Assessment on Marketing Strategy Practice and challenges of ethio telecom

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By: Kalkidan Nigussie
Advisor: Dr.Getie Andualem

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Board of Examiners Approval Sheet

This is to certify that the thesis entitled; Assessment on marketing strategies and challenges of ethio telecom; is prepared by Kalkidan Nigussie in partial fulfillment of the requirements for the award of the degree of Master of Arts in Marketing Management, with the regulation of the university and the accepted standards with respect to originality.

Approved by: Board of Examiners

Dr. Getie Andualem	_____	_____
Advisor's Name	Signature	Date
_____	_____	_____
Internal Examiner's Name	Signature	Date
_____	_____	_____
External Examiner's Name	Signature	Date

Statement of Certification

This is to certify that Kalkidan Nigussie has carried out her thesis work on the topic entitled "Assessment on marketing strategies and challenges of ethio telecom" under my guidance and supervision. Accordingly, I hereby assure that her work is appropriate and standard enough to be submitted for the award of Master of Arts Degree in Marketing Management.

_____

Advisor: Dr. Getie Andualem

June, 2019

Addis Ababa, Ethiopia

Declaration

I, Kalkidan Nigussie, declare that the research paper entitled “Assessment on marketing strategies and challenges of ethio telecom” is my own and I have the courage to say, it is original research work that has not been produced by others in any other institutions or universities for any other requirements in any form. To this end, I acknowledge all sources of information that I used to produce the study appropriately.

Kalkidan Nigussie	_____	_____
Student researcher	Signature	Date

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List of Acronyms

ATL	Above the line
BSS	Business supporting system
BTL	Below the line
CSI	Customer satisfaction index
FDC	Fully distributed cost
2G	Second generation Mobile network
3G	Third generation mobile network
4G	Fourth generation
QOS	Quality of service
SMS	Short messaging service
SOHO	Small Office Household Office
SME	Small and Medium enterprises
VAS	Value added service
VIP	Very important person

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Abstract

The aim of this study was to assess the marketing strategy practice, identify challenges and provide possible recommendation to the identified challenges. It tries to identify the process the company follows in the formulation of marketing strategy, how segmentation and targeting is being practices, the choice of the marketing mix elements and the challenges experienced by the company in the implementation of the marketing strategy. The research design was descriptive and qualitative approach was used. The research was carried out using both primary and secondary source of data to get the intended data and meet the objective of the study. To gather the primary data semi structured questionnaire where used for an interview with purposively selected sample size 18 management from divisions responsible for formulation and implementation of the strategy. For the secondary data, of the company's planning document is used to understand the marketing strategy formulation process. Data was collected through one to one and telephone interview and self-administered questionnaire. The finding of the analysis shows; the company follow well-structured process in the formulation of the marketing strategy. With regards to segmentation and targeting, apart from an effort in trying to define the segments in the market, it is not fully implemented and there is lack of consistency across the application of segmentation in the company. The gaps on segmentation practice further affects the practice of targeting, although the company have many products and services it is not able to ensure delivery of tailored products for differentially segmented customers. The company has also well exploited the 4 marketing mix elements such as product, price, place and promotion with inadequate focus on three elements people, process and physical evidence. The main challenges in the implementation are also identified to be lack of attention, focus and poor integration by the management and working units, lack of knowledge and system readiness, lengthy and inefficient procurement and decision making process Accordingly, it is recommended by the researcher for the company to strengthen internal communication and create better alignment , empower management and ensure timely decision build its capacity hiring expertise on the industry and implementing data analytical tool to support segmentation, include the 3Ps in the marketing mix elements to ensure customer centricity of internal process, procedure and decision making.

Key Words: Marketing Strategy, Segmentation, Target Marketing, Marketing Mix

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CHAPTER ONE

1. Introduction

1.1 Background of The Study

A strategic marketing preparation starts from company's mission and vision and strategic objectives. It is mainly the responsibility of marketing to transform the corporate objectives and business strategy in to competitive market offerings and value.

Michael and Ferrel (2010), construct marketing strategy as an interesting area of study due to its nature of being a never stagnant process which is also people driven. Marketing strategy can be illustrated as an action of analyzing the business environment to understand specific customers need, internal and external, matching activities or products to the customers' segments and implementing programs that achieve the goal of the company. Marketing strategy includes all basic and long-term activities in the field of marketing and thus contributes to the goals of the company and its marketing objectives. According to Lewalski (2008), marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives.

David and Nigel (2009), states that the market performances of the organizations are primarily driven by their marketing strategies. The marketing strategy consists of the analysis, strategy development and implementation activities in developing a vision about market(s) of interest to the organization, selecting market target strategies, setting objectives and developing, implementing and managing the marketing program designed to meet the value requirements of the customers in each market target. The marketing strategy seeks to deliver superior customer value by combining the customer influencing strategies of the business into a coordinated set of market driven actions. Strategic marketing provides the expertise for environmental monitoring, for deciding what customer groups to serve, for guiding product specifications, and for choosing which competitors to position against. The customers' value requirements must be transferred into product design and production guide lines. Market targeting and positioning strategies for new and existing products guide the choice of strategies for marketing program components.

Accordingly, the purpose of this study is to assess the marketing strategies practices of ethio telecoms and the problems of the marketing strategy that this company has. This study is expected to serve as an input to ethio telecom in putting the actual marketing strategies practices and its problems in an increasingly dynamic telecom environment.

1.2 Background of the company

Few years after the inventor of phone Alexander Graham patented the first practical phone in 1972, the use of telephone service was started for the first time in Ethiopia in the palace of Emperor Minilik in 1989. Ethio telecom is 125 years old company which has undergone through different organizational structure changes and transformation

The major milestone for the telecom sector in Ethiopia was the transformation program, which was run under management contract of France telecom, lays a foundation for the birth of ethio telecom in year 2010, with new brand, new image and new culture, from the old telecom company Ethiopian Telecommunication Corporation.

The other major move made by ethio telecom was infrastructure deployment investment made in an attempt to meet the first Growth and transformation plan of the country. Accordingly, in two periods (year 2006 and year 2015) major investment have been made with 1.5 Billion USD and 1.6 Billion USD respectively. Accordingly, it is managed to reach capacity of 62 million in mobile technology and 3 million in fixed technology. Today, the mobile and fixed network infrastructure and BSS has helped ethio to provide its core offers of voice, data and internet and VAS for individual and business customers. (ethio at a glance V.12)

- Voice Service through mobile and fixed networks
- Data and internet services through mobile and fixed networks
- VAS Services: Messaging services, Information & Entertainment, and Call Completion

It is evident the company registered recognizable difference in terms of organizational changes and huge investments in the sector, based on the key moves the incumbent took over the past years. When we compare the performance of ethio telecom in terms of mobile and internet service penetration against the neighboring countries Ethiopia stands among the lowest performing

country especially in mobile penetration which stands at 44% compared with Kenya, Uganda, Sudan and Somalia who registered penetration n of 80%,68%,72% and 57% respectively. On the other hand, the internet penetration of Ethiopia is still lowest compared with same countries with current penetration of 12% while Kenya, Uganda and Sudan registered penetration of 43.4%,24.6%, and 17.7%. (World telecom Matrix June, 2017).

In Ethiopia Ethio telecom has registered growth in revenue over the last 7 years since the new organization formed, the annual revenue ethio telecom has been generating reached 33 billion in year 2017/18 growing by 175% from annual revenue of 2.2 Billion birr in 2010/11. The customer base has increased from 10 million in 2010 to 44 million in 2017/18 growing by 319% over the period. (ethio at a glance V.12)

On top of customer base and revenue performances there is one major variable ethio telecom recognizes as key performance indicator, which is customers' satisfaction index (CSI). Starting from year 2012/13 Ethio telecom has been conducting national customer satisfaction survey twice a year on its residential and business customers. The result shows that the customer satisfaction survey has not been growing year after year, the survey was conducted using a Likert scale of 0-10 on global perception and on the marketing and technical endeavors of the operator. The finding shows that for residential customers the CSI index of 7.2 out of 10 in 2012/13 not growing much compared with the period of 2017/18 which was 7.67 out of 10. Even worst the enterprise customer satisfaction index as 5.9 when measured in 2014/15 and increasing not significantly to 6.6 in year 2017/18. According to the benchmarking telecom operators CSI has to be around 8.5 for a company recognized to be as world class operator. (10 the round national customer Satisfaction survey)

To this end, looking at the business performance of ethio telecom we see some gaps in terms of recognizing its mission to be world class operator and the gaps in terms of revenue growth which is not growing with the speed or the level the customer base is growing. Even compared to the operators and the performance of the neighboring countries the performance in terms of customer base is not yet to be appreciated.

It is well known fact that today Ethiopian government is also considered ethio telecom among the companies to be privatized. Although we are witnessing some improvements in the performance of ethio telecom from time to time it is well known fact that it still lacks the required competency and efficiency to fulfill the growing demand of the customer in the face the dynamically changing environment.

Many factors could contribute to the business performance of a company such as organization and culture, Marketing activities and technologies. However, considering the role of marketing which is core of any business organization, the focus of this research will be to investigate the role of marketing strategy to identify the gaps and opportunities for improvement. Even if ethio telecom, as technology company might be somehow supply driven, it is marketing which plays the pivotal role in terms of translating the technology in to affordable, tangible, targeted and reliable products and services.

The contribution of this study will be understanding the significance of marketing variable, gaps and opportunities for improvement

1.3 Statement of the Problem

Organizational marketing strategy describes how the firm 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. Additionally, 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 that each program consists of two elements a target markets and a marketing mix (known as the seven Ps of product, price, Placement, people packaging, position and promotion). To develop a marketing strategy, an organization must select the right combination of target market(s) and marketing mixes in order to create distinct competitive advantages over its rivals Ferell and Hartline (2010).

Ferell and Hartline (2010) also stated that 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.

Naturally business organization whether small or large, private or government, domestic or international operate in a dynamic and uncertain environment. In the context of changing customer expectations, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in an efficient manner for business success. Due to this, companies must develop new tools, new concepts, new strategy and the new mindsets to cope with the turbulent and chaotic environments leading to discontinuous change (Jain, 1997).

Although since the establishment of ethio telecom major movements and improvement have been observed the telecom industry has been continuously changing at a rapid speed. A new wave of customer demands is being observed in the industry and ongoing disruptions coming to picture in the way technology and the business models the industry is operating. This changing phenomenon has created a lot of opportunities as well as challenge for telecom operators in every corner of the world. To this end ethio telecom being an operator and major catalyst in the ecosystem should assess its current position in the context of the dynamic environment in order to determine its strategic choices and meet its mission of becoming world class competitive telecom service provider. It is also observed that the customers over all perception on ethio telecom is highly linked with its price, product quality and reliability, and information.

Considering the role of marketing which is core of any business organization, this paper mainly focused on assessing existing marketing strategy practices and its challenges in ethio telecom. Even if ethio telecom, as service technology provider company might be somehow supply driven, it is marketing which plays the pivotal role in terms of translating the technology in to affordable, tangible, targeted and reliable products and services.

Empirical literature review has also shown there is a research made by Abeselom (2012) on ethio telecom marketing strategy practice however this research miss to incorporate the variables such as process, people and physical evidence, which are curtail building block to ensure sustainable

and profitable relationship with the customers. Thus, this study would fill this gap incorporating those variables, as also suggested by the researcher, and ensure on understanding the recent practice and challenges as 6 years has elapsed since the aforementioned research was done.

The intention of this study is assessing end to end existing marketing strategies practices and identifying the potential challenges of ethio telecom marketing strategies in the firm's operations. This paper arises from 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. Finally, the investigate put the way forward as a solution and for policy input for the gap observed in the existing marketing strategy practices of ethio telecom.

1.4 Research Questions

Based on the problem statement stated above and literature reviewed, the leading question of the study includes: -

- What are the process considered in formulating the marketing strategy?
- How does the company strategically segmenting and targeting the market to achieve its objectives?
- its customers demand?
- What are the company's marketing mix strategies devised to appeal to the target market?
- What are the major challenges ethio telecom is experiencing in the implementation of its marketing strategy?

1.5.1 General Objective

The general objective of the study is to assess the existing marketing strategy practices of ethio telecom and identify the main challenges.

1.5.2 Specific objectives

The specific objectives of the study:

- To explore the process considered in the formulation of marketing strategy
- To investigate how the company is strategically segmenting and targeting the market to achieve its objectives
- To identify the company's marketing mix strategies considered to appeal to the target market
- To identify challenges encountered in the implementation of the marketing strategy.

1.6 Significance of the Study

It is visible that the government has planned to privatize the telecom sector in Ethiopia in the coming few years. Thus, assessment of marketing strategy practice and identifying the potential challenges would give ethio telecom an in depth understanding of the current situation and the gaps in the implementation of the marketing strategy.

Based on the gaps and opportunities identified by this research, the researcher also put forward recommendation that would help the company to revise its marketing strategy and give solution to the challenges. Finally, the study can be used as some reference materials for further studies by other investigators and companies that have been working on related researches.

1.7 Delimitation of the Study

This research focuses on the assessment of ethio telecoms existing marketing strategy practices and its challenges by using internal stakeholders and observations. Specifically, the researcher conducted assessment on ethio telecom marketing strategy practices, and its main challenges observed by focusing on commercial and technical domains responsible to formulate and implement the marketing strategy of the company. Accordingly, this research is limited to understanding the existing marketing strategy and challenges in the implementation process.

1.8 Limitation of the Study

The study only focuses primarily on the feedback of ethio telecom employee from commercial and technical domains and secondary data to understand the marketing strategy practices and its challenges. The other relevant stakeholders such as customers who used ethio telecom products

for both personal consumption and enterprise and/or government organizations are not targeted to analyze and understand the marketing strategy practice, so it might be a factor to limit the output of the research.

1.9 Definition of Terminologies

Marketing: is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals Kotler (2002).

Strategy: is the direction and scope of an organization over the longer term ideally, which matches its resources to its changing environment, and in particular, to its markets, customers and clients to meet stakeholder expectations Johnson and Scholes (1993).

Marketing strategy: is the marketing logic by which the business unit hopes to achieve its marketing objectives Kotler (2005).

Marketing Strategy: is a set of integrated decision and actions by which a business expects to achieve it 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(2010, PP 76)

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)

Marketing mix elements: the set of tactical marketing tools product, price, Placement, and promotion, process, physical that the firm blends to produce the response it wants in the target market. Kotler and Armstrong (2012).

Product: A product is anything that can be offered to a market for attention, use or consumption that satisfies a want or need Kotler and Armstrong (2012).

Price: Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service. Kotler and Armstrong (2012).

Promotion: The specific mix of advertising, personal selling, sales promotion and public relations that accompany uses to pursue its marketing objectives. Kotler and Armstrong (2012).

Placement: The distribution strategy is to provide effective Placement convenience for the customers to avail products and services of the service provider. It is related to the distribution pattern, channel management, and retailer network of the telecom service providers. Sabu(2014)

Process: The actual procedures, mechanisms, and flow of activities by which the service is delivered are termed as process Sabu (2014)

People: All human elements involved in service delivery or service assurance influence the buyer's perceptions Sabu (2014)

Physical evidence: is the environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service. Sabu (2014)

1.10 Organization of the Study

The research paper categorized into five chapters. The 1st chapter is the introductory part that include background of the study, statement of the problem, research questions, research objectives, significance of the study, scope of the study, limitation of the study and definition of terms. The second chapter presents about related literature review about the topic under discussion while chapter three focus on research methodologies. Then, chapter four depicts data analysis and presentation, and interpretation of the research result. Finally, chapters five covered conclusions and recommendations part of this paper.

CHAPTER TWO

2. Review of related literature

2.1 Introduction

This part covers of the review of studies and books previously made about the topic under discussion. This chapter will cover theoretical and empirical literature review and conceptual framework.

2.2 Theoretical Literature Review

The theoretical framework enables a review of a collection of related ideas based on theories. Accordingly, in this section theoretical framework will be covered

2.2.1 Marketing Strategy Formulation

Strategy is originally a Greek word coming from the military origins. Over the years, marketing strategies have served as the fundamental underpinning of marketing plans that are designed to fill market needs and reach marketing objectives. Today, marketing is the biggest paradigmatic shift in marketing theory and practice, but marketing cannot be discussed without considering market performance and customer satisfaction (Holbrook, 2000). Different authors define marketing strategy in different ways though they centrally share the same concepts. According to Lewinski (2008), marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Marketing strategy involves careful and precise scanning of the internal and external environments 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. Marketing strategy consists of 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 contributes to the goals of the company and its marketing objectives.

Kotler and Keller (2012) states marketers must give priority to strategic planning in three key areas such as managing a company's businesses as an investment portfolio, assessing each business's strength by considering the market's growth rate and the company's position and fit in that market, and establishing a strategy. The company must develop a game plan for achieving each business's long-run objectives.

The authors describe the formulation of marketing strategy from the roles presumed to be undertaken by each parties in the organization, accordingly largest companies consist of four organizational levels: (1) corporate, (2) division, (3) business unit, and (4) product. Corporate headquarters is responsible for designing a corporate strategic plan to guide the whole enterprise; it makes decisions on the amount of resources to allocate to each division, as well as on which businesses to start or eliminate. Some corporations give their business units' freedom to set their own sales and profit goals and strategies. Others set goals for their business units but let them develop their own strategies. Still others set the goals and participate in developing individual business unit strategies.

According to Kotler and keller (2012) describe the steps of marketing strategy formulation from the planning activities undertaken by corporate organizations also depicted in the figure 1

- Defining the corporate mission
- Establishing strategic business units
- Assigning resources to each strategic business unit
- Assessing growth opportunities Each division establishes a plan covering the allocation of funds to each business unit within the division.

Each business unit develops a strategic plan to carry that business unit into a profitable future. Finally, each product level (product line, brand) develops a marketing plan for achieving its objectives.

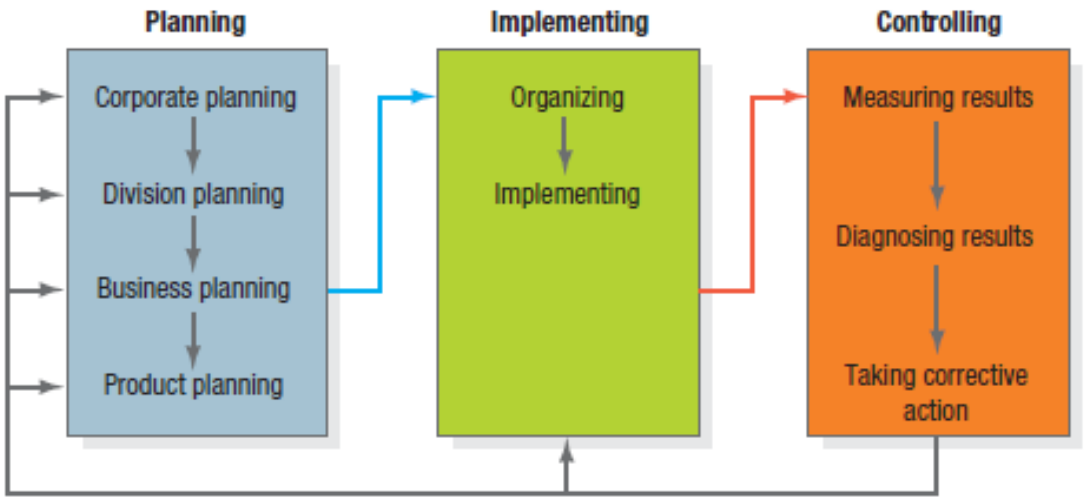

Figure 1: The Strategic Planning, Implementation, and Control Processes

Similarly, Michael and Ferrel (2010) describe the strategic marketing planning process begins with an in depth analysis of the organization's internal and external environments. Based on an exhaustive review of these relevant environmental issues, the firm establishes its mission, goals, and/or objectives; its strategy; and several functional plans.As indicated in Figure 2, planning efforts within each functional area will result in the creation of a strategic plan for that area. Although it is mostly emphasizing on the issues and processes concerned with developing a customer-oriented marketing strategy and marketing plan, it should be stressed that organizations develop effective marketing strategies and plans in concert organizational mission, followed by a discussion of the corporate or business-unit strategy. It is within these contexts that marketing goals/objectives and marketing strategies must be developed and implemented.

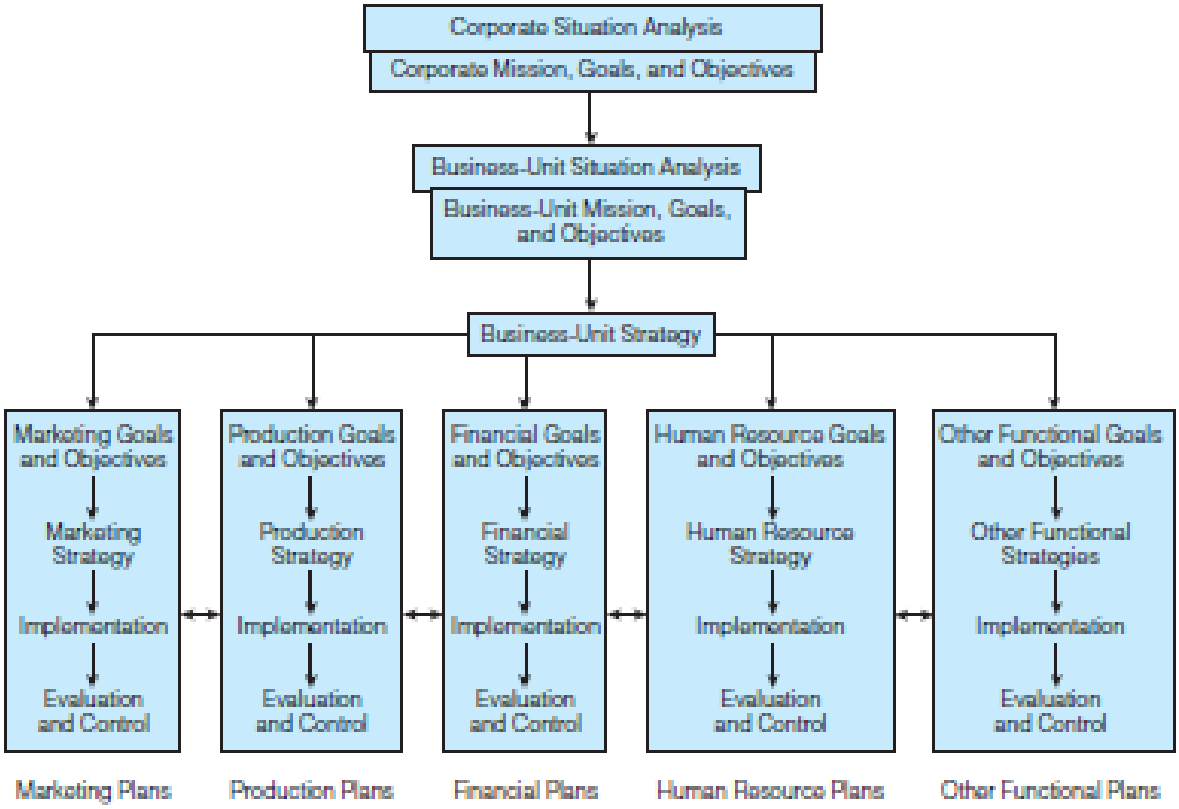

Figure 2: Strategic planning process

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).

2.2.2 Market Segmentation, Positioning, and Targeting

Marketing strategy decisions, includes decisions related to market segmentation, positioning and targeting. The essence of the marketing concept is the idea of placing customer needs at the center of the organizational decision-making. The need to adopt this approach stems from a number of factors, including increased competition, better-informed and-educated customers and, most importantly, changing patterns of demand. Primarily, it is the change in patterns of demand that has given rise to the need to segment markets contributed through higher standards of living and a trend towards individualism (Lancaster, 2004). Therefore, choosing the value, the strategist

proceeds to segment the market, followed by selecting appropriate market target, and developing the offer's value positioning. The formula- segmentation, targeting, positioning (STP), thus is the essence of strategic marketing (Kotler, 1994).

2.2.2.1 Segmentation

The process of Segmentation breaks the market down into groups displaying common Characteristics, behaviors and attitudes. Fundamentally, this process aims to understand need and forecast reaction and/or demand 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 ferell 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.

Camilleri, (2018) outlines the benefit of segmentation to business saying that by dividing the market into segments, marketing managers can acquire a better understanding of the needs and wants of customers. This enables them to customize or to 'tailor' the company's marketing activities more accurately and responsibly to the individual customers' likings. Segmentation marketing supports businesses in meeting and exceeding their customers' requirements. It may also allow them to evaluate the competitors' strengths and weaknesses. This way, they could discover business opportunities in markets which were not served well.

Consumer markets can be segmented on the following customer characteristics geographic, demographic, psychographic and behavioral segmentation (Ferell and Hartline, 2011). Major segmentation variables for business market are:-Demographic, Operating Variables, Situational Factors, and Personal characteristics.
Consumer markets can be segmented on the following customer characteristics.

Demographic Segmentation: according to Camilleri, (2018) this approach involves dividing the market into groups that are identifiable in terms of physical and factual data. The demographic variables may include; age, gender, income, occupation, marital status, family size, race, religion and nationality. These segmentation methods are a popular way of segmenting the customer markets, as the demographic variables are relatively easy to measure.

Geographic Segmentation: Camilleri, (2018) states in the publication, it involves selecting potential markets according to where they are located. This segmentation approach may consider variables such as climate, terrain, natural resources and population density, among other geographic variables.

Behavioral Segmentation: is defined as the segmentation of the market according to individual purchase behaviors. Behaviors-based segmentation is conspicuous with the benefits sought from the product, with the identification of specific buying behaviors, in terms of shopping frequency and volumes of purchase, et cetera Camilleri, (2018).

Psychographic or Lifestyle Segmentation: Psychographic segmentation could be used to segment markets according to personality traits, values, motives, interests and lifestyles. The psychographic variables are used when purchasing behaviors correlate with the personality or lifestyles of consumers Camilleri, (2018).

Similarly, according to Sabu. (2014) telecom service providers mainly segmented the customers based on demographic profiles such as age, gender, locality (Urban or Rural), educational levels, employment status and income.

Judy (2010) identified four segmentation schemes that would apply in thee telecom sector namely customer value segmentation, customer behaviors segmentation, customer life cycle segmentation, customer migration segmentation.

According to the author **Customer value segmentation** refers to a practice When it comes to segmenting customers by value, the standard approach used is the 'decile analysis'. This calculates a value measure for each customer, sorts the customer base into descending order by value and then splits the base into 10 equal segments. The first or top decile is the top 10 per cent of the base. The second decile is the next 10 per cent, and so on. For large companies, with millions of customers, there may be many more than 10 value segments. Customer Value Segmentation focuses on identifying the contribution that a customer makes to overall organizational profitability based on current relationships with the organization.

On the other hand, Customer behaviors segmentation refers to the second form of segmentation that most marketers will be familiar with is segmentation according to customer behavior and depicted as an example the segmentation of customers based on usage behavior of customers of voice, internet and SMS.

Customer life cycle segmentation, it is segmentation by customer life cycle. For a telco, key Life cycle events include the point at which an individual becomes a new customer, growth stage at which they opt for an upgrade, a maturity stage during which phone usage is stable, and, possibly, another growth stage when they obtain a second phone. Finally, there is a decline stage. These events are mostly determined by use of the phone, and may not impact more broadly on an individual' s life.

customer migration segmentation: This is yet another form of customer segmentation, although by comparison with the other types dealt with above, that is probably the one least considered by many marketers. However, it can provide great value. The starting point for this segmentation is customer value. If one considers where customers site at different points in time, they may move up or down the value deciles.

2.2.2.2 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 factors which are used for evaluating and selecting a segments theses are Segments size and growth, which incorporate right size and growth. The structural attractiveness which mainly bases the strength of competitors, substitutability of products, power of buyers and suppliers. The other factor is company objective and resources, this makes sense for long run objectives and have required resources. (Kotler, P, 2007).

There are three major targeting strategies: undifferentiated, differentiated, and concentrated. During this process the business must balance its resources and capabilities against the

attractiveness of different segments (Kotler, P, 2007). The author defines the target marketing strategies as follows

- **Undifferentiated (Target broadly / mass marketing):** it ignores market segments, go after the whole market with one offer. Camilleri, M. A. (2018), defines it as a marketing strategy ignores any differences in the market. Therefore, this strategy involves approaching the customers with one market offer. It will prove difficult for the business to develop a product or a brand which will satisfy all consumers who may have different needs, wants and expectations.

- **Differentiated marketing**: this approach targets several market segments and designs separate offers for each. Camilleri, M. A. (2018) asserts differentiated marketing strategy will usually involve targeting a number of segments. This marketing coverage strategy entails developing an individual product or service offering, and creating a marketing plan for each and every segment.

- **Concentrated (niche) marketing**: it considers large share of one or a few segments or niches, ignored by larger competitors. limited resources, gain operating economies through specialization. Camilleri, M. A. (2018) puts it that this strategy is mainly followed by companies with limited resources and such companies usually target just one or a few sub-markets.

- **Micromarketing:** tailor products and marketing programs to the needs and wants of specific individuals and local customer groups.

In addition to this the author depicts multiple factors used to choose among the various segments which consists of company resources, product variability, products life product's life-cycle stage, market variability and competitors' marketing strategies

2.2.2.3 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. Positioning refers to how customers perceive a firm's offering relative to competition. Positioning provides the bridge between targeting and the marketing mix.

Identifying possible competitive advantages: offer consumers greater value, either through lower prices or by providing more benefits that justify higher prices. Market offer can be differentiated along the lines of product, services, channels, people, or image.

- Product differentiation: could take from little variation or highly differentiated and could be in the form, features, durability, reliability and reparability
- Services differentiation: speedy, convenient, careful delivery.
- Personnel differentiation: better trained personnel.
- Channel differentiation: channels' coverage, expertise, and performance.
- Image differentiation: company or brand image

In selecting the right competitive advantage and positioning Kotler, Bowen and Makens (2006), emphasizes to avoid the occurrence of the under positioning, which means failing ever to position the company at all, over positioning by giving buyers too narrow a picture of the company and Confused positioning by leaving buyers with a confused image of a company.

Rather in choosing the right competitive advantages it is important to decide how many differences to promote and which ones i.e. only one benefit and more than one benefit of a product. Thus it is important the differentiating factors meet the following criterial before marketing which is being important, distinctive, superior, communicable, preemptive, affordable, profitable. Kotler, Bowen, and Makens (2006), states that there are five winning value propositions upon which companies can position their products such as more for more, more for same, more for less, less for much less and more for less.

Segmentation enables marketer to select the most appropriate target markets and develop Marketing mixes accordingly. Since positioning is based on customers' perceptions, it is only partly within the control of marketers. External developments could change the way customers think about a service. Lancaster (2004) states that a company has to develop a positioning strategy for each segment it chooses to serve. However, the final step in the appraisal of segmentation, targeting and positioning is developing appropriate marketing mixes.

2.2.3 Marketing mix elements

According to Sabu..(2014)he successful marketing strategies are formulated through the right combination of services marketing mix, the seven Ps, specifically product, price, Placement, promotion, people, physical evidence and process. The product strategy, pricing strategy, distribution (Placement) strategy, promotion strategy, people strategy, physical evidence strategy and process strategy are widely utilized by the telecom service providers to design, develop, differentiate and implement their marketing 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.

2.2.3.1 Product strategy

A product is a range of goods and/or services a company provides consumer and business users. The product mix is a combination of product lines and individual offerings that make up the product line. It is common to see product mixes undergoing changes. It is mainly driven by the interest of marketers to remain competent in the market place which always pushes them to look for gaps in their offering and fill them with new products or modified versions of existing ones.

Edmund (2014) assert similarly, that it is thus important to know and understand the customers" needs and wants when selecting the products for the business. It is also important to consider the life-cycle of the product in relation to the type of customers the business is targeting. Consumers who are modernizers and innovators will most likely be interested in the latest products whereas consumers who are late adopters will prefer to purchase a product only after their peers have recommended it.

Leonidou, et al., (2002) have studied about the marketing strategy and through this, they identified that product design, brand mix (name, sign, symbol, and design), warranty, customer service as pre- and after-sales services, and product advantages (such as luxury, prestige, and quality) are variable of product marketing strategy.

Gronroos (2000) argued that despite the customers' preference towards higher quality in general especially of the technical quality, the marketers of a product or service should not forget that the pursuit of quality needs not to be done at the expense of other service quality attributes

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.

2.2.3.2 Price strategy

Price represents a controllable variable which earns revenue for all other variables and this distinguishes price from all other variables. Different authors try to explain price systematically through time. According to Morden (1993), price is the value or sum of money at which a supplier of a product or service and a buyer agree to carry out an exchange transaction.

In addition to this Kotler (2002), puts tries to explain it that price is one of the methods a marketer uses to convey the information about the product or service. It is also noted that price is the only dimension which make money or revenue for the company. Customers perceive that the level of price can convey the information other than the intended one of the price information.

According to Shaw (2011) there are generic approaches towards determining pricing which are also called the 3 C's: customer (or demand), competitor, and (cost oriented pricing).

1) **Customer/demand oriented pricing**, is when the 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.

2) 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**.**

3) 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).

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, there are different

pricing setting methods such as markup pricing, target return pricing, perceived-value pricing, value pricing, going-rate pricing, auction-type pricing.

Many pricing schemes have been proposed for pricing telecommunications networks. These pricing schemes can be classified into three main categories: cost-based pricing, pricing for best effort services, and pricing with quality of service (QOS) guarantees. Cost-based pricing refers to prices that are directly related to costs. Some of the cost-based pricing models that have been proposed include Fully Distributed Cost (FDC) pricing, Ramsey pricing, and Flat rate pricing. FDC pricing is wildly used as it allocates the total common and shared costs that agency incurs while providing the services to the clients (Courcoubetis and Weber 2003).

2.2.3.4 Promotion strategy

Promotion refers to communication means that marketer uses in the market Placement, in order to get the attention of its customers like and purchase the products and services the marketer produces.

Kotler (2001) views promotion as including all the activities the company undertakes to communicate and promote its product to the target market. That is, a company has to set up communication and promotion programs consisting of advertising, sales promotion, public relations. He emphasized that each promotional tool or programs has its own unique characteristics and cost. In the opinion of Whalley (2010), 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: -

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

Advertising: Advertising has many characteristics which include public presentation, pervasiveness, amplified expressiveness and impersonality. Advertising media includes television, radio, magazines, newspapers, direct mail, outdoor displays, the Internet, and mobile devices among others. 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 different media.

Sales promotion: According to Kotler (2001), sales promotion consists of a diverse collection of incentive tools. This tools are mainly short term and designed to stimulate quicker or greater purchase of particular products or services by customers. Sales promotion includes coupon, contests, premium, consumer price-offs, etc. and they distinctive benefit of gaining attention and usually provide imagination that may lead the consumer to the product. They incorporate some concession, inducement or contribution that gives value to the consumer; they also include a distinctive invitation to engage in the transaction on the spot.

Public relations: Kotler (2001) has also tried to put the topic in to another perspective which is that the appeal of public relations and publicity is based on three distinctive qualities - high credibility, ability to catch buyers off guard and dramatization. However, that it shall be noted that publicity and public relation is a wider responsibility for safeguarding and improving the relationship between the organization and relevant environmental factors such as government and the society at large. To this end, the job of public relation affairs personnel is to give the information that will promote the good image right from within the organization to the outside world.

Personal Selling: it is a type of promotion where the sales person of the company acts on the 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).

Personal selling is an effective way to manage personal customer relationships it is also belived to be the most precise form of communication compared with others 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 that it is costly

Direct mail: Kotler and Keller, 2012, emphasizes that this tools has become a popular medium as it permits target market selectivity, can be personalized, is flexible, and allows early testing and response measurement. The cos per thousand is comparatively higher for the mass media however the people reached are much better prospects. 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.

Trade Fairs and Exhibitions: Whalley (2010) has emphasized that 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. This kind of events offer the opportunity for companies to meet with both the trade and the consumer, for both to build relationships outside traditional sales meetings. It is a tool heavily used with business to business marketing, especially within technology and engineering based products.

Telecommunications companies were using advertisements in radio, television, twitter, Facebook, bill boards and promotion activities as their marketing strategies Kim et al (2004). The telecommunication sector is highly competitive and telecom operators attempt to appeal and win customers through various sales promotion strategies.

2.2.3.4 Placement

Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers. It is the most important phenomena after products are produced and priced they will be distribution to market Placement. Factors such as the market, the product, the producer, and the competition forces companies to choose different channels than directly selling their product to the end user.

According to Kotler (2001) marketing channels are set of interdependent organizations involved in the process of making a product or services available for use or consumption. Channels of distribution provide the link between production or supply and consumption. They are used to make products or services assessable and available to consumers or buyers. As product passes through its channel of distribution, it gains added value because it becomes available to the consumer when and where it is wanted.

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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. **Direct marketing**

According to Kotler (2012) a producer may decide supplying direct if found to be appropriate for the product to reach the customers. It can be done through retail, door-to-door, mail order, e-commerce, on-site, or some other method. Direct sale has its own merit as it gives a chance to meet the customers face to face, which makes it easier for the seller to identify the market changes and adapt to them. In addition to this it gives the seller full control on the product range in terms of how it sold and at what price.

However, direct sales require that you have an effective retail interface with your customers, which may be in person or electronic. If developing and maintaining this retail interface is not of interest to you or you are not good at it, you should consider selling through an intermediary (Friesner 2014).

2.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 the 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).

3.Channel Intermediaries-Agents

According to Kotler (2001) marketing channels are set of interdependent organizations involved in the process of making a product or services available for use or consumption. Channels of distribution provide the link between production or supply and consumption. They are used to make products or services assessable and available to consumers or buyers. As product passes through its channel of distribution, it gains added value because it becomes available to the consumer when and where it is wanted.

Marketing channel decisions are among the most critical and ultimately affect all other marketing decisions. The company's product prices often depend on whether it uses mass channel (associated with lower cost) or high quality exclusive channels. As a strategy a company may adopt intensive distribution, selective distribution or exclusive distribution of its product. A company like. Some factors to be considered in choosing a distribution include market coverage, channel control, cost, nature of goods, company's objectives and firm distribution policy.

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).

4. 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).

5. 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 lead 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).

Bowersox (1986), argues that no matter the seller decides to sell your product through direct or indirect reseller, it is important to ensure what the coverage will be in the distribution of the companies' product. Sellers should decide whether they pursue intensive, selective, or exclusive coverage? 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 single outlet by offering a firm's products to a select group of outlets in a chosen area. Shaw (2011).

2.2.3.6 Process

Sabu (2014) defines process as the actual procedures, mechanisms, and flow of activities by which the service is delivered. The actual procedures, mechanisms, and flow of activities by which the service is delivered are termed as process. According to Zeithaml (2003), the process dimension in the service marketing mix refers to the procedures of offering the services and this include the procedures concerning the making inquiry about the service to the post-purchase behaviors such as complaint-making or giving feedback. Zairi (2000) pointed out that the customers' satisfaction can be enhanced by offering the better accessibility to the service and this concerns with the use of efficient and effective process of service offerings to make the process user-friendly.

Selvarasu et al., (2006) argue that mobile service providers avail service number to enable customers to make complaints or to ask for necessary information, it is also important for them to give prompt and professional responses whenever a customer make a complaint or request for a piece of information. Furthermore, in a service situation customers are likely to have to queue before they can be served and the service delivery itself is likely to take a certain length of waiting time. It helps if marketers ensure that customers understand the process of acquiring a service and the acceptable delivery times.

2.2.3.6 People

People dimension in the service marketing mix refers to those persons who involve in the service delivery (Zeithaml, 2003). According to Gronroos (2007), the service providing personnel's appearances, their training level, the interpersonal behavior, and skillful in the service delivery has made significant impact on the customers' perceived quality and satisfaction. Kim et al (2004) pointed out that the for technology-based services like mobile network services, customers have to rely on the suggestions and advices of the service providing employees and the relationship between these two parties have significant impact on the customers' satisfaction.

According to Sabu. (2014), a general observation of comparative analysis made on private and government telecom service providers in India, it is important for employees at customer's touch point to possess soft skills and knowledge to deal with customers. Employees should also be highly unprofessional in appearance, skill sets, knowledge level and even at attitude and behavior towards customers

2.2.3.7 Physical Evidence

Sabu (2014), elaborates Physical evidence as the environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication of the service. The private telecom service providers are keen in proving their presence through employee dresses, uniforms, brochures, tariff booklets, business cards, and glow sign boards etc.

Lovelock and Wirtz (2011) asserted that the tangible dimension of Parasuraman et al. (1991) is closely related to the physical evidence dimension of 7 P's marketing mix as the customers usually sees the tangibles such as office buildings, the layout of the servers, and the physical appearances of the service providing employees.

According to Sabutey et al. (2014), the physical evidence for the mobile network service providers includes the network towers, the office building, the conditions of retail house and the service complaint centers also significantly affect the customers' perceived quality and this can stimulate a particular buying behavior. Mohammad (2015) agreed that the condition of physical evidence of a service provider could influence the consumers' perception on the service quality because; a consumer usually makes inferences about the possible quality of a service provider by looking at the physical evidence of service environment.

2.2.4 Implementation and Control

Michael and Ferrel (2010), describe marketing implementation as the process of executing the marketing strategy by creating and performing specific actions that will ensure the achievement of the firm's marketing objectives. The authors argue that strategic planning without effective implementation can produce unintended consequences that result in customer dissatisfaction and feelings of frustration within the firm. Likewise, poor implementation will most likely result in the firm's failure to reach its organizational and marketing objectives. The failures in the implementation could be depicted in different forms such as out-of-stock items, overly aggressive salespeople, long checkout lines, and unfriendly or inattentive employees. The best-planned marketing strategies are a waste of time without effective implementation to ensure their success. Michael and Ferrel (2010) outlined a number of interrelated elements and activities that must work together in order to ensure effective implementation of marketing strategy. These are shared goals and Values, Marketing structure, system and process, resource, people and leadership

- **Shared Goals and Values*:*** when there is shared goals and values among all employees within the it is like a ‘‘glue’’ of successful implementation because they bind the entire organization

together as a single, functioning unit. It is important for all employees to share the firm's goals and values, as it ensures to closely align all actions directed toward the success of the company.

- **Marketing Structure:** refers to the methods of organizing a firm's marketing activities such as formal lines of authority, as well as the division of labor within the marketing function. The most important decision for a company is how to integrate or divide marketing responsibility i.e centralization or decentralization. In a centralized marketing structure, the top of the marketing hierarchy coordinates and manages all marketing activities and decisions. Conversely, in a decentralized marketing structure, the front line of the firm coordinates and manages marketing activities and decisions. Typically, decentralization means that frontline marketing managers have the responsibility of making day-to-day marketing decisions. The decision to centralize or decentralize marketing activities is a trade-off between reduced costs and enhanced flexibility. However, there is no one correct way to organize the marketing function. The right marketing structure will depend on the specific firm, the nature of its internal and external environments, and its chosen marketing strategy

- **Systems and Processes:** Organizational systems and processes are collections of work activities that absorb a variety of inputs to create information and communication outputs that ensure the consistent day-to-day operation of the firm. It includes information systems, strategic planning, capital budgeting, procurement, order fulfillment, manufacturing, quality control, and performance measurement.

- **Resources*:*** includes a wide variety of assets that can be brought together during marketing implementation that might be tangible or intangible. Tangible resources include financial resources, manufacturing capacity, facilities, and equipment. Although not quite as obvious, intangible resources such as marketing expertise, customer loyalty, brand equity, corporate goodwill, and external relationships/ strategic alliances are equally important.

- **People (Human Resources):** The quality, diversity, and skill of a firm's human resources can also make or break the implementation of the marketing strategy. Consequently, human

resource issues have become more important to the marketing function, especially in the areas of employee selection and training, evaluation and compensation policies, and employee motivation, satisfaction, and commitment. In fact, the marketing departments of many firms have taken over the human resources function to ensure that employees have a correct match to required marketing activities. A number of human resource activities are vitally important to marketing implementation.

- **Leadership:** Leadership—often called the art of managing people—includes how managers communicate with employees, as well as how they motivate their people to implement the marketing strategy. Leaders have responsibility for establishing the corporate culture necessary for implementation success. A good deal of research has shown that marketing implementation is more successful when leaders create an organizational culture characterized by open communication between employees and managers. In this way, employees are free to discuss their opinions and ideas about the marketing strategy and implementation activities. This type of leadership also creates a climate where managers and employees have full confidence and trust in each other.

Finally, when planning a marketing strategy, the organization must always consider how the strategy will be executed. Sometimes, the organization must revisit the strategy or plan to make revisions during the strategy's execution. This is where marketing control comes into play. Adequate control of marketing activities is essential to ensure that the strategy stays on course and focused on achieving its goals and objectives

2.3 Empirical Literature Review

Zeweter (2018) also made an assessment on Marketing strategy practices of bank of Abyssinia. The study describe 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 mixed 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. Data collected was analyzed using IBM statistics SPSS 21 software. Descriptive statistics was used and analyzed using methods of frequency distribution and percentage. The study findings indicate that bank of Abyssinian segments its market based on mainly geographic element, follows targeting strategy of differentiation, and there is good level of perception among consumers, the key factors that considered in setting pricing strategy is product value. Promotional practices are strong on advertising and sales promotion and, weak on other promotional tools. The companies staff are capable of implementing the marketing strategy of the company, but not highly capable. The major formulator of the company marketing strategy is marketing department. The major implementer of the strategy is all employees of the company and the major challenges on the implementation of the marketing strategy is communication problem, poor planning, lack of integration and lack of commitment.

Tilahun (2017) made a research on assessment on marketing strategy on the case of Raya brewery S.C. Marketing strategy is commonly defined as a strategy employed by a firm to attain its marketing objectives, which in turn is related to the achievement of the firm's business objectives. In other words, marketing strategy refers to the marketing goals and action plans that address matters of product/ service price, distribution, communication, and the process of new product development. This study focused on assessing the marketing strategy practices of the Raya Brewery Share Company. The study used descriptive method of research design. Both primary and secondary data collection instruments are used to collect data. To collect the data for this study, the target population of the study is the corporate marketing and sales department of the Raya Brewery Share Company. The study was taken 49 people who are working under corporate sales and marketing department, out of 49 people questionnaires were distributed for 48, and one was interviewed. The Raya Brewery's marketing strategy is practiced moderately by and managers. The company provides quality products with affordable prices by promoting its products using different promotional mechanisms (i.e. media advertisement, sales promotion and public relations). It was finally recommended that the company needs to align its marketing strategies with its vision and mission; the vision and missions of the company must be well addressed to its

employees, the marketing and planning team and other stakeholders. The company needs to enhance its communication between corporate sales and marketing departments and other departments for the smooth implementation of its strategy.

Abesolom (2013) made a research on assessment of marketing strategy practices in ethio telecom from the company perspectives on Ethio telecom. 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 author has put dependent variable of the marketing objectives, and the independent variable of target market, Segmentation, Positioning and the marketing mixes. The researcher found out that Ethio telecom exploits all the 4Ps of marketing mix elements to achieve its target. These marketing mix elements are product, price, promotion and Placement. 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.

Animashaun (2013), conducted a study on marketing activities and its implications on telecommunication industry in Nigeria, a case study on MTN Nigeria. the purpose of this study was to examine how the marketing activities have been used in telecommunication in Nigeria. It was achieved through a questionnaire and a survey to the customers and to the marketing department of one of the companies in Nigeria. The marketing strategy adopted by MTN Nigeria is well planned and executed with the reflection on how the activities by this company improve the image and the brand of the company. MTN Nigeria use customer calling centers as an activity which is easier than an experience center due to the location of some customers, it usually a phone call is enough to resolve any claim. The challenges in the telecommunication industry according to the respondents is insufficient electricity supply for industrial purposes and household consumption. It is also observed from the respondents that said advertising is the tool used by MTN Nigeria in it is promotion strategy, which is more preferable than another means of promotion strategy. Finally, the researcher concludes marketing activities enable companies like MTN Nigeria to reach it final objectives and goals, which enable the MTN Nigeria to satisfy its customers.

Zin Mar soe(2013) made research on an analysis on the marketing strategies for the mobile network service of Myanmar post & telecommunication. This study focuses mainly on the analysis of importance, perception and customers' satisfaction towards the mobile network services as offered by the Myanmar Post and Telecommunications (MPT). The satisfaction level is measured as a difference between the perception and importance levels. The research uses 7P's marketing mix as an approach to the quality of mobile network service in order to analyze the marketing mix strategies of MPT and to propose an optimal marketing mix strategy for MPT. As the perceived level for each marketing mix dimension reflects MPT's strategy for each marketing mix. The hypotheses are developed to test whether the customers' feeling of importance on each dimension of marketing mix exceeds the company's strategy implementation for that dimension. The researcher found out that customers perceive that Service Dimension, Placement Dimension, Price Dimension, Process Dimension, Promotion Dimension, and People Dimension are in descending order of important. The customers perceive, these six factors significantly important for a mobile network service. However, the customers perceive Physical Evidence Dimension as unimportant.

Aremu and Lawal (2012) made a research exploring marketing strategy as a catalyst for performance in Nigerian telecommunication industry. The study carefully examined the relationship that exists among market strategies as adopted by Globacom Limited in the dynamic Nigerian telecommunication marketing environment. The general purpose is to portray the various marketing strategies as good elements that helps to solve problems posed by the environment and which brings about survival of the businesses. For this study, both primary and secondary data sources were employed while the use of Area sampling technique was employed due to the limitation of the study to cover all the sales offices and customers of the company spread across the country. The hypotheses were tested using simple percentages and regression analysis for measurement of the variables. The major finding of the study revealed that marketing strategies actually related with the environment which consequently, increases the growth of organizations. It was concluded that marketing strategies are good tools to achieve organizational mission, goals and objectives. Hence, management must make timely and effective planning and implementation of strategies

Eyob (2010), a research on an Assessment of the Marketing Strategy for Mobile Services of Ethiopian Telecommunication Corporation**.** The study was designed to assess the marketing strategy of Ethiopian Telecommunication Corporation (ETC) in the light of an integrated framework. Structured questionnaires along with interviews were used for the purpose of data collection. The selection of the respondents was carried out by using the techniques of purposive (for mobile customers) and stratified random sampling (for employees/managers). Cross tabulations along with descriptive statistics were employed to generate the findings in line with the research objectives. It has been found that ETC maintains a corporate strategy and policy but does not formulate any strategy for marketing. Duplication of efforts had been observed among various marketing/customer service units. Additionally, the absence of internal marketing is reported within the corporation. However, the area for the study is limited to Addis Ababa, and the eight ETC regional units and their corresponding customers.

3.1 Research gap

Empirical studies were conducted on understanding the marketing strategy practice of different firms such as hotels, brewery, export, banks and the telecom industry in different country and even in Ethiopia in most of the situation the study characteristics of the firms differ from ethio telecom mainly because ethio telecom is a monopoly company and the environment the firms operate is not the same. There are researches made by analyzing practices of marketing strategy but it was rather focused on understanding the perception of the customers on the practices and not the company. In this regard rather than just putting the perception of the customers might not help evaluate the practice accurately as ethio telecom customer don't have reference to compare the practice against another operator. However, doing it from the internal perspective allows to show their challenges in the implementation of the marketing strategy practice, which would play significant role in terms of identifying mitigations for the gaps. It is also observed that there is previous research by Abeselom (2012) made on ethio telecom with an effort to assess the marketing strategy practice of the company however both miss to incorporate the variables such as process, people and physical evidence. Thus, this study would fill that gap and ensure on understanding the recent practice and challenges as 6 years has elapsed since the latest among aforementioned research was done.

CHAPTER THREE

3. Research Methodology

3.1 Introduction

This chapter encompasses research approach and design employed, source and type of data used, sampling techniques size and targeted population, method of data collection and analysis and, the then ethical consideration in the data collection and interpretation process.

3.2 Description of the Study Area

The study was conducted on ethio telecom whose Head quarter is located in Addis Ababa Ethiopia. The company structural organization divides the domains in to three main domains commercial, technical and Support. The commercial domain consists of marketing, customer service and sales divisions. The technical domains consist of Network and information system Divisions. The support domain on the other hand consists human resource, sourcing, facility and fleet divisions.

3.3 Research Design and Approach

The research design that employed for the study was descriptive type since the object of the study is to assess the existing practice and challenges of marketing strategy of the company. Another reason for using descriptive design is that it helps to provides an accurate characteristic of individual, situation, or group.

The approach that this research follow is of qualitative approach. According to (Creswell, 2012) qualitative research, seek to explore a central phenomenon and engage in an emerging process of research. As the main objective of this study is to explore the existing market strategy practice and challenges of ethio telecom qualitative approach is found to be best suited.

3.4 Sampling Design

The target population of the study is management of ethio telecom commercial and technical domain. The commercial domain consists of 3 divisions which incorporates Marketing, sales and

customer service divisions, the technical consists of Network and information System division. Sampling tools used for data collection purpose is purposive sampling. The marketing domain is targeted for being the formulator and implemented of the company strategy and the remaining two commercial domains are also main implementers of the marketing strategy assisted with technical domains service fulfillment capability and capacity. Thus they found to be the key informant to explore the information on what the practice in terms of formulation process, the marketing strategy choices and the challenges in the implementation. The survey targeted one directors from each divisions i.e sale, customer service, network, information system and marketing divisions which is total of five. Two managers from the five divisions both in commercial and technical domain which is total of 10. The executive management/chief officers of the 3 commercial domain are included. Different level of management is included to ensure the accuracy and triangulation of the information. Thus the total purposively selected sample size for the research was 18 management of commercial domain at different level.

3.5 Nature and Source of Data

According to Creswel (2012), researchers collect one or more of the four basic categories of qualitative data: observations, interviews, documents, and audiovisual materials. In choosing the type of data to collect, researchers need to gather information that will answer their research questions, and then weigh the advantages and disadvantages of each form of data. Specific procedures of good practice are associated with each form of data collection.

Thus, in this study the interview and documents are used as main source of data. The primary data through interview and secondary data through documents would be relevant to fully get the intended data to meet the objectives of the study and to provide possible recommendations for identified gaps. Creswel (2012) outlines that in qualitative research, you select people or sites that can best help you understand the central phenomenon and this understanding emerges through a detailed understanding of the people or site. Similarly, in this study, the primary data was collected from management of commercial divisions and technical domains, which consists of individuals who are planners and implementers of the marketing strategy of the company. The formulation of the marketing strategy is done by the Marketing division and the other domains such as sales, customer service, Network, Information system division and Marketing division carry the role of

implementing the marketing strategy. The management are selected because they are strategically and operationally involved to understand and inform what is the marketing strategy of the company, the level of participation of different stakeholders in the formulation and the challenges experienced in the implementation.

On the other Secondary data is compiled from the company strategic and business planning document to understand the planning and formulation process.

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3.5 Data Collection tools and Procedures

The data collected for this study was from two sources, namely from primary and secondary source. The primary data collected through semi-structured/open ended questionnaire with an interview with key informants. Creswell (20012), describes that open-ended responses, permit the participants to best voice their experiences unconstrained by any perspectives of the researcher or past research findings. Accordingly, Semi-structured interview conducted with purposively selected managements of the technical and commercial domains to get details marketing strategy practices and challenges, to support the data collected secondary data and documents.

The interview was conducted through three approaches one on one interview, self-administered questionnaire and a telephone interview. The telephone interview was mainly used to triangulate some most of the implementation challenge mentioned by the commercial domains with the technical domains. Thus the telephone interview was mainly used to interview the technical domains. The self-administered questionnaire was provided to management members not available for interview.

Creswell (2012), has also mentioned that to gather, for documents, interview and visual materials, the process of recording information may be informal (taking notes) or formal (optically scanning the material to develop. Accordingly note taking is considered for the interview conducted in the form of one to one and telephone.

For the secondary data the researcher first tries to identity if there is document available which shows the strategy formulation in the company. The documents found to be relevant in this regard are ethio telecom annual plan documents in the form of corporate plan and business plan. The two documents are found to be private document. The researcher got permission to see the document and draw diagram and conclusion.

3.6 Method of Data Analysis

The researcher has adopted Creswell qualitative data analysis steps to analyze and reach at conclusions. According to (Creswell, 2009) the first step in data analysis is understanding the natural behavior of the data to prepare question related to the research. The second step is collecting the data through appropriate data collection methods. In order to collect all the data without missing, recording and note taking are the important activity to be done which is the third step. Categorizing the recorded interviews and refining for analysis, applying inductive data analysis and writing the report are the fourth and fifth and sixth steps (Creswell, 2009).

Question preparation: Relevant Questions related to Marketing strategy practices and challenges is prepared to get the required information related to the marketing strategy practice of ethio telecom and the challenges facing the company in the implementation

Data Collection: Required data related to the research is gathered through interviews and document investigation and assessments.

Note Taking: During interviews and document evaluation notes are taken so that data collected during data collection can be analyzed without missing the core and relevant information from those interviewees.

Categorizing the data: Data related to each category like the practices on formulation of marketing strategy, the practice from the perspective of key marketing strategic elements such as segmentation and targeting, the 7 marketing mix elements and the challenges in the implementation of marketing strategy practice are categorized to analyze from the perspectives of the objectives of the study

Analysis and interpretations: In this study visual displays such as diagram is used to analyze the formulation of marketing strategy and categorization is used to understand the practice and implementation challenges. The finding of this research is also discussed in comparison another research made on similar area and company.

Writing: is the final step where the analysis, discussion and understanding by the researcher are written as report.

3.8 Validity and Reliability

Creswell (2012) stated that to check the accuracy of their research, qualitative inquirers often employ validation procedures such as member checking, triangulation, and auditing. The intent of validation is to have participants, external reviewers, or the data sources themselves provide evidence of the accuracy of the information in the qualitative report. Member checking is a process in which the researcher asks one or more participants in the study to check the accuracy of the account. Triangulation is the process of corroborating evidence from different individuals. Researchers may also ask a person outside the project to conduct a thorough review of the study and report back, in writing, the strengths and weaknesses of the project.

In this research triangulation is used to validate the research by targeting different individuals from different domains i.e both planner and implementer and documents. To ensure the triangulation process management groups at different level and in the same domain is targeted that is chief officers, directors and managers.

3.9 Ethical Consideration

Creswell, J.W. 2005, states that in each steps of the engagement of ethical practices is very important. Practicing ethics is also presumed to be a complex matter that involves much more than merely following a set of static guidelines such as those from professional associations or conforming to guidelines from campus institutional review boards. Thus in this research undertakings all researches steps will follow ethical practices. Ethics will be the center of attention

in all phases, during data collection, reporting and distribution of reports. In this study the privacy of all respondents was respected in the reporting of this research. In addition, all participants and data collected remain confidential and identities of respondents remain anonymous.

The researcher informed via consent and written statement that explains aspects of a study to participants and asks for their voluntary agreement to participate before the study begins. Each participant provided with an information sheet at the beginning of the research questions explaining the purpose of the research prior to each questionnaire and interview. Consent made from the respondents before the survey and interview was made.

CHAPTER FOUR

4. Results and Discussions

4.1 Introduction

This chapter presents results for the data collected from interview and documents and provides a detailed assessment on marketing strategy practices and challenges using and qualitative approaches. The chapter starts with analysis of secondary data form Ethio telecom five years BSC plan (2015) and Ethio telecom business plan (2010) understand the formulation process of the marketing strategy in ethio telecom and followed by the narrative discussion of qualitative data gathered from semi structured interviews gathered form 18 purposively selected managers on the practice of segmentation and targeting, marketing mix elements and the challenges of the implementation.

Table 1: Respondents Demographic profile (interview respondents)

		Frequency	Percent
Gender	Female	3	17%
	Male	15	83%
Positions	Chief officers	3	17%
	Director	5	28%
	Manager	10	56%
Education	Degree	4	22%
	Masters and above	14	78%
work experience	6-10 years	2	11%
	11-15 years	11	61%
	16 years and above	5	28%
Total	18		

Table 1 shows the gender, education level, age and work experience of the selected management group. The fact that majority of the respondents are young, educated and well experienced indicates that ethio telecom has a potential to exploit its young and educationally ready employees

to achieve future objectives of the company's marketing strategy and fit in the dynamic telecom industry

4.2 Marketing strategy formulation practice

Ethio telecom uses balanced Score (BSC) with an intent to ensure alignment of company vision, mission and values with the day to day and activities and to improve accountability through objective performance management system. BSC is implemented to serve as efficient planning and controlling system since 2015.

Ethio telecom five years BSC plan 2015, depicts the company has vision of becoming a world-class provider of telecom services and a mission to provide world-class, modern and high quality telecom services accessible to all citizens thereby to support the multifaceted development of the country to the highest level. In the company's BSC document the strategic focus areas are defined as

- Ensuring availability of high quality service
- Manpower development
- Organizational security
- Organizational capability
- Financial capability

In order to ensure the effective implementation of the strategic focus areas and evaluate the performance the company has defined four perspectives, shown below, that will be used to set goals and evaluate the performance of different working domains/strategic units

- Customer
- Finance
- Internal process
- Learning and growth

Ethio telecom defines strategic goals from the four perspectives mentioned above accordingly based on the strategic goals defined, each business unit or domain would prepare strategies to ensure achievements of the goals set by the company.

Accordingly, the Marketing strategy which is the key role of Marketing division would come into play at this stage. Aside from goals from the perspective of internal process and learning and growth Marketing division carriers a responsibility to achieve strategic goals driven from customers and finance perspective. From customer perspective the company set as a goal to increase the customer base and maximize customers' satisfaction and from finance perspective the goal of maximizing the company's revenue is set. Embracing this goal marketing division would formulate marketing strategy which consist of defining target market and marketing mix elements following the steps shown in the below diagram.

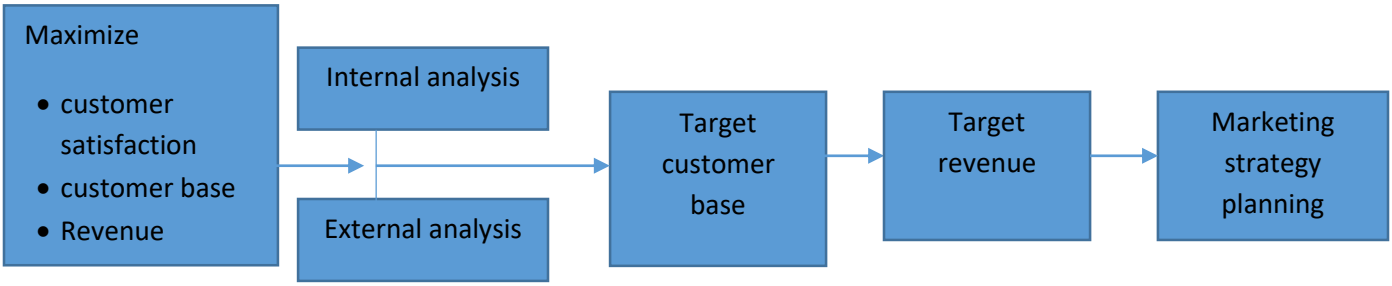

Figure 3: Marketing strategy formulation process

Ethio telecom business plan (2010), shows that, by taking into account achieving the goal of maximizing the company's customer satisfaction, customer base and revenue the division undertakes internal and external analysis in the form of SWOT and PESTEL. The internal analysis is undertaken from the perspective of previous performance assessment and challenges and lessons learned from it. The internal assessment also takes into account internal capabilities such as Network, System, Sales & distribution channel and Prospects (limited investments in prioritized areas). The external assessment on the other hand takes into account the economic variables of economic growth, exchange rate, Inflation, Poverty line and demography. The government strategic plans such as growth and transformation plan are additional factors which would be considered as part of the assessment. Based on the internal and external assessment finding Marketing Division defines its target market and revenue from the targeted customer base. Then

to realize the intended customer and revenue target the marketing mix elements and strategy would be defined.

The marketing strategy developed in this way would be shared to implementers such as Information system, Network Sales, customer service and other departments in Marketing division. The definition of customer base and revenue targets a requirement of Network capacity and coverage would be provided to network division to ensure the availability of the required capacity and coverage to reach the targeted customer base. Similarly, the product and services would be communicated to Information service division to ensure the system readiness. The required activities implied in the marketing strategy would be used by other relevant stakeholders and implementer for budgeting and planning purpose.

The formulation of marketing strategy is mainly conducted by the leading role of the marketing department. The main actors involved in the implementation of the strategy are Network, information system, Marketing, sales and customer service divisions. The communication of the marketing strategy is mainly done through annual evaluative meetings which encompasses all employees and meetings of the executive management in the decision making process. With regards to the formulation process of the strategy the is main concern raised by the respondents is that the target on customer base and revenue are overly ambitious.

4.3 Marketing strategy practice

Segmentation and Targeting practice

The response from the interviews shows that the company has tried to define the market it serves into segments. There are two methodologies used in the company for segmentation purpose. The segmentation which is used by marketing to do the positioning and definition of marketing mix for the consumer market is done based on factors such as physiographic, demographic, geographic, behavioral and transactional. when it comes to the business customers the company uses employee size and type of sector, and volume of business transaction a basis for segmentation. On the other hand, for operational purpose which implies customer service and support, at point of sales and call center value based segmentation is used by the company in a way the company identify its

consumers as critical, VIP, medium and Normal. However, when it comes to the enterprise customers there seems to be better consistency in segmentation both for strategic and operational purpose Although all the management acknowledges ethio telecom has tried to practice identification of segments almost all agrees that there is huge challenge when it comes to implementation on the ground or beyond simple documentation and naming of the segments on paper.

As a monopoly operator it is the responsibility of the company to ensure the provisioning of its products to all customers with telecom service demand in the country. The respondents agree that targeting would help the company to ensure its profitability and marketability of the products and services. Targeting would have helped ethio telecom to identify its focus areas and allocate better resources for the segment which generates high profit. However, it is understood that there is no comment agreement on the targeting strategy of ethio telecom and the respondents answer ranges between undifferentiated (mass marketing) and differentiated which is targeting different segments with different products.

The mainly challenges stated by the respondents are:

- Lack of analytically tools to do real time and behavioral data analytics which enables to Identifying the real wants and needs of the customers and target the segments with tailored offerings. Although the company has purchased business intelligence a system for the analytics purpose there is delay in the implementation

- Unavailability of organized and valid data on population and customers both internally and externally. It was mentioned during the interview that in different countries organizations such as central statistics has strong technical capacity to possess digital maps and information on their population which ease the job of the telecom sector. Even in the absence of such external data base, most operators mitigate the challenge of acquiring customer profiling through biometrics and assisted with strong analytical tools internally.

- Lack of attention by the management to ensure the implementation of segmentation and its consistency across the company. There is huge gap on the basis of segmentation and

application of it by different divisions some divisions such as marketing acknowledges ownership of segmentation information which is to be used for development of marketing strategy. On the other hand, the sales and customer's services uses operational level segments which is used to prioritize and differentiate the customers support at point of sales or call center.

- Lack of technical capability to offer corresponding service meeting the demand of the customer's segment. It is raised by the interview the company missed the opportunity to maximize revenue due to lack of offering by giving class of service (differentiated quality of service) especially to its business customers and charge premium rates.

Product strategy practice

Benchmarking the practices of other operators in different countries Ethio telecom provides variety of product and services to its customers. This product strategy allows the bundling and packaging of different offers and many types of products and service. The products are classified under product line of voice, SMS and Data and internet provides through fixed and mobile network and value added services which consists of messaging service, entertainment and lifestyle contents and call completion services. To achieve the innovativeness of its products and services, and full fill the required product features and quality, in line with the customers' needs and wants the company undertake investments and partnership engagement to improve its information system technical capability and network coverage.

Challenges with practice and implementation of product strategy

- Timeliness of launching products., or longer Time to market (TTM) is raised as main challenge, the reason mentioned for this is the dependency on technology and systems which are brought from vendors on which the internal employees have limited knowledge.

- The lack of technical skills to effectively understand, manipulate and customize the systems to full fill the required product feature, by the business unit, is the other challenge delaying the time to market of offers domain expert. Lack of domain expert lead to vendor dependency and technical expertise of the technology providers.

- On the other hand, the technical domain argues that the limitation on the system is difficulty to define the business requirements during procurement of the systems. On top of that the purchasing procurement of the system follows vender financing approach, which makes the company dependent on single vendor and imped acquisition of system from different suppliers with diversified capability.

- The company is also challenged to ensure the product quality and reliability by ensuring strong network coverage and capacity as per the defined strategy due to dependency on commercial power and frequent outage, high cost of commercial power back up solutions, shortage of foreign currency to indulge into network infrastructure investment and short lifecycle of different technologies.

- Delay in decision making process is the other challenge raised by the respondents. In the organization almost all changes in the offering and new development is made by the committee, as a result incorporating comments and accommodating feedback of members sometimes leads to back and forth and customization of offers from the originally intended form and feature.

- Lengthily procurement process is the other challenges which impacts the product features and timely improvements based on the customer's feedback. The company make an effort to gather customer feedback and undertake change on the product features and quality, which sometimes requires vendor support and procurement of additional capability and delayed by lengthy procurement.

- Low bidder dilemma also sometimes leads to difficulty to ensure the provisioning of the required features and quality of the products, in an event where a product launch requires partnership of content providers, there is a situation to go after for a company with lower cost but low product quality and feature.

- Under a situation where partner engagement is required to fulfill the product feature, the delay from partner's side and lack of sense of urgency delay the timely launch of the product.

- The fact that the company frequently launch different products and services Leeds customers into confusion

Pricing practices of the company

The company mainly uses benchmarking to set the prices of its products and services. The company tries to be attractive to all segments of the customers by providing discounted packages of services such as voice, SMS and internet and bundle of multiple services for lower price. The pricing scheme of ethio telecom consist of subscription fee, pay as you go, packaging and bundling, time based/peak and off peak / charging. Ethio telecom has availed prepaid and postpaid as mode of payment. The company also provide promotional discounts on SIM cards and free trials of different offers. The company has also undertaken price revision to make its products and services affordable to the mass market

There are many challenges outlined by the interviewees and considered to be important among some of them are

- Rather than measuring and understanding the real value of the product and service in the eyes of the customer, the company uses benchmarking to check the fairness of its pricing against other operators in different market and country, such approach believed also to lead to limiting purchase behavior of customers.

- The benchmarking approach is criticized because of the implication it might have on the profitability of the company and the gap in understanding the cost and benefit of each product line.

- Lack of technical skill and system readiness including lack of analytical tool is mentioned as one of the main limiting factor impeding the company effort to adopt dynamic tariff and packaging based on real time customers' usage behavior.

- Lack of transparency and visibility for customer's on their usage behavior results in complaints from customers, bill shock and decreasing customer satisfaction.

- The other challenge mentioned in terms of assuring the promised product features and quality due to limitation of technical capability and information system readiness. This challenge enforces redefining the technical feature to the level it doesn't fully meet customer requirement.

Promotion practices and challenges:

To build awareness on telecommunication usage and for the purpose of advertisement ethio telecom uses Above the line/ATL/ and Below the line/BTL/ to highlight its various services and products. It has an official website and aggressively use social media to share relevant information along with its commercials to create brand awareness amongst consumers. The company has recently introduced a tagline Bringing new possibilities.

Most of the interviewee agree that ethio telecom uses most of the promotional mixes such as advertisement, sales promotion, personal selling public relation, trade fair and exhibition with the exception of direct mailing.

- **Advertisement** is believed to be mainly practices due to the fact the most of ethio telecom services are mass marketing. To this end TV and Radio are presumed to be as important media widely used to reach large customer bases.

- **Sales promotion** is also sometimes used especially during an event such as device clearance promotion.

- **Personally selling** is also mainly practices targeting key account/high value/ enterprise customers through sales executive. The sales executives serve the companies by communicating new offers and presenting value proposition and closing sales.

- **Public relation:** ethio telecom undertake public relation and press release up on large scale network deployment or expansion, launch of some innovative and new offers or engagement in corporate social responsibility.

- **Trade fair and exhibition:** ethio telecom is very active in organizing yearly annual ICT exhibition where large crowed visit.

The challenges raised in relation to the company's promotional strategy practices are

- Lack of integrated marketing communication strategy raised as main challenge by the majority of the respondents.

- Lack of post launch analysis on the efficiency and effectiveness of the communication efforts against the objective set to achieve through the communication and the targeted customer's customer targeted. In relation to this most of the communication activities of the company also recognized to lack the precise objective which can be measured or evaluated after the communication is made.

- It is also highly argued by the majority that most of the communication made targeting the mass market, targeting and positioning becomes minimal in the process.

- The communication and promotional efforts also lack uniformity and consistency across the channels and medias.

- There is also tendency for lack of integration among the internal working units and exacerbated when it comes to logistic and supply chain units. After the promotion is made publically it is not a surprise to see lack unavailability of the products communicated in the media in some Point of sales.

- The content of promotional efforts of the company is challenged by the employees for being insufficient to increase awareness on the use of information and communication technology or enhance the digital literacy of the mass market.

- Following tender process, which implies preference of lower price against quality during purchasing process impacts the quality and level of communication and promotion endeavors

Placement practices and challenges

The company has more than 240 shops in 160 towns, weredas and 5 franchise shops, 17 enterprise corners, more than 100k retailers and 100 distributors. The retailers and distributors of ethio telecom are mainly involved in sim card and airtime sales. Own shops and franchise shops are used to sell all products and service provided through mobile and fixed network.

- Some of the challenges discussed in relation to the company's Placement strategy are difficulty to ensure the availability of all products and service in the retailers and distributors networks. It is stated that although there is network coverage for some of the products such as fixed line in different towns where ethio shop is not available and purchasing and getting after sales support is a challenge for customers.

- Lack of control on the retailers and distributors is also another challenge mainly raised and it is because retailers fail to fill proper customer acquisition form and there is high tendency of the SIM card being used for fraud and illegal purpose.

- Retailers mainly focusing only to serve urban and semi urban areas and focusing less on the rural areas.

Overall Marketing strategy implementation challenges

- Form the interviews response it can be conclude that majority agree on the usage of 4 p's (product, price, Placement and promotion) marketing mixes and with limited use and application not the remaining 3Ps (physical evidence, process and people). These elements are being managed currently by separate working units such as Human resource, customer experience and facility, and strategies of this divisions is separately defined rather than being part of the marketing mix elements.

- Lack of necessary skill and tools to absorb, understand and respond to the market information and customer demand, which would be relevant input for the development of marketing strategy.

- Lack of competition and monopolistic nature of the operator is believed to be one of the major factor for the limited focus and attention on all components of the marketing strategy.

- Awareness gap on the importance of the 3Ps is additional challenge emphasized by the respondents. Some of the products the company provide are people and process dependent, however despite the relevance it would have working on those variables to achieve the company's performance it seems highly neglected area of the company's strategy.

- Lack of focus of the management on marketing strategy and alignment of efforts by all stakeholders to ensure the development and implementation of the strategy. Lack of alignment of marketing strategy with the company objective and integration among all the relevant stakeholders to ensure the implementation.

- Given the dynamics nature of the telecom sectors and its tendency for being supply driven the company lacks the required skill and capability to understand, absolve and respond to the technology evolution and match with customers' demand.
- Limited integration and coordination between the relevant players in the eco system limit the company from coming up with innovative, dynamic, indigenous products and services and ensure its marketability.

- Recently the company is taking steps towards setting up dedicated unit to develop and update the marketing strategy understanding the dynamism of the industry and customers demand, as a result most of the respondents are optimist to see improvement in the practices of marketing strategy. It can be understood that the main driver for taking such step could be upcoming privatization of the sector.

- Lack of common vision by all stakeholders in what they are trying to achieve through marketing strategy

4.4 Discussion of Findings

The objective of the study was to assess the existing marketing strategy practices of ethio telecom, identify the problems of ethio telecom marketing strategy practices and recommend improvements for the problems identified by the study. The study was conducted gathering both primary and secondary data fully get the intended data to meet the objectives of the study and to provide possible recommendations for identified gaps. Accordingly, this part tries to discuss the findings of the study by triangulating the information gathered from different approaches and from the perspective of empirical study in similar area made in the past:

Segmentation and targeting

Gathering and analyzing data from interview and internal documents show that finding in this is that in practice there is bold segmentation practice between consumers and business customers of the company. The business customer is further segmented into SOHO, SME and key account. Although an effort is made to segment the consumer market using various practice it is not yet brought into use beyond documentation purpose. However, though for operation purpose there is value based segmentation which is used at point of sales, promotion purpose and customer service at call center.

It is understood from the interview that there is no comment agreement on the targeting strategy of ethio telecom and the respondents answer ranges between undifferentiated (mass marketing) and differentiated which is targeting different segments with different products. The main targeting practice seen in the company is between consumers and business. Especially different packages and bundles the company provide at different rates qualified to reach different segment of the customers

The main challenges associated with the limited application and practice of segmentation and targeting is lack of both internal and external data, delay in a system called business intelligence

which might ensure segmentation of customers integrating and analyzing different variables and lack of attention by the management to ensure the implementation of the defined segmentation and consistency in the practice of segmentation across the company.

The empirical review from Abeselom (2012) has also showed the application of the segmentation for the larger segments of business and consumer market, however it has clearly shown the lack of segmentation on consumer market. But this research's finding shows the step the company took in terms of defining the consumer segments using different variables but it fails to ensure the implementation of it.

Marketing Mix Elements:

Product: management in the interview state that benchmarking different operators' practices ethio telecom provide variety of products and services. Ethio telecom products and service are classified under product line of voice, SMS and Data and internet provides through fixed and mobile network, and value added services which consists of messaging service, entertainment and lifestyle contents and call completion services.

So the responses from survey questionnaire proves the challenge mentioned in the implementation of product strategy which is limited technical knowledge to manipulate technologies and system capability. It is because of this factors mainly that the company is not able to provide the required features and quality. In addition, lengthy decision making process, lengthy procurement process and low bidder dilemma and high frequency of product launch confusing customer has challenged the implementation of the product strategy.

Similar finding is shown in terms of the product quality evaluation by the previous research conducted in the company previously by Abeselom (2012)

Pricing:

From the interview and review of the strategic documents of the company it is managed to understood the pricing strategy practice of the company. The company mainly uses benchmarking in order to set price of its products and services. the company also provide discounted packages

and bundles of services at different price. Promotional discounts and free trials also part of the strategy of the company and being practices.

However, the pricing strategy practice is not without challenges and there are factors which limit betterment of the implementation these are as stated by the interviewee, benchmarking might limit the company's ability to actually measure the real value of the product in the eyes of the customer and this might limit purchase behavior. The other challenges still associated with benchmarking is the concern of the management that benchmarking might affect profitability of the company as it implies gap in basing the price on cost and benefit of each product line.

Lack of system readiness and technical skills to easily manipulate systems and network element is also stated as challenge in terms of limiting the company's effort to adopt dynamic tariff & package based on real usage behavior of customers. Lack of transparency on customers' usage and chagrin is also leading to bill shock and customer complaints.

Reviewing the empirical research previously made on the company the finding on the pricing has shown some constancy in terms of affordability. The only difference observed is, while the previous study recognizes cost based pricing approach, this study has identified benchmarking is the methodology focused on while setting the price

Promotion:

From the interview it is understood that the company practice most of the promotional mixes such as advertisement, sale promotion, personal selling, public relations, trade and exhibition with limited use of direct mailing.

The other challenges raised are also the fact that the promotional practice of the company limited in terms of integrated marketing communication, lack of post launch analysis of the efficiency and effectiveness of the promotional efforts against the objective set, lack of uniformity and consistency in the promotional efforts across all channels. It is also described as a challenge that most of the promotional efforts of the company target mass market and there is lack of integration with the internal working unit such as supply chain as a situation happen whereby after a product

is communicate on the media it is no surprise not to find it in the shops. The fact that the company uses tender approach to acquire agency and media services it highly affects the quality of promotional efforts of the company.

The finding on the empirical review of Abeselom (2012) has also shown that the company uses mainly TV Ads, Radio Ads, Print Ads and exhibitions/seminars advertising strategy, however recent finding has shown social media as the most widely used media.

Placement

The company has more than 240 shops in 160 towns, weredas and 5 franchise shops, 17 enterprise corners, more than 100k retailers and 100 distributors. The retailers and distributors of ethio telecom are mainly involved in sim card and airtime sales. Own shops and franchise shops are used to sell all products and service provided through mobile and fixed network.

However, the Placement strategy is also not still without challenges this is mainly associated with difficult to find all products and service in the retailers and distributors. It is stated that although there is network coverage for some of the products such as fixed line in different towns where ethio shop is not available and purchasing and getting after sales support is a challenge for customers. Limited control on the retailers and distributors is also another challenge mainly raised and it is because retailers fail to fill proper customer acquisition form and there is high tendency of the SIM card being used for fraud and illegal purpose. The management raised the challenge of retailers highly focused only to serve urban and semi urban areas and focusing less on the rural areas.

Process, people and physical Evidence

Based on the information found in the company to enhance the customer experience of the company a citizen charter is prepared which states the time and activity a product and service provisioning should take**.** This shows that there is an effort to standardize the companies provisioning of products and services.

The feedback on the interview showed that in ethio telecom among the marketing mix elements of the 7P these are i.e process, people and physical evidence are mainly neglected in the development and application of the marketing strategy. Some of the challenges associated with this fact is that there is awareness gap on the importance of the 3P and lack of market competition shift the focus from working on these factors.

Many challenges were also identified in the implementation of by a research investigated in the past and it has shown that some of the findings such as lack of coordination and communication among working units and lack of information on the customer's demand and need are the challenges that persist today. On the hand resource related, marketing division structure and inadequacy of promotional activity challenges are presumed to resolved a they are not mentioned in this study. System limitation, staff skill gap and procurement process are the new challenges mainly raised in this research for challenging the implementation.

CHAPTER FIVE

5. Conclusions and Recommendations

5.1 Conclusion

The study tries to examine the marketing strategy practice in the case of ethio telecom from perspective of marketing strategy formulation, segmentation, targeting, and marketing mix elements of product, price, promotion, Placement, process, people and physical evidence and the challenges associated with the implementation. As per the findings, the researcher the below conclusion

- Looking into the marketing strategy formulation practice, it can be concluded the company follow standardized approach and steps to ensure the alignment of marketing strategy with company's mission, vision and goals. The steps and inputs considered in the formulation of the strategy shows that the company consider its unique resources, capabilities and core competence in the internal and external environment analysis. It is also observed that the marketing division plays a pivotal role in the formulation.

- The company has tried to segment its consumer and enterprise market using uses different approach, there is gap in the implementation of the segmentation made on consumer market across the company. Due to poor segmentation practice the company is impeded from targeting each segments with tailored service that fit their demand. The main challenge associated with this gap is lack of analytical tools or delay in the implementation of business intelligence the company has acquired for this purpose.

- In order to achieve the company's target, the company exploits the 4 marketing mix elements such as product, price, place and promotion with limited focus on three elements of the marketing mix which are people, process and physical evidence.

- On top of this, the fact that the company bases benchmarking in the formulation and implementation of price and product strategy, might help to help to fulfill the companies mission of becoming world class operator, but it mitigates the efforts to ensure the

companies effort from fulfilling the customers differentiated demand and ensure its profitability. To generalize, the main challenge observed in the practice of the marketing mix elements is despite the well-defined marketing strategy there is limitation of ensuring the fulfillment and realization of all the elements set in the strategy

- The main challenges associated with the realization and implementation of the marketing strategy in the company can be generalized as lack of skills of employees in both commercial and technical, limitation of system readiness, lack of focus and commitment by the management, lack of competition, lengthy procurement and purchasing process, low bidder dilemma, lengthy decision making process, dependency on commercial power to secure network quality and reliability, and shortage of foreign currency to conduct timely network capacity and coverage investment.

- So it is no difficult to generalize and appreciate marketing strategy approach from the perspective of formulation, development, documentation. However, there is a big gap seen in the implementation of marketing strategy by the company, which is highly challenged due to the reasons mentioned above

5.3 Recommendation

It is also one of the objectives of the study is to recommend way out for the gaps and challenges observed in the marketing strategy practice and implementation of the company. Accordingly, the below recommendations are made by the researcher based on the finding of the study:

- To enable proper segmentation of its customers and ensure targeting of customers with tailored products and services it is recommended for the company to focus on building internal capability in terms of data analytically tools /finalize the one going Business intelligence tool implementation/ and build the staff skill by giving training on data analytics or acquire experts on the field from outside.

- It it also important for ethio telecom to start giving attention and focus for the adoption the 3Ps because it will play significant role in strengthen its customer relationship, loyalty and profitability. Making the additional 3Ps part of its marketing mix element would help the company to be customer centric both internally and externally.

- It is also important for the company to work on clearly defining its pricing strategy and objective across all the product line and use cost based approach on top of benchmarking. To mitigate on the dependency of benchmarking to for its products ethio telecom can build strategic partnership with local industry players so that together they provide indigenous products and services for the end user.

- To alleviate the challenges related to decision making process and lengthy procurement process the company needs to empower the management and ensure timely and effective decision. The company can also acquire skills by hiring employees with experience in telecom industry in other countries. To mitigate the system limitation due to procurement process and shortage of foreign currency, the company should come up with different revenue sharing business models which would enable use of third party system and infrastructure. It is also important to work on strengthen the internal communication and create better vertical alignment with senior management and horizontal alignment with other departments, so everyone understands, appreciates, and supports the marketing.

5.3 Direction for Future Research

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 incorporating additional stockholders of the company such as customers, partners, vendors, intermediaries and other stakeholders. In addition to this it is also possible to undertake comparative study against neighboring telecom operators on their marketing strategy practices.

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APPENDICEX A– Interview

School of commerce

Department of marketing management

Interview for managers and directors

Dear respondents;

The purpose of this questionnaire is to carry out a thesis for the partial fulfillment of master's degree in marketing management. The research focuses on topic of "Assessment of marketing strategy practices and its challenges in ethio telecom". Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present kept quite confidential and used only for academic purpose. Your cooperation and prompt response highly appreciated.

Part1: Personal Information

1. Gender:

1. Male ☐ 2. Female ☐

2. Age: 1 Under 25 years 2. 25- 35 years 3. 36-45 years 4. 46 years and above

3. Educ. Level

Certificate ☐ Diplomas ☐ 3. BA/BSC ☐

4. MA/MSC/MBA and above ☐

4. Position

Division head ☐ Department head ☐ Section manager ☐ ☐

5. How long have you been employee of ethio telecom?

1. Less than 5 year 2. 6– 10 years 3.11-15 years 4. 16 years and above

Part II. Marketing strategy assessment related questions

1. Who is involved in the formulation process of the marketing strategy?
2. How is the marketing strategy task allocated for ensuring the delivery of the requested task?
3. How are the marketing strategic choices shared within and beyond the marketing organization to guide and coordinate actions?
4. Does ethio telecom apply segmentation practice? If yes what are the bases for segmentation? If No why?
5. What are the challenges encountered while implementation the segmentation practice?
6. Which targeting strategy ethio telecom follow among Undifferentiated, differentiated and concentrated) and why?
7. What are the challenges associated with the implementation of targeting strategy of the company?
8. Do you think that all the 7ps marketing strategy have been practiced in ethio telecom? (product, price, promotion, Placement, people, process and physical evidence, If your answer for No (1) is no, please list the factors for not implementing all 7 PS
9. Describe the product strategy practice of the company?
10. What are the challenge in the implementation of product strategy of ethio telecom as per the defined product feature and quality?
11. Describe the pricing strategy practice of the company?
12. What are the challenges behind timely implementing pricing proposals and improvements in ethio telecom?
13. Do you think ethio telecom practice all promotion mixes strategies such as advertisement, sales promotion, personally selling, public relations, direct mail, trade fairs and exhibition?
14. What is the weakness of ethio telecom promotion strategy practices?
15. Describe the Placement strategy practice of the company?
16. What are the challenges in the implementation of ethio telecom Placement /distribution channels?
17. What are the main observed challenges in the implementation of ethio telecom marketing strategy practices?