



**Marketing strategies based on Consumer Behaviour and Marketing  
Segmentation on Telecoms in Tanzania**

**Rhoda Daudi**

**A thesis Submitted in Partial Fulfilment of the Requirements for the Degree of  
Business Administration (International program)**

**Prince of Songkla University**

**2013**

**Copyright of prince of Songkla University**

**Thesis title**                    Marketing strategies based on consumer behavior and  
marketing segmentation on telecoms in Tanzania.  
**Author**                            Miss Rhoda Daudi  
**Major program**                Business administration (international program)

---

**Major Advisor:**

**Examination Committee:**

.....  
(Dr. Sasiwemon Sukhabot)

.....  
Chairperson (Dr. Wallapa Phattana)

.....  
(Dr. Sasiwemon Sukhabot)

.....  
(Dr. Teerasack Jindabot)

The graduate school of Prince of Songkla University has approved this thesis as fulfillment of the requirement for the master of Business Administration (International Program).

.....  
(Assoc. Prof. Dr. Teerapol Srichana)  
Dean of Graduate School

This is to certify that the work here submitted is the result of the candidate's own investigations. Due acknowledgement has been made of any assistance received.

.....signature

(Assoc. Prof. Sasiwemon Sukhabot)

Major Advisor

.....signature

(Ms. Rhoda Daudi)

Candidate

I hereby certify that this work has not been accepted in substance for any degree, and is not being currently submitted in candidate for any degree.

.....signature

(Ms. Rhoda Daudi)

Candidate

<b>Thesis title</b>	Marketing strategies based on consumer behavior and marketing segmentation on telecoms in Tanzania.
<b>Author</b>	Miss Rhoda Daudi
<b>Major program</b>	Business administration (international program)
<b>Academic year</b>	2012

### **ABSTRACT**

The present study is carried out to determine the indicators or factors of market segmentation and consume behaviors that contribute to the shaping of marketing strategies of Tanzanian telecommunication sector (VODACOM, AIRTEL, TIGO, TTC and ZANTEL). The results of this research were used as basis for the target marketing.

The research is a cross-sectional study that encloses a total of 500 self-structured questionnaires distributed to randomly selected respondents who reside in five regions in Tanzania. Besides descriptive statistics such as percentages and frequencies, a cluster analysis was conducted to determine the differentiation among respondents of the groups (four) of the sample.

The findings revealed the possibility of explaining customers' buying behaviour through the market segments, attitudes towards telecom companies and towards the services provided by these companies. The results also emphasized that the 4 clusters of consumer groups differ from one another in regards to psychological characteristics such as: fewer users, light users, medium users and heavy users. Finally, the study also recommended that Tanzanian mobile telecom services providers need to reshape their marketing strategy, to plan marketing activities and to improve the marketing mix.

## ACKNOWLEDGEMENT

This thesis could not be completed without the help and effort of other people who in one way or another contributed in my studies. There are many, but I will mention a few who indeed deserve all kinds of appreciation for their valuable contributions.

The first should be our almighty God for his close love and assistance. I also recognize my indebtedness to my supervisor Associate Prof. Dr. Sasiwemon Sukhabot for her steady encouragement and support. I definitely do not forget my Executive Director, Dr. Mary Laparokit , and all PSU staff for the support they gave me, especially the permission to allow me to pursue the course at Prince of Songkla University.

I owe considerable gratitude to my parents the late Mr. Geoffrey Dudi Mwakidumba and Tore Eling Liengen and Mrs. Mary Francis Zumba who inspired, encouraged and provided me with moral and financial support for the whole period of my study at Prince of Songkla University. Additionally, I would also like to thank some members of my family, my sister Bernadetah Daudi and my brothers Lotty Daudi and Aluu Sherman Brown for their mutual love and guidance during my studies.

Finally, my warm thanks the staff of Business School for reviewing the drafts of this report. They provided a wide range of ideas, advice and materials that were immensely helpful. I am grateful for the active and academic guidance that my all lecturers provided me throughout the work. I also thank the whole management and staff of Vodacom, Airtel, Tigo, Zantel and TTCL for their support in preparing this report.

Rhoda Daudi

## TABLE OF CONTENTS

DECLARATION.....	ii
ABSTRACT.....	v
ACKNOWLEDGMENTS.....	.vi
TABLE OF CONTENT.....	vii
LIST OF TABLES.....	ix
LIST OF FIGURES.....	x
<b>Chapter 1: Introduction</b>	
1.0 Background Information about the Research.....	1
1.1 Marketing Environment in Tanzania.....	2
1.2 Statement of the Research Problem.....	8
1.3 Research Objectives.....	89
1.3.1 General Objective.....	9
1.3.2 Specific Objectives.....	9
1.4 Research Questions.....	9
1.5 Significance of the Study.....	9
1.6 Scope of the Study.....	10
1.7 Limitations of the Study.....	10
1.8 Definition of Key Words.....	11
<b>Chapter 2: Literature Reviews</b>	
2.0 Introduction.....	12
2.1 Theoretical Review.....	12
2.2 Market Segmentation.....	12
2.3 Segmentation Variables.....	17
2.3.1 Geographic segmentation.....	18
2.3.2 Demographic segmentation.....	19
2.3.3 Psychographic Segmentation.....	20
2.3.4 Behavioural Segmentation.....	23
2.4 Benefit Segmentation.....	24

2.5	Segmentation Models .....	26
2.5.1	The Techno Graphics Segmentation Model.....	26
2.5.2	The Holistic Segmentation Model.....	28
2.6	Segmentation Model based on Customer Value.....	30
2.7	Segmentation Techniques.....	32
2.8	Consumer Behaviour.....	33
2.9	Factors influencing Consumer Buying Behaviour.....	33
2.10	Target Marketing.....	35
2.11	Market Positioning.....	37
2.12	Differentiation.....	38
2.13	Marketing Mix.....	38
2.14	Study Related To Marketing Strategy.....	43
2.15	Reviews of the Five Companies.....	47
2.15.1	Vodacom.....	47
2.15.2	AIRTEL.....	48
2.15.3	TIGO.....	48
2.15.4	TTCL.....	49
2.15.5	ZANTEL.....	49
2.16	Empirical Studies.....	50
2.16.1	Telecommunication situation to other parts of Africa.....	50
2.17	Conceptual Framework.....	51

### **Chapter 3: Research Methodology**

3.0	Introduction.....	53
3.1	Research Design.....	53
3.2	Study Area.....	53
3.3	Target Population.....	54
3.4	Sample Size.....	54
3.5	Sampling Method.....	54
3.6	Instruments Selection.....	54
3.7	Data collection Methods and Procedures.....	55



3.7.1 Primary Data.....	55
3.7.2 Secondary Data.....	55
3.8 Data Analysis.....	56
3.8.1 Cluster analysis.....	56
3.8.2 Factor analysis.....	56
3.9 Level of Importance to be Measured.....	57

#### **Chapter 4: Research Findings**

4.0 Introduction.....	58
4.1 Descriptive of Respondents.....	58
4.2 Segmentation Variables.....	59
4.2.1 Segment Markets of Telecoms in Tanzania.....	59
4.3 Marketing Positioning.....	69
4.4 Marketing Mix.....	80

#### **Chapter 5: Discussion and Conclusion**

5.0 Introduction.....	85
5.1 Discussions.....	85
5.2 Potential Market Segments.....	85
5.2.1 Differences between Market Segments.....	85
5.2.2 Target Markets.....	89
5.2.3 Positioning Markets of Telecom.....	94
5.2.4 Effective Marketing Strategies for Telecommunication Industry in Tanzania.....	95
5.3 Conclusion.....	97
5.3.1 Segment Markets.....	97
5.3.2 Positioning Markets.....	97
5.4 Results of other Report Sources.....	98
5.5 Recommendations.....	100
5.5.1 Recommendations for Marketing Strategies for Telecommunication Industry in Tanzania.....	100
5.5.2 Segment Markets.....	100

5.5. 3 Positioning Markets.....	101
5.5.4 Marketing Strategies for each Company.....	101
5.6 Recommendations for the Government and Provinces.....	105
5.7 Limitations and Future Research.....	106
REFERENCES.....	107
QUESTIONNAIRE SAMPLE.....	114

## LIST OF TABLES

4.1	Country of Origin.....	58
4.2	Results of the Cluster Analysis.....	60
4.3	Marketing Positioning of Vodacom .....	70
4.4	Mean and Standard Deviation of Vodacom Marketing Positioning.....	71
4.5	Marketing Positioning of AIRTEL .....	72
4.6	Mean and Standard Deviation of AIRTEL Marketing Positioning.....	73
4.7	Marketing Positioning of TIGO .....	74
4.8	Mean and Standard Deviation of TIGO Marketing Positioning.....	75
4.9	Marketing Positioning of TTCL .....	76
4.10	Mean and Standard Deviation of TTCL Marketing Positioning.....	77
4.11	Marketing Positioning of ZANTEL .....	78
4.12	Mean and Standard Deviation of ZANTEL Marketing Positioning.....	79
4.13	Marketing Mix for Vodacom.....	80
4.14	Marketing Mix for AIRTEL.....	82
4.15	Marketing Mix for TIGO .....	83
4.16	Marketing Mix for ZANTEL.....	84
4.17	Marketing Mix for TTCL.....	90
5.1	Summary of Age and User Group of Customers in Tanzania.....	91
5.2	Summary of Monthly Income and Density of Customers in Tanzania.....	92
5.3	Summary of Influence to Decision and Reasons for Customers' Usage of Telecom service in Tanzania.....	93
5.4	Subscription Market Shares.....	98

**LIST OF FIGURES**

1.1	Geographical Location of Tanzania .....	3
2.1	Conceptual Framework .....	52
4.1	Pie Chart of Cluster Sizes .....	68
5.1	Mobile Companies Market Shares .....	99

# CHAPTER 1

## INTRODUCTION

### 1. Background information of the research

Marketing is an individualized and highly creative process. Despite the availability of high powered computers and sophisticated software capable for analyzing massive amounts of data, marketing is still more of an art rather than a science. Each business must customize its marketing efforts in response to its environment and the exchange process.

In any given year, a group of companies will stand out as the top performances in terms of metrics, such as profitability, sales or growth value. Some of these companies will find out their status fades out quickly, due to little more than fortuitous constellation of circumstances, such as being in the right business at the right time. But other companies somehow manage to rise to the top and stay there, year after year, pleasing their customers in the process. Companies such as VODACOM, AIRTEL, TIGO, ZANTEL and TTCL, come to mind from the Telecommunication industry in Tanzania. Among these there are those that have managed to sustain their good performance records. And why is it that some companies like VODACOM have managed to do well even when others in the industry are faltering (Farajian 2003). Many factors enter into an explanation of a company's performance, of course. Some come from the external environment; others are internal to the firm. But only one thing can account for the kind of long-lived success record that we see in the world's greatest companies- and that is a cleverly and well executed strategy.

On the other hand marketing strategies, which comprises the analysis, development, and implementation activities in developing a vision about the market of interests to the organization, selecting market target strategies, setting objectives, and developing, implementing, and managing the marketing program positioning strategies designed to meet the value requirements of customers in each market target.

Marketing strategies seek to deliver superior customer value by combining the customer-influencing strategies of the business into a coordinated set of market driven action (David W.C 2006)

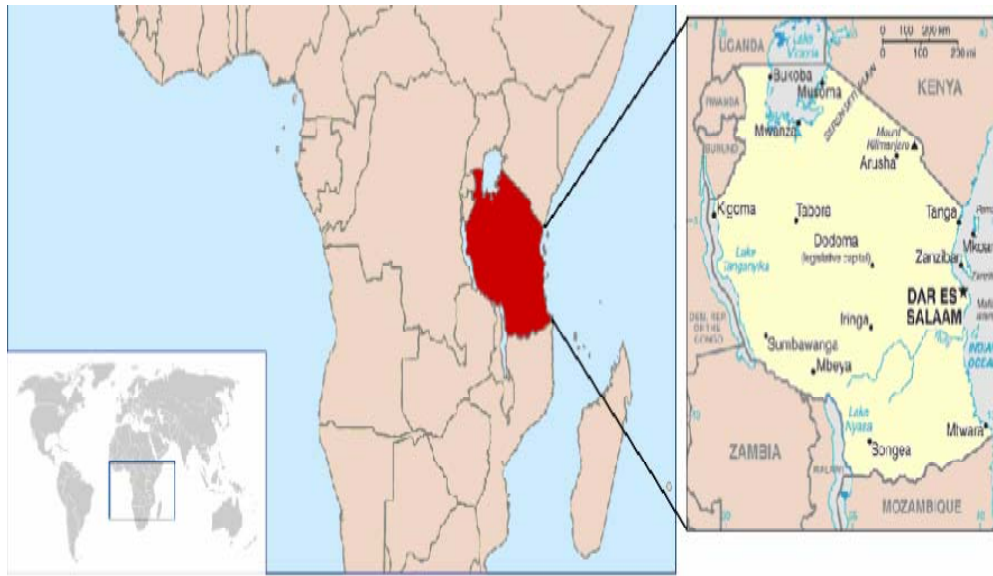
Communication technologies have come to play a vibrant role in democratizing education not only in the developed but also in the developing countries. However, in spreading the use of information and communication technology some major difficulties are felt by the policy makers as well as the implementers. These difficulties are felt both at the growth and application stages of communication technology. Yavarbaum and Reisman highlight the importance of three aspects in the application of new information and communication technology. They are people, software and hardware.

### **1.1. Marketing environment in Tanzania**

Whereas the last two decades have seen a surge in utility privatization and poor strategies, most dramatic changes have been witnessed in telecommunication industry. Many countries overhauled their legal and regulatory framework for fast privatization and liberalization(Farajian 2003; Kasanga 2005) . Like many other countries Tanzania embarked on a liberalization program of its different sectors including telecommunication industry during the mid 1990's. thus improved strategies on Tanzania Telecommunication Company Limited (TTCL) was based on the goal to improve its quality and quantity of services by way of strategic investor who will bring in addition technical know-how, managerial skills and necessary capital in narrowing the gap between supply and demand. In addition this study aims at examining the performance of Tanzania's telecommunication industry in the move of which strategies are used to achieve their goals in the evolution of mobile phones and other technologies with reference to TTCL, ZANTEL, VODACOM, AIRTEL and TIGO.

Below shows the geographical location of Tanzania, which can further help relate the issues facing the industry in related countries.

**Fig 1.1:** Geographical location of Tanzania



Tanzania is a country in East Africa, with a total area of 945,00km, with a population of 39.8 million of people having per capital income of \$ 365. The telecom density in Tanzania is now ranging to 19.4%. before that, Tanzania postal and telecommunication was a union of one thing but in 1994, there was a separation of Tanzania postal and telecommunication into Tanzania postal corporation, Tanzania telecom company, telecommunication regulatory authorities, there was partial liberalization where mobile phones were allowed, and they liberalized the installation of electronic equipments. Up until 1977, telecommunication and postal services in Tanzania was controlled and governed by the East African Postal and Telecommunication Corporation(Noll. R. G.. 2002). The Tanzania postal and communication company (TPTC) was established in 1978 with the aim of taking over the functions and powers of both EAPTC and East Africa External Telecommunication Company EAETC. After the collapse of East African Community (EAC) that is 1978-1993, TPTC operated under a monopolist environment as the doors to competitors were closed (Molony (2007).

An important issue is whether selecting a successful strategy has a favorable impact on results. Does uncontrollable environment largely determine business performance, or instead, will the organization's strategy have a major impact

on its performance? Successful business can be found operating in very demanding market and competitive environment. Of course, favorable environment would further enhance the performance of this industry.

The evidence suggests that strategic choices matter. While environmental factors such as technology, political, social, and economic, influence the performance of the industry externally, the strategic choices made by specific companies also have a significant impact on their performance. Importantly, the impact may be positive or negative. Example the VODACOM Company held the leading market position over ZAIN Company, yet AIRTEL overtook TIGO Company by investing heavily on tariffs, and low-cost retail network and good network all over the country.

Economic factors affecting the environment of telecommunication industry in Tanzania, is due to the environment changes due to the global arena in African countries and other parts of the world. Before the global financial crisis, Tanzania's economy was projected to increase by 8% in 2009; but due to the crisis, the economic growth was projected to grow 5-6 percent for year 2009/10. By early 2009 there were already indications that the crisis had already affected a number of sectors, including the agricultural and tourism sectors, thus adversely affecting growth projection. By May 2009 the Tanzanian government estimates a loss of about US\$255 million from domestic income occasioned by the global financial crisis, calling for concerted efforts in boosting agricultural and curbing excessive spending through importation of expensive vehicles and unnecessary seminars countrywide.

The financial crisis also affected decisions to review the minimum wage for both public and private sectors worker. The highly exclusionary networks of the global economy link only segments of economic structures depending on their usefulness in the 'real time' flow of capital, knowledge and information (UNIDO 2000) (Humphrey 2001). First, the world has experienced a rise of information technology that has revolutionized production, secondly, global capitalism is more flexible and no longer attached to the past bureaucracies and power structure. Thirdly



many of the social and cultural movements of the late 1960s, such as the women's and civil rights movement continue to affect the social structure at the end of the millennium (Leichenko 2002). From this perspective of informational capitalism, sub-Saharan Africa's economies are largely non-valuable and risk being bypassed completely by flows of wealth and information and shifted to a position of structural irrelevant (Leichenko 2002).

Critical issues in competition in industrial structure, it needs to be identified include who the chief competitors are, the means by which they compete, barriers to entry in the industry, critical success factors within the industry, and industry maturity level. In this environment there are many competitors which emerge as technology is highly changing from day to day. On marketing environment on telecoms in Tanzania, the distribution is by agents where they take different commodities from retailers and distribute to local places, from the new technology of money transfer by cell phones from phone to phone through wholesalers where to this, consumer just buy from the company itself or to retailed shops.

There are a number of local firms with franchising arrangements with foreign firms, with the economic changes currently underway in Tanzania these trading arrangements are expected to increase significantly. While direct marketing on telecommunications in the country must be conducted with caution, particularly when it comes to the question of payment. The agreement must have built in the protection to ensure payment. It means in this case there must be a developed strategy to fight with competitors.

Policy regulations are critical issues in this industry including the scope of laws and regulations that may impact what the organization does. It is significant to point out that in 2003, the parliament enacted the *Tanzania Communication Regulatory Authority Act. 2003* hereinafter (TCRA, 2003), which merged TCC Tanzania Communication Companies with the Tanzanian Broadcasting Commission (TBC) thereby creating one entity namely the Tanzania Communication Regulatory Authority (TCRA). Needless to say that TCRA has replaced and taken over the

regulatory functions of the former TBC and TCC and is responsible for enhancing the welfare of Tanzania (TCRA 2003). The government's initiatives have undoubtedly, paved way to competitive and better regulated telecommunication industry. However, it may be argued that the initiatives leave a lot more to be desired. On one hand the pre conditions for the privatization of TTCL Tanzania Telecommunication Company, discourages serious potential buyers essentially because of the booming and profitable cellular phone operations business. What strategies should be developed in this industry to cooperate with these policy changes from 2011 to 2015 for higher performance in the industry?

Tanzanian postal telecommunication companies (TPTCs), and some of the environmental factors contributed to the poor performance of telecommunication industry in the country, inadequate infrastructure and the state of despair (Noll 2002). Equally important is the fact that its policies were not clearly defined whilst resources for bringing about change were severely limited. Additionally, the market was regulated to an extent that importation of basic communication equipment such as private Automatic Branch Exchange (PABX) systems, telephone sets, computers, etc was restricted and special permits were required if one was to import these basic communication products.

Yet, while still holding true at the macro level, these gloomy predictions for the impending fourth world failed to anticipate that African countries would experience, an extraordinary boom in the uptake of new information and communication technology (ICT), especially mobile phones, and increasing rates of access to the internet. In the short term, it is unlikely that these in-roads will pose any threat from Africa to the north, but at this early stage, it does allow for more reliable communication and access to broader sources of information at the domestic level. Pundits have touted new technologies as the future of mobile communications. The major attraction of this offering is that these new technological networks can transmit speed up to 200 times faster than conventional GSM networks. Knott-Craig says: "we will invest US\$126m (R768m) to roll out new infrastructures.

The industry changed also due to the number of available customers due to global arena. There is a need to compete for customers and make a vast move in the industry, if the environment of the industry changes then there will be high performance because customers are the key factor for the industry to succeed. “We also intend to install an earth station to enable local people to make more affordable international calls.” Justifying the group’s investment, Knott Craig says that Vodacom-Tanzania has been a consistent performer in the company’s stable. Consider a late entrant into the Tanzanian market. Vodacom has dislodged AIRTEL to become the biggest network, both by revenue and subscribers with a population of 39m and its cell phone penetration rate sitting at 7.6%. Vodacom has 1,7m subscribers in Tanzania against nearest rival AIRTEL per 900 000. In Vodacom’s last reporting period ended 30 September 2005, Tanzania contributed about 4% to the group’s R16,2bn revenue, with data accounting for 5,5% of that figure. “Tanzania is a highly competitive and challenging market” (Knott-Craig 2009).

Social and cultural forces are environment factors affecting the industry. Therefore it is necessary to understand how interpretations of cultural differences are negotiated, and how individuals and groups use them. In this context it depends on how producers and consumers relate their culture in the marketing strategies in the market field of telecoms in Tanzania.

From the African continent especially Tanzania, telecom industry people and decision makers believe that Africa can emerge from poorness with the advancement and coverage of all population with telecom technology. Tanzania made great step to emerge from poorly developed to an advanced level of infrastructure covering internet, even banking example that of cash transfer between customers via mobile telephones payment methods. Thus due to global economy and every day crisis on economic level is a big problem in Tanzania thus being the case the study on this is important. The world market economy is dropping day after day with vast companies of telecoms that competes each other there is a need for marketing strategies to reach the organization’s goals.

## **1.2. Statement of the Problem**

Tanzanian telecom companies face new opportunities and threats due to constant changes in the marketing environment. Competition from overseas companies entering the Tanzanian market, the government that is forcing the pace of change in meeting basic consumer needs, the development of new consumption patterns as well as changes in the existing consumption patterns because of social uplifting programmes and redistribution of income, are just some of the changes taking place. All these changes are taking place in a very short time and are ultimately causing business to lose touch with the needs of their customers. Consequently a major challenge facing telecom business is to develop and implement appropriate corporate and marketing strategies to achieve sustainable success in the domestic multicultural environment.

Telecom firms will also need to search for opportunities and new markets to which they can sell in order to grow and survive in today's competitive arena. Telecom industry represents a substantial slice of the Tanzania economy and has rightly attracted considerable research. Despite interest from academics and practitioners, little research attention has been paid to the market segmentation of telecom sector. Proactive marketing management is a feature of only a minority of Tanzania telecom firms. The marketing communications of most would appear to be aimed mainly at a homogenized consumer population, rather than attempting to target specific groups.

In relation to this, the main aim of the given research is "to analyse the consumer behavior with respect to all the telecom products as offered in Tanzanian telecom industry in order to get base for target market". This research on telecom sector will help to determine the consumer behavior toward telecom industry and a reflection on the Tanzania telecom industry. It will also determine strategies the companies adopt and how it affects consumer behavior.

### **1.3. Research Objectives**

#### **1.3.1. General objectives**

The main objective of this research is to cluster target marketing of telecommunication sector in Tanzania.

#### **1.3.2. Specific Objectives**

Specifically, the study will attempt to:

(i) Identify the customers and potential customers of five telecom companies, segment the market categorize these consumers into consumer groups according to their characteristics determined by cluster analysis and factor analysis methods.

(ii) To identify the factors influencing the decision of customers why they are using the telecom companies.

(iii) To propose effective marketing strategies for telecommunication industry in Tanzania.

### **1.4. Research Questions**

(i) Are there any potential market segments as target market available?

(ii) What are the factors influencing decisions to make toward telecoms in Tanzania?

(iii) What suitable market strategy available for developing target market?

### **1.5. Significance of the Study**

This study is significant for various reasons, Firstly; the study will be important to companies in the telecom industry because, the results of the study will help the management of telecom companies realize the effect of marketing segmentation on customer loyalty so as to develop the necessary strategies to strengthen loyalty through relaying emphasis on target marketing.

Secondly; for the academicians, the study will bring out the relationship between Marketing segmentation, purchase behaviour and market strategy. The results will contribute to the existing pool of knowledge and debate on marketing, customer quality perception, customer satisfaction and loyalty, which in turn will be used as a future reference for other researchers by drawing examples from the Tanzania setting.

Thirdly: the study will identify problems in the telecommunications sector and suggest recommendations on how the telecommunication companies can develop strategies that can enable them overcome the challenges in the sector.

### **1.6. Scope of the Study**

Given the nature of the research, this study focused only on marketing segmentation based on consumer behavior in order to get base for target marketing, investigated. The study will limit itself to the case of telecom industry in Tanzania and it will exclusively set for five mobile companies.

### **1.7. Limitations of the Study**

1. This study will be limited by material information, because the study involves a considerable number of officials from various departments, sections units and individual staff and other stakeholders.
2. The research will be limited by time, because the researcher will need to go to the area for data collection through interview.
3. The researcher will be limited by financial resources, because doing a research is expensive. It is costly.
4. Technical and environmental constraints coverage will also be limited, because it will be difficult to research some areas.

### 1.8. Definition of key words

In order to understand the specific words that were used in this study, the following definitions are to be clarified.

1. **Marketing strategy:** specifies target market and a related marketing mix. Is a big picture of what the firm will do in some market. Two interrelated parts are needed which are target market and marketing mix (McCarthy 1993)

2. **Marketing segment:** An identifiable group of individuals, families, groups or organizations that shares one or more characteristics or needs in an otherwise homogeneous market.

3. **Marketing position:** A ranking of a brand, product, or company, in terms of its sales volume, relative to the sales volume of its competitors in the same market or industry.

4. **Consumer behaviour:** is the decision process and physical activity individuals engage in when evaluating, acquiring, and using economic goods and services.(Goldacre 1979).

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.0. Introduction**

The second chapter aims to review the theoretical foundation upon which the research is based by reviewing the relevant literature. This chapter gives an overview of the literature relevant for the domains which are combined for the present research. The literature review will provide a detailed overview about marketing segmentation; it will go on to further discuss and introduces different market segmentation variables and models, considering also their respective benefits, caveats and consumer behaviour and marketing strategy.

#### **2.1. Theoretical Literature Review**

Strategy is defined as a major determinant of business. The critical element is “to have a clearly defined business with a distinctive image serving the needs of a specific market segment” Go and Pine, 1995:29, (Okumus 1999).

In order to understand and analyze the market, it is important to understand the concepts of differentiation, segmentation and target marketing. These tools help the firms to outstrip the competitors, focus the marketing efforts and thus meet the needs and desires of customers. As (Evans 1989) state, these concepts are different, but still interrelated, as they are involved in the product marketing.

#### **2.2. Market segmentation**

Market segmentation is a popular subject for research and therefore the literature base is extensive. The following two subsections discuss the most essential topics related to consumer market characteristics and market segmentation concepts, to back up the examination of segmentation variables and segmentation models in the later sections. Business markets utilize similar methodology for segmentation but then



differ from consumer markets in many other fundamental ways. The scope of this paper is exclusively limited to consumer market segmentation.

An effective business strategy depends on a proper definition of a market. A market is the set of all actual and potential buyers of a product or service (Kotler 2003) and as noted in the previous section, buyers differ from each other in many ways. Markets are by nature complex and under continuous change and thus require a diversified analysis to avoid short-sightedness. Day (1981) suggests an integrated analysis that utilizes two separate methods of defining a company's market: the top-down and bottom-up analyses. The top-down analysis specifies the market in terms of the company's capabilities and resources. The bottom-up approach installs customer requirements and usage patterns as the basis for a market. Both methods have their weaknesses.

The top-down approach is apt to cause delayed responses to rapidly shifting customer requirements and usage patterns, whereas a dedicated bottom-up approach may hinder finding new opportunities to exploit a company's core competencies and experience. By accepting the need for multiple approaches, the competencies of both methods can be used to tackle different issues in assessing a market's potential and choosing the market to serve. Modern companies seldom try to appeal to all buyers in their market in the same way. The concept of market segmentation dates back to the mid-20th century when marketers began to accept divergent demand as a fundamental market characteristic and started to adjust product lines and marketing strategies accordingly.

The lack of homogeneity on the demand side can be based upon different customs, desire for variety, or desire for exclusiveness or may arise from basic differences in user needs. Through market segmentation, large heterogeneous markets are divided into smaller more homogenous segments that can be more efficiently reached with the products and services the customers really want and will pay for (Smith 1956). Specifically, market segmentation is the process of dividing a market into distinct groups with distinct needs, characteristics, or behaviour who might require separate products or marketing mixes (Kotler 2003). A segment is a

group of customers with similar needs, sharing characteristics that are strategically relevant (Day, 1981).

Analytical market segmentation has two basic approaches (Green 1977)

1. A priori segmentation, in which the researcher chooses some cluster-defining descriptor in advance. Customers are then classified into a pre-definable number of segments and further examined in terms of other characteristics. For example, segmentation might be formed on the basis of a favourite brand and then any differences between the segments in terms of e.g. demographics or lifestyle could be studied.

2. Post hoc segmentation, in which the customers are clustered into segments according to the similarity of their multivariate profiles. The segments can then be further examined for differences in other characteristics. The number or relative sizes of the segments is not known before the analysis is completed only the set of variables on which customers are to be clustered is pre-specified. For example, the initial clustering might be done based on customer profiles that describe benefits sought from a product and then any significant differences between the segments assessed utilizing other segmentation variables.

Alternatively, a hybrid scheme utilizing both of the aforementioned approaches can be employed. In Green's 1977 example, a hybrid scheme starts out with two data sets, (1) a clustering by favourite brand and (2) ratings on product needs statements.

The customers are first grouped according to their favourite brand to produce an a priori segmentation. Next, a clustering algorithm is used to seek out any common benefit-seeking profiles within each of the brand-favourite groups, to develop a more elaborate clustering. This way, a hybrid approach also addresses the problem of intra-segment heterogeneity, the remaining variance of needs within a market segment.

Segmentation design: the componential segmentation (COSEG). The COSEG procedure aims to predict the consumers' evaluations of new stimuli, e.g. new products, rather than simply partition the existing market (Green 1977).

The primary objective is to forecast how a consumer would choose among a set of alternative products. Several alternative variables used for segmentation are explored in this Section but not all segmentation schemes are able to meet a particular market situation effectively. (Kotler 2003) list fundamental characteristics that any useful segmentation scheme and its market segments must possess:

1. Measurability. The size, purchasing power and profiles of the market segments can be measured.
2. Accessibility. The market segments can be effectively reached and served with promotional and distributional efforts.
3. Substantiality. The market segments are large or profitable enough to serve.
4. Differentiability. The segments are conceptually distinguishable and respond differently to different marketing mix elements and programs.
5. Action ability. Effective programs can be designed for attracting and serving the separate segments.

Market segmentation should not be performed concentrating exclusively on what makes one group different from another. Quite the contrary, the most important question in the segmentation design should be: what makes the members of one group more like each other than they are like the members of another group. The use of similarities allows for the use of statistical methods that cluster people into groups based on the correspondence of values of the chosen segmentation variables (Cahill 1997).

Strategies for target marketing adapted from (Hwu 2008) the marketer a horizontal share of a broad and generalized market, equally successful application of segmented marketing tends to produce depth of market position in the penetrated

segments. As an illustration, the product differentiator seeks to secure a layer of the "market cake", whereas one who employs market segmentation strives to secure one or more wedge-shaped pieces. The drawbacks from differentiated marketing are the increased costs of e.g. developing marketing plans, conducting marketing research and creating promotional campaigns to serve multiple customer bases. Anyhow, most modern companies employ segmented marketing instead of mass marketing as highly satisfying all consumers with a single product or brand is a difficult, if not an impossible task.

The next strategy on the way to narrower target markets is called niche marketing. Niche marketing is a market-coverage strategy in which a company decides to grab a large share of one or a few relatively small segments, or niches, instead of chasing a small share of a larger market (Kotler 2003). Niche marketing is often employed by relatively small companies that are able to compete by serving any niches that may be overlooked by larger competitors. This concentrated marketing strategy strives for a strong market position by fine-tuning the company's marketing programs, products and services toward the consumers it can serve most profitably.

The risk in serving a very limited subset of a market is that if it turns out to be less profitable than expected, this will have a heavy impact on the business. However, (McKenna 1988) notes that large markets often evolve from niche markets. Because niche marketing teaches many important lessons about customers – in particular, to think of them as individuals and to respond to their special needs – companies learn to respond faster to demand changes and thus become market driven. McKenna also emphasizes the importance of word of mouth references. Today, largely due to the global penetration of the Internet, references can travel around the connected world rather quick and hence word of mouth may effectively make or break a new product.

In the narrow end of the segment size scale is the strategy of customizing products and marketing programs to the needs and wants of specific individuals and locations. This practice is called micromarketing and it consists of

local marketing and individual marketing (Kotler 2003). Local marketing observes the effect of local influences on customer needs and wants and takes tailoring of products to the dimension of cities, neighbourhoods and stores. Thanks to flexible manufacturing technologies, mass production is no longer dominating niche production economically and therefore companies can confront fragmented markets with effective marketing strategies that address regional and local differences. The downside is that when products and marketing messages are made to vary substantially in different localities, communicating a clear and consistent overall image of the company brand can prove to be a challenge.

Individual marketing is the most extreme form of the micromarketing strategy, in which the preferences of individual customers are considered as the starting point for marketing operations. Following the developments in computing power and manufacturing technology, companies can employ a strategy of mass customization, the use of flexible processes and organizational structure to produce varied and often individually customized products and services at the price of standardized, mass-produced alternatives (Hart 1997). Technology evolution has had a profound effect on manufacturing; already in 1988, 75% of all machined parts were produced in batches of 50 or fewer (McKenna, 1988). Moreover, consumers are now increasingly taking more responsibility for the choice of brands and products. The Internet, with a vast amount of communities and discussion forums, provides an easy way to search information relevant to a purchasing decision.

### **2.3. Segmentation variables**

Performing market segmentation requires the selection of a basis for segmentation (the-dependent variable) as well as descriptors (the independent variables) of the various segments (Wind 1978). These variables can be divided into (1) general customer characteristics, including demographic and socioeconomic characteristics, personality and lifestyle characteristics, and (2) situation-specific customer characteristics such as product usage and purchase patterns and benefits sought in a product category. Usually, multiple segmentation variables are used in

combination to achieve smaller, better-defined target groups. The most useful techniques have often resulted from practical successes, not as much from theoretical studies. Marketers must identify which of them provide the best view of the market structure currently in question.

### **2.3.1. Geographic segmentation**

Dividing a market into geographic segments is one of the oldest ways to perform market segmentation. The underlying assumption is that people have different needs and wants based on where they live. Commonly, a geographical segmentation scheme divides a market into units such as nations, states, regions, counties, cities or neighbourhoods. A company can decide to operate in only a few of the segments, or in all of them but customize their offering according to the geographical differences in needs and wants (Kotler 2003). Geographic segmentation is most commonly used by multi-national industrial and high-tech businesses, who alter their marketing mix based on the differing needs of consumers in each of the geographic segments they wish to serve. Simple geographic segmentation is usually an easy, manageable and comparatively inexpensive way to handle a market – especially an international one.

The downside of geographical segmentation schemes is the used hypothesis that the customers within an area have homogenous product preferences. Often this is not true even at the most local level. For example, people living on the same street do not generally choose similar groceries, furnishings or clothing. The practicality of geographical differentiation on a multi-national scale has also been criticized (Kotler 2003); (McDonald 2004). Global markets are usually divided into regional segments like Western Europe, Eastern Europe, North America or Latin America. Inside such Western European segment, for example, exists enormous environmental (from sunny southern Spain to chilly northern Finland), economical (the gross domestic product of Switzerland is seven times that of Portugal), cultural (neighbours France and Germany) and linguistic (Romance and Germanic languages) variety. Equally, Canada and Mexico in North America are no more similar than are Brazil and the Dominican Republic in Latin America.

Regardless of these obvious pitfalls, geographical variables do have a role in consumer market segmentation. Although geographic areas are inadequate to define the proposition required by a segment, background information about buyers helps in identifying where the customers from each market segment can likely be found and, consequently, how they can be effectively reached (McDonald 2004)

### **2.3.2. Demographic segmentation**

Another widely recognized consumer market segmentation scheme makes use of demographics. Demographic segmentation is defined as the division of a market into groups based on demographic variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation and nationality (Kotler 2003). Demographics have gained much popularity because they are easily measured and often vary closely with consumer needs and usage rates. The complexity and costs of the scheme also stay relatively low. Demographic variables must, however, be handled carefully.

Although there generally are behavioural differences between e.g. men and women or teenagers and elders, they are at best displayed by only a large majority of the group. Consequently, the remaining subset whose behaviour does not fit into the framework of the demographic group (e.g. youngsters acting like elders, or vice versa) might not enjoy being reminded that they do not fit in with their peers. The majorities may also resent being stereotyped, even more so in Western cultures where individualism is one of the most revered values. Reaching the desired segment without offending anyone belonging or not-belonging to the target group can thus prove to be a challenging task (Andreano 2006). Demographic segmentation has also been criticized, together with geographical segmentation, of the approach of predetermining how the market divides into segments (McDonald 2004). In reality, customers do not slot themselves into any categories determined beforehand, and this is why companies should rather focus on getting a holistic understanding of their customers' needs than engaging the market with ready-made pigeonholes for groups of buyers.

When employed properly, demographic variables can provide a productive basis for consumer-centric market segmentation. Demographic and geographic variables have been combined to create geo-demographic segmentation schemes based on the principle that people are more similar to those who live around them than they are dissimilar. The Potential Rating Index for Zip Markets (PRIZM) system regards each U.S. Zip Code area as a cluster that has a marketing and attitudinal personality of its own. With geo-demographics, PRIZM aims to capture the lifestyle of a neighbourhood and classify it into one of 62 segments that cover every one of the 260,000 U.S. neighbourhoods. (English & Solomon 1995) empirically examined how consumers' cognitive representations of meaningful social types relate to lifestyle data generated by PRIZM. They discovered that consumers may stay clear of purchase, ownership, and use of such products and activities that might identify them as members of a negative reference group, an avoidance group. The principle of geo-demographic segmentation schemes could therefore be alternatively phrased, "if people are where they live, they certainly are not where they do not live" (Cahill, 2006), thus emphasizing the role of avoidance on product choice and use.

Anyhow, regardless of the used segmentation basis, the information provided by demographic characteristics is often used after performing a market segmentation to profile the customers in the different market segments. This helps assessing the target market's size and determining how to reach the customers efficiently.

### **2.3.3. Psychographic Segmentation**

Using a psychographic segmentation scheme means dividing the market into different groups based on various psychological characteristics of the buyers, such as social class, lifestyle or personality (Kotler 2003). Marketers have understood that to attract or motivate a particular group of consumers, it is necessary to know how they think and what their values and attitudes are, as well as who they are in terms of the traditional demographic variables (Fenwick, Schellinck et al. 1983) (Ziff, 1971). The power of psychographics is that it identifies basic beliefs and



attitudes that influence consumer behaviour in various situations. Ziff's study suggests that by finding a core of attitudes and values that affects the buying behaviour for a class of products, one can gain general understanding that can be applied to other related products or even completely different classes of products. Because the changes in person, family and occupation throughout life affect buying behaviour, psychographic and demographic segmentation bases are often used in combination to better identify market segments. Behavioural variables, e.g. usage rates, can also be used to complement a psychographic segmentation scheme.

The utilization of lifestyle variables has particularly gained popularity among psychographic segmentation bases. Lifestyle focuses on the questions, "What we do", "What we want" and "What we think". Variables mapping activities (work, hobbies, social events attended), interests (family, fashion, choice of medias) and opinions (of themselves, of social issues, of products) – the so-called consumer's AIO dimensions – are used in building a lifestyle profile to predict the customer's buying behaviour (Cahill 2006). Relationships between products and AIO statements have been studied by Wells (J. 1971), who noticed that some products are "richer" than others in terms of correlation with activity, interest and opinion items. Thus, AIO variables are not guaranteed to work in every market situation.

A widely-used tool for lifestyle segmentation is the proprietary VALS scheme that blends research of values, hierarchy of needs and sociology in its operation. The original VALS combine demographics and psychographics to describe the nine types of customers it recognizes. Later, the typology was developed further to put more emphasis on psychology and downplay demographics (Cahill 2006). The second edition of VALS classifies people according to how they spend their time and money, dividing the customers into eight segments based on two major dimensions: self-orientation and resources (Kotler 2003). An alternative psychographic segmentation scheme, the List of Values (LOV), has been developed to further improve the predictive utility of lifestyle segmentations and to provide a tool that is in the public domain and thus accessible to all researchers (Kahle 1986).

Critique concerning psychographics is most often related to issues in reliability and validity of the measures used. (Harrison. 1979) concludes that psychographic measurements and procedures can have satisfactory reliability, but generally satisfactory reliability does not imply adequate reliability. He also points out that while the validity of psychographic measurements does vary greatly, psychographic variables are capable of producing substantial differences between groups of consumers, and these differences are often larger than the differences produced by standard demographic variables. (Cahill 2006) notes that if the goal of market segmentation is no deeper than to directly increase profits, then on surface validity, doing it just because it works, is fine. (Geraldine Fennell 2003) examined the relationship of psychographic and demographic variables with product use, brand use and relative brand preference across 52 product categories. The study provided evidence that these variables could predict product use and unconditional brand use, but could not predict brand choice conditional on product category use. Variables that can be expected to explain brand preference must reflect the substantive conditions that lead people to action – and potential brand use – and thus they reflect a more granular explanation of behaviour than demographic and psychographic variables are able to provide.

Marketing practitioners, psychographic methods offer a new way of describing consumers that has many advantages over alternative methods, even though much work on reliability and validity remains to be done. Psychographics is one technique among many, and with a qualitative motivation research approach, it can provide information about customers unavailable with quantitative methods (W. Thomas Anderson 1984) . Beginning with the people – their life styles and motivations – and then determining how various marketing factors fit into their lives, fresh insights are often acquired into the market. Psychographic segmentation techniques should therefore be used to enrich the understanding of target markets and augment the total package of market segmentation tools (Plummer 1974) .

### 2.3.4. Behavioural Segmentation

Behavioural segmentation divides buyers into groups based on their knowledge, attitudes, uses or responses to a product. Common approaches are, for example, usage rate and occasion segmentations (Kotler 2003) A behavioural segmentation scheme has the advantage that it is rather closely tied to the product or service that the company is offering.

Usage rate segmentation divides the market into light and heavy users, according to the product or service consumption volumes.(Twedt 1964) developed the so called, “heavy half” theory by studying the annual purchase concentration of 700 U.S. households in 18 product categories. He divided the studied households into non-users, the light half and the heavy half by purchasing rate. If a household’s purchasing rate was greater than zero but less than the median for the category, the household was classified into the light half. If the rate was greater than the category median, the household was placed in the heavy half. (Twedt 1964) found out that the heavy half is generally responsible for over 80% of the overall consumption. The study emphasizes the importance of a heavy half household to the marketer, as the purchase volume can be nine times that of a light half household. (Haley 1968), however, notes that not all heavy consumers are seeking the same kinds of benefits from a product, and therefore cannot be effectively reached with the same brand or marketing messages, (Wansink 2000) studied the characteristics that differentiate heavy users from light users. They found out that the differentiating characteristics are related to five basic lifestyle factors and six personality factors.

(Victor J. Cook 1984) replicated Twedt’s original study twenty years later and found out that the two decades’ changes in product penetration and lifestyle had not altered the relative strengths of the usage categories.

Occasion segmentation groups consumers according to the occasion of getting the idea to buy, actually buying or effectively using the purchased product (Dickson 1982) claims that because demand results from the interaction of a person

with his or her environment, a segmentation perspective that includes both the person and the situation is needed to explain demand and target marketing strategy. Customer segmentation should therefore not be equated with market segmentation; markets can also be subdivided by usage situation. (Sandell 1968) discovered that situational factors are responsible for variation in choice behaviour; an alternative with a high choice probability for a person in one situation does not necessarily have a high choice probability for the same person in another situation. Sandell's experimental scenario studied the beverage preference for satisfying the need of quenching thirst in various situations. However, (Dickson 1982) points out that there are also other possible goals that people seek by consuming beverages. The alternative drives can be, for example, relaxing and reducing shyness, sedating, cooling down, warming up, stimulating taste buds, relieving throat irritation or celebrating. Thus, the observed situation-specific preferences can be caused by very different needs (Belk 1975) reviewed the influence of usage situation for various other products and also considers the dimensions characterizing a consumer situation.

#### **2.4. Benefit Segmentation**

Benefit segmentation divides buyers into groups according to the benefits they seek from a given product. (Haley 1968) describes benefit segmentation as an approach whereby it is possible to identify market segments by causal factors rather than descriptive factors. Therefore, the benefits which people are seeking from a given product are the basic reasons for the existence of true market segments. Benefit segmentation is reviewed here as an independent segmentation scheme, but it has also been categorized as an instance of psychographic (Haley 1984) and behavioural (Kotler 2003) segmentation schemes. According to (Kotler 2003), benefit segmentation requires finding the major benefits people look for in the product class, the kinds of people who look for each benefit and the major brands that deliver each benefit. (Haley 1984) notes that it is the total configuration of the benefits sought which differentiates one segment from another, rather than one segment seeking one particular benefit and another a quite different benefit. Individual benefits are likely to have appeal for several segments because most people would like to have as many

benefits as possible and thus they choose products with benefits that add up to the most value and satisfaction. (Yee 2006) researched the motives for playing massively-multiplayer online role-playing games (MMORPGs). By asking 3,000 MMORPG players 40 questions about their reasons for playing through online surveys, a wide variety of alternatives emerged. Yee performed a factor analysis on the survey data and as a result obtained 10 motivational components that could be factored into three main component categories:

- Achievement (advancement, mechanics, competition)
- Social (socializing, relationship, teamwork)
- Immersion (discovery, role-playing, customization, escapism)

For example, the players that seek satisfaction from reaching goals, gaining status, understanding the game mechanics and challenging other players have achievement as their main motivational component. A MMORPG player is not exclusively tied to any one of the categories, but can have connections of different strengths to several motivational components, thus building up the total value. (Nardi 2004) studied the benefits sought from another popular form of online user interaction, blogging, by conducting interviews with bloggers and following the interviewees' blogs at their web sites. As a result, they identified five major motivations for maintaining web logs:

- Document of life, using a blog as a record to inform and update others of personal activities and events.
- Commentary, using blogs to express opinions on the topics that are important to the writer.
- Catharsis, using blogs to let out thoughts and feelings concerning personal issues.
- Muse, using blogs to get an audience for writings and archive thought pieces for future use.
- Community forum, using blogs to express views and exchange information within a community.

As a summary, identifying the variety of motives behind the usage of any product or service is essential to be able to analyze the customers' buying behaviour correctly.

After segmenting a market based on sought benefits, the segments should be compared in terms of e.g. demographics, usage rates and lifestyles to deepen the understanding of the persons who make up a segment, to allow for reaching the market effectively (Haley 1984).

## **2.5. Segmentation Models**

Various segmentation models have been developed to assess the exploitability of market segments. The models usually complement segmentation variables with more or less extensive use of data mining methods to evaluate a concrete market situation. The Technographics Segmentation model categorizes consumers based on their attitudes, motivations, and abilities to use or acquire technology. The holistic segmentation model uses three dimensions of a techno-economic framework to estimate the profitability of different psychographic segments (Bjorksten 2007). The customer value model confronts the segmentation problem of dynamic markets by modelling customer value in three dimensions (Agatz 2008). The reviewed models serve as good examples of the various applications of market segmentation.

### **2.5.1. The Technographics Segmentation Model**

As technology products are getting more versatile and the variety of services is expanding, market researchers strive to understand the motivators behind technology purchases. The customer base of ICT businesses displays a diversity of attitudes towards technology. To understand the buyers' level of openness to technology, research must go beyond demographics and buying patterns – it must capture how people use technology day to day, and how they feel about it. Forrester Research Inc.1999 developed the Technographics scheme to analyze consumers'

motivation, desire and ability to invest in technology. In Technographics, data collected with a study of 100,000 North American households is analyzed with multivariate statistical methods to split consumers into 10 different segments. The multivariate model classifies customers in three dimensions:

- Attitude toward technology divides consumers into technology optimists and pessimists. Optimists are willing to change their behaviour to acquire or use a new technology for need satisfaction. Pessimists are not interested in using technology to fulfil needs that can be satisfied with traditional methods.
- Income further divides technology optimists and pessimists into high-income and low-income consumers.
- Primary motivation divides the motivations for the use of technology into career, family and entertainment categories. Career motivations relate to the need to have a status at work, family motivations correspond to the need to provide care and entertainment motivations are associated with the need to have fun of the classes. For example, technology optimists tend to be younger and better educated than technology pessimists. Entertainment-motivated customers are least likely to be married and own homes, whereas family-motivated customers are likely to be married and have grown children. The classes also exhibit differences in technology usage habits. While the high-income optimists regularly use on-line services themselves, the high-income pessimists do own computers but their main users are the household's children. Thus, after the framework has identified the receptive customer segments, the potential buyers should be further profiled for employing targeted marketing.

The Technographics study suggests that the level of technology optimism has a considerable influence on the acceptance of a technology-based offer. Naturally, technology optimists are the most likely prospects for technology products and services as they are early adopters of technology for home, office and personal use. The Technographic Segmentation model can be used as a tool for determining market potential and profiling the potential buyers to find a suitable marketing communications mix for reaching them efficiently. Recently, Forrester has introduced

the Social Techno graphics scheme that classifies people according to how they use social technologies e.g. publish self-generated content or visit social networking web sites (Forrester Research, 2008).

### **2.5.2 The holistic Segmentation Model**

A techno-economic model is a representation of a certain business ecosystem created with the combined use of (1) data describing technologies and (2) data describing the economic environment. Techno-economic models aim to provide a holistic understanding of the interaction between these two factors in a system. (Björksten et al. 2007) present a holistic techno-economic framework developed to serve as a concrete basis for revenue stream analysis of service delivery ecosystems. The holistic techno-economic modelling framework consists of nine modules, describing the economics related to different parts of the service delivery value chain. Specifically, the “User” module models the user behaviour in different segments when various changes are introduced to the system. The segmentation scheme used in this framework is based on psychographic segmentation variables that divide the users into four segments.

- Achievers are pragmatic and business-oriented. They want to make life more efficient and have an ambition to succeed.
- Explorers accept challenges, are intrigued by new things and get involved with many communities.
- Connected users value stability, family connections and responsibility.
- Seekers follow role models, seek acceptance and want to show status through appearance.

The perceived value – the price ceiling of a product – and the profitability of different market segments is assessed in three dimensions; based on the needs, value of time and user experience of each segment.



The needs of a user segment define the use of services and applications. The techno-economic model splits user needs into four main categories: social, usefulness, entertainment and esteem. The prospective importance of a service to the customer can be analyzed by studying the dominant needs of the user's segment. Applications that foster the most intensive needs of the segment will be used by its members. For example, connected users have highly intensive social needs, and thus they are likely to use applications that enable social communications.

The second dimension in the techno-economic framework is called value of time.

This concept depicts the user's opportunity cost of time. Opportunity cost is the cost that incurs when a person chooses one option over another, and thereby loses the opportunity to experience the other, next best alternative. The cost is not necessarily financial by nature, but as in the case of lost time, something that is of value to the person assessing the situation and making the choice. Here, the use of a service is mutually-exclusive to performing some other – often equally desirable – activities with the same time span instead.

The user segment's technical capabilities form the third dimension in the holistic user segmentation model. Technical capabilities influence the user's choice of applications, and further the number of successful usage sessions. Services that require advanced technical capabilities force the technically illiterate segments to invest more time in getting their needs fulfilled by applications. This decreases the perceived value from the service. The study of (Bjorksten 2007) illustrates various points of view into customer market segmentation. Building holistic understanding of the service market requires taking multiple approaches by, for example, psychographics, techno graphics, cost analysis and assessing the perceived customer value. Each of these provides their own insight and contributes to the overall success of the segmentation scheme. The model also highlights the role of customer segmentation in building techno-economic frameworks for assessing the profitability of markets. A useful segmentation scheme entered on users' needs and values makes it possible to predict customer behaviour in case of a changing service environment.

## 2.6. Segmentation Model based on Customer Value

Customer lifetime value (LTV) is an important part of the customer relationship management (CRM) business strategy. Customer relationship management is defined as the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Kotler 2003). Practically, this means that companies retain and grow their existing profitable customers, going beyond the view of just constantly attracting new potential buyers. In fact, because of the competition and overcapacity common to modern industries, the costs of searching, studying and assessing new target customers often prove to be substantially higher than those of keeping the current customers satisfied. CRM is closely bound to customer segmentation, since careful market segmentation allows a company to focus its relationship building to the segments that exhibit the greatest business potential.

The concept of customer lifetime value relates to assessing the value of revenues that a customer brings in for the company. That is, the value of the entire stream of purchases that the customer would make over a lifetime of patronage (Kotler 2003). This complements the CRM principle of building long-term relationships, as the worth of a customer is understood to be more than simply the worth of a single sale. Various LTV models have been developed to assess the value of a customer in the period that they stay as customers to the company.

However, because of the stiff competition in dynamic business environments, such as the mobile service business, customer defections are common and therefore the attempts to model the long-term value of a customer often prove to be fruitless.

(Hwang 2004) have approached this problem by suggesting a new, more elaborate LTV model that is based on regularly and continuously renewed short-term customer value. They also derived a way of performing customer segmentation with the customer value results from this model.

The key idea behind the research is that customer defection probability should be taken into consideration when calculating customer lifetime value. The so-called customer churn of users switching their service providers is a serious issue in turbulent environments, such as in the case of the wireless telecommunications industry.

Mobile user switching behaviour as a phenomenon has been studied by e.g. (Ranganathan 2006), who found evidence that relational investments made in the user-provider relationship decrease user migration – the users with higher levels of usage and multiple services bundled into their service plan were less likely to defect.

The study also indicates that demographics and usage patterns have an effect on customer churn. Male users are relatively more prone to switching mobile service providers and the customers who use a mobile phone for functional and work-related needs differ from those who use it more for social and lifestyle purposes. (Hwang 2004) classify customer value into three categories:

- Current value, the profit contributed by a customer during a certain period
- Potential value, the expected profits obtained if a customer used additional services of the company
- Customer loyalty, an index of a customer's probability to remain as a customer to the company

Each category was set up as an axis in three-dimensional space and cut in half by a plane to produce a visualization of a customer segmentation scheme with eight compartments, Segmentation based on customer value in three dimensions adapted from (Hwang 2004).

The segmentation figure clearly shows that the most valuable customers – with high current value, high potential value and high customer loyalty – are found in Segment 1. Naturally, this is where all customers should be pushed to maximize the profits. As the research paper suggests, different marketing strategies can be applied on the basis of the segmentation results to move the users into more profitable compartments. For example, the customers with high current value can be presented with volume discounts, while the users with high potential value could be

approached with free trial periods for new services. The segmentation model thus provides a viewpoint for identifying financial potential, cross-selling opportunities and the durability of the two aforementioned values.

## **2.7. Segmentation techniques and criteria for telecoms**

The explosion of customer data in the last twenty years has increased the need for data mining aimed at customer relationship management (CRM) and understanding the customers. It is well known that the telecom sector consists of customers with a wide array of customer behaviors. These customers pose different risks, making it imperative to implement different treatment strategies to maximize shareholders profit and improve revenue generation. Segmentation is the process of developing meaningful customer groups that are similar based on individual account characteristics and behaviors. The goal of segmentation is to know your customers better and to apply that knowledge to increase profitability, reduce operational cost, and enhance customer's service. Segmentation can provide a multidimensional view of the customer for better treatment targeting. An improved understanding of customer risk and behaviors enables more effective portfolio management and proactive application of targeted treatments to lift account profitability (Dulling 2007). In this paper we use technique using cluster analysis.

### **Clustering/techniques:**

Clustering is a technique used to identify different segments in a market. Each cluster represents a group sharing some kind of similarity. The purpose of clustering is to identify specific elements, perceptions or preferences in a market. The findings may help a company design marketing campaigns to appeal to specific market segments. There are several ways to divide a market into clusters. Although there are many different statistical methods used, they all fall under the broad heading of their hierarchical or "K – means" clustering. Hierarchical clustering involves grouping data by starting with many clusters and breaking it down into multiple clusters. "k-means" clustering identify cluster centers in a data set and calculates clusters around these center points (Collica 2007).

## **2.8. Consumer markets and buyer behavior**

Successful marketing begins with understanding why and how consumers behave as they do. (Berkowitz 1994) refers that consumer behavior is the action a person takes in purchasing and using products and services, including the mental and social process that proceed and follow these actions. “ Behavior” is characteristic of each person influences and reflects a society’s values, beliefs and preferred ways of organizing social life based on the social significance of being male and female. As individuals are socializing into their culture, they learn to express their masculinity or femininity in social interactions (Wood 1994).

## **2.9. The factors influence buyer behaviour**

Customers choose between competing products and services based on their assessment of superior value. In other words, they choose the proposition that consists of the benefits they are looking for at a price they perceive as providing superior value for money. The challenge for companies is to understand from a customer’s perspective what these propositions need to be. (McDonald 2004) argue that, from this point of view, customers segment themselves and what the companies must do, is understand the motivations that drive the choices made by the customers. Many of the characteristics influencing a consumer’s behaviour toward the organization and its marketing offers cannot be affected, but they must certainly be taken into account when planning business strategies divide the characteristics affecting consumer behaviour into cultural, social, personal and psychological factors:

1. Cultural factors: include the basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions. Cultural factors are further divided into influences from culture, subculture and social class. Growing up within a society, a child learns to respect the basic values of that society’s culture. For example, in the Western Countries, values such as achievement, progress, youthfulness, individualism and freedom are cherished. Each culture also contains smaller subcultures, groups of people with

shared value systems identified by e.g. nationality, religion, race or geography. Subcultures often make up important market segments, such as the growing Hispanic market in the United States. Social classes are defined as relatively permanent and ordered divisions whose members share similar values, interests and behaviour. Buyers from different social classes have distinct preferences concerning products and brands, influenced by their class background.

2. Social factors: include the influences from small groups, family, social roles and status. Social groups influence consumer behaviour in two main ways. Membership groups to which a person belongs have a direct effect on buying behaviour. Reference groups, in turn, are used as points of comparison in forming attitudes. A person may, for example, aspire to belong to a group that has a certain lifestyle and thus will try to conform to the product and brand choices of the group members. Family members also influence consumer behaviour, as the wife, the husband and their children have different roles in decision-making. Because a person usually belongs to various different groups, clubs and organizations, the status in each affects buying behaviour.

3. Personal factors: include the personal characteristics affecting decision-making such as the buyer's life-cycle stage, age, occupation, economic situation, lifestyle and self-concept.

4. Psychological factors: include the influences of motivation, perception, learning plus beliefs and attitudes. Brands and products that reflect the perceived status will often be favoured. Consumer buying behaviour is shaped by the personal life-cycle stage. Such stages might be, for example, young singles, married couples with children, same-sex couples or the recently divorced. A consumer's taste in products varies through the different stages in life, while the changes in occupation and income level also affect the choice-making. Lifestyle is an increasingly popular differentiation factor for people coming from the same subculture or social class. Lifestyle deals with a person's psychographics, measuring consumers' activities, interests and opinions thus aiming to profile the whole pattern of acting and interacting in the world. Psychological factors influence consumer behaviour in four major ways.

## 2.10. Target Marketing

Target markets are derived from segments, but as distinct from segmentation, focus on more narrow groups of customers, on specifically one part of the market (Lewis and Chambers, 1989). An illustrative example here can be the segment, which is quite broad, as it may include the people from different spheres of business: salespeople, self-employed – all these people have different interests and thus different expectations from services in telecom that is why should be divided into different sub segments, which are target markets.

The heterogeneous requirements of speciality markets mean that success is rarely achieved by undifferentiated strategies or overall cost leadership. Even though the major multinationals typically operate in these markets, it is seldom that a competitor has the capability of achieving broad market coverage by product differentiation. More focused strategies are their general characteristic (for some example see Hall 1980, Levitt 1980, Woo and Cooper 1982). The number of segments that the firm will compete in will depend upon its overall share goals, the flexibility of its manufacturing base, and the heterogeneity of the buyer's requirements (Peter Doyle & John Saunders 1985).

Having identified an unmet need in the market place, the organization must perform an in depth “scoping review” that includes preliminary market assessment as well as technical and business assessments of the potential product (Centre on knowledge translation for technology transfer 2009). The scoping review should be comprehensive; when looking for competing products or technologies, the company must not only scan the current market place but also review the history of the market place to identify products that have failed in the past. From time to time, someone will reinvent a product for a small, niche market need that had already failed due to insufficient demand (Leahy, James 2013)

Invariably and understandably client acceptance exceptions can become commonplace in these early days. Unless these exceptions are minimized, however, it will be difficult for a firm to progress forward on the right path toward sustainable growth. A host of opportunities open up by defining a target client and tailoring the firm's marketing, operations and servicing capabilities towards profitably delivering the maximum value to the target client type. Establishing and pursuing a target market enables the operator firm to make the most of its scarce resources, driving efficiencies and greater productivity while improving its ability to consistently deliver the desired client experience. These are opportunities a firm can benefit from throughout its life cycle by better positioning the firm to accommodate future growth (De Pardo, Eliza 2013).

Developing products and services for specific market segments allows for a better focus on matching the customers' unique needs. New and old products alike should be designed to fit exactly the needs of some segment of the market. By targeting two or more segments simultaneously, their appeal is not maximized to anyone, and there is a risk of ending up with a dangerously fuzzy brand image (Haley 1968). Target marketing is the company's process of evaluating each market segment's attractiveness and selecting one or more segments to enter (Kotler 2003). Strategies for targeting often balance between cost efficiency achieved with using fewer manageable segments and ultimate customer satisfaction achieved with customizing the deliverables even for the tiniest of subgroups.

When a firm decides to target several market segments and design separate offers for each of them it is utilizing a differentiated marketing (or segmented marketing) strategy (Kotler 2003). This is in contrast to the undifferentiated marketing strategy, mass marketing,. By offering product and marketing variations to these subsets of a market, companies aim to strengthen their positions within several segments, to attain a larger total market share than just by undifferentiated marketing across the whole market. (Smith 1956) concludes that while a successful product-based strategy will result in giving Market segmentation.



## 2.11. Market Positioning

After the choice of the target market segments, management has to decide how it will compete in these segments. Production oriented managers often underestimate the need to develop competitive advantages if they are to profitably gain market share. Ideally, too, this positioning should be sustainable and not easily matched by competitors.

Clearly, companies have less direct control over this stage of the positioning process. Market positioning is determined largely by the perception of the market place. Customers build a certain image of the product, and no one can argue with their decision.

It is possible, however, to influence the market-positioning process. By understanding the workings of the market, companies can influence the perception of their products. They can create a stronger image for their products. They can take steps to make themselves and their products seem more credible. Credibility is a key to the whole market –positioning process. With so many new products and new technologies on the market, customers don't know who to believe, they don't know who to trust. Many customers don't even understand the technologies involved in new products. Technology based products are links in a chain: they are attractive because they are linked in the future. But when people are buying a piece of the future, they need to be reassured. They want to buy from a supplier with credibility (McKenna 1985).

Strategic position deals with impacts of the external environment on the strategy, with strategic capability of the company (various resources) and the expectation and influences of stakeholders (Johnson *et al*, 2005). Market positioning is based on the market segmentation and market targeting, as they define to which market the positioning is directed. Market positioning is the third step in the target marketing and it deals with “developing a competitive positioning for the product and an appropriate marketing mix” (Kotler *et al*, 2003). Positioning is creating the image of the product in customers' minds (Lewis and Chambers, 1989). A product's position

is the perception of customers about the product based on its various attributes. Marketers choose the positions which, in their opinion, will be successful in the selected target market, and then create the marketing mix to gain this position (Kotler *et al*, 2003). When the marketers understand the target market, know about the images the customers have about product, the process of developing the positioning strategies can be effective.

### **2.12. Differentiation**

According to Porter, differentiation is a strategy, when the company attempts to be unique and different from other companies, when producing the similar product or service, in the attributes (one or a few) significant for the consumer (Porter, 1998). Lewis and Chambers define the concept of differentiation as, “simply differentiation of your product from those of others for the entire potential market” (Lewis and Chambers, 1989:197). That is making the product distinct from the one of competition, so that demand meets the supply.

The challenge of the marketer is to make the product unique and show the customer that this particular product or service is of high utility, has better price value, better quality, and can become a better problem solution (Lewis and Chambers, 1989). As Porter states (1998:263), “differentiation can be based on the product itself, the delivery system by which it is sold, the marketing approach and a broad range of other factors”. The differentiating strategy in the industry is considered to be successful if its price premium exceeds the costs of differentiating (Porter, 1998).

### **2.13. Marketing strategies for telecoms in Tanzania**

Researches that intend to classify people’s internal motives and behavior is called psychographic research (Chon 2000). Hospitality promoters use of psychographic research data to decide which market segments to target and what kinds of amenities to offer at a location. All psychographic motives can be classified as either basic or secondary motives. Basic motives influence everyone and include

unlearned need such as thirsty, hunger, sex, fear, and avoidance of pain. Secondary motives are learned needs and include achievement, desire for power, and other specialized needs. Secondary motives usually vary from person to person.

The market concepts has been defined as a process of achieving organizational goals through determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors do (Kotler 2003). Marketing strategy serves two purposes: (1) to help determine the nature of business the firm should engage in now and future, and (2) it provides the plan to allocate resource to compete successfully in chosen market (Hawkins 1983).

Marketing strategies can help establish a business framework which can put the business to faster track to growth (allardyce 2003).

Marketing mix was originally developed by Professor Neil Borden of Harvard in what have come to known, through subsequent alteration, as the “Four Ps” Borden’s six original elements are product planning, pricing distribution, promotion, servicing and marketing research. It were later reduced into four elements by McCarthy (chambers 2000). Nevertheless, the marketing mixes later were expanded to “Seven Ps” by Booms and Bitner (Gronroos 2006). The 3 additional Ps to the original marketing mix are people, process and physical evidence. The marketing mix, involves the developing and implementing of an appropriate mix of marketing activities direct towards marketing and target markets. This activity includes the creation and presentation of products and services; the methods used to get the customer through this products and services (or vice versa) for an appropriate price, and the various techniques employed to communicate with customers. Therefore marketing mix is comprised of seven sub mixes. But this study will look at the four Ps as below:

## **1. Product strategies**

Is the combination of product and services, whether free or for sale that is aimed at satisfying the needs of the target market? (Kotler 2003) devised a very interesting concept of benefit building with a product. Kotler suggested that a product should be viewed in three levels.

Level 1: core products: what is the core benefit product offers? Customers who purchase a camera are buying more than just a camera they are purchasing memories.

Level 2: actual products: all cameras capture memories. The aim is to ensure that your potential customers purchase your one. The strategy at this level involves organizations branding, adding features and benefits to ensure that their products offers a differential advantage from their competitors.

Level 3: Augmented products: what additional non-tangible benefits can you offer? Competition at this level is based around after sales service, warranties, delivery and so on. John Lewis a retail departmental store offers free five years guarantee on purchase of their television sets, this gives their customers the additional benefit of peace of mind over the five years should their purchase develop a fault

## **2. Price strategies**

Pricing is one of the most important elements of the marketing mix, as it is the only mix, which generates a turnover for the organization. It is difficulty and must reflect supply and demand relationship. Pricing a product too high or too low could mean a loss of sales for the organization.

An organization can adopt a number of pricing strategies. The pricing strategies are based much on what the company has set itself to achieve (Keegan 2000).

1. Penetration pricing: where the organization sets a low price to increase sales and marketing share.

2. Skimming pricing: the organization sets an initial high price and then slowly lowers the price to make the product available to a wider market. The objective is to skim profit of the market layer by layer.

3. Competition pricing: setting a price in comparison with competitors.

4. Product line pricing: pricing different products within the same product range at different price points. An example would be video manufacturer offering different video recorders with different features at different prices. The greater the features and the benefit obtained the greater the consumer willing to pay. This form of price discrimination assists the company in maximizing turnover and profits.

5. Bundle pricing: the organization bundles a group of products at a reduced price.

6. Psychological pricing: the seller here will consider the psychology of price and the positioning of price within the market place.

7. Premium pricing: the price set is high to reflect the exclusiveness of the product. An example of product using this strategy would be Harrods, first class airline services, Porsche etc.

### **3. Place or distribution strategies**

Place is how an organization will distribute the products or services they are offering to the end users. The organization must distribute the product to the end users at the right time. Efficient and effective distribution is important if the organization is to meet its overall marketing objectives. If organization underestimates demand and customers cannot purchase products because of it profitability will be affected (Doole 2001).

Distribution strategy depends on the type of product being distributed there are three common distribution strategies available.

1. Intensive distribution: used commonly to distribute low priced or impulse purchase products. For example, chocolates, soft drink etc.

2. Exclusive distribution: involves limiting distribution to a single outlet. The product is usually highly priced, and requires the intermediary to place much detail in its sell. An example of would be the sale of vehicles through exclusive dealers.

3. Selective distribution: a small number of retail outlets are chosen to distribute the product. Selective distribution is common with products such as computers, television households' appliances, where consumers are willing to shop around and where manufactures want a large geographical spread.

#### **4. Promotion strategies**

This includes advertising, sales promotions, personal selling, and refers to the various methods of promoting the product, brand or company.

(Palmer 2001) stated that an organizations promotional strategy consist of five different methods:

1. Advertising: any non personal paid form of communication using any form of mass media. The advertisement objective is a specific communication task to be accomplished with a specific target audience during a specific period of time.

2. Public relations: involves developing positive relationships with the organizational media public. The art of good public relations is not only to obtain favorable publicity within the media, but it is also involves being able to handle successfully negative attention.

3. Sales promotion: sales promotion commonly used to obtain increases in sales of short-term incentives. It could involve using off coupons or special offers. Sellers may use consumer promotions to urge short-term customer buying or to enhance long-term customer's relationships.

4. Personal selling: personal selling is the most effective tool at certain stages of buying process, particularly in building up buyer's preferences, convictions, and actions. It involves personal interactive between two or more people, so as each person can observe the other's needs and characteristics and make quick adjustment.

5. Direct mail: direct mail is a direct marketing, which allows an organization to use their resources more effectively. This can be done by sending publicity material to a named person within their target segment by personalizing advertising, response rates increase thus increasing the chance of improving sales.

#### **2.14. Study Related To Marketing Strategy**

Strategy is the fundamental pattern of present and planned objectives, resources, developments and interactions of an organization with markets, competitors and other environmental factors. (Nasit 2011) for this reason, a good strategy should always specify; what is to be accomplished, Where – the product, market, or industries that are to be focused and How – resources and activities that will be allocated to each market/ product to gain sustainable competitive advantage.

Marketing is a process for analyzing, planning and managing the organization's resources while identifying and serving current and potential client group and their needs profitability. Reason for developing marketing strategy (Dirks 1991) mention, that company managers choose to introduced and / or reemphasize marketing strategy for a number of reasons, which may range from personal interests to corporate policies. However the reason usually centres around an opportunities or an identified problem that the company management needs to explore. For example: Introducing new products or services, expanding into new markets, differentiating products or services, revitalizing products, services or markets, deleting or „de-marketing product or service, responding to a drop in sales or profits, evaluating financial or legal risks of opportunities and enhancing company image, brand or reputation.

Strategic marketing planning are documents that outline in detail the marketing strategies which will help a company, product or brand accomplish its overall business objectives (Mitchell 2004).

The article published by (vargo and lusch 2004) in the journal of marketing comes up with a proactive “new dominant logic “for the field of marketing. It questions the differences between the marketing of goods and services. Some of the main arguments made by these authors are the following; Material goods are only distribution mechanisms for service distribution, knowledge is the fundamental source of competitive advantage, all economies are service economies and the customer is always a co-producer.

Relationships as a focus on marketing aids in the understanding of consumer needs and wants, which is useful to implement profitable exchanges. Relationship marketing helps customising solutions to important customers, more efficiently than otherwise, knowledge and application of relationship marketing helps in achieving customer satisfaction ,customer retention and customer acquisition, Relationship marketing a tool of furthering the customer understanding and interactive processes. Relationship marketing outputs can thus be usefully used, as inputs in product design and development, want identification, improving selling systems, pricing strategies. It is one of the supports to systematic action setting in competitive marketing strategy (Nagasimba 2006) .

Author such as (stanton 1991),(McCarthy 1993) and (Kotler. 1997) agree that the traditional marketing mix has been defined as a set of controllable instruments to manage the uncontrollable and dynamic marketing environment and consist of four major element price, product, promotion or marketing communication and place. According to (donath 1999) there is an overemphasis on price and product as marketing instruments and an under emphasis on place and promotion. A danger exists that organizations will there for make a misallocation of organizational resources between the four marketing mix instruments (Chintaganta & vikassinh 1994) Showed that inspired leadership, a customer-minded corporate culture,



excellent service-system design and efficient use of information and technology are crucial for achieving superior service quality and service marketing. They argued that superior quality is vital to sustaining success. They insisted that customer satisfaction through integration of service quality throughout the system must be the focus of any company (Leonard L. Berry 1991)

Developing a model of how customers with prior experiences and expectations assess service performance levels, overall service quality, and service value. The model was applied to residential customers' assessments of local telephone service (Ruth M. Bolton, James H. Drew 1991).

The model was estimated with a two-stage least squares procedure through survey data. Results indicated that residential customers' assessments of quality and value are primarily a function of disconfirmation arising from discrepancies between anticipated and perceived performance levels.

However, perceived performance levels also were found to have an important direct effect on quality and value assessments. (Kenneth Teas 1993) examined conceptual and operational issues associated with the "perceptions minus-expectations" (P-E) perceived service quality model. The examination indicated that the P-E framework was of questionable validity because of a number of conceptual and definitional problems involving the (1) conceptual definition of expectations, (2) theoretical justification of the expectations component of the P-E framework, and (3) measurement validity of the expectation (E) and revised expectation (E\*) measures specified in the published service quality literature. Consequently, alternative perceived quality models that address the problems of the traditional framework were developed and empirically tested.

Satisfaction and service quality are both important tools for creating competitive advantage. However, there is a lack of consensus on whether the two are separate constructs and how they should be measured. The research presented a number of conceptualizations of customer satisfaction and service quality based on

disconfirmation, a transactional versus global view and the inclusion of cognitive and/or affective factors. Possible antecedents and consequences of both constructs were examined, and suggestions for future conceptualization and measurement of the constructs were provided (Pratibha A. Dabholkar 1993).

Association between customer satisfaction and willingness-to-pay or price tolerance, the goal was not only to determine whether the association between customer satisfaction and price tolerance is positive or negative but also to gauge the degree of association. The empirical analysis indicated a negative association between the level of customer satisfaction provided by the firm and the degree of price tolerance exhibited by its customers. However, a positive association was found between year-to-year changes in the levels of customer satisfaction and price tolerance (Eugene W. Anderson 1996).

Many companies are considering investments in complaint handling as means of increasing customer commitment and building customer loyalty. Firms are not well informed, however, on how to deal successfully with service failures or the impact of complaint handling strategies. The results of the paper supported a quasi “brand equity” perspective-whereas satisfaction with complaint handling had a direct impact on trust and commitment, to a limited extent, on the effects of poor complaint handling. Implications for managers and scholars were also discussed *Stephen S. Tax et al. 1998*.

Among the areas which need to be addressed in service quality research is the nature of consumer expectations across the range of intangibility. Previous research had compared consumers' service quality expectations across services, but different groups of subjects were evaluated for each different service. The problem with using different subjects for each service is that the subject's demographic characteristics may be responsible for the significant differences in expectations of quality (Bepko 2000). The paper used a controlled, repeated measures design where subjects were each asked to evaluate three services, varying in their degree of intangibility, over a ten week period.

## **2.15. A Review of the Five Companies**

Currently in Tanzania there are six telecom companies but mostly known and mostly used are the big five mentioned. Communications in Tanzania have in the past often been very unreliable. The mobile telephone services are usually available only in urban area, and few rural areas, although there are currently efforts to provide nationwide mobile phone coverage. Competition in Tanzania's telecommunication sector is expected to get stiffer after the country's regulatory authority licensed for more cellular phone service providers to bring the number to ten. The telecom companies are regulated by the Tanzanian communication Regulatory Authority (TCRA) which is a statutory regulatory body responsible for regulating the communication and broadcasting sectors in Tanzania. It was established under the TCRA Act no: 12 of 2003 which merged the Tanzania communications commission (TCC) and the Tanzania Broadcasting Commission (TBC). TCRA became operational on 1<sup>st</sup> November, 2003 and effectively took over the functions of the defunct two commissions (TCRA 2011).

In this study, is concerned with Tanzanian's telecommunication industry, particularly the role of AIRTEL, TIGO, ZANTEL, VODACOM and TTCL. Whereas under the focus is on bureaucracy/political interference and oligopolistic environment, TTCL era is characterized by the effects of liberalization and privatization. Suffice to say that although the privatization of TTCL has attracted a lot of attention, there have been a few empirical researches given the confidentiality associated with its privatization. As pointed out earlier on under objectives of the study, most of the relevant information is classified and thus unavailable.

### **2.15.1. VODACOM**

VODACOM investment will focus on improving data and mobile commerce services, says MD Rene Meza. VODACOM Tanzania is planning to invest \$100 million in the next 12-18 months in order to reinforce its position, according to the local reports. Rene Meza, the operator's managing director, said the investment

will be used for boosting network coverage capacity, enhancing mobile data service and the M-PESA mobile commerce service. The money will also be used to recruit agencies for technology and corporate services. The company is owned by VODACOM in South Africa, ultimately controlled by the Vodafone group. Meza, a member of global Telecoms business 40 under 40 in 2011, said in an interview with the Citizen: “The company’s growth is based on the fast expanding subscriber list, mobile financial services arena and voice services, and these are appropriate for an emerging economy like Tanzania,” Meza said that the company will focus on internet to expand 3G network and mobile commerce. Vodacom saw more than 8 million customers for the last 15 months, witnessing growth at the rate 20,000 new users on a daily basis (press 2005).

### **2.15.2. AIRTEL**

AIRTEL is the 5<sup>th</sup> largest telecoms company in the world. In Africa, AIRTEL has over 42 million customers and aims to attract more than 100 million customers across the continent by 2013. AIRTEL Tanzania is a dynamic company that offers excellent career paths for talented and motivated people. It is big and it is growing big day by day. The company always is adding new towns and regions to their coverage so that to keep customers enjoying their services and keeps on getting better. It was launch in October 2001 and is Tanzania’s most innovative mobile phone operator, which has introduced first in the telecommunication sector (Airtel 2011).

### **2.15.3. TIGO**

TIGO was the first cellular network in Tanzania, started operations in 1994 and is Tanzania’s most affordable and innovative mobile phone operator. TIGO is part of the Millicom International Cellular S.A (MIC) and provides affordable, widely accessible and readily available prepaid cellular telephony services to more than 30 million customers in 13 emerging markets in Africa and Latin America. The success to TIGO is based on the “Triple A” strategy which stands for, Accessibility and Availability. The company creates a world where mobile services are affordable,

available and accessible everywhere and to all. This guarantees that the subscribers experience the best services at the most affordable rates throughout the 26 regions in both Tanzania mainland and Zanzibar (TIGO 2011).

#### **2.15.4. TTCL**

TTCL currently provides voice and data communication services, to 300,000 business and residential customers in Tanzania. The company also provides work services to other licensed telecom operators. TTCL's aim is to remain the leading fixed network operator in Tanzania. In order to achieve this goal, a strong focus has been made on customer satisfaction by providing high quality and affordable services to the customers. TTCL is and will continue implementing best practices based on the company's vast experiences and unique knowledge of the Tanzanian market conditions. The modern world globalization, TTCL has been able to keep pace with the global mobile, communication scenario by having strategic business associations, through its 40% shareholding partnership in AIRTEL Company thus making them one of Tanzania's leading providers of wireless services. The days being a telephone company are long gone. TTCL of today is reliable to offer all its customers integrated, quality, reliable and competitively priced total communication solutions. The business community can participate actively and efficiently in the knowledge economy, while millions of ordinary Tanzanians including those in rural areas who for so long were cut off from the global age, now have access to communication solutions through a fixed line, or wireless connection, paid solutions or public payphones (TTCL 2001).

#### **2.15.5. ZANTEL**

ZANTEL will start operations in Tanzania mainland by 2012, the Tanzanian communication Authority (TCRA) has announced. The TCRA public relations manager, Isaac Mruma, said ZANTEL, which has been struggling for years to expand its services to the mainland, would be free to do so when the monopoly over use of communications links that the Tanzania Telecommunication Company

(TTCL) enjoys expires. Mruma said one of the conditions in the lease agreement of TTCL was that all other mobile phone companies had to use its satellite center at mwenge in Dar-es-salaam as their gateway. He said presently, ZANTEL is barred from using its devices because of the legal agreement which is still in force until February 2013 (ZANTEL 2012). Tanzanian operator Zanzibar Telecommunication backed by emirates telecommunication corporation (ETISALAT) of the UAE, says it is looking to boost its mobile subscriber base by two thirds within one year, despite an ongoing price war in the sector that has shaved a considerable amount of overall sector revenues. To achieve its goal the operator, which is based on the nearby island of Zanzibar, is looking to expand its operations on the mainland, through it warns that competitions is affecting its investment plans. It says that the ongoing price war is worst thing that has happened in the country's telecom sector.

## **2.16. Empirical studies**

In this section, the researcher will try to relate the study with the same or similar studies done by other researchers. The researcher will concentrate on viewing different studies done which are related to the problem on board. These include different reports that have been published locally and internationally as well as all studies done locally and internationally

### **2.16.1. Telecommunication situation in other parts of Africa**

Thanks to the growth of mobile telephony, Africa has now far in excess of the total number of phones in Manhattan, though, perhaps ironically, most of that growth has been in African urban centers. In 2004 alone, there were some 25 million new mobile subscribers on the African continent, a figure almost equivalent to the total number of telephone subscribers-fixed and mobile-in Africa in 1996. Many telecom analysts would see this explosive growth as proof of African 'pent-up demand' for basic telephone services. If that is true, then African demand remains confined. Despite having 14% of the world's population, the continent still have less than 3% of the world's fixed-line phones and 8% of its mobile. Internet penetration is

even smaller with, in 2005, and estimated 16 million internet users out of 900 million people, or 1.8% (AFRISPA 2005).

Telecommuting clearly fits this context, since it allows an organization to overcome distance and bypass national borders and thus allows flexibility and cost savings in its workflows (Agpar, 1998; Crandall & Gao, 2005; Davenport & Pearlson, 1998; Kurland & Egan, 1999; Potter, 2003). As the firm depends more on international employees, telecommuting can help the workforce improve its human capital by having ready access to valuable knowledge and skills without the limitation of national borders. Absence of network would make it more difficult to attract and retain talented international employees who are embedded in their communities and who might prefer to work from their home base.

Worker preferences aside, telecommuting reduces the need to invest in employee transfers, comply with the immigration process (which may be expensive and lengthy), and open expensive facilities overseas (which often carries economic and political risks). Last, when employees are spread out across countries, Tele work gives the organization much greater access to dispersed intellectual capital (Daniels, Lamond, & Standen, 2001), with the distinct advantage of coordinating the activities of highly skilled effective and what they can expect as rewards (Bass, 1990). Researchers have found contingent reward leadership to be positively associated with followers' commitment and performance (Bycio, Hackett, & Allen, 1995; Podsakoff, Todor, Grover, & Huber, 1984).

## **2.17. Conceptual Framework**

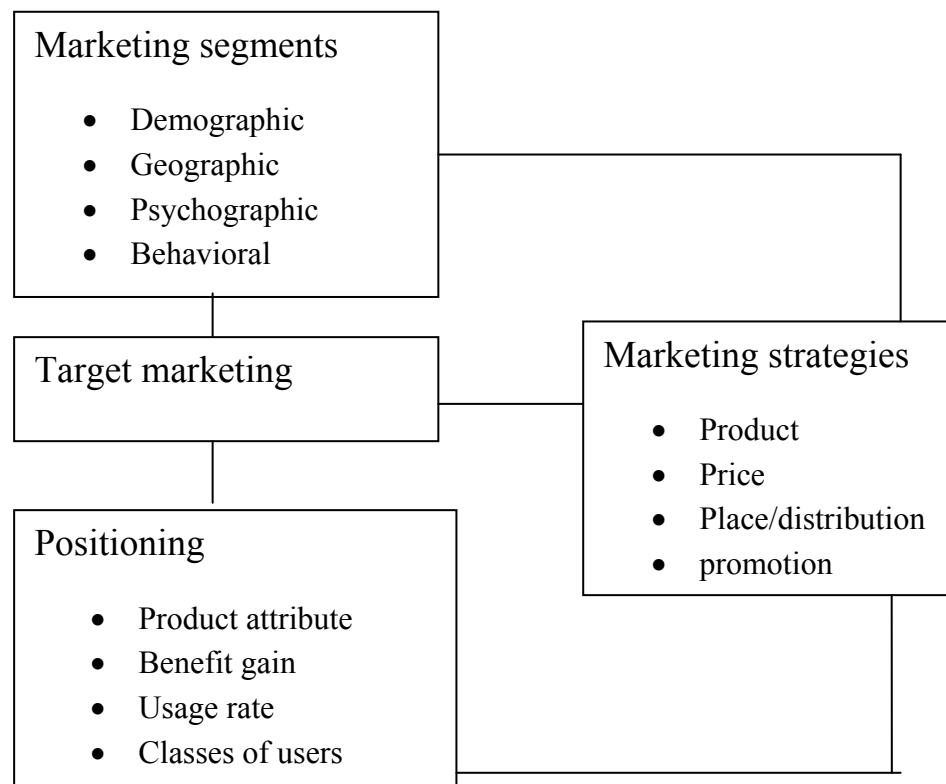
### **2.17.1. Description of Framework**

The conceptual framework intends to summarize proposals, provides clarifications and guides in the predictions of practical observations. This research is started with the presumption that main challenges that the telecom sector facing nowadays. Those main challenges replace the mass marketing strategy into the segmented marketing strategy for telecom business. Moreover this research will conduct causal market segmentation based on telecom image. The next phase is the

market targeting process that will be conducted by measuring each market segment based on their perception toward the companies attributes and based on their customer behavior in order to identify and to select the potential market segment to be served and treated specially. After finding the potential market segments together with their perception information and the customer behavior; then the development of marketing strategy can be established. The summary of the theoretical framework can be seen as flow chart below

**Figure 2.1 Conceptual Framework Chart**

The conceptual framework is designed after the researcher reviewed the literature, related concepts and theories. The concept of this study is shown below:



*Source: this study*



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.0. Introduction**

In this chapter attempt will be made to presents the research methodology employed in gathering information for the study. The chapter will describe type of the study, the study area, its study population, units of analysis, sample size and sampling techniques, types and sources of data, data collection methods and data analysis methods.

#### **3.1. Research Strategy & Design**

This study is intended to identify different market segment based on consumer behaviour in order to get the base for target market. The research will be a descriptive research because it portray on accurate profile of person, events or situation. The nature of this research necessitates the use of participant observation and surveys approaches. For the purpose of this study, the adoption of this method is most applicable, because of their capacity in collecting large and standardized data. Field research will be conducted in the five telecom companies in Tanzania and the researcher will use a case study research strategy.

#### **3.2. Study area**

The study is expected to be conducted at Dar es Salaam, Morogoro, Dodoma, Iringa and Kilimanjaro Regions of the United Republic of Tanzania. The considerations in choosing this five regions as the place of research are as follow; firstly these are the largest regions with big population in Tanzania, secondly it easier to get most adequate representative sample.

### **3.3. Targeted Population**

The population under study is all consumers living and working at the selected regions the people whose works and life depend on services provides by five telecom companies.

### **3.4. Sample size**

The researcher will use 500 respondents from five telecom companies in five regions in Tanzania. The sample will be based on a broad category of customers who form part of the population of the selected regions from companies and are usually involved in services provided by telecom sector, they range from employees from formal and informal sectors, students and parents. Due to the sensitive nature of the subject and the fact that the subject under consideration is within the domain of ordinary people the sample size will be much smaller. It will also dependent on the availability of respondents for this study.

### **3.5. Sampling method**

Sampling was done randomly as the field of study is large; the sample size was chosen according to the population size of the country. Sample size was selected randomly. Moreover the researcher selected convenience sampling method, which is convenient and inexpensive for the sample size of 500 customers of telecom users.

### **3.6. Instrument selection**

Tools for data collecting process were designed as the questionnaires for customers of telecoms. The questionnaires used in the study for customers of telecoms consisted of three parts as following.

1. The first part is closed- end questions which gathered the respondent's general information pertaining to age, marital status, race, gender, occupation, education and monthly income etc.

2. The second part is rating scale, which measured the influential factors on the customer's decision making in choosing telecom companies

3. The third part is opened- end questions, which gather the respondent's recommendations to the telecom industry and Tanzanian Government.

### **3.7. Data collection**

This study will be based on both primary and secondary sources of data,

#### **3.7.1. Primary data**

Primary data will be obtained from respondents using self administered questionnaires to get data on the study variables. The questionnaires were given to 500 customers in Tanzania. The purpose of this questionnaire is to gain an inside knowledge of how telecom companies analyse their marketing mix and their projects. The questionnaire was collected in five regions in Tanzania from December 2012 to January 2013.

#### **3.7.2. Secondary data**

The objective was to get the statistical information of marketing share of telecom companies and perception of customers of telecoms in Tanzania. The researcher also collected secondary data from reports material information from library research, archival research, and government documents, internet and other sources of information to strengthen the findings got from the primary data.

### **3.8. Data analysis**

This study will use a number of methods to analyze the data collected from the field. Quantitative method of analysis will be used to interpret statistical figures through tables and Charts. The data collected will be presented in tabular form while in data analysis, frequencies and percentages will be used. Lastly, the data will be computed by the Statistical Package for Social Science (SPSS) to measure the accuracy of the information, since data collected will be quantitative in nature.

#### **3.8.1. Cluster Analysis**

Cluster Analysis was used to identify and to classify the customers of Telecom companies into several groups or segments based on their perception toward the perception of the services provided to costumers. The researcher did analysis of two step by clustering each variables separately, demographic, geographic, psychographic, consumer behavior, on each categorical table, get the percentage of each cluster, then later the researcher copied the tables to excel data sheet to confirm the percentage of each independent variable. The researcher also used pie charts to show the percentage of the distributed clusters, analyzing the nature of customer's general information by analyzing the frequencies and percentages.

#### **3.8.2. Factor Analysis**

This analysis eased the researcher in making general interpretation toward the differences of perception of each customer segments by reducing some variables in the same dimension into one factor that represent the positioning of companies. The researcher will finally analyze the mean of each factor and get the perception of each group from each company. The researcher will use descriptive analysis to get the mean of each factor of each company.

1. Part 1- Analyzing the criteria for telecoms by mean and standard deviation
2. Part 2- Collecting the recommendations and suggestions from the customers of telecoms to telecom industry and the government.

### **3.9. The level of importance to be measured**

The researcher can range important factors in 5 levels with the interval of .50 as follows:

Scores 3.00	very low important factor
Scores 3.50	low important factor
Scores 4.00	intermediate important factor
Scores 4.50	high important factor
Scores 5.00	very high important factor

To compare the opinion of telecom users in Tanzania relating to marketing mix, T-test at 0.05 Significance level (95% significance level) was the tool to indicate the significance level among factors.

## CHAPTER 4

### PRESENTATION OF FINDINGS, ANALYSIS AND DISCUSSION

#### 4.0. Introduction

This chapter presents the results of the study and interpretation of findings. The chapter comprised of three sections. Section one presents the sample characteristics showing, gender, marital status, level of education, level of income, age group, occupation, density and social class, attitude, loyalties, user status, usage rates. The presentation begins with a description of the sample characteristics using cluster analysis by two-step method. The second section of the chapter presents statistics on the mean distribution of each company by each factor using factor analysis.

#### 4.1. Descriptive of Respondents

The questionnaire was distributed to five selected areas that cut across the various rating in Tanzania. A projected five areas namely Dodoma, Dar es Salaam, Kilimanjaro, Morogoro and Iringa were expected to respond to questionnaires. Questionnaires that capture marketing segmentation based on consumer behaviour and marketing strategy so as to determine target market of the mobile phone companies were asked. Consistent follow up was made since some of them were busy with their office works and needed time to read through. The actual questionnaire distributed was 500 of which all the 500 respondents completed the questionnaire giving a response rate of 100%.

**Table 4.1: Country of origin**

Nationality of the respondents	Frequency	Valid Percent
Tanzanian	500	100

*Source: Field data April, 2013*

## **4.2. Segmentation variables**

To present sample characteristics, cluster tabulations of percentages for each variable were used to indicate variations of respondents based on gender, level of education, income, social class, density, age group and level of management. The sample characteristics were presented basing on the responses from the respondents. The sample characteristics were presented basing on the responses in tables below.

The Nationality structure of the respondents presented in Table 4.1 illustrates that 100% of the respondents were Tanzanian.

### **4.2.1. Segment markets of telecoms in Tanzania**

The researcher presents these based on demographic, geographic, psychographic and consumer behaviour of the customers of telecoms in Tanzania. The classes were distributed into four clusters which represents the target group of telecoms. Percentage tabulation was used by the researcher to present the clusters of telecom and their percentages. Table below shows the percentage of all clusters market share and percentage distribution.

Table 4.2: Results of cluster analysis

CLUSTERS	NUMBER OF CLUSTERS				TOTAL
	1	2	3	4	%
<b>% OF MARKETING SHARE</b>	<b>14.6%</b>	<b>26.3%</b>	<b>22.6%</b>	<b>35.6%</b>	<b>100.00%</b>
<b>DEMOGRAPHIC</b>					
<b>1. Gender:</b>					
• Male	66.23%	51.07%	44.82%	49.10%	<b>51.30%</b>
• female	33.76%	48.92%	55.17%	50.89%	<b>48.70%</b>
<b>2. marital status:</b>					
• single	13.00%	45.00%	10.30%	29.00%	<b>26.00%</b>
• married	73.00%	41.00%	83.00%	54.00%	<b>60.00%</b>
• widow	0.00%	9.00%	5.00%	48.00%	<b>5.40%</b>
• separated	14.00%	5.00%	1.70%	13.00%	<b>8.20%</b>
<b>3. Education level</b>					
• primary school	2.60%	26.00%	9.00%	0.00%	<b>9.80%</b>
• sec school	18.20%	67.00%	44.00%	3.60%	<b>32.80%</b>
• bachelor	79.20%	7.00%	45.30%	90.40%	<b>55.00%</b>
• any other	0.00%	0.00%	1.70%	6.00%	<b>2.40%</b>
<b>4. Age</b>					
• 18-25	2.60%	22.30%	5.10%	0.00%	<b>7.80%</b>
• 26-35	0.00%	41.00%	49.60%	44.30%	<b>37.80%</b>
• 36-45	30.00%	24.50%	43.60%	52.70%	<b>39.20%</b>
• 46-55	58.40%	10.80%	1.70%	2.40%	<b>13.20%</b>
• 56-65	9.00%	1.40%	0.00%	1.00%	<b>2.00%</b>
<b>5. Occupation</b>					
• Self employed	0.00%	29.50%	27.40%	2.40%	<b>15.40%</b>
• Unemployed	2.59%	49.00%	14.50%	2.40%	<b>17.80%</b>



• Co: employee	42.85%	7.90%	43.60%	50.00%	<b>35.60%</b>
• Gvt employed	51.97%	2.60%	9.40%	47.00%	<b>26.60%</b>
• Studying	2.59%	11.00%	5.10%	0.00%	<b>4.60%</b>
•					
• <b>DEMOGRAPHIC</b>					

### 6. monthly income

• 50,000/=	0.00%	45.00%	10.30%	0.00%	<b>14.80%</b>
• 50,000-250,000	2.60%	43.60%	32.50%	6.00%	<b>22.20%</b>
• 250-450,000/=	42.80%	4.30%	35.90%	42.00%	<b>30.20%</b>
• 450-650,000/=	18.20%	7.10%	16.20%	52.00%	<b>26.00%</b>
• ≥650,000/=	36.40%	0.00%	5.10%	0.00%	<b>6.80%</b>

### 7. social class

• Lower class	1.20%	17.00%	0.00%	0.60%	<b>5.20%</b>
• Upper class	5.19%	60.00%	39.30%	15.00%	<b>31.60%</b>
• Working class	18.18%	21.00%	21.00%	44.30%	<b>28.20%</b>
• Middle class	41.55%	2.00%	36.00%	38.30%	<b>28.20%</b>
• Uppers class	20.77%	0.00%	4.30%	1.80%	<b>4.80%</b>
• Lower lowers	12.98%	0.00%	0.00%	0.00%	<b>2.00%</b>

### 8 .Religion

• Christian	44.20%	58.00%	63.20%	52.10%	<b>55.20%</b>
• Muslim	53.80%	42.00%	37.00%	46.00%	<b>43.40%</b>
• Hindu	2.00%	0.00%	0.00%	2.00%	<b>1.20%</b>
• Jewish	0.00%	0.00%	0.00%	6.00%	<b>0.20%</b>

---

## **GEOGRAPHIC**

### 1.Density place

• Rural	23.00%	34.00%	42.00%	10.10%	<b>26.20%</b>
• Semi urban	21.00%	40.00%	52.10%	26.00%	<b>35.00%</b>
• Urban	56.00%	27.00%	6.00%	64.10%	<b>38.80%</b>

---

---

**PSYCHOGRAPHIC**
**1. Attitude**

• Enthusiastic	0.00%	12.20%	7.00%	13.20%	<b>9.40%</b>
• Positive	97.40%	60.40%	93.20%	68.30%	<b>76.40%</b>
• Indifferent	0.00%	19.00%	0.00%	16.20%	<b>10.60%</b>
• Negative	0.00%	7.20%	0.00%	2.40%	<b>2.80%</b>
• Hostile	2.60%	1.40%	0.00%	0.00%	<b>0.80%</b>

**2. lifestyle**

• cultural oriented	15.60%	31.00%	20.00%	66.60%	<b>17.80%</b>
• sports oriented	84.40%	45.00%	29.10%	43.00%	<b>43.00%</b>
• outdoor oriented	0.00%	24.50%	51.30%	39.20%	<b>39.20%</b>

**3. personality**

• compulsiveness	5.20%	10.80%	21.40%	4.80%	<b>10.40%</b>
• gregarious	86.00%	35.30%	19.00%	23.40%	<b>35.20%</b>
• authoritarian	6.50%	31.0%	23.70%	64.10%	<b>36.40%</b>
• ambitious	2.60%	23.00%	37.00%	6.60%	<b>17.60%</b>
• other	0.00%	0.00%	0.00%	1.20%	<b>0.40%</b>

---

**BEHAVIORAL****1. loyalties**

• none	0.00%	6.50%	0.00%	0.00%	<b>1.80%</b>
• medium	13.00%	78.40%	0.00%	0.00%	<b>51.00%</b>
• strong	87.00%	15.10%	75.20%	36.00%	<b>47.20%</b>
• absolute	0.0%	0.00%	2.00%	0.00%	<b>0.40%</b>

**2. user status**

• ex user	0.00%	0.71%	0.00%	0.00%	<b>0.20%</b>
• potential user	63.63%	28.77%	19.65%	2.22%	<b>27.60%</b>
• first time user	2.59%	4.31%	1.70%	0.59%	<b>2.20%</b>
• regular user	33.76%	66.18%	78.63%	83.83%	<b>70.00</b>

**3. length of customer**

• less than 1 year					
• 1-5 years	2.60%	4.30%	0.00%	0.00%	<b>1.60%</b>
• 5-10 years	6.50%	23.00%	0.00%	0.00%	<b>7.40%</b>
• More than 10 years	53.40%	20.10%	18.00%	4.20%	<b>19.40%</b>
	38.00%	53.00%	82.10%	96.00%	<b>71.60%</b>

**4.number of lines**

• One	95.00%	73.30%	59.00%	49.00%	<b>1.00%</b>
• Two	0.00%	9.40%	32.50%	31.10%	<b>20.60%</b>
• Three	2.60%	5.60%	5.10%	17.00%	<b>8.80%</b>
• Four	2.60%	0.00%	0.00%	2.40%	<b>1.20%</b>
• Five	0.00%	12.00%	3.40%	1.00%	<b>4.20%</b>

**5.most preferred**

• Vodacom	21.00%	35.00%	39.39%	52.10	<b>39.40%</b>
• Airtel	22.10%	31.00%	9.40%	35.00%	<b>25.80%</b>
• Tigo	18.20%	0.00%	6.80%	0.00%	<b>4.40%</b>
• Ttel	28.60%	31.00%	22.20%	13.20%	<b>22.60%</b>
• Zantel	10.40%	3.60%	22.20%	0.00%	<b>7.80%</b>

**6. preference reason**

• low cost	0.00%	35.30%	7.00%	9.60%	<b>14.60%</b>
• good service	57.10%	31.00%	56.00%	28.00%	<b>39.00%</b>
• customer focus	25.00%	24.50%	7.70%	22.20%	<b>19.80%</b>
• innovations	18.20%	9.40%	30.00%	42.00%	<b>26.60%</b>

**7. usage rate**

• ones a week	0.00%	5.00%	0.00%	1.20%	<b>1.80%</b>
• ones a month	2.6%	1.00%	2.10%	0.00%	<b>1.00%</b>
• few times a month	2.6%	31.00%	2.10%	13.2%	<b>13.80%</b>
• everyday	95.5%	63.30%	97.00%	86.00%	<b>83.40%</b>

**8.industrial changes**

• cost	40.30%	54.00%	82.10%	78.00%	<b>66.40%</b>
• network coverage	18.20%	33.10%	18.00%	16.00%	<b>22.00%</b>

• services	42.00%	39.00%	0.00%	4.80%	<b>11.60%</b>
<b>9. usage reason</b>					
• work	52.00%	24.50%	4.30%	6.00%	<b>21.40%</b>
• entertainment	13.00%	68.30%	74.00%	57.00%	<b>57.20%</b>
• business	35.10%	5.80%	22.20%	26.00%	<b>20.40%</b>
<b>10. influential to decision</b>					
• family	5.205	52.00%	58.10%	60.00%	<b>49.00%</b>
• friend	0.00%	41.00%	20.00%	6.60%	<b>15.80%</b>
• boss	92.20%	16.00%	22.20%	34.00%	<b>35.40%</b>
<b>11. strength of network</b>					
• weak	26.00%	5.00%	12.00%	4.80%	<b>6.20%</b>
• very weak	0.00%	12.20%	1.70%	0.00%	<b>4.00%</b>
• strong'	90.00%	63.00%	86.30%	53.00%	<b>69.00%</b>
• very strong	7.80%	20.10%	0.00%	43.00%	<b>21.00%</b>
<b>12. stable region/network</b>					
• Kilimanjaro	25.00%	10.10%	0.00%	5.40%	<b>8.40%</b>
• Morogoro	14.30%	1.40%	1.70%	0.00%	<b>3.00%</b>
• Dodoma	9.10%	70.00%	0.00%	0.00%	<b>1.60%</b>
• Iringa	0.00%	9.00%	0.00%	4.20%	<b>3.80%</b>
• Dar es salaam	52.00%	79.10%	98.3%	90.40%	<b>83.20%</b>
<b>13. challenges of telecom</b>					
• Government restric	0.00%	52.00%	54.00%	62.00%	<b>47.60%</b>
• Economic crisis	95.00%	42.40%	44.40%	38.30%	<b>49.60%</b>
• Cultural interfering	5.20%	5.80%	1.70%	0.00%	<b>2.80%</b>

---

**Cluster 1:** from the results above, the market share of cluster one is 14.60% respondents from cluster one mostly are presented by men with a percentage of 66.23% and most of them are married in this case. Married customers who present cluster one are having a percentage of 73.00% having bachelor degree and above as their education level and are having a percentage of 79.20%. This shows that most men in cluster one are educated, nevertheless, they range to an age of between 46-55 years and are mostly company employees. Men with this age are having a percentage of 58.40% and 43.00% company employees. The results also shows that most men in cluster one receive a salary of 250,000-450,000/=Tsh which is normal salary for an employee in the country and these are represented by 42.90%.

Men in cluster one are of middle class with a percentage of 42.00% and are Muslims by religion with a percentage of 53.20%, while in the same cluster, these people are mostly from urban areas having a percentage of 56.00%. Most respondents of cluster one, are having a positive attitude with a percentage of 84.40% toward telecom companies and are sports oriented men having a percentage of 84.40%. Together with that their loyalties stand to be strong with a percentage of 87.00% and are potential users of telecom in Tanzania. In addition to this, cluster one users have been a customer to this industry for five to ten years and having a percentage of 53.40%, but also these customers prefer to use only one line for communication and they are represented by 95.00%.

Respondents in cluster ones shows that they prefer TTCL company than other companies and this is having a percentage of 28.60%. The results show that they prefer this company because of good services being offered, this is having a percentage of 57.10%. Cluster one customers use TTCL for communication every day, but in addition to that these customers want the industry to change on its services, this is having a percentage of 42.00%, this is because they use TTCL Company mostly for business which is presented by a percentage of 52.00%. The results show that bosses are the main influential to using this company with a percentage of 92.20%, the network for this company is plotted strong with a percentage of 90.00% and the region with a strong network is said to be Dar-es-

salaam having a percentage of 52.00%. Cluster one customers are getting a lot of challenges from economic stability where they claim it not stable with a percentage of 95.00.

**Cluster 2:** the results from this cluster shows that most men are using telecoms having a percentage of 51.07%, most of respondents in this cluster are single 45.00%, and are having secondary school certificates as the level of education 67.00%, apart from that, cluster two respondents are 26-35 years old which means they are teenagers 41.00%, whereas they are unemployed having a percentage of 49.00%, the results show that these people in this cluster are receiving a salary or money for living of about 50,000/=Tsh these people are presented with a percentage of 45.00%. Considering that, 60.00% these customers are of upper class and mostly are Christians.

40.00% Customers of cluster two are coming from semi urban areas, having 60.00% of positivity attitude towards telecom industry. However 45.00% of their lifestyles are also sports oriented and are 35.30% gregarious. 78.40% of these respondents stand with a loyalty of medium and 66.18% are regular users of telecoms. Furthermore, the results still shoes that 53.00% of the customers of cluster one uses telecom for more than ten years of time to present and 73.30% prefer using one line for communication. In this cluster 35.00% of customers prefer using Vodacom Company and 35.30% of them prefer because of low cost. 63.30% of them use telecoms every day and the same time, 54.00% want the industry to change on cost.

The reason for using telecom for communication in this case shows that, 68.30% use it for entertainment reasons, and 52.00% are being influenced by their families to use telecom. Cluster two shows that 70.00% of region with stable network is Dododma and 52.00% of these customers get challenges from government restrictions.

**Cluster 3:** the results from the table above shows that 55.17% are females who use telecoms in Tanzania. 45.00% of these customers in this cluster are married and the same time 45.30% of them are having education level of bachelor and

above.49.60% of cluster three customers are still young stars having 26-35 years. And still 49.00% are unemployed. The results show that 35.90% receive a salary of 250,000-450,000/-Tshs. 39.30% are of upper class and 63.20% of customers in this cluster are Christians who come from semi urban areas presented by 52.10%.

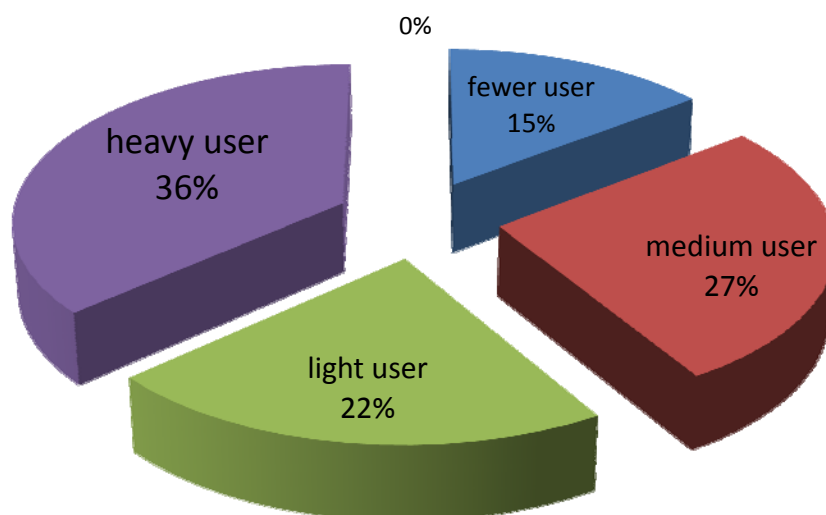
93.20% of cluster three customers are having a positive attitude towards telecom industry, while 51.30% are outdoor oriented. So far the results show that this age group, are having 37.00% of ambitiousness. These customers stand with 75.20% of loyalties to be strong. 78.63% of respondents are regular user of telecom in Tanzania, and it shows that 82.10% of customers have been using telecom for more than ten years. Also in this cluster 59.00% use only one line for communication. 39.39% prefer to use Vodacom Company and 56.00% suggested because of good services. Thus this makes a 97.00% of subscription every day.

82.10% of these customers in this cluster want the industry to change on cost. This cluster also shows that 74.00% of its customers use this company for entertainment and 58.10% are influenced by family members to join the company. The results show that 86.30% of its network is strong and 98.30% of stable region in network coverage in this cluster is Dar-es-salaam. 62.00% of cluster three customers get challenges form government restrictions.

**Cluster 4:** 50.89% of female are customers of cluster four. The results show that, 54.00% of customers are married and 90.40% are having an education level of bachelor and above. 52.70% of these customers here are mid age having 36-45 years, therefore 50.00% are company employed and 52.10% receive a salary of 450,000-650,000/=Tshs. This shows that 38.30% are working class and 55.20% are Christians also. The table above shows that 64.10% of cluster four customers come from urban areas. In addition to that, 68.30% are having a positive attitude toward telecom using.

66.60% of the customers here are cultural oriented, 64.10% of these customers are authoritarian. The table above describes this cluster four having a 36.00% of customers' stand of loyalty being strong and in this case, 83.83% of the customers are regular users of telecoms. 96.00% of them have been using telecom for more than ten years to date and 31.10% use two lines for communication. 52.10% of the customers here prefer Vodacom Company and 42.00% prefer the company because of innovations, thus 86.00% subscribe with the company every day. Nevertheless 78.00% would like the industry to change on cost. The reason for using this company, 57.00% use it for entertainment and 60.00% are being influenced by their families. 53.00% of network stability was reported to be strong and the same time 90.40% was the suggested region with stable network was Dar-es-salaam. 62.00% of the customers here were getting challenges from government restrictions.

**figure 4.1:Pie chart showing the cluster size.**





The extracted four clusters explaining 14.6% of cluster one, 26.3% of cluster two, 22.6% of cluster three and 35.6% of cluster four of market share. The five companies extracted a number of factors according to the distribution of each Company's variance. The four identified market segments were named and characterised. The clusters were given different names according to the marketing shares.

- Fewer users these are those customers whose attitude on telecom is positive but they rarely use telecom for communication and they use only for a special purpose.
- Light users are that who are just introduced to telecom using and have used not more than five years, their perception towards telecom is also positive.
- Medium users are customer whose attitude towards telecom is positive also but they use not every day.
- Heavy users are customers whose usage rate is everyday and having a positive attitude also.

### **4.3. Marketing positioning.**

Factor analysis was conducted by the researcher to reduce the factors into one group of variables and the mean of each group was shown in each given table. From factor of marketing mix the researcher realized few factors which influence the decision to using telecoms in Tanzania. Tables 4.3 - 4.12 shows the positioning of the five companies in the market of telecommunication in Tanzania.

From the below table 4.3 and 4.4 shows the VODACOM company position in the marketing of telecoms in Tanzania. The company extracted three factors and percentage of variance and percentage of cumulative.

**Table 4.3: Factor and % of variance and % of cumulative of each customer's attitude towards VODACOM telecom companies in Tanzania**

VODACOM MARKETING POSITION	FACTORS			% of variance	% of cumulative
	1	2	3		
<b>Occasions:</b>				<b>34.21</b>	<b>34.21</b>
• Delivery speed	.872				
• Friendly user	.822				
• Regular use	.768				
• Business user	.688				
• Special use	.682				
<b>Services:</b>				<b>24.23</b>	<b>58.44</b>
• Different varieties		.924			
• Services provide		.914			
• Communication		.877			
<b>Special matters:</b>					<b>74.56</b>
• Family user			.862		
• Friendly user			.833		

From the above table of Vodacom marketing positioning, the company is mostly positioned to three positions namely occasions, services, and special use. Occasions comprising of delivery speed, friendly user, regular use. Business use and special use while that of services provided comprising of different services, serviced provided and communication. The last which is special matters comprising of family user and friendly user.

**Table 4.4: Mean scores & standard deviation of each customer's attitude towards VODACOM telecom companies in Tanzania**

<b>MARKETING POSITIONS</b>	<b>MEAN</b>	<b>Level of importance</b>	<b>Std deviation</b>
Vodacom strong and stable	4.58	high	.615
Vodacom communication	4.52	high	.679
Vodacom Friendly user	4.49	intermediate	.710
Vodacom Regular use	4.49	intermediate	.604
Vodacom Service	4.44	Intermediate	.662
Vodacom Variety	4.39	Intermediate	.658
Vodacom Delivery speed	4.39	Intermediate	.699
Vodacom Family use	4.38	Intermediate	.766
Vodacom Businesses user	4.38	Intermediate	.814
Vodacom Friendly user	4.32	Intermediate	.735
Vodacom Special use	4.31	Intermediate	.789

The above table, Vodacom shows that all its customers are intermediate level of importance except for Vodacom communication and strong and stable which is high level of importance. According to the level of factors, Vodacom has three factors which are occasions, services and special matters. The results show that Vodacom strong and stable is 4.58 and that of communication is 4.52. This shows all customers' level of importance towards Vodacom is intermediate.

The tables 4.5 and 4.6 show the positioning market of AIRTEL Company in telecommunication industry in Tanzania. A number of four factors were distributed, and percentage of variance and cumulative.

**Table4.5: Factor and % of variance and % of cumulative of each customer's attitude towards AIRTEL telecom companies in Tanzania**

AIRTEL MARKETING POSITION	FACTORS				% of variance	% of cumulative
	1	2	3	4		
<b>Varieties</b>						
• Communication	.998				<b>50.77%</b>	<b>50.77%</b>
• Different varieties	.936					
• Different services	.741					
<b>End users</b>						
• Business user		.849			<b>11.36%</b>	<b>62.14%</b>
• Friendly users		.807				
• Family users		.644				
<b>Strength</b>						
• Strong and stable			.908		<b>10.11%</b>	<b>72.25%</b>
<b>Specials</b>						
• Delivery speed				-.981	<b>9.49%</b>	<b>81.74%</b>
• Friendly user				-.980		
• Regular use				-.695		
• Special use				-.400		

The table above presents the positioning of AIRTEL Company; it is positioned into four positions which are varieties, end users, strength and specials. Whereas varieties comprises of communication, different varieties and different services while that of end users comprise of business user, friendly user and family users. Strength comprise of only strong and stable whereas the last which is specials comprising of delivery speed, friendly user, regular use and special use.

**Table4.6: Mean scores & standard deviation of each customer's attitude towards AIRTEL telecom companies in Tanzania**

<b>AIRTEL POSITIONING</b>	<b>MEAN</b>	<b>Level of importance</b>	<b>STD.DEVIATION</b>
Airtel communication	4.31	Intermediate	.709
Airtel services	4.28	Intermediate	.694
Airtel varieties	4.24	Intermediate	.721
Airte family user	4.14	intermediate	.731
Aietel regular use	4.12	intermediate	.774
Airtel delivery speed	4.08	Intermediate	.763
Airtel friendly user	4.08	Intermediate	.782
Airtel business user	4.11	Intermediate	.808
Airtel special use	3.93	Very Low	.878
Airtel strong and stable	3.30	Very low	.774

*Source: Field data April, 2013*

From the table above, the results show that customers of airtel are all intermediate level of importance but only airtel Company seem to be very low in its strength and stability and the customers do not use it for special use. Thus all customers of Airtel Company fall on one factor. They prefer the company because of its communication and different varieties, together with services provided.

Tables 4.7 - 4.8 shows the positioning of TIGO Company. There was a distribution of two factors, percentage of variance and percentage of cumulative.

**Table 4.7: Factor and % of variance and % of cumulative of each customer's attitude towards TIGO telecom companies in Tanzania**

TIGO marketing positioning	FACTORS		% of variance	% of cumulative
	1	2		
<b>satisfaction</b>				
• Tigo communication	.979			
• Tigo variety	.977			
• Tigo services	.957			
• Tigo friendly user	.836		<b>63.08%</b>	<b>10.98%</b>
• Tigo special user	.748			
• Tigo strong and stable	.742			
• Tigo family use	.580			
• Tigo delivery use	.580			
• Tigo Regular use	.457			
<b>occasions</b>				
Tigo friendly user		.979	<b>63.08%</b>	<b>74.06%</b>
Tigo business user		.811		

The above table is of TIGO position in marketing. It has two positions which are satisfaction and occasions. Satisfaction comprises of communication, variety, services, friendly user, special user, strong and stable, family use, delivery speed and regular use. While that of occasions comprises of business user.

**Table 4.8: Mean scores & standard deviation of each customer's attitude towards TIGO telecom companies in Tanzania**

<b>Marketing positioning</b>	<b>mean</b>	<b>Level of importance</b>	<b>Std. deviation</b>
Tigo Communication	4.08	Intermediate	1.026
Tigo Variety	4.00	Intermediate	.976
Tigo services	4.01	Intermediate	1.054
Tigo strong and stable	3.55	Low	1.001
Tigo delivery speed	3.91	Low	.947
Tigo friendly user	3.84	Low	1.022
Tigo regular user	3.84	Low	.890
Tigo special use	3.58	Low	1.022
Tigo family use	3.96	low	.935
Tigo business user	3.62	low	.989
Tigo friendly user	3.70	low	.1.006

The results above in the table show that Tigo is having two factors which are satisfaction and occasions. that the level of importance of Tigo Company is low apart from, communication, different varieties and services which are having an intermediate level of importance. Most customers of Tigo company prefer using this company on factor one and because of services of communication.

Tables 4.9 – 4.10 shows the positioning of TTCL Company to the market of telecommunication in Tanzania. The distribution of one factor was extracted and percentage of variance and percentage of cumulative.

**Table 4.9: Factor and % of variance and % of cumulative of each customer's attitude towards TTCL telecom companies in Tanzania**

<b>TTCL MARKETING POSITIONING</b>	<b>FACTOR 1</b>	<b>% OF VARIANC E</b>	<b>% OF CUMMULATIV E</b>
<b>Products:</b>		<b>84.65</b>	<b>84.065</b>
Friendly user	.957		
Strong & stable	.950		
Communication	.949		
Delivery speed	.948		
Special use	.942		
Varieties	.936		
Services	.925		
Regular use	.922		
Business user	.915		
Family use	.897		
Friendly user	.765		

*Source: Field data April, 2013*

The table above shows the positioning of TTCL where it only have one positions which is products. Comprising of friendly user, communication, delivery speed, special use, varieties, services, regular use, business user, and family use



**Table 4.10: Mean scores & standard deviation of each customer's attitude towards TTCL telecom companies in Tanzania**

TTCL marketing	mean	Level of importance	Std deviations
TTCL	3.28	Very low	1.406
communication	3.26	Very low	1.390
TTCL varieties	3.13	Very low	1.275
TTCL services	3.17	Very low	1.270
TTCL strong & stable	3.11	Very low	1.355
	3.11	Very low	1.383
TTCL delivery speed	3.13	Very low	1.229
TTCL friendly user	2.98	Very low	1.266
TTCL regular user	2.96	Very low	1.317
TTCL special use	2.98	Very low	1.339
TTCL family use	2.78	Very low	1.284
TTCL business use			
TTCL friendly user			

The company is having one factor in its product. From the above results of TTCL Company, most customers prefer the Company because of its communication services and different varieties, but the results in the table shows that TTCL has few subscribers because the level of importance is very low. This shows that, customers do not see any importance of using TTCL for communication. . They also prefer the company on the services provided, but few or no customers who prefer the Company because of the availability for family, friends and business issues.

**Table 4.11: Factor and % of variance and % of cumulative of each customer's attitude towards ZANTEL telecom companies in Tanzania**

	FACTORS		%OF VARIANCE	% OF CUMMULATI VE
	1	2		
<b>ZANTEL MARKETING POSITION</b>				
<b>Strength</b>			<b>57.63</b>	<b>57.63</b>
zantel varieties	.995			
zantel services	.944			
zantel communication	.884			
zantel friendly user	.724			
zantel delivery speed	.690			
zantel strong and stable	.689			
<b>end users</b>			<b>17.39%</b>	<b>75.02%</b>
zantel friendly user		.941		
zantel family use		.918		
zantel business user		.756		
zantel regular user		.747		
zantel special use		.544		

Zantel Company is positioned into two positions namely strength and end users. Strength comprise of varieties, services, communication, friendly user, delivery speed, strong and stable while that of end user comprise of family use, business use, regular use, special use.

**Table 4.12: Mean scores & standard deviation of each customer's attitude towards ZANTEL telecom companies in Tanzania**

Zantel marketing	mean	Level of importance	Std deviation
Zantel communication	3.20	Very low	.978
Zantel varieties	3.20	Very low	.878
Zantel services	3.20	Very low	.904
Zantel strong & stable	3.32	Very low	.829
Zantel delivery speed	3.27	Very low	.817
Zantel friendly user	3.23	Very low	.859
Zantel regular use	3.14	Very low	.905
Zantel soecail use	3.00	Very low	.778
Zantel family use	3.14	Very low	.824
Zantel business user	3.20	Very low	.795
Zantel friendly user	3.09	Very low	.936

*Source: Field data April, 2013*

The results above show the company of zantel having two factors which are end users and strength, the companies prefer using zantel because of communication speed, different varieties and services provided. Most of customers are using the company for communicating with friends and family members. Strength factor is having a cumulative percentage of 57.63% while that of end user factor is having a cumulative percentage of 75.02% thus the customers prefer factor two than factor one.

#### 4.4. Marketing mix.

Tables 4.13 shows the marketing mix of the five telecom companies in Tanzania. From each company the 4Ps were being extracted Product, price, place and promotion which were shown by mean, standard deviation and level of importance.

**Table 4.13: VODACOM category of marketing mix showing mean score, standard deviation, and level of importance**

VODACOM	Mean	Standard deviation	Level of importance
Vodacom services provided	4.56	.591	High
Vodacom network coverage	4.53	.621	High
Vodacom customer services	4.46	.664	Intermediate
Vodacom convenience to buy	4.36	.797	Intermediate
Vodacom advertisement	4.31	.738	Intermediate
Vodacom low value price	4.11	.909	Intermediate
Vodacom public relations	4.08	.922	Intermediate
Vodacom economic price	4.02	.991	Intermediate
Vodacom premium price	3.98	.977	Low
Vodacom sales promotions	3.97	.907	Low
Vodacom technical assistance	3.78	.926	Low
Vodacom personal selling	3.75	.957	Low
Vodacom direct marketing (internet, social media)	3.63	.1.147	Low

*Source: Field data April, 2013*

From the above table, the results show that Vodacom is providing good services, and good network to its areas of coverage. Services provide and network coverage are of high level of importance while with a mean of 4.56 and 4.53 while

customer services, convenience to buy, advertisement and value price with public relations are having an intermediate level of importance with a mean between 4.02 to 4.45. hence the results also show that the premium price of Vodacom and sales promotion, technical assistance, personal selling, and direct marketing are having low level of importance with a mean of between 3.63 to 3.98.

**Table 4.13: AIRTEL category of marketing mix showing mean score, standard deviation, and level of importance**

<b>AIRTEL</b>	<b>mean</b>	<b>Standard deviation</b>	<b>Level of importance</b>
AIRTEL services provided	4.29	.999	Intermediate
AIRETL network coverage	4.22	.976	Intermediate
AIRTEL convenience to buy	4.15	.1.029	Intermediate
	4.04	.948	Intermediate
AIRTEL customer services	3.94	.966	Low
AIRTEL advertisement	3.83	.966	Low
AIRTEL public relations	3.79	.1.059	Low
AIRTEL low value price	3.74	1.005	Low
AIRTEL technical assistance	3.70	1.021	Low
	3.70	1.098	Low
AIRTEL sales promotions	3.59	1.077	Low
AIRTEL economic price	3.55	1.057	Low
AIRTEL premium price	3.27	1.097	Very low
AIRTEL personal selling			
AIRTEL direct marketing (internet, social media)			

*Source: Field data April, 2013*

The results of the table above show that most of customers of AIRTEL use the company because of services provided and network coverage and because it is convenient to buy, and services provide. All these four factors are having an intermediate level of importance. The customers of AIRTEL seem not to be happy with other services because all other services are having low and very low level of importance

**Table 4.14: TIGO category of marketing mix showing mean score, standard deviation, and level of importance**

<b>TIGO</b>	<b>mean</b>	<b>Standard deviation</b>	<b>Level of importance</b>
TIGO services provided	3.34	.880	Low
TIGO convenience to buy	3.88	1.021	Low
TIGO network coverage	3.87	.943	Low
TIGO customer services	3.76	.982	Low
TIGO public relations	3.67	.1.013	Low
TIGO advertisement	3.64	.960	Low
TIGO low value price	3.50	1.029	Low
TIGO sales promotions	3.42	1.030	Very Low
TIGO economic price	3.35	.912	Very low
TIGO technical assistance	3.28	1.011	Very low
TIGO premium price	3.19	.975	Very low
TIGO personal selling	3.01	.966	Very low
TIGO direct marketing (internet, social media)			

*Source: Field data April, 2013*

From the table above, the results show that few customers use TIGO for communication. The level of importance is very low and low

**Table 4.15: ZANTEL category of marketing mix showing mean score, standard deviation, and level of importance**

ZANTEL	Mean	Standard deviation	Level of importance
Zantel advertisement	3.37	.990	Very low
Zantel convenient to buy	3.33	.919	very low
Zantel service provided	3.33	.944	Very low
Zantel sales promotion	3.23	.782	Very low
Zantel public relations	3.19	.906	Very low
Zantel customer services	3.16	.754	Very low
Zantel network coverage	3.12	.879	Very low
Zantel low value price	3.09	.610	Very low
Zantel economic price	3.07	.704	Very low
Zantel premium price	3.07	.828	Very low
Zantel technical assistance	3.07	.737	Very low
	3.02	.740	Very low
Zantel personal selling	3.00	.663	Very low
Zantel direct marketing			

*Source: Field data April, 2013*

The results above show there are few customers who use ZANTEL and all having very low level of importance. Few who prefer the company they prefer because of advertisements, convenience level, service provided, and sales promotions.

**Table 4.16: TTCL category of marketing mix showing mean score, standard deviation, and level of importance**

<b>TTCL</b>	<b>Mean</b>	<b>Standard deviation</b>	<b>Level of importance</b>
TTCL service provider	3.27	1.201	Very low
TTCL convenient to buy	3.22	1.064	Very low
TTCL sales promotion	3.20	1.096	Very low
TTCL network coverage	3.16	1.102	Very low
TTCL public relations	3.16	1.155	Very low
TTCL advertisement	3.12	1.089	Very low
TTCL premium price	3.12	1.125	Very low
TTCL direct marketing	3.04	1.049	Very low
TTCL customer price	3.02	1.029	Very low
TTCL low value price	3.02	1.029	Very low
TTCL personal selling	3.00	1.114	Very low
TTCL economic price	2.86	.971	Very low
TTCL technical assistance	2.86	1.114	Very low

The results of the table above on TTCL, it shows that all customers' level of importance is very low, customers do not prefer to use the telecom company but few who use it prefer it because of it providing services, convenient to buy, sales promotions network coverage



## **CHAPTER 5**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0. Introduction**

This chapter presents the discussion, conclusions, and recommendations arising out of the research findings in chapter four and suggests areas for further study. From the study, can be discussed the results of the research purposely with 1 general objective and 3 specific objectives: generally to cluster target marketing of telecommunication sector in Tanzania, specifically the study will make the customer segmentation based on the customers' perception toward the services provided by Telecom Company, to identify the factors influencing the decision towards using telecom companies, and finally to propose effective marketing strategies for telecommunication industry in Tanzania.

#### **5.1. Discussion**

The results of this research can be used both to make marketing recommendations to improve the service at telecom industry in Tanzania and communication policy recommendations to support domestic mobile services providers by suggesting a good strategy to use.

#### **5.2. Potential market segments**

The cluster analysis identified four market segments, i.e. four types of customers at telecom companies in Tanzania; fewer users, light users medium and heavy users. The first two segments show the less potential for service providers.

##### **5.2.1. Differences between market segments**

In this chapter the extracted market segments are described using their behavioural characteristics, which were also used in the cluster analysis. The

difference between segments according to socio-demographic and geographic characteristics, importance of the attributes concerning the mobile services on telecom companies variables,

The following are those variables, which differ significantly between segments such as personality, loyalty, and number line usage. Other variables differing significantly between market segments are lifestyle, race, and religion.

Heavy users are the working class customer group and most of company employees are found in this segment. They spend the highest amount of money for internet and other multimedia services. Similar to all other customer groups, the most important issue is the quality services of the product. Compared with other customer groups, to them the most important product attributes are low cost and the information provided about the entertainment

2.20% of light users use services less often than other customer groups and they usually once a week. For them product characteristics are not as important as to other customer group.

About 27.60 % of medium users use services several times a week compared to customers from other segments probably because customers in this segment are more likely to be working than those in other segments. Potential users consider the quality of the service more important than other customers and they are more satisfied with the quality than with other characteristics of the products.

0.20% of fewer users do not consider mobile services an important part of their daily life; they spend the least amount of money for the services compared to other customer segments. Almost half of all housewives who took part in the survey are in this segment. Costs are the most important product characteristics for this segment.

**Cluster one** gave out the name of the customers in the group to be **fewer users** with a percentage of 14.6% of market share. In this targeted group, ex users are more males than females, and most of them are married with a bachelor degree and above, ex users customers belong to the age of 36-45 years old and are company employees. This means the customers who do not have the meaning of using telecom are those who are busy in companies or industries. A number of them get an income of more than 650,000. According to the age mentioned the group is likely to be of middle class because the high the salary the high the living standard. In this group, ex users are Muslims, and from urban places, unlike other customers most Muslim prefers living in urban areas. Ex user despite having a positive attitude towards telecom using but they are lagged behind in the use of telecoms, apart from that it is seen that most of ex user are sports oriented, as seen already that most are men, this satisfy that they must be sports oriented as men are highly tuned to sports, nevertheless ex users are having a gregarious type of personality whereas their loyalty remain strong on telecom. Subscribers of this group have used telecoms for 5-10 years now and they only use one line for communication, behind the scene, they prefer TTCL company and its because of good services provided by the company. According to what the results predicts that most of ex users are company employees, thereafter they are being influenced by their bosses to join TTCL for communication, thus they use it for work purposes. Customers of this class give out that TTCL network is strong and mostly strong in Dar es Salaam. Moreover, ex users customers would like the government to reduce restrictions.

**Cluster two** gave the target group and was classified as **light users** with a percentage of 22.1% market share. In this cluster of potential users, most are men and are single. Potential users of telecoms are plotted to be secondary school leavers and of 26-35 years old, these customers are unemployed getting monthly money of 50,000Tshs and below. They live a living standard of upper class and are Christians by religion having a positive attitude towards telecom using. These customers tune their life styles to sports orientation, but also potential users are gregarious and share a medium loyalty stand. Potential users have been using telecom for more than ten years but since then they have been using only one line for

communication. Potential users prefer one line which is Vodacom because of low cost. Although these customers subscribe every day, they ask the industry to change on costs. These customers use Vodacom for entertainment and are mostly influenced by family to join the company, and they voice out that Vodacom is having strong network coverage; hence these customers are asking the government to reduce on government restrictions.

**Cluster three:** the group which belongs to cluster three was assigned a name by **medium users** with a percentage of 26.3% market share. Most customers of this targeted market are female, married and having an education level of bachelor and above, in this target group, the customers are having 26-35 years and are company employees who receive at least 250,000- 450,000Tshs who lives a normal life of upper class. First time users are Christians who lives in urban areas and have a strong loyalty of positive attitude toward telecom using. Females are always out of sports but to this study most females seems to be outdoor oriented and more ambitious. First time users have been plotted to be using the telecom in more than ten years and using only one line which is Vodacom where they choose it because of good services. They use this line of the company everyday for entertainments. First time users are being influenced by family members, they also claim that Vodacom is still the stable company in network coverage and mostly stable in Dar-es-salaam region. Hence the customers here would like the Government to reduce government restrictions.

**Cluster 4:** customers of this group are classified as **heavy users** having a percentage of 31.6% of market share. More customers from this group are men and are married with a bachelor degree and above. Regular users in telecom industry are ranging between, 36-45 whereas almost all regular user customers are company employees from urban areas with positive attitude and cultural oriented. It was found out that regular users of telecom are authoritarian, as read from above, the group has a lot of men so this shows how ambitious men are sweating for life. These customers are having a medium loyalty stand and they have been using this one line for more than ten years. All of regular customers prefer Vodacom Company because of good

services and this make them to subscribe/use every day. Moreover they need the industry to change on cost because mostly use the line for entertainment. Regular user do not complain on network coverage of the company because it is plotted to be strong than other companies. Dar es Salaam is stable region and these customers would like the government to adjust its restriction.

### **5.2.2. Target market**

The targeted age group of telecom industry was identified to be between 36 - 45 years that means mostly adults use telephone to communicate than teenagers and young stars. This is because most people of this age are farmers, employees and business men. Most people use telephone services from urban area. In Tanzania most activities are taking place in urban areas than in rural area, most business men live in urban for network coverage reasons, can it be a reason of that in other rural places there are few companies which have insufficient network coverage while others are poorly and less distributed with sufficient services, this being the reason of joining the company with full network coverage. The telecom industry, try to attract subscribers as their target markets as the result from x users, potentials, and regular users revealed that urban areas and semi urban areas is the preferred area for them to purchase for the telecom services. Moreover the development of rural areas should attract more farmers to purchase their products as they prefer sustainable networks.

In the same areas of occupation most people were employed, company employees, and earned a salary of 250,000-450,000Tshs and living upper class living standard. As summarized in the tables.

In addition to that, considering the users of telecoms in Tanzania, most of them were subscribing their mobiles everyday while they are customers to the company for more than 10 years. The results shows out that most of customers use more than two lines for different activities can it be a reason for business, family and friends usage. Customers plotted out that most of their loyalties stand between

medium and strong. The behaviour characteristics plotted out that most of customers who prefer VODACOM Company is because of innovation and good services while those of AIRTEL were because of low cost and good services. Some of customers using TTCL and ZANTEL are lagged behind because of poor innovations. The rank shows that VODACOM is the best company, followed by AIRTEL then TIGO and TTCL and ZANTEL.

Tables 4.17 – 4.19 shows the percentage distribution of few categories of each respondents in accordance to cluster distribution of four clusters.

**Table 5:1: summary of age and user Group of telecoms users in Tanzania**

NO: OF CLUSTERS	Age of respondents					User status of respondents					TOTAL
	18-25	26-35	36-45	46-55	56-65	Ex users	Potential user	First time user	Regular user	Lagged behind	
<b>1</b>	2.60%	0.00%	30.00%	58.40%	9.10%	1.00%	29.00%	4.30%	66.20%	0.00%	100.0%
<b>2</b>	22.30%	41.00%	24.50%	10.80%	1.40%	0.00%	20.00%	1.70%	77.00%	0.00%	100.0%
<b>3</b>	5.10%	49.60%	43.60%	1.70%	0.00%	0.00%	16.00%	60.0%	84.00%	0.00%	100.0%
<b>4</b>	0.00%	44.30%	52.70%	2.40%	1.00%	<b>0.20%</b>	<b>27.60%</b>	<b>2.20%</b>	<b>70.0%</b>	<b>0.00%</b>	100.0%
TOTAL	<b>7.80%</b>	<b>37.80%</b>	<b>39.20%</b>	<b>13.20%</b>	<b>2.00%</b>	<b>0.00%</b>	<b>64.00%</b>	<b>2.60%</b>	<b>3.40%</b>	<b>0.00%</b>	<b>100.0%</b>

*Source: Field data April, 2013*

**Table 5:2: Summary monthly income of respondents and density of telecom users in Tanzania**

NO: OF CLUSTERS	Monthly income of respondents					Density of respondents			Total
	Below tsh 50,000/=	Btw 50,000 &250,000/=	Btw 250,000 &450,000/=	Btw 450,000 & 650,000/=	Greater than 650,000	Rural	Semi urban	Urban	
<b>1</b>	0.00%	2.60%	42.90%	18.20%	36.40%	23.00%	21.00%	56.00%	100.0%
<b>2</b>	45.00%	43.90%	4.30%	7.20%	0.00%	34.00%	40.00%	27.00%	100.0%
<b>3</b>	10.30%	32.50%	35.90%	16.20%	5.10%	42.00%	52.10%	6.00%	100.0%
<b>4</b>	0.00%	6.00%	42.00%	52.10%	0.00%	10.10%	26.00%	64.10%	100.0%
<b>TOTAL</b>	<b>14.80%</b>	<b>22.20%</b>	<b>30.20%</b>	<b>26.00%</b>	<b>6.80%</b>	<b>26.20%</b>	<b>35.00%</b>	<b>38.80%</b>	100.0%

*Source: Field data April, 2013*



**Table 5:3: Summary of influential to decision and reason for usage of telecom users in Tanzania**

NO: OF CLUSTERS	INFLUENTIAL TO DECISION			Reasons for usage			TOTAL
	Family	Friend	boss	Work	Entertainment	business	
<b>1</b>	5.20%	0%	92.20%	52.00%	13.00%	35.10%	100.0%
<b>2</b>	52.00%	41.00%	16.00%	24.50%	68.30%	5.80%	100.0%
<b>3</b>	58.10%	20.00%	22.20%	4.30%	74.00%	22.20%	100.0%
<b>4</b>	60.00%	6.60%	34.00%	6.00%	57.00%	26.00%	100.0%
TOTAL	<b>49%</b>	<b>15.80%</b>	<b>35.40%</b>	<b>21.40%</b>	<b>57.20%</b>	<b>20.40%</b>	<b>100.0%</b>

*Source: Field data April, 2013*

### 5.2.3. Positioning market of telecoms

Telecom users in Tanzania are also grouped according to usage reasons and influential. The results shows that most of the customers prefer using because of the influences they get from their bosses, this shows that mostly used reason is for work. Most company employees are being initiated by their bosses to join or use a certain company for communication while on the other hand others use it for family purposes meaning they are being influenced by family members,. Customers also would like changes in cost and network coverage to be considered. As shown in the table 5:18

From the theory of consumer's buying behaviour by (Kotler 2003), it stated that consumer's buying also influences by social factors as the reference groups, family and social roles and statuses. These have supported the findings of telecom users found real information about telecoms, Most of them found information by, word of mouth as from their friends and relatives and staying with different telecom users. Therefore, the telecom industry should emphasize more on customers after sale services by making the present customer happy with their products.

From the literature review the factor which affects the decision of telecom is culture (Hofstede, 1991) showed that culture influences the services expectations of a consumer and consumer perceive products according to their attitudes and behaviours. In this case, a number of factors influenced the consumer to use telecoms including product, price, place and promotions.

Customers of telecom industry showed that they get influenced from product of the companies. The most preferred product by customers is the services provided by all companies. Customers showed that services were the highly influenced factor to them a mean of 4.56 and then they next get influenced by network coverage of the company by a mean of 4.53, then they are influenced by customer service with a mean of 4.46 and lastly by technical assistance.

The most important factor for price was low value price 4.11 mean and then getting another influence from economic price 4.02 mean lastly by premium price 3.98 mean. Therefore the results show that low value price was having the highest important factor. Part from that the most important place factor is convenient to buy 4.36 of mean. Customers prefer this service and they show to be influenced by the convenience. The level of importance is intermediate for product influence.

The most important promotion factor is advertisement with mean of 4.31, followed by public relations 4.08 of mean and sales promotion 3.97 of mean. Other promotions like personal selling having a mean of 3.75 and direct marketing 3.63 of mean are having the lowest level they don't influence customers to business the level of importance is low. Therefore the telecom companies should make sure that their customers understand about personal selling and direct marketing via internet and media, the results shoes that most customers prefer the advertisement and public relations than other promotions.

#### **5.2.4. Effective marketing strategies for telecommunication industry in Tanzania**

The telecom product is intangible so that consumers cannot experience it and try it before they decide to buy. Therefore the telecom industry will need to encourage their great target markets to purchase the products on the basis of an image and information. According to this study most of telecom companies, employed its advertising methods by internet and property shows. From the study of important level of marketing mix factors (4Ps) for telecom industry was suggested.

The results showed the level of important factor for telecom industry is product, place, promotion and price. This shows that customers are being affected most by the product services.

**Product:** services provided was the highest level of importance in this that influenced their customers in choosing telecom Company.

**Price:** the most influential factor with high level of importance to customers was low value price.

**Place:** the highest level of importance was convenience of the brand. They were influenced this being near to customers.

**Promotions:** highest level of influence is advertisement for customers of telecom industry.

Therefore the more marketers know about the factors affecting their customers buying behaviors, the greater the ability to design attractive product and service offering, to design and target meaningful market segments, and to develop marketing programs to fit the concerns and desires of those segments (walker 2005).

The strategic advantage of service providers is their good supply in terms of product range, network coverage and quality of the services. However, most of the customers are not satisfied with the price/quality ratio, customers of these companies showed they enjoy other services as speed and accessibility of network, some customers from urban areas also seemed not to enjoy with the Government restrictions as the TCRA law of ZANTEL not to operate mainland Tanzania since they enjoy the services of the company but due to restrictions.

Customer's opinions to the telecom companies, wish companies could increase their competitiveness by providing product differentiation based on product quality, as well as providing information on the new brand, origin and variety name, this would attract additional first time and ex users.

The high price sensitivity, reported by the majority of the customers, does not allow for price differentiation. However prices slightly higher could be achieved by ensuring uniform product quality and by providing new products.

On the whole, there is almost no market awareness by telecom companies. The best advertisement for mobile services, either selling at counter or using any other direct sale channel, is "word of mouth", i.e. the recommendation by

satisfied customers. This kind of advertising requires a constant supply quality, as well as trade ability and “friendly “customer relations. Ads posted in various media are relevant only for provider’s capital due to the cost/benefit ratio. The most appropriate sale promotion is the setting at the retail location.

### **5.3. Conclusions**

#### **5.3.1. Segment markets**

The target markets on telecoms in Tanzania are mostly male and the customers are married with an education level of bachelor degree and above. The customers of telecommunication in Tanzania fall to the age of 26 years to 45 years they are employed customers of companies and others Government officials. Their salary is at the average of 250,000/= Tshs to 450,000/=Tshs. The customers of telecoms in the country are living a working class and other middle class. The customers are living in semi urban and urban areas. Most of them have a positive attitude towards telecom. Targeted customers are those that have been using telecoms for more than ten years. They mostly use telecoms for entertainment and are influenced by family members to start using telecoms.

#### **5.3.2. Positioning markets**

The researcher collected 100 questionnaires from five regions and five companies which have its target market as user status, age, income level, and density distribution. From 500 telecom users, each 100 users are located at each one region MOROGORO, DAR-ES-SALAAM, IRINGA, KILIMANJARO and DODOMA regions. From the findings, VODACOM is the leading company in preference. Most customers prefer using this company, its services provided, low value price, convenience to customers, and advertisement are all the highest level of importance. The customers of VODACOM enjoy the services provide, communication is high with good and stable coverage, this company has never changed from company to company the results shows that’s it is more stable and strong company than other four companies in the country.

AIRTEL Company is the second best company in the country. The results show that customers prefer the company because of the communication services this shows that the network coverage also is stable to different places in the country. Most of customers in this company prefer to use AIRTEL for business purposes; the delivery speed of this company is also good which makes the business people to prefer it most. Due to network availability customers use it also fro friendly user to communicate with friends and relatives because the language is well understandable. The company is not stable because it has been changing from different ownerships. First was CELTEL, came to ZAIN and now ARITEL. It is also not preferred for special use like for army forces and Government issues.

Few customers prefer TIGO Company mainly because of poor services provided. A few of who uses this company prefer it because of communication purposes but they don't prefer its costs, network coverage and other uses, a few prefer it on friendly use. The company is not used for business issues and family issues.

Companies like TTCL and ZANTEL have few subscribers because of poor services, the prices are high, does not reach customers, poor promotions strategies and poor network coverage. From the findings, the results show that the only stable region is Dar es Salaam unlike other mentioned regions.

#### **5.4. Results of other report sources**

Figure 4.2 and table 4.20 are the results from different reports about telecommunication in Tanzania. They show the results in market share of the five companies in the country.

**figure: 5.1 mobile company market share as shown from different reports**

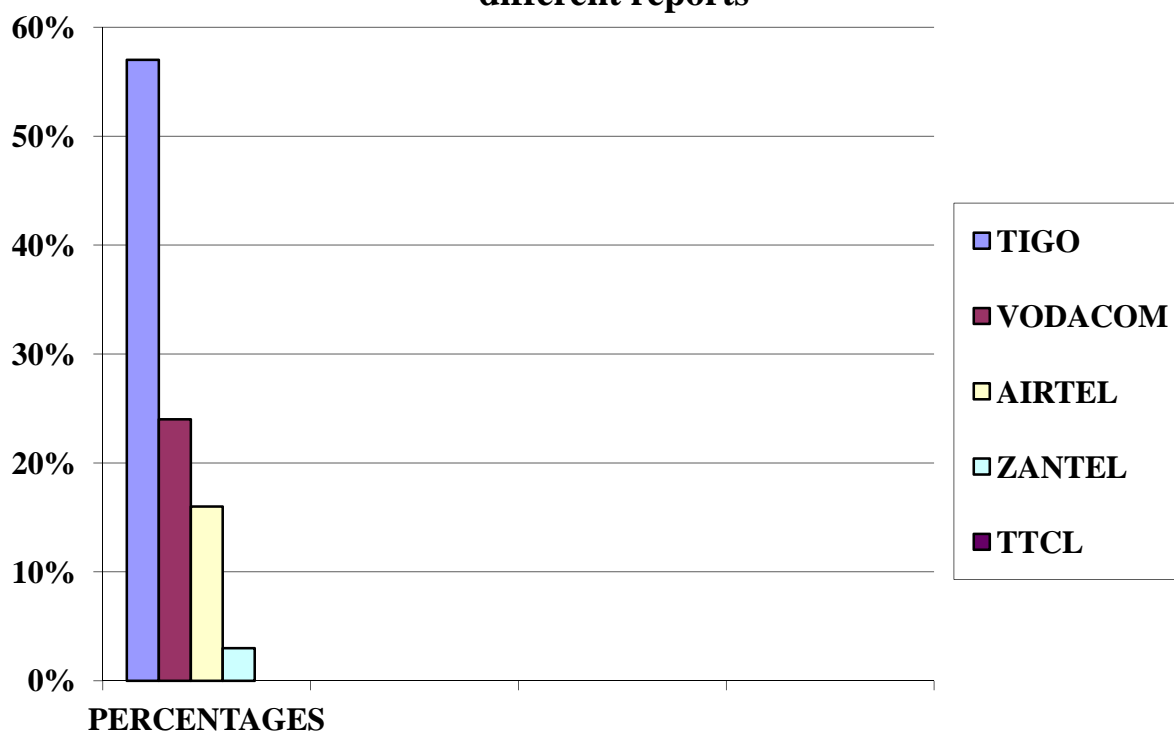


Figure 4:2 indicate that Tigo Tanzania is leading the national SMS operator's market share, well ahead of other telecommunication operators in the country. According to quarterly report of January – March 2012 issued by Tanzania Communication Regulatory Authority (TCRA), Tigo has 57% of the market share compared to other companies.

The report shows that Vodacom is the second company with 24% of the SMS market share and Airtel has 16%. Zantel is fourth, with 3% of the market share. TTCL, Benson and Sasatel they have 0.00% in the SMS market share in the country.

The report also shows that Vodacom Tanzania continues to lead the operator's subscriptions market share, having 12,633,507 subscribers which is equal to 47% ahead other companies.

The statistics shows that the second company is Airtel with 7,105,650 subscribers which is equal to 26% and Tigo with 5,497,833 subscribers which is equal to 20%. Zantel has 1,496,102 subscribers which is equal to 6%,

The state owned company TTCL has 128,919 subscribers, which is equal to 1%, Sasatel has 1,221 subscribers. Which is equal to 0.02% and Benson has 4,810 subscribers or 0.005% of the total market share see table: 4:17 below.

**Table: 5:4: Subscription Market Share**

Company Name	Subscribers	Percentages
VODACOM	12,633,507	47%
AIRTEL	7,105,650	26%
TIGO	5,497,833	20%
ZANTEL	1,496,102	6%
TTCL	128,919	1%

*Source: TCRA Report, 2011*

## 5.5. Recommendations

### 5.5.1. Recommendation of marketing strategies for telecom industry in Tanzania.

#### 5.5.2. Segment markets

As for the segment markets the researcher would like to recommend that the companies should consider the rural and remote areas and consider network coverage and costs of their services. Most people living in rural areas are old people and farmers and now that agriculture is the growing industry in the country, the companies should take it into consideration that those people who are also customers they need to be communicating for their daily lives. Also the companies should consider costs to different users. There are those customers who are still students in schools and their income is low and to those unemployed customers, this means they don't use telecoms mostly because of high costs and taxes. Tax payment is a burden to some Tanzanians who are living low standards life.



### **5.5.3. Positioning markets**

The researcher recommends that the companies should consider the position of each company and consider what their customers prefer and don't prefer. From the results most customers prefer services and communication services, the companies in this case should think of improving on others sectors like special use and friendly use. The researcher recommends that if companies can organize with different sectors like mining sectors and agricultural sectors and come in agreement with using their specific company for daily activities and a reduction of costs then this could increase their income and will help the companies shape on small mistakes that other out customers can be complaining for. These companies should consider each' position in market share and compete for customers under services and communication services provided.

### **5.5.4. Marketing strategies of each company**

VODACOM is the most preferred company from the findings, the researcher recommends that this company should keep its pace to be the leading company since it stable, has stable network coverage and services provided. Therefore the researcher also recommends to the company to consider the issue of costs, should be premium prices and economic prices, the promotions and technical assistances of this company are poor so the company should mostly consider on different promotions like advertisement, public relations and personal selling. This will make the company keep succeeding.

AITEL is the second best company preferred by customers from the findings. It has good services and network coverage is good also and is convenient to buy even in remote places. This company is poor in promotions like advertisement, public relations, sales promotion. Therefore the researcher recommends the company to check on those few factors and pull up to the top level. Direct marketing of AIRTEL is so poor in this case, can the company fix some ways to help customers be able to purchase online like other companies also. If the company fix this to the remote areas then the customers will be happy and ready to purchase anytime and anywhere.

TIGO is the following company with also poor customer focus. The researcher here recommends the company to focus most on customer's needs and reduce costs to meet customers' needs. The customers in this company they somehow prefer it for services and convenience to buy, also public relations and advertisement is preferred in this company, therefore the company should keep designing new advertisement techniques to acquire people's attention on purchasing to the company. The renovation of this company is poor and technical assistances. The company should plot strategies which can help customers technically.

ZANTEL is a telecom company operating mostly in Zanzibar and not mainland Tanzania. It just has three to four years before it started its operation in mainland Tanzania. Therefore this company is failing because of few customers and restrictions they get from the government. The researcher advises the company to consider its' customers and try it out with the Tanzania Communication Revenue Authority to be allowed in mainland Tanzania. It has few customers thus should renovate the company to be stable in mainland Tanzania.

TTCL is the very first landline and still operating as landline in the country. Since the evolution of new technology, it has faced a lot of competition in the telecommunication industry, new forces and new operations and liberalization which led it to lose. Now that TTCL is working again it has few customers, thus the researcher recommends the company to focus on customers' needs and renovate the company to operate everywhere even in rural areas, the customers of this company prefer it because of services provide at least. Therefore in general this company should focus on customers and gain advantage on customers then other varieties will follow.

In accordance to results of the study, the researcher would like to recommend suitable marketing strategy and guideline for telecom industry in Tanzania. The recommendations are presented in the regards of each of the four marketing mix factors as follows. more effort in satisfying all customers: Companies should place more emphasis in satisfying their customers aged 25 through 35, as they seem to be less happy in general and have higher expectations on the companies they solicit products and services from (an explosive combination). From our study, they

exhibited low levels of satisfaction and trust. Therefore, programs designed purposely to raise satisfaction and trust levels of these groups should be emphasised. These may include; lowering the prices, improving the networks, improving the customer care and working on loyalty programs.

1. **Product:** the telecom industry should target its marketing strategies targeting for fewer users by market segmentation as different groups of buyers have different needs, characteristics, or behavioral that might require different marketing mix. This will help the industry companies to build a good relationship with its customers and provide the right product to each target customer. The researcher suggested that the telecom industry companies could group its market by geographic segmentation as the result of the study found that fewer users come from rural areas and few from semi urban areas. The other effective way to segment the target group is by demographic segmentation. This divides the markets into groups based on variables such as age, gender, family size, income, education, and nationality etc. this will help the companies to understand its target market better and deliver more customer value. For example the respondents recommend that most farmers are accustomed to living in rural areas so they need vast and stable network coverage of different companies and also cheap prices.

Moreover, the telecom industry should differentiate and position itself as providing superior value. This will help the telecom industry to gain a competitive advantage over its competitors. The researcher suggests that the telecom industry should emphasize its position on quality and differentiate its product on sustainable development. The study found out that many telecom users are seeking quality and sustainable developments. For example the respondents commented that the telecom industry should take care and improve on services produced and innovations.

2. **Price:** the study found out that most respondents concentrates on value for money. Therefore the telecom industry should set up reasonable price of different services provided relying on the demand of target market and value-added services as the main factor. For example, the additional charges like customer care callings and additional services should not be overpriced.

The researcher also would like to recommend segmentation pricing strategy by location where the telecom industry can charge different prices for different services. This will help the industry increase profitability and accommodate the need of new telecom users. For example subscribing for SMS services to use for a whole week is better than subscribing for SMS use for 24 hours. However the telecom industry should not use a discount price for strategy like for general services and the setting price should be same for both companies.

3. **Place:** the study found out that most of respondents prefer to stay in urban areas and rural areas. Therefore these areas should be a good investment for Farmers, businessmen, and employees. As farmers are never permanent residents they keep moving from farm areas to their homes, telecom companies could consider installing stable networks even to rural and limited areas. The telecom industry could also consider the emphasis to companies on basic location factors such as the convenience of transport to get vouchers, the location of retailers near the communities, shopping mall and customer's working place to these specific groups.

4. **Promotion:** the telecom industry should decide how much to spend for promotion. The most popular approaches are to spend what the company can afford, to use a percentage of sales or to base promotion on competitors spending. Then the telecom industry can divide its budget to several powerful promotional tools, which are suitable for their project. The research showed that most of advertisements are done by organizing few groups of people to introduce to people new services and also by newspapers and magazines, and also they use property shows to communicate to the target market. But the study shows that most of telecom user found out about services provided from family and friends. Therefore telecom industry should emphasize more on maintaining their good reputation, creating customer loyalty, visible advertising or branding property at all times as many telecom users prefer to use the services all the time.

Moreover it should have effective services which can show the customers of different varieties of new services being produced, and the same time have the sales pitch to sell the products. Furthermore the researcher would like to

suggest that the telecom industry should concentrate more on public relations which can be more effective and economical. It can also reach many prospects who avoid salespeople and advertisements. For example respondents commented that there should be less billboard advertising and stop producing brochures with pretty pictures with less information.

## **5.6. Recommendations for the government and provinces**

Tanzania Regulatory Communications Authority should come up with a new evaluation criteria/ measure of mobile phone Company's performance that is based on trust, commitment, communication, reciprocity and satisfaction (based on relationship building with customers). These evaluation criteria will probe the relationships developed by the service providers and the customers. This will help in a way that service providers will compete for customers with a sole purpose of developing long lasting business relationships with them.

The government should develop and promote the good image of industry sector by conducting advertising and public relations campaigns to increase good consumer perception in Tanzania's image as a friendly and safe way of communicating.

The government should make a clear understanding of situation in Tanzania to all regions and give more confidence to the investor in purchasing and investing in mobile telecom industry.

The local government should increase the efficiency of infrastructure, expand the transportation capability throughout the country and increase supporting services for telecom users.

The government should educate local people about the importance of using Telecom, different foreign languages used by customer care, and increase their awareness of being good users.

## 5.7. Limitations and Future Research

The findings from this research leave many questions unanswered concerning the characteristics of the clusters and more importantly, the reasons why some people who have similar attitudes to telecom products are less willing to recommend this product to others.

This study did not, however, get to this critical question, but it hopefully highlights this issue and will give impetus for further investigations into this research area. There are a number of possible explanations, some of which have been mentioned in the discussion section, but until empirical work is completed they will remain as speculation.

A significant limitation is also the fact that this study investigated just five mobile telecom companies. The results, therefore, could be companies specific in terms of an emerging industry being linked to few people subscribed to the product. The overview of other markets presents evidence that the growth of a new telecom companies could be just as successful through marketing outside the companies under study

The current study outlines the importance of segments' In addition; the segmentation developed in this study may not apply to other areas which are at different stages of development in terms of their telecom industry. Additional efforts in other companies of the Tanzania and other countries would be useful to help determine some generalized results. However, it may also be found that each country is unique regarding development and the population of each area is different with respect to attitudes towards their local telecom industry. Nevertheless, some interesting aspects regarding the propensity to recommend and an analysis of the antecedents to recommend could be important outcomes.

Media source recommendations can also be critical and the findings in this study could also be important in understanding how recommendations from these sources get passed along and their impact on consumers. It may be the case that consumers are in fact passing along to others the information they receive in the media and if media comments are positive, then it is likely that consumers will pass this along as well.

## BIBLIOGRAPHY

- Agatz, N. A., Moritz Fleischmann, and Jo AEE van Nunen. (2008). "E-fulfillment and multi-channel distribution." *European Journal of Operational Research* 187.2: 339-356.
- Ajzen, I., & Fishbein, M. ( 1977). " Attitude-behavior relations." *A theoretical analysis and review of empirical research* 84(5)(Psychological bulletin): 888.
- Andreano, J. M., & Cahill, L. (2006). Glucocorticoid release and memory consolidation in men and women.
- Belk, R. W. (1975). "Situational variables and consumer behavior." *Journal of Consumer research*: 157-164.
- Berelson, B., & Steiner, G. A. (1964). "Human behavior: An inventory of scientific findings." *Harcourt, Brace & World*: 16-17.
- Bjorksten, M., Pohjola, O. P., & Kilkki, K. (2007). Applying user segmentation and estimating user value in techno-economic modeling. *Telecommunication Techno-Economics, CTTE, IEEE*: 1-6.
- Cahill, D. J. (1997). "Target marketing and segmentation: valid and useful tools for marketing." *Management Decision* 35(1): 10-13.
- Cahill, L. (2006). "Why Sex Matters for Neuroscience." *Nature Neuroscience Reviews* 7: 477-484.
- chambers, E. R. a. L., C.R. (2000). *marketing leadership in hospitality*. New Yoke United States of America.

- Chon, K. a. S., R. (2000). *welcome to hospitality*. New Yoke Delmar Thomson Learning.
- Collica, R. S. (2007). "CRERM segmentation and clustering using SAS enterprise miner". N. S. i. I. Cary.
- Dash, S., Bruning, E., & Guin, K. K. (2009). "A cross-cultural comparison of individualism's moderating effect on bonding and commitment in banking relationships." *Marketing Intelligence & Planning* 27(1): 146-169.
- David W.C, N. F. P. (2006). *strategic marketing*. Ney York, McGraw-Hill/Irwin.
- Dickson (1982). "person-situation: segmentation's." *journal of marketing* 4: 9..
- Dulling, D. W. T., S. schubert (2007). "cool new features in SAS enterprise Miner." 5.(3).
- Evans, M. R., & Chon, K. S. (). Formulating and Evaluating Tourism Policy Using Importance-Performance Analysis. *Journal of Hospitality & Tourism Research*, 13(3), . (1989). "Formulating and Evaluating Tourism Policy Using Importance-Performance Analysis." *Journal of Hospitality & Tourism Research* 13(3): 203-213.
- Farajian, P. (2003). "key lesson in telecommunication reform, economic and social commission for western Asia, western asia preparatory conference for the worlstd summit on the international society." 4,6.
- Fenwick, I., D. A. Schellinck, et al. (1983). "Assessing the Reliability of Psychographic Analyses." *Marketing Science Winter* 2: 57-73.
- Geraldine Fennell, G. M. A., Sha Yang, Yancy Edwards. (2003). "The Effectiveness of Demographic and Psychographic Variables for Explaining Brand and Product Category Use." *Quantitative marketing and economics* 1(2): 223-244.



- Goldacre, M. J., Watt, B., Loudon, N., Milne, L. J., Loudon, J. D., & Vessey, M. P. (1979). "Vaginal microbial flora in normal young women." *British medical journal* 1(6176): 1450.
- Green, P. E., & Carmone, F. J. Segment congruence analysis: . *Journal of Consumer Research*, 217-222. (1977). " Segment congruence analysis." *Journal of Consumer Research*(a method for analyzing association among alternative bases for market segmentation): 217-222.
- Gronroos, C. (2006). "from marketing mix to relationship marketing." *Management Decision* 32: 4-20.
- Haley, R. (1968). "Benefit Segmentation." *Journal of Marketing* 32(3): 30–35.
- Haley, R. I. (1968). "Benefit segmentation." *The Journal of Marketing*(a decision-oriented research tool): 30-35.
- Hampden-Turner, C., & Trompenaars, F. (1997). " Response to Geert Hofstede." *International Journal of Intercultural Relations* 21(1): 149-159.
- Harrison., A. C. B. a. M. C. (1979). "A Test of the Reliability of Psychographics." *Journal of Marketing Research* 16(1): 32-38.
- Hart, J. P., & Wring, S. A. (1997). " Recent developments in the design and application of screen-printed electrochemical sensors for biomedical, environmental and industrial analyses." *TRAC Trends in Analytical Chemistry* 16(2)(2): 89-103.
- Hawkins, D. I., Roger J. Best and Kenneth A. Coney (1983). *consumer behavior*. TX, business publications.
- Hofstede, G. H. (2001). *Culture's consequences*. Sage.

- Humphrey, J. G. i. g. v. c., , . (2001). Governance in global value chains. *IDS bulletin*. 32(3): 19-29.
- Hwang, H., Taesoo Jung, and Euiho Suh. (2004). "An LTV model and customer segmentation based on customer value." *Expert systems with applications* 26(2) : 181-188.
- Hwu, W. M., Keutzer, K., & Mattson, T. G. (2008). "The concurrency challenge." *IEEE 25(4)(Design & Test of Computers)*: 312-320.
- J., W. W. D. T. D. (1971). "Axtivities,Interests and Opinions." *Advertising Research* 4: 8.
- Jain, S. (2003). *international marketing management*. boston united states of america, PWS-KENT publishing company.
- Kahle, L., Sharron E. Beatty, Pamela Homer. (1986). "Alternative Measurement Approaches to Consumer Values." *Journal of Consumer Research* 13 (1): 405-409.
- Kasanga, E. I. K. (2005). Performance of telecommunications industry in the wake of liberalisation: the case of Tanzania Telecommunications Company Limited, University of Nottingham) MBA.
- keegan, W. a. G., M. (2000). *global marketing*. new jersey prentice hall Inc.
- Kotler, P., & Armstrong, G. (2003). *Fundamentos de marketing*. Pearson Education Limited. (2003). "fundamental of marketing."
- Kotler, P., Armstrong, G., Saunders, J., Wong, V., Miquel, S., Bigné, J. E., & Cámara, D. ( 2000). *Introducción al marketing*. Precinte Hall.

- Kotler, P., Brown, J., Makens, J., (2003). "Marketing for Hospitality and Tourism " *Prentice Hall. N.Y.*: 1.
- Kotler, P. K. K. (2006). "Marketing management" *prentice hall N.Y.*:12
- Kotler., A. (1997). "Advertising, personal selling and sales." *prentice hall N.Y.*:1
- Leichenko, R. M., & O'Brien, K. L. (2002). "The dynamics of rural vulnerability to global change." 7(1)( Mitigation and adaptation strategies for global change): 1-18.
- McDonald, M., & Dunbar, I. (2004). " Market segmentation: How to do it, how to profit from it." Butterworth-Heinemann.
- Molony, T. ((2007). "'I Don't Trust the Phone; It Always Lies'." *Information Technologies and International Development archive* 3( 4): 67-83.
- Nardi, B. A., Schiano, D. J., & Gumbrecht, M. (2004). *Blogging as social activity, or, would you let 900 million people read your diary.* ACM.
- Nasit, A. A. (2011). An empirical study on marketing strategy of telecom sector in Gujarat state. *Doctoral dissertation*, Saurashtra University.
- Noll, R., & Shirley, M. (2002). "Telecommunications reform in Sub-Saharan Africa." ( politics, institutions and performance).
- Noll. R. G., S., M. M., (2002). "Telecommunication Reforms in Sub- Saharan Africa: politics, insstitutes and performance."
- Okumus, F., & Roper, A. (1999). "A review of disparate approaches to strategy implementation in hospitality firms." *Journal of Hospitality & Tourism Research* 23(1): 21-39.

- Palmer, A. (2001). *principle of service marketing* Glasgrov, England, Mcgraw- Hill.
- Perreault, W. D., & McCarthy, E. J. (2002). *Princípios de marketing*. Rio de Janeiro, LTC.
- Plummer, J. T. (1974). "The Concept and Application of Life Style Segmentation." *Journal of Marketing* 38(1): 33-37.
- Ranganathan, C., DongBack Seo, and Yair Babad. (2006). "Switching behavior of mobile users: do users' relational investments and demographics matter?" *European Journal of Information Systems* 15 (3) : 269-276.
- Rowe, D. K., & Chisnall, B. L. (1995). " Effects of oxygen, temperature and light gradients on the vertical distribution of rainbow trout, *Oncorhynchus mykiss* in two North Island, New Zealand, lakes differing in trophic status New Zealand " *Journal of Marine and Freshwater Research* 29(3): 421-434.
- Sandell (1968). "Effects of Attitudinal and Situational Factors on reported choice behaviour." *journal of marketing research* 4: 3.
- Smith, W. R. (1956). "Product differentiation and market segmentation as alternative marketing strategies." *The Journal of Marketing* 21(1): 3-8.
- TCRA (2003). "Tanzanian Communication Revenue Authority."
- TCRA (2011). "TANZANIAN COMMUNICATION REVENUE AUTHORITY."
- TTCL (2001). "TANZANIAN TELECOMMUNICATION COMPANY LIMITEDD."
- Twedt, D. W. (1964). "How Important to Marketing Strategy Is the" Heavy User?." *The Journal of Marketing* 28(1): 71-72.

Uronen, M. (2008). "Market segmentation approaches in the mobile service business."

Victor J. Cook, J., William A. Mindak, (1984). ""A SEARCH FOR CONSTANTS:  
THE "HEAVY USER" REVISITED!" *Journal of Consumer Marketing* 1: 79 - 81.

W. Thomas Anderson, J. a. L. L. G. (1984). "Lifestyle and Psychographics." *a  
Critical Review and Recommendation* 11: 405-411.

Walker, J. (2005). "Service Encounter Satisfaction: Conceptualized " *journal of  
service marketing* 9: 14-15.

Wansink, B., Se-Bum Park, Steven Sonka, and Michelle Morganosky (2000). "How  
Soy Labeling Influences Preference and Taste." *International Food and  
Agribusiness Management Review* 3: 85-94.

Wind, Y. (1978). "Issues and advances in segmentation research." *Journal of  
marketing research* **15(3)**: 317-337.

Yee, N. (2006). "Motivations for play in online games." *CyberPsychology &  
Behavior* 9(6): 772-775.

ZANTEL (2012). "ZANTEL OPERATES MAINLAND TANZANIA."



Questionnaire: for consumers on telecommunication industry in Tanzania.

Questionnaires for marketing strategies base on marketing segmentation and consumer behavior of telecommunication industry in Tanzania

TOPIC: What are the main influences affecting the decision to subscribe or join a selected company of telecommunication in Tanzania.

I am doing research for my master degree thesis in “business Administration” (International program), faculty of management sciences, Prince of Songkla University, Hatyai Campus, Thailand. My thesis topic is “marketing strategies on telecommunications industry in Tanzania.”

I would very much appreciate your co-operation in completing this short questionnaire. The answers that you give will be used for academic purpose only and will be kept confidential. The entire process should take less than 15 minutes.

Thank you for your kind cooperation

Rhoda Daudi

Researcher

**Part 1:****Market Segmentation**

Instruction: Please check (Tick) in the ( ) which is your answer.

**a) demographic**

1. What is your Gender                      1. Male ( )                      2. female ( )

2. What is your Marital status

1. Single            ( )                      3. Widowed                      ( )

2. Married        ( )                      4. divorced /separated                      ( )

3. What is your Age (Please tick the age group you belong to)

1. Between 18-25 years old                      ( )

2. Between 26-35years old                      ( )

3. Between 36-45 years old                      ( )

4. Between 46-55 years old                      ( )

5. Between 56-65 years old                      ( )

6. Between More than 65 years old                      ( )

4. What is your education level

1. Below standard 7                      ( )

2. Secondary school                      ( )

3. Bachelor and above                      ( )

4. Any other .....                      ( )

5. What is your Occupation
1. Self employed
  2. Unemployed/retired
  3. Company employee
  4. Government employee
  5. Studying
6. What is your income per month?
1. Below 50,000 Tsh
  2. Between 50,000 and 250,000 Tsh
  3. Between 250,000 and 450,000 Tsh
  4. Between 450,000 and 650,000 Tsh
  5. Greater than 650,000 Tsh
7. What is your race
1. Black
  2. White
  3. Asian
  4. Hispanic
8. What is your nationality
1. Tanzania
  2. Kenyan
  3. Ugandan
  4. Other .....
9. What is your social class
1. Lower lowers
  2. Upper lower
  3. Working class
  4. Middle class
  5. Upper middles
  6. Lower uppers



10. What is your religion

- 1. Christian ( )
- 2. Muslim ( )
- 3. Hindu ( )
- 4. Jewish ( )
- 5. Other..... ( )

**b) Geographic**

11. Which region are you coming from?

- 1. Dodoma ( )
- 2. Iringa ( )
- 3. Dar es salaam ( )
- 4. Kilimanjaro ( )
- 5. Morogoro ( )

12. Which is your Density place?

- 1. Rural ( )
- 2. Semi urban ( )
- 3. Urban ( )

**c) Psychographic**

13. What is your attitude toward telecommunication industry?

- 1. Enthusiastic ( )
- 2. Positive ( )
- 3. Indifferent ( )
- 4. Negative ( )
- 5. Hostile ( )

14. What is your life style

- 1. Cultural-oriented ( )
- 2. Sports-oriented ( )
- 3. Outdoor-oriented ( )

15. What is your personality

- 1. Compulsiveness ( )
- 2. Gregarious ( )
- 3. Authoritarian ( )
- 4. Ambitious ( )
- 5. Other..... ( )

**d) Consumer behavior on telecommunication industry**

16. Where do your loyalties stand?

- 1. None ( )
- 2. Medium ( )
- 3. Strong ( )
- 4. Absolute ( )

17. How can you classify your user status?

- 1. Ex-user ( )
- 2. Potential user ( )
- 3. First-time user ( )
- 4. Regular user ( )

18. How long have you been a customer to this company?

- 1. Less than a month ( )
- 2. Less than 1 year ( )
- 3. 1 to 5 years ( )
- 4. 5 to 10 years ( )
- 5. More than 10 years ( )

19. How many Tanzanian lines do you use?

- 1. One
- 2. Two
- 3. Three
- 4. Four
- 5. Five

20. Which one do you prefer most?

- 1. VODACOM
- 2. AIRTEL
- 3. TTCL
- 4. TIGO
- 5. ZANTEL

21. Why do you prefer this company?

- 1. Low cost
- 2. Good services
- 3. Customer focus
- 4. Innovative
- 5. Other reasons (specify) .....

22. How do you classify yourself as usage rate

- 1. Ones a week
- 2. Ones a month
- 3. Few times a month
- 4. Every day

23. What changes would you like to have from the industry?

- 1. Costs
- 2. Network coverage
- 3. Services

24. Why do you use telecom?

1. Work
2. Entertainment
3. Business

25. When do you almost use the telecommunication?

1. In the morning
2. In the afternoon
3. In the evening
4. At night
5. All times

26. Who is the influence on your decision to use the telecommunication?

1. Family
2. Friend
3. Boss

27. How available is the network of the company you are using?

1. Weak
2. Very weak
3. Strong
4. Very strong

28. What climate affects your network coverage?

1. Rainy season
2. Winter
3. Spring
4. Summer

29. Which region do you think has stable network coverage of the telecom company?

1. Kilimanjaro ( )
2. Morogoro ( )
3. Dodom ( )
4. Iringa ( )
5. Dar es salaam ( )

30. What are the challenges you get in using the selected company

1. Government restriction ( )
2. Economic turbulences ( )
3. Cultural interferences ( )

### Part 3: marketing strategy

#### 1. Positioning

**Instruction:** Please select a company you are using and then fill in the table. The numbers represents the rating scales of the variables. 1=less effective and 5=more effective.

#### VODACOM

	Positioning statement	5	4	3	2	1
<b>A.</b>	<b>Product attribute</b>					
<b>1</b>	Communication					
<b>2</b>	Different varieties provided					
<b>3</b>	service					
<b>B</b>	<b>Benefit gain</b>					
<b>1</b>	Company's stability					
<b>2</b>	Delivery speed					
<b>3</b>	Friendly user					
<b>C</b>	<b>Usage rate</b>					
<b>1</b>	Always online					
<b>2</b>	Used for special occasions only					
<b>D</b>	<b>Classes of users</b>					
<b>1</b>	Used for family issues only					
<b>2</b>	Used for business issues					
<b>3</b>	Used for communicating with friends					

**AIRTEL**

	<b>Positioning statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A.</b>	<b>Product attribute</b>					
<b>1</b>	Communication					
<b>2</b>	Different varieties provided					
<b>3</b>	service					
<b>B</b>	<b>Benefit gain</b>					
<b>1</b>	Company's stability					
<b>2</b>	Delivery speed					
<b>3</b>	Friendly user					
<b>C</b>	<b>Usage rate</b>					
<b>1</b>	Always online					
<b>2</b>	Used for special occasions only					
<b>D</b>	<b>Classes of users</b>					
<b>1</b>	Used for family issues only					
<b>2</b>	Used for business issues					
<b>3</b>	Used for communicating with friends					

**TIGO**

	<b>Positioning statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A.</b>	<b>Product attribute</b>					
<b>1</b>	Communication					
<b>2</b>	Different varieties provided					
<b>3</b>	service					
<b>B</b>	<b>Benefit gain</b>					
<b>1</b>	Company's stability					
<b>2</b>	Delivery speed					
<b>3</b>	Friendly user					
<b>C</b>	<b>Usage rate</b>					
<b>1</b>	Always online					
<b>2</b>	Used for special occasions only					
<b>D</b>	<b>Classes of users</b>					
<b>1</b>	Used for family issues only					
<b>2</b>	Used for business issues					
<b>3</b>	Used for communicating with friends					



**TTCL**

	<b>Positioning statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A.</b>	<b>Product attribute</b>					
<b>1</b>	Communication					
<b>2</b>	Different varieties provided					
<b>3</b>	service					
<b>B</b>	<b>Benefit gain</b>					
<b>1</b>	Company's stability					
<b>2</b>	Delivery speed					
<b>3</b>	Friendly user					
<b>C</b>	<b>Usage rate</b>					
<b>1</b>	Always online					
<b>2</b>	Used for special occasions only					
<b>D</b>	<b>Classes of users</b>					
<b>1</b>	Used for family issues only					
<b>2</b>	Used for business issues					
<b>3</b>	Used for communicating with friends					

**ZANTEL**

	<b>Positioning statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A.</b>	<b>Product attribute</b>					
<b>1</b>	Communication					
<b>2</b>	Different varieties provided					
<b>3</b>	service					
<b>B</b>	<b>Benefit gain</b>					
<b>1</b>	Company's stability					
<b>2</b>	Delivery speed					
<b>3</b>	Friendly user					
<b>C</b>	<b>Usage rate</b>					
<b>1</b>	Always online					
<b>2</b>	Used for special occasions only					
<b>D</b>	<b>Classes of users</b>					
<b>1</b>	Used for family issues only					
<b>2</b>	Used for business issues					
<b>3</b>	Used for communicating with friends					

## 2. marketing mix

**Instruction:** Please fill in the table according to the company you are subscribed to or the most you use. The numbers represents the rating scales of the variables. 1=less effective and 5=more effective

### **VODACOM**

	<b>Marketing strategy</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A</b>	<b>product</b>					
1.	Quality of Service provided- how is it satisfied you?					
2	Stability of Network coverage-how does it need you to struggle looking for a good network area?					
3	Quality of Customer service provided- how is it satisfied you?					
4	Technical assistance being offered when a problem occurs-how is it satisfied you?					
<b>B</b>	<b>Price company with value</b>					
1	Premium price (the price that can be afforded by few rich only)-Do you prefer with it for the more valuable?					
2	Economic price (the price that is affordable) Do you prefer with it for the value?					
3	Low-value price (that everyone can afford) Do you prefer with it for more economy?					
<b>C</b>	<b>place</b>					
1	Convenient to buy- Is it so easy to reach and buy credit and other services?					
<b>3</b>	<b>promotion</b>					
1	Advertisement- Is it rich of adverts to call audience?					
2	Public relations- Is it having enough activities to reach customers ?					
3	Sales promotion- is it motivating people to select this brand? And is where you get needs?					
4	Personal selling- Is it motivating people to select this brand?(because it has different persons who sell credits or services that you can use)					
5	Direct marketing (i.e. internet, social media) - Is it motivating people to select this brand?					

**AIRTEL**

	<b>Marketing strategy</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A</b>	<b>product</b>					
1.	Quality of Service provided- how is it satisfied you?					
2	Stability of Network coverage-how does it need you to struggle looking for a good network area?					
3	Quality of Customer service provided- how is it satisfied you?					
4	Technical assistance being offered when a problem occurs- how is it satisfied you?					
<b>B</b>	<b>Price company with value</b>					
1	Premium price (the price that can be afforded by few rich only)-Do you prefer with it for the more valuable?					
2	Economic price (the price that is affordable) Do you prefer with it for the value?					
3	Low-value price (that everyone can afford) Do you prefer with it for more economy?					
<b>C</b>	<b>place</b>					
1	Convenient to buy- Is it so easy to reach and buy credit and other services?					
<b>3</b>	<b>promotion</b>					
1	Advertisement- Is it rich of adverts to call audience?					
2	Public relations- Is it having enough activities to reach customers ?					
3	Sales promotion- is it motivating people to select this brand? And is where you get needs?					
4	Personal selling- Is it motivating people to select this brand?(because it has different persons who sell credits or services that you can use)					
5	Direct marketing (i.e. internet, social media) - Is it motivating people to select this brand?					

**TTCL**

	<b>Marketing strategy</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A</b>	<b>product</b>					
1.	Quality of Service provided- how is it satisfied you?					
2	Stability of Network coverage-how does it need you to struggle looking for a good network area?					
3	Quality of Customer service provided- how is it satisfied you?					
4	Technical assistance being offered when a problem occurs- how is it satisfied you?					
<b>B</b>	<b>Price company with value</b>					
1	Premium price (the price that can be afforded by few rich only)-Do you prefer with it for the more valuable?					
2	Economic price (the price that is affordable) Do you prefer with it for the value?					
3	Low-value price (that everyone can afford) Do you prefer with it for more economy?					
<b>C</b>	<b>place</b>					
1	Convenient to buy- Is it so easy to reach and buy credit and other services?					
<b>3</b>	<b>promotion</b>					
1	Advertisement- Is it rich of adverts to call audience?					
2	Public relations- Is it having enough activities to reach customers ?					
3	Sales promotion- is it motivating people to select this brand? And is where you get needs?					
4	Personal selling- Is it motivating people to select this brand?(because it has different persons who sell credits or services that you can use)					
5	Direct marketing (i.e. internet, social media) - Is it motivating people to select this brand?					

**ZANTEL**

	<b>Marketing strategy</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A</b>	<b>product</b>					
1.	Quality of Service provided- how is it satisfied you?					
2	Stability of Network coverage-how does it need you to struggle looking for a good network area?					
3	Quality of Customer service provided- how is it satisfied you?					
4	Technical assistance being offered when a problem occurs- how is it satisfied you?					
<b>B</b>	<b>Price company with value</b>					
1	Premium price (the price that can be afforded by few rich only)-Do you prefer with it for the more valuable?					
2	Economic price (the price that is affordable) Do you prefer with it for the value?					
3	Low-value price (that everyone can afford) Do you prefer with it for more economy?					
<b>C</b>	<b>place</b>					
1	Convenient to buy- Is it so easy to reach and buy credit and other services?					
<b>3</b>	<b>promotion</b>					
1	Advertisement- Is it rich of adverts to call audience?					
2	Public relations- Is it having enough activities to reach customers?					
3	Sales promotion- is it motivating people to select this brand? And is where you get needs?					
4	Personal selling- Is it motivating people to select this brand?(because it has different persons who sell credits or services that you can use)					
5	Direct marketing (i.e. internet, social media) - Is it motivating people to select this brand?					

**TIGO**

	<b>Marketing strategy</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>A</b>	<b>product</b>					
1.	Quality of Service provided- how is it satisfied you?					
2	Stability of Network coverage-how does it need you to struggle looking for a good network area?					
3	Quality of Customer service provided- how is it satisfied you?					
4	Technical assistance being offered when a problem occurs- how is it satisfied you?					
<b>B</b>	<b>Price company with value</b>					
1	Premium price (the price that can be afforded by few rich only)-Do you prefer with it for the more valuable?					
2	Economic price (the price that is affordable) Do you prefer with it for the value?					
3	Low-value price (that everyone can afford) Do you prefer with it for more economy?					
<b>C</b>	<b>place</b>					
1	Convenient to buy- Is it so easy to reach and buy credit and other services?					
<b>3</b>	<b>promotion</b>					
1	Advertisement- Is it rich of adverts to call audience?					
2	Public relations- Is it having enough activities to reach customers ?					
3	Sales promotion- is it motivating people to select this brand? And is where you get needs?					
4	Personal selling- Is it motivating people to select this brand?(because it has different persons who sell credits or services that you can use)					
5	Direct marketing (i.e. internet, social media) - Is it motivating people to select this brand?					

**Part 5: Comments/ suggestions**

Instruction: Please write down in the space below.

31. Could you make a suggestion or recommendations to the Tanzanian Government regarding this issue, on how they can help or improve the current situation?

.....  
.....  
.....  
.....  
.....  
.....

---

---

**Thank you very much for completing this questionnaire.**  
**Your assistance is greatly appreciated.**