CHAPTER - II

MARKETING STRATEGIES OF TELECOM SERVICE PROVIDERS
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“We don’t care. We don’t have to. We’re the phone company.”

- Lily Tomlin

2.1 Introduction

The American actress Lily Tomlin’s (1976) quote shows the marketing attitude of telephone companies in the landline telephony dominant period of telecommunication services in the United States. The citation was fully relevant in the context of Indian telecommunication services sector till the mobile revolution started in mid-2000s. The liberalisation and privatisation initiated in India during 1990s caused major reforms in telecommunications services sector. The telecom policies rooted in liberalisation and privatisation regime paved the way for entry of foreign and domestic private sector telecom companies in India. The monopoly of government sector in telecommunication services ended and the private sector players began to expand telecom markets in an extensive manner. The business strategies of private sector players make them more excellent market performers than the government sector service provider BSNL. Many of the private sector providers have become the preferred brands of customers. The service provider Airtel became the top market performer in terms of telecom market share in India. At present the second, third, and fourth positions in terms of mobile telecom subscriber base in India are occupied by the service providers Vodafone, Reliance and Idea respectively. The DoT (Department of Telecommunications) turned BSNL with 160 years of legendary telecom experience in India became fifth in mobile telecom market performance.

The telephone density in India in early 1990s was about 0.8 per hundred persons\(^1\). It had been greatly improved to 73.32% in 2013. The number of mobile

telecom services providers in India became 13 by March 2013 with a subscriber base of 867.8 million. The service providers and their market share are Airtel (21.69%), Vodafone (17.56%), Reliance (14.17%), Idea (14.01%), BSNL (11.66%), TATA (7.65%), Aircel (6.92%), Uninor (3.65%), Sistema (1.37%), MTNL (0.58%), Loop (0.35%), Videocon (0.23%), and Quadrant (0.16%). The advancement of telecommunication services in Kerala is considerably high; the telephone density in Kerala became 96.52% in 2013. The mobile subscriber base in Kerala as on March 2013 is 306.89 lakhs. The service provider Idea is the top market performer in the mobile telecom services sector of Kerala in terms of market share. The public sector service provider BSNL is the immediate follower. The mobile telecom service providers and their market share in Kerala during this period are: Idea (25.81%), BSNL (25.17%), Vodafone (20.21%), Airtel (11.41%), Reliance (9.58%), TATA (5.92%), MTS (1.56%), and Aircel (0.34%)².

The market performances of the organisations are primarily driven by their marketing strategies. The marketing strategy consists of the analysis, strategy development and implementation activities in: developing a vision about market(s) of interest to the organisation, selecting market target strategies, setting objectives and developing, implementing and managing the marketing program designed to meet the value requirements of the customers in each market target. The marketing strategy seeks to deliver superior customer value by combining the customer-influencing strategies of the business into a coordinated set of market driven actions. Strategic marketing provides the expertise for environmental monitoring, for deciding what customer groups to serve, for guiding product specifications, and for choosing which competitors to position against. The customers’ value requirements must be transferred into product design and production guidelines. Market targeting and positioning strategies for new and existing products guide the choice of strategies for marketing program components³.

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² Press releases on subscriber data, March 2013. Telecom Regulatory Authority of India. www.trai.gov.in

The successful marketing strategies are formulated through the right combination of services marketing mix, the seven Ps, specifically product, price, place, promotion, people, physical evidence and process. Therefore the product strategy, pricing strategy, distribution (place) strategy, promotion strategy, people strategy, physical evidence strategy and process strategy are widely utilised by the telecom service providers to design, develop, differentiate and implement their marketing strategies. The various marketing strategies of telecom service providers based on services marketing mix are discussed in detail as follows.

2.2 Product strategies

The basic essentials of product in mobile telecom services are its core functional benefits. The key functional benefits desired by majority of the mobile telecom customers are voice clarity, geographical network coverage and easiness to get connected to the network. The frequent travellers outside the State consider roaming facility and the internet savvy customers consider the easiness in activation of internet services also as the core service benefits. In third generation (3G) services along with these characteristics, the core benefits also include easiness in handset settings for mobile internet facility and speed of data access.

The product is lifted to the augmented level with suitable customer support and customer care activities and the maintenance of high level of quality of service. The customer support activities related to the mobile telecom services are: easiness to get a new mobile connection - the SIM (Subscriber Identity Module) card with friendly processes and procedures, availability of mobile service recharge facility or recharge cards at convenient locations (for prepaid customers), helpful assistance from retailers, and customer convenient bill payment facilities (for post-paid customers). The customer care activities are: easiness in activation of additional services, easiness in deactivation of services availed as and when required, easiness to access customer care helpline, easiness to get the right customer care person on the phone to get the required support or information, and the ability to solve problems at customer care.

The quality of service and brand value of telecom service providers are also reflected in product related strategies. The five distinct dimensions of quality of
service suggested by Parasuraman A. et al. (1988) are *tangibility, reliability, responsiveness, assurance* and *empathy*. The elements of *tangibility* are physical facilities, equipments, and appearance of personnel. The *reliability* is concerned with ability to perform the promised service dependably and accurately. The *responsiveness* is the willingness to help customers and to provide prompt service. The *assurance* deals with the knowledge and courtesy of employees and their ability to inspire trust and confidence in customers. The *empathy* is concerned with caring and individualized attention the firm provides for its customers. The features, benefits, quality, and the identity of the product are emerged through the brand name. The corporate image of the service provider is reflected in the brand value. According to Philip Kotler (1995), a brand is a name, term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or group of sellers, and to differentiate them from those of competitors.

The telecom service providers mainly segmented the customers based on demographic profiles such as age, gender, locality (Urban or Rural), educational levels, employment status and income. The core benefits’ requirements are different for different segments, accordingly the companies positioning their products for targeting the specific segments. The post-paid customers are considered as premium category as they are high paying group and very less in numbers (approximately 3% of mobile customer base) as compared to prepaid customers.

2.3 Pricing strategies

The pricing strategy has direct impact on revenue and profit of any organisation. Even though the pricing is simply the exchange value of the product or service, the pricing strategies depend on the objectives of pricing. The objectives of pricing are different for different service providers. The objectives may be to produce fair profit, profiteering, market growth, price leadership or to enhance the

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image of the firm to attract more customers or to strategically counter the competitors. In Kerala during mid-2000s, with the presence of multiple telecom operators, the competition in the mobile market stepped up and price wars start. Pricing became the major strategy of all telecom operators. Varieties of tariff plans are introduced by the telecom service providers to attract customers of multiple segments. Special Tariff Vouchers (STV) for voice, data and SMS allows customers to make calls, SMS and access internet comparatively at low-priced rates, sometimes on unlimited manner. When one operator introduces an STV, immediately others launched competitive versions. Xavier M. J. (2007)\(^7\) described copability (copying + ability) as a marketing strategy in a turbulent environment. As the patent rules and intellectual property rights are not applicable in copying a strategy introduced by one telecom service provider by others, copability became a widely utilised strategy among the telecom service providers.

In addition to STVs, top-up recharge cards, electronic recharge facility, credit recharge facility, validity extenders, separate and combo tariff structures for voice, data and SMS were also introduced in the market. Exclusive tariff plans are launched for closed user groups such as friends, lovers, family, official groups, or business groups. Customised special tariff packages for individuals were also offered by certain telecom service providers. In India the customers are enjoying one of the lowest mobile tariffs in the world\(^8\). This is mainly due to the intense competition in pricing among mobile telecom service providers.

### 2.4 Distribution (place) strategies

The distribution strategy is to provide effective place convenience for the customers to avail products and services of the service provider. It is related to the distribution pattern, channel management, and retailer network of the telecom service providers. The private sector providers mainly adopted intensive distribution strategy, which involves the use of all possible outlets to distribute the products and services. The public sector provider BSNL in the initial stages mainly resorted to

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exclusive distribution strategy, in which the outlets deal exclusively the BSNL products.

2.5 Promotion strategies

The effectiveness of marketing mostly depends on promotion - the integrated marketing communication. There are several ways to promote the products. The telecom companies use a mix of various promotional tools such as: advertisements, sales promotion, direct selling, events, experiences and public relations. Philip Kotler (2009)\(^9\) cited the model for predictive measurements of advertising effectiveness proposed by Robert J. Lavidge and Grey A. Steiner (1961) to explain the hierarchy of effects of advertisements. Referring to this model the suggested advertisements tasks of telecom service providers are: (i) to build awareness about the products and knowledge as regards to the brand (ii) to create liking, preference and faith for the service provider (iii) to act as reminder to stimulate repeat association with the service provider and (iv) to convince customer that the decision to continue with the service provider is a right choice.

The telecom companies use multitude of sales promotion tools. The prominent among them are: promotional phone calls to the customers, price reduction offers, extra talk time offers, SMS package offers, internet package offers, free trial of newly introduced services, free add-on SIM card, facility to make calls even at zero balance on credit basis for prepaid customers, extending continued services even at non-payment of bills due to delay or oversight for post-paid customers, displays and demonstrations at the point of sales, and specialized pricing offers exclusively for individual customers. The sales promotion helps telecom operators to create stronger and quicker buyer responses, including short-run effects such as highlighting product offers and boosting the sagging sales. According to Philip Kotler (2009)\(^10\) sales promotion offer have three distinctive benefits: (i) Communication: They gain attention and may lead the consumer to the product. (ii) Incentive: They incorporate some concession, inducement or contribution that gives


\(^10\) Ibid., p. 476.
value to the customer and (iii) Invitation: They include distinct invitation to engage in the transaction at sight. The sale promotion techniques and its attractiveness vary from one telecom service provider to another. The consistent attractiveness of the offers creates positive word of mouth about the telecom service provider. The advertisements and sales promotion along with public relations and publicity can be extremely effective for telecom service marketers.

In this computer era, internet is an effective medium for marketing communication. All the telecom service providers have websites, which act a touch point for internet accustomed customers.

2.6 Service related marketing strategies – people, physical evidence and process

The services are primarily intangible, the customers are searching for evidence of service in every interaction they have with the organisation. The three major categories of evidences as experienced by the customers are people, process and physical evidence. These elements are referred to as additional marketing mix for services or additional 3Ps of services marketing.

People: All human elements involved in service delivery or service assurance influence the buyer’s perceptions. The customer care personnel, maintenance staff, persons representing the organisation, the customers, and other customers in the service environment play vital roles in services marketing. The private telecom service provider's strategically manage the people element primarily through outsourcing. The customer care and call centre personnel are professionally trained employees provided by external agencies. The telecom service providers extend excellent backend support for the outsourced customer touch points. They utilise the IT capabilities for extending service to these touch points which in turn reflect in the customer service.

Although the private telecom companies seem to avoid direct personal contact with the customers, they have a limited number of experience centres or relationship centres or customer care centres at main towns and cities. These centres are managed by the franchisees. The service provider will dictate the terms to the franchisee with respect to code of conduct, dress code, personal grooming, telephone
etiquettes, expected attitude and behaviour to be shown by the employees engaged by the franchisees while interacting with customers. The franchisee also benefitted from the win-win business relationships. The franchisees hire employees with extreme dealing skills and impart them sufficient knowledge along with adequate IT support to deal with customers. It is observed that the employees at customer support centres are youngsters especially females.

The BSNL manages their customer contact points largely through their own resources and employees. The general observation shows that the employees at customer touch points lack soft skills and knowledge to deal with customers as compared with the private sector providers. The IT support is inadequate to deal with customers. The workforce is also aged. The maintenance personnel of BSNL in landlines are highly unprofessional in appearance, skill sets, knowledge level and even at attitude and behaviour towards customers. The government employee attitude is predominant in BSNL.

**Physical evidence:** The physical evidence is the environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service. The private telecom service providers are keen in proving their presence through employee dresses, uniforms, brochures, tariff booklets, business cards, and glow sign boards etc. The ever-changing tariff is immediately updated and made available to retailers and customers. Their physical presence is evident even in the remote rural villages of Kerala. The BSNL mainly rely upon their customer care centre and telephone exchange network for proving the physical presence. As part of creating the tangibility, the telecom service providers seem to offer newly introduced value added services to customers for free trail for a limited period. This is followed by various sales promotion techniques to enthuse the customers to become the subscribers of the services. The advertisements, hoardings, events, and public relations also help building the physical evidence.

**Process:** The actual procedures, mechanisms, and flow of activities by which the service is delivered are termed as process. The private sector providers widely utilise the retailer network to distribute their products and services. The process and
procedures to avail mobile connections and associated services from private sector providers are very simple as compared to BSNL. Their retailers are motivated by trade schemes, incentives and proper back end support to push their products. Even though the BSNL procedures and process have been improved from the highly bureaucratic DoT era, it is still below the competitors’ benchmarks. The single window concept is not yet a reality in BSNL especially with respect to landline segment.

2.7 Review of marketing strategies practiced by the telecom service providers in Kerala

The market pioneer strategy was adopted by the service providers Escotel followed by BPL when they introduced mobile telecom services in Kerala in the year 1996. They maintained the position as product innovators as the services were new-to-the-world products. Orville C. Walker Jr. et al. (2008)\(^{11}\) suggest three important strategic marketing programs for pioneers. They are mass-market penetration, niche penetration and skimming. The skimming was the strategy adopted by early mobile service providers in Kerala.

The ego bolstering needs of upper -upper segment of Kerala were stimulated by these telecom companies to market the services. The mobile network coverage was available only in main cities. At that period the mobile phone was a status symbol rather than a utility service. The outgoing call charges were more than ₹ 32/- per minute and incoming call charges were ₹ 16/- per minute. Gradually they reduced the tariff. During 1998-99 periods the effective call charges decreased to ₹ 16/- per minute. The mobile call charges further reduced to ₹ 4/minute by March 2002\(^{12}\).

The high end positioning of mobile services were continued till the entry of the service providers Airtel and BSNL in the mobile telecom market of Kerala during the later part of the year 2002. The market expansion was the growth market strategy adopted by BSNL. They differentiated the product offering targeted to the

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needs of various potential segments. The BSNL at their introductory stage itself differentiated their mobile telecom service with maximum geographical coverage and connectivity. In order to accelerate the market expansion they also practiced penetration pricing strategy. The BSNL introduced tariff plans with outgoing call charges as low as ₹ 1/- per minute. The BSNL was the first mobile telecom operator in Kerala introduced tariff plans with incoming calls free of charge. The BSNL became the market leader in Kerala within three years. Subsequently all mobile operators adopted market follower strategy and mobile incoming calls became absolutely free. The competition in the market gradually enhanced. The minimum effective local call charges in cellular mobile services declined to 77 paise per minute by September 2003\(^\text{13}\). In the year 2004, Escotel\(^\text{14}\) was taken over by the service provider Idea. The market was further expanded with the entry of the service providers Reliance and Tata tele services. The core product benefit of mobile telecom service, the geographical network coverage was substantially improved in Kerala due to the share-growth strategies of the followers. The focus of the telecom service providers gradually shifted from the upper and the middle class to the common people of Kerala.

In the growth stage of mobile telecom service in Kerala, the service providers widely utilised the pull strategy to promote their product and services. In a pull strategy the manufacturer uses advertising, promotion, and other forms of communication to persuade consumers to demand the product from intermediaries, inducing the intermediaries to order it\(^\text{15}\). The advertisement with celebrity endorsement is a strategy followed by many companies to pull the customers. The choice of the celebrity is critical. The celebrity should have high recognition, high positive affect, and high appropriateness to the product. Celebrities such as Amitabh Bachchan, Sachin Tendulkar, Shah Rukh Khan, Aishwarya Rai and Sourav Ganguly


are big brands themselves\footnote{Philip Kotler, Kevin Lane Keller, Abraham Koshy and Mithileshwar Jha. (2009). Marketing Management-A South Asian Perspective, (13\textsuperscript{th} ed.). Pearson Education, New Delhi, p. 8.}. The inclusion of celebrities in advertisements poses certain risks. The celebrity might hold out for a larger fee at contract renewal time or withdraw. And just like movies and records, celebrity campaigns can sometimes be expensive flops. The celebrity might lose popularity or even worse, get caught in a scandal or embarrassing situation\footnote{Ibid., p. 469.}.

The BPL advertisements were endorsed by the popular Malayalam cine artist Mohanlal. In the year 2006, BPL was taken over by Hutchison Essar and the mobile services were branded as Hutch. The advertisement strategy of Hutch had given a positive edge for the promotion of their products than other telecom service providers. The pug dog advertisement of Hutch with the caption “Where ever you go our network follows” was so popular at that time. Even after the takeover of Hutch by Vodafone in the year 2007, the pug dog advertisement continued.

The celebrity endorsement advertisement strategy is also followed by the Idea Cellular with the actor Abhishek Bachchan and Aircel with the cricketer M. S. Dhoni. The Bharti Airtel, which used several celebrities from Shah Rukh Khan to Kareena Kapoor to Sachin Tendulkar to A. R. Rahman earlier, now features unknown faces for its ‘Jo tera hai, wo mera hai...’ series. Tata Docomo had endorsement deal with the actor Ranbir Kapoor. The Tata Indicom and the Reliance promoted their services with Kajol and Hrithik Roshan respectively. The BSNL formerly used celebrities Preity Zinta, Deepika Padukone and Abhinav Bhindra in their advertisements. The celebrity endorsement strategy was not adopted by the service provider Vodafone.

In the growth stage of mobile telecom services industry in Kerala, the telecom service providers were very keen in designing and publishing advertisements in popular media. As part of the advertisement strategy the telecom companies inserted catching captions and ad slogans in their advertisements. The noticeable stuff among them are: Idea: ‘An Idea can change your life’, Airtel: ‘Express Yourself’, BSNL: ‘Connecting India Faster’, and MTS: ‘A step ahead’.

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Previously Vodafone was using ‘Wherever you go Our network follows’ signifying the importance of network coverage the service. Then they used the taglines ‘Power to you’ and ‘Make the most of Now’ to describe the usefulness of various value added services. To show the customer care effectiveness, Vodafone used another caption ‘Happy to Help’. The lowest ever tariff of telecom services due to hyper competition in the market and the trends of market saturation negatively reflected in the revenue of the service providers. As part of reducing the operational expenditure, recently the telecom companies put restrictions on their ad campaigns. The advertisements became very rare for BSNL as compared to the private sector providers.

The BSNL was the market leader till 2007. In the year 2008, the private sector provider Idea through the frontal attack strategy captured the major market share and became the market leader. In the frontal attack strategy, where the market for a product is relatively homogeneous, with few untapped segments and at least one well-established competitor, a follower wanting to capture an increased market share may have little choice but to tackle a major competitor head-on. Such an approach is most likely to succeed when most existing customers do not have strong brand preferences or loyalties, the target competitors product does not benefit from positive network effects, and the challenger’s resources and competencies-particularly in marketing - are greater than the target competitor’s. In general, the best way for a challenger to effectively implement a frontal attack is to differentiate its product or associated services in ways that better meet the needs and preferences of many customers in the mass market. If the challenger can support those meaningful product differences with strong promotion or an attractive price that became a sustainable competitive advantage\textsuperscript{18}. The Idea implemented frontal attack strategy against BSNL by differentiating its products and services accessible to all segments with attractive pricing, advertisements and sale promotion techniques.

In the year 2009 the service providers Tata Docomo, MTS, Aircel, and Uninor and started mobile telecommunication services in Kerala. By the year 2010 the service provider Videocon also entered in the mobile telecom market of Kerala.

The mobile network coverage of these operators was limited only in cities and towns. They primarily adopted flanking and encirclement strategies and sometimes guerrilla attack to compete with market giants such as Idea, BSNL and Vodafone. A flank attack is appropriate when the market can be broken into two or more large segments, when the leader and or other major competitors hold strong position in the primary segment, and when no existing brand fully satisfies the needs of customers in at least one other segment. A challenger may be able to capture a significant share of the total market segment by concentrating primarily on one large untapped segment. This usually involves developing product features or services tailored to the needs and preferences of the targeted customers, together with appropriate promotional and pricing policies to quickly build selective demand. An encirclement strategy involves targeting several smaller untapped or underdeveloped segments in the market simultaneously. The idea is to surround the leader’s brand with a variety of offering aimed at several peripheral segments. This strategy makes most sense when the market is fragmented into many different applications segments or geographical regions with somewhat unique needs or tastes. When well-established competitors already cover all major segments of the market and the challenger’s resources are relatively limited, flanking, encirclement or all-out frontal attacks may be impossible. In such cases, the challenger may be reduced to making surprise raids against its more established competitors called guerrilla attacks. The newly entered operators concentrated mainly in urban and semi-urban areas. Although their mobile coverage was limited only in cities and towns, they strategically positioned their mobile telecom services as the second option for urban Keralites. They positively differentiated their services in other elements of marketing mix especially in pricing and promotion. Tata Docomo became the most successful among the new entrants with these strategies. The Aircel initiated guerrilla attack with attractive 2G internet economic packages for the segment of students and youth.

The late entrants attack the leading telecom service providers with loss leader pricing strategy and explored the urban markets. In the loss leader pricing an initial low price is charged in the hope of getting more business at subsequently

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better prices. The risk associated with the initial low price is that, it may become the price for all times to come. They targeted the urban youth with attractive voice and data plans. The availability of affordable dual SIM mobile phones in the market also became great support for their strategy. The low pricing became prevailed among these operators because they are also lacking the core benefit issue of mobile telecom service, the sufficient mobile network coverage. In practice the customers began to primarily utilize these mobile connections in the available coverage areas. These telecom service providers also focused the segment of non-moving urban customers.

In the year 2009 itself, when Tata DoCoMo first introduced pay per second billing, it was an innovative pricing strategy in the extremely competitive Indian telecom market. Immediately all other operators became the followers of this strategy and also started offering pay per second plans. In 2012 TRAI (Telecom Regulatory Authority of India) intervened and ordered that there has to be at least one tariff plan each for both post-paid and pre-paid subscribers with pay per second pulse across all service providers so as to enable the subscribers to compare the tariffs offered by different service providers.

The strategic attacks of new entrants’ further gravitate the competition in the market. The market leaders resorted to position defense strategies. The most basic defensive strategy is to continually strengthen a strongly held current position- to build an impregnable fortress capable of repelling attacks by current and or future competitors. This strategy is nearly always the part of a leader’s share-maintenance efforts. By shoring up an already strong position, the firm can improve the satisfaction of current customers while increasing the attractiveness of its offering to new customers with needs and characteristics similar to those of earlier adopters\(^\text{20}\). The Idea is the most successful mobile telecom service provider in Kerala with their position defense strategy. The Idea consistently maintains their market leadership in mobile telecom services for the last six years. The service providers BSNL and Vodafone are also successful to an extent in position defense, and occupy the second and third positions respectively in the market.

The prominent private sector telecom service providers established distinctive channel management systems to deliver their products and services. The Airtel distribution strategy was proclaimed as *match box strategy* - wherever match boxes are available, Airtel mobile telecom products such as SIM (Subscriber Identity Module) cards and recharge coupons are also invariably available. This strategy was also adopted by almost all prominent private players. The private telecom service providers ensure maximum reach - the availability of their products at almost all the multi brand retail outlets of Kerala. Thus the private sector providers mainly adopted this intensive distribution strategy\(^{21}\), which involves the use of all possible outlets to distribute their products and services.

At the same time every private service provider attempts to enhance the extraction - the percentage share of sales of their products at each retailer outlet through push strategy. A push strategy uses the manufacturer’s sales force, trade promotion money, or other means to induce the intermediaries to carry, promote, and sell the product to end users\(^{22}\). This leads to launch of very attractive trade schemes for the retailer network. The push of the products of a particular service provider certainly depends on the attractiveness of trade schemes and backend support extended to the retailer network. This strategy makes prominent private service providers’ products available at every nook and corner of Kerala.

In the earlier stages the public sector provider BSNL adopted the exclusive distribution strategy to distribute their products and services. The exclusive distribution strategy means selling a company’s products/brands in a market through the outlets that deals exclusively in company’s products and do not sell any competing brands. These are company’s authorised showrooms or outlets and the company has direct control over price, promotion and inventory etc. of the product\(^{23}\). In this strategy BSNL primarily utilised its own customer service centres, telephones exchanges, and exclusive franchisees for the distribution of products and services.


services till the year 2008. The government legacy and bureaucratic nature of BSNL customer care centres were incapable of competing with distribution network of major private sector service providers. Even though BSNL appointed franchisees for channel management, the same were not effective as main private players’. Eventually BSNL realised the situation and tried to build the retail networks for intensive distribution. This attempt is being continued.

The landline telecom industry in Kerala has been declining since the year 2007. As the part of profitable survivor strategy, the landline service providers are trying value addition of landline services by extending broadband internet facility to the landline customers. The service providers consider the landline broadband services as an essential factor for the sustenance of landline industry. The landline tariff normally consists of two components - the rental and the usage. The private landline service provider the Reliance has provided the tariff options without rental component and offered it to the customers with usage charges only, to get a competitive advantage. Even though BSNL introduced prepaid tariff plans in landline services it was not clicked. The discount pricing was the subsequent pricing strategy adopted by BSNL in landline segment. They introduced landline tariff plans with discounted annual rental basis. This helped BSNL to ensure a committed period of at least one year from plan opted landline customers. The private sector landline telecom service providers Reliance, Tata and Airtel adopted the market development strategy by exploring the opportunities in corporate segments. They focused on urban business customers such as upcoming textile showrooms, residential flats and other business establishments.

The prominent landline service provider BSNL experimented product bundling of landline services with their mobile telecom services. In this product bundling strategy, BSNL issued mobile connections free of cost to all of their landline customers with mobile numbers matched with the landline numbers. They promote the program labelled as ‘Home SIM’ campaign. The customers are offered with unlimited free calls between their landline and mobile connections. This became a boost up for the landlines connections and helped them to enhance the mobile customer base. The mobile telecom service providers also practiced the
bundled offer of mobile connection and handset. In order to attract the lower-middle segment, the MTS offered handset with mobile connection as low as ₹ 600/-. The events and experiences put forth to the customers can be used for enhancing the brand value and boosting the sales. The public sector service provider BSNL repeatedly conducts the events called BSNL melas. Special event pricing is the strategy adopted by BSNL in these events. In the special event pricing strategy sellers will establish special prices in certain occasions to draw in more customers. These events help tangibilizing the service offerings and provide the physical evidence for the customers.

The physical representation in services has a good promotional appeal to customers. The physical evidence strategy of the service providers Idea and Vodafone were proved through two well-liked Malayalam television programmes, ‘The Idea Star Singer’ and ‘The Vodafone Comedy Stars’.

The mobile telecom service provider Idea has been sponsoring the Idea Star Singer programme in the television channel Asianet since 2006. It is a popular Malayalam music reality-television competition, broadcast regularly from Monday to Friday. The program aims to discover the young promising music talents in Kerala and the winner is determined by the viewers and panel of judges based on the contestant’s skill in singing. This television programme has enhanced the brand image of Idea among the domestic viewers.

The Vodafone Comedy Stars was a popular Malayalam comedy reality-television competition, broadcast regularly by the channel Asianet and was sponsored by Vodafone. The Vodafone got betterment by this programme in their brand building among the viewers.

Jean-Jacques Lambin et al. (2007) cited multifactor portfolio grid suggested by Abell and Hammond (1979) to describe various choices of strategies based on market attractiveness and brand strength of a firm. Divestment is a strategy aimed

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at leaving markets or segments of low attractiveness or segments where the firm does not have the capacity to acquire or sustain a competitive advantage. The private sector service providers Videocon and Uninor have already implemented the divestment strategy and withdrew from the telecom services market of Kerala and the service provider Aircel is at the verge of this strategy implementation.

The primary focus of marketing strategies of telecom service providers is to seek competitive advantage and synergy through a well-integrated program of services marketing mix elements (the 7 Ps of product, price, place, promotion, people, physical evidence and process) tailored to the needs and wants of potential customers in that target market. The differentiation is the powerful theme in developing marketing strategies. As Michel Porter points out, “A company can outperform its rivals only if it can establish a difference that it can preserve. It must deliver greater value to customers or create comparable value at lower cost or both”. The differentiation protects the firm from the five competitive forces - rivalry among existing firms, threat of new entrants, bargaining power of suppliers, bargaining power of buyers and threat of substitute products - proposed by Michel Porter. Most of the time differentiation is why people buy. The differences may be physical or perceptual. The differentiation can take many forms: product, customer support services, quality of service, brand image, pricing, promotions, retailer networks and so on. The telecom service providers tested many marketing strategies based on marketing mix elements and tried to differentiate the services from the competitors.

From the foregoing discussions, it is clear that the different strategies adopted by both BSNL and private sector service providers have different dimensions of impact in their marketing process. In the following chapter the analysis and interpretations of marketing strategies of BSNL and private sector telecommunication service providers in Kerala are presented.