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PROMOTIONAL PRACTICES OF TELECOM COMPANIES IN INDIA

Kavita sharma (Asst. Professor USB)

Chandigarh university gharuan mohali Panjab

ABSTRACT:

Objective: This paper has been attempted to examine the promotional practices of telecom companies in India.

Methods/statistical analysis: Primary data has been used to achieve the objectives of the paper. The study has utilized a sample of 20 marketing managers of each selected telecom companies. ANOVA has been applied in testing the Null Hypothesis, if the selected companies vary significantly with regard to their promotional practices.

Findings: For the survey of managers, the sample has been taken from top five telecom companies in India viz. Airtel, Reliance, Vodafone, BSNL and Idea. Promotional objectives revealed that creating awareness and increasing turnover were the prime motto of selected telecom companies, but they have divergent views regarding neutralizing competitors' advertisement effectiveness to promote their respective products and disseminate the timely information.

Application/improvements: The study has revealed numerous points about promotional practices of telecom companies in India. This will help in improving the effectiveness of the promotional strategies for the telecom companies.

Keywords: Promotion, Marketing, Telecom companies, promotional practices

INTRODUCTION

Telecom Industry is one of the youngest industries of India. However, inspite of being young it has attained rather inevitable heights since its inception in mid 1990's. There is an exponential growth taking place in Indian telecom sector, old marketing practices are becoming out of context. Changing paradigms are putting every telecom player under tremendous pressure to outperform competition and strive hard to come up to customer's expectation level. As customer's behavior, need and preferences and expectations have undergone a sea change. The stiff competition in the cellular industry has forced the telecom companies to adopt innovative and creative market practices to survive. It has become very difficult to attract, retain and delight the users of different telecom companies on a sustainable level. The present competitive market

scenario have a strong bearing on wide and varying customer buying behavior and expectations from their existing mobile telecom service providers as they have become more concerned about the value for money. Effective marketing practices through appropriate marketing mix elements, creation of unique and idiosyncratic positive image in the mind of the customers is a must, in order to long run endurance.

The telecom services have been recognized the world-over as an important tool for socio-economic development for a nation and hence telecom infrastructure is treated as one of the crucial factors to realize the socio-economic objectives in India. Accordingly, the development of telecom is treated as formulating developmental policies for the accelerated growth of the telecommunication services. The Government of India recognizes that provision of world-class telecommunications infrastructure and information is the key to rapid economic and social development of the country (Panandikar and Rajput).

The Indian telecommunication industry is fast transitioning from a growth phase to a maturity phase of the industry lifecycle and the competition is getting tougher for the players in the field. The industry has become fragmented and highly competitive over the past few years. There are many players who strive to gain competitive edge in the market (Unnikrishnan& Johnson). The telecommunication sector, especially the mobile phone sector, in India is one of the fastest growing business segments of the country which provide a lot of value addition to the society with its service and creation of employment opportunities. Mobile phone industry is growing larger because it has become a necessity. This ultimately increases potential buyers and increases market size worldwide. The competitive environment in mobile phone industry is growing larger because it has become intense. Moreover, the forces of liberalization and globalization of telecommunication market have pressurized the companies to maintain their market share by focusing on retaining their current customers. They are being increasingly confronted with the challenges to attract their subscribers by providing high quality services. With the increase in the cost of acquisition of new customers, cellular mobile companies continually seek new ways to acquire, retain and increase their subscriber base. Thus, the ability to retain existing customer is increasingly crucial for the industry and this is possible only by providing quality services to the customers (Khan &Manthiri).

REVIEW OF LITRATURE

Chandon, et al (2000) examined ‘A Benefit Congruency Framework of Sales Promotion Effectiveness’ indicated that sales promotion may be attractive to highly promotion prone consumers for the reasons beyond price savings. These highly promotion prone consumers may switch over to new brands to receive “special” deals that reflect and reinforce their smart shopper self-perception. They concluded that highly prone consumers might try a new product that has promotion and the magnitude of planned distribution and promotion expenditures (advertisement, sales promotions, sales force and so on) could affect initial trial of the brand.

Gremler, Gwinnner et al (2001) conducted a study ‘Generating Positive Word of Mouth Communication Through Customers Employee Relationship’ have used four dimensions of interpersonal bonds, viz. trust, care, rapport and familiarity and found that as a customer’s trust increases in a specific employee or employees positives word of mouth (WOM) communication about the organization also increases. Such a trust is a consequence of three other interpersonal relationship dimensions. A personal connection between employees and customer care display by employees enhance familiarity with customers.

Marwaha (2004) described ‘Marketing Strategies of cellular operators in Punjab and Chandigarh’. The study has been made for finding the marketing strategy adopted by the cellular companies in Punjab and Chandigarh region, with the help of survey method, the study was conducted. It was concluded that there is impact of marketing strategy on the customer of cellular operators.

Kanchan, Prateek (2004) highlighted ‘Marketing Efforts of Mobile Service Providers: Coming of Age’, have examined short message service as a market research tool. Their result showed that more than 60% of respondents found permission based SMS advertisement to be very acceptable. Airtel highlighted the Brand Ambassadorship used in mobile marketing. But the study suggested that it would be more appropriate for the companies to show ordinary people using a mobile connection and saying good words related to its use and comfort aspects.

Chandiran P. (2005) described the PLC and promotional strategies in telecom industry by the players. The study showed that there was drastic change in advertisement, sales promotional, personal selling followed by the telecom service provides. But now services providers are concentrating over crashing cellular rates and an emotional connection with customers through

advertisement. Sales promotion had been also shifted towards airtime, tariffs and the variety of schemes and plans.

Makkar (2005) in her study ‘Advertisement Effectiveness through Message strategies: A case study of Airtel’ has assessed the positioning strategies of cellular brand ‘Airtel’. The author has appreciated the positioning strategies of brand which have been instrumental in the acceptability of Airtel by customers. The brand has its positioning statements for all possible segments such as youth, women and senior citizens so on.

B.Kalpana (2006) ‘Promotional Strategies of Cellular Service: A Customer Perspective’ studied the customer awareness about promotional tools and customer and Idea’s, opinion and preferences about promotional tools.

OBJECTIVES OF THE STUDY

1. To identify the promotional practices of telecom companies in India and
2. To determine the promotional objectives of telecom companies.

DATA COLLECTION

The researcher has utilized Field (Primary) data to accomplish the objectives of the study. Field data has been collected through well structured and pre tested questionnaires addressed to marketing managers.

SAMPLING PLAN AND SAMPLE SIZE

The sample of the study is based upon the initial pilot study. Sampling technique is convenience. The study has utilized a sample of 20 marketing managers of each selected telecom companies respectively (Total 100).

RESULTS AND DISCUSSIONS

Marketing communication also known as the 4 ‘p’ in marketing management is one of the vital factors and needs proper attention. Promotion/ marketing communication are the means by which firms attempt to inform, persuade and remind consumers-directly or indirectly about the product or services that they sell. To create awareness about the product /services of the

company should use effective promotion mix. While designing marketing strategy communication perhaps attain maximum attention. With an efficient promotional communication system consumers can be told or shown how and why the product/service is used by what kind of person and what company and brand stands for. Ideally any promotional endeavor should give a competitive edge to company over its competitors. The same will be possible if organization is keeping a right blend of promotion mix, is able to disseminate the information timely and motivates the customers to buy the product/ service. In case of business organization, the most visible part to customers is the promotion carried out by the company and the same hold good for the Telecom sector too. In fact in today's fiercely competitive scenario, a company has to effectively use modern tools of promotion for effective realization of their returns.

Promotional Objectives:

The goals set by a business while promoting its products or services to potential consumers that should be achieved within a given time frame. A company's marketing objectives for a particular product/service might include increasing product awareness among potential customers, introducing new schemes, neutralizing the competitor's advertisement and so on. So also is true in case of telecom sector also. Here table 1 deals with the issue related to promotional objectives of selected telecom companies.

Table: 1 Promotional Objectives

Objectives	Vodafone	Reliance	Airtel	Idea	BSNL	Total	F value	Sig.
Neutralizing competitors advertisement effect (Mean)	4.35	4.15	4.40	4.70	3.80	4.28	3.948**	.005
S.D.	.489	.812	.680	.571	1.056	.792		
Creating Awareness (Mean)	4.50	4.35	4.50	4.70	4.55	4.52	1.008	.408
S.D.	.688	.489	.606	.470	.510	.559		
Increasing Turnover(Mean)	4.70	4.70	4.50	4.75	4.45	4.62	1.152	.337
S.D.	.732	.470	.512	.444	.604	.564		
Targeting new market area (Mean)	3.55	3.60	3.75	3.60	3.80	3.66	.451	.771
S.D.	.680	.681	.711	.681	.690	.711		

** P<.01 significant at 1%

As clear from the table that Idea executives are high in favour of promotional objective of neutralizing competitor's advertisement effectiveness. They focus on high and innovative promotional methods to create awareness about their schemes. The other companies namely Airtel, Vodafone and Reliance also feel like neutralizing competitor's advertisement as an important promotional objective. Mean while the executives of BSNL have given lower score to their organization on this front. The selected organizations differ significantly to each other on this front as is clear from ANOVA.

Managers of selected companies are considering creating awareness among target customers as an important promotional objective. As the mean score obtained is in excess of 4 which is fairly high by any standard. Idea, BSNL, Airtel and Vodafone have been rated as higher in agreement with the objective. Reliance have slightly low mean scores. The selected companies do not differ significantly to each other on this aspect as is evident by ANOVA.

Respondents are higher in agreement with increasing turnover as a promotional objective. The mean scores given by them varied between 4.45 to 4.75. By promoting their services they want to attract additional customer traffic and it will enhance their sales as well as profitability. Quite expected the selected companies do not differ significantly in this aspect.

The examination of Table suggests that managers of the selected telecom companies have given a good rating to their organization in term of targeting new market areas as their promotional objective. The mean score given by them varied between 3.55 to 3.80. By promoting their product/ services they want to tap the untapped area of the market. The selected companies do not differ significantly to each other on this front.

Hence the upshot of the study concluded that all the respondents have convergent views regarding creating awareness, increasing turnover and targeting new market areas as their promotional objectives but they have different views regarding neutralizing competitor's advertisement effectiveness as a promotional objective.

Promotional Tools:

The marketing communication mix is potentially extensive, e.g. including "non personal " elements such as ; advertising, sales promotion events, direct marketing, public relations,

packaging, trade shows, as well as personal selling,(P.W.Farris and J.A.Quelch,Chilton,1983). Advertising is limited in its ability to actually close to the sales and make a transaction happen; sales promotions may be an effective device to complement the favorable attitude development for which advertising is appropriate,(D.A.aaler, R.batra, and J.G.Myers, Englewood cliffs,1992). A sales promotion includes offers such as samples, coupons, and contests. These are usually most effective when used as a short term inducement to generate action. The three major types of sales promotions are consumer promotions, trade promotions, retail promotions, (R.C.Blattberg andS.A.Neslin, Englewood 1990). In order to bring out the relative importance of various promotional tools the summery of responses along with ANOVA results are presented in table 2.

Table: 2 Promotional Tools

Promotional Tools	Vodafone	Reliance	Airtel	Idea	BSNL	Total	F value	Sig.
Advertisement (Mean)	4.50	4.30	4.60	5.00	4.00	4.48	4.198**	.004
S.D.	1.234	.732	.820	.000	.725	.858		
Personal Selling (Mean)	4.20	4.90	4.35	4.90	3.95	4.46	7.150**	.000
S.D.	.951	.308	.875	.308	.826	.797		
Sales Promotion (Mean)	3.85	4.40	4.15	4.05	3.75	4.13	5.060**	.001
S.D.	.745	.503	.745	.607	.639	.706		
Direct Marketing (Mean)	3.30	3.85	3.95	4.25	3.95	3.86	3.920**	.005
S.D.	.657	.812	.826	.639	.945	.829		
Public Relations (Mean)	3.20	3.50	3.95	3.75	4.20	3.72	6.495**	.000
S.D.	.616	.761	.686	.639	.696	.753		
Publicity (Mean)	3.30	3.60	3.80	4.70	3.65	381	12.409*	.000
S.D.	.801	.681	.523	.571	.745	.813		

** P<.01 significant at 1%

Table 2 refers to the various tools of promotion perceived by the respondents of selected companies. As per the analysis, the highest mean score(5.00) is found in case of Idea which indicates that they perceive that their company is using advertising as an effective promotional tool up to the full satisfaction/expectation. In case of Airtel, Vodafone and Reliance the mean scores were also found to be tending towards great extent. However they were comparatively

lower than Idea. The mean score of BSNL (4.00) is comparatively low. Here the perception regarding advertising is fairly acceptable. But there is scope of further improvement for BSNL as they are lacking behind in comparison to their competitors. Differences between mean scores of 5 companies were statistically significant as indicated by value F (where $F = 4.198$, $P < .01$).

Another important component of promotional tools was taken as personal selling. Company wise mean scores for this component are presented in table. The mean scores and so also standard deviation in respect of Reliance and Idea were of the same standard and quite near to approaching 5 where as the Airtel, Vodafone were quite satisfactory compared to BSNL which was at the least level of personal selling. The significance of the difference between mean scores of different companies as tested by F value revealed a highly significant difference with $F = 7.15$, $P < .01$.

A perusal of table indicated that the sales promotion tool was having comparatively low mean scores than Advertisement and Personal selling, there by attaching lower importance or weightage to sales promotion. The intra group comparison suggested that reliance company has an edge over other companies with regard to mean scores (4.40) followed by Airtel (4.15), Idea (4.05), Vodafone (3.80) and least for BSNL (3.75). The analysis of variance (ANOVA) suggested a highly significant difference between all the companies with $F = 5.060$, $P < .01$.

Further analysis of the data generated on promotional tools suggested that the component is tending towards further decline in mean scores response compared to other three described above. It clearly indicated that direct marketing as perceived by the respondents is not found to be much acceptable tool of promotion. However, it is not so bad also as all the scores are well above neutral point of 3.0. An intra comparison of mean scores suggested that there is significant difference between different companies with $F = 3.92$, $P < .01$.

A vertical comparison of promotional tools has revealed that mean scores for all the companies are tending downwards for all the companies. This tool has not found much satisfactory identity as is evident from the further analysis of data with mean and standard deviation of scores except Idea; all other companies are having mean scores much below then 4.0. The overall mean scores also only 3.72 for all the companies. There was significant difference between all the companies

with $F= 6.495$, $P<.01$. The study indicated that there is a need to strengthen, public relation for further improvement in sales promotion.

Publicity is considered as one of the powerful tool of promotion for any organization. Now a days a large number of modes of publicity are available. In the present study related to Telecom Sector, the respondents answered on a five point scale regarding its publicity aspect of their respective organization and its mean scores indicated that Idea is on the top of application of publicity tool of promotion with mean score of 4.7 quite near to 5.00 and emerged as highly satisfactory company. On the other hand, mean scores for other companies were below 4.00, but above the neutral point of 3. The significance of the difference between mean scores of different companies tested by ANOVA, suggested a highly significant difference with $F= 12.4$, $P<.01$. The study indicated that there is further scope of enhancing publicity in all the companies.

The foregoing analysis pertaining to promotional tools, indicated that overall mean scores for Advertisement were highest followed by personal selling, sales promotion, direct marketing, publicity and lastly public relations. The last three tools have shown that there is ample scope for promotion to all the companies as perceived by the sample respondents under the study.

Promotional Budget Determination Methods:

Promotional budget is a specific amount of money alleviated to promote a company's product/services. Such budget is created to anticipate the essential cost associated with growing a business. The budget may so set according to percentage of sales method, affordable method, objective and task method as well as competitive parity method.

Table: 3 Promotional Budget Determination Methods

Methods	Vodafone	Reliance	Airtel	Idea	BSNL	Total	F value	Sig.
% of Sales Method (Mean)	4.00	3.30	4.25	4.45	3.80	3.96	8.879* *	.000
S.D.	.562	.865	.550	.510	.768	.764		
Affordable Method (Mean)	2.20	2.55	2.40	2.35	3.00	2.50	10.015** **	.000
S.D.	.834	.605	.681	.587	.562	.772		
Objective and Task Method (Mean)	3.10	3.25	3.10	3.05	4.00	3.30	3.953* *	.005
S.D.	.788	.967	1.071	.605	.973	.948		
Competitive Parity	2.25	2.15	2.10	2.35	2.40	2.25	.370	.829

Method (Mean)								
S.D.	.910	.812	.967	.587	1.273	.925		

** p<.01 significant at 1%

The analysis of data reveals that among the method of promotion budget determination for percentage of sales method the mean scores ranged between 3.3 to 4.45 indicates the method which is used maximum by all the selected companies. The F value also reveals that the responses do not differ significantly in case of companies understudy.

Likewise for Affordable method the mean scores obtained varied between 2.20 to 3.00, meaning there by this method is having poor importance in telecom sector. There is significant difference found in the mean scores obtained in this regard ($P<.01$).

Whereas for Objective and task method, the mean score are greater than 3.00 but less than 4.00 in each case, which is quite acceptable level of rating. There is significant difference is found in the mean scores obtained ($F= 3.953$, $P<.01$).

In case of Competitive parity method mean scores are below average. There is no significant difference found in the mean scores. This method has not gained much favour for the companies. In the nutshell, it could be concluded that there are divergent views in various promotional methods as per indication by the response of various sampling units understudy.

CONCLUSION

The study has revealed numerous points about promotional practices of telecom companies in India. First Marketing personnel's view point regarding the promotional objectives revealed that creating awareness and increasing turnover were the prime motto of selected telecom companies, but they have divergent views regarding neutralizing competitors' advertisement effectiveness to promote their respective products and disseminate the timely information.

Second the selected companies have been found to be relying profoundly on various promotional tools to persuade their customers. Comparatively monitoring, advertising and personal selling have emerged as the most popular promotional tools amongst all others. Idea seeks to give information about new offering through advertisement, direct marketing and publicity. Company is perhaps more innovative in designing new offerings. Other selected companies also look towards creating publicity, direct marketing and public relations to boost their credibility, but to a comparatively declining order. On the other hand the private companies have kept personal

selling as their 2nd choice to promote their services, whereas BSNL was relying more on public relations to create awareness among users. Reliance was the only telecom company considering sales promotion as an effective tool of promotion, to attract additional customer traffic.

3rd As far as the promotional budget determination method was concerned, the managers of Vodafone, Airtel and Idea scored highly for 'percentage of sales method' and 'objective and task method' for BSNL and Reliance. Affordable and competitive parity methods got below average scores and were not found to have much popularity.

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