
| The increasing number of immigrant and international students | Low penetration of VoIP service |
| The positive growing of the Dutch economy | Fierce completion from competitors |
| The increasing awareness of sustainable products | Low entered requirement for new entrance |
| The increasing popularity of using smartphone and Apps in the Netherlands | Many substitutes |
| Many suppliers in the market | Strong bargaining power from customers |
| The increasing popularity of using VoIP App | Fierce competition from competitors |
| The high preference on low cost App | Competitors have many VoIP forms and discount plans |
|  | Competitors use different promotion tools to attract customers |
|  | The big concern about the reliable and secure problems of VoIP App |

**Opportunities**

The Dutch economy is slowly recovering from the economic crisis, the buying power of the Dutch population is increasing as well because of the increase of disposable income. That is to say, they have more money to shop and consume, which is definitely good news for all businesses. Furthermore, 23% of the Dutch populations with a migrant background, mostly still needs to keep the connection with their homeland, either with friends or relatives. This will definitely increase the frequency of their international calling. At the same time, the boost of the international students in The Netherlands will also certainly increase the usage of YCall. Besides that, smartphones and mobile Apps are more and more prevailing in Netherlands, which is an opportunity to introduce YCall in the Dutch market. Moreover, the Dutch government keeps promoting environmentally -friendly products, and more and more environmentally -friendly products are being embraced by many nations. The sustainability problem becomes an issue that’s being taken into consideration in the customer’s decision making. Lastly, there are many suppliers in the market, which is an opportunity for YCall.

**Threats**

YCall also faces several threats in the Dutch market. Firstly, the penetration of VoIP Apps is still quite low in the Netherlands, which means they become accustomed to using the other similar products instead of using new VoIP services. Secondly, there are many substitutes for VoIP call, such as the traditional phone, which also pose a threat to YCall. Thirdly, several other similar calling Apps haves the most market shares, and most of them have brand loyalty, clear competency, and very loyal customers. Therefore, the market share of YCall is too minuscule, and it is not easy to gain more market shares in this saturated market. Fourthly, YCall now is facing much competition, as more and more similar products are appearing, due to the entrance of new businesses not being high. The replacement of one product can certainly occur rapidly. Lastly, YCall also faces strong bargaining power from customers, because of the lack of unique and attractive competitive advantages.

# Chapter 5 SWOT confrontation matrix

A confrontation matrix helps to further analyse the results of a SWOT analysis. By analysing the different combination of strengths, weaknesses, opportunities and threats, the firm may identify the most effective marketing strategies (Van Assen , Van den berg, & Pietersma, 2009).

## 5.1 SWOT analysis

The strengths, weaknesses, opportunities and threats of YCall can be concluded as followed:

|  |  |
| --- | --- |
| Strength | Weaknesses |
| 1.Professional and mature technological support  2.Exclusive and independent telecommunication operational system  3.Low calling rates  4.Strong financial support from the parent company  5. 24/7 customer services  6. Energy-saving App | 1.Lack experienced marketer  2.Unstable voice quality  3.Consecutive and unsolved bugs  4. Only have two App markets  5. Lack of useful promotion tools  6. Limited product form and function  7. Lack of diversification and uniqueness of discount plans |
| Opportunities | **Threats** |
| 1.The increasing number of emigrant and international students  2.The positive growing of the Dutch economic  3.The increasing awareness of sustainable products  4.The increasing popularity of smartphone in the Netherlands  5. Many suppliers in the market  6. The increasing popularities of using VoIP App  7. The high preference on low cost App | 1. Fierce completion from competitors  2. Competitors have many VoIP forms and discount plans  3. Competitors use different promotion tools to attract customers  4.Low entered requirement for new entrance  5. Low penetration of VoIP service  6. Many substitutes  7. Strong bargaining power from customers  8.The big concern about the reliable and secure problems of VoIP App  9.The rank of the YCall in search engine is much lower than most of the similar APPs |

## 5.2 SWOT Confrontation matrix

A confrontation matrix combines the strengths, weaknesses, opportunities and threats of the product, and identifies the most effective marketing strategy for the firm.

|  |  |  |
| --- | --- | --- |
| Confrontation matrix | Strengths    S1  S2  S3  S4  S5  S6 | Weaknesses  W1  W2  W3  W4  W5  W6  W7 |
| Opportunities  O1  O2  O3  O4  O5  O6  O7 | SO1:Using more forms to show the competitive advantages of YCall, such as video, graphic and image interactivity technology.  SO2:Make good use of the enough financial resource from the parent company to develop more functions for the App.  SO3:Adding fashion trend to enrich the experience of customers. | WO1:Developing more functions, such as group meeting, messaging and video calls.  WO2:Designing more diversification and uniqueness of discount plans.  WO3:Opening more App Markets  WO4:Using more promotion tools, such as vouchers, rewards, discounts and incentives. |
| Threats  T1  T2  T3  T4  T5  T6  T7  T8  T9 | ST1:Activing on social media, and encourage the customer to spread positive word of mouth.  ST2:Providing more practical product and service information to remove the concerns on VoIP App.  ST3:Using search engine optimize to increasing the rank of YCall on the search engine and App market. | WT1:Looking for joint ventures, sponsor or cooperation with other company. |

After the possible strategies were formulated based on the confrontation matrix, the next important step for YCall is to build up a proper marketing plan to attract more customers in the Netherlands. A more detailed marketing plan is detailed in the following chapters.

# Chapter 6 Marketing mix

## 6.1 Target market

YCall has four main segmentations, which includes students, business professionals, immigrants and tourists. This report is going to use a differentiated marketing strategy, this means targeting several market segments and designing separate offers for each. Therefore, the company is suggested to serve these four segments according to their unique features with their corresponding offers. The results can be concluded as follow:

|  |  |  |  |
| --- | --- | --- | --- |
| Demographic factors | Behavioural factors | Psychological factors | Selling point |
| Student  -18<age<25  -High educational background  -Unmarried or in relationship  -No income or small income | -Frequently using a smartphone  -Easy to accept new mobile Apps.  -Looking forward to discount product  - Active on social media | -Cares about low calling rate  - Easy to be affected by their friends or families  -Keen on video and graphic with fashion trend | -Phone-to-phone VoIP App at a low price  -Discount calling plan  -Video and graphic showed with the combination of fashion trend |
| Business professional  -26<age<45  -High educational background  -Married  -High income | -Often using smartphone and personal computer  -Easy to be attracted by voucher and reward  -Prefers to see detailed information and description about the product | -Pay more attention to the quality of voice quality  -Concerned with the reliable and secure problem within the VoIP App | -Offer PC-to-PC VoIP and phone-to-phone VoIP with good voice quality  -Offer some rewards and vouchers |
| Immigrant  -18<age<45  -Married with children  -High educational background  -Low income | -Often using VoIP App on smartphone or personal computer  -Have high frequency on using VoIP App  -Prefers to see the VoIP App displays in video | - Keen on low price  - Promotion for sign up, discount and incentives will attract them | -Offer PC-to-PC VoIP and PC-to-phone in low price  -Offer discount, reward and incentive to attract them |
| Tourist  -18<age<35  -High educational background  -High income  -Married or in relationship | -Prefers to use Phone-to-phone VoIP  -Easy to be attracted by discount, rewards and promotion  -Prefers image interactivity technology and graphic  -Pays more attention to information on social media | -Prefers low price VoIP App  -Concerned with the usage of battery and data  -Concerned with bad voice quality and secure issue | -Offer Phone-to-phone VoIP service in low price  -Using low battery and data usage to attract them  -Offer discount, promotion and incentive to attract them |

## 6.2 Marketing mix

The marketing mix is a business tool used in marketing, which helps to determine a product or brand's offer, and is often associated with the four P’s: product, place, price and promotion. This chapter will analysis the 4 P’s of YCall.

### 6.2.1 Product

The only function for YCall App is to make international calls, and this function can only be achieved through the smartphone. Therefore, YaBand is suggested to develop the VoIP service on the personal computer, so that users can login and use YCall App on their computer. Except for making international calls, YaBand is also suggested to develop the functions of video chat, conference calls and messaging, to add value to the customer’s experience. Besides that, it is also good for YCall to design more unique and specific plans for different target groups.

**Student**

According to the results from the survey, the format of Phone-to-Phone VoIP is the most popular among students. This is also the main function for YCall, which allows users to make calls anytime and anywhere. Students are also interested in the App with low calling rates, and YCall can satisfy them because of its low cost of making international calls. Besides the Phone-to-Phone VoIP, students often use VoIP Apps to send messages or video chat with their friends and families. Unfortunately, YCall does not have these two functions. In order to better serve students, YCall is suggested to develop the functions on messaging and video chat.

In terms of students, they are easily attracted by low calling rates and discount plans. However, YCall only has one type of discount plan, and this is the same for all target groups. Therefore, it is wise for YCall to make specific plans especially for students, which help them save money on calling rates.

**Business professional**

The results from the survey show that Phone-to-Phone VoIP and PC-to-PC VoIP are the most attractive formats for business people. Until now, YCall App could only satisfy them with Phone-to-Phone VoIP, as they can make HD voice quality calls to their business partners. However, if YCall wants to serve this group better, it is better to develop PC-to-PC VoIP, so that they can use the computer to video chat or conduct conference calls.

In terms of the discount plans, YCall is suggested to design a business plan especially for this target group. The business plan can include online meetings, messaging, calls and video with a certain group of people, which might be more attractive to the businessman.

**Immigrant**

According to the questionnaire, immigrants are used to using the smartphone and the computer to make international and video calls. Similarly, YCall is suggested to further develop its function on the computer, as well video call functionality.

YCall has discount plans for thirty countries, such as China, France and Germany. According to the survey, most of the immigrants in the Netherlands come from Indonesia and Turkey. However, YCall does not have plans for these countries. Therefore, it is better for YCall to make more plans to satisfy the need of Dutch immigrants.

**Tourist**

In terms of tourists, they prefer Phone-to-Phone VoIP with low prices and low battery and data usage. YCall App provides low cost international calls for this group of people, and they can also enjoy the low cost of battery and data. However, the results of the survey show that they also use VoIP App to send messages, which helps them to save on more expenses. Therefore, YCall is suggested again to develop the function on messaging.

YCall is also suggested to design plan especially for tourist, as they often travel to many counties within a short period of time. Therefore, it is better to have some special plans for them, which allow them to choose the needed countries and duration.

### 6.2.2 Price

**Phone-to-Phone VoIP international calls**

YCall allows users to make international calls via smartphone, and the price is much lower than most of the competitors. YCall needs to continue to provide high quality and low cost international calls for its customers.

**Online meetings, messaging, and video calls**

YCall is also suggested to provide free functionality regarding conference calls, messaging and video calls to its customers. These functions can be achieved via the Internet, so once YCall has these functions, customers can enjoy these functions for free.

**Plan**

In terms of student plans, the price could be set lower than 5 Euros per month, this is accepted by most of the students according to the survey. As for business plans, the price should not be higher than 20 Euros. The survey results also show that it is easy for the tourist to accept a price of 10 Euros per month.

### 6.2.3 Place

Currently, YCall only has two App markets, Apple App Store and Google play, and most of the customers use one of these two as shown in the survey. YCall is also suggested to offer more App market, such as Windows Phone Store and Blackberry App World. Several users, especially young students download Apps from these markets.

### 6.2.4 Promotion

**Product viewing of VoIP and Informative content**

A mobile App is not a real product, and therefore the customer cannot get in touch with the product directly. Therefore, the informative contents are very important, namely practical product information, practical services information and trend information (Magrath & McCormick, 2013). In terms of practical product and services information, YCall is suggested to list its competitive advantages, such as low cost, HD voice quality, good customer service and low battery and data cost. Besides that, a brief description about YCall App has also to be explained clearly, to ensure customer understand how it works. It is also important for YCall to pay more attention to current fashion trends, such as lastest news, hotspots and other interesting information, to create an ideal fashion image and encourage consumers to use the product.

According to the report, *Marketing design elements of mobile fashion retail apps* (Magrath & McCormick, 2013), the customer might view the product offerings of the retailer store through multimedia features, such as video, graphics and image interactivity technology. Therefore, the informational content within the App can be expressed through video, graphic or image interactivity technology.

The video visuals are expected to contain fashion or entertaining product videos, which helps to enhance customer’s visualisation needs and created for product promotion purposes. YCall is suggested to create video visual with the good combination of interesting content. Besides that, YCall can also use professionally designed images to display accurate product information to the consumer, such as in providing smartphone screens sizes, allowing the user to view full screen products when the image is tapped. YCall can also use image interactivity technology, such as 3D virtual models and close-up pictures, to increase the appeal to the customer.

**Sponsoring**

YCall can also participate in some festival celebrations and events, to present itself in front of more potential customers. There are many different kinds of activities in the Netherlands, YCall can give donations or sponsor gifts to the event, and thereby gaining a good reputation among potential customers.

**Product promotion**

Product promotions like vouchers, incentives, rewards, and discounts are a short-term incentive to encourage sales. YCall has four target groups, and each target segment is suggested to use its own specific promotional tools.

**Students**

With the popularity of social networking, YCall is suggested to communicate with consumers directly over social networks such as Facebook and Twitter. The internet and social media become an irreplaceable option for students. They can voluntarily deliver and recommend products to friends on social media, as an encouraging tool to spread positive word of mouth. Therefore, YCall can try to publish more practical product and service information in graphics, images and videos on social media, such as Facebook, Twitter and Pinterest. The good combination of fashion trends and product information can attract the attention from customers.

**Business professionals**

Search engine marketing helps to improve the visibility of a website and a product by researching the keywords. According to the survey, many businessmen choose an App due to the high ranking in a search engine or App Market. There are so many competitors, it is necessary to increase visibility and to be easily found on the major search engines as Google and Bing. YCall can try to use Google AdWords, which displays the company website when the potential customer searches on terms connected to the company or the products. When the advertisement is showed, it charges the company per click, and it gives the company or the product the chance to present itself to its potential customers easily.

**Immigrant**

In terms of immigrants, it is possible for YCall to use incentives to encourage and persuade them to try the product. The company has already offered these users 50 cents when they first registered the YCall. Although they did not buy the credits yet, they can use the free trial credit to make a phone call to anywhere in the world. YCall can use more incentives, such as “Buy one get one free”, as an incentive to persuade the consumer to buy. Furthermore, YCall can also offer some rewards to customers who often buy credits, such as discount codes, price promotions and free gifts. To be more specific, the more credits they buy, the more bonus credits they will receive.

**Tourists**

Tourists also care about the ranking of Apps in search engines and the App Market, so SEO marketing can be used here. YCall can also use one off discounts to boost the use of the product. Users can enjoy more discounts if they subsequently subscribe to a plan, YCall can reduce the price during time of special festivals to attract more customers. Furthermore, the survey results also show that tourists are interested in social media promotions. Therefore, YCall is suggested again to do more promotional work on social networking channels.

# Chapter 7 Conclusion

The central question of this thesis is how can YaBand position YCall App in the Dutch target market. A good market positioning will helps to define further the tactics, tools and strategy to be used by the company in order to differentiate itself from competitors and gain more market share. Therefore, market positioning is very important as it establishes a competitive strategy for the product and creates a comprehensive marketing mix.

In order to have a clear understanding about position, the STP model has been used in this thesis, which is the acronym of segmentation, targeting and positioning. The process of STP helps the company to understand different groups of customers in a particular market and how to present their products or services to meet the need of the desired groups. The position of YCall is answered by identifying the internal environment and the external marketing environment of the product. From the internal analysis the existing marketing mix and the needed resources of the company can be deduced. The strengths and weaknesses of YCall can be arrived after that. The external opportunities and threats can be concluded by analysing the macro-environment and meso-environment. By analysing the different combination of strengths, weaknesses, opportunities and threats, the firm can design the product position, and thereby receive the greatest advantages in selected target markets.

After conducting the field and desk research, this thesis suggests the suitable position for YCall in terms of product, price, place and promotion. In terms of product and price, the company can continue providing low cost and HD calls to its customers via smartphone communications. Besides, it is also suggested for YaBand to further develop its product category on the personal computer, so that users can login and use YCall App on their computers. Except for the only function of making international calls, the company can develop more diversified functions, such as video calls, group conference calls and messaging, to add value to customer’s experience. These new functions can be added to users as a bonus, and all of YCall’s users can then use these functions at no further cost. More unique and specific discount plans can be designed for different target groups, to help them to save on calling expenses. The suggestion for YCall App regarding place is to exploit more App markets, such as Windows Phone Store and Blackberry App World, so that more potential customers have the opportunity to see the product. In terms of the positon on promotion, YaBand is suggested to use three ways to present itself. Firstly, YCall can use promotion to publish more practical product and service information, such as competitive advantages, main functions and product descriptions. This information can be displayed in the form of graphics, videos and image interactivity technology. Good combination of product information along with fashion trends, latest news and hotspota can attract the attention of customers. Secondly, Product promotions like vouchers, incentives, rewards, and discounts can be used to encourage more sales. YCall has four target groups, and each target segment is suggested to use a different promotions tool. Thirdly, YCall can use search engine marketing to improve the visibility of a website and a product by researching the keywords. There are so many competitors, it is necessary to be more visible and be easily found on the major search engines and App markets.

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# Appendix 1 Questionnaire

Welcome to VoIP call survey!

My name is Jue Lin and I am working on my thesis on how to position YCall in the Dutch market.

This survey contains questions about international calling services and YCall App. Your opinion about this App will be a great help to improve the service and quality of Ycall in the Dutch market. The answers you provide will be only used for research purpose.

The survey should only take 5 minutes, and your responses are completely anonymous.

If you have any questions about the survey, please email me: rachellj0905@Gmail.com

I really appreciate your input!

Thank you in advance for your kind participation and patience.

Jue Lin

**About You**

1. What is your nationality?
2. Where do you currently reside?

* The Netherlands
* Other

1. How do describe your identity in the Netherlands?

* A student
* Employed for wages
* Self-employed
* A tourist
* A homemaker
* Immigrant
* Retired
* Other

1. What is your age?

* Below 18 years old
* 18-25 years old
* 26-35 years old
* 36-45 years old
* 46-55 years old
* Over 55 years old

1. What is your educational level?

* Below high school
* High school
* Bachelor
* Master
* PhD

1. What is your gender?

* Male
* Female

1. What is your marital status?

* Single
* In relationship
* Married with children
* Married without children
* divorced

1. What is your income before tax?

* No income
* Less than €24,000
* €24,000 – €48,000
* €48,000– €72,000
* More than €72,000

**About VoIP App**

1. Which of the following VoIP Apps do you often use ?

* Skype
* Rebtel
* Google talk
* Viber
* Line
* WeChat
* Other

1. In which platform did you download the App that you are using now?

* Apple App Store
* Google Play
* Windows Phone Store
* BlackBerry App World
* Other

1. How do you use VoIP App normally?

* Making international calls
* Making domestic calls
* Having meeting
* Having video chat
* Sending text message
* Other

1. Which form of VoIP service do you use normally?

* PC-to-PC VoIP
* PC-to-phone VoIP
* Phone-to-phone VoIP
* Other

1. How often do you use the VoIP App to make international calls?

* Everyday
* More than 5 times a week
* 1-4 times a week
* Less than once a week

1. Please choose the most influential factors in choosing the VoIP App?

* Low rates
* Clear and stable voice quality
* Save battery and internet data usage
* Good customer service
* Well-designed and user- friendly interface

1. What is your biggest concern about VoIP App?

* Low voice and service quality
* Unreliability
* Insecurity

1. For what reason you will choose a VoIP App?

* Recommended by friends or relatives
* High ranking in search engine
* Online advertisement
* Offline advertisement
* Promotion for sign up

1. Which promotion tool is the most attracting to you?

* Vouchers
* Incentives
* Rewards
* Discounts
* Social media promotion

1. Which multimedia product viewing of VoIP App is most attracting to you?

* Video
* Graphic
* Image interactivity technology

1. What informative content is the most important to you?

* Practical product information
* Practical service information
* Trend information
* Social media content

1. How much do you usually pay for the VoIP App?

* Less than €5 per month
* €5 – €10 per month
* €10 – € 20 per month
* More than €20 per month

**About YCall App**

1. How did you know about YCall? (if you have never used YCall, you can skip this part)

* Recommended by friends or relatives
* Chinese websites and newspaper
* Poster or flyer
* Social media
* Other

1. Where did you download YCall?

* Apple Store
* Google Play

1. What do you like YCall most?

* Low calling rates
* Voice quality
* Design
* Low battery and data usage
* Customer service
* Others

1. What is your biggest concern about YCall?

* Unstable voice quality
* Technical bugs
* Others

1. How often do you buy the credits?

* More than 2 times a month
* 1 or 2 times a month
* Less than once a month
* Never

1. Did you subscribe the calling plan of YCall?

* Yes
* No

# Appendix 2 Survey question measure table

|  |  |  |
| --- | --- | --- |
| Topics of Theoretical framework | Questionnaire question | Answers |
| VoIP brands (Teltscher, 2013) | Which of the following App you use most often? | Skype  Rebtel  Google talk  Viber  Line  WeChat |
| App stores (Dube & Helkkula, 2015) | In which platform did you download the App that you are using now? | Apple App Store  Google Play  Windows Phone Store  BlackBerry App World |
| Different forms of VoIP services (Goralski & Kolon, 2000) | Which form of VoIP service do you use normally? | PC-to-PC VoIP  PC-to-phone VoIP  Phone-to-phone VoIP |
| Advantages of VoIP (Umino, 2004) | Please choose the most influential factors in choosing the calling App? | Low cost  Portability  Single network infrastructure  Simple upgrade path |
| Disadvantages of VoIP (Umino, 2004) | What is your biggest concern about VoIP App? | Low voice and service quality  Unreliability  Insecurity |
| Reasons for choosing a VoIP App (Magrath & McCormick, 2013) | For what reason you will choose a VoIP App? | Recommended by friends or relatives  High ranking in search engine  Online advertisement  Offline advertisement  Promotion for sign up |
| Product promotion tools (Magrath & McCormick, 2013) | Which promotion tools is the most attracting to you? | Vouchers  Incentives  Rewards  Discounts  Social media promotion |
| Multimedia product viewing of VoIP App (Magrath & McCormick, 2013) | Which multimedia product viewing of VoIP App is most attracting to you? | Video  Graphic  Image |
| Informative content (Magrath & McCormick, 2013) | What informative content is the most important to you? | Practical product information  Practical service information  Trend information  Social media content |
| Approaches to know YCall (Goosen, 2015). | How did you know about YCall? | Recommended by friends or relatives  Chinese websites and newspaper  Poster or flyer  Social media |
| App market of YCall (Feng, Interview about YCall, 2016). | Where did you download YCall? | Apple Store  Google Play |
| Reasons for choosing YCall (Feng, Interview about YCall, 2016). | What do you like YCall most? | Low calling rates  Voice quality  Design  Low battery and data usage  Customer service |
| Rates of buying credits (YCall, 2016) | How often do you buy the credits? | More than 2 times a month  1 or 2 times a month  Less than 1 a month  Never |
| YCall’s calling plan (Plan, 2016) | Did you subscribe the calling plan of YCall? | Yes  No |
| Concerns about YCall (Umino, 2004) (Feng, Interview about YCall, 2016). | What is your biggest concern about YCall? | Unstable voice quality  Technical bugs |

# Appendix 3 Interview

Interviewee: Haibo Feng, the CEO of YCall

Interviewer: Jue Lin

Date: 2 May 2016

1. **Can you give a brief introduction about YaBand?**

Well, YaBand set up in 2003 in Hong Kong, and we are active in VoIP area for more than ten years. The main business of our company is to provide HD voice service to telecommunication companies worldwide. YaBand is working with more than 200 partners around the world, and we also have many partners in the Netherlands, such as T-mobile, Lycamobil, Lebara and KPN. One of the most outstanding features of our company is the mature VoIP technology, and we have six services routers around the world and these service routers help YaBand to digitalize the voice, and use the IP network to deliver the voice in data packet. This is so called VoIP technology. Except for the voice service, we also have SMS service, E-media and YCall App.

1. **What are the strengths of the company?**

The first advantage of our company is experienced and mature VoIP technology, that is why we can provide high voice quality to our customers around the world. We have six service routers around the world, which helps to transfer voice service efficiently and timely. Secondly, we have professional VoIP experts in both China and in the Netherlands, we are working together to make sure that our customer can enjoy the best service. Thirdly, with several years in VoIP market, we are accumulating many experience, technology and finance, which ensure the further development of the company.

1. **How is the organizational structure of the company?**

YaBand consisted of four departments: IT department, marketing department, human resources department and financial department. The IT department works in website design and App design, as well as to develop soft-switch services around the world. This department locates in China. Both of China and the Netherlands have the marketing department, the department in China works mainly in B2C market, and here in the Netherlands, we are focusing on B2C market. But sometimes you know we can also help with each other. The head office of human resource department is in China, but in The Hague we also have a small office. In the financial department, we have accountants and financial analysts, they help to deal with the annual report and statement of account.

1. **Can you give a brief introduction about YCall?**

Sure, at the end of 2014, YaBand used its own service platform and technology to develop YCall, so this is a VoIP App, which use internet to make phone calls, instead of SIM card technology. The users enjoy not only the clear voice quality, but also the low calling rates. This is also the reason why I came up with this idea in the beginning. I came to the Netherlands in 2013, and in order to contact with my family, friends and colleagues in China, I made international calls via SIM card. However, you know the calling rate is quite expensive, which costed me a lot of money. After that, I realized why not to use our VoIP technology to develop a calling App, so that I can also make international phone calls, and enjoy the low calling rates at the same time. When I shared this idea with our colleagues, they were all agree with me, so at the end of 2014, we started to researched and developed YCall.

1. **What are the strengths and weaknesses of YCall?**

The biggest strengths of YCall come from YaBand, because YCall can used the voice service and VOIP technology from its parent company. YaBand provides YCall with clear voice quality and the low calling rate, and the service covers more than 240 countries in the world, anytime, anywhere. YCall can also operate its services across the whole chain of their own network independent of third parties. Furthermore, YCall has customers’ service both in China and Europe, so the non- stop customer service performed well in YCall. YCall is also a green product saves electric and data from customers.

1. **Are there any weaknesses of YCall?**

Sure, The biggest problem of YCall is the consecutive bugs. Although it was solved many times, some of them seems like so stubborn, like automatically quitting, stuck in the middle of the service, accounts denied and some other problems. We need to solve these problems as soon as possible. Besides of this, YCall do not have a complete marketing team, and we lack some people who have experience in marketing. Otherwise, we do not have clear cues about how to promote YCall.

1. **How long did the Research &Development of YCall takes?**

In fact, we finished the main design of YCall within three month, which is from November of 2014 to January of 2015. However, it takes us a lot of time to solve the bugs and upgrade this App, and even till now, we are working hard to solve the problem within YCall. Our technology is still testing and developing this App, not only because of the unsolved bugs, we also want to keep upgrading our App, so that our customer can enjoy more service.

1. **How much fund did YCall cost approximately by far, where is the capital coming from?**

During the development period, we invested around €3500, which includes the marketing and promotion cost, such as the design of the logo, the design of the website. The advertisement on a Chinese forum and newspaper is around €25,000. And the salaries in China cost about €1000. And all these fund are supported by YaBand. And the company has still another €15000 to be allocated into the advertisement this year.

1. **Does YCall have some suppliers?**

Yes, we can say YCall has a supplier, KDDI, a Japanese telecommunications operator. However, we supply each other actually. KDDI and YaBand are exactly in the same boat in this B2B pattern. If the dial is made from the Netherland to American, then, the company had to use the voice service offered by the KDDI, since YaBand had no router in America, and reversely, KDDI also needs to use the YaBand’s router when the dial is made in between Asia and Europe. We help and supply each other.

1. **What kind of promotion tools did YCall used to promote YCall?**

Well, YCall have three main promotion tools now, such as advertising in Chinese websites and newspaper, placing some flyers and poster in Chinese restaurants and universities, and promoting in social media.