

# Virgin Mobile - serious competition or just marketing hype?

 By [Chris Mberdyk](#)

28 Jun 2006

When it comes to putting powerful PR behind the launch of new products and services, nobody does it better than Virgin's Richard Branson. And the launch this week of Virgin Mobile and the Virgin credit card were no exceptions to his flamboyant PR rule. But, what really got South Africa's attention was not necessarily Branson's dramatic entrances - bashing through walls atop 4x4s - but rather his comments on how consumers are being ripped off by our cellphone companies and banks.

Now, in this attention economy, nothing, but nothing gets the attention of local consumers quite like promising price wars and cheaper services. Particularly when it comes to banking and cellphones.

But, one has to wonder just how much of all this is promise and how much is just marketing hype?

And the reason I ask this question is that while Richard Branson might well be one of the best PR people in the world, he is first and foremost one of the best businessmen in the world. And to become the best businessman in the world you have got to do a lot more than just PR.

## No need for price war

I have no doubt that pricing or rather the cost factor might well play a major role in Virgin Mobile and the Virgin Card's roll out in South Africa, but surely any good businessman won't perpetuate a price war if there is absolutely no need?

Because right now in South Africa, the motor car, cellphone and banking industries are making a bundle of money. Profits have never been better and in fact, these South African companies would probably all rank in the global top ten in the profit stakes.

So, from a marketing point of view why charge less when you can charge more?

## Falling over themselves

South African consumers might well be whining and moaning about the prices of everything from motor cars to cellphone charges, Telkom and banking but back at the ranch they're falling over themselves buying new cars, signing up for new cellphone contracts as though there were no tomorrow, banking away with gay abandon and putting in so many applications for Telkom's overpriced and relatively slow ADSL service that they causing a backlog in supply.

No-one in his right mind will voluntarily cut prices when he has customers falling over themselves to buy his products or services.

So, all one can imagine is that Branson is using the cost/price factor to get into the South African market. And why not ? It makes excellent marketing sense and if I were him I would not do anything differently. His marketing strategy is quite brilliant.

## How long will it last?

But, the question I ask, is how long will it last? At what stage will Virgin Mobile just get onto the profit bandwagon? At what stage will Virgin card's costs just rise to nestle up alongside the existing players in the market? It will be a fascinating case history and you can bet your bottom dollar that Richard Branson's timing will be superb as always.

Something else you can bet on is that consumers certainly won't notice when this happens because something else that Branson seemed to hint at was that Virgin's cellphone and credit card services in South Africa won't simply rely on price alone to maintain what market share it will grab, but both will be concentrating on adding value to the products - moreso than any of the other players in the market, I would guess.

This is something that the car manufacturers do so well. Instead of discounting, which in pure marketing terms is a real killer in the motor business, they all add value with low or no interest finance packages, "free" maintenance contracts and all sorts of bells and whistles. And the consumer seems to love it, even though they're paying for every single one of those added value services. It's all about perception.

## Good for economy

There is no doubt that South Africa really needs as much of Richard Branson as the country can get. He will contribute a lot into our economy, of that there is no doubt.

But best of all, he will shake up corporate complacency and make all sorts of people in very high places, very nervous indeed.

And from a marketing point of view - he will provide the industry with some wonderful case histories, enthusiasm and motivation.

## ABOUT CHRIS MOERDYK

Apart from being a corporate marketing analyst, advisor and media commentator, Chris Moerdyk is a former chairman of Bizcommunity. He was head of strategic planning and public affairs for BMW South Africa and spent 16 years in the creative and client service departments of ad agencies, ending up as resident director of Lindsay Smithers-FCB in KwaZulu-Natal. Email Chris on [moerdykc@gmail.com](mailto:moerdykc@gmail.com) and follow him on Twitter at [@chrismoerdyk](https://twitter.com/chrismoerdyk).

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