Chapter – 4:

Research Methodology
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4.1.: Introduction

In the 21st century, the new economy is becoming customer centric. In the current market place, considerable attention has been paid to the concept of relation between service provider and their customers (Barnes, 1997)\(^1\), and this concept has been enthusiastically embraced by academics and practitioners (Beatty et al. 1996; Berry 1995; Reynolds and Arnold 2000)\(^2\). A service has been defined as “Any act or performance that one party can offer to another that is essentially intangible, and does not result in the ownership of anything” (Kotler 2004)\(^3\). Unlike physical products, service product cannot be seen, fasted, felt, heard, or smelled before they are bought (Parsuraman et al. 1985)\(^4\). Since service are intangible, consumers are often faced with not knowing what to expect of a service until they have consumed it, and hence perceive service as risky (Murry and Schlacter 1990)\(^5\).

Amanjot Singh et al. (2005)\(^6\) conducted a study titled “Customer satisfaction and quality audit report of Escotel mobile communication limited and suggested that for maximizing the service quality in service industries the relationship between the dealers and customers should be strong and pricing should be constantly reviewed.

The relationship marketing looks to engage the customer interactively in the many steps of creating value, looking for innovative way to unlock new and meaningful benefits for the customer and then share the value so created between producer and consumer. The relationship marketing recognizes the key role customers have not only as purchasers, but in defining the value they want. Relationship marketing requires that a company designs and aligns its business process, communications, technology and people in
support of the value customers want. Relationship marketing seeks to build a
chain of relationship within the organization to create the value customers
want and between the organization and its main stakeholders. (Gorden,
2004)⁷.
As Gronroos,C. (2006)⁸ suggested the customers perceived good service
quality using six criteria, as follows ; professionalism and skill, attitudes and
behavior , reliability and trustworthiness , recovery(correction, ability),reputation and credibility.
Kalpana and Chinnadurai (2006)⁹ in their study titled “promotional
strategies of cellular services; A customer perspective “analyzed that the
increasing competition and changing taste and preferences of the customer’s
all over the world are facing companies to change their targeting strategies”.
The study revealed the customer attitude and their satisfaction toward the
cellular services in coimbutur city. It was found that advertisement play a
dominant role in influencing the customers but most of the customer are of
opinion that promotional; strategies of cellular companies are more sale
oriented rather than customer oriented.
Service sector is the fastest growing segment as compared to other sectors of
the Indian economy. A major stimulus in this shift is the movement to
information age spurge by invention of computer and advancement in
telecommunications. As countries continue to shift from agriculture base to
services orientation, the demand for services further holds huge potential.
Additional factors contributing to the growth of service sector are higher per
capita income, increase time pressure, advance in product technology
(Kurtz,2002)¹⁰,spiraling competition , rise of individualism (Seth &
seth,2005)¹¹,technological advances, globalization (Balchandran,2004)¹²
competition , greater life expectancy and cost effectiveness drives (Rampal
& gupta, 2002) and growth of service chains and networks and service quality movement. Thus, tremendous growth of services sector implies the role of marketing in forms of vast opportunities and implications marketing opportunities arising from new technology, in franchising from fewer regulations and professional restrictions, in servicing physical goods and internet (Lovelock, 2007).

4.2.: Significance of Study

Long ago, Peter Drucker wrote that any business enterprise has only two basic function; marketing and innovation (Peter Drucker, the practice of mgmnt, 1954). The central role of marketing in the enterprise stems from the fact that marketing is the process via which a firm creates value for its chosen customer. Value is created by meeting customer needs. Thus, firm needs to define itself not by the product it sells, but by the customer benefit provided.

Target Market

Marketing strategy development begins with the customers. A prerequisite to the development of the rest of the marketing strategy is specialization of the target markets the company will attempt to serve marketers have generally been moving from serving large mass market to specialization of smaller segments with customized marketing programme. Now new technology enable firms to practice customize marketing on an economical basis in many situations. (Boston, Mass; HBS Press, 1993).
Segmentation

Market can be segmented in variety of way, (Addison – Wesley 1998)17. Among the most widely used bases are;
Demographic (age, income, gender, occupation)
Geographic (nation, region of country, urban / rural)
Life style
As part of segmentation and target market selection process, the firm has to play out scenario, i.e. consider the question; if we pursue this segment, how would we approach it and how would we want potential buyers to see us ? the answer should be formalized in a ‘positioning statement ‘ specifying the position the firm wishes to occupy in the target customers,(Ries and Trout,1986)18.

Marketing Element

Neil Borden of harward business school used the term ‘marketing mix’ to describe the set of activities comprising a firm’s marketing programm. He noted how firms competing in a given product category can have dramatically different mixes at work. He specified 12 elements. (Boston, Mass, HSB Press.1991)19. Merchandising, Pricing, Branding, Channel of distribution, Personal selling, Advertising, Promotions, Packaging, Display Servicing, Physical handling, Market research.
Product

Product decisions start with an understanding of what a product is, viz the product offering is not the thing itself, but rather the total package of benefits of names e.g. the ‘total product concept’, the argument product, or the integrated product. For marketing strategy development purpose, the product has to be considered from the point of value delivered to the customer. Value can be delivered simultaneously by a number of vehicles. (HBR Press- marketing in an age of diversity-Sept-Oct-1988)\textsuperscript{20}. Testing with consumers can be done via a number of procedures e.g. surveys, taste tests, simulated test markets, and actual test markets for consumer goods and beta tests for industrial goods. Testing is appropriate not only for the product itself but also for the supporting elements of the marketing mix, such as the communication strategy and price. (C.M.Crawford, 1997). (Addision/Wesley, 1993)\textsuperscript{21}.

Place

Kash rangan of Harward business school has identified eight ‘generic channel functions which serves as a starting place for assessing needs in a particular context;(V.K.Rangan,1995)\textsuperscript{22}. Information, customization, quality assurance, lot size, assortment, viability, after sales services, logistic.

“Customer driven “system assessing the channel structure and management mechanisms that will best perform the need function (Englewood, 1996)\textsuperscript{23}. The two major decisions in channels are;

1. channel design :- which involve both a length and breath issue
2. Channel management: what policies and procedures will be used to have the necessary functions performed by the various parties?

Promotion

The marketing communication mix is potentially extensive, e.g. including “non personal “ elements such as; advertising, sales promotion events, direct marketing, public relations, packaging, trade shows, as well as personal selling,(P.W.Farris and J.A. Quelch, Chilton, 1983)\textsuperscript{24}. Advertising is limited in its ability to actually close to the sales and make a transaction happen; sales promotions may be an effective device to complement the favorable attitude development for which advertising is appropriate,(D.A.aaler, R.batra, and J.G.Myers, Englewood cliffs, 1992)\textsuperscript{25}.

A sales promotion includes things such as samples, coupons, and contests. These are usually most effective when used as a short term inducement to generate action. The three major types of sales promotions are consumer promotions, trade promotions, retail promotions, (R.C.Blattberg and S.A.Neslin, Englewood 1990)\textsuperscript{26}.

The combination of the three P’s product, place, and promotion determine the target customer’s perception of the value of the firm’s product in a given competitive context conceptually, this perceived value represents the maximum price which the customer is willing to pay. This should be the primary guide to pricing the product. Once the firm has created value for customers, it is entitled to capture some of that value for itself to fund future
value creation efforts. This is the role of effective pricing. (R.J. Dolan and H. Simon, 1996)\textsuperscript{27}.

**Price**

In most situations, cost should act as a floor on pricing. In some circumstances, a firm intentionally sells at a loss for a time to establish a position in the market, but it is often difficult to increase prices later due to the customer’s use of the introductory price as a reference point. There are basically two pricing strategy as skimming and penetration pricing strategy. In penetration pricing, the firm sets a lower price to generate lots of sales quickly. This leaves money on the table with the high value customers, but is designed to preempt competition and gain a significant number of customers early on. The appeal of a penetration strategy increases to the extent that (1) customers are sensitive to price (2) economies of scale (3) adequate production capacity is available (4) there is threat of competition. In skimming strategy, the focus is on those customers with high value – skimming the cream off the top of market.

**Service v/s Physical goods**

Marketers of physical goods can hold inventories to buffer fluctuations in demand and supply, but services are acts or processes and therefore, difficult or impossible to inventory. (Rathmell, 1996; Sasser, 1976)\textsuperscript{28}

Mabert (1986)\textsuperscript{29} found that service firms tend to design staffing plans based on peak demand situations, resulting in substantial idle timing during slack periods.
Disequilibrium situations would never occur in a perfect world with managers who are devoted supplements to the marketing concept. Even the best planner, however, cannot always prepare a service organization for unpredictable swings in consumer demand, ultimately equipment failures, or a sick call contagion (Khumwala et al., 1986).30

Service enterprises may benefit by transferring risks to employees, but marketing managers and CEO’s eschew transferring risk too customers (e.g. making customer wait) (Zeithml et al., 1981)31.

The data from at least an empirical study suggest that service firm managers perceive demand fluctuations as their biggest managerial headache (Zeithml et al., 1985).32

4.3: Rational of the Study

Telecommunication markets have changed dramatically in recent years. Customers in many countries who used to have only one service provider now have a wide variety to choose from. The fight to attract and keep customers has resulted in the development of marketing strategies. The telecom companies are developing a mix of marketing tools to establish and build profitable customer relationship, we focus on the need for companies to be market oriented by building up the ability to manage networks, relationships and interactions (Gronroos, 1983; Gummesson, 1987).33 It has been fully accepted in marketing literature that long term customers are more profitable than short – term customer (Reichheld and Teal, 1996).34 Holistic marketing approach for services requires external marketing which deals with the interaction of the as a whole with the customer in terms of company product, price, distribution channels, and
promotion activities, internal marketing is the process of engaging the support and commitment of employees and other organizational members for the goals and objectives of the company (Lancaster and Reynolds, 2004)\textsuperscript{35} and interactive marketing deals with the interaction of frontline employees with customers in terms of understanding and solving customers’ problem attentively.

Marketing communication is defined as all strategies, tactics, and activities involved in getting the desired marketing messages to intended target markets, regardless of the media use. The mix includes advertising, personal contact, publicity and public relation, sales promotion, instruction materials and corporate design (Lovelock and Wirtl, 2004)\textsuperscript{36}.

There are higher marketing costs associated with generating interest in new customers as opposed to already informed existing customer. The marketing cost involves in the creation of interest in an uniformed new customer for outweigh involved in maintaining the relationship necessary to continue exchanges between buyer and seller. It has been estimated that the cost of attracting new customers can be as high as six times that of retaining existing customers. Strong customer relationships with a high degree of familiarity and communications on both sides can generate more practical new product idea from customer and contact personal (Kiess-Moser and Barnes 1992)\textsuperscript{37}. Across a wide range of businesses, the pattern is the same, longer a company keeps a customer, the more money it tends to make (Reich held and Sasser, 1990)\textsuperscript{38}. This research is to be test the effectiveness of various tools and element of marketing mix in marketing strategies to the domain of telecom service providers.
In Indian telecom sector is called “sun rise “industry. It is one of the growing industries in the country rapid growing with rate of subscribers’ base teledensity and traffic. Indian telecom sector hold huge potential for growth because of numbers of growth drivers.

4.4.: Research Design

4.4.1: Defining the research problem:

Defining the research problem is an important step in research. The research problem of this proposal is to study “An empirical study on marketing strategies of telecom sector in Gujarat state.”

4.4.2.: Objectives of study:

1. To study the existing marketing strategies adopted by telecom industries

2. To work out the growing challenges faces by telecom sector

3. To analyses the role of various marketing techniques in telecom sector.

4. To study the customer response on various marketing MIX adopted by telecom sector companies.

4.4.3: Hypothesis of study:

H1: There is significant impact of various marketing mix element on purchasing decision of consumer.

H2: There is no significant difference in service or product pricing among telecom service provider.

H3: There is service charges are depends on telecom service providers.
H4: There is no significant difference on availing of services by subscribers and telecom service providers.

H5: There are usage of services depends on telecom service providers.

H6: There is significant influence of service quality on customer satisfaction.

H7: There is significant influence of people & process on level of customer satisfaction.

H8: There is no significant relationship between marketing strategy and demographic variables.

H9: There are no significant challenges in telecom sector.

4.4.4.: Universe of study:

Study covers all major cities and towns of Gujarat state (as revenue centers). The universe of study consist of all customer base as subscribers of telecom services of BSNL, Reliance telecommunication ltd, Tata tele services ltd, Bharti telecommunication ltd (AIRTEL), Idea ltd, Vodafone ltd.

4.4.5.: Sample design:

For meeting the first objective, the tool used to collect data is structured questionnaires. the questionnaire was used to elicit information on element of marketing strategy like, marketing communication mix, promotion mix, product mix, channel availability, price, service quality etc. Six major telecom service provider in Gujarat, BSNL, Reliance telecommunication ltd, Tata
teleservices ltd, Bharti telecommunication ltd (AIRTEL), Idea ltd, Vodafone ltd. Through random systematic sampling

The main sources of secondary data was published research papers/reports of DoT & World telecommunication development, Indian telecom policy, journal of marketing management, journal of service marketing, journal of advance management, magazines like advertising express, business world, Book and various websites of telecom operators.

4.4.6: Data Analysis:

Statistical analysis of Data

The data obtained in the present study were analysed using suitable tools study the impact of marketing mix on overall telecom sector and to study the impact of product and service quality on customer satisfaction. The following statistical treatments were used for interpretation of data.

Percentage

The various product and services, demographic variables were analysed through percentage method with pictorial representation by graphs.

Chi-Square Test

The chi-square test was used because there were no independent values, as this is the only method which can be used when independent values are not present. Furthermore, this method was used to check the probability of occurrence and variation between different independent variables.
Two Way ANOVAs Test

Two-way analysis of variance (ANOVA) tests (also called two-factor analysis of variance) measure the effects of two factors simultaneously. A two-way test generates three p-values, one for each parameter independently, and one measuring the interaction between the two parameters.

4.4.7.: Limitation of study:

The following are limitation of study:

1. The sample is selected conveniently and in single phase so as the perception is influenced by time in which data was collected and the context in which the respondents were at the time of data collection.

2. The primary data and observational methods of research has its own limitations and based on respondent the study is limited to Gujarat state.

3. The study is limited to selected telecom companies and selected revenue centers of the state and there for the findings can not be generalize to whole industries.

4. There are many other approaches to study on marketing strategy of service sector; there is no unanimous opinion among the experts. So the researcher has taken appropriate approaches, which might be appropriate for the study.

5. The avaiability of the time and limited knowledge of researcher in the area is also to be considered.
4.4.8.: Conclusion:

As a result of the liberalization, privatization, and de-monopolization initiatives taken by the government of India, the telecom sector is experiencing a historical growth. The trend is expected to continue in the segment, as prices are falling as a result of competition in the segment. The beneficiaries of the competition are the consumers, who are given a wide variety of services. In the years to come the country is predicted to witness a communication revolution, which would increase the subscriber base to match that of the developed world. The need of the time is a new revolution in telecom services and it is imperative that service providers work towards the same and make it a reality.

An important contribution of this study is how marketing strategy is developed and sustained over different target market in telecommunication sector. The future commitment of the customers to organization depends on perceived marketing element. The issue and challenges is therefore increasingly recognized as a critical success factor in the emerging scenario.
4.5.: DETAIL CHAPTERIZATION SCHEME

Chapter – 1:- Introduction & conceptual frame work

This chapter covers the fastest growing services and brief overview of Indian Telecom sector research objectives and significance of study are also covered. This chapter is concerned marketing strategy, research methodology used for selection of telecom service providers, geographical scope, analysis of the tools required for the study.

This chapter devoted to the concept of marketing strategy, marketing element, marketing mix, marketing communication mix, various marketing tools and techniques used by Telecom service provider.

Chapter-2:- Review of Literature

This chapter covers studies related to telecom sector, studies related to marketing strategy, relationship marketing, and review of telecom sector has been further classified into technology up gradation, changing investment policies and competition. In studies related to service marketing review of literature has been studies from conceptual and practical aspect.

Chapter- 3:- Company profile

This chapter covers studies various telecom service providers and services provided by them includes management information, value added services, infrastructure development and technology etc.
Chapter- 4:- Research Methodology

A detailed overview of the methodology used for this study is mentioned here in this chapter. This chapter covers, defining the problem of the study, coming up with the main and sub objectives of the study, defining the hypothesis of the study, describing the sample design, highlighting the tools used for data collection, explaining the methods of data analysis and mentioning the limitations of the study.

Chapter-5:- Data Collection & Analysis

This chapter explains the various methods used for analyzing the collected data. It also discusses the various statically tool used for this analysis and findings will be represented in form of chart and graphs. Some of the non parametric tests were also used to analyses the data.

Chapter-6:- Summary, Findings & Recommendations

This chapter presents summary, conclusion and recommendations of the study. How these recommendations are useful for managerial decisions, limitation of study and identify the directions for future research.
References:


6. Amanjyotsinh (2005), “Customer satisfaction and quality audit report of Escotel mobile communication limited and suggested that for maximizing the service quality in service industries the relationship between the dealers and customers “


9. Kalpan and Chinnadurai (2006), “analyzed that the increasing competition and changing taste and preferences of the customer’s all over the world are facing companies to change their targeting strategies”


Press, 1993), and D. Peppers and M. Rogers, The one to one Future (Newyork; currency/doubleday, 19930).


18. This concept of “Positioning” has been popularized by Ries and Trout in positioning; the battle for your mind, 1st edition, Revised, McGraw Hill, 1986.


20. This example is offered by Regis McKenna as an illustration of an “integral product “ in his “Marketing is an age of diversity “, Harward Business Review, Sept – Oct 1998.


24. This categorizations is given by P. W. Farris and J. A. Quelch in advertising and management :A manager’s guide to theory and
practice (Chilton, 1983).


34. Lancaster and Reynolds (2004), Marketing, McMillan.


