

AN ASSESSMENT OF THE COMPETITORS' STRATEGIES OF GLOBAL SYSTEM MOBILE (GSM) COMMUNICATION FOR SERVICE PROVIDERS IN NIGERIA

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ABSTRACT: *This study examines the Competitors' Strategies of the five GSM Service providers in Nigeria. Survey questionnaire was administered to the stakeholders in order to collect the data. The purpose of this study is to identify those strategies employed by each network against its competitors and how those strategies succeeded in bringing about the realization of corporate objective, promotion, customers satisfaction and target market. We find that various strategies adopted by the GSM providers provide a significant influence on the promotions, corporate objectives, Target markets and customers satisfaction. In addition we find that there is need for GSM providers to involve in marketing research in order to create their own original promotional strategies (or products) instead of imitating or mimicking strategies by other network. Furthermore, the study recommends that they should continue to lay more emphasizes on the strategies for promotions, customer services, corporate objectives and the target market so as to achieve the organizational goal.*

KEYWORDS: GSM services providers, strategies, promotions, corporate objectives, and customers' satisfaction

BACKGROUND OF THE STUDY

Competition and strategy belong to the most popular and common lexical concepts in today's management/business practices. Each new day especially with the wave of globalization showcases their greater relevance need, rationale and essence in corporate life. In effect, you cannot talk or discuss business management without reference to both or either of the two concepts. Interestingly, both are separate and also complementary in shaping the life and future of every business or managerial enterprise. The state and spate of completion determine the type of strategy to employ just as the nature of strategy appropriate to an objective reflects the status or form of completion.

Today's businesses are in a continuous state of flux occasioned by the competitive war in the market place. New firms in the same business spring up daily to offer virtually the same product or services thus, reducing the market space for the already existing competitors and increasing the stakes for their survival. Consequently, only the tough gets going. To meet up and fit into such a competitive arena, organizations constantly develop and improve their strategies in order to capture a greater share of the market or to create a competitive advantage for themselves.

Moreover, despite the great achievements in the Nigeria telecommunication sector, there still remain some big challenges. According to Ndukwe (2003), the inherited challenges that still persist are weak infrastructure base, unusually huge demand for service due to inefficiencies of the past, spectrum planning and allocation problems, enabling laws and regulations limitations, and unreliable electric supply. Other challenges comprise interconnectivity, tariff regulations, effective competition, monitoring and compliance, managing consumer expectations, consumer education and institutional strengthening (Ndukwe, 2003). Inadequate power supply leading to high cost of maintenance of generators and fueling remained the big problem facing telecom operators. Unstable power supply costs the three major GSM operators in the country about 24billion naira annually. It could be argued that the operators are charging high tariffs because self-electricity generation constitutes their highest cost of production.

In the communications industry dominated by the five major Global System for Mobile (GSM) Communication service providers, the spate of competition and the attendant competitor strategies present an interesting study. Each Network appears to be in each other's throat developing and designing apparently new marketing strategies each day to win its competitors. Our airwaves and print would differ from the ones employed by the market follower, market challenger or market leader. Again, these differences in strategies further intensify the nature of competitions in the market place.

Today indeed, whether poor, average or rich, no firm ignores competition. Doing that amounts to literally shutting the doors of the company to its customers. Both the product and service providers are awash in strategies to stave off competition. On one industry, it would appear as if competitor strategies are more pronounced than the others whereas the picture in other industries is equally revealing. The market scene is today literally held hostage by competition and its inherent competitor strategies.

The competition in the industry is a function of the industry's fast growing national market in the world. Ikhemuemhe (2005) revealed that MTN subscribers in Nigeria spend an average of \$40 on the Network monthly; its subscribers in South Africa spend an average of a paltry \$26". This superlative performance, according to him is also replicated in subscriber uptake in Nigeria. MTN group has experienced consistent growth in its subscriber base as a result of the Nigerian operations. Between April 2004 and March 2005 for instance, the company recorded a 123 percent increase in subscription from the Nigerian market to about 4.5million. Growth in the other region where MTN operates was an average of 40 percent. This increasing growth profile is not to limited to MTN only but to other networks operators.

Furthermore, impressive developments in the telecommunications industry in Nigeria were further justified by the Vice Chairman/Chief Executive of Nigerian Communication Commission (NCC), Dr. Ernest Ndukwe. According to him, the success of the mobile industry in Nigeria has demonstrated that innovations and reforms are important prerequisites for development and that poor governance and bureaucratic lethargy are major causes of underdevelopment. Surely, there has been a revolution in the mobile telephone industry in Nigeria since 2001 when its services

debuted. As the fastest growing mobile market in the Sub-Saharan Africa; the five major networks operating in Nigeria – MTN, Glo-Mobile, Etisalat, Airtel and Visafone are falling on top of themselves in the scramble for greater market share. Each network is continually developing and employing new strategies in the pursuit of this singular objective because the market is closing in everyday and competition is becoming more fierce and intense each new day. What are those strategies employed by each network against its competitors and how have those strategies succeeded in bringing about the realization of corporate goals?

Against this background, this paper focus on the assessment of competitor strategies in area of promotion, corporate objective, and customers satisfaction employed by the five major GSM provider in Nigeria. The objectives of the paper are to find out the nature and scope of the strategies employed by the respective networks, to find out if these strategies compare favorably among the existing networks, to find out the adequacy of these strategies in attaining bottom-line corporate objective, to find out if these strategies meet or satisfy the expectations of the target market. The next section of this paper is the literature review, section 3 the methodology of the study, section 4 illustrates the results of the analysis of the study, section 5 indicates as conclusion and recommendation.

LITERATURE REVIEW

As noted by Berkowitz, et al (2000) corporate and marketing executives search continuously to find a competitive advantage a unique strength relative to competitors, often based on quality, time, cost or innovation. It is indeed a continuous and never-ending effort because the marketing environment and market place are quite dynamic. As firms try to settle to their newly developed strategies, which are perceived as their magic wands against competition, competitors are out already with new and better strategies that could render others own irrelevant, if not obsolete. In effect, today's strategies are yesterday's options. Thus, organizations strive hard to be strategically relevant otherwise they will be displaced with attendant loss of their market share. No firm wishes to have a loss of its market share, rather, a capture of new ones from competitors or increase. Strategies thus are assuming repositioning options for organizations. With that, organizations try to determine their position in the market place. Four types of competitors: market leader, market challenger, market follower and market richer (Koller, 2003) in their different competitive strategies had been well discussed/analyzed. The author believes that poor firms ignore competitors; winning firms lead their competitors. Average firms copy their competitors. Every average firm desires and wishes to lead hence the intensity of competitive strategies.

In all market industries either in the service-based or direct product-oriented companies, competitor strategies are the singsong. But these strategies are hardly the same. Beside this, Anyanwu (2003) posited that the size and the industry position of firms do affect their marketing strategies. In essence, the strategies employed by a market richer would differ from the ones employed by either the market follower, market leader. Again, these differences in strategies further intensify the nature of competitions in the market place.

Today indeed, whether poor, average or reach, no firm ignores competition. Doing that amounts to literally shutting the doors of the company to its customers. Both the products and service providers are awash in strategies to stave off competition. In one industry, it would appear as if competitor strategies are more pronounced than the others whereas the picture in other industries is equally revealing. The market scene is today literally held hostage by competition and its inherent competitor strategies.

METHODOLOGY OF THE STUDY

This study used survey questionnaire to collect the data from top management personnel of the GSM service providers under study mainly MTN, Globacom, Etisalat, Visafone and Airtel mobile. The population of study covers all the networks in the Federal Capital Territory in Nigeria. The respondents include the staff members of all the mobile networks in the Federal Capital Territory and the customers. The staff member includes the low, medium and high level personnel or both those directly involved and those not directly involved in promotional activities/programmes. The staff members are the ones who not only initiate the strategies but also execute them for their corporate returns hence they are the appropriate population to be studied. The study uses a stratified random sampling method to collect the data from categories of respondents who are stakeholders. A pilot study was carried out to test validity and reliability in order to make sure that the survey questionnaire actually represents the reality what the study are to measure. Below are the characteristics of the respondents.

Table 3.1 Indicate the characteristics of the respondents

Sex	Number	Percentage
Male	71	48.0
Female	77	52.0
Total	148	100.0
Stakeholders		
Consumer	20	13.5
Senior Manager	31	20.9
Manager	19	12.8
Regulator	25	16.8
Employee	33	22.3
Total	148	100.00
Education		
Diploma Certificate	19	12.8
Bachelor	44	29.7
Master	48	32.4
Doctorate	10	6.8
Professional Certificate	27	18.2
Total	148	100.0
GSM Providers		
MTN	30	20.3
Globacom	28	18.9
Etisalat	29	19.6
Airtel	31	20.9
Visafone	30	20.3
Total	148	100.0

Research questions

To give the study a sharp focus and effectively the following research questions are hereby formulated:

- (i) What are the nature and scope of strategies employed by the GSM service providers in Nigeria?
- (ii) Do the strategies of each network compare favorably with those of its competitors?
- (iii) How adequate are these strategies in both content and scope in attaining bottom-line corporate objectives?
- (iv) To what extent do the strategies of these GSM service providers meet the expectations of their subscribers or customers?

Research Hypotheses

Based on the above research questions, the following hypothesis are formulate for the study;

- a. There is a relationship between strategies of each of these networks and those of their competitors
- b. There is a relationship between the strategies and bottom-line corporate objectives.
- c. There is a relationship between the strategies and the expectation of the target market.

THE RESULTS OF DATA ANALYSIS

This section provides the evidence of the analysis of the data from the respondents. Below are the Tables showing the statements from the survey questionnaire on strategies, promotion, corporate objective and customers' satisfaction. The Tables also indicate the variables for each statement, value of the mean, standard deviation, and percentage of the frequency for each of the statement.

Table 4.1 showing the mean, standard deviation and percentage frequency on strategies.

Statement	Variable	Mean	Standard deviation	% Frequency
1. The Strategies applies on the subscribers are different promotional packages, pricing strategies, different product features and accessibility	Strategies	4	4.27	SA 54.1 A 45.9
2. Your strategies are related with those of your competitors	strategies	4	0.87	SA 50.8 A 49.2
3. Your strategies cover all segments of your target market	Strategies	4	0.98	SA 38.5 A 36.5
4. Your strategies compare or match those of your competitors	Strategies	2	0.96	SA 33.1 A 39.2
5. The strategies raise your subscriber base	Strategies	4	2.48	SA33.1 A 45.3

Table 4.2 Indicate the mean, standard deviation and percentage frequency on promotion

Statement	Variable	Mean	Standard Deviation	% Frequency
1. There have been complaints by subscribers on any aspect of your promotions strategies	promotions	4	1.34	SA 61.5 A 38.5
2. Your promotions satisfy your subscribers	Promotions	4	1.25	SA 23.0 A 41.9
3. You use advertising, sales promotion, direct marketing PR as means of promotion	Promotions	4	1.05	SA 27.0 A 36.5
4. Target market, competition, corporate objective, pricing, demand guide the nature and scope of strategies you apply	Promotions	4	1.09	SA 28.4 A 35.5
5. You use a lot of promotions in your strategies	Promotions	4	1.12	SA 33.8 A33.5

Table 4.3 Illustrate the mean, standard deviation and percentage frequency on corporate objectives.

Statement	Variable	Mean	Standard Deviation	% Frequency
1. The strategies here helped your company a lot in meeting corporate objectives	Corporate objective	4	1.33	SA 29.7 A 27.7
2. Your corporate objectives have not been met due to strong competition	Corporate objective	4	1.35	SA 22.3 A 31.8
3. Your corporate objective are the same compared with your competitors in the market	Corporate objective	4	1.31	SA 50.1 A 29.1
4. For you to meet and surpass your set objective, your strategies are changed a lot	Corporate objective	4	1.18	SA 31.1 A 31.1
5. The strategies are adequate in both content and scope in attaining bottom-line objectives	Corporate objective	4	1.20	SA 34.5 A 29.5

Table 4.4 Provide the Mean, Standard deviation and percentage frequency on Customer Satisfaction.

Statement	Variable	Mean	Standard Deviation	% Frequency
1. Your customers are satisfied	Customer satisfaction	4	1.15	SA 36.5 A 33.8
2. Your subscribers are influenced through various promotional strategies	Customer satisfaction	4	1.18	SA 30.4 A 36.5
3. Strong competition in the industry makes it difficult to satisfy your customers	Customer satisfaction	4	1.14	SA 29.7 A 38.5
4. To a great extent, your strategies meet the expectations of your subscribers or customers	Customer satisfaction	4	1.03	SA 34.5 A 40.5
5. You have built customer patronage and loyalty as a result of customer satisfaction over the years	Customer satisfaction	4	1.14	SA 41.2 A 35.8

SUMMARY OF THE FINDING OF THE STUDY

The analysis we made with respect to the research questions has given great details and insights into the respective range and distribution of responses to our questionnaire as presented in the Table 4.1. There are evidences that service providers or networks have faired in their competitive strategies which determine the prospects of their business. We are much certain then that without strategies there would be no business of GSM and by extension the whole revolution brought by it into business life would be missed and lost completely. The table above shows an overwhelming agree and strongly agree for all the statements such as that the strategies applied on the subscribers are different promotional packages, pricing, product features and accessibility. The strategy is related to the subscribers, the segments, and the target markets. In Table 4.2 majority of the respondents agree or strongly agree on the statements on promotion strategies such as promotions on corporate objectives, on subscribers, on pricing, demand, competition, and target market.

From the Table 4.3 above the picture is quite explicit and outstanding. Majority of the respondents agree and strongly agree on the statements on corporate objectives such as the strategies helping in meeting corporate objectives, corporate objectives not being met due to competition, meeting and surpassing set objectives due to frequent change of strategies.

Table 4.4 indicate that the respondents agree and strongly agree that the customers are satisfied through various strategies and these network providers have built customer patronage and loyalty as a result of customer satisfaction over the years.

From the above findings it indicates that there is no business today that is not subsumed by very stiff competition. The reasons or factors for this are quite obvious. As the world is shrinking

more and more out of the triple effects of globalization, technological developments and improved changes in life styles, competition has become institutionalized as controlling variable in all business.

In same vein, the communication industry as a stepchild of the technological development cum information superhighway has remained under the stiff influence of completion. This the more reason why within few years of commencement of business since 2001 Nigeria has assumed the fastest growing GSM network in Africa. Within the same period, the service providers such as MTN, Globacom, Etisalat, Airtel and Visafone have continued to expand in leaps and bounds and each network continues to post very high sales and market share each year. All these are direct effects of healthy competition in the sector.

The healthy competition continues to change or influence the nature and ways of their business. No industry is so overwhelmed by promotional strategies as much as the telecommunication industry in Nigeria today. Every new day presents new challenges and new strategies, which each network develops and deploys for its greater edge and advantage over the other competing networks.

In our study, which addressed the competitor strategies of MTN, Glo, Etisalat, Airtel, Visafone, we investigated the promotional strategies of the five leading giants and came out with the following specific findings or results. These include:

- i. That all networks or service providers especially MTN, Globacom, Etisalat, Airtel, and Visafone apply a wide range of new products as their promotional strategies. The number and form of these service products among the networks continue to grow the change daily.
- ii. The strategies employed by the networks compare favourably among themselves. That is to say that these strategies are similar in many respects.
- iii. That the promotional strategies employed by the networks help them greatly in attaining their bottom-line corporate objective, which is to make profits.
- iv. That individual networks are influenced by the strategies of other competing networks. For instance again, when the Glo mobile came up with the per second billing, other networks joined, so also has the introduction of the low tariff billing at late hours by the same network (Gobacom) influenced MTN others in introducing the same strategy to its subscribers.
- v. That to a large extent, the strategies meet or satisfy the expectations of the subscribers who demonstrate such satisfaction through their regular patronage of the products (strategies) from these networks which ultimately sustain their business. Without the satisfaction, bottom-line business objectives of profit making which has become common and regular would not be.

CONCLUSION

Based on the findings and the conclusions, the hypotheses stated in this study that there is a relationship between the strategies of each network and those of its competitors in area of promotions, customers' services, and corporate objectives are agree and strongly agreed by the

respondents who are the stakeholders of Telecommunication in Nigeria. This provide a significant growth being recorded in the telecommunication sector in Nigeria since inception, which has been, adjudged as the fastest growing network in the sub-Saharan Africa is obviously based on the range of strategies which they apply and deploy. Strategies are therefore ruling the industry as the spate of new products for strategies we see daily or regularly from these networks keep on increasing. Not even in the banking sector (both the pre and post consolidation periods) have we witnessed the range of products or strategies as we have it in the communication cum telecommunication sector.

The success or failure of any GSM service provider therefore depends on the nature and scope of its strategies. If the network develops and deploys reasonable strategies, then obviously, it is going to have better successfully outing based on the inherent high sales and profits to be accrued and where the network cannot deploy enough strategies or products it would not be able to attract and retain enough market shares.

Furthermore, there are no service providers especially in the communication or telecommunication industry can withstand the challenges of today's competitive business without a massive development and deployment of promotional strategies which provide surer and guaranteed platform for stable and sustainable business growth. The GSM service providers cannot therefore operate without their effective applications.

RECOMMENDATION

Based on the evidence from this study we recommend that the service providers should go into marketing research in order to create their own original promotional strategies (or products) instead of imitating or mimicking strategies by other network. They should continuously lay more emphasizes on the strategies for promotions, customer services, corporate objectives and the target market.

Moreover, some people are still doubtful or skeptical about the sincerity and commitment of the service providers to some of the promotions especially the price-winning ones. The operators should do more to erase these spectators of skepticism and doubts in the minds of people by promoting their sincerity, honesty and commitment in such prize winning strategies or promotions. But this is another potential area of further studies by the researchers.

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