

# MARKETING PRACTICES OF TELECOM COMPANIES

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**Abstract** –This study determined and compared the marketing practices of the two telecommunication companies in the province of Pangasinan. It described the profile of the company in terms of years of operation, services offered and average number of subscribers. Likewise, the marketing practices of Telco A and Telco B in terms of product, price, place and promotion (marketing mix) were also determined. The study also aimed to find out if the two companies are comparable. The descriptive method of research was used in this study with questionnaires and interviews as data gathering tools. The respondents of the study are the marketing officers and employers of the store outlets of the two telecommunication companies. The services offered by both Telco's are comparable with each other, thus they have almost the same marketing strategies. The two TELCO'S used marketing mix which includes Product, Price, Place, and Promotion extensively. The two TELCO'S acquired large number of subscribers, thus the competition between the two companies is very active.

**Keywords** – Marketing Practices, Telecom Companies, marketing mix.

## INTRODUCTION

Globally, business environments always witness change in various forms with competition being a pivotal element of the change. Competition is a critical factor to penetrate the market. Due to high competition, small and new enterprises face difficulties in promoting their products and services. To solve the problem associated on it, marketing is needed. The concept of marketing must be the main concern of managers in order to ensure that the company always provides products and services that could meet or exceed customer wants and needs. With this, it could maintain good relationship with the customers. Marketing is perhaps the most important activity in a business because it has a direct effect on profitability and sales[1]. Without marketing, potential customers may not be aware of the products or services that a company or business offers and has a greater possibility of its demise.

Marketing as it exists today is a relatively recent phenomenon, even though its roots reach back into the nineteenth century. The evolution of marketing into the most important business function in many firms was first recognized by Robert Keith (2001), an executive at Pillsbury, and was substantiated by other business leaders at other firms. According to Keith, marketing evolved into its present-day prominence within Pillsbury during four distinct periods beginning after the simple

trade era in American history. Keith called these periods the production era, the sales era, the marketing era, and the marketing company.

Developing a marketing strategy is vital for any business. Without one, your business will not be able to reach the ideal customers for its goods or services[2]. The focus of strategy should be to communicate the benefits of products and services of the company and meet customer's needs[3]. This can then help to develop a long-term and profitable relationship with them. It also needs to create a flexible strategy that can respond to changes in customer perceptions and demand in order to identify completely new markets that you can successfully target[4].

Marketers devise strategies and tactics aimed at providing satisfaction and adding value for customers[5]. In order to establish marketing practices, the company must first understand and analyze the appropriate activities needed in the marketing mix, which often referred as 4P's of marketing – the product, price, place and promotion[6]. The prominence of the 4Ps derives largely from Kotler's and colleagues' (e.g. 2003, 2001) focus on these as central to marketing strategy. In marketing a lot of sub activities are performed. Marketing includes the activities like product development, launching of products, modification of products, deletion of products, product design, different types of pricing, promotion of products and services,

sales promotion, personal selling, publicity, public relations, advertising, distribution of products and services, branding, packaging, labeling and many other activities[7].

Telecommunications is one of the fastest growing and highly competitive industries worldwide who adapted various kinds of marketing strategies. The extensive use of marketing activities enables this industry to be well known[8]. However, the pace of change is so fast that telecom technology manufacturers have to be in constant innovation development processes to satisfy the needs of their customers. This situation is an indication for them that they need revision of their strategies in order to survive from a very tough competition[9].

It looks like competition in the mobile space is heating up in the Philippines. The competition, however, is not between mobile giants Apple and Samsung. Nor is it about patents. The local war in the mobile scene is between Manny V. Pangilinan-owned SMART Communications and Ayala-owned Globe Telecom and is about which mobile network is superior. Pangilinan said TELCOS whose business rests on a single platform are likely to diminish in both strength and relevance that's why Smart Communications continues to provide richer, broader, newer, more innovative products, solutions and services all at cheaper prices to prepare for the expected pervasive changes in the market. On the other, the second largest Telecommunication Company in the Philippines, knows it can't continue its growth trend based on rates alone. Besides, notes Ernest Cu, Globe President and CEO, "Rates alone do not ensure customer loyalty. Products and services do." Over the years, Globe has built a stable, loyal base of customers by knowing exactly which products and services they want. "More subscribers does not mean more revenue, as it did in the past," explains Cu. "We've been successful in getting more quality subscribers who are happy to stay with us. Our strong customer focus helps us understand our customers well enough to know what they want"[10].

The focus of this study will adhere towards several marketing strategies used by each company in terms of the product, price, place and promotion (marketing mix). The main objective of this study is to determine, analyze, and compare the marketing practices of Telecom Companies, concerning their company profile, with this

they could easily know the edge of their competitors and possibly strengthen their strategies.

### **OBJECTIVES OF THE STUDY**

The main objective of this study is to determine, analyze, and compare the marketing practices of Telecom Companies in the Province of Pangasinan. Specifically, this study attempted to determine the profile of Telecom Companies in terms its years of operation, services offered, and number of subscribers and the marketing practices of Telecommunication Companies in terms product, price, place, and promotion.

### **MATERIALS AND METHODS**

In this study, the descriptive research method will be employed so as to identify the marketing practices of Telecom Companies. The researchers opted to use this research method considering the objective to obtain first hand data from the respondents. The descriptive method is advantageous for the researchers due to its flexibility and gives the researchers greater options in selecting the instrument for data-gathering.

The research design process involved such primary as well as secondary sources for bringing about substantial studies that are literature based and theoretically inclined for which such research methods utilized may truly serve its first hand purpose for this study. The primary sources represent the data gathering instruments like questionnaire – checklist and interviews. On the other hand, to make the study wider in scope, secondary data were acquired from books, internet sources, related studies and other literature or publication types.

### **SUBJECTS OF THE STUDY**

The main subjects involved in conducting this study are TELCOS that focused on the mobile industry like Smart and Globe. The respondents from this study were the marketing officers and employers of these companies in the province of Pangasinan. The researchers visited the branch of the two companies here in Pangasinan from different cities and municipality such as San Carlos, Dagupan, Rosales, Urdaneta and in Calasiao. The researchers administered their questionnaire and asked questions to retail managers, sales managers, assistant

managers, operation managers, head custodians and marketing officers.

**DATA GATHERING INSTRUMENT**

The researchers prepared a questionnaire, which would be used in gathering data. The first part of the questionnaire is composed of the company’s profile. The elements include years of operation, services offered, and number of subscribers. While the second part of the questionnaire was concerned to the extent on the usage of marketing practices in terms of marketing mix (product, price, place and promotion).

A three point Likert scale was used for identifying the best marketing strategies of the TELCOS. It consists of questions that pertain to the marketing strategies. The scale was categorized into: Always, Sometimes, and Never. The validity and reliability of the researchers-modified instruments was established. They were submitted first to the researcher’s adviser and critic reader for suggestions. The researchers incorporated the suggestions given and presented them to the group of experts for content validity. The average rating of the validity and reliability test of the questionnaires was 3.8, 3.6, 3.8, 4.5, and 4.6. The acquired value showed high content validity since it is higher than the set standard of the researchers.

**STATISTICAL TREATMENT OF DATA**

To obtain valid and reliable information from the data gathered, appropriate statistical tools was used in the study.

The collected data from the respondents was subjected to careful tabulation, in order to arrive at some implications, analysis and interpretation. The attributes on the profile of the company was tabulated using frequency counts and transformed in percentage.

For problem no. 1, the profile of the company was determined using frequency counts and their equivalent percentage. While for problem no. 2, the average weighted mean was used to determine the extent on how each strategy is being applied in the four P’s and to arrive at comparisons of marketing activities of the two companies (Smart and Globe).

For the interpretation of the overall results, the following three -point Likert scale was used:

<b>Range</b>	<b>Value</b>	<b>Interpretation</b>
2.34 – 3.00	3	Always
1.67 – 2.33	2	Sometimes
1.00 – 1.66	1	Never

**RESULTS AND DISCUSSION**

The following discussion presents the profile of Telecom Companies in terms of years of operation, services offered and number of subscribers.

Based on the information gathered after administering the questionnaire and asking questions to the employers regarding the marketing practices of telecom companies in the different store outlets in province of Pangasinan according to years of operation, Telco B was first established than Telco A by 10 years.

In terms services offered, Telco A and Telco B offers same line of services such as Mobile, Wireless Connections, and Financial services, thus making the comparable with each other. This only indicates that both Telco A and Telco B telecom are competitive in terms of services they offered to customers.

Furthermore, along the number of subscribers, the two companies, Telco B has the largest prepaid and postpaid subscriber based in the country – a total of 50.5 million subscribers as March 2012. This means that Telco B Unli plan holders can text and call more mobile phone users as often as they want. Since the company has a larger number when it comes to subscribers. Telco B got 41 M and above while Telco A got 30 – 40 M. This may be due to the fact that Telco B was the first established company who operate in this kind of business.

The marketing practices are presented based on the principle of marketing. Marketing involves a range of processes concerned with finding out what consumers want, and then providing it for them. This involves four key elements, which are referred to as the 4Ps. The concept of the marketing mix was first developed by McCarthy over 40 years ago. It was designed to suggest that there should be a balanced mix of marketing activities within your marketing plan. That is, the right product selling for the right price to attract sufficient sales and profits, at the right location for maximum effect (place) communicated with the right promotional activities should be offered. The following tables show the extent of use of the marketing practices of the two

telecommunication companies in Pangasinan under the 4P's of marketing namely: Product, Price, Place, and Promotion:

**Legend:** WM - Weighted Mean  
 A - Always  
 S - Sometimes  
 N - Never  
 I - Interpretation

Table 1. Extent of use of marketing practices in terms of product

Product	Telco A		Telco B	
	WM: I	WM: I	WM: I	AWM
The company offers variety of products and services for their customers.	3.00 : A	3.00 : A	3.00 : A	3.00: A
The company's product innovation is at a regular basis.	3.00 : A	2.60 : A	2.80 : A	2.80: A
The company enhances the customer service by conducting trainings and seminars to employees.	3.00 : A	3.00 : A	3.00 : A	3.00: A
The Telco provides something new and extra benefits and features in terms of product and service.	2.80 : A	3.00 : A	2.90 : A	2.90: A
The business has a continuous modification of product packaging and designs.	3.00 : A	2.80 : A	2.90 : A	2.90: A
The company expands the product's brand name.	2.80 : A	2.40 : A	2.60 : A	2.60: A
The company is giving warranty and returns.	3.00 : A	3.00 : A	3.00 : A	3.00: A
The business provides up-to date technology.	2.80 : A	3.00 : A	2.90 : A	2.90: A
<b>Overall Weighted Mean</b>	<b>2.93 : A</b>	<b>2.85 : A</b>	<b>2.89 : A</b>	<b>2.89: A</b>

Table 1 shows that Telco B and Telco A promote similar products and services which results to strong competition in the industry. They both offer products like mobile phones, netphones, iphones, broadbands and services such as mobile, wireless, and financial services. Since they offer the same products, the marketing practices of both companies in terms of product always follow the same practices.

Aside from offering variety of products and services, they innovate their products and services regularly to gain and attract more subscribers. Telco A and Telco B offer a wide variety of package deals with their products and services. Both companies could also have a long growth phase since there are constant upgrades of package deals and services as technology improves. Both companies have also have a long growth phase since there are constant upgrades of features and services as technology improves. There are constant improvements in their products and services, as well as constant additions of value added services. They offer value added services like 3G, GPRS, downloads and a lot more. The telecom industry is therefore focusing on the standardization of their products and services.

Telco B and Telco A promote free additions to the plans they offer, like different hardware components of a computer. By their offerings of other benefits added to their services, more consumers and subscribe to the services of these companies.

In addition, subscribers grew in number because the telecom industry widened their coverage and network, thus expanding services like broadband. The companies in the telecom industry invest millions to broaden their capacity and coverage to increase their subscribers. Telecom companies achieve customer satisfaction by offering customer services. Telco A and Telco B encourage their customers to ask and inquire about their products and services. There is also efficient feedback from the companies, thus assuring the customer of their needs. The increasing demand of customers will encourage the growth of the companies in the telecom industry. Moreover, they exercise different practices in



terms of product such as modification of product packaging and designs, expansion of brand name, giving warranties and returns and providing products.

By analyzing and comparing all the eight marketing practices that were used by telecommunication companies along product, the researchers found out that both Telco A and Telco B keeps on modifying their products and services to keep up with the fast-growing trend as far as communication is concerned.

Table 2. Extent of use of marketing practices in terms of price

Price	Telco A	Telco B	AWM
	WM: I	WM: I	
The company's price of the products is constant.	2.20 : S	2.00 : S	2.10: S
The company keeps the price and service according to the demand and needs of the different sector of the society.	3.00 : A	3.00 : A	3.00: A
The business place discounts on the products.	2.40 : A	2.40 : A	2.40: A
The firm adapts price based on the competitors' prices.	2.60 : A	2.40 : A	2.50: A
The company makes reductions from the list price to reward wholesalers and retailers. .	2.20 : S	2.60 : A	2.40: A
The company charges different rates depending on the time (i.e. evening rate and weekend rate).	1.80 : S	2.20 : S	2.00: S
<b>Overall Weighted Mean</b>	<b>2.93 : A</b>	<b>2.85 : A</b>	<b>2.89: A</b>

**Legend:** WM - Weighted Mean  
A - Always

**S - Sometimes**

**N - Never**

**I - Interpretation**

Telco A and Telco B offer similar affordable range of prices in their products and services. They have similar prices in their promo plans as well. They offer the most reasonable prices for products and services seen in their broadband and unlimited call and text services. The companies' international services also offer rates within the means of their target market. Also, due to the increasing accessibility of computers and internet, it resulted to the emergence of different affordable telecommunications services.

Based on the analyzed and interpreted data on all the six practices that were used by the telecommunication companies, the researchers measured the extent of its usage along price. The findings revealed that in terms of marketing practices in terms of price as presented in table 2, both companies makes use of competitive pricing. However, both companies modify the prices of their products and does not remain constant. This means that the prices of their products and services changes over time depending on the demand and trend.

Table 3. Extent of use of marketing practices in terms of place

Place	Telco A	Telco B	AWM
	WM: I	WM: I	
The availability of products and services of the company offered in store outlets.	3.00 : A	3.00 : A	3.00: A
The business remodels its own retail stores to create interesting and consumer-friendly spaces.	2.80 : A	2.80 : A	2.80: A
The company's distribution of products is on time.	2.80 : A	3.00 : A	2.90: A
The company monitors their inventories regularly.	2.80 : A	3.00 : A	2.90: A

The management negotiates with suppliers for high quality service or raw materials.	2.80 : A	2.80 : A	2.80 : A
The organization enters to new market segment as well as new geographical area.	2.60 : A	2.60 : A	2.60 : A
The firm is less dependent on intermediaries to sell company's products and services.	2.20 : A	2.80 : A	2.50 : A
<b>Overall Weighted Mean</b>	<b>2.71 : A</b>	<b>2.86 : A</b>	<b>2.79 : A</b>

**Legend:**      **WM - Weighted Mean**  
**A - Always**  
**S - Sometimes**  
**N - Never**  
**I - Interpretation**

It can be gleaned from table 3 that both Telco A and Telco B widened the coverage of their business by establishing more outlets. The broadband for Telco B is only available in selected areas as well, specifically HSDPA areas. However, Telco B Broadband offers their services in retail outlets all over the country, from NCR, South Luzon, North Luzon, and Visayas and up to Mindanao. So in general, these companies used indirect-marketing channel wherein producer passes the product to retailers, then retailers pass it on to the consumers.

As seen in the table, all the seven practices were used by the researchers to measure the extent of its usage. As analyzed and compared, the employers and marketing officers of Telco A rated their marketing practices in place as **Always** along the seven indicators respectively.

Similarly, the employers of Telco B rated their marketing practices in terms of place as **Always** along the seven indicators. Further analysis of the data reveals that while the Marketing Practices were perceived by the employers and marketing officers of Telco A and Telco B to be Always in all indicators along the place, they were rated lowest in indicator number 7: "The firm is less

dependent on intermediaries to sell company's products and services" with a rating of Sometimes. This would mean that both the telecommunication companies do not always need intermediaries to sell company's products and services.

Table 4. Extent of use of marketing practices in terms of promotion

<b>Promotion</b>	<b>Telco A WM: I</b>	<b>Telco B WM: I</b>	<b>AWM</b>
The business is handling consumers' complaints effectively through effective retention programs like freebies and promotional activities.	3.00 : A	3.00 : A	3.00 : A
The company's promotions are being disseminated through flyers, and other print media and new products and services are using broadcast media.	3.00 : A	3.00 : A	3.00 : A
Sales promotion is done through the use of coupons, sampling, price-offs, and premiums. The direct or internet marketing is effective to increase consumer awareness and buying decision.	2.60 : A	2.20 : A	2.40 : A
The firm is using sales representatives to promote and sell the products.	2.80 : A	3.00 : A	2.90 : A
The firm is using sales representatives to promote and sell the products.	2.40 : A	2.80 : A	2.60 : A
Sponsoring of events of the company is	2.60 : A	2.60 : A	2.60 : A

significant not only for promoting product but also for creating experiences.

The mobile advertising or text messaging of the firm gives detailed and true information on how consumers could avail the different promos.

The company applies new advertising campaign.

<b>Overall Weighted Mean</b>	<b>2.78: A</b>	<b>2.78: A</b>	<b>2.78: A</b>
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**Legend:**  
**A - Always**  
**S - Sometimes**  
**N - Never**  
**I-Interpretation**

Both Telco A and Telco B rated their marketing practices along the eight indicators as Always. Although all the marketing practices in promotion have a rating of Always, there are two practices which have the highest importance according to the respondents during the interview. These practices are in: “The business is handling well consumers’ complaints effectively through effective retention programs like freebies and promotional activities”: “The company’s promotions are being disseminated through flyers, and other print media and new products and services are using broadcast media”. This implies that these two practices are the most effective and frequently used kind of strategy between Telco A and Telco B. Moreover, “Sales promotion is done through the use of coupons, sampling, price-offs and premiums” got the lowest rating which is equivalent to Sometimes. This shows that sales promotion of Telco A and Telco B was not only focused on the use of coupons, sampling, price-offs and premiums but to other factors as well such as free gifts, loyalty cards and point of sale materials

**CONCLUSION AND RECOMMENDATION**

Based on the analyzed, interpreted, collected data and after comparing the two companies, Telco B operates longer in this kind of business than Telco A in terms of years of operation. In terms of services offered, both Telco’s offered three service categories such as mobile, wireless connections, financial services. It was also found out that Telco B has more subscribers than Telco A.

Through the careful analysis of the findings presented, the services offered by Telco A and Telco B are comparable with each other, thus they have almost the same marketing strategies. Furthermore, the two Telco’s used marketing mix which includes Product, Price, Place, and Promotion extensively and they both acquired large number of subscribers, thus the competition between the two companies is very active.

It is recommended that both telecommunication companies should further improve the already existing products and services by adding more options that consumers can choose from and since the two Telco’s have almost used the same marketing strategies, both Telecoms must apply those strategies which are not being used by each of them and its competitors in order to become more competitive attract more subscribers and excel in the marketplace. Moreover, Telco’s must continue the extensive use of marketing practices based on the marketing mix and should try to modify or review these practices regularly in order to maintain the high performance they have among the different practices and further expand the use of their marketing strategies by including the additional P’s in marketing mix which are People, Process and Physical Evidence. It is also recommended that Telco B must have additional retail outlets here in Pangasinan, since it has only three retail outlets compared to Telco A which has five retail outlets in order to expand and cater the needs of its target market. Furthermore, a similar study can be conducted which will include the users of the Telco services as their respondents.

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