

COMPETITIVE STRATEGIES AND CUSTOMER SATISFACTION IN THE TELECOMMUNICATIONS INDUSTRY IN NIGERIA

Dr. Dennis Ayaga¹ and Professor Justie O. Nnabuko²

¹Department of Business Management, Benue State University, Makurdi, Nigeria

²Department of Marketing, University of Nigeria, Enugu Campus

ABSTRACT: *Competition is a fact of life for most businesses. Companies strive to stay ahead of others. The Global System for Mobile Communications (GSM) sector in Nigeria became active in 2001 after the commencement of operations of network service providers as a result of the deregulation of the telecommunications industry which ushered in competition. The overall objective of the study was to ascertain the effect of competitive strategies on customer satisfaction in the mobile phone sector in Nigeria. The Federal Capital Territory (FCT) Abuja was the study area. The population of the study consists of all GSM firms and their customers in Nigeria. However, the target population was 1,727,866 GSM customers in the FCT. A sample size of 400 GSM customers was determined using Taro Yamane's formula. Regression and Pearson product correlation (r) was used to test the hypotheses facilitated by the statistical package for the Social Sciences (SPSS) software. Findings reveal a significant positive relationship between competitive strategies and customer satisfaction. Based on these findings, the researchers recommend that GSM service providers should make efforts at crafting competitive strategies that are customer friendly to avail the desired satisfaction.*

KEYWORDS: Competitive Strategies, Customer Satisfaction, Telecommunications, Industry

INTRODUCTION

Nigeria has witnessed tremendous growth in the telecommunications sector since 2001. Okonta (2009:3) reports that the revolution was heralded by the introduction of the Global System for Mobile Communications (GSM). The GSM service providers try to outdo one another to win more subscribers to their network. Various strategies are introduced to retain existing customers and woo new ones over.

This is to be expected because organizations operate in complex business environment characterized by competition for the attention and patronage of customers. Krees (1999) as quoted by Thompson and Strickland (2001) argues 'the real question isn't how well you are doing today against your own history, but how you are doing against your competitors. It has been observed that companies succeed in a competitive marketplace over the long run because they can do certain things their customers' value better than their competitors.

The telecommunications industry in Nigeria is an essential sector of the economy that is deeply involved in competition. Ehime (2010) maintains that Globacom, Mtn, Zain and Etisalat Nigeria are engaged in the cut – throat competition. The industry attracts the attention of the researchers because the most profound dramatic changes taking place in the world today are in the area of telecommunication. As far back as the 18th century, mass production was made possible following series of machine inventions culminating in scores of positive changes involving production methods, transportation systems, modes of transportation, marketing, as

well as sales of goods and services. Telecommunication is a prerequisite for a nation's development.

The competitive landscape is such that in any competitive situation, some competitors do better than others they lead while others follow. A similar situation is obtainable in the telecommunication sector in Nigeria. Some companies do better than others even when they operate in the same industry. What could be responsible for this? Put differently and perhaps more succinctly, what is the basis of competitive advantage?

Wright et al (1994) sermonize "*to gain competitive advantage, a company must have a lower cost structure than its rivals or it must be able to differentiate its product offering*". They argue that achieving low costs and/or differentiation requires superiority in at least one of the following areas – efficiency, quality, innovation and customer responsiveness.

Competitive strategy means deliberately choosing a different set of activities to deliver a unique mix of value. Competitive strategy refers to how a company competes in a particular business. The overall strategy for a diversified firm is referred to as corporate strategy which is concerned with the type of business the firm as a whole is in or should be in. Business strategy is concerned with how an operating unit within the corporate whole can compete in a particular market. Marketing strategy is essentially a plan or pattern that integrates the firm's major goals, policies and action sequences in a cohesive whole to achieve customer success.

Customer satisfaction refers to a measure of how products and services offered by an organization meet or surpass the expectation of the consumer. It is seen as a differentiator and has increasingly become a key element of business strategy in a competitive market place.

Firms need to retain current customers while targeting non-customers. The state of satisfaction depends on a number of both physical and psychological variables, which correlate with satisfaction behaviours such as repeat purchase and recommend rate. The actual manifestation of the state of satisfaction will differ from person to person and product to product. The extent of satisfaction may vary depending on other factors such as other products against which the customer compares the firm's products or services.

Objectives of the Study

The paper sought to achieve the following objectives:

1. To determine whether there is relationship between competitive strategies and customer satisfaction with mobile phone services in Nigeria.
2. To ascertain if there is a relationship between perceived customer expectation and customer satisfaction with GSM services in Nigeria.

Research Questions

In our effort to provide direction and sharpen the focus of the research, the following research questions have been carefully formulated

1. Is there any relationship between competitive strategies and customer satisfaction with mobile phone services in Nigeria?

2. Is there any relationship between perceived customer expectation and customer satisfaction with mobile phone services in Nigeria.

Research Hypotheses

The researchers hereby present the following hypotheses in the null form

1. There is no relationship between competitive strategies and customer satisfaction with mobile phone services in Nigeria.
2. There is no relationship between perceived customer expectation and customer satisfaction with mobile phone services in Nigeria.

LITERATURE REVIEW

Competitive Strategy

Simplest put, competitive strategy refers to how a company competes in a particular business.

In the views of Bowman and Aseh (1987) strategy is the match an organization makes between its own resources and the threats or risks and opportunities created by the external environment in which it operates. Therefore, strategy can be seen as a key link between what the organization wants to achieve, its objectives and the policies adopted to guide its activities. An organization can have a single strategy or many strategies and that, strategies are likely to exist at a number of levels in an organization.

At the corporate level, strategy is concerned with the type of business the firm as a whole is in or should be in. Issues concerning diversification and the structure of the organization are corporate concerns. Business strategy is concerned with how an operating unit within the corporate whole can compete in a particular market. Strategic business units (SBUs) are created at the corporate level and can be subsumed under it. The SBUs can be referred to as the parts which require and define the organizational whole (Bowman and Aseh 1987). A firm's operating level strategy is concerned with how the various functions – finance, marketing, operations, research and development, production, human resource contribute to both business and corporate strategy.

To Knee and Walters (1988), strategy is a feasible statement in terms of resource utilization and in the way in which superiority over competitors is to be achieved. They added that selection of markets determines the choice of customer type, competitors' territorial areas and environment. The choice once made is not easily reversed because the company builds a set of relationships with its customer base.

Lovelock and Weinberg (1993) hazards a guess suggesting that why strategic choice is difficult is that seldom does one alternative unitarily exceeds others on all criteria. The same authority reasons that once the critical success factors are identified, management must objectively evaluate its company's strengths and weaknesses in meeting those requirements as compared to those of present and potential competitors.

Levitt (1986) remarks 'the purpose of business is to create and keep customers'. This presupposes that there must be some ways or strategies of attracting and also retaining

customers. The essence of developing a marketing strategy for a firm is to ensure the firm's capabilities are matched to the competitive marketing environment in which it operates.

It has been stressed that the starting point for discussion of any organization's marketing program should be its underlying competitive strategy. In apparent support of Levitt's position, Shanghnessy (1992) ponders that success in business is success in marketing. Firms go out of business, not by closing factories but by unprofitable marketing. Firms usually enter a business by creating products but stay in business only by creating and retaining customers at a profit.

It may be pertinent to remark that in any given target market, companies are identified as playing the role of a leader, challenger, follower or nicher. Each role has its own competitive strategies.

Customer Satisfaction

The term customer satisfaction refers to a measure of how products and services offered by an organization meet or surpass the expectation of the consumer. It is seen as a differentiator and has increasingly become a key element of business strategy in a competitive market place.

The first critical task of marketing is to identify the requirements of customers and to communicate them effectively throughout the organization (Shanghnessy 1992). This involves conducting or commissioning relevant customer research to uncover first who the customers are and second what will give them satisfaction.

It has become increasingly evident that managers have begun to recognize that it can be more profitable to retain existing customers than searching for new ones. Several well established brands with dominant market shares focus their strategies and programmes on maintaining customer beliefs regarding the superior quality of the product. Therefore, managers of consumer brands design advertisements that reassure customers of continued high quality.

Guiltinan and Gordon (1990) posit that satisfaction with product performance can also be enhanced if a firm provides additional information or services that will lead to proper and effective use of the product. It is a truism that the importance of product satisfaction has been argued as one of the reasons for the long term market leadership of many brands.

While maintaining satisfaction is always an important goal competitors often are able to provide satisfactory products and services. And they may offer more options and features, lower prices and advertise heavily. Based on research conducted in several industries, the best defensive strategy to a competitive attack on product quality, price or heavy advertising is to meet or (even surpass) the competition. In addition, some firms find they must match competitors in terms of the number of product line options offered.

Czimzota et al (1997) state that consumers will require products that are environmentally friendly but at the same time do not require too much compromise on performance and value. Customers are value maximizers. They will patronize a company that offer the highest customer delivered value. According to Dwyer and Tanner (1999) many companies find that it is much easier to get current customers to do more business that it is to get business from prospective customers.

Mogaba (2006) reveals that in assessing quality the customer ranks a firm's products or brands vis a vis its competitors products or brands on the functional attributes that are important in

making his purchase decisions. Such product attribute are durability, reliability of spare parts and repair facilities, and other service supports that normally go with the sale or use of the product (UKO, 1993) in Mogaba (2006).

Telecommunication

The word telecommunication refers to devices and systems that transmit electronic or optical signals across long distances. Telecommunication enables people to contact one another globally to access information instantly and to communicate from remote areas. It involves a sender of information and one or more recipients linked in technology such as a telephone system that transmits information from one place to another. It enables people to send and receive personal messages across towns, between countries, and to and fro outer space. It also provides the key medium for delivering news, data, information and entertainment (Microsoft Encarta premium, 2009).

Telecommunication messages can be delivered in a variety of ways and by a wide range of services. The messages can be sent from one sender to a single receiver (point to point) or from one sender to many receivers (point to multipoint). Personal communication such as a telephone conversation between two people or a facsimile (fax) message usually involves point to point transmission.

Telecommunication starts with messages that are converted into electronic or optical signals, such as those that carry voice or music are created in an analog or wave format, but may be converted into a digital or mathematical format for faster and more efficient transmission. The signals are then sent over a medium to a receiver where they are decoded back into a form that the person receiving the message can understand. There are a variety of ways to create and decode signals, and many different ways to transmit signals.

The telephone network also uses both wire line and wireless methods to deliver voice communication between people and data communications between computers and people or other computers. The part of the telephone network that currently serves individual residences and many businesses operate in an analogue mode, uses copper wires, and relays electronic signals that are continuous, such as the human voice. Digital transmission via fibre optic cables is now used in some sections of the telephone network that send large amounts of calls over long distances.

According to Freiden (2008), the telephone network is stable and reliable because it uses its own wire system that is powered by low voltage direct current from the telephone company.

Telephone networks modulate voice communications over these wires. A complex system of network switches maintains the telephone links between callers. Telephone network also use microwave relay stations to send calls from place to place on the ground. Satellites are used by telephone network to transmit telephone calls across countries and oceans.

The telephone is a tremendous improvement over the telegraph system, which could only transmit coded words and numbers not the sound of a human voice. Telegraph messaging was cumbersome because the message had to be deciphered by trained operators, written down and then delivered by hand to the receiving, all of which took time. The telephone transmit actual sound message and made telecommunication immediate. Due to improved switching technology used to transfer calls from one local network to another meant individual telephone

could be connected for personal conversations. Telecommunication is a key infrastructure for social and economic advancement.

RESEARCH METHODOLOGY

In order to give empirical support to the research, a survey of GSM customers on the extent of their satisfaction with GSM services was conducted. The population of the study comprised 1,727,866 GSM customers of Glo, MTN, Airtel and 9mobile in the federal capital Territory (FCT) Abuja, Nigeria. The sample of 400 GSM customers was obtained using Taro Yamane's (1967) formula.

The research used multistage sampling technique in selecting respondents that were subscribers of Glo, MTN, Airtel and 9mobile. In the first stage, twelve urban areas of the FCT were purposively selected for the study. These include Abaji, Asokoro, Bwari, Garki, Gwagwalada, Maitama, Karimu, Karu, Kuje, Kubwa, Kwali and Wuse. These urban areas were selected from all the six local council areas of the FCT including Abuja municipal Area council (AMAC), Abaji, Bwari, Kuje, Kwali and Zuba. In the second stage, 400 respondents were purposively selected from the urban areas and questionnaires administered to them. They were purposively selected because the researchers were looking for subscribers of Glo, MTN, Airtel and 9mobile only. The survey method employed was direct distribution and retrieval of the questionnaires.

Respondents were randomly selected from the FCT in such a way that every GSM subscriber had a probability of being chosen. The objective was to reduce cost, save time and ensure accuracy in data presentation and analysis. The study made use of both primary and secondary sources of data. The primary data were collected first hand for the study specifically, while secondary data were obtained from books, journals and internet.

DATA PRESENTATION AND ANALYSIS

The data generated from the field are presented and analyzed using the Statistical package for the social sciences (SPSS) software. The results are interpreted and findings discussed. Regression and Pearson product moment correlation (r) were used to test the hypotheses.

Table 1.1 Distribution and Retrieval of Questionnaire

Number of questionnaire distributed	Number of questionnaire Retrieved	Number of questionnaire Not Retrieved	Number of questionnaire Not properly or completely filled	Number of questionnaire Properly filled, returned and used in the analysis
400 (100%)	358 (89.5%)	42 (10.5%)	34 (9%)	324 (81%)

Source: *Field Survey (2018)*

Decision Rule

Compare the obtained probability with the specified significant level and then reject or do not reject the null hypothesis based on the comparison. Therefore, reject the null hypothesis if the p-value is smaller than or equal to the significance level.

Test of Hypothesis 1

Ho: There is no relationship between competitive strategies and customer satisfaction.

Decision Rule: Reject the null hypothesis if the P-value is less than the significance level.

Table 1.2 Results Obtained from Regression Test Analysis using 0.05-Level of Significance.

Coefficient Statistics for Hypothesis 1**Coefficients"**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.450	.316		4.586	.000
Competitive Strategies	4.816	.106	.930	45.337	.000

Dependent Variable: Customer Satisfaction

Source: *Field Survey 2018*

The result from the regression analysis output shows that the b-value for competitive strategies is 4.816, which is an indication that an increase in competitive strategies will increase customer satisfaction by 4.816, hence the t-value is 45.33 and the significance from the SPSS output is put at 0.000 which is less than 0.05 significance level.

This implies that competitive strategies significantly impacted on customer satisfaction in the mobile phone sector in Nigeria. This further implies that as GSM network service providers introduce more strategies in the market, the level of customer satisfaction increases.

We therefore reject the null hypothesis and conclude that competitive strategies significantly impacted on customer satisfaction in the GSM mobile phone sector.

This study corroborates the findings of International Telecommunications Union (ITU, 2003), Bur (2000), Anyanwu (2007). ITU (2003) found that a survey of small business users of mobile phones in Uganda found that many benefits were cited including increased sales, increased client base and enhanced contact with staff, 36% had saved time, 15% had reduced transport expenditure and 12% estimated that their profits had increased and were thus satisfied. In a related development, Bur (2000) reported that many benefits and hence satisfaction were traced back to access to mobile telephones in rural areas in Bangladesh by taking mobile phones to rural areas resulted in increased incomes, higher prices for agriculture produce due to more precise shipment arrivals. If access to mobile phone is provided people do not need to travel to communicate with one another.

Back home in Nigeria, Anyanwu (2007) reported that the telecommunication is one sector that the respondents in his survey rated as having very good performance (60%). He noted that this response was quite understandable given the liberalization of this sub-sector and the coming on stage of the GSM operators in Nigeria.

However, the finding of this present study is at variance with those of Idoko and Nkamnebe (2007) who reported customers' lack of satisfaction with GSM

Test of hypothesis 2

There is no relationship between perceived customer expectation and customer satisfaction with mobile phone services in Nigeria

Decision Rule: Reject the null hypothesis if the P-value is less than the level of significance.

Table 1.3 Results obtained from correlation test analysis using 0.05-level of significance.

Coefficient Statistics for Hypothesis 2

Correlations

		Perceived customer expectation	Customer Satisfaction
Perceived customer expectation	Pearson Correlation	1	.950**
	Sig. (2-tailed)		.000
	N	324	324
Customer Satisfaction	Pearson Correlation	.950**	1
	Sig. (2-tailed)	.000	
	N	324	324

** . Correlation is significant at the 0.01 level (2-tailed).

Source: *Field Survey 2018*

The result from the correlation analysis shows that the $r = 0.907$, which indicates a strong positive relationship between perceived customers expectation and customer satisfaction with P - value $0.000 < 0.05$ level of significance.

On the basis of this, we therefore reject the null hypothesis and conclude that there is significant relationship between perceived customer expectation and customer satisfaction with mobile phone services in Nigeria.

This finding supports the views of Kotler (2003) and the earlier studies by Turel and Serenko (2006). Kotler (2003) asserts that if performance matches the expectations, the customer is satisfied. Turel and Serenko (2006) submitted that there exists a positive relationship between perceived customer expectations and satisfaction with mobile handsets in Canada. The expectation represents both previous service experience and forward looking beliefs regarding a provider's ability to offer the desired quality.

In sharp contrast; to our finding, Gorst et al, (1999) reported on the insignificant effect of expectations on consumer satisfaction for first time users of telecom services in the United States of America (USA).

DISCUSSION OF FINDINGS

The data presented and analyzed in line with the research objectives, questions and hypotheses which were designed principally to ascertain

the effect of competitive strategies on customer satisfaction in the telecommunications industry in Nigeria reveal a lot of findings.

To start with, findings reveal that competitive strategies had significant positive effect on customer satisfaction in the mobile phone sector in Nigeria. The implication of this finding is that as the network service providers introduce more strategies aimed at winning over customers to their network and retaining them, the level of satisfaction of the consumers is enhanced. Bur (2000) had earlier reported that GSM customers were satisfied with the competitive strategy of taking mobile phone services to the rural areas in Bangladesh.

The study equally sought to test whether there was a relationship between perceived customer expectation and customer satisfaction with mobile phone services in Nigeria. The study found a strong positive relationship between perceived customer expectation in and customer satisfaction to be as high as 0.907. This finding agrees with that of Turel and Serenko (2006) which found a positive relationship between perceived customer expectation and satisfaction with mobile handsets in Canada. However, Gorst .et al (1999) had reported on insignificant effect of expectations on customer satisfaction for consumers who were using telecom services for the first time in the United States of America (USA).

CONCLUSION

The overall objective of this study was to evaluate the effect of competitive strategies on customer satisfaction in the telecommunication industry in Nigeria. Emphasis was on .the GSM sector and four active GSM firms were selected for the study.

It would be safe to conclude from the findings of the study that consumers of GSM services welcome the various strategies such as reduction in the rate of cost on calls, SMS bonus, access to the internet, free night calls, involvement in corporate social responsibility, extension of network service to rural areas and public highways and so on. These strategies enhance the satisfaction of consumers with GSM services. For instance, free SMS bonus makes a consumer happy because he/she considers such as a reward for patronage.

The essence of research is what to do with the findings. Can these findings be generalized? The researchers dare to answer in the affirmative. To a large extent, GSM firms offer similar or even identical products or services which typically reflect the blossoming activities in the telecommunications industry in Nigeria, now rated as the fastest growing GSM market in the world. Furthermore, the sample size taken was large enough and reflects the opinions of typical Nigerian GSM subscribers since the questionnaire was administered across the length and breadth of the Federal Capital Territory populated by Nigerians from the 36 states and the FCT

itself. Above all, the instrument (questionnaire) was sensitive enough to elicit the views of participants on the issue of competitive strategies and customer satisfaction in the telecommunications industry in Nigeria.

By implication GSM service providers will be in a better position to focus more on the satisfaction of today's benefit – seeking customer.

RECOMMENDATIONS

Based on the findings and the conclusions made from the study, the researchers deem it pertinent to make the following recommendations.

1. To start with, GSM network service providers should make concerted efforts at crafting competitive strategies that are customer friendly so as to deliver the derived satisfaction to customers. They must communicate these to consumers in a friendly manner so as not to distract them. As the GSM service providers have taken giant steps in the area of introducing competitive strategies coupled with the extremely high technology of the telecoms industry should strengthen efforts to achieve greater efficiency so as to guarantee customer satisfaction.. It would be observed that some products/services introduced in the name of promotions are completely meaningless to say the least. For instance, asking a subscriber to recharge every five minutes in order to win a prize is sheer crudity, utterly profiteering and distractive. Some subscribers simply avoid or ignore such promotions.

The Nigerian Communications Act, 2003 clearly placed on the shoulders of NCC; the responsibility of ensuring that "standard services are supplied as efficiently as possible". NCC must therefore not shirk this onerous task. In this regard, NCC should strengthen its supervisory framework by opening offices in more states of the federation to get closer to subscribers to know the challenges they may be facing with GSM services.

2. GSM service providers must make conscious efforts to place customers at the centre of their activities. This is necessary to sustain their expectations, high hopes for even better and improved services. This means identifying customers' needs and preferences. This can be achieved through market research. It is only on the basis of these that products and services will be introduced to profitably meet those needs to transfer the high expectations to customer satisfaction in the industry.

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