

Telecommunication sector of ghana's economy



Prior to the liberalization of the telecommunication sector of Ghana's economy, the mobile telephony sector of the economy was non-existent. The only telecommunication service available to the populace was limited fixed lines provided by the Ghana Postal and Telecommunication Corporation (GP&T), which had a monopoly. The rate of access to phone in homes was 3 phones per 1,000 inhabitants and its distribution was skewed in favour of urban dwellers especially those in Accra. This led to the springing up of communication centers which charged ten times the rate of operators. The liberalization of the Telecommunication sector of Ghana's economy in the 1993/94 brought about a sharp growth in the number of mobile operators. In 1993 Celtel (formerly Kasapa and now Expresso), launched the first mobile telephony service in Ghana.

As the year 2000, there were four mobile operators (Buzz, Celtel, Spacefon and Onetouch) operating in Ghana but the level of competition among these operators was near zero. During these periods, would be customers had to queue for hours in order to acquire a mobile SIM which were sold at cut-throat prices. Mobile call charges were also extremely high with Spacefon charging GH?. 30 per minute for local locals. These operators were however only providing voice services which were very poor. Owning a mobile phone line was a luxury only a few can afford during these periods. However, the sector over the past ten years as seen a 300 percentage growth (real terms) in mobile operators and over 2000 percentage (real terms) and subscription.

As at today, there are five mobile operators (the four mentioned earlier and Zain) operating in Ghana with the sixth (GLO) at its initial stages of getting established in the country. Currently the rate of mobile penetration is over

60% with every one-in-two Ghanaians owning a mobile phone. Mobile SIM cards are now going for as low as GH¢ 1 with mobile call charges dropping as low as GH¢ 0.075 per minutes with all mobile operator running a data (internet) service. This phenomenon has been a direct result of the growth in mobile operators witnessed over the past ten years. The increased rate of competition has called for the adoption of effective marketing strategies by these network operators who have nothing but rendered poor services to its customers who are the life blood to the operations of any mobile operator. Marketing strategy is defined as a process or model to allow a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage.

It is a written plan (usually a part of the overall corporate plan) which combines product development, promotion, distribution, and pricing approach, identifies the firm's marketing goals, and explains how they will be achieved within a stated timeframe. Marketing strategy determines the choice of target market segment, positioning, marketing mix, and allocation of resources. It is imperative for any business which wants to succeed in this challenging and competitive business environment to adopt an effective marketing strategy and mobile telephone operators are now exception.

There are four major classification of marketing strategy, these are; Segmentation, Dominance, Porter generic and innovation or growth strategies. The type of strategy a business would adopt is based on the type of competitive environment it finds itself. STATEMENT OF PROBLEM The stiff competition being witnessed in the mobile telecommunication sector has resulted in these major mobile operators losing customers to the other

competitor which has resulted in reduce sales volumes, growth and shareholder value for that matter. In the bid to achieve a competitive edge over their competitors, managers of mobile telecommunication companies have adopted varying marketing strategies aimed at retaining the core of their customers and attracting new ones.

Most of the strategies are geared towards dominating the market. Whilst some over adopted the strategy of innovation (a leaders), others have adopted the strategy of copying what others have done (follower).

Meanwhile others have also adopted the strategy of being a challenger and nicher. OBJECTIVE OF THE STUDY A closeobservationof the mobile telephony sector of Ghana reveals the looming of a heightened competition, the research therefore seek to address following; 1. To examine competitive environment of the mobile telephony sector? 2. Identify and analyze the strategies the various mobile operators adopted in the wake of tight competition? 3. To examine the impact of these strategies on customer satisfaction, retention andloyalty? The purpose of this research is to understand the impact of the tight competition witnessed over the past few years has on mobile operators and their customers and how customers have reacted to this phenomenon.

In my opinion the tight competition which has resulted in a price war between these mobile operators goes to the benefit of mobile customers who have been underserved for long. SIGNIFICANCE OF STUDY The focus of this research is on the impact of the marketing strategies adopted by mobile operators in Ghana on their customers which makes it importance to individuals, the players in the market, and corporate entities. Aside adding to <https://assignbuster.com/telecommunication-sector-of-ghanas-economy/>

the knowledge already available in the area of the study, the research is also aimed at providing an in-depth discussion of the telecom sector of Ghana and by-so-doing enrich the knowledge of individuals in this field of study. It will be a must read for up and coming managers in the telecom sector who wants to understand the competitive environment of the sector and the type of marketing strategies that mobile operators have used over the years. The research is also to establish if there are potential areas that marketing strategies can be applied to achieve customer satisfaction, loyalty and retention and also identify areas that need to be re-strategized to achieve increase market share.

SCOPE LIMITATION OF THE STUDY The scope of the study is restricted to the staff and management of mobile operators and a number of customers both corporate and private (individual) to whom questionnaires would be distributed focusing on those located in the capital city (Accra).

DEFINITION OF TERMS

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Marketing Strategy: is a process or model to allow a company or organization to focus limited resources on the best opportunities to increase sales and thereby achieve a sustainable competitive advantage.

2. **Market Dominance strategy:** is a strategy based on a firm's market share or dominance of an industry. It can be a leaders, follower, challenger or Nicher.
3. **Market Segmentation strategy:** is the division of a market into subsets of prospective customers who behave in the same way, have similar wants or have similar characteristics that relate to purchase behaviour. .

Porter's generic strategy: is a marketing strategy based on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strength refers to sustainable competitive advantage.

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Innovation strategy: based on the firms rate of new product development and business model innovation. Whether a pioneer, close follower or late follower ORGANIZATION OF THE STUDY Chapter one is on the general introduction of the study, the objective, significance as well as the limitations to the study. Chapter is on the methodology in gathering the needed data as well as the analysis of the data. CHAPTER TWO METHODOLOGY 2.

0. TYPE OF RESEARCH The research is a basic research with aim of adding to knowledge already available on the field of study. The study will make use of descriptive design, the purpose of which is to examine the marketing strategies used by Mobile operators and the impact on customers in respect of satisfaction, loyalty and retention. POPULATION The population of the research would comprise of the staff and management mobile telecom companies and their customers in Accra. SAMPLE AND SAMPLING TECHNIQUE It is impossible to factor in data from the members of the entire population of this study. In view of this, random sampling methods would be used gathering data. It is anticipated that, it will allow room for fair representation of all the various components of the target group.

The research would be conducted on a selected sample of 200 participants. 100 questionnaires would be printed with 4 randomly selected customer relation Centers of Tigo (Millicom Ghana), MTN, Vodafone, Expresso (Kasapa Telecom) and Zain receiving a copy each. The remaining 20 copies would be distributed among the management of the above mentioned network operators. The remaining 100 questionnaires would be distributed among the customers of these mobile operators at equal rate (20 per provider).

DATA COLLECTION TYPE OF DATA For the purposes of this study,

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both primary and secondary data would be collected. Questionnaires and interviews would be used for the gathering of primary data whilst secondary data would be sourced from the internet, articles, reports and research works done by others. INSTRUMENTS FOR DATA COLLECTION The main instrument for the collection of data for this study would be questionnaires and interviews.

This is because they are considered to be the most effective and detailed form of gathering first hand information on a phenomenon. The questionnaire would be structured using both open and closed questions that are explanatory and respondents will be guided to provide helpful answers to the researcher. The researcher would as much as he can, eliminate himself from the answering of the questionnaire and will only do so when needed. The questions will address the strategies that mobile operators implement to satisfy their customers, keep them loyal and retain them PROCEDURES FOR DATA COLLECTION The researcher would visit the Customer Service Centers and the corporate head offices of Tigo, MTN, Zain, Expresso, and Vodafone to distribute questionnaires to selected staff members and managers as well as customers. METHOD OF DATA ANALYSIS Because the research is a qualitative research, descriptive statistics would be allied in the analysis of collected data; this shall include percentage and frequency tables. The researcher would rely solely on Excel for the statistical work.