IMPACT OF INFORMATION TECHNOLOGY ON MARKETING: A CASE STUDY OF AIRTEL COMPANY

(Abstract)

Information technology affects marketing in many ways. Some of these save labor and provide service. Others create entirely new products and new organizational forms. Still others enhance marketing operations in ways that can change their character. An example of the latter is now taking place behind the scenes in the consumer packaged goods industry, where a new generation of data is producing a discontinuity in the information available to marketers. In this case the combination of data and technology is bringing increased marketing effectiveness, organization change, and shifts in power within channels of distribution.

More general, information technology blurs traditional strategic and functional boundaries by enabling an organization to deliver a large number of differentiated products to a large number of differentiated markets. For this to be successful, marketing must be closely interwoven with operations, R&D, and sales.

Researchers on information technology have not provided a clear definition of the term Information Technology (IT), many papers on IT either assumed that there is a common understanding of the concept, that the meaning of the term is implicitly understood, or define it in such a way as to serve a specific purpose.
For the purpose of the present study, Information Technology (IT) refers to the collection of products and services that turn data into useful, meaningful, accessible information. IT encompasses all forms of technology used to create, store, exchange, and use of information in its various forms (business data, voice conversations, images, motion pictures, multimedia presentations, and other forms, including those not yet conceived). It includes modern technologies, such as, telecommunications and microelectronics.

India’s telecom sector has been doing exceptionally well in the past decades. Its structural and institutional reforms have provided tremendous growth opportunity to this sector. India has more than 600 millions subscribers making it the third largest network in the world after China and the USA. With a growth rate of 45%, Indian telecom industry has the highest growth rate in the world. The first reform in Indian telecommunications sector began in 1980s when the private sector was allowed in telecommunications equipment manufacturing. In 1985, Department of Telecommunications (DoT) was established.

The study mainly purports at assessing the impact of IT on marketing strategies of AirTel. It focuses mainly on the strategies as regards products i.e. various products offered by AirTel as a telecom operator. The strategies pertaining to promotion, pricing and distribution have also been focused. The study also examines assessment of Consumers and Retailers as regards level of satisfaction with product strategies, promotion strategies, pricing strategies and distribution strategies of AirTel.
The study on impact of IT on marketing strategy, in fact, is confined to select two cities of U.P., i.e. Aligarh and Bulandshahr. For the purpose of the study, two sets of questionnaire have been prepared by the Researcher and were furnished to the respondents in Aligarh and Bulandshahr cities respectively. Two types of respondents have been taken for the purpose; the consumers and the retailers of AirTel. For the both, separate questionnaire has been prepared. The questionnaires are purported to know the degree of satisfaction level in terms of product strategies, promotion strategies, pricing strategies and distribution strategies of AirTel.

The data thus collected and culled up from respondents have been organized in tabular form and suitable statistical tools have been made proper use of to arrive at the findings of the study. And based thereon appropriate pragmatic suggestions and recommendations have been proffered for the planners and Telecom operators to make marketing strategies to the users’ improved and competitive which is need of the hour in global knowledge economy.

The following objectives have been pursued for the purpose of the study on Impact of information technology on marketing of AirTel:-

1. To analyse present status of telecom market in India.
2. To assess current status of GSM and CDMA telecom operators in India.
3. To study the application of Information Technology (IT) in marketing strategies of AirTel in providing services to customers.
4. To examine and study the application of Information Technology (IT) in marketing strategies of AirTel in providing services to the retailers.

5. To study and analyze the services provided by the AirTel and level of customers’ satisfaction about the same.

6. To examine the services provided by the AirTel and level of Retailers satisfaction about the same.

7. To make a comparative analysis of the product strategies, promotion strategies, pricing strategies and distribution strategies of AirTel in the two cities under study.

In pursuance of above-mentioned objectives the following hypotheses have been postulated and tested:

1. Ho the null hypothesis ($H_0$) of the study assumes that according to the retailers of AirTel there is no impact of use of Information Technology (IT) on product strategies. Whereas alternative hypothesis ($H_1$) presumes that according to the retailers of AirTel there is impact of use of Information Technology (IT) on product strategies.

2. The Null hypothesis ($H_0$) of the study assumes that there is no impact of use of Information Technology (IT) on pricing strategies of AirTel in view of the retailers. Whereas the alternative hypothesis ($H_1$) presumes that there is impact of use of Information Technology (IT) on pricing strategies of AirTel in view of the retailers.
3. The Null hypothesis (H₀) of the study assumes that there is no impact of application of Information Technology (IT) on promotion strategies of AirTel in view of the retailers. Whereas the alternative hypothesis (H₁) presumes that there is clear impact of application of Information Technology (IT) on promotion strategies of AirTel in view of the retailers.

4. The Null hypothesis (H₀) of the study assumes that there is no impact of use of Information Technology (IT) on distribution strategies of AirTel in view of the retailers. Whereas the alternative hypothesis (H₁) presumes that there is clear impact of use of Information Technology (IT) on distribution strategies of AirTel in view of the retailers.

5. The Null hypothesis (H₀) of the study assumes that there is no impact of use of Information Technology (IT) on product strategies of AirTel in view of the customer. Whereas the alternative hypothesis (H₁) presumes that there is impact of use of Information Technology (IT) on product strategies of AirTel in view of the customers.

6. The Null hypothesis (H₀) of the study assumes that there is no impact of use of Information Technology (IT) on pricing strategies of AirTel in view of the customers. Whereas the alternative hypothesis (H₁) presumes that there is impact of use of Information technology (IT) on pricing strategies of AirTel in view of the customers.
7. The Null hypothesis ($H_0$) of the study assumes that there is no impact of application of Information Technology (IT) on promotion strategies of AirTel in view of the customers. Whereas the alternative hypothesis ($H_1$) presumes that there is clear impact of application of Information Technology (IT) on promotion strategies of AirTel in view of the customers.

8. The Null hypothesis ($H_0$) of the study assumes that there is no impact of use of Information Technology (IT) on satisfaction level of the customers as regards distribution strategies of AirTel. Whereas the alternative hypothesis ($H_1$) presumes that there is clear impact of use of Information Technology (IT) on satisfaction level of the customers as regards distribution strategies of AirTel.

with the rapid development of information technology and the digital revolution, network effects and technological standards have an increasingly important effect on the success of many new products/services, including computers, electronic video games, wireless communication, home networking, video/audio electronics, banking services, and online music. Network effects and standards competition impose unique challenges in both firms and consumers.

Indian telecommunications today benefits from among the most enlightened regulation in the region, and also in the world. This sector, sometimes considered the “poster-boy for economic reforms,” has been among the chief beneficiaries of the post-1991 liberalization. Unlike electricity, for example, where reforms have been stalled, telecommunication has generally been seen as removed from “mass
concerns," and thus less subject to electoral calculations. Market oriented reforms have also been facilitated by lobbying from India’s booming technology sector, whose continued success of course depends on the quality of communications infrastructure.

Bharti AirTel Limited was incorporated on July 7, 1995 for promoting investments in telecommunications services. Its subsidiaries operate telecom services across India. Bharti AirTel is India's leading private sector provider of telecommunications services based on a strong customer base consisting of 50 million total customers, which constitute, 44.6 million mobile and 5.4 million fixed line customers, as of March 31, 2007. AirTel comes from Bharti AirTel Limited-a part of the biggest private integrated telecom conglomerate, Bharti Enterprises. Bharti provides a range of telecom services, which include Cellular, Basic, Internet and National Long Distance. Bharti also manufactures and exports telephone terminals and cordless phones. Apart from being the largest manufacturer of telephone instruments in India, it is also the first company to export its products to the USA. Bharti has also put its footsteps into Insurance and Retail segment in collaboration with Multi-National giants. Bharti is the leading cellular service provider, with a footprint in 23 states covering all four metros.

The Bharti Mobile promoted AirTel cellular service repositions of its brand image. The new brand ethos is portrayed in two distinct fashions - the tag line "Touch Tomorrow", which underscores the leading theme for the new brand vision, followed by "The Good Life", which underscores a more caring, more customer centric organization.
Aimed at re-engineering its image as just simply a cellular service provider to an all out information communications services provider, Touch Tomorrow is meant to embrace the new generation of mobile communication services and the changing scope of customer needs and aspirations that come along with it. The new communication is about a new dimension in the cellular category that goes beyond the Internet, SMS, roaming, IVRS, etc but which engulfs the whole gamut of wireless digital broadband services that constitutes tomorrow's cellular services. The new campaign is in two phases - the first of which communicates overall brand philosophy and the second products and services. Airtel is adopting a new brand-platform - Touch Tomorrow - not only to reflect AirTel's corporate ethos but also business strategy. The new identity bears logo in Red, Black and White colors along with lower case typography to convey warmth. AirTel incorporates the latest branding in all of its communication and will soon be going in for an enhanced promotional drive to establish the brand's presence.

AirTel launched its services before many other operators and skimmed the market picking up the bulk of the high usage premium clients. This is a very competitive industry with the all companies differentiating either on value-added services or price. AirTel is perceived as the high quality provider and has a premium image. To promote themselves, all the players have been dependent on tactical advertising. However, they have restrained from using comparative advertising. Hoardings have been a very popular medium for carrying the advertisements. AirTel has also been advertising on television.
The following paragraphs present the findings of the study:

From the analysis, it peters out that in majority of the cases the retailers of Airtel in both the distracts i.e. Aligarh and Bulandshahr feel that IT has made a good deal of impact on the marketing and marketing strategy of Airtel. Majority of the retailers respondents feel that India is potentially good enough in terms of providing mobile services in many ways in the world. So far as the two districts under survey are concerned the majority retailers are agreeing to the fact that India is fast emerging as potential mobile services in the global item means. However, they also feel that mobile operators are facing some difficulties due to diversity of the coverage regions and facilitate 3G services in India the majority respondents are satisfied. They are also in favour of implementation of number portability services and value added services. However, the respondents from Aligarh and Bulandshahr districts are disagreed with the fact that GPRS as an IT product of Airtel is matching consumer’s requirements. The respondents are also in agreement with the fact that reduction in call and SMS rates are possible on an increase in IT in a service providing techniques. The promotional policy of Airtel has also found support from the respondents that they are getting timely information about new plans or tariffs of Airtel on account of use of IT. The distribution policy is also positively affected because of increasing use of IT. The policy with regard to abolition of the concept of STD calls majority of the respondents under reference support the view that with the
adoption of this policy there may be the possibility of while market penetrish.

AirTel customers are largely satisfied with services based on IT and its impact on marketing found to be tremendously good deal of. The AirTel pricing policy, promotional policy, marketing strategies and distribution policy are competitive giving credence to the soaring marketing penetration in the mobile markets of UP in and India in general. Airtel no doubts rove to be globally competitive in the arena of mobile service provides.

The researcher has come out with the following suggestions and recommendations

Bharti AirTel is India's largest private sector telecom operator and India's sixth-largest company by market capitalization. Bharti AirTel is also the only operator to offer its services (mobile, fixed line and Internet access) in each of India’s 23 “circles,” or operating areas. While this wide service footprint made Bharti AirTel especially well-positioned to capitalize on India's telecom boom, it also presented the company with significant challenges and risks in addressing this demand. In order to keep pace with the high level of customer services, all the processes from order management and service activation to run smooth and in sync with each other.

The business of the company is approaching to enter this a new phase and in this phase high expectations of customers will play a strategic role for Bharti AirTel. Company requires to take a
fundamentally new look at the ways and means through which it can create and manage the customers demand and processes to service the customers.

Bharti AirTel’s other big challenge is the need to make the major investments in IT infrastructure so that it can serve it rapidly growing base of subscribers. Undoubtedly, capital expenditure and be redeemed by the future inflows from service revenues. However, in addition to the inherent risks of a large fixed investment, Bharti AirTel is facing an added financial risk due to gradual decline in India's average revenue per user (ARPU) for mobile telecom services. This decline is mainly attributed to the government-mandated pricing changes that created—at roughly eight dollars a month which is one of the lowest ARPUs of the region. However, it is absolutely essential to invest to support the future growth furthermore some factors unique to the Indian market substantially increased the risks of making these capital investments.

Bharti AirTel requires to establish deeper and more personalized relationships with its customers, as well as to provide a consistent, high-quality customer experience. It is also necessary for the company from an IT perspective that it should integrate its diverse systems and processes.

In line with its vision, Bharti AirTel’s advanced integration capabilities have enabled the company to transform key aspects of the customer experience; account activation is just one example. With Bharti AirTel signing up an average of 1.5 million customers per month, the
ability to activate new accounts with maximum efficiency is essential in future.

By integrating the account activation process with such key backend systems as billing, provisioning and order management, Bharti AirTel should make and endeavor to cut further the time required to activate new mobile accounts by 90%.

Bharti AirTel’s integration framework should enable the company to develop intelligence capabilities, which must in turn enable the company to maximize the value of its customer relationships through cross selling and market segmentation.

- There is a focus on maximising revenues and margins.
- offering better quality of services to its customers to maximise revenues;
- To implement a modular roll-out of cellular and fixed-line networks with an initial focus on potential high revenue generating areas;
- negotiating centrally with all its vendors to take advantage of scale and volumes;
- improving operational efficiencies through economies of scale and deployment of advanced information technology tools and solutions; and
- offering innovative solutions to the customers such as regional roaming services to the pre-paid customers
- Capture maximum telecommunications revenue potential with minimum geographical coverage
- Bharti Airtel should Offer multiple telecommunications services to provide customers with a “one-stop shop” solution.
- Bharti AirTel can meet the total telecommunications requirements of the customers by providing end-to-end connectivity;
- Company can also achieve synergies and derive cost advantages in brand building, equipment sourcing and operations due to economies of scale, reduced dependence on third parties to carry it is traffic and deployment of best practices and processes company’s network.
- Bharti AirTel should protect itself against changes in regulation that may result in a transfer of value across types of service providers, such as changes in interconnect regulations that transfer value from fixed-line providers to national long distance operators, or vice versa.
- Bharti AirTel should Position itself to tap data transmission opportunities
- Company should build quality networks that deploy state-of the art technology and offer the latest features, thereby providing it is customers with service that should be equivalent or superior to the service provided by competing operators;
- Bharti AirTel should considerable investments in state-of-the-art information technology tools and software and deploying them across it is networks.
- There is a need to implementing a common billing system exclusively for the existing and proposed fixed-line networks.

Bharti AirTel need to Communicating frequently with, and seek feedback from, the customers to continually improve in service offerings.
The study offers the following recommendations:

- Lowering the tariff plans of service providers will increase more competition.
- In order to allow technological up gradation, segment policies should be technology-neutral, and not specifically prescriptive.
- Resolve spectrum allocation and create need-based licensing of spectrum bandwidth to facilitate the policy of unlimited new entrants in basic services.
- Pass rules on number portability (service migration) to allow free market conditions for fixed line consumers, without taxing new entrants or consumers for moving away from a monopoly service provider.
- Bringing more up gradation in VAS for the betterment of the users.
- Improvement of network infrastructure in both the urban and the rural areas.
- Reducing the STD and ISD charges for the users.
- More FDI inflows can be enhanced.
- More Direct To Home (DTH) services will give benefits to the customers.
- CDMA technology providers i.e. Tata and Reliance are slowly coping up with the competition with GSM operators which gives a good benefit to the end users. These operators should also indulge into providing various services.
- Mobile banking is a new concept which is recently adopted by Airtel and it provides recharge from mobile phone by tie ups with banks. This new concept will bring a new revolution in case of inventions.
• Broadband services can be more focused if the spectrum issues are solved. Still there are many rural areas where broadband services are not available. All rural areas should be gradually covered by the broadband services. It will help the rural customers to use IT is improving their life style.

• Companies can provide new and different schemes to their customers.

• Enhance data services on fixed and wire line services.

• Increase in internet speed on mobile can be the criteria for the operators.

*After talking to customer care executives of telecom sector, the following recommendations can be concluded as a part of their strategies for acquiring or retaining new customers:*

• The telecom operators should take less time for solving customer’s queries.

• Majority of the operators focus on the special occasions to launch new schemes but they can also launch schemes on weekly or monthly basis to attract new customers.

• TV media is more effective for the operators as per the findings. But they should also focus on radio and newspapers for more effectiveness.

• Customer care executives should concentrate more on pre-paid connections for the price sensitive customers and post-paid connections for business class people or high class people. They should use their media tools accordingly.

• Telecom operators should concentrate more on the attributes like talk-time facility, network, voice clarity etc apart from SMS, VAS and
schemes.
- Company should focus more on VAS like GPRS facilities, games, astrology, and music for young people and business news for business people.
- Company should also focus on new technologies like 3G.
- Company should also focus on pilot projects before launching a product, especially in case of rural areas.

The study has investigated impact of IT on marketing strategies of Airtel with special reference to product strategies, promotion strategies, pricing strategies and distribution strategies based on the sample collection from two cities of western U.P. i.e. Aligarh and Bulandshahr.

However the study has taken into consideration the micro level survey of two prominent cities of U.P. to assess the impact of IT on the marketing strategy of AirTel. This study can be extended to other larger cities of the state districts including of course of the rental cities to determine to arrive at more fruitful results. Similarly more extensive study in future can be done by covering the other districts of U.P. and comparative study may better reveal the impact of IT on the marketing strategy. Inter states comparison can also be made pertaining to measure the impact of IT on marketing strategy of AirTel The study can also be extended to compare the different services provided by telecommunication industry in India including the leading telecom companies such as; AirTel, BSNL, etisalat, Idea, LOOP, MTNL, MTS, ReLIANCE, TATA, uninor, VIDEOCON, Vodafone; etc. operating in different states of this country.