

A Comparative Study on Promotional Strategies of Two Nepali Telecom Companies, NTC and Ncell.

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Abstract

This paper is intended to compare the promotional strategies of two leading telecommunication industry of Nepal – NTC and Ncell. Telecommunication industry is vital for economic growth. It begins with analyzing and comparing their promotional activities. Then it compares the promotional strategies in two ways: in terms of frequency and in terms of budget they spend. Through comparison, it reveals that promotional activities have been taken very seriously by the Ncell than Nepal Telecom.

On the basis of David Aakar model of brand equity, this paper also analyzes the effect of promotional activities into brand equity in the following ways: brand loyalty, brand awareness, perceived quality and brand association of telecommunication companies. It shows that two companies have difference in promotional strategies mainly because of their attitude to be a leader in market.

Keywords: *Promotional Strategy, Telecommunication companies, Brand Equity, Ncell, NTC*

Background of the study

The word “strategy” is derived from the Greek word “stratēgos”; stratus (meaning army) and “ago” (meaning leading/moving). Strategy is an action that managers take to attain one or more of the organization’s goals. Strategy results from the detailed strategic planning process”. Promotional strategies have been in constant growth since 1960’s and have today become one of the key factors in making strategies about promotion mix.

Promotion is the element in the marketing mix that serves to inform, persuade, and remind the market of a product and/or organization selling it, in the hopes of influencing the recipients’ feelings, beliefs, or behavior (Stanton et. al, 1994). Promotion is to communicate with individuals, groups and organization to directly or indirectly facilitate exchanges by informing and persuading one or more of the audiences to accept the organization’s products (Pride & Ferrel, 2012). Promotion performs the major role of communicating to the buyers (Koirala, 2010). Generally, people buy that product about

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what they are familiar with. So, maximum efforts today, of a business organization is to introduce themselves well among the people. Promotion includes all the activities the company undertakes to communicate and promote its products to the target market (Kotler, 1999). Promotion is the persuasive communication with customers. Promotion strategies will be executed by using the tactical elements of Marketing Communications, or Promotions Mix. The five main aspects of a promotional mix are; advertising, personal selling, sales promotion, public relations and direct marketing.

Abedin and Ferdous (2015) researched to determine the impact of promotional activities of Airtel Bangladesh limited. As per the study, promotion is a comprehensive term, and covers the entire scope of advertising, publicity, public relations, personal selling and sales promotion. In the present competitive world if any business organization has to survive it needs to keep an eye on various forces operating in the market. More over competitors constantly try to win others. In this scenario, every business organization needs to monitor changes taking place in the market so that they are not caught by competitors. The study investigates, measures, and evaluates promotional activities of Airtel Bangladesh Limited from the perspective of customers' perceptions.

Rahimi (2019) stated in the research paper that the telecom companies in Afghanistan were established in the first decade of the 21st century. Competition among companies is high, and they introduced new services and packages in order to keep their customers satisfied and increased their shares in the market. Therefore, the research was designed to assess telecom companies' customers in Afghanistan, and their satisfaction for companies marketing strategies and services. The research was conducted in a quantitative research method. Primary data was collected through close-end questions from 151 respondents who had been customers of at least one of the Telecom companies in Afghanistan. The questions were collected to assess customers' satisfaction from telecom companies and their marketing strategies. The collected data are analyzed by SPSS 20 and the results are explained and shown by tables and charts. From the research it was found that customers believe the telecom companies services are simple to use, promotions programs are attractive for them, and they do not want to switch to another line if they find favorable promotional programs. But the fact was that the companies were trying their subscribers, so they introduced new attractive marketing policies and strategies in attracting young customers. Therefore, there has been improvement from the time the telecom companies launched their operation in Afghanistan.

Aaker (1991), in his brand equity model, defines brand equity as the set of brand assets and liabilities linked to the brand-its name and symbols that add value to, or subtract value from, a product or service. These assets include brand loyalty, awareness, perceived quality and associations.

Promotional strategy is majorly performed with the motive of increasing brand equity and purchase intention by using the tools of promotion mix i.e., advertising, sales promotion, publicity, public relation and personal selling. Brand equity refers to the increment of brand loyalty, brand awareness, brand association and perceived quality. Similarly, purchase intention refers to willing purchase, considering purchase and purchase recommendation. This can be shown via following diagram:

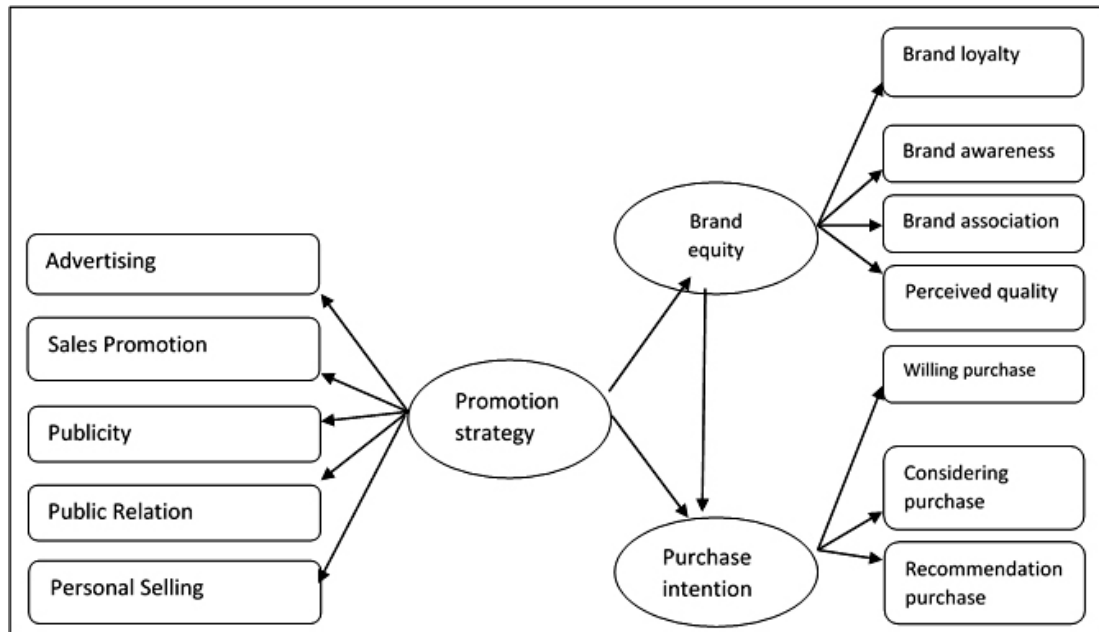


Figure 1: Comparative analysis of promotional strategies for brand equity

Telecommunication Sector in Nepal

Nepal Telecom (NTC) and Ncell (previously known as Mero Mobile) are two of the GSM mobile carriers in Nepal. NTC was established in 2032 B.S. as government organization, started GSM mobile service back in 1999 whereas Ncell started mobile operation as private sector in 2004.

Together they contribute over 73% mobile penetration (20.7 million users as of 2078 BS, National Census Data, 2078), with majority being Ncell users. Despite the early adoption advantage, NTC has been hearing several complaints as being non-competitive to Ncell and for its poor services.

Predominantly the major focus of this study is to identify the promotional strategy adopted by the leading telecommunications and their effect on customer while making comparison on their strategies.

Statement of the Problem

Nepalese market is facing failures daily. It has created significant effect in total national economy. Trade deficit is the consequence of business failure. Serious problems like capital flight, unemployment, foreign dependency are increasing. Several forces or factors play vital role to sustain the business environment i.e., internal and external. The effects of marketing tools such as promotion have severe effect in the success or failure of the business.

Promotional activities are rarely performed by the business organizations in Nepal except communication sector. They count expenditure in promotion as waste of resources and waste of time. Predominantly, the major focus of this study is to identify the promotional strategy adopted by the leading telecommunications and their effect on customer and to make comparison of their strategies. How they are forcing customer to switch the services they are using? Some of the research problem that researcher found out through review of literature as follows:

- ❖ What are the promotional strategies of the two leading telecommunication companies?
- ❖ Which of these — NTC or Ncell are more efficient in promotion and why?
- ❖ What are the promotion budgets of both organization and how are they utilizing it?
- ❖ What are the different schemes offered by both leading telecommunication companies?
- ❖ How has the promotional strategies affected the number of customers?
- ❖ How has the promotional strategies affected brand loyalty?
- ❖ How has the promotional strategies affected brand awareness?
- ❖ How has the promotional strategies affected brand perception?
- ❖ How has the promotional strategies affected brand attitude?

These are the research questions and problems to be solved on this study.

Objectives of the study

Since the promotional activities are not much performed by the business organization, this study is conducted to determine what the leading telecommunication business are doing to attract customers, how they are presenting information to customers, how they are increasing their demand, which of them are more efficient in promotion and why, how they are making promotional strategies to compete with each other. So the general objective of this study is to present comparison between NTC and Ncell in terms of their promotional strategies.

The specific objectives of the study are as follows:

- ❖ To compare promotional strategies of the NTC and Ncell.
- ❖ To examine the effects of promotional strategies on consumer behavior.

Limitations of the Study

Errors are inevitable. Beside 'to err is human' but to be conscious enough to avoid errors brings completeness. Maximum efforts have been applied to minimize errors. This study has the following limitations:

- ❖ NTC and Ncell have more than 13 million customers but very few samples of 107 customers have been taken for the study.
- ❖ Due to small number of sample population, it is not practical to generalize its findings.
- ❖ The study has been limited to GSM service only. So, this study does not cover other services offered by NTC and Ncell.
- ❖ Data regarding promotional activities are based on advertisements published in daily newspapers (*Kantipur Daily, The Himalayan Times Daily and Nagarik Daily*).
- ❖ Convenience sampling has been taken.

Research Methodology

This study is descriptive as well as analytical in nature. It attempts to cover the promotional strategies followed by both the telecommunication companies based on promotion scheme, customer satisfaction, and generating new customers.

Since the objectives are to compare promotional strategies of the NTC and Ncell and to examine the effects of promotional strategies on consumer behavior, information was collected from the direct meeting with company staff, companies' brochure, and their websites.

Data were collected from primary sources and from secondary sources from the customers as well as from the company staffs and other available materials that were found in newspaper, internet and other possible means. Other official data were collected visiting the office itself. Likert-type scale, ranking scale and ordinal scale is used in the questionnaire. To test the validity of response collected from respondent reliability test was performed where Cronbach's alpha of NTC is 0.614 and Cronbach's alpha of Ncell is 0.552 which is acceptable.

Information about number of customers was extracted from Nepal Telecommunication Authority MIS annual reports. Information about advertisement frequency and budget was extracted from daily newspapers. For this purpose, the leading daily newspapers - *Kantipur Daily, The Himalayan Times, and Nagarik Daily*, were taken into consideration.

Respondents' profile

Questionnaire responses

Distribution	No. of respondents	Percent
Responses	107	89.17
No-responses	13	10.13
Total	120	100

120 questionnaires were distributed, but only 107 were successfully obtained. The success rate of this survey is 89%. It is assumed that response rate and number of respondents is acceptable and valid in the field of marketing research.

No. of respondents by gender

Distribution	No. of respondents	Percent
Male	80	74.8
Female	27	25.2
Total	107	100

75% of respondents are male whereas 25% of the respondents are female.

No. of respondents by age group

Age group	Frequency	Percent
Below 25	49	45.8
26-35	41	38.3
Above 36	15	14.0
Total	105	98.1
Missing	2	1.9
Total	107	100.0

46% of the respondents are in the age group below 25 years, 38% of the respondents are in the age group of 26-35 years and the remaining 15% of the respondents are in the age group of above 36 years. This shows that majority of the respondents are below 35 years.

No of respondents by mobile service companies

	Frequency	Percent
NTC	64	59.8
Ncell	20	18.7
NTC & Ncell	23	21.5
Total	107	100.0

60% of the respondents use NTC mobile service, 19% of the respondents use Ncell mobile service and 21% of the respondents use NTC and Ncell mobile services.

Questionnaire method was used for customers of the selected sample group. Interview method also was used especially for company staffs as primary sources of data. Other financial information was collected from internet, newspapers, and published document of both companies, office staffs etc.

All collected primary as well as secondary data were recorded and processed using SPSS in computer with proper tools to find out the requirement of the research objectives. Data were also analyzed using judgmental approach. Basically, descriptive statistics was used to analyze the data. Likewise, independent sample T- test and reliability test was also used to present and analyze the result. Comparative analysis for various parameters of promotion and SWOT analysis was also used as qualitative tools to analyze the collected data.

Data Presentation and Analysis

In this part, promotional strategies of NTC and Ncell are analyzed with the help of secondary data which are analyzed with the help of frequencies, mean and percentiles. Summary of different promotional parameters used by NTC and Ncell are as follows:

Descriptive statistics of customer base and promotional activities on the basis of MIS report

This section analyzes the number of customers and their growth, market share and their growth and promotional budgets and their growth.

No. customers and growth in market share of NTC and Ncell

Month	No. of customers		Market share (%)		Growth rate (%)	
	NTC	Ncell	NTC	Ncell	NTC	Ncell
Baisakh	4,872,897	5,207,239	48.34	51.66		
Jestha	5,014,377	5,421,414	48.05	51.95	2.90	4.11
Ashad	5,121,518	5,619,224	47.68	52.32	2.14	3.65
Shrawan	5,214,995	5,846,365	47.15	52.85	1.83	4.04
Bhadra	5,263,627	6,032,938	46.59	53.41	0.93	3.19
Ashwin	5,422,869	6,334,011	46.13	53.87	3.03	4.99
Kartik	5,556,699	6,686,871	45.38	54.62	2.47	5.57
Mangsir	5,646,682	6,851,561	45.18	54.82	1.62	2.46
Poush	5,742,687	7,008,777	45.04	54.96	1.70	2.29
Magh	5,816,159	7,178,008	44.76	55.24	1.28	2.41
Falgun	5,905,146	7,527,022	43.96	56.04	1.53	2.39

Source: MIS Reports, Nepal Telecommunication Authority

Number of customers of NTC during the month of Baisakh was 4,872,897 whereas number of customers of Ncell was 5,207,239 during the same month. Market shares of NTC and Ncell were 48.32% and 51.66% respectively during the month of Baisakh.

During the month of Falgun, number of customers of NTC as well as Ncell has increased to 5,905,146 and 7,527,022 respectively. During the same period, market share of NTC decreased to 43.96% whereas, market share of Ncell increased to 56.04%.

The number of advertisements published in daily newspapers by Ncell is 2.47 times higher than NTC and advertisement budget of Ncell is 5.44 times higher than NTC during the same period of time (Source: Advertisement Published in daily newspaper for eleven months period ending Falgun 2078), which shows Ncell is more aggressive than NTC.

Descriptive statistics on the basis of Questionnaire Survey

Users by company aggressive in promotion activities

Which mobile service company is more aggressive in promotional activities					
			NTC	Ncell	Total
Users	NTC	Count	5	59	64
		Percentage	7.8	92.2	100.0
	Ncell	Count	0	20	20
		Percentage	0.0	100.0	100.0
	NTC & Ncell	Count	1	22	23
		Percentage	4.3	95.7	100.0
Total	Count	6	101	107	
	Percentage	5.6	94.4	100.0	

Ncell is highly aggressive in terms of promotional activities compared to NTC since 94.4% of the respondents choose Ncell as more aggressive company.

Analysis of consumer behavior through brand equity

David Aaker's brand equity model is used to measure consumer behavior. For this purpose, primary data are used which were collected through questionnaire.

Users by perception of better mobile service company

Perception of better mobile service company						
			NTC	Ncell	Others	Total
Users	NTC	Count	48	10	3	61
		Percentage	78.7	16.4	4.9	100.0
	Ncell	Count	4	16	0	20
		Percentage	20.0	80.0	0.0	100.0
	NTC & Ncell	Count	11	12	0	23
		Percentage	47.8	52.2	0.0	100.0
Total	Count	63	38	3	104	
	Percentage	60.6	36.5	2.9	100.0	

60.6% of the respondents perceive NTC as better company. Similarly, 36.5% of the respondents perceive Ncell as better company and 2.9% of the respondents are neutral among them. Similarly, among the respondents using both NTC and Ncell, 47.8% perceived NTC as better company and 52.2% perceived Ncell as better company. Hence, from the above findings it can be said that customers are more associated with Ncell rather than with NTC.

Users by recommended mobile service						
			Recommended mobile service			Total
			NTC	Ncell	Others	
Users	NTC	Count	44	11	7	62
		Percentage	71.0	17.7	11.3	100.0
	Ncell	Count	3	17	0	20
		Percentage	15.0	85.0	0.0	100.0
	NTC & Ncell	Count	9	12	1	22
		Percentage	40.9	54.5	4.5	100.0
Total	Count		56	40	8	104
	Percentage		53.8	38.5	7.7	100.0

54% of the respondents recommended NTC, 38% of the respondents recommended Ncell and 8% of the respondents recommended neither of them. Similarly, within the respondents using both NTC and Ncell, 40.9% recommended NTC and 54.5% recommended Ncell. This shows that most of the respondents recommend Ncell over NTC.

Users by top of the mind question

Name of mobile service company that comes first in the mind					
			NTC	Ncell	Total
Users	NTC	Count	58	3	61
		Percentage	95.1	4.9	100.0
	Ncell	Count	4	14	18
		Percentage	22.2	77.8	100.0
	NTC & Ncell	Count	18	5	23
		Percentage	78.3	21.7	100.0
Total	Count		80	22	102
	Percentage		78.4	21.6	100.0

78.4% of the respondents choose NTC. Similarly, when asked the same question, 21.6% of the respondents choose Ncell. In the same way, 95.1% of NTC users choose NTC and 4.9% of the users choose Ncell whereas 22.2% of the Ncell users choose NTC and 77.8% of the users choose Ncell as answer to the top of the mind question. Similarly, out of the respondents using both NTC and Ncell, 78.3% choose NTC whereas 21.7% choose Ncell. Hence, from the above findings, it can be said that NTC is more successful in creating brand awareness in comparison to Ncell.

Test of mean difference of perceived quality between NTC and Ncell users				
Variables	T-value	Std. error	P-value	Remarks
Overall satisfaction with the mobile service	-5.153	0.101	0.000	Difference is significant
Provides good services	-7.837	0.102	0.000	Difference is significant
Provides good internet service	-7.483	0.131	0.000	Difference is significant
Charges low phone tariff	4.426	0.134	0.000	Difference is significant
Easy availability of recharge cards	-1.836	0.127	0.069	Difference is not significant
Easy availability of sim cards	-9.59	0.112	0.000	Difference is significant
Attractive promotional schemes	-9.339	0.122	0.000	Difference is significant
Reliable service	-4.717	0.100	0.000	Difference is significant

The mean is lower in NTC regarding low phone tariff suggesting NTC being cheaper. Regarding other categories except “the easy availability of recharge cards” category, the mean is higher in Ncell in all the categories suggesting better quality perception of Ncell in comparison to NTC.

Conclusion and Recommendation

The current study compares promotional strategies of two leading telecommunication companies – NTC and NCELL as well as customer behavior in terms of brand equity.

As Porter states that the resources based theory of the firm postulates that firm seeks to gain and sustain competitive advantage in order to earn profits. To do this they utilize resources that are superior to competitors. From this research it can be concluded that Ncell is making aggressive promotional strategies which are superior to NTC and is increasing its customers. Ncell has got first ranking on customer’s rating in terms of aggressive promotion.

The number of advertisements published in daily newspapers by Ncell is 2.47 times higher than the number of advertisements published by NTC during the same period of time. Similarly, advertisement budget of Ncell is 5.44 times higher than the advertisement budget of NTC during the same period of time. This shows that Ncell is more aggressive than NTC regarding promotional activities. Overall growth rate and market share of Ncell is 3.35% and 4.38% during the study period which is higher than NTC. Besides all those, measurement of brand loyalty, brand awareness shows result in favor of NTC. Perceived quality and brand association is also in favor of Ncell.

Baldauf et al. (2003) in their research state that brand equity directly enhances value to the customer by providing information, confidence and use satisfaction, efficiency and effectiveness of marketing programs, price or margins which is used by NTC as its promotional strategies.

According to the findings of the study, three among five parameters of promotional strategies (direct marketing, personnel selling and public relation) is being used by

Ncell only. Remaining two parameters (advertising and public relation) is also used aggressively by Ncell than NTC.

This research investigates the relationship and effect of sales promotion and customer loyalty. It was confirmed that there are positive relationships between sales promotion and customer loyalty. From the summary of the results, it can be concluded that as sales promotion expenditure increases and so does the customer loyalty.

As per Deep Sherchan's article in Business Age Ncell is using latest technology to attract customer in terms of developing promotional strategy. In this study it was found that Ncell is using online technology as well as other latest media as its promotional strategy which helps it to increase its customer in the market than NTC.

To sum up, it can be concluded from the findings that brand dimensions have the power in influencing the purchase decision of consumers but if they find the perfect substitutes with attractive promotion schemes, they can switch the brand. Because of those promotion strategies Ncell was successful in increasing its market share where as NTC's market share is gradually decreasing.

Recommendation

- ❖ The study recommends to develop promotional strategies that incorporate celebrity endorsements, event sponsorships, non-price promotions and cross media advertising to NTC as well as to develop their service quality if they want to retain their customer.
- ❖ Besides heavy promotion activities Ncell has not succeeded to increase its brand equity which might be because of its high phone tariff. Therefore, it should try to reduce its phone tariff.
- ❖ From this study it is found that maximum number of customers for Ncell is youngsters. It should focus its promotional activities towards elder group.
- ❖ If possible Ncell should differentiate its services in the market like CDMA.

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