Exploring Marketing Strategy as a Catalyst for Performance in Nigerian Telecommunication Industry

Dr. Aremu Mukaila Ayanda, Lawal Azeez Tunbosun
Dept. of Business Administration, University of Ilorin, Ilorin, Nigeria
Dept. of Business Administration, Al-Hikmah University, Ilorin, Nigeria

Abstract
The problems associated with marketing strategy have assumed multifarious dimensions with wide implications, especially for telecommunication industry in Nigeria. This has been the growing interest in marketing strategy in recent times that it has become an issue of global significance. This therefore calls for adoption of marketing strategies at different levels of marketing endeavour. The study carefully examined the relationship that exists among market strategies as adopted by Globacom Limited in the dynamic Nigerian telecommunication marketing environment. The general purpose is to portray the various marketing strategies as good elements that helps to solve problems posed by the environment and which brings about survival of the businesses. For this study, both primary and secondary data sources were employed while the use of Area sampling technique was employed due to the limitation of the study to cover all the sales offices and customers of the company spread across the country. The hypotheses were tested using simple percentages and regression analysis for measurement of the variables. The major finding of the study revealed that marketing strategies actually related with the environment which consequently increases the growth of organizations. It was concluded that marketing strategies are good tools to achieve organizational mission, goals and objectives. Hence, management must make timely and effective planning and implementation of strategies.

Keywords
Marketing Strategy, Marketing Environment, Performance, Telecommunication

I. Introduction
From time past, businesses all over the world has faced a great difficulty in getting their products acceptable or sold in the market. Until recently, producers had always found it difficult to penetrate freely into the market in such a way that prospective buyers are convinced to buy their products and stay loyal to the company’s products. However, the emergence of marketing has paved the way of success for producers and marketers globally. The genesis of marketing can be traced through the social interaction era, where human beings started interacting with one another and through the interaction created exchange process by exchanging goods for goods known as Barter System. With time passing by, stocks of goods started piling up as demand started to lag behind production. This led to the conscious efforts to push the excess produce through efficient distribution as well as persuasive selling. Hence, the emphasis was on sales management at the detriment of marketing management, this era is referred to as selling era. With the intensification of selling effort and the emergence of consumer empowerment due to better education and increase in purchasing power, consumers became choosy, refusing to buy products that do not meet their taste irrespective of the amount of personal selling or advertising that backed it up. This new behaviour of consumers led to massive product failure since consumers buy products to satisfy their needs and not because the products exist. This then made companies to identify consumer’s needs before going into production of goods capable of satisfying those needs. This era of marketing is where various market strategies were being employed to win the heart of consumers and maintain their loyalty to a particular company’s product. Producers have now focused on designing various strategies that can be used in conquering a heavily competitive market in order to have the market leadership. Hence, various marketing strategies have been used over the years (Robert, 2012).

In Nigeria, the telecommunication sector is highly competitive and telecom operators attempt to appeal and win customers through various sales promotion strategies. The Nigerian telecom industry is entering its maturity phase, with reducing average profit. With fierce competitive telecom operators must work hard to reduce cost, win new customers and retain existing ones and increase profit to ensure sustainable development of their businesses. There are four major telecommunication providers in Nigeria (MTN, GLO, AIRTEL and ETISALAT) offering Global Systems of Mobile (GSM) services with several mobile fixed wireless companies (Multi-links, Starcomms, Visafone, Zoom-mobile etc) Code Division Multiple Access (CDMA). Nigeria telecommunication industry is one of the largest in Africa with over seventy (70) million GSM users and still growing with one of the highest fixed line revenue and cumulative revenue of US$14billion as at December, 2009 (NCC, 2010). The Nigerian telecommunication industry in the past few years has witnessed stiff competition which has resulted in aggressive use of various market strategies employed by telecommunication market players to strengthen their brands by appealing to the good conscience of stakeholders. For the forward looking ones, the consistent and divergent use of these strategies has proved effective in improving their corporate image and turnover. Dominant players like MTN, GLO, ETISALAT, AIRTEL among others have been visible in the past committing substantial amount of money to the employment of various laudable marketing strategies. Others have even redefined their various promotions in order to reach the less privileged and rural members of the society who are much more in population (National Census, 2006). It is hoped that issues raised in this study will stimulate interest not only among marketers, researchers and student but also among policy makers and planners in industry and government. This study sought to investigate marketing strategies employed by telecommunication marketers as it can be compared with its effect on market dynamism. It also intends to determine the relationship that exists between marketing strategies adopted by telecommunication firms and the huge sales recorded annually by operators in the Nigerian telecommunication industry using Globacom Limited as a case study focusing on the relative performance, the importance and success of the chosen case study which was used to draw generalization on the Nigerian telecommunication market.
II. Literature Review

Although, various definitions of marketing strategy have been provided by scholars, Robson (1997) sees strategy as a pattern of resource allocation decisions made throughout an organization. This encapsulates both desired goals and beliefs about what are acceptable and most critically unacceptable means for achieving them. Strategy implies that the analysis of the market and its environment, customer buying behaviour, competitive activities and the need and capabilities of marketing intermediaries.

Marketing strategy relates to the customer groups to some how to fashion out marketing variables (marketing mix) to appeal to particular group of potential purchaser and this often refer to the concept of segmentation. The concept is based on the following propositions.

- Consumers are different
- Differences between consumers are related to differences to market behaviour
- Segment of customers can be isolated within the overall market according to such factors as their personal characteristics, their geographical location, their lifestyles, the need they seek to satisfy and their buying behaviour.

A. Market Segmentation as a Strategy

Corey (1981) explained marketing segmentation to mean the sub division of a market into subset of customers where any subset may be selected as target market to be reached with a distinct marketing mix. This implies that marketing segmentation is the process of dividing the total heterogeneous market for a product into several sub markets each of which tends to be homogenous in all significant aspect. Market segmentation is a consumer oriented philosophy that first identifies the needs of the customers within a sub-market and then satisfies those needs.

In segmenting a market, a company frequently develops a different variety of product for each segment. That is offering a unique product to different market. For instance, Globacom divides its market in terms of income group, business needs and family needs by offering its products first as post paid options and prepaid option where in prepaid (pay-as-you-go) its products come in various forms and sizes- vouchers of ₦100, 150, and cards in 200,500,750, 1000, 2000 and 5000.

After segmenting the market, an organization needs to decide how many and which ones to target. Hence, in entering its target market, a company can enter into such market with differentiated or undifferentiated marketing. For instance, Globacom for some time has served the market with the same product design, mass advertising media and mass distribution of its products. Also, the company has used in recent times a differentiated marketing in reaching a large number of customers with varying needs and purchasing power using different promotional and marketing programmes for different market.

Basis for market segmentation

The basis for segmenting the market includes:

- Geographical basis: that is dividing the market into different geographical units such as nations, regions, countries or neighbourhoods.
- Demographic basis: this divides the market into groups on the basis of variables such as age, family size, income, occupation, race, generation and social class.
- Psychological basis: includes benefit, users’ status, usage rate, occupational buyers, loyalty status, and attitude towards product.
- Meanwhile, market segmentation involves analysis of a particular market demand on the basis of its constituent parts so that set of buyers can be differentiated. Segmentation is therefore an indispensable input to market planning because it is used to formulate market objectives by which a company may define its market, determine the position of its range of product for expansion.

B. The Marketing Mix as a Strategy

The complex condition of modern business and the increase in almost all aspect of service operations has compelled the marketer of service to place emphasis on the efficient and effective method of presenting their services to their numerous customers Olujide and Aremu (2009), Morden (1993) defined marketing mix as “the combination of detailed strategies, tactics, operational policies, programmes, techniques and activities to which resources may be allocated such that the company’s marketing objectives are achieved”. Marketing practice is also a process of developing and maintaining a strategic marketing plan between the organizational goals and capacities and changing marketing opportunities, it relies on developing clear entrepreneur business enterprises objectives in order to increase the level of productivity (Aremu 2006, Aremu and Bamiduro 2012).

The marketing mix is concerned with the realities and practicalities of how marketing strategies may be turned into specific marketing mix are to move objectives and plans into reality of implementation and achievement.

Hence, marketing mix must have:

- A strategy element: this refers to the product to offer and the target market to be served).
- Planning elements: this refers to the time scales to be applied to new product development activities
- Tactical elements: this refers to the extent to which discount is to be granted, level of purchasing pricing policy with the trade.
- Operational and implementation elements: this refers to the activities that will be undertaken.
- Resources commitment: this refers to the basis at which advertising and sales promotion budgets should be constructed.
- The marketing mix may initially be described and analyzed on the basis of the 4ps of marketing, i.e product, price, place and promotion.

C. Product

Morden (1993) defined product as “something that is capable of satisfying a customer need or want”. That need or want may already exist or it may be latent that is awaiting the development of the right product to meet those needs.

The product element comprises of:

1. Product Mix

Which is the complete range of the company’s products, services and brand aimed at all of the relevant target market segments. The product mix of Globacom Limited are recharge cards, Black-berry, Alcatel phones, SIM packs, internet modems, vehicle tracking devices e.t.c

2. Product Line

This is a group of product that are closely related either because they satisfy a class of needs or are used together, are sold to the same customer group, are marketed through the same type of outlet or fall within a given price range, that is product aimed at
any one target market.

3. Product Item
This is a distinct unit within a product line that is distinguishable in size, price, package and some other attributes. The item is sometimes called a store-keeping unit, a product vibrant or sub-vibrant.

D. Price
Price is the value or sum of money at which a supplier of a product or service and a buyer agree to carry out an exchange transaction (Morden 1993). Price represents a controllable variable which earns revenue for all other variables and this distinguishes price from all other variables.

A relatively high price can be regarded as an indication of quality product which attracts some buyers particularly when it is allied to effective presentation and promotion. Price is one of the most flexible elements; it can be determined quickly unlike product features and channel commitments. Companies handle pricing in a variety of ways. In large companies, pricing is handled by division and product line managers but the top management sets general pricing objectives and policies and often approves the prices proposed by the lower level management. The determinants of prices include the market demand level, nature of competition, customer type and market segmentation, consumer behaviour towards the product, impact of channel of distribution, research and development cost and micro economic trends among others. Globacom uses intensive distribution strategy to make its product more accessible and available to consumers or buyers. As product passes through its channel of distribution, it gains added value because it becomes available to the consumer when and where it is wanted. Marketing channel decisions are among the most critical and ultimately affect all other marketing decisions. The company’s product prices often depend on whether it uses mass channel (associated with lower cost) or high quality exclusive channels. As a strategy a company may adopt intensive distribution, selective distribution or exclusive distribution of its product. A company like Globacom uses intensive distribution strategy to make its product available at the door step of the consumers. Some factors to be considered in choosing a distribution include market coverage, channel control, cost, nature of goods, company’s objectives and firm distribution policy.

E. Promotion
Kotler (2001) views promotion as including all the activities the company undertakes to communicate and promote its product to the target market. That is, a company has to set up communication and promotion programs consisting of advertising, sales promotion, public relations. He emphasized that each promotional tool or programmes has its own unique characteristics and cost. In the opinion of Morden (1993), promotional mix is the combination of marketing and promotional communication methods used to achieve the promotional objectives of the marketing mix. It includes advertising, sales promotion, public relation and publicity.

1. Advertising
Advertising has many characteristics which include public presentation, pervasiveness, amplified expressiveness and impersonality. Advertising media includes radio, television, magazines, and newspapers among others. Companies like Globacom Limited spend huge amounts of money annually to advertise for long term image building of its brand and products.

2. Sales Promotion
This is the general category of promotional activities which do not fit other groupings in the promotional mix. The objective of sales promotion may be to enhance promotion and sales of the trade and to assist the trade (distributive channel member) in promoting and selling product to the final consumer. (Morden 1993)

According to Kotler (2001) sales promotion consists of a diverse collection of incentive tools. Mostly short term designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Sales promotion includes coupon, contests, premium, consumer price-offs, e.t.c and they distinctive benefit of gaining attention and usually provide imagination that may lead the consumer to the product. They incorporate some concession, inducement or contribution that gives value to the consumer; they also include a distinctive invitation to engage in the transaction on the spot.

3. Publicity and Public Relations
Cole (1996) views publicity as “news about the organization or its product reported in the press and other media without charge to the organization. He argued that publicity usually comes under the heading of public relations, which is concerned with the mutual understanding between an organization and its public. An important aspect of public relations is to inform target customer groups about the company and help to persuade them try its product through means other than paid advertising, direct or indirect selling. (Belch and Belch 1997)

According to Kotler (2001), the appeal of public relations and publicity is based on three distinctive qualities - high credibility, ability to catch buyers off guard and dramatization. However, publicity and public relation is a wider responsibility for safeguarding and improving the relationship between the organization and relevant environmental factors such as government and the society at large. Hence, the job of public relation affairs personnel is to give the information that will promote the good image right from within the organization to the outside world. Personal selling is of crucial importance to the marketing mix. The objective of personal selling is “to make the sale” (Morden 1991)

Kotler (2002) posited that personal selling is the most effective tool at later stage of the buying process particularly in building up buyer preference, conviction and action. He emphasizes that personal selling has three distinctive qualities which includes:

(I). Personal Confrontation
It involves an immediate and interactive relationship between two or more persons.

(ii). Cultivation
It permits all kinds of relationship to spring up, ranging from a matter of fast selling relationship to deep personal friendship.

w w w . i j m b s . c o m
Personal selling makes the buyer feel under some obligation for having listened to the sales talk. Some factors affecting choice of marketing strategy has been identified to be the company’s competitive size and position in the market, company’s resources, objectives and policies; Company’s marketing strategy, target market buying behaviour and stage of product life cycle among others.

F. Analysis of Marketing Strategy on the Market Environment
According to Belch and Belch (1997), any organization that wants to exchange its product or services in the market place successfully should have a strategic marketing plan to guide the allocation of its resources. A strategic marketing plan usually evolve from an organizations overall corporate strategy and serves as a guide for specific marketing programmes and policies. Aremu (2008) posited that the environment is always seen as a major parameter in determining marketing strategy in an organization. He further stressed that it is not possible for decision maker to formulate marketing strategy for their organization in a vacuum. They need to recognize various elements of the marketing environment that influence decision making in their organization. It was also posited that Nigerian service organisation today are faced with turbulent business environment that is characterized by constant changes. To survive, companies must alter the way they are conducting business with customers, and must offer superior services in order to retain and satisfy them, because customers satisfaction yield successful business and also customer’s loyalty. (Aremu, Gbadeyan, Mejabi, 2011).

Marketing strategy is based on a situation analysis – a detailed assessment of the current marketing conditions facing the company, its product lines or its individual brands. For this situation analysis, a firm develops an understanding of the market and the various opportunities it offers, the competition and the market segments or target markets the company wishes to pursue.

Opportunity analysis
A careful analysis of the market price should lead to alternative market opportunities for existing product lines in current or new markets, new products for new markets. Market opportunities are areas where there are favourable demand trends, where the company believes customer needs and opportunities are not being satisfied and where it can compete effectively. A company usually identifies market opportunities by carefully examining the market place and noting demand trends and competition in various market segments. A market can rarely be viewed as one large homogenous group of customers, rather consists of many heterogeneous groups or segments.

Competitive – threat analysis
In developing the firm’s marketing strategies and plans for its products and services, the manager must carefully analyze the competition to be faced in the market place. Blech and Blech (1997). This may range from direct brand competition to more indirect forms of competition, such as product substitutes. At a more general level, marketers must recognize they are competing for the customer’s discretionary income, so they must understand the various ways potential customers choose to spend their money. Belch and Belch (1997) emphasize that an important aspect of marketing strategy development is the search for a competitive advantage. Ways to achieve a competitive advantage include having quality products that command a premium price, providing superior customer service, having the lowest production cost and dominating channels of distribution.

Meanwhile, companies must be concerned with the ever changing competitive environment. Competitor’s marketing programmes have a major impact on the firm’s marketing strategy, so they must be analyzed and monitored. The reactions of competitors to a company’s marketing and promotional strategy are also very important. One of the more intense competitive rivalries is the battle between MTN and Globacom. Problems encountered in implementing market strategies within the industry are:

- Unhealthy rivalry from competitors,
- Excesses and restrictions of government regulatory authorities, and
- High cost involved among others.

III. Methodology
The major sources of data for this study were through primary and secondary sources. In order to forestall lost in transit, and to ensure quick responses the researchers visited the marketing and sales personnel of Globacom limited area offices in Ilorin, Ibadan, Osogbo, Oyo and Ijebu-ode to ensure that the questionnaires were filled as required. No questionnaire was sent by post. The questionnaires were specifically designed for management, field sales staff and customers of the company who are in better position to supply correct answers. The study adopted the area sampling technique (Marshall, 1996) and administered questionnaires to all forty four (44) sales staff in the chosen locations. At the end of the exercise, out of the forty four questionnaires distributed, only thirty six (36) were returned and received which represented 82% of the respondents. The data obtained were analyzed by the use of percentage, while 300 questionnaires were administered to customers but 246 were returned and analyzed by regression analysis.

IV. Discussion of Results and Analysis
This section deals with the presentation and analysis of data collected from the field survey by means of questionnaire. For the purpose of clarity, simple percentage and regression analysis were used and the responses were presented in tabular forms.

Table 1: Analysis of Marketing Strategies (n = 36)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>24</td>
<td>66</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indifferent</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

(a) Formulating marketing strategies

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Agree</td>
<td>18</td>
<td>50</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indifferent</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

(b) Marketing strategy’s relationship with marketing environment

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Agree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indifferent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(c) Marketing strategy’s relationship with sales

...
A. Hypothesis I:

The hypotheses drawn were stated statistically using mainly regression analysis. However, the sampled customers respondents, the responses are tied on the terms of improved products and services to stakeholders. This section of the study analyses the cumulative responses of the sampled customers respondents. The hypotheses have equally been tested and result obtained. From generated results it shows that marketing strategy actually has relationship with the environment. Also, it could be resolved that marketing strategy helps to increase profitability in an organization since the statistical analysis shows that the result is significant (0.000).

B. Hypothesis II:

H2: Marketing strategy has no relationship with performance in the Nigerian telecommunication industry

Predictors: (Constant), Marketing Strategy

VI. Summary of Research Findings

In the foregoing, the data have been presented and analyzed. The hypotheses have equally been tested and result obtained. But for the purpose of clarity and easy comprehension, it becomes imperative to recapitulate our key findings here. In a nutshell, the following key results were gotten from the presentation and analysis of data:

1. From generated results it shows that marketing strategy actually has relationship with the environment. Also, it could be resolved that marketing strategy helps to increase profitability in an organization since the statistical analysis shows that the result is significant (0.000).

2. Globacom limited commit both human and financial resources into the formulation of marketing strategies and tactics in other to cope with the challenges of the market threats it experiences from rival companies like MTN, and CELTEL (now AIRTEL). A case in point is the concurrent deployment of freebies and value added services to subscribers, which goes a long way to improve sales, more revenue and customer loyalty to the brand;
3. With prompt reaction or prior formulation of marketing strategies, negative factors that affect the market would easily be tackled. Since the duration of marketing strategies (i.e. short term, long term etc.) is a function of the influence of the marketing environment. This finding was corroborated by the works of Aremu (2008).

VII. Conclusion and Recommendations

Based on the responses gotten from questionnaires administered, the study concludes by saying that the entire proponent will materialize if constant monitoring of external and internal environment is carried out by marketing executives before any strategy is formulated or embarked upon. It is also imperative that consumer’s needs, wants and attitudes needed to be studied within the Nigerian telecommunication marketing environment before strategy is formulated, since mapping of marketing strategy will depend on the needs and wants of the consumers.

From the research findings the following recommendations are thereby made:
1. Innovation and creativity on the part of marketing executives is necessary for the growth of an organization, therefore new ideas should be brought in by executives of telecom firms so as to provide solution to customer’s needs and wants with least environmental demand. Hence, caution must be exercised in formulating the strategies by being realistic as possible as they can.

2. Government on its side should also mandate agencies like NCC (Nigerian Communications Commission) not to only sell licenses to these operators but also guide against unethical rivalry that result to sharp practices within the industry. While it also ensures that the strategies that relate to promotions are monitored by the national lottery commission so as to protect the populace from losing their hard earned money to likely fraudulent players.

3. Lastly, consumers who are the end beneficiaries should also promptly lodge sensitive complaints to regulatory bodies like the consumers’ parliament and the NCC in the event of any suspected shady activity they experience within the industry.

If all the above recommendations are taken, the telecommunication market will not only be robust in terms of profitability and performance but also the survival of individual players within the industry will be guaranteed.

References
Dr. Aremu Mukaila Ayanda received his B.Sc. degree in Business Administration with Second Class Honors Upper Division from University of Ilorin, Ilorin, Kwara State, Nigeria, in 1998, M.Sc. degree in Management Science, Ph.D. degree in Business Administration and Postgraduate Diploma in Computer Science (Distinction) in 2003, 2010 and 2011 respectively from the same institution. He is currently a Senior Lecturer, MBA Coordinator and Examination Officer in the Department of Business Administration, University of Ilorin, Ilorin, Kwara State, Nigeria. His research interests include Strategic Marketing, Management and Financial Management. He is Associate Member, Nigerian Institute of Management (NIM) and Full Member – Institute of Strategic Marketing Management, Nigeria.

Lawal, Azeez Tunbosun received his B.Sc. degree in Business Administration with Second Class Honors Upper Division from University of Ilorin, Ilorin, Nigeria, in 2003, the M.Sc. degree in Business Administration from University of Ilorin, Ilorin, Nigeria, in 2008 and obtained his Post Graduate Diploma in Education from the National Teachers’ Institute, Kaduna, Nigeria in 2011. He has taught as an associate lecturer, with the Department of Business Administration, Al-Hikmah University, and Department of Business and Vocational Education of Ekiti State University, Ilorin Campus in 2012. His research interests include marketing, corporate social responsibility (CSR), electronic banking, small and medium enterprises (SME’s).