

STUDY OF MARKETING MIX STRATEGIES OF COMMUNICATION SERVICE PROVIDER COMPANIES WITH SPECIAL RETURN TO AIRTEL

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ABSTRACT:

The market performances of the organisations are primarily driven by their marketing strategies. The marketing strategy consists of the analysis, strategy development and implementation activities in: developing a vision about market(s) of interest to the organisation, selecting market target strategies, setting objectives and developing, implementing and managing the marketing program designed to meet the value requirements of the customers in each market target. Significantly, marketing strategies are very essential for the growth and success of any company. This is more applicable to telecommunication industry which is usually marked by tense competition as network provider's fight for subscribers. The aim of this study was to determine the role of marketing strategies in the performance of telecommunication companies using Airtel. The outcomes demonstrated that Airtel pursued forceful methodologies directly from the season of its activities. Airtel has pursued item methodologies that have made it to be an imaginative organization and has picked up a great deal from first mover advantage. It has likewise picked up a great deal from circulation and limited time techniques. In any case, the outcomes likewise demonstrate absence of adaptability in Airtel techniques in that they are once in a while audited to be in accordance with the changing industry condition. Descriptive and comparative approaches were employed in the analysis and presentation of the results. SPSS was used a great deal in the analysis of data collected. Secondary sources were also crucial in writing this edifice.

Key words: Airtel, Marketing, Product Strategies, Services

1.0 INTRODUCTION:

The market performances of the organisations are primarily driven by their marketing strategies. The marketing strategy consists of the analysis, strategy development and implementation activities in: developing a vision about market(s) of interest to the organisation, selecting market target strategies, setting objectives and developing, implementing and managing the marketing program designed to meet the value requirements of the customers in each market target. The marketing strategy seeks to deliver superior

customer value by combining the customer influencing strategies of the business into a coordinated set of market driven actions. Strategic marketing provides the expertise for environmental monitoring, for deciding what customer groups to serve, for guiding product specifications, and for choosing which competitors to position against. The customers' value requirements must be transferred into product design and production guide lines. Market targeting and positioning strategies for new and existing products guide the choice of strategies for marketing program components

Airtel:

Bharti Tele-Ventures was incorporated on July 7, 1995 as a company with limited liability under the Companies Act, for promoting telecommunications services. Bharti TeleVentures received certificate for commencement of business on January 18, 1996. The Company was initially formed as a wholly-owned subsidiary of Bharti Telecom Limited. Today Airtel is a multinational telecommunications Services Company headquartered in New Delhi, India. It is the largest cellular service provider in India, with 192.22 million subscribers as of August 2013. Airtel is the largest provider of mobile telephony and second largest provider of fixed telephony in India, and is also a provider of broadband and subscription television services.

Its services sector businesses include mobile operations in Andhra Pradesh, Chennai, Delhi, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Kolkata, Madhya Pradesh circle, Maharashtra circle, Mumbai, Punjab, Tamil Nadu and Uttar Pradesh (West) circle. In addition, it also has fixed-line operations in the states of Madhya Pradesh and Chhattisgarh, Haryana, Delhi, Karnataka and Tamil Nadu and nationwide broadband and long distance networks.

Marketing Strategies

One of the main purposes of this report is to compare the marketing strategies adopted by Airtel and its rival international counterpart Vodafone. The comparison would help us understand how both the companies have been challenging each other to gain a large sector of the market share.

Segmentation

Airtel has done their segmentation in terms of geographic and demographic

Geographic: Urban/City areas

Demographic: Middle Income earners in the age group of 20 to 28 years

Targeting

According to Airtel's chief executive officer, Airtel's main target market is the middle income level youth who are living in the city areas. (Beckett)

Successful Marketing Strategy followed

In late-2002, Bharti Cellular Ltd. (Bharti), India's biggest cell phone organization discharged a TV advertisement (TVC), which in spite of utilizing the 'oft-rehashed' VIP underwriting course was strange regarding its VIP determination. Rather than utilizing the standard motion picture stars/sports famous people, it picked one of the nation's best music writers, A.R (Rahman) to advance its image. The battle pulled in impressive media consideration since this was the first run through Rahman had consented to complete a TV ad and furthermore in light of the fact that, Rahman had been paid Rs. 10 million for the crusade, a whole generally unbelievable, for big name endorsers in India. The battle got brickbats just as bunches in the media, both for the determination of Rahman and the TVC's execution. Be that as it may, Bharti professed to have scored an expert as far as getting Rahman to create five elite ensembles downloadable as ring tones for Airtel clients.

The TVC was a piece of the brand repositioning and rebuilding endeavors for Airtel, as a major aspect of which, Bharti changed the brand's slogan in mid 2002 from 'Contact Tomorrow' to 'Live Every Moment.' The organization likewise chose to attempt a far reaching brand building program for the organization and picked the trademark 'Boundless Freedom' for the equivalent. Remarking on these changes, organization sources stated, "Airtel's image personality and crusade will currently have another more youthful and global look and feel that expands on the prior situating."

2.0 LITERATURE REVIEW:

Blythe (1998) asserts that marketing requires objective setting, marketing audit and tactical planning which should be built within the organization's overall strategic plan. This includes a mission statement which states the main business of the organization, shared values, culture and beliefs and attitudes of the organization. The organization has to breakdown its mission into specific goals and objectives which the organization sets out to achieve.

Drucker (1973) echoes the same as he puts it: "marketing is so basic that it cannot be considered a separate function on a par with others such as manufacturing or personnel. It is first, a dimension of the entire business. It is the whole business seen from the point of view of final results, that is, from the customer's point of view."

Lamb et al. (2008) identify three categories that are more applicable. These are revenue oriented pricing which focuses on maximizing the supply of income over cost; operations oriented pricing which seeks to match supply and demand by varying prices, and lastly

patronage oriented pricing which tries to maximize customers using the service. This pricing varies with different market segments, ability to pay and method of payment.

3.0 METHODOLOGY:

The type of study adopted for this research is mainly exploratory. Defines exploratory research as, “a research design in which the major emphasis is on gaining ideas and insights; it is particularly helpful in breaking broad, vague problem into smaller, more precise sub-problem statements.” This study mainly uses qualitative research approaches. However descriptive and explanatory approaches have also been used in considerable depth.

For a study of this nature, it is inevitable not to use observational method of data collection especially by considering the aspect of physical evidence that is also crucial in as far as marketing of services is concerned. Observation approach was key in determining the visibility strategies of the two networks.

TYPE OF DATA

This research has used both qualitative and quantitative types of data. When data is presented according to some attributes (distinct categories) which are not capable of measurement, it is known as qualitative data. Quantitative data is usually measurable and in number form. This data can further be categorised according to their sources namely primary data and secondary data. These are described in the following passages.

SECONDARY DATA

Secondary data refers to data collected for purposes other than the specific research needs at hand. The following are sources from which secondary data for this research was obtained among others:

- Annual reports of Airtel
- Malawi Communication Regulatory Authority (MACRA) reports
- Marketing plans and reports of Airtel
- Telecommunication International Union (ITU) data and reports
- Newspaper and magazines
- Several internet sources including websites of the companies and their related stakeholders.

Method Of Data Collection

Primary data for the research was collected using two main methods. The first method was through in-depth face- to-face interviews involving open ended questions. This form of interviews is also called Unstructured Direct Interviews. Guiding questions were used for the interviews. Refer to appendix 1. The purpose of this type of interview was to get in-depth

information about the companies’ marketing strategies and how they have transformed over the years with emphasis on the past five years. The information on the impact of marketing strategies on the performance of the two telecommunication companies was also realized.

4.0 RESULTS:

This section is about the discussion of finding of the study. The presentation involves descriptive statistics where graphs and tables have been used. The chapter used information obtained through the use of questionnaires answered by Airtel subscribers. The information obtained relates to the customer’s perception and response to marketing strategies of the Airtel mobile company. The other sources of data used include interviews conducted with the Marketing Manager for Airtel annual reports and other secondary sources.

PHONE USAGE:

A presentation is made in this section about information related to the use of mobile phone service for Airtel subscribers. Figure 1 below is about how long subscribers have been with their networks.

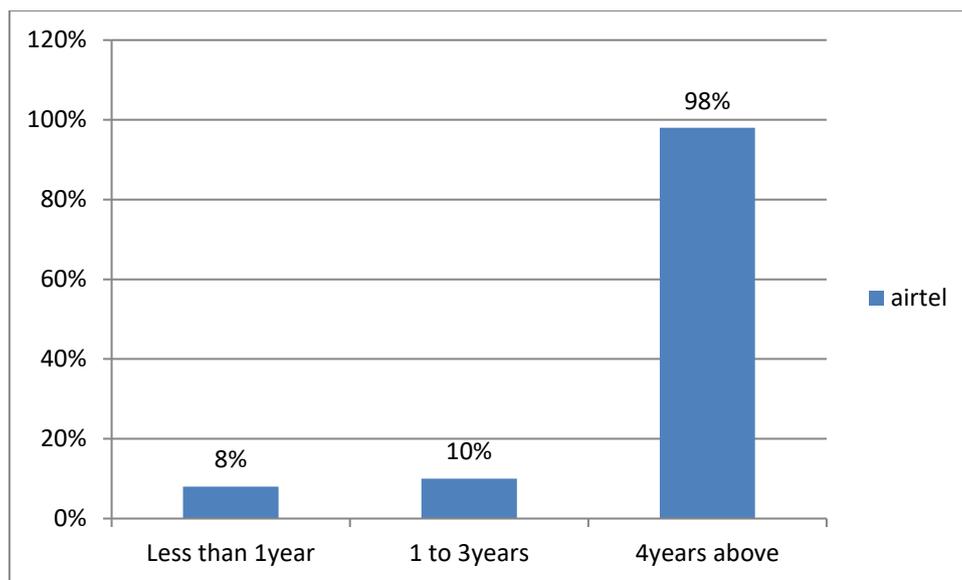


Figure 1: How long respondents have been with their network

Figure 1 illustrates how long respondents have been with the network. The results show that majority of the subscribers of Airtel (92.9) have been with the network for more than 4 years. The remaining 7.1% of Airtel have been with their networks for less than one year and 1 to 3 years respectively.

On average, subscriber of the two networks spend equal amount of money per month on air time which ranges between K2001 to K5000 (US\$15). Figure 2 below depicts reason for choosing the network

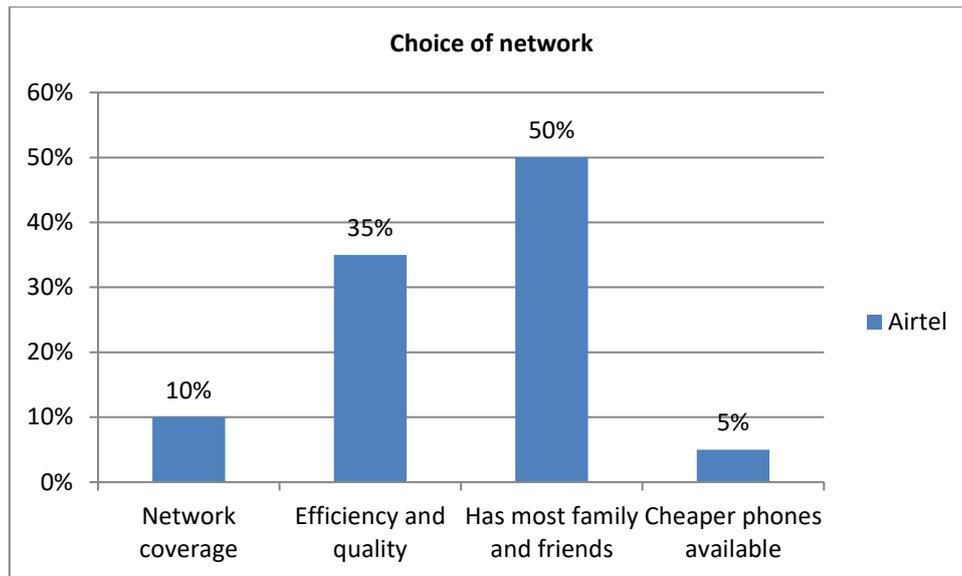


Figure 2: Choice of Network

Figure above depicts reasons why the respondents chose to subscribe with their networks. The results show that 50% of Airtel subscribers chose their networks because most of their family members and friends were in these networks. A total subscribers chose it because of the efficiency and quality of its network against 23.8% of Airtel. Airtel had a larger percentage of subscribers (19.1%) against 7.1% of that chose the network because of availability of network coverage. This means that Airtel was the first to come to most areas. An equal number of subscribers (7.1%) each chose the network due to availability of cheaper phones.

PROMOTION STRATEGIES

The product or service must be communicated to prospective buyers and users. This is the role of promotion in the overall marketing strategy - communication with the market to stimulate demand for the company’s products or services. Advertising and sales promotions are critical elements of the promotion mix in Malawi telecommunication industry. All respondents have ever heard about promotions conducted by their networks. The figure below shows the sources of information for the promotions.

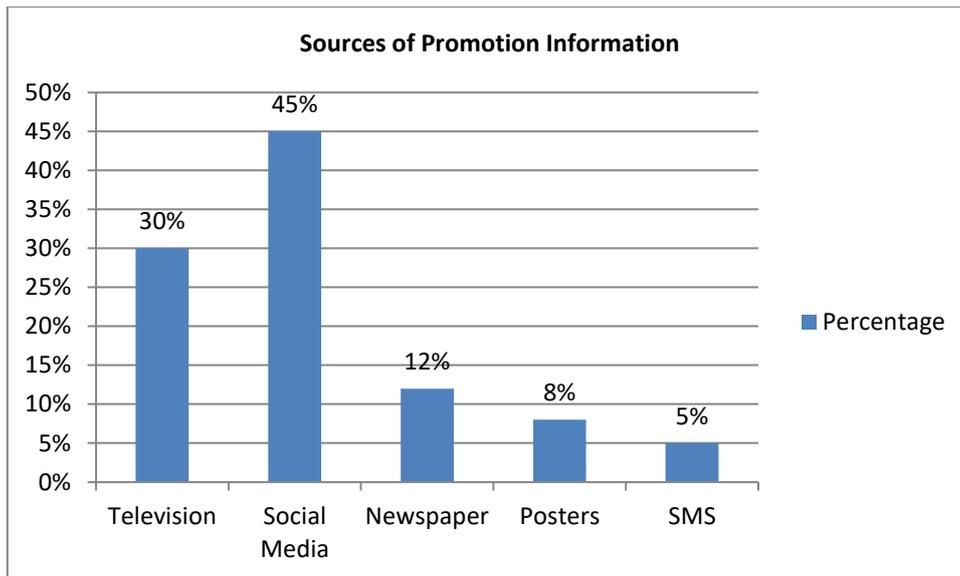


Figure 3: Media for Promotions

Figure 3 above depicts sources of information for promotions. Most people hear about promotions on Social Media (45%), television (30%), newspapers (12%), Posters (8%) and. Only 5% of subscribers get their information from SMS. Airtel carry out heavy advertising through these media. Coming of Airtel (Celtel) which entered the market with aggressive promotions. All the respondents have ever entered a promotional competition. The purpose is to stimulate product and services usage. It is also a way of maximizing revenue for the company and paying back to the community which has made Airtel a success. Huge prizes are given usually cars and cash.

The table below portrays how much subscribers spend during promotions.

Table 1: Money spent on Airtime during promotion

Variable	AIRTEL	
	No	%
Below K5000	24	57.1
K5001-K10 000	6	14.2
K10 001-K15 000	9	21.4
K15 001-K 20 000	3	7.1

From table 1 it can be seen that half of the subscribers from both networks still spend less than K5000 a month during promotions. However, there is general increase in expenditure with an average expenditure of K6000 per month in both networks which is slightly higher than the average expenditure where there is no promotion (K5000).

Table 2 below portrays customers' perception as regards their networks' products and services.

Variable	Opinion of Respondents	AIRTEL	
		No	%
My network is usually first to bring new products	Strongly agree	6	14.2
	Agree	14	33.3
	Disagree	19	45.2
	Strongly disagree	3	7.1
My network's products are relevant to modern envt	Strongly agree	3	7.1
	Agree	30	71.4
	Disagree	6	14.2
	Strongly disagree	3	7.1
My net's success is due to being first product mover	Strongly agree	9	21.4
	Agree	21	50.0
	Disagree	9	21.4
	Strongly disagree	3	7.1
Products and services are simple to use	Agree	18	42.8
	Disagree	24	57.2

The results from table 2 indicate that a total of a total of 47.5% agree or strongly agree that Airtel is the first to do that. The subscribers of Airtel (78.5%) agree and strongly agree that the services rendered by both networks are relevant to the modern environment. A total of 71.4% of Airtel Agree and strongly agree that their network has grown faster because it is the first to bring new products and services on the market.

5.0 CONCLUSION

The study aimed at assessing the role of marketing strategies in the performance of telecommunication companies through a comparative study of Airtel. The specific objectives of the research were: to understand the corporate strategies and focus of Airtel. Marketing strategies of Airtel; to assess customer's response to the implementation of marketing

strategies and to assess the impact of marketing strategies on the performance of Airtel. Airtel entered the market with growth strategy aimed at growing customer base and revenue. Its market differentiation strategy through product innovation such as bringing pre-paid services that appealed to the majority of low income populace was critical for its establishment on the market. Airtel has established itself as a leader in product innovation especially to gain first mover advantage. Airtel has managed to explore more of the growth strategies such as market penetration, new product development, market development and currently diversification. However, strategically, the results indicate that Airtel has not been versatile. It does the very same things all the time. Airtel strategies are rarely changed. This makes the company to be very predictable and vulnerable to competitors as already observed in literature review. This may negatively affect the company in the near future. Airtel focus on the youth as their target market.

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