

MARKETING STRATEGIES OF INDIAN TELECOM SERVICE PROVIDERS: A CONCISE LITERATURE REVIEW

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Abstract: *Beware of little expenses. A small leak will sink a great ship. - Benjamin Franklin.* A reasonably good strategy leads to the building of strong and profitable business. A business owner must spend his money wisely to create the highest return on investment. The quote above explains that a firm must strategise to prevent losses and maximise benefits by reaching its target market.

With this backdrop the paper intends to review the literature where researchers have studied marketing strategies adopted by Telecom Service Providers in different countries. A concise overview of literature relating to the successful marketing strategies of Indian TSPs such as Airtel, Vodafone, etc is undertaken. It digs into the marketing issues and experiences from other countries. Research reported at regional level is rather limited, but hasits significant contribution in this paper. An attempt has been made to understand the marketing strategies of telecom players by investigating various areas that have been covered in the published works. It has been observed that a wide range of work relates to this field. Some of those areas have been highlighted in this paper. It provides a literature summary for the aspiring researchers into Indian Telecom Sector and identifies opportunities for future research.

Keywords: Indian Telecom Industry, Marketing Strategies, Strategy, Telecom Service Providers.

Introduction: Telecommunications is the exchange of information over significant distances by electrical and electronic means. As commonly called Telecom, it includes all types of voice, data and video transmission through telephone, television, radio, wireless network, computer network or other means. Traditionally, the term Telecommunications indicated to telephone service only. Telecom has taken every part of the world into its storm of fastest communication, technological advancements and highest speed of data services ever. Customer demand for mobile data has reached new heights. Consequently, telecom players are looking up for further investment in network infrastructure in 2016. In Asia around 3.6 billion people use mobile phones. There is already rapid advancement in its exploiting of mobile data/wireless broadband services. India is currently the second-largest telecommunication market and has the third highest number of internet users in the world¹

In the severely competitive environment, a carefully planned strategy is the key to success for the entire top performing telecom players. There is a need of effective research to identify what attracts customers and what is feasible for a service provider. The best suitable strategy for a specific product can be formulated upon the proper understanding of various

factors that have impact on decision making. The effective research cannot be accomplished without critically studying what already exists in the form of general literature and specific studies. In this paper, the literature survey has been classified into two parts - studies related to growth and developments in telecom sector in India and studies related to marketing strategies of telecom players.

Studies Related to Growth and Developments in Indian Telecom Sector: National Telecom Policy (2012)² projected a target of 175 million broadband connections by the year 2017 and achieve 600 million by the year 2020 with higher speeds of at least 100 Mbps on demand to these connections. It also targets to increase rural teledensity in India from 39% to 70% by the year 2017 and achieve 100% by the year 2020. NTP-2012 envisions achieving this target by providing 'Broadband on Demand'. The number of telephone connections at the end of February 2012 was 943 million, as compared to 41 million at the end of December 2001. This achievement has a major contribution from private sector accounting for 88 % of the total telephone connections.

According to the Press Release dated **January 26th, 2016 of TELECOM REGULATORY AUTHORITY OF INDIA (TRAI)**³, highlights of telecom subscription data are as follows:

PARTICULARS	Total (Wireless + Wireline) Subscribers
TOTAL TELEPHONE SUBSCRIBERS	1035.18 Million
Urban Telephone subscribers	598.92 Million
Rural Telephone subscribers	436.26 Million
Overall Teledensity	81.82%

Data source: TRAI Press Release No. 06/2016

TRAI also indicates an increase in Mobile Number Portability (MNP) requests. In the month of November 2015 alone there was request from a total of 5.19 million subscribers for MNP. Among all the requests received, maximum came from Rajasthan (about 16.98 million) in MNP Zone- I (North

&western India) and Karnataka (about 21.59 million) from MNP Zone-II (Southern and Eastern India). This report also shared statistics of broadband users at the end of November 2015. Top five telecom service providers held the market share of 83.59%. Individual Market share in the table below:

S.no	Telecom Service Provider	Subscriber base (Million)	Broadband Market share (%)
1.	BhartiAirtel	30.68	23.33
2.	Vodafone	25.53	19.42
3.	Idea Cellular	21.25	16.16
4.	BSNL	19.87	15.11
5.	Reliance Communications	12.59	9.57
6.	Others	21.57	16.41

Data from TRAI Press Release No. 06/2016

Launch of **Reliance JioInfocom** has showed its deep impact on other telecom service providers already. Market experts are foreseeing a cut in tariff of voice and data services by major TSP as a result of extremely low tariff offered by Reliance Jio on its 4th generation services⁴.

Studies Related to Marketing Strategy in Telecom Sector: R. Kulkarni, P. Angadi, S. Doddagoudrav (2016)⁵emphasize on sentimental factors playing significant roles in making a buying-decision. According to their study on 'Anthropological Marketing Strategies by Indian Telecom Operators' the telecom market is characterized by relationship-oriented decision making. Thus, the Indian telecom operators design their Products, packages and Promotional Campaigns, such that they influence the sentimental factors in decision making. In this study some of the most popular schemes strategically launched by telecom players is analysed. For instance, friends and family offers, Closed User Group (CUG) schemes, relationship based marketing communications offering free night calls, Free messaging services such as Whatsapp, other messenger services etc, if the subscriber is using their pre or post paid services.

Sabu V.G (2015)⁶emphasise on advancements of telecommunication services in Kerala. He pointed out that basic essentials of a product are its core functional benefits and stressed on maintaining high quality in customer support and services in order to lift the product. The study explains that core benefits requirement of a telecom product are different for different market segments. Therefore, telecom companies should position their product as per the specific target segment. Referring to price strategy, he mentioned about price war during mid 2000 in Kerala when multiple telecom players were competing to attract customers. In that period a variety of tariff plans, Special Tariff Voucher (STV), free SMS & calls packages, low cost access to internet etc were

launched by different players. Place (Distribution) strategy has its own impact on customer's buying decision. Private players intensively distributed their products at all outlet to reach target customers while public sector player BSNL had exclusive outlet only for its products. Promotion strategies include a mix of sales tools. Prominent amongst all methods were direct calling to the customers to promote offers and free trials of service. Utilising internet for effective marketing is a touch point for internet savvy customers.

Oloko, Anene, Kiara, Kathambi, Mutulu (2015)⁷highlighted that no channel is irrelevant when it comes to customer and market. They discussed marketing strategies of Safaricom Ltd. which gave it a remarkable growth in market share and profit in Kenya and East African Region.They studied strategies ranging from Product creation, Price, brand alliance etc to auditory marketing, content localisation and content and structure. Their study deduced that Safaricom uses different methods to promote its services and products to its customers. To enhance a company's performance, capturing new markets and retaining existing ones marketing plays a crucial role.

Vijayendra and Ramchandra (2013)⁸investigated the challenges of marketing of goods and services by BSNL, an Indian Government Corporate. They explain that despite of having large potential network and distribution of BSNL, the marketing skills and communication abilities are less equipped and needs to be drastically improved. It has an edge over private players due to the backing of Government. It can reach to remote village areas and capture landline, mobile and internet service market. However, private players are slowly but steadily penetrating this market to take away the piece of pie from BSNL. There is an urgent need of effective new brand building strategy and image to save its presence. Its monopoly in landline market is being threatened by entry of players like Airtel and Reliance.

Wang and Kishore⁹ based their research on Porter's five forces theory and compared China and India's telecommunication market strategies. They compared basic strategies as well as corporate strategies. Their study revealed that Indian telecommunication market took niche market very seriously in comparison to China. A major reason for difference in marketing strategies of both countries is the different government policies. Comparison of micro environment reveals that Indian telecom industry is more competitive and dependent on foreign suppliers. Both industries have same types of customers but China has an edge of international customers. Chinese telecom Industry has only few players. Therefore, they handle their marketing and sales on their own. Whereas Indian industry has large number of private players so the focus is on growth and marketing and sales are dependent on intermediaries. Macro environment comparison reveals that China is ahead of Indian industry due to faster technological advancements and stable political system along with suitable culture for economic growth.

Bhandari and Kaur (September 2013)¹⁰ attempted to explore the factors and marketing strategies of telecom companies in India in their study that influence the satisfaction levels of customers. Their study is based on telecom users in Chandigarh, Mohali and Panchkula cities. They took service quality, price, brand image, value offered, switching cost, and customer loyalty as factors to predict satisfaction of customers. Results of their research reveal that customer satisfaction is enhanced by positive marketing strategies.

Aithal and Mukhopadhyay¹¹ analyse marketing issues in India and experiences gained from other countries in their study. It attempts to understand why telecom players have not been able to make effective entry in rural market. A major challenge faced by telecom players in rural markets is slow and spread out population. In addition, rural people have low purchasing power making it a difficult market to

be captured. Study creates a base with Bottom of pyramid marketing strategies and 4A's Model to tackle the marketing issues in rural areas and overcome the barriers. Various studies quoted in this research have revealed that rural income is affected by agricultural growth rate. When crops yield well, purchasing power and disposable income for that period increase. When yield is low, consequently disposable income is also low. Therefore, marketing strategies should be in sync with agricultural growth and monsoon. Besides, needs of rural consumer may be different from urban user. Gap between urban and rural masses can be addressed by following 4A's Model of Availability, Affordability, Acceptability & Awareness. Study has mentioned experiences from other countries such as in Bangladesh, Grameen Phone captured 63% of the mobile market, Smart Communications Inc in Philippines penetrated 30% of mobile market using air payment system. Similarly, Rural Communications, Chile showed effective govt. Leadership.

Jaimini.HDave¹² explains opportunities and limitations of Indian Telecommunication Industry. His research points out that expanding Indian economy, focus on service sector, young aged population mix, urbanization, increased incomes, Increase in telephones, wireless and broadband connections, FDI inflow etc account for opportunities. Low teledensity in rural areas, limited spectrum availability, falling Average Revenue PerUser, availability of new user connections at almost no cost. India has great potential for tremendous growth in future.

Conclusion: In the words of Steve Jobs, "Get closer than ever to your customers. So close that you tell them what they need, well before they realise it themselves". In order to maximize own profits and strengthen market position, one must focus on factors that affect customer's buying decision, purchase power and needs of customer in target segment.

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