FACTORS INFLUENCING THE SUCCESS OF MASS MARKETING STRATEGIES IN TELECOMMUNICATIONS INDUSTRY: A CASE OF ORANGE KENYA LIMITED

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ABSTRACT

Purpose: The purpose of the study was to assess factors influencing the success of mass marketing strategies in the telecommunication industry, a case of Orange Kenya Ltd. The study was to be guided by the following research objectives; to establish whether macro environment factors affect the success of a mass marketing strategy in telecommunication industry in Kenya, to determine whether competitive/industry environment factors affect the success of a mass marketing strategy in telecommunication industry in Kenya and to evaluate whether brand awareness efforts affects the success of a mass marketing strategy in telecommunication industry in Kenya.

Methodology: The research design used for this study was random sampling. Primary data was collected using a structured questionnaire. The data collected was analyzed using descriptive statistics; frequencies, counts and percentages. The Statistical Package for Social Science (SPSS) was used as a tool to generate the frequencies that were used in excel tabulations. The data was presented using data tables and charts.

Results: The study found out that macro environmental factors affect the marketing strategy. The study concluded that competitive/industry environment, Brand awareness, market research options, product development efforts and resources affect the success of mass marketing strategies.

Unique contribution to theory, practice and policy: The study recommended to the telecommunication industry in Kenya to be on the lookout on emerging trends in the environments. They should frequently conduct environmental scanning and Competitive/industry analysis environment need to be frequently analyzed through SWOT analysis. The study also recommended that market research efforts need to be emphasized to enable them know the future and present expectations of their customers.

Keywords: Mass marketing strategies, Macro environmental factors, Market research
1.0 INTRODUCTION

Telecommunications services were first introduced in Kenya in 1888; ten years after Alexander Bell patented the telephone. Then, the earliest telecommunications connections to the outside world were the submarine cables (laid by the Eastern & South African Telegraph Company in 1888) linking Zanzibar, Mombasa, and Dar es Salaam (Ministry of Transport and Communications, 1999). This began a long process of expansion of the telecommunications system countrywide, first along the railway line to the present near national network (Ministry of Transport and Communications, 1999). According to Tyler, Janice and Helena (1999), Kenya still has a long way to go in extending access to the great majority of the population, and this is presently the greatest challenge for telecommunications policy. Faced with low incomes and equally low penetration, an alternative system giving communal access to telecommunications and Internet services is the most feasible.

A mass marketing approach aims at a large, broad consumer market through one basic marketing plan however the use of this approach has declined in recent years. A major objective of mass marketing is to maximize sales. For successful pure mass marketing, a large group of consumers must have a desire for the same product attributes or consumer demand must be so diffused that it would not be worthwhile for a firm to aim marketing plans at specific segments (Jim, 2005). A firm decides to ignore market segment differences and appeal the whole market with one offer or one strategy. It is the type of marketing (or attempting to sell through persuasion) of a product to a wide audience. The idea is to broadcast a message that will reach the largest number of people possible. Traditionally mass marketing has focused on radio, television and newspapers as the medium used to reach this broad audience. By reaching the largest audience possible exposure to the product is maximized. In theory, this would directly correlate with a larger number of sales or buy in to the product (Jim, 2005).

PESTEL analysis is used in environmental analysis and allows clear and comprehensive understanding of macro-environment which Political, Economic, Social, and Technological factors, Legal factors and Environmental factors (Bichta, 2001). Unfriendly external environment implies much less chance of success for the company, than an attractive one. Demographic, political, social, cultural and macroeconomic factors, as well as technological advances and globalization characterize general external environment (Caune, 2009).

1.2. Problem Statement

Orange Kenya Ltd is the key brand of France Telecom, one of the world’s leading telecommunications operators. As of June 30, 2008, the Group had 113.8 million mobile customers and 12.2 million broadband Internet (ADSL) customers. In Kenya, it reached the 1 million mark of mobile subscribers on May 2009 making it one of largest mobile provider in the country and the subscribers’ base has been growing ever since.

The trend in environmental conditions in recent years has been towards increasing environmental turbulence (Aboagye-Debrah, 2007). Firms dealing with turbulent environments must not only constantly monitor changing environmental conditions; they must also try to forecast and predict future conditions and develop strategies to cope. They must respond quickly (Porter, 2004, Awino et al, 2010, Machuki & Aosa, 2011). As stated above, change and turbulence means that
organizations must gather more information about their environment and must ensure that they put in place effective mass marketing strategies.

Studies on the factors influencing the success of mass marketing strategies in telecommunication industry have been scarce. Aremu (2006) explored the marketing strategy as a catalyst for performance in Nigerian telecommunication industry found that marketing strategies actually related with the environment which consequently increases the growth of organizations. He further urged that marketing strategies are good tools to achieve organizational mission, goals and objectives. However, the study did not focus on factors influencing the success of mass marketing strategies in telecommunication industry and specifically in the orange company. None of the identified studies (Leppaniemi and Karjaluoto, 2013; Al-aklabi and Al-Allak, 2003; Aremu, 2006) focused on the topic on factors influencing the success of mass marketing strategies in telecommunication industry. This forms the research gap of the study. It’s because of this research gap that the study wishes to investigate factors influencing the success of mass marketing strategies in telecommunication industry.

1.3 Objectives of the Study

i. To determine whether competitive/industry environment factors affect the success of a mass marketing strategy in telecommunication industry in Kenya

ii. To evaluate whether brand awareness efforts affects the success of a mass marketing strategy in telecommunication industry in Kenya

iii. To determine whether market research efforts affects the success of a mass marketing strategy in telecommunication industry in Kenya

iv. To determine whether product development efforts affects the success of a mass marketing strategy in telecommunication industry in Kenya

v. To determine whether resources affects the success of a mass marketing strategy in telecommunication industry in Kenya

2.0 LITERATURE REVIEW

2.1 Theoretical Review

PESTEL Model

The macro-environment is best discussed under the acronym PESTEL. PESTEL represents political, economic, social, technological, environmental and legal factors. Political Factors may affect the success of mass marketing strategies. Political factors refer to government policy such as the degree of intervention in the economy. They concern questions such as the goods and services that a government wants to provide, the extent the government believe in subsidizing firms and its priorities in terms of business support (Awino, 2001; Machuki, 2005). A Political/legal environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society (Armstrong & Kotler, 2011). Economic factors include interest rates, taxation changes, economic growth, inflation and exchange rates. Higher interest rates may deter investment because it costs more to borrow, a
strong currency may make exporting more difficult because it may raise the price in terms of foreign currency, inflation may provoke higher wage demands from employees and raise costs, and higher national income growth may boost demand for a firm's products (Aosa, 1992, Machuki & Aosa, 2011).

Technological factors contribute to environmental dynamism. New technologies create new markets and opportunities. Dramatic advancements in updating technology affect not only the products and services offered by organizations to customers but also the work processes needed. They can offer opportunities to those who can take benefit of such advancements. Otherwise, expecting and responding to technological trends can prove to be costly (Kotler et al, 2008). Environmental factors include the weather and climate change. Changes in temperature can impact on many industries including farming, tourism and insurance. With major climate changes occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for firms to consider. Legal factors are related to the legal environment in which firms operate. Legal changes can affect a firm's costs as new systems and procedures have to be developed. Changes in demand occur where the law affects the likelihood of customers buying the good or using the service (Downes, 1997).

**Porter Five Forces**

Porter (1980) presented the five forces that shape competition in the industry for any business organization as, rivalry among existing competitors, threats of new entrants, bargaining power of suppliers, bargaining power of buyers, and the threat of substitute products or services. All five competitive forces jointly determine the intensity of industry competition and profitability. Barriers to entry are one of the principal forces of competition that shape the performance of firms and industries in any economy (Porter, 1980). If one industry’s return on capital is in excess of the cost of capital, this industry will attract outside firms to go inside of the industry (Porter, 2004). If the entry of new firms is unrestricted, the threat of entry rather than actual entry will decrease the profitability of the industry, and make the established firms constraining their price to the competitive level (Harris, 2006). The reason why the new entrants may constitute a threat is that they bring new capacity and substantial resources to an industry with the desire of gaining market share (Porter, 2004).

The rivalry between established competitors defines how the competition between the players is in the industry (Porter, 2004). The other two balancing forces are bargaining power of suppliers and buyers. The bargaining power of buyers shall be lesser if competition is less given that customers will not have many choices for purchasing products. However, the bargaining power of suppliers is higher in case of lesser competition given that lesser competition will not develop the supplier network (and their mutual competition) and hence they will tend to have more bargaining power (Porter, 2004).
Resource Based View of the Firm

This theory argues that firms possess resources a subset of which enable firms to achieve competitive advantage and a subset of those that lead to superior long term performance. Valuable and rare resources can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect against resource limitation, transfer or substitution (Barney & Penrose, 2005). Information system resources may take on many of the attributes of dynamic capabilities and may be useful to firms operating in rapidly changing environment. Information resources may not directly lead the firm to a position of superior sustained competitive advantage but they may be critical to the firm’s long term competitiveness in unstable environments if they help it develop, add, integrate and release other key resources over time (Wade & Hulland, 2004).

Resources such as adequate finance and competent human resource are crucial for the effectiveness of credit risk management practices in a rapidly changing environment. The dynamic capabilities which consist of the activities and mechanisms of managing resources in the creation of value may have an influence on the effectiveness and success of mass marketing strategies. It is expected that an organization that has adequate financial resources would have more effective/successful mass marketing strategies.

SWOT Analysis

SWOT analysis entails portraying a business’ internal context in terms of strengths and weaknesses and scouring its external context for opportunities and threats. Strengths include a large capital base, adequate financing from donors and members, strong systems, good leadership, experience in the industry and competence staff. Weaknesses could be a small capital base, inadequate financing from donors and members, poor leadership, poor systems, inexperience in the industry and incompetent staff.

2.2 Empirical review on Mass Marketing

Mass marketing is a market coverage strategy in which a firm decides to ignore market segment differences and appeal the whole market with one offer or one strategy. It is the type of marketing (or attempting to sell through persuasion) of a product to a wide audience. The idea is to broadcast a message that will reach the largest number of people possible. Traditionally mass marketing has focused on radio, television and newspapers as the medium used to reach this broad audience. By reaching the largest audience possible exposure to the product is maximized. In theory, this would directly correlate with a larger number of sales or buy in to the product.

Mass marketing is the opposite to Niche marketing as it focuses on high sales and low prices. Mass Marketing aims to provide products and services that will appeal to the whole market. Niche marketing targets a very specific segment of market for example specialized services or goods with few or no competitors.

The benefits of mass marketing are wide audience - Since the target audience is broad, the number of successful hits is high despite of the low probability of a single person turning up. Less risky - If all the efforts in one particular area goes in vain, still the eventual loss is less compared to a loss.
in the narrowly focused area, Production cost per unit are low on account of having one production run for homogeneous product, Marketing research cost and advertising cost are relatively low (Bennett, 2001) and higher potentials of sales volume and efficiency of scale in a much larger market (Burrow & Bosiljevac, 2005)

2.3: Conceptual Framework

![Conceptual framework diagram]

Figure 1: Conceptual framework

3.0 RESEARCH METHODOLOGY

The study used a descriptive survey research design. The target population comprised 1500 employees in Kenya working for Orange telecommunication in head office. The sample size was 150 employees. Random sampling was used to select the 150 employees. Data was collected using a structured questionnaire, the questionnaire comprised of both open and closed ended questions. The structured questionnaire consisted of several sections. The reliability of the questionnaire was determined through a pilot study. The aim of pretesting was to remove and amend vague questions, used respondent comments to improve the questionnaire, removed deficiencies and analyzed a few questionnaires to see if the methods of analysis are appropriate. data collected was analyzed using descriptive statistics. The descriptive statistics used was frequencies, counts and percentages. The Statistical Package for Social Sciences (SPSS) was used as a tool to generate the frequencies and percentages that were used in excel tabulations. The data was presented using data tables and charts.
4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate
The number of questionnaires that were administered was 150. A total of 100 questionnaires were properly filled and returned. This represented an overall successful response rate of 66.66% as shown in Table 1.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
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<tbody>
<tr>
<td>Returned</td>
<td>100</td>
<td>66.66%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>50</td>
<td>33.34%</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100%</td>
</tr>
</tbody>
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4.2 Organization use Mass Marketing
The study sought to establish the extent of use of mass marketing in the organization. From the study findings, majority 95% of the respondents agreed while only 5% of the respondents disagreed. These findings imply that majority of the respondents confirmed that the organization uses mass marketing.

4.3 Success of Mass Marketing Strategy
This section sought to establish the views of the respondents regarding success of marketing strategies as a determinant factor influencing the success of mass marketing. Figure 2 shows that 66% percent of the respondent agreed on the statement that Orange Kenya Ltd organization has successfully developed products for the mass market. 80% of the respondents agreed on the statement that targeted customers have shown loyalty to the mass products. 51% of the respondents agreed that market survey shows that customers are happy with the mass products. 54% of the respondents agreed that the market share in respect to the mass product has improved. 53% of the respondents agreed on the statement that the mass marketing strategies has led to increased revenue.
4.4 **Macro economic factors**

This section sought to establish the views of the respondents regarding the effect of macroeconomic factors as a determinant of success of mass marketing in the organization. Figure 3 shows that 58 percent of the respondents agreed on the statement that new technologies affect the levels of success of mass marketing strategies of Orange Kenya Ltd in the last ten years. 78% of the respondents agreed on the statement that government policies such as the degree of intervention in the economy affected levels of success of mass marketing strategies in Orange Kenya Ltd. 80% of the respondents agreed that legal changes affected the levels of success of mass marketing strategies in Orange Kenya. 73% agreed that changes in demand affected levels of success of mass marketing strategies of Orange Kenya Ltd.
4.5 Competitive/industry Environmental Factors

This section sought to establish the views of the respondents regarding competitive/industry environment factors as a determinant influencing the success of mass marketing strategies in telecommunication industry. Figure 4.8 shows that eighty three percent of the respondents agreed on the statement that there are price undercuts brought about by competitive rivalry. 96% of the respondents agreed on statement of existence of large buyers who can play competitors against each other. 63.6% of the respondents agreed that there is existence of large suppliers which can influence the contract terms. Fifty five percent agreed that there is threat of new entrants due to low barriers in the industry. 52% of the respondents agreed on the statement of the threat of substitutes products from other firms. The results indicate that competitive/industry environment factors affect success of mass marketing strategies in telecommunication industry.
This section sought to establish the views of the respondents regarding brand awareness as a determinant of success of marketing strategies. Figure 5 shows that sixty six percent of the respondent agreed with the statement that unique and superior trademarks have an effect on strategies in Orange Kenya Ltd. 93% of the respondents agreed that unique and superior corporate image goes a long way in retaining customers while 65% of the respondents agreed on the statement that unique and superior brand names have an effect on customer retention and edge over their competitors. The findings indicated that brand awareness has an effect on mass marketing strategies.
4.7 Market Research

This section sought to establish the views of the respondents regarding the market research as a determinant of the success of mass market strategies in telecommunication industry. Figure 6 shows that 77% of the respondents agreed on the statement that the organization should frequently do market research to ascertain the performance of mass products. 72% of the respondents agreed that the organization should frequently do market research to ascertain the performance of competitor products and 85% of the respondents also agreed on the statement that the organization should frequently do market research to ascertain the new trends in the market. The findings indicated that market research is a determinant of success of mass marketing strategies in Orange Kenya and telecommunication industry.
4.8 Product Development efforts

This section sought to establish the views of the respondents regarding product as a determinant of success of mass marketing strategies in telecommunication industry. Figure 7 shows that eighty two percent of the respondents agreed that Orange Kenya Ltd considers enhancing product quality when developing mass products, 71% agreed on the statement that the organization reduces its products prices to attract more customers, 77% agreed on the statement that Orange Kenya Ltd differentiates its products to attract more customers. Eighty nine percent agreed on the statement of enhancing products physical features to attract more customers. The results indicate that majority of the respondents agreed that product is a determinant of success of mass marketing strategies in Orange Kenya. This shows that product is a determinant of success of mass marketing in the telecommunication industry.
4.9 Resources

This section sought to establish the views of the respondents regarding resources as a determinant of success of mass marketing strategies in telecommunication industry. Figure 8 shows that eighty-four percent of the respondents agreed on the statement of allocation of competent human resource. About, 66% of the respondents agreed on the statement of allocation of adequate financial resources. Approximately, 58% of the respondents agreed on the statement of acquisition of unique and superior resource arrangements with strategic partners affect the success of market Strategies. The mean score of responses for this section was 4.09 which indicates that majority of the respondents agreed regarding the effect of resources on the success of mass marketing strategies. The result indicates that resources affect the success of mass marketing strategies in the telecommunication industry.
5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

The first objective of the study was to determine whether competitive/industry environment factors affect the success of a mass marketing strategy. Descriptive results indicate that majority of respondents agreed that competitive environment affects the success of mass marketing strategy. Therefore, the more turbulent the competitive environmental factor, the more the success of a mass marketing strategy is affected.

The second objective of the study was to evaluate whether brand awareness efforts affects the success of a mass marketing strategy in telecommunication industry in Kenya. The study findings showed that majority of respondents agreed that brand awareness effort affect success of mass marketing strategies.

The third objective was to find out whether market research methods affect the success of a mass marketing strategy in telecommunication industry in Kenya. The findings indicated that majority agreed that market research efforts affect the success of marketing strategy in telecommunication industry in Kenya.
The fourth objective sought to investigate whether product development efforts affects success of mass marketing strategies. Finding shows that the majority agreed that a product development effort affects the success of marketing strategy in telecommunication industry in Kenya.

The fifth objective was to determine whether resources affect the success of a mass marketing strategy in telecommunication industry in Kenya. Findings reveal that majority agreed that resources affect the success of a mass marketing strategy in telecommunication industry in Kenya. Therefore, the more adequate the allocation of the resources, the more successful the mass marketing strategy in telecommunication industry in Kenya.

5.2 Conclusions

It was concluded that: macro environmental factors affect marketing strategy. Therefore, the more turbulent the macro environmental factor, the more the success of a mass marketing strategy is affected.

It was concluded that competitive environment affects the success of mass marketing strategy. Therefore, the more turbulent the competitive environmental factor, the more the success of a mass marketing strategy is affected.

It was concluded that brand awareness effort affect success of mass marketing strategies. Therefore, telecommunication firms need to use brand ambassadors, rebrand their products by redesigning, excommunicating and repositioning their products to the clients. This would improve the brand equity and hence impact positively on the success of mass marketing strategies.

It was concluded that market research efforts affect the success of marketing strategy in telecommunication industry in Kenya. Therefore, it is also concluded that efforts such as investment in market research would go a step further in improving the success of mass marketing strategies.

It was concluded that product development effort affects the success of marketing strategy in telecommunication industry in Kenya. It was also concluded that the telecommunications firms need to improve on their product offering by either varying the product price, differentiating the products or changing the physical design of the products.

It was concluded that resources affect the success of a mass marketing strategy in telecommunication industry in Kenya. Therefore, the more adequate the allocation of the resources, the more successful the mass marketing strategy in telecommunication industry in Kenya.
5.3 Recommendations

Based on the results, findings and conclusions, the following recommendations have been fronted. Macro environmental factors positively affect the market strategy. It is recommended to the management of telecommunication in Kenya to be on the outlook and follow the trends in the environments, that is, they should watch the trends in technology and demand in the market. This effort can lead to better performance and subsequently lead to better performance of mass marketing strategies and by extension that of the overall company.

Competitive/industry environment need to be frequently analyzed through SWOT analysis. Environmental scanning is important as it would give an indicator of what needs to be done as far as the success of mass marketing strategies is concerned.

Brand awareness efforts need to be emphasized. It is recommended to the telecommunication industry in Kenya to intensely work and put more efforts in creating their brand awareness. For example advertisement through social media which could influence the increase sales of the branded product and also makes it easier to reduce customer resistance. Specifically, the use of brand ambassadors, the use of brand imagery, the use of brand awareness campaigns such as road shows need to be emphasized.

It is recommended that telecommunication industry in Kenya need to go deeper into market research to enable them know the future and present expectation for their customers.

Product Development efforts was found to be one of the factors that influence success of mass marketing strategy. It is recommended that firms needs to develop their product for the improvement of customers awareness and identification of the products. This will enable customer get familiarism with the particular brand hence an advantage to the company.

Resource was found to be to be an effective influence in marketing strategy. It is recommended to the management of telecommunication industry in Kenya to increase the allocation of firms resources so as to enable firms to achieve success of mass marketing strategies.

5.4 Areas for Further Study

Arising from the findings and the gaps in the study, a study of competing firms such as Safaricom, Airtel or Yu is recommended in order to test whether the conclusions of this study will hold true. Another study could be carried out to include other potential drivers of marketing strategy like, working customer service and price of the commodity.
REFERENCES


