



**ST.MARY'S UNIVERSITY COLLEGE  
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF MARKETING STRATEGY PRACTICES IN  
ETHIO TELECOM: FROM THE COMPANY PERSPECTIVES**

**BY**

**ABESELOM DAMTEW TADESSE**

**SGS1/0035/2004**

**OCTOBER, 2013**

**ADDIS ABABA, ETHIOPIA**



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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY  
COLLEGE, SCHOOL OF GRADUATE STUDIES IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION**

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**ENDORSEMENT**

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

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## DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Dr. Getie Andualem. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

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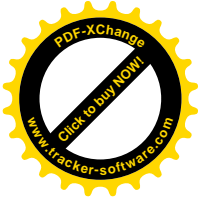


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## ACKNOWLEDGEMENTS

First and foremost, I would like to thank my Almighty GOD, who helped me in every facets of my life.

Next, I am strongly thankful to my Advisor, Dr. GetieAndualem, for his valuable comment and guidance throughout the study.

I would also like to express my appreciation for all of the employees who have responded for the questionnaire and interview questions and for their support in providing the relevant data acquired.

Finally, special thanks to my friends Abdu Nursebo, KirosBereket, JemalSeid, GideyMehari, Solomon Addis and all my families who were around and supported me in any way during my study.



## List of Acronyms

**ADSL:** Asymmetric Digital Subscriber Line

**CDMA:** Code Division Multiplex Access

**CUG:** Closed User Group

**EVDO:** Evolution Data Optimization

**GOTA:** Global Open Trunking Architecture

**GPRS:** General Packet Radio Service

**GSM:** Global Service of Mobile

**IPLC:** International Private Leased Circuit

**MPLS:** Multi-Protocol Lab Switching

**NGO:** Non-Governmental Organization

**PESTEL:** Political, Economic, Social, Technological, Legal and Environmental

**SMS:** Short Message Service

**STP:** Segmentation, Targeting and Positioning

**SOHO:** Small Office Household Office

**SME:** Small and Medium enterprises

**SWOT:** Strength, Weakness, Opportunities and Threats

**SPSS:** Statistical Software for Social Science

**STK:** Systems Tool Kit

**TV Ads:** Television Advertisement

**VPN:** Virtual Private Network

**WCDMA:** Wideband Code Division Multiple Access

**ZTE:** Zhongxing Telecommunication Equipment

**3G:** Third Generation



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## Abstract

*The aim of this study was to assess the marketing strategy practices of ethio telecom. It described how the marketing strategies were practiced in the company to achieve its goals aligned with target market, segmentation, positioning and the marketing mix to satisfy customer requirements.*

*The research was carried out through the use of case study design employed by using both qualitative and quantitative approaches. Both primary and secondary data collection instruments were used to collect data. Closed ended questionnaire survey along with interview was used for the purpose of data collection. The selections of the respondents were carried out by using purposive sampling technique because no other departments were concerned about marketing strategies and the researcher took all the respondents of marketing staffs as a total population of the study.*

*The findings show that the company has identified its target market and used all the 4ps of marketing mix element in the marketing strategies. The price of the company's product and service are affordable and easily understandable by customers. And its product and service availability and accessibility are good with the practices of both direct and indirect channel distribution strategy. On the other hand, the company's market segmentation practice is enterprise customer only. Communication effectiveness between marketing department and other departments were poor. Promotions activities of the company suffer from lack of brand promotion and lack of employee know how in introducing the company's product and service. In addition there are some major problems that the company faced while implementing it. These are: ineffective communication, structure problem in the marketing division, lack of coordination and network quality problem. Based on these, it is recommended that ethio telecom should investigate its marketing strategy and revisit its current performance against the problem.*

**Key Words:** *Strategy, Marketing strategy, Target marketing, Market segmentation, Positioning and marketing mix.*



# CHAPTER ONE

## INTRODUCTION

This chapter consists of background of the study, statement of the problem, research questions, objectives of the study, definitions of terms, significance of the study, scope of the study, limitations of the study and organization of the paper.

### 1.1. Background of the Study

As Kotler and Keller (2012) defined marketing management as the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

Kotler and Keller (2012) also stated that the first decade of the 21st century challenged firms to prosper financially and even survive in the face of an unforgiving economic environment. Marketing is playing a key role in addressing those challenges. Finance, operations, accounting, and other business functions won't really matter without sufficient demand for products and services so the firm can make a profit. In other words, there must be a top line for there to be a bottom line. Thus, financial success often depends on marketing ability. Marketing's broader importance extends to society as a whole. Marketing has helped introduce and gain acceptance of new products that have eased or enriched people's lives. It can inspire enhancements in existing products as marketers innovate to improve their position in the marketplace.

Boone and Kurtz (2012) stated that the marketing concept, a crucial change in management philosophy, can be linked to the shift from a seller's market one in which there were more buyers for fewer goods and services to a buyer's market one in which there were more goods and services than people willing to buy them. Marketing would no longer be regarded as a supplemental activity performed after completing the production process. Instead, the marketer played a leading role in product planning. Today's fully developed marketing concept is a companywide consumer orientation with the objective of achieving long-run success. All facets and all levels, from top to bottom of the organization must contribute first to assessing and then to satisfying customer wants and needs. From marketing manager to accountant to product designer, every employee plays a role in reaching potential customers. Even during tough economic times, when companies tend to emphasize cutting costs and boosting revenues, the marketing concept focuses on the objective of achieving long-run success instead of short-term profits.



Homburg et al. (2009) found that marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable advantage. Marketing strategies includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

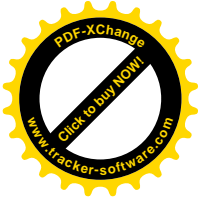
Marketing strategy is the process of planning and implementing company policies towards realizing company goals in accordance with the company vision. Marketing strategies include general ones such as price reduction for market share growth, product differentiation, and market segmentation, as well as numerous specific strategies for specific areas of marketing.

Therefore, marketing strategy is most effective when it is an integral component of corporate mission, target marketing, marketing mix and defining how the organization will successfully engage customers, prospects, and competitors in the market arena (Dibb, S. 2005).

Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company. (Paul Fifield, 1994).

As wind and Robertson (1983) demonstrated that, marketing strategy focuses explicitly on the quest for long run competitive and consumer advantage. Marketing strategy's serves a boundary role function between the firm and its customers, competitors and other stakeholders. Marketing is uniquely able to assess consumer needs and the firm's potential for gaining competitive advantage, which ultimately must guide the corporate mission. Marketing develops strategy based on analysis of consumers competitors and other environmental forces which then should be combined with other strategic inputs (such as financial, research and development and human resources) to arrive at an integrated business strategy.

Telecommunications service was introduced in Ethiopia by Emperor Menelik II in 1894 when the construction of the telephone line from Harar to the capital city, Addis Ababa, was commenced. Then the interurban network was continued to expand satisfactorily in all other directions from the capital. Many important centers in the empire were interconnected by lines, thus facilitating long distance communication with the assistants or operators at intermediate stations frequently acting as verbal human repeaters between the distant calling



parties. Available records of the time have shown that by early 1930's a total route distance of about 7,000 kms of inter urban network was existed and no less than 170 towns and villages were connected to the network.

Later, in 1932, Ethiopia became a member of the international telecommunications union immediately before the Italian invasion of 1935 and radio communication was introduced following the establishment of radio circuit links with Djibouti, Aden, Cairo and London.

The company was placed under the auspices of the ministry of post, telephone & telegraph and then reorganized as imperial board of telecommunications of Ethiopia.

After the downfall of Dergue regime in transitional period (1991), the government of the federal democratic republic of Ethiopia has carried out an overall restructuring program to change the previously centralized command economy to a free market-oriented one with the aim of making government owned enterprises more efficient and effective as well as encouraging the promotion and participation of the private sector in the country's economic progress.

Accordingly, the telecommunications sector was restructured and two separate independent entities namely the Ethiopian telecommunications authority and the Ethiopian telecommunications corporation were established by proclamation No.49/1996 on November 1996. Telecom services are provided in most efficient & effective manner to customers. The corporation (1996) has enhanced the development of telecom infrastructure and quantity of services in both rural and urban areas in the most efficient and timely manner.

As a continuation of the last five year plan and after concentrating its efforts on education, health and agriculture, the Ethiopian government has decided to focus on the improvement of telecommunication services, considering them as a key lever in the development of Ethiopia.

Ethio telecom is born, on Monday 29<sup>th</sup> November 2010, from this ambition of supporting the steady growth of our country. To ensure that ethio telecom runs parallel with top telecom operators, the Ethiopian government has reached an agreement with Francetelecom, one of the world's leader telecommunications companies. This agreement will help ethio telecom to improve its management capability through the transfer of world renowned know how and skills.

Thus, the purpose of the study was to assess the marketing strategy practices of ethio telecom and to identify whether it was aligned with the target marketing, marketing mix and market segmentation to satisfy customer requirements.





## 1.2. Statement of the Problem

Ferrell and Hartline (2010) stated that an organization's marketing strategy describes how the firm will fulfill the needs and wants of its customers. It can also include activities associated with maintaining relationships with other stakeholders, such as employees or supply chain partners. Stated another way, marketing strategy is a plan for how the organization will use its strengths and capabilities to match the needs and requirements of the market. A marketing strategy can be composed of one or more marketing programs; each program consists of two elements a target market or markets and a marketing mix (sometimes known as the four Ps of product, price, place, and promotion). To develop a marketing strategy, an organization must select the right combination of target market(s) and marketing mix (es) in order to create distinct competitive advantages over its rivals.

Marketing strategy is a key part of overall corporate strategy, which is concerned with developing plans for finding out what customers want and then efficiently meeting their requirements. Everyone knows that a marketing strategy influences the company's ability to generate profits or to stay in business.

Ethio telecom is a state owned and sole provider of telecom services in the country. It has the vision to be a world class telecommunication service provider. In this spirit ethio telecom has been investing in the telecommunication networks and technologies for the past years. Over the past 3 years the company has invested \$1.5 billion contract of vendor financing with ZTE Corporation of China to implement Next generation network. But ethio telecom is currently facing with some problem of poor marketing strategy practices. The strategic marketing document of the company reveals that, it lacks a well-structured and well formulated marketing strategy in order to fulfill the customer requirement. The possible cause that the company couldn't practice the strategies effectively is that mainly lack of competition in the telecom sector. This means that the company is the only provider of telecom service in the country.

Even if the company has made a transformation program and reorganized in a new structure, the marketing strategy of the company is not well formulated and developed. Due to this fact, the company couldn't provide a competitive product and service to the customer.

Finally, it might have an impact on the company when the government allows different companies to enter in the market.

For this reason it is difficult to win the market when stiff competition is exist in the future.



This study arises from the need to assess practice of marketing strategies of the firm more effectively and efficiently. These industry issues and problems demand that firms continually assess its internal processes and capabilities to remain competitive in price as well as product and service quality.

### **1.3. Research Questions**

This study was undertaken to assess the marketing strategy practices in ethiotelecom. More specifically, possible solutions are provided to the following basic research questions.

- What are the basic factors considered in formulating the marketing strategy?
- Who are the major formulators of the strategy?
- To what extent are target marketing, segmenting and positioning addressed in the strategy?
- How the marketing strategies are practiced aligned with marketing mix to satisfy customer requirement?
- Who are the major implementers of the strategy?
- What are the major challenges in implementing the strategy?
- What kind of practice is used in evaluating and reviewing the strategic marketing documents?

### **1.4. Objectives of the Study**

The general objective of the study is to assess the marketing strategy practices of ethiotelecom. Under this objective the study address the following specific objectives:

- ✓ To explore the various factors to be considered in marketing strategy
- ✓ To identify the major formulators of the strategy
- ✓ To investigate how the company is strategically targeting, positioning and segmenting the market to achieve its objectives.
- ✓ To identify the company's marketing mix strategies that will demand to the target market.
- ✓ To identify the major implementers of the strategy
- ✓ To identify problems encountered in the marketing strategy implementation of ethio telecom.
- ✓ To investigate the practice used in evaluating and reviewing the strategic marketing document.



## 1.5. Definition of Terms

- ❖ **Strategy** is a careful plan or method or an adoption that serves or appears to serve an important function in achieving evolutionary success.(Ludikova,2008,PP 14)
- ❖ **Marketing Strategy** is a set of integrated decision and actions by which a business expects to achieve its marketing objectives and meet the value requirements of its customers.(Slater and Olson,2001,PP1056)
- ❖ **Target Marketing** is the identification of the market segments that are identified as being the most likely purchasers of a company's products. (Whalley,A.,2010,PP 76)
- ❖ **Market Segmentation** is the process of dividing the total market for a particular product or product category into relatively homogeneous segments or groups.(Ferrell and Hartline,2010,PP 167)
- ❖ **Positioning** is the strategy that enables a firm to competitively and strongly place its brand in the customers mind such that it becomes the most preferred brand.(Saxena,2002,PP 181)

## 1.6. Significance of the Study

One of the core activities in a business company is having a well-developed marketing strategy. The study was designed mainly to deal with how marketing mix, market segmentation and target marketing are used in order to enhance, maintain and attract customers and to identify how those tools are aligned with marketing strategy.

The study has expected to give both practical and theoretical significance. It has worth doing because it helps the company to look at its problems and provides additional input for top management in designing ways to improve the current gaps in order to satisfy the required demand of consumers. In line with this, the study has serve as an input for higher officials of the company and concerned government bodies to look at designing the strategy competitive in order to win the future competition in this sector. The study has also expected to contribute towards the advancement of theoretical knowledge and serves as a reference material for similar studies in future.

## 1.7. Scope of the Study

The scope of the study was covered how the marketing strategies were practiced in ethio telecom to achieve its stated goals aligned with target markets, positioning, segmenting and the marketing mixes to satisfy customer requirements.



The study was delimited to the marketing strategy practices by the company's side only with concerned employees (marketing department staffs and Top management).

The focus of the study was also delimited to the data acquired from the self-administered questionnaires, interviews and written documents on marketing strategies in ethio telecom Head Quarter that is found in Addis Ababa. The reason that the researcher limited only in the head quarter is the strategic issues are designed at the high level and marketing department is more concerned about marketing strategies.

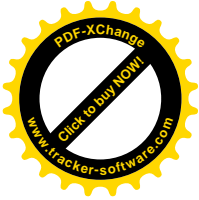
### **1.8. Limitations of the Study**

The study was limited and focused on marketing strategy practices of ethio telecom from the company perspective only. As a result the input from customers was not incorporated in this research. Lack of cooperation from interview respondents was limited the outcome of the research. Interview method were not certain to clearly reveal real situations due to personal biased and some officers were not volunteer to give the true situation because they may fear that confidentiality case. And this study also limited by lack of empirical data for the literature part.

In addition, in this study only 4p's of marketing mixes aligned with STP are taken as a variable of marketing strategies, there are additional other 3p's of marketing mixes (people, process and physical evidence) that may applicable in the service marketing and a well-established business companies use to define their marketing strategy. Besides to this, with in marketing strategy practices the remaining 3p's are not considered in this study. Thus, other researcher may consider this issue for further studies.

### **1.9. Organization of the Paper**

This paper consists of five chapters. Chapter one includes introduction which consists of background of the study, statement of the problem, objectives of the study, research questions, definition of terms, significance of the study, scope of the study and limitation of the study. The second chapter focuses on literature review. The third chapter is research design and methodology. Chapter four introduces the results and discussion. The fifth chapter, which is the closing chapter, focuses on summary of finding, conclusions and recommendations.



## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1. Introduction

This chapter gives an overview of literature that is related to the research problem presented in this study. Marketing strategy overview, three generic strategies, elements of marketing strategy, basic factors considered in the marketing strategy and major challenges in the implementation of the marketing strategy were introduced in order to give a clear idea about the research area.

#### 2.2. Theoretical Approach

##### 2.2.1. Marketing Strategy Overview

Strategy is originally a Greek word coming from the military origins. Nowadays this word is usually defined on two levels. First as general description: a careful plan or method or an adaption that serves or appears to serve an important function in achieving evolutionary success and second as its realization: the art of devising or employing plans or stratagems towards a goal, or a variety of or instance of the use of strategy “or a plan of action resulting from strategy or intended to accomplish a specific goal. (Ludikova, 2008)

If an organization is to have any chance of reaching its goals and objectives, it must have a game plan or road map for getting there. A strategy, in effect, outlines the organization’s game plan for success. Effective marketing requires sound strategic planning at a number of levels in an organization.(Ferrell and Hartline, 2010).

As Varadarajan (2010) defined that, Marketing strategy refers to an organization’s integrated pattern of decisions that specify its crucial choices concerning markets to serve and market segments to target, marketing activities to perform and the manner of performance of these activities, and the allocation of marketing resources among markets, market segments and marketing activities toward the creation, communication and/or delivery of a product that offers value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.



## 2.2.2. Three Generic Strategies

### **Cost leadership**

Porter (1990) pointed out that choosing a lower cost strategy means that the firm is able to produce the product cheaper than its competitors and there can only be one cost leader. The sources of cost advantage depend on the structure of the industry. It is necessary that the firm has a broad target and serves more than one segment. A lot of companies may even operate up or down streams in the industry. The firm often sells standard at acceptable quality and service.

According to Shapiro and Varian (1999) a firm that is able to sell more than other firms will have the lowest average cost. This allows the firm to make money when others cannot. But to sell more the firm will need to lower the price; this also means that the firm has a smaller profit on each unit sold. If this works out the firm has to make up for the lost revenues in volume. In traditional industries reducing the average cost of production is focusing on cutting down the unit cost of production.

### **Differentiation**

By choosing a differentiation strategy Porter (1990) means that the firm is able to provide unique and/or superior value to the product more efficiently through quality, special features or after sale service. There can be many differentiators in an industry. Differentiation allows the firm to add a premium value to the product, which leads to a higher profit than that of the competitors. The differentiated firm makes higher revenue per unit than the competitors, because of the buyer's special demand.

Shapiro and Varian (1999) pointed out that if the firm's strategy is differentiation, the firm must add value to the product, thereby distinguishing the product from the competing products.

### **Focus**

As Porter pointed out that firms in the same industry can choose different competitive scopes in the same segment. The basic choice is between a broad target and a narrow target within the same segment. The narrow target is a well-defined market and the broad target is a larger market defined in a wider perspective.

According to Shapiro and Varian (1999) focus is achieved by personalizing the product. If a company succeeds in creating a unique product it will have breathing room to both personalize the pricing and to design the product. There are two ways of adding more



value to a unique product and thereby being able to focus on a narrow target. The first one is to personalize or customize in order to generate more value for the customers; offer value adding services to achieve a closer relationship between the customer and the personalized product. The second one is to establish pricing arrangements that capture as many of the values as possible.

### **2.2.3. Competitive Strategies**

It is discussed by Porter (1983) that every company has a competitive strategy; either it is official or unofficial to the market. There is a frame with four key factors that the companies can formulate into a competitive strategy. The first one is based on the company's strengths and weaknesses and describes its assets and skills in comparison to its competitors. Financial resources and technical skills are included in this key factor. Another key factor is the value of the company's employees. This factor gives the company the motivation and need to actually take the strategy in to action. Together with the strengths and weaknesses it decides the inner boundaries for which strategy the company successfully can adapt. The external conditions are decided by the branch and the surroundings. The possibility of development and threats for the company settle the competition with the risks and possibilities.

The last key factor includes the expectations from the society, the policy of the government, social commitments and development of the norm.

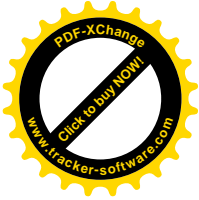
According to Davidson (2001), a company's competitive strategy is choosing a favorable industry. There are two main questions and they both have to work, otherwise there is no meaning for the company to go in to the industry. The first one is the profitability in long term and which factors that determine that. The second one is which components that are affecting the company's position in the market.

## **2.3. Elements of marketing Strategy**

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. Here there are four major elements that are used in the literature to explain the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the marketing mixes (Roger Brooks bank, 1994).

### **2.3.1. Segmentation**

At its most basic level, the term "market segmentation" refers to subdividing a market along some commonality, similarity, or kinship. That is, the members of a market segment share



something in common. The purpose of segmentation is the concentration of marketing energy and force on the subdivision (or the market segment) to gain a competitive advantage within the segment.

As Ferrell and Hartline (2011) stated that, many firms today take segmentation to the extreme by targeting small niches of a market, or even the smallest of market segments: individuals.

### **2.3.1.1. Traditional Market Segmentation Approaches**

According to Ferrell and Hartline (2011) writes that many segmentation approaches are traditional in the sense that firms have used them successfully for decades. Some organizations actually use more than one type of segmentation, depending on the brand, product, or market in question.

**Mass Marketing-** It seems odd to call mass marketing a segmentation approach, as it involves no segmentation whatsoever. Companies aim mass marketing campaigns at the total (whole) market for a particular product. Companies that adopt mass marketing take an undifferentiated approach that assumes that all customers in the market have similar needs and wants that can be reasonably satisfied with a single marketing program.

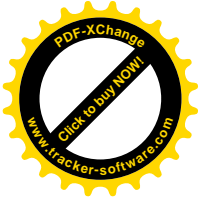
This marketing program typically consists of a single product or brand (or, in the case of retailers, a homogeneous set of products), one price, one promotional program, and one distribution system. Mass marketing works best when the needs of an entire market are relatively homogeneous.

**Differentiated Marketing-** Most firms use some form of market segmentation by dividing the total market into groups of customers having relatively common or homogeneous needs, and attempting to develop a marketing program that appeals to one or more of these groups. This approach may be necessary when customer needs are similar within a single group, but their needs differ across groups.

**Niche Marketing** Some companies narrow the market concentration approach even more and focus their marketing efforts on one small, well-defined market segment or niche that has a unique, specific set of needs. Customers in niche markets will typically pay higher prices for products that match their specialized needs. (Ferrell and Hartline, 2011)

According to Ferrell and Hartline pointed out that, although markets can be segmented in limitless ways, the segmentation approach must make sense in terms of identifiable, substantial, accessible, responsive, viable and sustainable criteria.





### **2.3.1.2. Bases for Segmenting Consumer Markets**

Consumer markets can be segmented on the following customer characteristics.

#### **2.3.1.2.1. Geographic Segmentation**

Geographic segmentation divides the market into geographical units such as nations, states, regions, counties, cities, or neighborhoods. The company can operate in one or a few areas, or it can operate in all but pay attention to local variations. In that way it can tailor marketing programs to the needs and wants of local customer groups in trading areas, neighborhoods, even individual stores. In a growing trend called grassroots marketing, such activities concentrate on getting as close and personally relevant to individual customers as possible. (Kotler and Keller, 2012).

#### **2.3.1.2.2. Demographic Segmentation**

In demographic segmentation, Kotler and Keller divide the market on variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class. One reason demographic variables are so popular with marketers is that they're often associated with consumer needs and wants. Another is that they're easy to measure. (Kotler and Keller, 2012).

Age and life-Stage segmentation deals with segmenting the market by age group like people less than 14. Family life cycle segmentation provide for the market to be segmented into segments that are related to the change in pattern of consumption as a person passes the life cycle like adolescent to young adult or bachelor to married person. Gender segmentation is to segment the market in term of sex whether male or female. Income, education and Occupation segmentation deals with the segmentation of the market by the salary earned, level of education and work of the customers. Religion, race, generation, nationality, and social class segmentation segments the market into group of customers having specific social background. (Nasit, A, 2011).

#### **2.3.1.2.3. Behavioral Segmentation**

Behavioral segmentation is the most powerful approach because it uses actual consumer behavior or product usage to make distinctions among market segments. Typically, these distinctions are tied to the reasons that customers buy and use products. Consequently, behavioral segmentation, unlike other types of consumer segmentation, is most closely associated with consumer needs. A common use of behavioral segmentation is to group consumers based on their extent of product usage heavy, medium, and light users.



Heavy users are a firm's bread-and butter customers and they should always be served well. Marketers often use strategies to increase product usage among light users, as well as nonusers of the product or brand. One of the best uses of behavioral segmentation is to create market segments based on specific consumer benefits.(Ferrell and Hartline, 2011).

#### **2.3.1.2.4. Psychographic Segmentation**

Psychographics is the science of using psychology and demographics to better understand consumers. In psychographic segmentation, buyers are divided into different groups on the basis of psychological/personality traits, lifestyle, or values. People within the same demographic group can exhibit very different psychographic profiles.(Kotler and Keller, 2012).

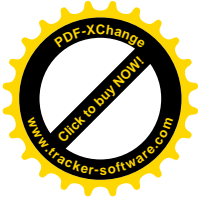
According to Ferrell and Hartline (2011), Psychographic segmentation deals with state-of-mind issues such as motives, attitudes, opinions, values, lifestyles, interests, and personality. These issues are more difficult to measure, and often require primary marketing research to properly determine the makeup and size of various market segments

#### **2.3.1.3. Bases for Segmenting Business Markets**

Major segmentation variables for business market are:-Demographic, Operating Variables, Purchasing Approaches, Situational Factors, and Personal characteristics. The demographic variables are the most important, followed by the operating variables down to the personal characteristics of the buyer.(Kotler and Keller, 2012).

Business to Business market segmentation is an important asset for a company. It enables the staff to manage operations more effectively and to achieve the desired results and objectives. The degree to which segmentation is used in industrial markets can vary and it depends on the changing conditions in its environment. It also depends on the needs of an organization and its type of activities. (Hutt and Speh, 2001)

Industrial market segmentation is a decision making process that gives a firm an opportunity to use its marketing resources correctly and effectively in order to implement its marketing strategy and overall objectives. Business market segmentation, or in other words Industrial market segmentation, is not that well developed compared to consumer segmentation. Even though many parts of consumer segmentation can be applied to industrial segmentation, there are several other variables specifically applicable to industrial segmentation. (Croft, M., 1994).



### 2.3.2. Market Targeting

Targeting is the next step in the sequential process and involves a business making choices about segment(s) on which resources are to be focused. Targeting is the actual selection of the segment. A set of buyers sharing common needs or characteristics that the company decides to serve." Companies use target marketing to tailor for specific markets. There are three major targeting strategies: undifferentiated, concentrated, and differentiated. During this process the business must balance its resources and capabilities against the attractiveness of different segments (Kotler, P, 2007).

Target marketing is thus defined as the identification of the market segments that are identified as being the most likely purchasers of a company's products. Specifically, the advantages of target marketing are:

- ✓ Marketing opportunities and unfilled gaps in a market may be accurately appraised and identified. Such gaps can be real (e.g. sweet, strong, harsh or mild) or they can be illusionary in terms of the way people want to view the product (e.g. happy, aloof, silly or moody). In the case of the former, product attributes can fulfill these criteria whereas for the latter these attributes might well have to be implanted in the minds of customers through an appropriate advertising message.
- ✓ Market and product appeals through manipulation of the marketing mix can be delicately tuned to the needs of the potential customer.
- ✓ Marketing effort can be concentrated on the market segments which offer the greatest potential for the company to achieve its goals be they goals to maximize profit or to secure the best long-term position for the product or any other appropriate goal. (Whalley, A, 2010).

### 2.3.3. Positioning

Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning is how the product or service is to be perceived by a target market compared to the competition. It answers the question: "Why will someone in the target market(s) buy my product or service instead of the competitions?" Anequivalent question is: "What should be the perceived value of my offering compared to the competitions?" (Kotler, P, 2007). Positioning refers to how customers perceive a firm's offering relative to competition. Positioning provides the bridge between targeting and the



marketing mix. If customers perceive the product unfavorably, it can be made more attractive by physically altering it or by repositioning the product in the minds of customers. Repositioning can dramatically alter consumer perceptions.(Shaw, 2011).

As whalley (2010) stated that, after segmentation and market targeting, the next important step in developing an effective marketing strategy is product positioning. Product positioning refers to the way in which an organization sets itself apart in the market and how its products and services are perceived by the target market as a whole; this incorporates the concept of all stakeholders of the company. To compete successfully in a target market, an organization must have a form of differential advantage. Positioning is about the communication of the overall value proposition such that it creates and maintains this clearly to customers, thus creating a distinctive and ideally unique, place in the market for the organization.

To be effective, the basic value proposition offered by an organization must be something that is relevant to the target market, it must be differentiated from the competition and it must be sustainable and communicated clearly to that market. This aspect fits more closely with differentiation as a generic strategic option and this in part helps to explain the proliferation of brands, products and services.(Whalley,A,2010).

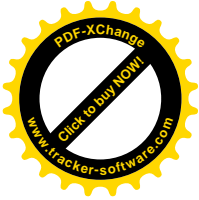
## **2.4. Marketing Mix Strategies**

As Eric Shaw (2011) stated that, the marketing program (popularly called the marketing mix) is the set of variables that managers use to influence customers. These variables include the product or service, price, advertising and promotion, and distribution. And the main four elements of marketing mix are described as the following:-

### **2.4.1. Product strategy**

Of all the strategic decisions to be made in the marketing plan, the design, development, branding, and positioning of the product are perhaps the most critical. At the heart of every organization lie one or more products that define what the organization does and why it exists.Products fall into two general categories. Products purchased for personal use and enjoyment arecalled consumer products, whereas those purchased for resale, to make other products, or for use in a firm’s operations are called business products. (Ferrell and Hartline, 2011).

(Small Business Development Corporation [SBDC], 2011) stated that Products incorporate the following characteristics:



## **Product attributes**

Quality – the major tool in positioning our product. It encompasses two key elements: 1) quality level - how it is made or perceived, and 2) quality consistency - how it performs over its life.

Features – the physical or intrinsic characteristics of our product that contribute to the benefits it offers. Design – a combination of how the product looks and how it performs.

## **Branding**

A brand is a name, term, sign, symbol or design, or a combination of these elements that identifies the maker or seller of a product or service. Branding is an important part of a product and contributes to its personality and perceived value. The power of a brand cannot be underestimated many people buy on the strength of brand alone with no regard for price or performance.

## **Packaging**

Packaging incorporates the wrapper or container for your product. It serves to protect the product, ensuring it reaches the buyer in good condition and also conveys the personality of your brand and important safety and statutory information.

## **Labeling**

Labeling incorporates all the written information about our product and usually takes the form of an adhesive sticker, a tie-on tag or a printed piece of packaging.

### **2.4.1.1. Marketing through the Product Life Cycle**

Although there are variations on the concept, the product life cycle is typically divided in four stages: introduction, growth, maturity, and decline.

#### **Introduction Strategies**

In the introductory stage of the life cycle, a financially strong firm facing weaker competitors would probably employ a penetration strategy. The penetration strategy aims at the mass market, or a very large market segment, with an aggressive marketing mix: usually a combination of basic product, low price, large advertising and promotional campaign, and intensive distribution.

#### **Growth Strategies**

Usually employed during the growth phase, an expansion strategy may be used during any stage of the life cycle, even to recycle a mature or declining product. There are two types of



expansion strategies, one based on customers the other based on products. Firms can expand by adding new customer segments. An organization can expand geographically, by going from local to regional, regional to national, or national to international. A firm could also expand by adding new product lines.

### **Maturity Strategies**

During the maturity stage of the life cycle there are several strategic alternatives. These include maintenance, harvesting, and differentiation strategies. A maintenance (or hold) strategy attempts to maintain market share by maintaining marketing effort; essentially, keeping things the way they are. Toward the end of maturity, many firms shift from maintenance to a harvesting strategy. The product is treated as a “cash cow;” which involves accepting some reduction in market share in exchange for a more than proportional retrenchment in marketing effort. In contrast to the passive maintenance and harvesting strategies, a differentiation strategy keeps the firm aggressive during the maturity phase of the life cycle. Differentiation involves creating brand uniqueness in the minds of customers.

### **Decline Strategies**

Finally, at some time in the decline stage of the life cycle, a divestment strategy becomes necessary because a product or service with declining sales consumes disproportionate amounts of marketing time, effort and money. Consequently, the product must be withdrawn from the market. If almost all other competitors are dropping out of the market, however, it may be possible to profitably stay alive a little longer as the sole survivor. (Shaw, 2011)

## **2.4.2. Pricing Strategies**

In discussing pricing, include the rationale for choosing the price, as well as any discounts, allowances, trade margins or adjustments. Three generic approaches to pricing are known as the 3 C's: (1) customer (or demand), (2) competitor, and (3) cost oriented pricing. The highest price possible to charge is the maximum that a customer is willing to pay. The lowest price a firm can offer, and remain in business for long, is its cost of goods plus operating expenses. Typically prices are set somewhere between these two extremes based on competitors' prices.

First, in **demand oriented pricing**, customers are charged the highest price that each segment will pay, usually phrased: “what the traffic will bear.” Price skimming is an example of demand oriented pricing. With skimming a high price is charged initially. After those who are willing to pay the most actually buy the product and sales begin to level off, the price is



lowered to the next segment, and the process is repeated.

Second, **competitor oriented pricing** is particularly common in industries known as oligopolies. If a firm charges a higher price than competitors, no one buys from them.

Third, **cost oriented pricing** relates the price to cost. This method is particularly popular in wholesaling and retailing where a standard markup is common, such as “keystone” pricing using 100 percent markup above cost. (Shaw, 2011).

#### **2.4.2.1. Selecting a Pricing Method**

The three major considerations in price setting: Costs set a floor to the price. Competitors’ prices and the price of substitutes provide an orienting point. Customers’ assessment of unique features establishes the price ceiling. Companies select a pricing method that includes one or more of these three considerations. According to Kotler and Keller (2012), pointed out that, Here the following are the price-setting methods:-

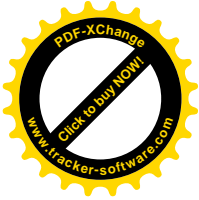
**Markup pricing**-The most elementary pricing method is to add a standard **markup** to the product’s cost. Construction companies submit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers and accountants typically price by adding a standard markup on their time and costs.

**Target-return pricing**-In target-return pricing, the firm determines the price that yields its target rate of return on investment. Public utilities, which need to make a fair return on investment, often use this method.

**Perceived-value pricing**- An increasing number of companies now base their price on the customer’s **perceived value**. Perceived value is made up of a host of inputs, such as the buyer’s image of the product performance, the channel deliverables, the warranty quality, customer support, and softer attributes such as the supplier’s reputation, trustworthiness, and esteem.

**Value pricing**- In recent years, several companies has adopted value pricing: They win loyal customers by charging a fairly low price for a high-quality offering. Value pricing is thus not a matter of simply setting lower prices; it is a matter of reengineering the company’s operations to become a low-cost producer without sacrificing quality, to attract a large number of values conscious customers.

**Going-rate pricing**- In going-rate pricing, the firm bases its price largely on competitors’ prices. In oligopolistic industries that sell a commodity such as steel, paper, or fertilizer, all



firms normally charge the same price. Smaller firms “follow the leader,” changing their prices when the market leader’s prices change rather than when their own demand or costs change. Some may charge a small premium or discount, but they preserve the difference.

**Auction-type pricing-** Auction-type pricing is growing more popular, especially with scores of electronic marketplaces selling everything from pigs to used cars as firms dispose of excess inventories or used goods. (Kotler and Keller, 2012)

#### **2.4.2.2. Pricing Strategies for New Products**

The pricing strategies for new product should be developed so that the desired impact on the market is achieved while the emergence of competition is discouraged. Two basic strategies that may be used in pricing new products are; skimming pricing and penetration pricing strategy.

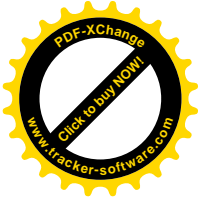
**1). Skimming pricing:** is the strategy of establishing initial price for a product with a view of “skimming the cream of market” at the upper end of the demand curve. It is accompanied by heavy expenditure on promotion. A skimming strategy may be recommended;

- ✓ When the nature of demand is uncertain,
- ✓ when a company has expended large sums of money on research and development for a new product,
- ✓ When a competition is expected to develop and market a similar product in the near future or when the product is so innovative that the market is expected to mature very slowly. Under these circumstances, a skimming strategy has several advantages.

Premium and umbrella prices are two other forms of price skimming. Some products carry premium prices (high prices) permanently and build on image of superiority for themselves. Some times higher prices are maintained in order to provide an umbrella for small high cost competitors. Umbrella prices have been aided by limitation laws that specify minimum prices for a variety of products, such as milk.

**2). Penetration pricing:** is the strategy of entering the market with a low initial price so that a greater strategy is used when an elite market does not exist and demand seems to be elastic over the entire demand curve even during early stages of product introduction. High price elasticity of demand is probably the most important reason for adopting a penetration strategy. The penetration strategy is also used to discourage competitors from entering the market. Penetration pricing reflects a long term perspective in which short term profits are sacrificed in order to establish sustainable competitive advantage (Paul Fifield, 1994).





### 2.4.2.3. Pricing Strategies for Established Products

An examination of existing prices may lead to one of three strategic alternatives; maintaining the price, reducing the price, or increasing the price.

- ✓ Maintaining the prices: If the market segment from which the company drives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy.
- ✓ Reducing the prices: There are three main reasons for lowering prices. First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries, many companies reduce prices, following a strategy that is often called value pricing.

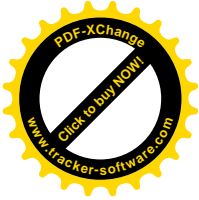
A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles. Technology advances have made possible the low cost production of high quality electronics gear. The third and final reason for price cutting may be a response to customer needs. During a period of inflation, all types of costs go up, and to maintain adequate profits, an increase in price becomes necessary. How much the price should be increased is a matter of strategy that varies from case to case (Philip & Garry, 2007).

### 2.4.3. Promotion Strategies

Promotion relates to all the communication tools that the marketers use in the marketplace. As Whalley (2010) in his strategic marketing book stated that, promotion includes all of the tools available to the marketer for marketing communications. As with the marketing mix, marketing communications has its own promotions mix, where different aspects of the promotions mix can be integrated to deliver a unique campaign. The elements of the promotions mix are:-

- ✓ Personal selling
- ✓ Sales promotion
- ✓ Public relations
- ✓ Direct mail
- ✓ Trade fairs and exhibitions
- ✓ Advertising

The elements of the promotions mix are integrated to form a coherent campaign in relation to the strategy developed using STP.



### 2.4.3.1. Personal Selling

Personal selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. Personal selling is highly persuasive and is often used in markets where personal choice figures strongly in the purchase. (Whalley, A., 2010).

Compared to other types of promotion, personal selling is the most precise form of communication because it assures companies that they are in direct contact with an excellent prospect. Though one-on-one contact is highly advantageous, it does not come without disadvantages. The most serious drawback of personal selling is the cost per contact.

Personal selling is also expensive due to the costs associated with recruiting, selecting, training, and motivating salespeople. (Ferrell and Hartline, 2011).

### 2.4.3.2. Sales Promotion

**Sales promotion**, a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive. Sales promotion includes tools for consumer promotion (samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie-in promotions, cross-promotions, point-of-purchase displays, and demonstrations), trade promotion (prices off, advertising and display allowances, and free goods), and business and sales force promotion (trade shows and conventions, contests for sales reps, and specialty advertising). Sales promotions in markets of high brand similarity can produce a high sales response in the short run but little permanent gain in brand preference over the longer term. In markets of high brand dissimilarity, they may be able to alter market shares permanently. (Kotler and Keller, 2012).

Sales promotion involves activities that create buyer incentives to purchase a product or that add value for the buyer or the trade. Sales promotion can be targeted toward consumers, channel intermediaries, or the sales force. Sales promotion includes broad assortment of promotional elements because it encompasses activities other than advertising, public relations, and personal selling. (Ferrell and Hartline, 2011)



### **2.4.3.3. Public Relations**

Public relation is defined as the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics, institute of public relations. Public relations can be split into proactive communications designed to build understanding and reactive communications designed to counter misunderstanding. (Whalley, A., 2010).

Not only must the company relate constructively to customers, suppliers, and dealers, it must also relate to a large number of interested publics. A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. Public relations include a variety of programs to promote or protect a company's image or individual products. The wise company takes concrete steps to manage successful relationships with its key publics.(Kotler and Keller, 2012).

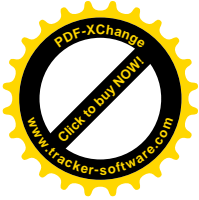
### **2.4.3.4. Direct Mail Marketing**

Direct mail is a popular medium because it permits target market selectivity, can be personalized, is flexible, and allows early testing and response measurement. Although the cost per thousand is higher than for mass media, the people reached are much better prospects. The success of direct mail, however, has also become its liability so many marketers are sending out direct-mail pieces that mailboxes are becoming stuffed; leading some consumers to disregard the blizzard of solicitations they receive. In constructing an effective direct-mail campaign, direct marketers must choose their objectives, target markets and prospects, offer elements, means of testing the campaign, and measures of campaign success.(Kotler and Keller, 2012).

Direct marketing has now expanded into areas such as telemarketing; cataloguing, door to door leafleting, e-mail marketing, broadcast faxing etc. as such direct marketing is a major sub-section of marketing in its own right. (Whalley, A., 2010).

### **2.4.3.5. Trade Fairs and Exhibitions**

The purpose of trade fairs and exhibitions is to increase awareness and to encourage trial, largely through face to face contact of supplier and customer. They offer the opportunity for companies to meet with both the trade and the consumer, for both to build relationships outside traditional sales meetings. They are heavily used with business to business marketing, especially within technology and engineering based products. (Whalley, A., 2010).



### 2.4.3.6. Advertising

Advertising is a key component of promotion and is usually one of the most visible elements of an integrated marketing communications program. Advertising is paid, non-personal communication transmitted through media such as television, radio, magazines, newspapers, direct mail, outdoor displays, the Internet, and mobile devices.

Advertising promotes all types of products, including goods, services, ideas, issues, people, and anything else that marketers want to communicate to potential customers. Whether used in consumer or business markets, there are two basic types of advertising: institutional and product advertising.

**Institutional Advertising** Institutional advertising promotes a firm's image, ideas, and culture, with the goal of creating or maintaining an overall corporate image.

**Product Advertising** Product advertising promotes the image, features, uses, benefits, and attributes of products. Product advertising comes in many different forms. (Ferrell and Hartline,2011)

In developing an advertising program, marketing managers must always start by identifying the target market and buyer motives. Then they can make the five major decisions, known as “the five Ms”: *Mission*: What are our advertising objectives? *Money*: How much can we spend and how do we allocate our spending across media types? *Message*: What message should we send? *Media*: What media should we use? *Measurement*: How should we evaluate the results? (Kotler and Keller,2012).

### 2.4.4. Place Strategy

Place is not just about the point of sale, it's about the total channel of distribution and a consideration of the value chain from raw materials through to the customer. As such it's one of the most cross-functional areas within marketing and one of most vital areas in terms of the processes aspect of the extended marketing mix.

There are six basic channel decisions:

1. Do we use direct or indirect channels? (E.g. direct to a consumer, indirect via a wholesaler).
2. Single or multiple channels.
3. Cumulative length of the multiple channels, longer length adds cost
4. Types of intermediary
5. Number of intermediaries at each level



6. Which companies as intermediaries to avoid intra channel conflict (i.e. infighting between local distributors). There are many types of intermediaries such as wholesalers, agents, retailers, the internet, overseas distributors, direct marketing (from manufacturer to user without an intermediary), and many others.

### **1. Channel intermediaries-Wholesalers**

They break down bulk into smaller packages for resale by a retailer, i.e. they buy from producers and resell to retailers and in doing take title to the goods. They provide storage facilities. A wholesaler will often take on some of the marketing responsibilities. (Whalley, A., 2010).

Wholesalers (also called distributors) differ from retailers in a number of ways. First, wholesalers pay less attention to promotion, atmosphere, and location because they are dealing with business customers rather than final consumers. Second, wholesale transactions are usually larger than retail transactions, and wholesalers usually cover a larger trade area than retailers. Third, the government deals with wholesalers and retailers differently in terms of legal regulations and taxes. (Kotler and Keller, 2012).

### **2. Channel intermediaries-Agents**

An agent will typically secure an order for a producer and charge a commission on the sale or be paid a retainer with a sales related bonus. Generally they don't take title to the goods, unless they are a stockiest agent who will hold consignment stock, i.e. will store the stock, but the title will remain with the producer. This approach is used where goods need to get into a market soon after the order is placed. Agents can be very expensive to train. They are difficult to keep control of due to the physical distances involved. They are difficult to motivate. (Whalley, A., 2010).

### **3. Channel intermediaries-Retailers**

Retailers will generally have a much stronger personal relationship with the consumer. They will hold several other brands and products and their customers will expect to be exposed to many products and brands that are competitive. Where the retail purchase is significant the retailers will often offer credit to the customer which requires consideration in pricing decisions. Retailers will give the final selling price to the product but will also do their own marketing or will increasingly arrange co-operative marketing with the producer. (Whalley, A., 2010).

At the retail level of distribution, channel selection also involves the number of retailers, in a given geographical market, carrying a seller's products. Retail coverage may be intensive,



selective or exclusive. Intensive distribution attempts to sell products through every available outlet in a given geographical area. Exclusive distribution reduces coverage to a single store, or chain, in the desired market. Selective distribution provides coverage between every outlet available and a single outlet by offering a firm's products to a select group of outlets in a chosen area. (Shaw, E., 2011).

#### **4. Channel intermediaries-Internet**

The internet presents us with geographically dispersed and disparate market in customer terms. This is its main benefit it exposes products to a wider audience at relatively low cost which in turn has led to the proliferation of niche and specialist businesses which would be impossible without the internet as a contact and order placing medium. With the advent of broadband and satellite it has also become a delivery medium for products such as TV, films, software, interactive games etc. (Whalley, A., 2010).

### **2.5. Basic Factors Considered in Formulating the Marketing Strategy**

According to Ferrell and Hartline (2011) pointed out that the key issues considered in formulating the marketing strategy is the situation analysis.

The purpose of the situation analysis is to describe current and future issues and key trends as they affect three key environments: the internal environment, the customer environment, and the external environment.

#### **The Internal Environment**

The first aspect of a situation analysis involves the critical evaluation of the firm's internal environment with respect to its objectives, strategy, Performance, allocation of resources, structural characteristics, and political climate.

First, the marketing manager must assess the firm's current marketing objectives, strategy, and performance. A periodic assessment of marketing objectives is necessary to ensure that they remain consistent with the firm's mission and the changing customer and external environments.

#### **The Customer Environment**

In the second part of the situation analysis, the marketing manager must examine the current and future situation with respect to customers in the firm's target markets. During this analysis, information should be collected that identifies: (1) the firm's current and potential customers, (2) the prevailing needs of current and potential customers, (3) the basic features of the firm's and competitors' products perceived by customers as meeting their needs, and



(4) anticipated changes in customers' needs.

### **The External Environment**

The final and broadest issue in a situation analysis is an assessment of the external environment, which includes all the external factors competitive, economic, political, legal/regulatory, technological, and sociocultural that can exert considerable direct and indirect pressures on both domestic and international marketing activities.

According to Hitesh Bhasin (2012) also suggested in the magazine of marketing91.com, there are 3 essential factors while formulating marketing strategy. They are as follows:-

1. **Developing customer intimacy-** A company can gain a lot by investing time in its customers, getting to know them, their likes, dislikes, preferences.
2. **The health of the brand** – The second most important factor while formulating a marketing strategy is determining the health of the brand. This takes the external environment into account.
3. **Innovation-** It is important to understand that innovation does not happen in one department only. It can happen in the supply chain department, the costing department, the accounting department and most importantly the product development department.

### **2.6. Major Challenges in Implementing the Marketing Strategy**

As Mike Perry (2008) stated in his article of the challenge of successfully implementing strategy, implementing strategy is really hard work. Big strategic ideas are plentiful, yet relatively few strategies can be described as having revolutionized the entire organization. Perry also described the five levels of strategy. These are:-Grand Strategy, Getting the big picture into focus, Creating innovative marketing initiatives, Functional re-alignment of the organization and New implementation excellence.

Perry (2008) stated that, the pitfalls of implementing strategy are as follows:-

1. **Not clearly identifying which of the above five levels of strategy the debate should be focused upon:** The first step is to decide this to ensure that the debate stays focused. Companies usually need focus on only one or two of these in a given planning period.
2. **Increasing misinterpretation of the big strategic idea vision as it moves out of the executive suite into the organization.** A quick survey by people who understand your strategy and how this should bring fundamental change can quickly pinpoint if and where this is the cause of non-delivery.



**3. Not starting the process with a thorough unpacking of the detailed changes required to implement the new strategy.** Often this is hindered by the “not knowing what we don’t know” syndrome.

**4. Inadequate realignment of company resources with the new strategy.** Old habits die hard! For example, the sales team might concentrate on customers that have been historically important. Strategy might, however, require considerable investment in emerging groups of customers. Fundamental questions must be asked about how to successfully “break with the old” a tough thing for incumbent managers to do.

**5. Leaving the brand/product portfolio untouched.** New strategies require a hard look at which brands/products to reposition, divest and where new ones may be created or acquired. For example, a decision to be the low cost leader is a decision to streamline the portfolio but often “old favorites” are allowed to remain at the cost of efficiency.

## **2.7. Empirical study**

An empirical study was conducted by Alphesh.A.Nasit (2011), in India, Gujarat state on marketing strategy of telecom sector. The research has selected six telecom providers: BSNL, TATA, Reliance, Airtel, Vodafone, and Idea for major cities of Gujarat state. It is based on selected sample of telecom service subscribers, dealers and telecom service providers. This research adopts a combination of primary and secondary source of information.

The primary data is collected through the questionnaire and personal interviews. Six major telecom operators are selected: through a quota sampling and the sample size is 1200. respondents are selected for administering questionnaire at the touch-points of these selected telecom operators in the selected towns. Besides this, a sample of 30 questionnaires is collected from employees and 60 from the dealers of selected telecom operators.

The finding of the study revealed that as the following:

- ✓ There is positive influence of various product prices in marketing strategy. There is no perception difference but association with different company for different product price.
- ✓ There is significant influence of product mix in marketing strategy. There are same uses and but telecom service provider wise are different for value added services, broadband, GPRS/internet, SMS, etc.
- ✓ There is significant influence of promotion mix in marketing strategy. Broadcasting and print media are more effective for source of information to awareness of



customers.

- ✓ There is no significant relationship between marketing strategy and demographic variables. Age, education, occupation and disposable income are major variables effects.

Generally the research reveals that marketing element is the significant determinant of marketing strategy. Marketing mix also leads to increased commitment from the customer and enhances the feeling of association, developing a bonding and nurturing an associative long term relationship. Marketing mix is important for telecom service users of telecom industry. As such, it has implications for value added services, market segmentation, and customer retention strategies. The primary objective of the research is to explore the impact of marketing strategy element of telecom service providers. The research confirms that marketing mix element significantly affect customer satisfaction.

## 2.8. Conceptual Framework

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. In order to achieve the marketing objectives, companies need to have a strategy that includes different elements. There are four major elements that are used in the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the marketing mixes.



Figure 1:-Framework of Marketing Strategy

Source: Own designed



## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1. Introduction

This chapter describes and justifies the methodology selected to collect and analyze the data and address the research questions. The chapter begins with research design. Then the population and sampling technique, source and tools of data collection, procedures of data collection, reliability test, and method of data analysis, conceptual framework and ethical consideration were addressed in this section.

#### 3.2. Research Design

Since the research topic is assessment of marketing strategy practices in ethio telecom, so the research method is descriptive studies. To undertake this study, a case study design was employed by using both qualitative and quantitative approaches in order to obtain the desired results of the company and to explore detailed evidence about the problem.

Bringing qualitative and quantitative evidence and methods together is the special strength of the case study method. Although other qualitative methods (such as ethnography) have historically used quantitative techniques and vice versa (such as the use of focus groups as a complementary parts of doing surveys). The case study will be more appropriate because of its broader applicability and persistent integrating theme. (Yin R.K, 1994).

In the field of evaluation research and indeed in several other applied fields, the case for a multi-strategy research approach seems to have acquired especially strong support. (Tashakkori and Teddlie, 2003)

#### 3.3. Population and Sampling Technique

The target populations of the study were higher officials (top management body) and all employees of headquarter marketing department of ethio telecom in Addis Ababa. The total number of employees who are working in headquarter marketing department is 52. A participant that was conducted in the interview was chief enterprises officer, chief residential sales officer and chief marketing and communication officer.

So the researcher distributed a self-administered questionnaire to all marketing staff in headquarter. Interview questions were forwarded to top management of the company. And the data was collected using qualitative approach by employing in depth interview with top management. The sampling procedure is non-probability sampling and the selections of the respondents was determined by using purposive sampling research method because no other



departments are concerned about marketing strategies and the researcher took all the respondents of marketing staffs as a total population of the study.

Hans et.al (2004) demonstrated that, in purpose sampling also called non-probabilistic sampling, samples are selected more or less deliberately. This can be done on the basis of the judgment of the sampler of what is a desirable sample or whatever sample happens to be convenient to collect.

### **3.4. Source and Tools of Data Collection**

In order to gather the data from relevant sources, both primary and secondary data collection instruments were used. In order to generate the primary data, personal interviews was conducted with top management of the company and closed ended questionnaires were distributed to marketing department staffs. On the part of secondary data, the researcher referred ethio telecom strategic marketing document, different reference books, journal articles and web sites.

The questionnaire part is consists of 2 sections. The first one is the general information section contains the overall information of the respondents; such as, the respondents gender, age, marital status, educational background, work experience and position of the respondents in the organization. The second part is the essential information section that covered the research questions on marketing strategy practices of the company.

The designed questionnaire and interview questions were adopted from different sources getting from internet websites on the same topic entitled in different service organization and from the researcher itself. The variables used in this study are:-Marketing mix that consists of 4Ps:- product, price, place and promotion, market segmentation, positioning and target marketing.

As zikmund (2003) described that, there are four types of measurement scales: nominal, ordinal, interval and ratio scales. A nominal scale, sometimes called categorical scale, is the simplest type but has no intrinsic ordering. An ordinal scale is similar to a nominal scale, but the difference between the two is that there is a clear ordering of scales. An interval scale is similar to an ordinal scale, except that the intervals between each level are equally spaced. Ratio scale on the other hand has absolute rather than relative quantities.

Besides these four types of scales, Sekran (2003) explained that, there are two categories of attitudinal scales: (1) rating scale and (2) ranking scale. Rating scales have several response



categories and are used to elicit responses with regard to the object, event, or person studied. Ranking scales, on the other hand, make comparisons between or among objects, events, or persons, and elicit the preferred choices and ranking among them.

So in the case of this research, the researcher was used mixed level of measurement. In the first section of the questionnaire nominal measurement scales were used to measure the general information of the respondents. In the second section of the questionnaire rating scales of using a five point likert scale, nominal and ordinal measurement scale were used to measure the intensity of the respondents' attitude on marketing strategy practices of ethio telecom.

### **3.5. Procedures of Data Collection**

In the process of collection of research data the researcher was followed some steps. First before distribute questionnaires and interview questions to the participants; the researcher tries to search information from the company regarding the marketing strategy practices. Then the researcher confirmed the willingness of the company by preparing a letter of support from the university college. After getting consent from the participant, the prepared questionnaires and interview were forwarded to the respected participants.

Having said this, the researcher assigned three persons (respondents) from the company in order to organize for the distribution and collection of questionnaire survey. So that 96% of the questionnaires are returned timely to the researcher.

On the interview part the researcher was followed some steps in the data collection process. Before the interview session was conducted, the researcher was asked the permission of participants by showing a letter of support in order to take an appointment for the interview session. Then the researcher has a got a permission and give interview questions to the participants before conducting the session. At the appointment day the researcher had met the top management in different days in their work place and forwarded the prepared questions to them. The prepared questions were in English. But we were communicated both in Amharic and English language. The researcher translated some of the Amharic conversation or response in to English.

The researcher also tries to organize and compile all received responses and reported in one analysis format because all respondents were forwarded almost the same response. Some respondents won't to reply some questions or they were answered questions roughly. After the interviewee session, the researcher acknowledges and thanks all participants for their



precious time to have met at the session.

Pilot studies help the researcher gain valuable insights into the process and make necessary adjustments to avoid future problems. (Zikmund, 2003).

So in this study a pilot study was conducted to determine the feasibility of the quantitative survey before launching the full scale survey operation. The results and feedback from this pilot study were incorporated into the final survey questionnaire.

### 3.6. Reliability Test

Reliability tests the consistency and stability of a measurement instrument (punch, 2003). In the quantitative research component of this research, reliability issues were addressed by carrying out a major elements analysis and calculating the coefficients of Cronbach's alpha. The result of Cronbach alpha coefficient is portrayed in the following table.

**Table 3.1: Reliability Statistics of Cronbach's Alpha**

Reliability Statistics	
Cronbach's Alpha	N of Items
.809	18

Source: SPSS reliability result output, 2013

There are different methods of reliability test, for this study Cronbach's alpha is considered to be suitable. According to reliability statistics, Cronbach's Alpha coefficient is 0.809, which is acceptable based on different literatures. As described by Andy (2006) the values of Cronbach's Alpha around 0.8 is good. The Alpha value in this study is around 0.809 and therefore it is good.

### 3.7. Methods of Data Analysis

The collected data was analyzed and interpreted by using both qualitative and quantitative techniques. The data collected by open ended interview questionnaires was analyzed qualitatively. Closed ended questionnaires were analyzed quantitatively.

In this study descriptive statistical tool was used in the analysis part to measure the variables. In analyzing the data the researcher used SPSS version 20 software packages. The descriptive statistics utilized based on frequency tables to provide information on demographic variables as well as the research question variable. Accordingly the results of the analysis were interpreted.



### **3.8. Ethical considerations**

In this study all participants and data collected remain confidential and identities of respondents remain anonymous. Moreover, the privacy of all respondents was respected in the reporting of this research. No details of individuals involved in this research.

Informed consent is a written statement that explains aspects of a study to participants and asks for their voluntary agreement to participate before the study begins. (Neuman, 2006).

In this study, each participant was provided with an information sheet at the beginning of the research questions explaining the purpose of the research prior to each questionnaire and interview. And the researcher got consent from the participants before the survey and interview was made.



## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

#### 4.1. Introduction

This chapter presents the data collected from self-administered self-questionnaire from marketing staff, interview with chief officers and data from strategic marketing document and provides a detailed analysis of the data collected using both quantitative and qualitative approaches. The chapter begins with the analysis of quantitative data collected from marketing staff followed by the analysis of qualitative data gathered from the in depth interviews together with the findings.

The focus of this section is mainly on the marketing strategy practices of the company with respect to target marketing, market segmentation, positioning and marketing mixes (product strategy, pricing strategy, place strategy and promotion strategy) that constitutes for marketing strategy applications.

#### 4.2. Results of Demographic Question

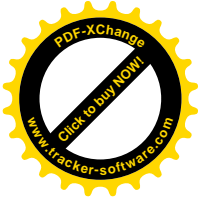
In the study 52 questionnaires were distributed to the respondents and 50 questionnaires were returned which consists 96% from the total. Two of the respondents (4%) failed to return the questionnaires.

**Table 4.1: Frequency Distributions of Respondents with Respect to their Gender**

Gender of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	43	86.0	86.0	86.0
	Female	7	14.0	14.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

Table 4.1 indicates the gender allocation of the sample of respondents from the marketing department employees which the research was conducted. As depicted on Table 4.1, 86% were male, while the remaining 14% comprised of female respondents. This implies that, there is a gender disparity showed in the company.



**Table 4.2: Frequency Distributions of Respondents with Respect to their Age**

Age of the Respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-28	23	46.0	46.0	46.0
	29-39	20	40.0	40.0	86.0
	40-50	7	14.0	14.0	100.0
	> 50	-	-	-	-
	Total	50	100.0	100.0	

Source: Own Survey, 2013

According to Table 4.2, the age of majority employees were between 18 and 28 years old that accounts 46%. Employees who were between 29 to 39 years are 40% and from 40 to 50 years old were 14%. In general 86% of the respondents were in the age groups of 18 up to 39 years old. This indicates that there is a potential advantage for working by young employees especially to achieve future objectives of the company’s marketing strategy.

**Table 4.3: Frequency Distributions of Respondents with Respect to their Marital Status**

Marital Status of the Respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	32	64.0	64.0	64.0
	Married	17	34.0	34.0	98.0
	Divorced	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As depicted on Table 4.3, the marital status of the respondent was dominated by single which comprises 64% while married respondents comprise 34% and the remaining 2% were divorced.

**Table 4.4: Frequency Distributions of Respondents with Respect to their Educational Background**

Educational Background of the Respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BA/BSC	32	64.0	64.0	64.0
	MA/MSC/MBA	18	36.0	36.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013





As shown on Table 4.4, the respondents' qualification levels were divided into two groups' i.e. 64% were first degree holders and the remaining 36% were second degree holders. Here, we can say that all the respondents are educated and more than first degree holders. This implies that the company has taken the advantage of utilizing its human resource for marketing strategy application and gives the company a competitive advantage where the competition will exist in the future.

**Table 4.5: Frequency Distributions of Respondents with Respect to their Work Experience**

Work Experience of the Respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2-5 years	2	4.0	4.0	4.0
	5-10 years	22	44.0	44.0	48.0
	10-15 years	15	30.0	30.0	78.0
	Over 15 years	11	22.0	22.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As can be seen in Table 4.5, most of the respondents have been working in the company for 5 years and above.44% of the respondent grouped under 5-10 years' work experience followed by 30% under 10-15 years' experience, then 22% and 2% of the respondents have above 15 years and 2-5 years experiences respectively.

Long years of experience shows that there is a relatively lower employee turnover as a result reduce cost of hiring new employees and saves time. As a result, the company can achieve its objectives and can maximize its profit.

**Table 4.6: Frequency Distributions of Respondents with Respect to their Position**

Position of the Respondent					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Staff (N-5)	18	36.0	36.0	36.0
	Supervisor (N-4)	8	16.0	16.0	52.0
	Specialist (N-4)	20	40.0	40.0	92.0
	Manager (N-3)	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013



According to Table 4.6, majority of the respondents was specialist which comprises of 40% of the total, followed by 36% of staff level employees. Supervisors and Managers represent 16% and 4% respectively.

### 4.3. Results and Discussions of Research Questions

**Table 4.7: Customers ‘Primary Reason for Buying Company’s Product & Service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Quality of product	2	4.0	4.0	4.0
	Proximity of supply	1	2.0	2.0	6.0
	Lower price than others	2	4.0	4.0	10.0
	Effective promotion	2	4.0	4.0	14.0
	Customer preference	2	4.0	4.0	18.0
	The customer has no option	41	82.0	82.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As indicated on Table 4.7, majority of respondents which accounts 82% replied that the primary reason for wanting or buying ethio telecom product and services are because of the customer has no alternative to buy from other competitors. The least number of respondents which accounts 18% answered that the customers primary reason for buying company’s product and services are quality of product, proximity of supply, lower prices, effective promotion and customer preference.

These results indicate that the company has a sole provider of the telecom service and in the absence of competition; the customers are forced to buy or use the existing product and services. For this reason the customers have no other choice in fulfilling their demand so that this situation will create dissatisfaction to the majority of customers.



**Table 4.8: Employees Opinion towards Product and Service Quality**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Good	2	4.0	4.0	4.0
	Good	10	20.0	20.0	24.0
	Medium	18	36.0	36.0	60.0
	Poor	16	32.0	32.0	92.0
	Very Poor	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

Product quality is rapidly becoming an important competitive issue and constantly changing to meet changing consumer demands. Additionally service quality is a comparison of expectations with performance. As shown in Table 4.8, more than half of the respondents replied that the company’s product and service quality is rated as below good. Specifically 36% of the respondents said that the company’s product and service quality is medium. 32% said it is poor. Again 8% said that it is very poor. On the other side some of the respondents replied that the company’s product and service quality is good and very good which accounts 20% and 4% respectively. The analysis implies that ethio telecom provides low quality product and service. The result also implies the company can’t satisfy their customer’s requirement and it needs to examine in order to understand how they affect the ultimate success of their marketing and sales program.

**Table 4.9: Employees Opinion Concerning Price of the Company’s Product and Service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Cheap	1	2.0	2.0	2.0
	Cheap	1	2.0	2.0	4.0
	Affordable	34	68.0	68.0	72.0
	Expensive	12	24.0	24.0	96.0
	Very Expensive	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As illustrated on Table 4.9, 68% of the respondents replied that the pricing strategies of the company’s product and services are affordable. 24% of the respondents answered that it is expensive. 4% replied very expensive. 2% responded that as it is very cheap and the



remaining 2% said that as it is cheap.

From the above discussion what it implies that the company’s pricing strategy is reasonable and affordable so that most customers can handle the pricing method (set up) of the company. On the contrary the company’s marketing strategic document doesn’t show how to set the pricing method and what factors considered in the setting the pricing strategy of the company and didn’t followed the theoretical aspect or the key issues that must considered in formulating the pricing method. The strategic document only shows the tariffs of the company’s product and service.

**Table 4.10: Opinions Concerning Key factors Considered in Setting Pricing Strategy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Product value	3	6.0	6.0	6.0
	Cost	27	54.0	54.0	60.0
	Perceived value	5	10.0	10.0	70.0
	Economic conditions	5	10.0	10.0	80.0
	Marketing objectives	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As indicated on Table 4.10, 54% of the respondents replied that the key factor considered in setting pricing strategy is cost. Marketing objectives is which accounts 20% .Perceived value and Economic situations factors are considered in setting price which accounts 10% and 10% respectively. The remaining 6% said Product value.

The above analysis implies that cost is the major factor considered in setting the pricing strategy of the company.



**Table 4.11: Company's Product and Service Availability and Accessibility**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Good	16	32.0	32.0	32.0
	Good	24	48.0	48.0	80.0
	Fair	4	8.0	8.0	88.0
	Poor	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

Distribution strategies are concerned with the channels of a firm that employ to make its goods available to customers.

As shown in the Table 4.11, majority of respondents answered that the company's product and service availability and accessibility are good and very good which accounts 48% and 32% respectively. 8% of the respondents replied that the company's product and service availability and accessibility are fair. The remaining 12% of the respondents said that the company's product and service availability and accessibility are poor.

The results show that the degree to which the company's product and services are available to as many people as possible. So that the company distribution system is very good and determines the product's marketing presence and the buyer's accessibility to the product and service. And majority of people are able to access and avail for their day to day activities as well as for their business activities.



**Table 4.12: Employees Opinion Concerning Company’s Distribution Channel**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Direct Personal Selling	2	4.0	4.0	4.0
	Direct Online Sales	1	2.0	2.0	6.0
	Indirect Through the channels	3	6.0	6.0	12.0
	Word of Mouth	1	2.0	2.0	14.0
	Telemarketing	2	4.0	4.0	18.0
	All of the above except direct online sales	10	20.0	20.0	38.0
	Direct Channels and Indirect channels	22	44.0	44.0	82.0
	Direct Channels, Indirect channels and Telemarketing	5	10.0	10.0	92.0
	Direct Channels, Direct online sales and Telemarketing	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As can be observed in the Table 4.12, 44% of the respondents responded that the company’s distribution channel practices are both direct channel and indirect channel. 20% of the respondents answered that the company’s selling process are the combination of direct personal selling, indirect through the channels, word of mouth and telemarketing. 10% replied that the selling mechanism of the company is through direct channel, indirect channel and telemarketing. 8% replied that through direct channels, direct online sales and telemarketing. 6% of the respondents said that through indirect channel only. And the company’s marketing channel practices are through direct personal selling and direct online sales which accounts 4% and 2% respectively. Respondents which are replied through telemarketing and word of mouth accounts 4% and 2% respectively.

The result indicates that the company distribution channel (marketing channel) mainly focuses through direct channel and indirect channel. Direct channel i.e., through the company own offices or shops that is found both in zones and regions. The indirect channels are intermediaries or agents who address the products from the company to the consumers.



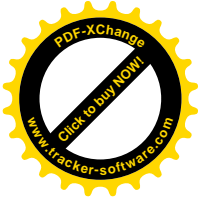
**Table 4.13: Employees Opinion Concerning the Company’s Advertising Strategy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TV Ads and Radio	5	10.0	10.0	10.0
	Internet Ads	1	2.0	2.0	12.0
	Billboards	2	4.0	4.0	16.0
	Exhibitions/Seminars	3	6.0	6.0	22.0
	Personal Selling	5	10.0	10.0	32.0
	Print Ads	7	14.0	14.0	46.0
	All of the Above tools	6	12.0	12.0	58.0
	All except Internet Ads and billboards	21	42.0	42.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As shown on Table 4.13, majority of respondents which accounts around 42% replied that except internet Ads and billboards, the rest practices like TV Ads and Radio, exhibitions/seminars and personal selling are practiced in the advertising strategy of the company.14% replied it as print Ads is the company’s advertising strategy practices.12% replied all practices including internet Ads, TV Ads and radio, billboards, exhibitions/seminars, personal selling and print Ads are the company advertising strategy.10% of respondents replied as TV Ads and radio are the best promotion strategy practices. Again 10% of respondents said that personal selling. The remaining respondents which replied as exhibitions/seminars, billboards and internet Ads are the best advertising strategy which accounts 6%, 4% and 2% respectively.

From the above point we can conclude that, the company’s best advertising strategy practices are TV Ads, radio, exhibitions/seminars and personal selling. This implies that the company’s way of advertising means is limited on the above strategy. Moreover, the company’s does not focus much attention to attract customers to find out more about their product or service on internet Ads, billboards and print Ads.



**Table 4.14: Communication Effectiveness between Departments**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Good	2	4.0	4.0	4.0
	Good	12	24.0	24.0	28.0
	Somewhat Good	10	20.0	20.0	48.0
	Poor	24	48.0	48.0	96.0
	Very Poor	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

Communication is essential for effective functioning in every part of an organization. One of the more important forms of organizational communication is inter-departmental communication and it is essential in order to achieve the strategic objectives of the company. The above Table shows that 48% of the respondents responded that the communication effectiveness between marketing and other departments are poor. 20% of respondents replied it is fair. 24% of the respondents replied that the communication between marketing and other departments are good. 4% said very good and the remaining 4% responded that very poor. The above result indicates that more than half of the respondents responded that the communication effectiveness of the company is below good. And this result implies that there somewhat an ineffective communication practices in the company and this will create not to accomplish the marketing strategy practices effectively. In addition this ineffective communication increases costs as well as takes a long time.





**Table 4.15: Appropriateness of the Company Promotional Tools**

Effectiveness of promotional tools	Least effective		Effective		Most effective	
	Frequency	Percent	Frequency	Percent	Frequency	percent
Advertising	2	4	26	52	22	44
Personal selling	18	36	24	48	8	16
Sales promotion	8	16	28	56	14	28
Public relation	12	24	22	44	16	32

Source: Own Survey, 2013

As illustrated on Table 4.15, majority of respondents noted that sales promotion; advertising, personal selling and public relation are effective tools of the company’s promotional activities which account 56%, 52%, 48% and 44% respectively.

The above analysis indicates that the company’s promotional mix strategies are vital for the marketing of product or service. It creates a good image for the company in order to present information about the product for customers and consumers to want the product they need to understand what the product is and how it benefits them. In addition it increases demand in order to increase sales.

**Table 4.16: Company’s Practice towards Marketing Mix Strategies**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Product	1	2.0	2.0	2.0
	Price	-	-	-	-
	Promotion	-	-	-	-
	Distribution	1	2.0	2.0	4.0
	All of the above mixes	48	96.0	96.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

The marketing mix deals with the way in which a business uses product, price, distribution and promotion to market and sell its product or service. As indicated from the above Table majority of respondents which accounts 96% commented that the company uses all the 4 Ps of marketing mix elements.2% replied the company uses product and the remaining 2% replied the company uses distribution.



The above response implies that the company uses all the 4Ps of marketing mix elements for the purpose of marketing strategy implementation. And it shows that the company is using for achieving marketing targets in terms of sales, profit and customer satisfaction. Additionally this marketing mix represent the company’s view of the marketing tools available for influencing buyers.

**Table 4.17: Employees Opinion towards Target Customers**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Banking and Insurance	8	16.0	16.0	16.0
	Manufacturing	2	4.0	4.0	20.0
	Health Institutions	2	4.0	4.0	24.0
	Hotels and tourism sector	3	6.0	6.0	30.0
	NGO'S and International organizations	4	8.0	8.0	38.0
	Educational Institutions	4	8.0	8.0	46.0
	Residential Customers or individuals	5	10.0	10.0	56.0
	All of the Above	22	44.0	44.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

With the current state of the economy, having a well-defined target market is more important than ever. Identifying the target market is an essential step in the development of the company’s marketing strategy and it will help the company to use its resources more wisely. As shown from the above Table, 44% of the respondents replied that the company’s target customers are banking and insurance, manufacturing sector, health institutions, educational institutions, residential customers, hotels and tourism sector and international organizations.16% replied banking and insurance.10% said residential customers. Respondents which responded Educational institutions, NGO’S and international organizations, hotel and tourism, health institutions and manufacturing which accounted 8%,8%,6%,4% and 4% respectively.

The above analysis implies that the company’s identified the specific characteristics of the people or business that allows focusing on the delivering of the company’s product or



service. This is much more affordable, efficient and effective way to reach potential clients and generate business. Additionally it is important that the company understand the demands that will attract the specific market.

On contrary to the above analysis there is no such a well-defined target market in the strategic marketing document of the company. The document only shows the data of residential or individual customers. And individuals above 15 years are the addressable markets of the company.

**Table 4.18: Bases of the Company’s Market Segmentation**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Geographic location	2	4.0	4.0	4.0
	Economic situation	34	68.0	68.0	72.0
	Behavioral	-	-	-	-
	Demographic	1	2.0	2.0	74.0
	Psychographic	-	-	-	-
	Geographic and Demographic	1	2.0	2.0	76.0
	Geographic and Economic	4	8.0	8.0	84.0
	Economic and Demographic	2	4.0	4.0	88.0
	Geographic, Demographic and Economic	4	8.0	8.0	96.0
	No segmentation	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

Determining how to segment a market is one of the most important questions a marketer must face. In order successfully to implement a market segmentation strategy, a business must employ market research techniques to find patterns of similarity among customer preferences in a market.

As illustrated on Table 4.18, majority of respondents stated that the bases of the company’s market segmentations are economic situation which accounts 68%.Some respondents replied that geographic and economic which accounts 8%. Demographic, geographic and economic said 8%. Economic and demographic which accounts 4%. Respondents who said geographic location only which accounts 4%. Respondents who responded no market segmentation is



4%. Geographic and demographic said that 2% and finally 2% of respondents replied demographic only.

From the above analysis, we can say that the company's focuses more on the economic situation that is one of the demographic segmentation bases. And this implies that the company didn't conduct a well-structured marketing strategy on customer segmentation. For instance demographic factors are most important factors for segmenting the customer groups. Consumer needs, wants, usage rate these all depend upon demographic variables. So, considering demographic factors while, defining marketing strategy is crucial.

**Table 4.19: Opinions of Employees Regarding Marketing Strategy Practices**

<b>I can perform the marketing strategy practices of the company effectively</b>	<b>Responses</b>					
	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Total
Weights	5	4	3	2	1	15
Frequency	14	28	8	-	-	50
Percent	28	56	16	-	-	100

Source: Own Survey, 2013

As shown on Table 4.19, 56% of the respondents said that they are agree and perform the marketing strategy practices of the company effectively. 28% of the respondents replied that they are strongly agree and perform the marketing strategy practices of the company effectively. The rest 16% preferred to stay in undecided. This implies that the employees can perform the marketing strategy practices of the company effectively.



**Table 4.20: Opinions of Employee inwhich Areas Receive Directions from the Company's**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sales Target	15	30.0	30.0	30.0
	Customer Service	7	14.0	14.0	44.0
	Discount/Schemes	8	16.0	16.0	60.0
	Customer Satisfaction	8	16.0	16.0	76.0
	Advertisement Planning	2	4.0	4.0	80.0
	Sales Target and Discount	3	6.0	6.0	86.0
	Sales Target and Customer Satisfaction	7	14.0	14.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As shown in the Table 4.20, 30% of respondents said that they have received directions from the areas of sales target.32% of respondents both received directions from the areas of customer satisfactions and discount scheme.14% replied from customer service. Respondent's replied areas from both sales target and customer satisfaction which accounts 14%. From sales target and discount replied which accounts 6%.The remaining 4% said that, they have received directions from the areas of advertisement planning.

The response implies that the company's much more focuses on sales target in order to increase their sales revenue.



**Table4.21: Major Formulators of the Marketing Strategy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Marketing team	12	24.0	24.0	24.0
	Board of directors	3	6.0	6.0	30.0
	Top management body	17	34.0	34.0	64.0
	Sales team	4	8.0	8.0	72.0
	Middle managers of marketing department	12	24.0	24.0	96.0
	All Stakeholders of the company	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As depicted on Table4.21, 34% of the respondents replied that top management is the major formulators of the strategy. Middle managers of marketing department and marketing staff are the major formulators of the strategy which accounts 24% and 24% respectively. 8%, 6% and 4% of respondents replied Sales team, board of directors and all stakeholders of the company are major formulators of the strategy respectively.

This implies that the major formulator of marketing strategy of the company is more or less top management and marketing team section. And the above analysis also indicates that the strategic planning team was composed from top level management to marketing team who are capable of representing the interests, concerns and opinions of all members of the company.

On other hand the strategic marketing document of the company didn't have a vision, mission and values for being the marketing department came in to exist.



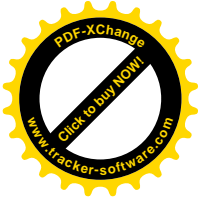
**Table4.22: Major Implementers of the Marketing Strategy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Marketing department	7	14.0	14.0	14.0
	Product and service department	2	4.0	4.0	18.0
	Customer service department	3	6.0	6.0	24.0
	Enterprises department	3	6.0	6.0	30.0
	Residential sales department	4	8.0	8.0	38.0
	Top management	5	10.0	10.0	48.0
	All employees	26	52.0	52.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As shown in the Table4.22, 52% of the respondents said that all employees in the company are the major implementers of the marketing strategy.14% replied marketing department is the major implementers.10% of the respondents' responded top management. Residentialsalesand enterprises department are the major implementers of the strategy which accounts 8% and 6% respectively. 6% and 4% of respondents replied product and service and customer service department are the major implementers respectively.

The above analysis implies thatmajorityemployees of the company have participated and every employee has a role in the implementation of the marketing strategy.



**Table4.23: Major Challenges in the Implementation of the Marketing Strategy**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Communication problem	1	2.0	2.0	2.0
	Ineffective promotion	4	8.0	8.0	10.0
	Poor planning	2	4.0	4.0	14.0
	Irresponsible demand for telecom product & service	2	4.0	4.0	18.0
	Lack of integration	5	10.0	10.0	28.0
	Lack of commitment	1	2.0	2.0	30.0
	All of the above	35	70.0	70.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As depicted on Table 4.23, majority of respondents which accounts 70% responded that communication problem, ineffective promotion, poor planning, irresponsible demand for telecom product and service, lack of integration and lack of commitment are the major challenges in the implementation of the marketing strategy of the company. 10% replied lack of integration. 8% said that ineffective promotion. Poor planning and irresponsible demand for telecom products are which accounts 4% and 4% respectively. Finally communication problem and lack of commitment are the major challenges which accounts 2% and 2% respectively.

The above analysis implies that the company has got major problems in the implementation of the marketing strategy. These challenges hinder not to achieve the stated goals and objective of the company.





**Table 4.24: Employees opinion concerning the company’s overall marketing strategies**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Least Effective	12	24.0	24.0	24.0
	Effective	36	72.0	72.0	96.0
	Most Effective	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Own Survey, 2013

As illustrated on Table 4.24, 72% of respondents responded that the company’s overall marketing strategy is effective.4% of respondents replied that most effective. However the remaining 24% of respondents said that the company’s overall marketing strategy is least effective. According to the above analysis what it implies that, the overall marketing strategy of the company accomplishes its duties with in a given constraints and the marketing strategy practices are successfully achieved its objectives.

#### **4.4. Analysis of Interview Data**

To gather more information about marketing strategy practices of ethio telecom, interview questions were forwarded to the top management of the company such as, chief marketing and communication officer, Enterprise officer and residential sales officer. And this interview response are presented and analyzed as supportive of employees’ questions. Accordingly the interviewee’s responses to the questions are depicted as follows. And these interview responses were organized in one analysis.

##### **Interviewee’s Response regarding the General Information of the Company**

They responded that the company, ethio telecom is a government owned company that provides telecommunication services and products to its customer.

**Regarding the company’s offering to their clients,** there are a wide range of products and services for both enterprise and residential customers. The company offers fixed wire line and wireless services, mobile services, internet and data services as well as 3G services like WCDMA and CDMA through the newly deployed next generation networks. Additionally ethio telecom also provides different mobile handsets to its customer. Other services are available for business customers including mobile data/EVDO, Internet Protocol services email, domain name, webhosting, interconnection and international roaming.



## **Concerning the Company's Target Customers and how the Company Positioned its Products to its Customers**

According to the interviewees responded that, the company's target market is all population who are living both in urban and rural areas and individuals above 15 years are addressable market. In the questionnaire analysis of employee's shows that there is identifiable target customers or market according to the type of organizations emerged as well as identifying the target market as enterprise customer and residential customer.

In addition the company's marketing strategic document strengthening the above analysis of identifiable targeted market.

The interviewees also explained that, the company has positioned its products to both enterprise and residential customers by creating an identity (uniqueness) in the minds of customers or a target market. For example service like 3G, postpaid and prepaid mobile bundle service i.e. calling at a discounted tariff is one of the company's that place its brand in the customers mind.

Even if positioning refers to how customers perceive a firm's offering relative to competition, however ethio telecom has a monopoly company in the country and the company has delivering telecommunications service without competition. This leads to customers are forced to buy the company's product and services whether the company has positioned or not to its customer.

## **Market Segmentation of the Company**

According to the interviewees replied regarding the customer segmentation of the company is that, currently ethio telecom has segmented its enterprise customers only. There is no segmentation for the residential customers in terms of geographic location, demographic and economic situation. On contrary in the questionnaire analysis economic situation and geographic location are the basis of the company market segmentation.

On the other hand in the strategic document of the company has shown that, there is a target segment in terms of age group only and individuals above 15 years are the company's addressable customer segment. Ethio telecom enterprise customers are segmented into three namely: Key accounts, SOHO and SME based on the number of employees they administer under their respective company and the amount of capital they have. This is based on the assumption that the bigger the number of employees and capital they have, the bigger will get revenue from them.



Key account is one of three customer segmentation sections in the enterprise division. Customers who have more than 50 employees in their company are segmented in this category. And they are accessible for optical access, local VPN fast, leased line and all other service. This section contribute majority of the revenue to ethio telecom. Embassies, international NGO'S, governmental offices, financial, production and industries are under this section.

Small medium enterprise (SME) is the second segmented groups. Customers with 5-49 employees working for their company are considered as this category with access for ADSL and other services.

Small office home office (SOHO) is the third and last customer segmentation cluster. Customers who have 1-4 employees are taken as SOHO.

The above analysis implies that the company has focused more for those who are contributing a large source of revenue and implementing a mass marketing approach for residential customers.

In the questionnaire finding the result show that, the company's market segmentation is more on economic situation. Similarly the interview finding shows that the market segmentation is basedon capital and number of employees administer. This segmentation is only for enterprise customers.

### **Regarding the Competitors and the Marketing Strategies Designed to win the Competitors**

Competitor analysis helps the company understand its competitive advantages relative to competitors. It also generates understanding of competitors past, present and most importantly future strategies. Moreover it provides an informed basis to develop strategies to achieve competitive advantage in the future. Despite the fact that, there are no direct competitors in the services like GSM, fixed line telephone and internet, but some competitors have emerged in providing web hosting services. Currently, there are more than 10 web hosting companies in Ethiopia. They use their own servers and the web hosting service they offer is with good feature. Regarding the handset that the company is selling to the customer is not the major objective to compete with others. But the purpose that selling handset with simcard is in order to increase the sales of simcard and also addressing the lower income group. International competitors are also expected to emerge in the near future. If ethio telecom has signed data roaming agreement; customers of foreign operators may come with



sim card of the country of their origin for M2M service purpose. This makes the company lose revenue that it would get from selling simcard, data roaming registration fee and service charge. They have also the opportunity to have more customers as they have the capacity to cover large areas.

Generally from the above point what it implies that the company has a sole provider of telecom services in the country. And if there is no other competitor in the provision of telecom service, the customer has no option and forced to use the services from existing monopolized company.

The interview analysis and the strategic marketing document of the company reveal that, the company didn't designed and prepared a well-defined strategy to win the competitors in the future. The government may allow new companies to compete into the market in the near future.

If ethio telecom is once able to create a good image in the provision of a quality network and affordable price, it could be difficult for the latecomers to penetrate and enter the already occupied market as most customers prefer to continue with the already established service provider. In this, ethio telecom can be advantageous in having customer loyalty and retention.

### **The Company's Product and Service Strategy**

According to the interviewee replied regarding the customers primary reason in using the company's product and services are first for their personal day to day activities, second for their business activities.

Functionality of ethio telecom's product and service to the customers shows a positive sign. It plays a significant role in the day to day business activities of customers. Even though functionality of the product and service shows a progressive sign, quality of the product and service was not satisfied both residential and enterprise customers. Frequent network failures have been observed and that has but some measurable amount of negative impact on the quality. And the officers rated the company's product and service quality is below the customer expectation.

Excellent capacity projects are being undertaken to maximize accessibility of ethio telecom's product and service all over the country. Thus more or less the capacity of the company's product and services are capable to cover majority of the country's geographical areas. No observable activity has been practiced by the company in appearance, packaging and



branding of the product and service.

Regarding the future plan to expand the company's product and service, the interviewees replied as the following:

**Concerning mobile service:**The company plan to expand Business mobile, GOTA tariff revision, pre-paid CUG, multi-company CUG offer, mobile-fixed convergence and M2M launch.

**Concerning the devices:** Sim card STK, business handsets, Private branch exchange launch, machine to machine SIM, router/modem proposition, EVDO postpaid.

**Concerning Internet services:** The company will improve and provide services like introduction of class of service, ADSL pilot launch, tariff revision, Value added service tariff, E-commerce, internet value added services identification and tariff setting.

**Concerning fixed line:**-short code SMS, business voice mail, pay phones.

The above expansion and improvement will make to better meet customer needs.

In the questionnaire analysis the results shows that the primary reason for buying the company's product and service is the customer has no option to buy because of no other competitors existed in the market. This results how the company must assess and investigate their strategic plan. Both employees and top management finding shows' regarding the product and service quality the company couldn't satisfy their customers. Concerning the company's product accessibility both participant of the study result shows good and majority of customers are able to access for their day to day activities.

### **Pricing Strategy of the Company**

According to the officers, the pricing strategy of the company is very simple, easily understandable by customers and affordable price.

Flat rate from GSM to fixed and fixed to GSM across Ethiopia and within the same tariff/different tariff zone has been introduced. And a positive response was seen because this strategy was able to give clean pricing scheme to the customers. Price revision was done for ADSL and EVDO internet services.

The availability of price discount above bundled time or data packages (e.g. 1x) make the pricing attractive and sound. And also the existence of peak, off-peak hour and holiday tariff discounts differences substantiate pricing competence. The officers also explained, the company has used a penetration pricing method. And the company has considers some factors in setting pricing strategy such as cost, customer perception of price and value and



benchmarks of pricing strategy in some selected country.

Regarding the above analysis both questionnaire and interview finding shows the company has considered cost, perceived value and benchmark in order to set a price of product and service. Concerning the price of the company product and service both questionnaire and interview result depicts that the price is affordable and customers can easily understand it.

In the strategic marketing document, the company didn't properly state and put what factors considered in setting the pricing strategy except the different country's pricing benchmark. From the above point and company strategic marketing document, what it implies that, the company has considered some factors in price setting but it didn't design and properly put their pricing strategy in the document. As we know in the theoretical part of pricing strategy 3 basic factors are considered in setting prices. 1. Customer (or demand), 2. competition and 3. cost oriented pricing. In fact the company is monopolized all major services, nevertheless it is difficult to consider the competitor analysis in order to set the pricing strategy. But the company would rather to study the customer analysis and market further.

Some pricing adjustments have to be considered for other product and services like fixed line which its tariffs is still complex.

According to the interviewees replied regarding some of the company task completion.

- ✓ Broadband internet tariff revision-reduced more than 80%
- ✓ MPLS-VPN tariff revision-it is reduced more than 80%
- ✓ Mobile VPN is introduced –new tariff has been set.

There are also some tasks on progress like, IPLC tariff revision, school net tariff revision, last mile access cost revision, CPE tariff revision, postpaid payment mode EVDO, requirements for subscribing broadband internet and VPN services, ADSL terms and conditions, multiple class of service introduction for both internet and VPN.

### **Distribution Strategy of the Company**

As per the interviewees responded that, place refers to where the customers can buy the product and how the product reaches out to that place. This is done through different channels like wholesalers and retailers. And it includes channel section, marketing coverage and dealer support. The company's distribution objectives and strategies is trying to reach accessible and available to all customers or providing the company's product and service all over the country through both channels. The company is trying to reach all customers by using both direct and indirect channel in regions and zones. The indirect channel is distributed



through agents and wholesalers. This means that the company is selling their product and service all over the country. The company has been following the strategy of selling their product through both direct channels i.e. through their own office (shop) and indirect channel i.e. through dealers or partnership. And this activity plays a great role by maximizing the accessibility of ethio telecom's product and service. The use of e-commerce to supply ethio telecom's product and service to the intended customer is not yet adopted and is not currently being used by the company. The availability of business partners in retailing ethio telecom's product and service is of a good advantage to the company in channeling and reaching the most remote areas of the country. Regarding the above analysis both questionnaire and interview finding shows that the company has more emphasized and practiced in the distribution strategy using both direct and indirect channels.

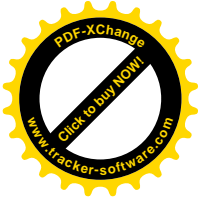
### **Promotion Strategy of the Company**

Promotion includes the various ways of communicating to the customers of what the company has to offer. It is about communicating the benefits of using a particular product or service rather than just talking about its features. It basically deals with advertising, public relation and sales promotion.

The key messages that the company's try to communicate its customers are introducing the features of the product and service, communicate pricing structure (tariffs of product and service), pricing adjustments and communicating the process of how to use its product and service. Currently ethio telecom's promotional capability severely suffers from:-

- ✓ Lack of brand promotion through printing the brand in office materials, bill boards and cars.
- ✓ Lack of world class touch in the advertisements and public relation activities like Information and communication technology exhibition.
- ✓ Lack of company music that can easily associate the company with its customers.
- ✓ Employees lack sufficient amount of knowledge about the product and service.
- ✓ The media promotions currently being streamed deeply suffer from jargon words and vague expressions.

The interviewees also explained that, the company has not identified different messages for different groups of stakeholders like staff, government institutions, NGO'S and investors. The company has been practicing the promotional mixes or tools such as advertising, personal selling, sales promotion, participating in bazaars, exhibitions and brochure. And it



also practices a uniform or mass promotion for all its customers.

Additionally the interviewee also explained the best time to advertise their product and services are at the time when the company sales are decreased and during holidays. And there is also seasonality in the market.

Questionnaire and interview analysis shows that the company has been practicing promotional mix strategies such as personal selling, sales promotion, Advertising and exhibitions and bazaars. Employees finding shows that TV Ads, Radio, exhibitions and personal selling are practiced in the advertising strategy of the company. Top management finding shows the company's promotional mix practice has a mass promotion for all its customers.

### **Communication Effectiveness between Departments**

According to the officers the communication between marketing departments and other departments are to some extent good. But it needs more improvement than now because effective communication is essential in order to accomplish the strategic objectives easily. Indeed the officers personally admit that they can perform the marketing strategy practices effectively. Questionnaire finding shows more than half of respondents replied the communication effectiveness between departments is rated as below good.

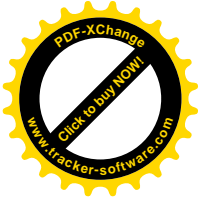
### **The Major Formulators of the Strategy**

The interviewees replied regarding the major formulators of the company, employees from marketing team up to top management are participating in the formulation of marketing strategy. Eventually the top management decides the final crafting of the strategy. The questionnaire findings regarding the above analysis shows that top management, middle managers of marketing department and marketing team are the major implementers of the marketing strategy of the company. The strategic marketing document also shows the marketing department didn't defined strategic mission, objectives and competitive strategies.

### **The Major Implementers of the Strategy**

As per the interviewees replied regarding the major implementers of the strategy, indeed all employees who have been working in this company are responsible in the implementation of the strategy. But mainly marketing department, product and service department, business intelligence and customer service department are highly devoted in the implementation of the strategy. The questionnaire finding is also strengthening the above analysis and majority of respondents replied that all employees are the major implementers of the strategy.





## **Areas that the Company gives Priority in the Implementation of the Strategy**

According to the interviewees the company gives first for expanding and reaches telecom infrastructure to all over the country. Then it works on improving quality service in order to satisfy its customers. In relation to this the company is working hard on the plan to increase its sales target so that the company will generate high revenue and the government will be used for different developmental projects.

In the questionnaire finding employees received a direction from top management to give a priority mainly on sales target, customer satisfaction and discount schemes.

### **Basic Factors Considered in Formulating the Marketing Strategy**

Basically during the formulation or before the formulation of the marketing strategy, scanning of both internal and external environment is important.

According to the officers explained that, indeed the company was assessing some factors in the product strategy, price strategy, promotion strategy and place strategy. But it didn't properly put in the SWOT analysis and PESTEL analysis in the formulation of marketing strategy. The strategic document of the company also strengthens the above analysis and it didn't show the full analysis of both internal and external analysis.

On the other hand the company's marketing strategic document tries to reveals some point regarding the SWOT analysis of the company.

In fact the SWOT analysis is a way of monitoring the external and internal marketing environment as well as the PESTEL analysis is used to assess the market for a business or organizational unit and it is a main device for analyzing market growth or decline and as such the position, potential and direction for a business. It can also be used to review a strategy, direction of a company, a marketing proposition, or idea.

The above statement implies that, in the formulation of the strategic document the company didn't consider its unique resources, capabilities and core competence in the internal environment analysis. Analysis of external environment is focused on its future impacts on the company's performance. In this respect, the company couldn't try to take attention in the scanning of the external environment. This situation might be created because of the company has a monopoly in the industry. So the proper matching of what a company can do with what it might do allows the development of strategic goals, the pursuit of strategic mission and formulation of strategies.



## **Challenges of Marketing Strategy Implementation in the Company**

In fact when you run a business, everything might not be easily accomplished. Likewise the company faced with some problems while implementing the marketing strategies. The interviewees forwarded major problems regarding the marketing strategy implementation such as: lack of effective communication among divisions and departments, Lack of coordination among divisions and departments, Structure problem- marketing division structure is not clearly defined and the staffs and their managers are not satisfied with the structure, inadequate promotional activities-lack of selecting appropriate promotional channel and lack of outsourcing promotional activity to outside, network quality-the current interruption of network (frequent failure of network) is hinder for the achievements of the company goals, lack of knowledge about customer needs-unable to align strategies to the need of the customer, product quality problem, delay in decision making process, poor planning, time gap-validation time and promotional time, lack of information in the market & customer behavior and lack of adequate resource Both questionnaire and interview result shows the company's has faced many challenges in the implementation of the strategy. And both findings are shows almost the same problem.

## **Evaluation and Review of the Strategic Marketing Document**

Evaluation and review are vital components of performance improvement. It helps to understand how we are performing, whether we are reaching our goals and inform our decisions about what to do next. According to the interviewee, the company has set 5 years marketing roadmap starting from 2010 to 2015. Internally there is a continuous evaluation and review on the strategic document. However the officer couldn't answer in what period the strategic document was evaluated and reviewed. Additionally the company had not experienced in the participation of external evaluator and reviewer. The above information implies that the company didn't practice a periodic internal and external evaluation and review of their strategic document. In the absence of periodic external evaluation, it is difficult to provide reliable and accountable information to different stakeholders.

Finally officers of the company has replied for the question of how you evaluate the company's current marketing strategy is that in fact ethio telecom is an infant company after the reshuffling of former Ethiopian Telecommunications Corporation, hence the company will do a well-organized and competitive marketing strategies than now what we have practiced. Overall the marketing strategy of the company is now satisfactory.



## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter begins with a summary of findings for each questionnaire survey and in depth interview questions. Then conclusions and recommendations were presented respectively.

#### **5.1. Summary of Findings**

The main objective of the study was to assess the marketing strategy practices of ethio telecom. The study was designed mainly to deal with how marketing mix, market segmentation and target marketing are used in order to enhance, maintain and attract customers and to identify how these tools are aligned with marketing strategy of the company.

The study uses descriptive research and findings from the quantitative data collected from self-administered questionnaires. Findings from the qualitative data gathered from in depth interview questions. The sampling procedure is purposive sampling research method. From 52 questionnaires 50 usable questionnaires were collected and interview questions were forwarded to 3 chief officers of the company and used for analysis of the paper.

After a rigorous analysis of the data collected through a survey questionnaire the following findings were obtained:

- ✓ The customer's primary reason for buying the company's product and service are because of the customer has no option to buy from other competitor.
- ✓ The company's product and service quality were rated as below average.
- ✓ The price of company's product and service were affordable.
- ✓ The key factor considered in setting pricing strategy is cost.
- ✓ The company's product and service availability and accessibility are good.
- ✓ The company's distribution channels were more emphasized through both direct channel and indirect channel.
- ✓ TV Ads, Radio Ads, Print Ads and exhibitions/seminars are the company's best advertising strategy practices.
- ✓ Communication effectiveness between marketing department and other departments were rated as below average.
- ✓ Sales promotion, advertising and personal selling are effective tools of the promotional activities in the company.



- ✓ The company used all the 4Ps of marketing mix element in the marketing mix strategies.
- ✓ The company's base of market segmentation is based on economic situation for enterprise customers only.
- ✓ An employee of the marketing department of the company agrees that, they can perform the marketing strategy practices of the company effectively.
- ✓ Employees of the marketing department received directions more from sales target, customer satisfaction and discount scheme.
- ✓ The major formulators of the marketing strategy of the company were from marketing team up to top management.
- ✓ The major implementers of the marketing strategy are all employees in the company
- ✓ Major challenges in the implementation of the strategy are: communication problem, ineffective promotion, poor planning, irresponsive demand of telecom product and service and lack of integration.
- ✓ According to employees' response, overall company's marketing strategy practices are effective.

Based on the findings of interview analysis, the following findings were obtained:

- ✓ The company's target market is all population who are living both in urban and rural areas and who are above 15 years old. The company has positioned its product to both enterprise and residential customers by creating an identity in the minds of customers like 3G, postpaid and pre-paid mobile bundle services.
- ✓ Ethio telecom has segmented its enterprise customers only. There is no segmentation for the residential customers.
- ✓ Regarding the competition, there are no direct competitors in the service like GSM, fixed line and internet but some competitors have emerged in providing web hosting services. The company didn't have a prepared and designed strategy to win the future competitors.
- ✓ Quality of the product and service of the company is dissatisfied by customers because of frequent network failure. But the accessibility and availability of the company product and service are good and covers majority of the country.
- ✓ The pricing strategy of the company is very simple, easily understandable and affordable. The company has considered cost, perceived value and benchmark in setting a pricing strategy while the strategic marketing document shows the company



didn't properly state what factors considered in setting the pricing strategy.

- ✓ The distribution strategy of the company is both direct and indirect channel and tries to reach accessible to all customers in the country.
- ✓ Ethio telecom promotional activities are being now poor and suffer from lack of brand promotion, lack of world touch in the advertisements and public relation activities, lack of company music that can easily associate with its customers, lack of introducing sufficient amount of knowledge about the product and service to its employees.
- ✓ The major formulators of the marketing strategy were mainly top management and also employees from marketing team have participated in the process.
- ✓ The major implementers of the strategy are all employees of the company. But mainly marketing department, product and service department, business intelligence and customer service department are highly devoted in the implementation of the strategy.
- ✓ The company didn't properly assess or considered the SWOT and PESTEL analysis in the formulation of the marketing strategy.
- ✓ The company has faced some challenges in the implementation of the strategy such as lack of effective communication, structure problem in the marketing division, lack of coordination, network quality problem, and delay in decision making process, time gap and lack of knowledge about customer needs.
- ✓ Internally there is a continuous evaluation and review on the strategic document. However the company had not experienced the participation of external evaluator and reviewer.



## 5.2. Conclusions

Based on the findings of the study variety of outcome were drawn considering the research questions.

Marketing strategies are the means by which the marketing objectives will be achieved. The employees and higher officials in the marketing department are genuinely performing their duties to achieve the company's goals. But the communication problem between marketing department and other department is the main hindrance in the implementation of the strategy. Ethio telecom employs the marketing strategy elements to achieve its objectives. Those elements are selection of target customers, segmentation strategies and marketing mix strategy elements.

Selection of target customers is a fundamental activity of the marketing strategy in ethio telecom. The company provides its product and service to those individuals who are above 15 years old and who are living both in urban and rural areas. The company has also identified its target market as enterprise and residential customers.

Market segmentation is the process of dividing the total market for a particular product and service in to relatively homogeneous segments. It is also classified based on customer characteristics such as demographic, geographic, behavioral and psychographic segmentation. However the company has segmented its enterprise customers only. Among those segmentation bases the company uses based on the capital and the number of employees they administer under their respective company.

Ethio telecom exploits all the 4Ps of marketing mix elements to achieve its target. These marketing mix elements are product, price, promotion and place. These are vital to implement the marketing strategy effectively inseparable because each mix affects the other. Therefore all the mixes are essential for the company to achieve its customer requirements. The company has positioned its customers by providing 3G services, postpaid and pre-paid bundle service.

Ethio telecom provides a wide range of product and service to its customers. The company offers mobile GSM, wireless, wire line, internet and data services. Additionally different handsets are provided by the company. The product and service availability and accessibility are good and it covers majority of the country. Quality product and services is the key to one's company's success. But ethio telecom has got a quality problem and couldn't satisfy their customers. In addition the company has not significantly practiced in appearance,



packaging and branding of the product and service.

In terms of pricing strategy ethio telecom sets affordable price and easily understandable by customers. The price of the product and service are setting depends on some factors such as cost, perceived value of customers and pricing benchmark of some selected countries. In fact the company is a sole provider of telecom service in the country; hence it couldn't consider the competitor analysis in order to set the pricing strategy.

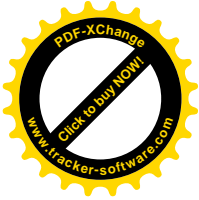
Promotion strategy is also an essential tool for the practice of the marketing strategy of the company. The company promotional tools are advertising, personal selling, sales promotion and public relation. Even if ethio telecom promotes its product and service by means of TV Ads, Radio Ads, exhibitions, personal selling and print Ads, but it suffers from lack of brand promotion, public relation, Lack of world class touch advertisements and lacks from introducing sufficient amount of knowledge about its product and service to its employee. Ethio telecom also practice a mass promotion for all its customers and it has not identified different messages for different groups of stakeholders, because identification of different messages for different groups can attract customers and easily know how to use the company's product and service.

Distribution strategies are concerned with the channels of a firm that employ to make its goods and services available to customers. The distribution system of the company is good and determines the product and service marketing presence and the buyer's accessibility to the product and service. Thus, product and service availability and accessibility is almost everywhere and covers all over the country. The selling processes of the products are both through direct and indirect channels. And it plays a great role in maximizing the accessibility of the company product and service.

In the formulation of marketing strategy, employees from marketing team up to top management were participated. But the final draft of the strategy is decided by top management.

In the implementation of the strategy, all employees of the company have participated. But mainly marketing department, product & service department, business intelligence and customer service are intimately performed the strategy.

In the formulation of the marketing strategy the company tries to consider some factors, but it is not enough to formulate the strategy. The company didn't prepare a well-defined situation analysis.



Even though the marketing strategies of the company somehow effective, there are some problems that the company faced. These are ineffective communication, lack of coordination, network failure, delay in decision making process, lack of knowledge about customers' needs and structure problem in the marketing division are major challenges in the implementation of the strategy.

Evaluation and reviewing the strategic marketing document of the company is internally reviewed and evaluated through a continuous period. However the company had not experienced in the participation of external evaluator and reviewers.

### **5.3. Recommendations**

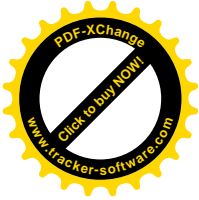
In order to alleviate the problems that were identified by the study, the following recommendations were forwarded:

- ❖ Segmenting a market is essential in a marketing strategy by dividing a broad target market into homogenous groups. The study indicated that, the existing market segmentation of the company is enterprise customers only. Thus, the company should consider the segmentation of residential customers by means of demographic segment in order to target each segment in the right way, with the proper products and messages, using the right channels and price points.
- ❖ Strategy formulation is the course of action companies take to achieve their defined goals. To achieve the defined goals, companies must have considers the main factor in the formulation of marketing strategy by diagnosing a situation analysis. However ethio telecom didn't prepare a well-defined situation analysis. So, the company should develop and put a situation analysis that allow the company to achieve its goals considering its capabilities, constraints and the environment in which it operates.
- ❖ A business to be successful, should not only have good products with attractive prices to generate sales and profit, but should also be able to effectively communicate the details of the products to the customers. From the result, ethio telecom promotion activities suffers from lack of brand promotion, public relation and world class touch advertisements. Therefore the company should create awareness to customers in brand promotion by means of TV Ads; Print Ads, Bill boards and exhibitions in order to increase product awareness, increase sales, and retain customers and overall company value.





- ❖ Currently majority employees of the company lacks from introducing sufficient amount of knowledge about its product and service to customers. Therefore, the company should work more to fill the gap by creating awareness of all product and service through internal communication or through intranet of the company to its employees so that they can be good promoters.
- ❖ The company should focus to analyze further factors to be considered in formulating the marketing strategy by doing a marketing research on a situational analysis in order to retain customers for a long period of time even though no competitor has existed now.
- ❖ The study indicated that there were some challenges in the implementation of the strategy such as ineffective communication, lack of integration, network quality problem and structure problem in the marketing division. Therefore the company should revisit their current performance against the aforementioned problems by evaluating on a regular basis of their strategy, So that improved quality network, well structure, effective communication and integration can provide the power needed to gain new customers and increase profits.
- ❖ The lack of a well-designed strategic marketing document will result in an organization being without direction or focus. So the company should be reactive and prepare a well-defined marketing strategic document by mobilizing a marketing staff. Since these documents are a frame for the marketing strategy activities to be achieved in the long run.
- ❖ The telecom sector is an essential and vital for the development of the country. Therefore the company should investigate and assess their marketing strategy in particular as well as the overall company strategic plan in general in order to satisfy the stakeholders.
- ❖ In the research study, the researcher has assessed the marketing strategy practices of the ethio telecom from the company perspectives only. Therefore, it is better for any forthcoming researcher who wants to investigate similar issue by involving the customers, intermediaries and other stakeholders. The study was also covered only 4Ps of marketing mix, thus other researcher may consider 3ps additionally for further studies. Additionally, it is better if comparative study will be conducted with neighborhood Telecom Company with similar issue.



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## Appendix A

### *Questionnaires to be filled by Employees of the Marketing Department of Ethio Telecom*

**Dear Respondents;**

The purpose of this questionnaire is to enable me to carry out a research for the partial fulfillment of Master's Degree in MBA. The research focuses on ethio telecom with the topic of “**Assessment of Marketing Strategy Practices**”. A Marketing strategy questionnaires are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept quite confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

**N.B:**

Writing your name is not necessary

- **You can give more than one answer**
- **Put “√” for your choice in the box provided**

**Thank You in advance!**

### **Part One:-General Information**

1. Gender

Male

Female

2. Age

18-28

40-50

29-39

over 50

3. Marital Status

Single

Married

Divorced

Widowed

4. Educational Background

High School Graduate/Technical School

Diploma

BA/BSCMA/

MSC/MBA

PHD



5. Work Experience

- Under 2 years       5-10 years       over 15 years  
 2-5 years       10-15 years

6. Position

- Staff (N-5)    Supervisor (N-4)    Specialist (N-4)    Manager (N-3)  
 Officer (N-2)

If any other Please specify \_\_\_\_\_

## Part Two:-Research Questions

### Marketing Mix

#### Product related questions

7. What marketing mix strategies does the company use?

- Product
- Price
- Promotion
- Distribution
- All of the above mixes

8. What are the customers' primary reasons for buying or wanting to use the company's products?

- Quality of product
- Proximity of supply
- Lower price than others
- Effective promotion
- Customer preference
- The customer has no option

9. What is your opinion about the product and service quality?

- Very good
- Good
- Medium
- Poor
- Very poor



### Price related questions

10. What is your opinion concerning the price of the company's products?

- Very cheap
- Cheap
- Affordable
- Expensive
- Very expensive

11. What are the key factors considered in setting pricing strategy?

- Product value
- Cost
- Perceived value
- Economic conditions
- Marketing objectives
- Competitor's costs, prices and offers
- Other please specify \_\_\_\_\_

### Place related questions

12. The company's products availability and accessibility are?

- Very good
- Good
- Fair
- Poor

13. Which of the following marketing channel does your company use to distribute your products/services?

- Direct personal selling
- Direct online sales
- Indirect through the channels
- Word of mouth
- Telemarketing

Other please specify \_\_\_\_\_



**Promotion related questions**

14. Which of these promotional activities does your company undertake?

- TV Ads and Radio
- Internet Ads
- Billboards
- Seminars/Exhibitions
- Personal Selling
- Print Ads
- Any other (Specify) \_\_\_\_\_

15. On the rate 1 to 3, where 1 represents “least effective” and 3 represent “most effective, how you would rate the appropriateness of the following promotional mixes to the company?

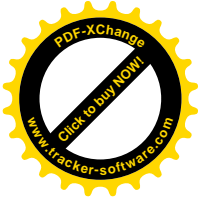
(Please put a tick mark for each provided box).

Promotional tools	1	2	3
Advertising			
Personal selling			
Sales promotion			
Public relation			

**Target marketing, Segmentation and Positioning**

16. Who are the company’s major target groups?

- Banking and insurance
- Manufacturing
- Health institutions
- Hotel and tourism sector
- NGO’S and International Organizations
- Educational institutions
- Residential customers or individuals
- Others please specify \_\_\_\_\_



17. What are the bases of segmenting the market?

- Geographic location
- Psychological or life cycle
- Economic situation
- Demographic
- Behavioral
- No segmentation

18. How would you rate the communication effectiveness between corporate sales and marketing department and other departments?

- Very good
- Good
- Somewhat good
- Poor
- Very poor

19. I can perform the marketing strategy practices of the company effectively.

- Strongly agree
- Agree
- Undecided
- Disagree
- Strongly disagree

20. In which of the following areas do you receive directions from the companies?

- Sales target
- Customer service
- Discount/Schemes
- Customer Satisfaction areas to be covered
- Advertisement Planning
- Any
- Other Specify \_\_\_\_\_





21. Who are the major formulators of the Marketingstrategy?

- Marketing department team
- Board of Directors
- Top management
- Sales department
- Middle managers in marketing department
- All stakeholders (employees) of the company
- Any
- Other Specify \_\_\_\_\_

22. Who are the major implementers of the marketing strategy?

- Marketing department
- Product and service department
- Customer service department
- Enterprises department
- Residential sales department
- Top management
- All Employees
- Any
- Other Specify \_\_\_\_\_

23. What are the major challenges in the implementation of marketing strategy of the company?

- Communication problem
- Ineffective promotion
- Poor planning
- Irresponsive demand for telecom product and service
- Lack of integration
- Lack of commitment
- All of the above
- Any
- Other Specify \_\_\_\_\_



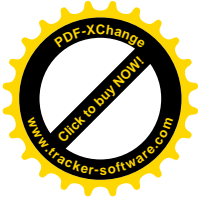
24. On the rate 1 to 3, where 1 represents “least effective” and 3 “most effective” how would you rate the company’s overall marketing strategies?

1

2

3

25. If you have further comments please indicate in the space provided below.



## Appendix B

### *Interview Questions with Chief Officers of Ethio Telecom*

**Dear Interviewee;**

The purpose of this interview question is to enable me to carry out a research for the partial fulfillment of Master's Degree in Business Administration (MBA). The research focuses on ethio telecom with the topic of “**Assessment of Marketing Strategy Practices**”. A Marketing strategy interview questions are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept quite confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

**Thank You in advance!**

#### **I. General Information**

1. What business are you in?

- Describe your company (What are you about?) in general.
- What do you offer your clients?

#### **II. Target Audience**

3. Who are your target customers?

How the company does position its products?

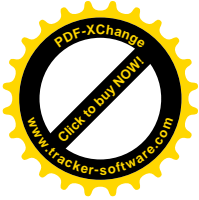
4. Have you identified whom the consumers of your products in terms of geographic location, age group or economic situation?

If yes, list segment name and characteristics

#### **III. Competition**

5. Which organizations are your main, direct competitors? And how do they differentiate themselves? What strategic or tactical elements do they use that threaten your success?

6. What are your major competitive advantages? How will you differentiate your company to best combat competition?



#### **IV. What do you offer? Products/Services**

7. What is your customer's primary reason for buying or wanting to use your product or service?
8. What features and associated benefits does your offering provide?  
How do you rate the company's product and service quality?
9. What is your future plan to expand your products or to increase your market share? And what improvements can you make to your offering to better meet customer needs?

#### **VII. Pricing**

10. What is your current pricing strategy?  
Do your customers understand it?
11. What factors do you consider in setting pricing strategy? Or what are the bases for your pricing strategy?

#### **VI. Place/Distribution**

12. What distribution objectives and strategies are the company pursued?
13. Where have you been selling your product or service?
14. What is the process for selling your services or products?

#### **V. Key Messages/Promotion**

15. What key messages are you trying to communicate to your customers?
16. Have you identified different messages for different groups of stakeholder's e.g. Staff, government institution, NGO'S and investors?
17. What promotional tools do the company used?  
When is the best time to advertise your product?  
Is there any seasonality in the market?
18. How do you see the communication effectiveness between departments?
19. Who are the major formulators of the marketing strategy?
20. Who are the major implementers of the marketing strategy?
21. In which areas does the company give a priority for the implementation of the strategy?
22. What are the basic factors considered in formulating the marketing strategy?



23. What are the major challenges in implementing the marketing strategy?
24. What kind of practice is used in evaluating and reviewing the strategic marketing document?
25. Over all how do you evaluate the company's current marketing strategies?

