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MARKETING STRATEGIES IN MOBILE TELECOMMUNICATION: AN ALBANIAN CASE WITH SPECIAL REFERENCE TO PROMOTION

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Abstract

The mobile phone market in Albania is an oligopoly situation with three operators that share the market. In 2017 there was a fourth operator that closed its business at the end of 2017. This article considers the marketing strategies used by four mobile phone operators in Albania in 2016-2017 years. Marketing strategies used were checked in the light of one of the four Ps marketing, only one of the four elements of the marketing mix, which is promotion. The article takes data from SERVQUAL model used to measure the quality of services and strategies of various companies from the customer perception. Promotion strategies and operators difference in Promotion were studied. In this article the promotion strategies for the 4 companies are tested and compared to each other. The strategies seen in the consumer's view reveal the strategies that companies apply to their clients. The results of this study can be summarized that between the strategies related to promotion of operators operating in mobile telecom in Albania there were observed statistical significant differences.

Keywords: Albania, Telecommunication, Marketing Strategy, Promotion, Consumer Satisfaction

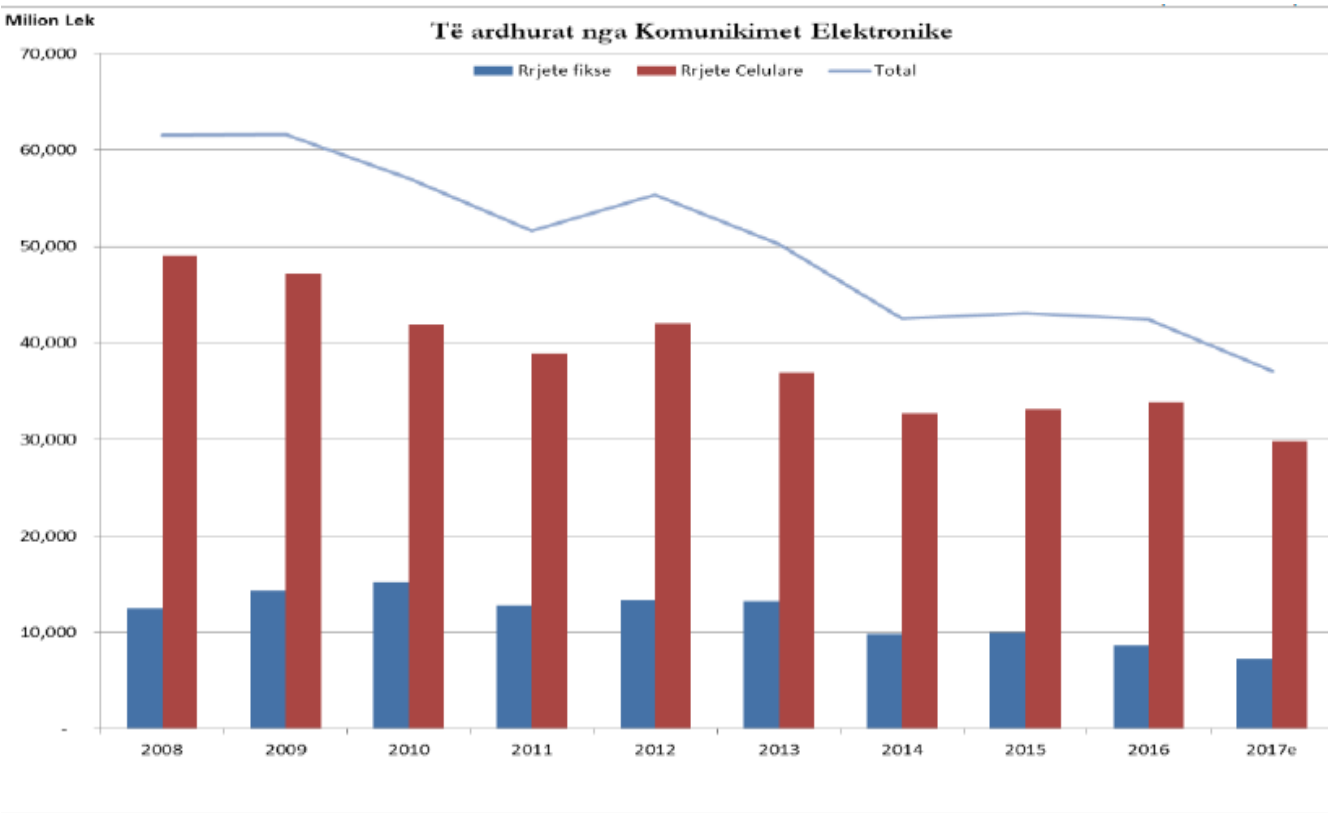
INTRODUCTION

Mobile Market Analysis in Albania

The revenues of mobile and fixed network operators over the years 2008 to 2017 have seen fluctuations and a downward trend for these revenues. The decline is significant and if we take as the base year 2008 the operators' revenues were 60 billion. After the entry of fourth operator Plus Communication, in 2010, we see that there is bigger decline in profits associated with

prices for final consumers decreased significantly. The prices of monthly offers up to 500 lek were present on the market until the final liquidation of Plus Communication at the end of 2017. After the returning to troika set of operator's prices of the monthly offers increased again up to twice as those that were with 4 operators in the market. For 2017, revenues of the four largest operators of mobile services accounted for 91-92% of all telecommunication market revenue. The income of the operators reduced by 13% in 2017 as compared to 2016 (AKeP. Annual Activity Report 2017).

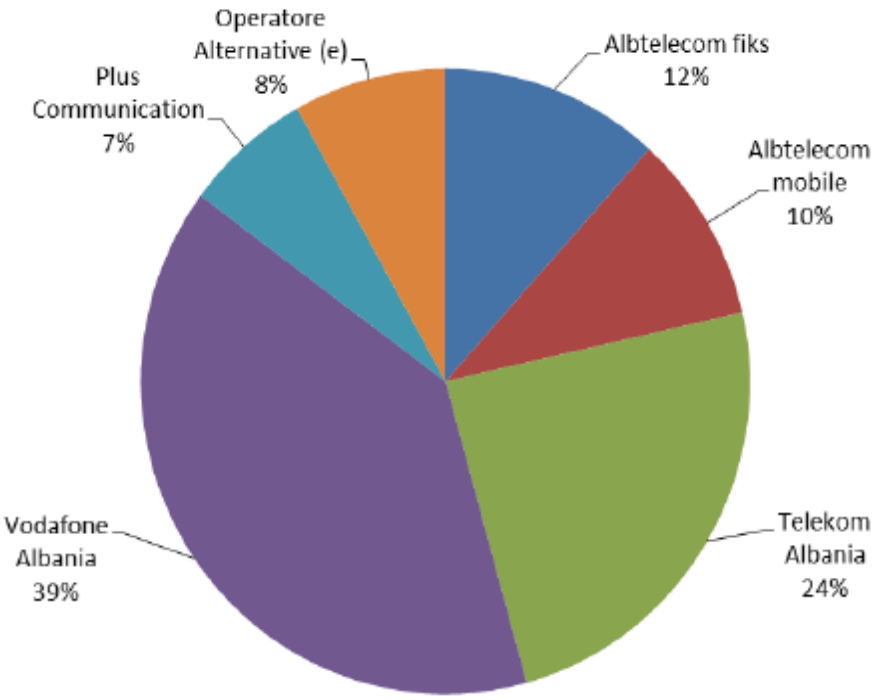
Figure 1-Revenues of the Telecommunications Market Operators



Source: AKEP. 2017. Annual Report 2017.

According to data from AKEP (Albanian Electronic and Postal Communication Authority), the market share by revenue for operators is dominated by Vodafone as a leader and Telecom in second place. Plus Communication is the smallest player in the market. Albtelecom has two companies that of mobile communication and another operating in fixed telecom services.

Figure 2 Income in 2017

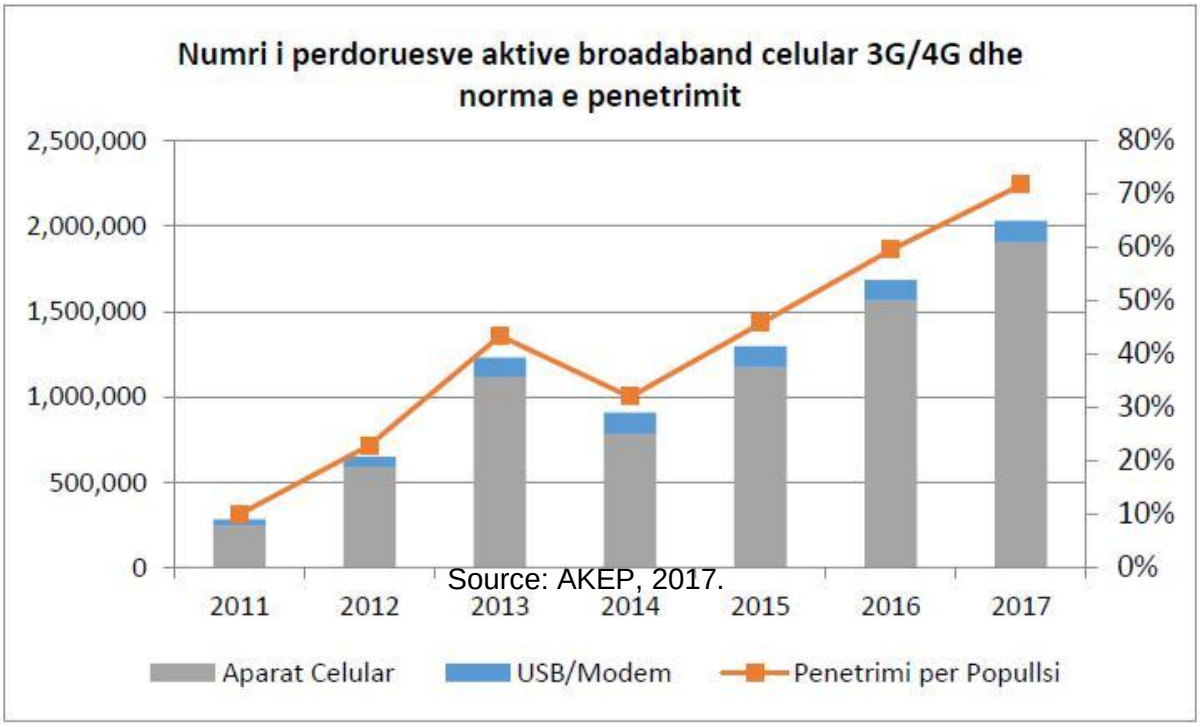


Source: AKEP 2017.

One of the important trends that were observed in 2017 is the doubling of the use of data in mobile internet services. Although other indicators such as calls, profits, expenditure per person are decreasing in 2017 from 2016, the broadband Internet use is growing with an exceptional 71% growth. During the years 2016-2017 there was an increase of broadband users and 65% of the data volume has grown more than 18 times during this period. There is also the unstoppable downward trend of international incoming calls by around 44% decline in 2017, but if compared to 2013, a decrease that is 4 times less than it was.

Regarding broadband in 3G and 4G networks it was noticed an increase of 22% of users. Penetration in the population of active users of broadband access has also seen a significant increase, from 60% in 2016 to 72% at the end of the year 2017. This is an upward trend or hype taking place in the population where now even the elderly have begun to use social networks and communication networks via the Internet, as Whatsapp, Viber, Facebook etc.

Figure 3 Penetration of Broadband Internet



Source: AKEP, 2017.

A downward trend has been undergone by traffic of telephone traditional calls and the total number of SMS(Short Message Services) messages in 2017. Phone calls have decreased by 3% compared with 2016, while telephone messages are reduced by13% as compared to 2016. Market share for operators has also undergone some changes partly, but in a general view it extended the existing status quo with the market leader Vodafone and Telecom closest follower with Eagle and Plus are a little further away. So, Vodafone although it has seen some decline in the indicators is still the market leader with most of the share indicators at the level of 50% of the whole market. In terms of data traffic and SMS, Vodafone reaches 56% of the entire market. With the exclusion from the market of the operator Plus, AKEP should be very attentive to consumer protection and secure their interest in contrast to possible price fixing tactics in remaining oligopoly among companies. The total average fees for an average client for 2017 was about 509 leks per month, with a charge per minute around 3:12 ALL.

RESEARCH METHODOLOGY

The study takes in consideration client perceptions for their respective companies and analyzes a sample of all the companies for the whole market in Albanian mobile telephony. The sampling is made with non-random sampling method, following the snowball method. Sample is 317, which according to the literature is a good sample that can be generalized in a market with a population as this in the study. The data is analyzed with SPSS 25.0.

The hypothesis which will be examined in this article is: There are significant differences between the strategies of promoting the mobile service providers in Albania.

The questionnaire was arranged to evaluate questions in a Likert scale of 5, from 1 I don't agree at all, to 5 I fully agree. The elements to be measured in this study are promoting and advertising, their changes according to different operators in the mobile communications market in Albania.

ANALYSIS AND FINDINGS

In this section, there can be viewed the effects of advertising that consumers have about operators and their brands. This is done through a questionnaire, that is part of a bigger study. The questions asked for evaluating the promotion strategies by companies start with the first question which is, how are informative and advertising messages they transmit, if customers feel that messages intended to be transmitted through the advertisements are clear. The second is if advertising incurs sympathy and company preference over other competing operators. The descriptive data in Table Anova shows that there are some differences in the averages of independent variable's groups on some of the dependent variables. Seen from the test of homogeneity of variances that has a minimum of significance statistic which violates the principle of homogeneity, the hypothesis that there is no significant statistical difference between the control groups of the factor can be rejected. Seen in the Anova-descriptives, the first question that is "Transmitted messages are informative" can be found that the highest average is Plus Communication's with 4:17 out of 5. Other averages are smaller but there is not much difference in absolute values. Analysis of statistical significance in Anova and robust post hoc tests shows that in a 95% significance level the null hypothesis, which assumes that there are no statistically significant differences between the averages of groups of the independent variable cannot be rejected. So, there cannot be concluded that there is a statistically significant difference between the operators in the variables related to advertising. In all three questions Plus Communication has the highest average. But when seen for statistically significant differences between groups in independent variable's groups it cannot be found an importance coefficient small enough so that null hypothesis can be rejected. It can be concluded that the null hypothesis is, therefore, no statistically significant differences exist between the averages.

Promotional Offer Packages

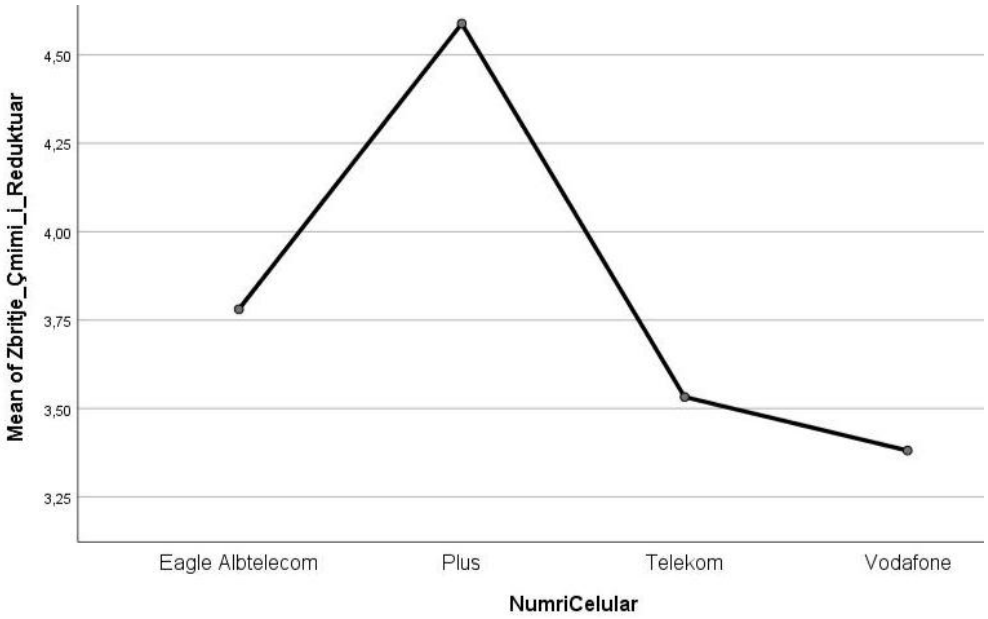
Promotional offers are a very important part of the marketing strategies for each company, being an important part of the promotion, one of the four marketing mix variables. The promotional offers here in this study include some promotion ways, from personalized prices to

existing customers, ie. discrimination by price, additional benefits in connection with the introduction of new products or new SIM numbers provided free or at a minimum fee to increase market share, sms or free calling time, internet or increased ease of use in service of payment delay.

Descriptives in the Anova table show that average customers evaluate their companies differently. Offers are a great way to promote the company and a reason for customers to feel appreciated and to increase commitment and loyalty to their brand. The first question is about reduced prices, lower prices that can be obtained from the company. Some companies apply preferential offers to their customers with greater longevity bidding for particular numbers, to increase customer loyalty. Although in absolute terms the reduction is not too big, it again has the opportunity to see the differences of each company competition and can be taken as an example of the best practices of attracting and keeping customers. The company that has the best average in the first variable is Plus Communication, with an average of value almost 5, which is as good as it can get, close to perfection. This shows that customers see the company deductions as the best in the market and are satisfied with it. Eagle Albtelecom has better average than the other two and Vodafone with the lowest average in terms of variable discounts, reduced price. The principle of homogeneity of variances to the first question is violated. The value of the significance statistic is less than the level of acceptance of 5%, Levene statistics shows that there is a statistically significant difference between the variances of groups of mobile operators in the dependent variable “discounts / reduced price”.

In the first question seen in Anova table the difference of means can be seen and if there is a statistically significant difference between the averages of groups of mobile companies in the reductions as seen by their respective clients. The value of importance coefficient is 0.01 and it shows null hypothesis which assumes that there are no statistically significant differences between the averages of the groups reduced prices variable can be rejected at intervals importance coefficient 95%. In post hoc tests Welch and Brown-Forsythe, can be seen that there is a statistically significant difference between groups, to see among which groups this difference is, the table of multiple comparisons can be used. From the results it appears that there is a statistically significant difference between the averages of groups between Plus Communication and Telecom, and between Plus and Vodafone. In post hoc Games-Howell test which is designed to test post hoc Anova and assumes difference invariance between groups, it shows that there is a statistically significant difference between the Plus Communication Albtelecom and Eagle. So, it can be concluded in terms of reduced prices and offers there is a statistically significant difference between mobile operator’s averages.

Figure 4 Price Means Graph



Source: Author's Simulations.

The second question is about the newly introduced numbers' trials, very much related to the following questions "free SIM cards". This is very important in promotion when the company seeks to expand the existing customer base and acquiring market share. Clients from competition come to know the company and its promotional offers. In both questions the average of Plus Communication is higher than the other competitors. From the homogeneity of variance analysis, null hypothesis which assumes that there are no statistically significant changes cannot be rejected, then null hypothesis stands at 5% confidence level. In terms of means to the question of free SIM cards, it shows that there is a difference between the Communication and Telecom Plus company. So, by post hoc tests and multiple comparisons based on Anova table it can be concluded that there is a statistically significant difference between companies Plus and Telekom on the question of free SIM cards and between Plus and Vodafone and Plus with Telekom in the first question that has to do with the showing and trial of new services to existing customers first. When comparing means of the companies to the question of free SIM cards, it shows that there is a difference between the Plus Communication and Telecom.

Offer of additional time for phone calls, free sms packages and inevitably the internet offer are what companies call packages or offers weekly, monthly, etc. These three questions relating to the value of the promotional monthly package. In the first question of this group there is a change in the estimated mean with Plus Communication being the most valued company from its

user, second comes Eagle, Vodafone and Telecom to close the scale. In the homogeneity of variances test whether there is a statistically significant difference between the variances of independent groups regarding this variable. From Anova analysis there is a statistically significant difference between groups of the factor in relation to the variable “extra time offer to speak”. Seen from robust tests of means equality and multiple comparisons confirmed the outcomes of Anova, so it can be stated that the null hypothesis can be rejected. The difference is caused by the difference between Plus and Telecom, as well as between Plus and Vodafone.

Additional services and offers are expressed in the last three questions, which are extra, and the company does so only to increase and enrich the value of conveying to its customers. One of these is related to postpaid customers’ service that the company continues to lend even after the payment may be delayed, which is much appreciated in customer perception. Performances or shows at points of sale or organizing events in shopping centers and animations with characters and finally personalization of service. Personalization of service is considering that customers are different and providing services they need to make customer retention and increase the feeling customer feels appreciated seeing it as a partner company. In all three questions there exists a change of the means from the customer’s point of view. There is a general perception and value that Plus Communication has a very good estimation from its customers. With an overall average about 4 is an excellent mark for the company and an example to be taken in this regard by other operators. In the table of homogeneity of variances, it shows that the value of the coefficient of importance is bigger than 0.05 so that the null hypotheses cannot be rejected at 95% confidence level. So, it can be concluded that the variances have not a statistically difference and the homogeneity of variances assumption is not violated.

Table 1 Robust Tests of Equality of Means

		Statistika[a]	df1	df2	Sig.
Zbritje_Çmimi_i_Reduktuar	Welch	12,647	3	67,317	,000
	Brown-Forsythe	6,195	3	154,574	,001
Provë_për_shërbime_të_futu ra_rishtas	Welch	3,471	3	56,531	,022
	Brown-Forsythe	3,303	3	104,930	,023
Kartë_SIM_pa_pagesë_	Welch	3,871	3	60,485	,013
	Brown-Forsythe	2,678	3	147,440	,049
Ofertë_kohe_shtesë_për_të_ folur_	Welch	6,145	3	65,104	,001
	Brown-Forsythe	4,952	3	147,843	,003
Paketa_SMS_falas	Welch	4,380	3	64,264	,007
	Brown-Forsythe	3,565	3	141,121	,016

Table 1...

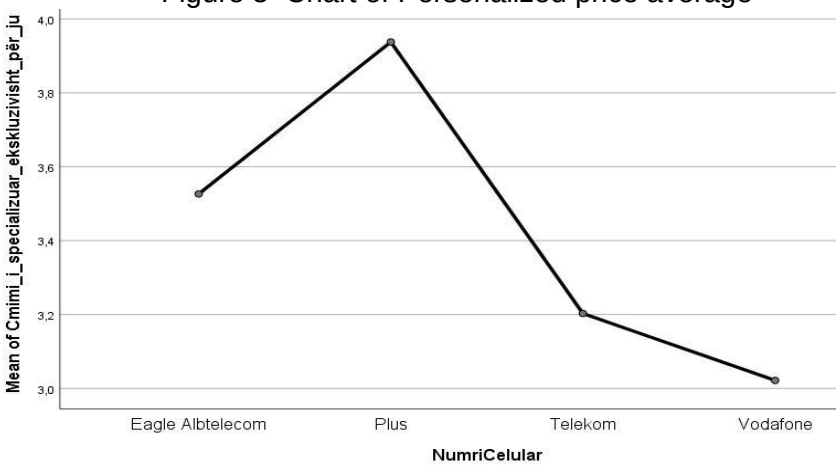
Ofertë_për__paketat_e__internetit	Welch	2,291	3	65,084	,086
	Brown-Forsythe	1,723	3	143,505	,165
Marrja_e_shërbimeve_edhe_në_mospagesë_të_faturave_për_shkak_të_vonesës.	Welch	2,161	3	45,254	,106
	Brown-Forsythe	2,094	3	100,925	,106
Shfaqje_dhe_animime_në_pikat_e_shitjes	Welch	2,801	3	58,251	,048
	Brown-Forsythe	2,025	3	138,249	,113
Çmimi_i_specializuar_eksklu zivisht_për_ju	Welch	3,240	3	58,574	,028
	Brown-Forsythe	3,151	3	122,253	,027

a. Asymptotically F distributed.

Source: Author's Simulations.

Clearly can be seen in Table 1 that there are statistically significant differences in terms of averages of mobile phone groups in promotions last variables, in the last two variables, which are "performances and shows hosted at service points", and "the price of personalized customer". It can also be seen a conflict between Welch test data and the Brown Forsythe in the penultimate variable. In this case the theory of statistics advices the Welch test is to prevail. These differences are statistically significant and in the table of multiple comparisons there can be seen among which companies the differences are. Null hypothesis assumes that there are no significant differences between the averages of groups is not true and can be rejected, accepted coefficient for statistical significance level is 5% or 0:05 and observed coefficient in Anova table is 0:35. It can be concluded that there is a statistically significant difference between operators. From the multiple comparisons it turns out that the important difference is between Plus Communication and Telekom.

Figure 5 Chart of Personalized price average



Source: Author's Simulations.

CONCLUSIONS

Measuring the effectiveness of promotion in mobile companies in Albania is carried through nine questions asked in a representative sample for Albania. It was created through a non-random statistical sample with the snow-ball method. Control that is made to the questionnaire appears that Cronbach's Alpha has a very good level, 0.9 indicating that the questionnaire is suitable as a measuring instrument for service quality.

The hypothesis raised in this article for some of its elements shows there are statistically significant differences like that on questions relating to the price personalization where there is an important difference between Plus and Telecom. Another strategy where companies seem to vary significantly between them is to offer additional talk time, free text messages and promotional packages, Plus seems to have used this way of promotion better than Vodafone and Telecom with a statistically significant difference. Also, in discounts, reduced prices there is a significant difference between companies that differentiate Plus significantly statistically with three other operators.

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