

Credibility of Sales Promotion Schemes of Cellular Telephone Companies in Pakistan

Muhammad Sajid^{1}, Mustaghis-ur-Rehman¹*

¹Department of Business Administration, Jinnah University for Women Karachi - 74600, Pakistan.

ABSTRACT

In this study it is tried to focus the consumer's perception about the promotional schemes, frequently announced by the Cellular Telephone Companies with the intention to increase subscriptions of their products and to evaluate the credibility of sales promotion schemes. The recent statistical report shows that about 94 million cell phones being used throughout the country. There are two types of subscribers; those who are fully aware of the hidden tricks behind the advertisement, and the majority of end users of Cellular phones who are not aware of the out of sight hidden charges and that what is being advertized about the benefit is not true. The objective of the study is to understand awareness level of consumers regarding Cell-phone Companies sales- promotional schemes, and to evaluate the consumers' satisfaction level towards those schemes offered by them. The careful analysis of the literature revealed that most of the schemes fall under the definition of false advertisement which is un-ethical. A structured questionnaire on five point likert scale is used as an analyzing tool. Sample size is 111. Inferential tests like correlation etc are applied on the collected data. The result of ANOVA for this hypothesis shows that F value (8.475) is greater than critical value (2.68) therefore Null hypothesis is rejected. It means satisfaction regarding sales promotion schemes has significant impact on subscriptions. Thus this study may catch attention of the Cell-phone Companies to develop rules and regulations based on business ethics, to protect consumers from cheating in sales-promotion activities.

INTRODUCTION

After the partition of Indo-Pak., there existed insufficient number of telephone lines i.e 14,000 only. At present, in addition to land lines, there is a facility of more than 94 million cellular phones being used throughout the country, which is indeed a significant increase in telecom sector. In fact, the cellular phones have provided easy handling and access to friends and relatives throughout the world reducing the time which PTCL service to take in connecting international calls.

In 1949, only five Telephone Exchanges were in

^{*}Corresponding author: muhammadsajid.m@gmail.com

operation in Karachi: the Central Exchange on Bolton Road, the Cantt Exchange, the Garden Exchange, the Trunk Exchange on McLeod Road (now I.I Chundrigar Road), and the Park Capital Exchange near old Sabzi Mandi at University Road, providing telephone facility from 1,100 to 1,200 subscribers only by each Exchange.

During 1980s, the government insightfully made heavy capital investment to develop its telephone sector, which resulted in the formation of existing Pakistan Telecommunication Corporation Limited (PTCL). Then in 1990s the government decided to introduce cellular mobile services which was a dramatic change in the telecom sector. During last

ten years the cellular phone industry has witnessed the major boom. Cellular phones, today, not only are being used by its end-users in urban areas but also in rural areas. Even servants working at homes and plumbers, electricians, students, irrespective of their income are benefiting from this facility. Due to ever-increasing demand of cellular phones many new companies entered into this industry and an atmosphere of computation has emerged. Due to this phenomenon every company endeavored to enhance its turnover. Like all other businesses, Cellular Telephone Companies are also using the sales promotional schemes, of course, for the sole purpose of generating ever-increasing revenue. Usually businesses adopt the schemes such as free samples, coupons, bundling, price down, prize promotion, premium or bonus pack etc. Cellular telephone companies, in some way or the other, are also using similar schemes. But in the presence of out of sight conditions usually these sales promotional schemes become doubtful and people seem unwilling to avail them. In this study it has been tried to focus the consumer's perception about these promotional schemes with their hidden tiny worded conditions. Although many researches are conducted on technology that mobile phones are using but so far no work has been done to understand the perception of users about sales promotional schemes of cellular mobile companies. Here an attempt has been made to understand whether consumers avail these offered schemes or have some reservations about them. For example, they offer a free benefit, which is usually mentioned, in the advertisement, in very large font but the real (hidden) conditions, on an un-noticed place, are usually mentioned in tiny-worded font which is not visible or cannot be read by the common consumers.

Background

Marketing is essential for introducing and promoting the products and services. Companies allocate a substantial amount of their earnings for marketing and for advertising their products. Due to throat cut competition some time companies exceed ethical

limits in their promotional schemes. For example they offer a free benefit, which is usually mentioned in very large font but the real conditions, on an un-noticed place, usually mentioned in a much smaller font in the advertisement. The visits of customers care centers, of five famous cellular companies, located at university road Karachi, was carried out to collect publicity material in order to comprehend the contents of the advertisement and to find out as to why the actual conditions are written in tiny fonts.. The content analysis revealed the fact that almost every scheme has some hidden conditions. For example the scheme offered by one of the famous company is as follows:

Offer	Conditions (mentioned in very small font usually unnoticed)
Use the SIM which has not been used for long time and get 1000 free minutes, 10000 free SMS and returned ticket of Dubai and Thai Land	1- Free minutes can be utilized on net only 2- For returned ticked recharge of Rs.300 is compulsory

Cellular telephone companies often offer different promotional schemes for example free minutes or SMS on recharge, gifts etc, but many people now believe that these schemes are complicated and many hidden conditions attached with them. The details of different tools of sales promotion are as under (Vishal and Rajai, 2010)

I. Coupons: Coupons are being used in packaged goods since 1895. A coupon containing prize or reduction in price is kept inside carton or package and finder of coupon present it to the concerned Service Centre and get benefit which is mentioned on the coupon. Cellular companies use electronic coupons. They send it to customer through SMS and on showing this message to certain vendor the customer can get offered product either free or with some conditions for example pay the price of small burger and after showing message he will get the big one.

II. Price-off: Usually prices reduced and “sale” announces for a fixed period of time. The consumer may get product or service on discounted price during this period.

III. Freebies: Here free gifts are given to customers usually on any occasion. Cellular companies offer free SMS or free minutes on occasion but these both can be used within limited time period.

IV. Bundling: Offers In this scheme bundles of more than one product are offered. It means if buyer intend to purchase one thing he/she has to buy it along with some other products.

Consumer Preferences: To select an option among a number of options by the consumers’ preference, in order to satisfy their needs or desires, is principally has the greatest estimated value. Consumer’s preferences signify the choices among impartial or available valued options. The Consumer’s preference is the result of his/her behavior which is shown during purchasing searching, or disposing of the products (Rajpurohit and Vasita2011).

Problem Statement

Cellular telephone related products are the biggest product line in the telecommunication industry in Pakistan. The expansion of this sub industry has also promoted the innovative marketing strategies. However, these innovators also have introduced some ambiguous jargons and terms which are commonly taken as hidden charges by the customers. In some cases due to these hidden charges customers feel cheated which may have negative effect on the sales of the cellular telephone related products. Hence there is a need to find real perception of the customer of the products. If the problem is not solved customer will lose their trust on these sales promotional schemes and the goodwill of the companies will also be damaged.

Research Objectives

The objectives of this research are:

- To find out the level of awareness cell-phone consumers about sales promotional schemes of mobile phone companies.
- To determine the attributes that consumers prefer in the selection of a particular mobile phone package for them.
- To evaluate the satisfaction level of consumers towards a variety of promotional schemes of mobile phone companies.

Scope of the study

Thematic Focus: It will be focused in this research that how the users of cellular telephone react on sales promotional schemes offered by the cellular telephone companies.

Geographic Focus: Due to limited time the study will be limited to Nazimabad and Gulshan-e-Iqbal areas of Karachi.

Limitations

Time constraint: Because this study will be completed in a semester so detailed research is not possible and sample size will be limited to 50 respondents.

Review of the Related Literature

The following references are used for the literature review: Usually promotion is used for informing others, pursuing them or reminds the people about goods or services (Evan and Berman 2005). Users choose one of the package offered by cellular company to satisfy his/her need and pay charges for it as price. Kotler and Armstrong (2010) have defined the price as the amount taken for a product for obtaining benefit or using the product or service of a selected company. But the question arises whether

the claim in the package is true in its sense or not, because customers pay amount for their satisfaction. Many researchers like Hermann et al. (2007); Kukar-Kinney, Xia and Monroe, (2007); Martin-Consuegra, Molina and Esteban, (2007) are in the opinion that price is said to be fair if customer feel that he/she got a reasonable benefit against the consideration. A satisfied customers is a spontaneous source of publicity because if the customer is satisfied (s)he not even use him/herself the product also convenience the others. Every individual is an end-user of different products in daily life. In fact, the backbone of business is number of users of a product for sale, to their best satisfaction. It is well said that if there is no consumer, there is no business. Therefore, for every trader of businessmen satisfaction of his customer or consumer is significantly an important element. The level of consumer's satisfaction, after purchase of a product usually depends on its worth to his/her expectations. According to Philip Kotler (2008) observation of consumer's satisfaction as a feeling of person's stress or dissatisfaction resulting from product's obvious performance or outcome in relation to his or her expectations. The outcome level of a person's feelings is known as consumer's satisfaction that is actually based on his/her expectation comparing performance of the product with its price. Thus this can be presumed that the consumer's satisfaction level is a function that indicates difference between product's perceived performance and consumer's expectations. It can be assumed that if the product's performance exceeds the expectations of its end-users, it means that the customer is well satisfied or delighted or it can also be assumed that if the performance of the product matches with the expectations of its customer, it means that the customer is satisfied. As opposed to the consumers satisfaction if the product's performance falls short of consumer's expectations then he will discard that product. The feeling of customer's satisfaction or dissatisfaction is judged by comparing the product's performance with his or her expectations. The quality of the product, after sales service, delivery of product, past experiences, communications, and references are the factors for understanding the consumers

satisfaction It is the responsibility of the management to frequently review consumer's taste in order to correctly comprehend the perceptions that matches with the consumer expectations. The expected level of consumer satisfaction cannot be reached without correct interpretation of all these factors. The consumer's satisfaction has been defined by many researchers, in their own words e.g. Customer satisfaction is based on the actual evaluation of product's performance by customer himself (Gustafsson, at el. 2005). Customer satisfaction can be measured through the difference of anticipation of a customer about goods or services obtained by him/her and its real performance (Tse and Wilton, 1988). In competitive perspective customer's satisfaction is considered as an asset. (Hennig-Thurau and Klee, 1997). To develop a strong relationship with customers, and to create high degree of satisfaction, the capability of a service provider is crucial to assess the difference. Customer's satisfaction is not only helpful in building a brand image but also it helps in maintaining a good and profitable relationship with the customers (Eshghi at el. 2007).

In the short run it seems an expensive venture to make customers satisfied by actually it proves a profitable campaign in long run (Anderson, at el. 2004). That's why a firm should always think about maintaining customer satisfaction through providing quality products and services and by charging fair price (Gustafsson, at el. 2005). Usually services, brand offers and the price being charged by the company or service provider is actually determined by the level of customers' satisfaction (Turel et al. 2006). Customer's satisfaction is also based on price, according to Kotler and Armstrong (2010) money taken for a product or service is a price, the customer pay price for usage of goods or services. Keeping in view the customer satisfaction, the literature review shows researchers' inclination towards price fairness, (Hermann et al., 2007). The fairness of price means consumers' assessments about the product whether it is reasonably acceptable / justifiable or not! (Xia et al., 2004). It is natural phenomenon that fair price

is always the outcome of customer satisfaction and reliability. Customer accept the price only if he/she is satisfied with it and also has a trust on it (Martin-Consuegra, et al., 2007). Another study conducted by Herrmann et al., (2007), on customer satisfaction concluded that price perceptions has direct influence on customer satisfaction while indirectly it influences through his opinion about price fairness. Going through the research works of many researchers, it is apparent that customer's satisfaction can affect post-purchase behavior e.g. re-purchasing of a product. (Gremler et al. 2001,). However, according to Anderson (1998) if customers are not satisfied then they may not recommend their friends to purchase the product of that company. That is why customer's satisfaction and word-of-mouth have a relationship known as U-shaped relationship. It is but natural that if a customer does not have high level of satisfaction from a company's product, then apparently he/she will share his/her service experience to other people and will not recommend them to buy that company's product. Similarly, the perceived performance, according to Santos and Boote (2003) of a product or service should always be above the desired expectations of its customers, otherwise, its affect will be in negative, and there will be no compliment or a recommendation.

Cellular companies use many promotional strategies one of them is to offer coupon. According to Jayasingh and Eze (2009) Coupons provide opportunities to consumers to get promoted products at discounted prices. Blattberg and Neslin, (1990) as quoted by Dang and Koshy (2004) classify sales promotional schemes as price promotions and non price promotions.

Price Promotions

Price-off: In this strategy a discount is offered on normal selling price.

Coupon Offers: It provides an opportunity to the holder in reduction in price on purchase of product
Rebate Offers: At the time of purchase some cash

returned back from the manufacturer

Non-price Promotions

Extra product: It is a scheme where extra quantity of the product is given without an increase in normal retail price

Premium Offers: An additional product as gift is offered to the buyer.

Contest: A easy typed question is asked and buyers are encouraged to give its answer to win a gift.
Sweepstake: Consumers participate through sending their name, copy of NIC or by sending a form duly filled to win a large prize based on chance. After careful observation it reveals that most of the schemes fall under the definition of false advertisement. According to Christensen (2003) any type of advertising that deceives consumer is a false advertising. Even advertising that probably misunderstood by consumers is a false advertising. In false advertising consumer confident that he is somehow profiting from a purchase. He may believe he is receiving a good deal, getting discount, or getting a product that will perform in a specific manner. In fact, it is the advertiser who winning the gain through false advertising. Any possible advantage to the consumer is usually impossible. Undesirable practice can be preventing by:

- Full disclosure
- Substantiation
- Corrective advertising and
- Fines

The advertiser should disclose all facts clearly in promotion message; the advertiser should bound to provide evidence about his announced claim. If scheme proved deceptive immediately it should be stopped and make clear and correct. Corrective advertising requires a new ad. This should compensate the old one. And at the end if any one fel into loss the advertiser must be penalized to prevent such practice further (Evans & Berman 2005)

False claims in promotional campaign are discouraged in civilized societies and state make endeavor to formulate legislation for consumers protection. Quester at el.(2004) discussed consumer protection and said that countries made legislation to protect consumer from misleading and unfair marketing practices.

Research Question

The research question is: Do the users of cellular phone have positive perception about the packages offered by the companies?

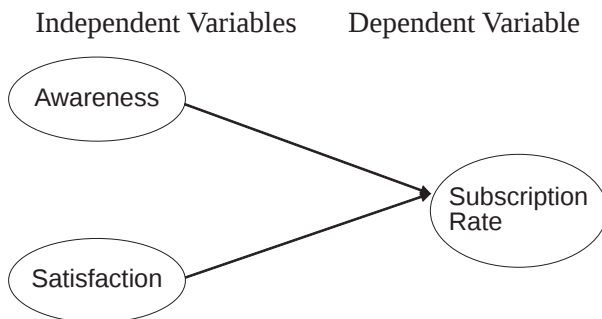


Figure 1. Conceptual Framework

There are three variables i.e. subscription rate (dependent variable) and awareness, and satisfaction (independent variables).

Hypothesis: Following hypotheses are selected for the study.

H0: Awareness regarding sales promotional schemes have no impact on subscription.

H1: Higher the awareness regarding sales promotional schemes of cellular companies lesser the subscription rate.

H0: There is no relationship between satisfaction and subscription.

H2: Satisfaction regarding promotional scheme increases the subscribers.

Theoretical Framework: A working Paper written

by Preeta H Vyas (2005) on the topic of measuring consumer preferences for sales promotion schemes through Conjoint design in FMCG Sector has been published by Indian Institute of Management Ahmed Abad is used as model paper.

Research Design

Publicity material is collected from customer services centre of five famous cellular companies located at university road Karachi and content analysis shows the following results:

	Company "M"	Company "T"	Company "U"	Company "W"	Company "Z"
Bulk Messaging	√	√			
SMS Packages (at Low rate)	√	√	√	√	√
Free Minutes	√	√	√	√	√
Free SMS	√		√	√	√
International call at low rate	√	√			
Ring tones free down load	√	√	√	√	√

SMS packages offered at low rate, free minutes, free SMS and free ring tones downloading are common offers. So only these four offers will be treated as sales promotion schemes for the purpose of this research.

RESEARCH METHODOLOGY

This study, entitled "Credibility of Sales Promotion Schemes of Cellular Telephone Companies in Pakistan" is a quantitative in nature. A survey will be conducted and primary data will be collected through closed ended questionnaire on convenience base while review of related literature, extensive visits of websites, referencing of books and Journals will be made for collection of secondary data.

Nature and type of study

This research is descriptive in nature. The researcher will describe how users respond sales promotions schemes of mobile phone companies.

Table I. Correlations

		Awareness	Satisfaction	Subscription Rate
Awareness	Pearson Correlation	1	-.023	-.063
	Sig. (2-tailed)		.810	.514
	N	111	111	111
Satisfaction	Pearson Correlation	-.023	1	.364**
	Sig. (2-tailed)	.810		.000
	N	111	111	111
Subscription Rate	Pearson Correlation	-.063	.364**	1
	Sig. (2-tailed)	.514	.000	
	N	111	111	111

Table II. Regression (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.368 ^a	.136	.120	.53033

a. Predictors: (Constant), Satisfaction, Awareness

Table III. ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.767	2	2.384	8.475	.000 ^a
Residual	30.375	108	.281		
Total	35.142	110			

a. Predictors: (Constant), Satisfaction, Awareness

b. Dependent Variable: Subscription Rate

Table IV. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	T	
1	(Constant)	2.402	.557		4.309	.000
	Awareness	-.084	.138	-.054	-.607	.545
	Satisfaction	.323	.080	.363	4.057	.000

a. Dependent Variable: Subscription Rate

Table V. ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.767	13	.213	.638	.817
Within Groups	32.375	97	.334		
Total	35.142	110			

Sample Size and sampling technique: For the purpose of this study the students of third semester of BS program of two universities are selected one from public sector and another from private sector. Convenient base sampling is done. A structured questionnaire on five point likert scale is used as instrument. Sample size is 111. Inferential tests like correlation etc is applied on obtained data.

Data Analysis and Presentation

Some questions were framed in negative statement and some in positive statement, first all those questions which are designed in negative form converted into positive statements by using 6 - n technique; "n" represent the selected option.

Because the focus of the study was to know the impact of awareness and satisfaction about sales promotion schemes on subscription therefore statistical calculations are not applied on demographic part of the questionnaire

RESULTS

Awareness: The impact of awareness on subscription is evaluated through eight different questions on agreement scale (5 for strongly agree, 4 agree, 3 neutral, 2 disagree and 1 for strongly disagree). As table 4.1 shows that awareness have no impact on subscription. ANOVA was also run (Table 4.5) Since F Value(.638) is less than critical value (1.83), Null hypothesis is accepted. It means awareness have no impact on subscription.

Satisfaction: As table 4.4 shows that satisfaction play a significant role in enhancing subscription. The result of ANOVA for this hypothesis shows that F value (8.475) is greater than critical value (2.68) therefore Null hypothesis is rejected and. It means satisfaction regarding sales promotion schemes has significant impact on subscription.

CONCLUSION

In Pakistani context there is a lack of knowledge about views of consumers regarding sales promotion schemes and about their preferences. Beside this usually companies ignore the principle of ethic or full disclosure of facts. Sometime terms and conditions are too much and in very fine fonts and consumer normally ignore them and likely to fall into loss. This study may catch attention to develop rules regulation to protect consumer from cheating in a promotion intensive environment in Pakistan.

LIMITATION AND FUTURE AREA OF RESEARCH

This study was carried on in selected classes of two universities of Karachi the results need to be considering this scenario in mind. In future the research can be carried on in other cities of the country as well as on attributes which constitutes satisfaction.

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