USING E-COMMUNICATION IN THE MOBILE TELECOMMUNICATIONS INDUSTRY

D. Veerasamy*

Abstract

This article examines how e-communication is used in the mobile telecommunications industry and the impact it has on relationship marketing. The use of new electronic media such as the Internet, e-mail, websites, cellular technology, blogs and social networking sites for communication purposes is called e-communication. Relationship marketing is about creating and maintaining long-lasting, profitable relationships with customers. E-communication makes it possible for the organisation to personalise their interactions with their customers which is one of the major benefits of relationship marketing. Allowing an organisation to identify their most important customers, aids in recognising the lifetime value of these individual customers. The aim of this pilot study was to examine the way in which e-communication is being utilised in the mobile telecommunications industry and evaluate how it can lead to creating and maintaining satisfied customers over the long term. This research was descriptive, cross-sectional and quantitative in nature. Since this study is a precursor to a full study, only 20 respondents participated. The majority of the respondents were mobile phone users for 6-10 years. 85% of the respondents indicated that their service provider uses e-communication while 15% indicated that they do not use it. There were majority positive responses regarding trust, commitment and loyalty.

Keywords: E-Communication, Relationship Marketing, Mobile Telecommunications

* *Durban University of Technology, South Africa*

1 Introduction

Since 1994, the mobile telecommunications industry in South Africa has grown into a vast, exceedingly lucrative business. Vodacom and MTN were the first two cell phone network providers who were given a license to operate in the country in 1994. Cell C, the third cell phone network provider entered the South African market in 2001. This industry has grown at an exceptional rate and was given another boost when Telkom with its 8ta ICT provider joined the industry in 2013.

The fundamental aim of relationship marketing is to build and maintain a base of committed customers who are profitable for the organisation. E-communication refers to the use of new electronic media such as the Internet, e-mail, websites, cellular technology, blogs and social networking sites for communication purposes.

This enables marketers to identify understand, remember and respond to individual customers faster and at a lower cost.

Whilst research has been done on relationship marketing, there is no substantial study on how e-communications can influence relationship marketing in the mobile telecommunications industry. Therefore, it was the intention of this pilot study to assess the way in which e-communication is being employed in the mobile telecommunications industry and evaluate how it influences relationship marketing.

2 Literature review

Telecommunications is one of the fastest growing sectors of the South African economy because of the extreme growth in the use of mobile telephones and broadband connectivity. South Africa has a network that is 99.9% digital and includes the latest in fixed-line, wireless and satellite communication. This makes South Africa the most developed telecoms network in Africa (South Africa's telecommunications 2012). According to South Africa. info (2012), mobile phone use by adults in South Africa has increased from 17% to 76% in 2010. Currently, more South Africans use mobile phones rather than radio, television or personal computers. Mobile penetration in South Africa is estimated at more than 10%, one of the highest rates in the world. MTN, Vodacom, Cell C, Telkom Mobile and 8ta are the licensed mobile operators in South Africa. These mobile operators provide telephony to over 39 million subscribers or 80% of the population. South Africa is the fourth fastest growing mobile communications market in the world ((IEEE Communications Society 2011).

The speed at which the use of mobile phones is changing, together with the Internet, provides a huge platform for online communication and the use of technology. Of South African adults, 62% with an average per capita income of less than R5 a day personally own, rent or have the use of a mobile phone. Of the middle phone users, 8,5 million are capable of accessing e-mail on their phones, and 9,5 million are able to browse on their phones (du Plessis, Strydom and Jooste 2012).Organisations now have a great opportunity to use e-communications to customise their exchanges with their customers. They can also identify their regular customers and have strategies in place to maintain these profitable relationships into the future.

Harwood, Garry and Broderick (2008) explain that both the organisation and their customers benefit from relationship marketing. The organisation enjoys increased profits, an advantage over their competition and loyal customers. Customers benefit through reduced risk and reduced uncertainty since the organisation is aware of and satisfies their specific needs and wants. The difference between relationship marketing (RM) and traditional marketing is that RM focuses on developing relationships with customers and maintaining them over the long term. Traditional marketing is about acquiring new customers for once off business. Therefore, relationship marketing focuses on improving relationships with their customers rather than merely on securing new customers. It is based on the concept that customers will prefer having a relationship with one organisation instead of continually switching between different service providers to satisfy their needs and wants. The main aim of relationship marketing can therefore be viewed as creating and maintaining relationships with committed customers who are profitable for the organisation to serve (du Plessis, et al 2012).

Berndt and Tait (2012) view relationship marketing as enabling the management of relationships between the business and its customers. According to Baron, Conway and Warnaby (2010), relationship marketing considers retaining as well as attracting customers as very important since it leads to the development of long-term relationships with those customers. Palmer (2011) classifies relationship marketing into three broad approaches: it is used as a sales promotion tool at a tactical level; at a strategic level, relationship marketing has been seen as a process by which suppliers seek to ‘tie-in’ customers through legal, economic, technological, geographical and time bonds and at a philosophical level, relationship marketing goes to the heart of the marketing philosophy as it refocuses the marketing strategy away from products and their life cycles and towards customer-relationship life cycles. Baron, et al (2010) see the building of a relationship based on four key elements: chances for friendship, the ability to inspire and attract potential customers into a relationship, skills and knowledge about the way in which relationships are helped to develop and grow and skills that help to repair and maintain relationships. A relationship implies interaction and can be seen as providing reciprocal support to help define the degree and type of relationship.

The most important enabler of customer relationship development has been the declining cost, increasing performance and, now, growing relevance of technology. Most notable for marketing is the ability technology provides companies to identify, understand, remember and respond to individual customers, engaging each for mutual benefit (Gordon 2013). du Plessis, Bothma, Jordaan and van Heerden (2008) define e-communications as using the Internet, mobile phones, interactive television and other electronic media in marketing communication campaigns.

According to Gordon (2013), technology can serve multiple customer relationship roles within a company and between a company and its customers, including the following: external communications, internal communications, computing and content. External communications can help organisations to facilitate two way interaction between customers and the company, provide prompt and/ or informed communication, open new communications channels with customers that can provide them with additional benefits and communicate more efficiently and effectively with customers.

The Internet allows organisations to communicate, advertise, promote the organisation, do online sales, deliver digital products, facilitates electronic payments, supply information to and support their customers. E-mail is a powerful, fast and cheap way in which to communicate with customers. Koekemoer (2011) explains that email marketing can be a very valuable communication tool. It assists in marketing the organisation and its offerings, to broadcast special offers and other important information and to support relationships with existing customers and potential customers. According to du Plessis, van Heerden and Cook (2010), a common purpose for all websites is marketing communications. Customers often visit a site to learn more about the organisation and its products and/or services, even if the organisation has a different objective in mind such as transacting sales or providing customer support. Websites should therefore provide a clear overview of the organisation and its offerings. It needs to be well designed, interactive, regularly updated and easy to navigate. Gordon (2013) states that mobile technologies typically have a number of characteristics in common: providing users immediate access to the technologies; permitting users to initiate contact with whomever they want, whenever they want; having intelligence resident in the local communications terminal to augment and enrich communications; having multiple input options including voice, photography and typing which facilitates a deeper and more personal interaction with each individual user. Social networking sites are applications that allow users to connect by creating personal information profiles, inviting friends and colleagues to have access to these profiles, and sending e-mails and instant messages between each other. Any type of information such as photos, videos, audio files and blogs can be included in a personal profile (du Plessis, et al 2012).

3 Methodology

This pilot study was descriptive, cross-sectional and quantitative in nature. It was conducted with 20 respondents from Durban, KwaZulu-Natal in South Africa. 20 individual mobile phone users were selected to participate in this pilot study. This gave the researcher a chance to establish if the chosen methods would work for a larger study, assist in refining the questions if necessary and anticipate other challenges. Based on the results of the pilot study, no changes were made to the final questionnaire. Non-probability sampling was used. Individual mobile phone users were chosen using convenience sampling. This is most appropriate since the individual mobile phone users are in the best position to provide the information required for this pilot study. Self-administered questionnaires were given to 20 individual mobile phone users. The questionnaire items were adapted from different sources. Biographical data will be obtained using nominal scaling. Attitudes and opinions will be measured using interval scaling, specifically the 5-point Likert scale.

4 Results

Table 1. Biographical Information

Characteristic	Percentage
Age	
18 – 25	10
26 – 35	15
36 – 45	35
46 - 55	30
56 – 65	10
Over 65	0
Gender	
Male	35
Female	65
Race	
Black	5
White	0
Asian	90
Colored	5
Other	0
Marital status	
Married	65
Single	25
Divorced	10
Widowed	0
Home Language	
English	95
Afrikaans	0
Zulu	5
Other	0
Residence	
Suburb	75
City	25
Township	0
Village	0
Rural	0
Highest Educational Level	
Below matric	10
Matric	15
Diploma/Degree	50
Honours/BTech	5
Masters	20
PhD	0
Other	0
Gross salary per month	
Under R5000	15
R5000 – R9999	10
R10000 – R14999	10
R15000 – R19999	20
R20000 – R24999	10
R25000 – R29999	15
R30000 – R39999	20
R40000 and more	0
Reason for having a cellphone	
Personal	75
Business	25
Both	0
Contract or prepaid	
Contract	65
Prepaid	35

As reflected in Table 1, the majority of the respondents (35%) were in the age group 36 - 45, 30% were in the age group 46 - 55, 15% were 26 - 35 years old. For the age groups 18 - 25 and 56 - 65 it was 10%. There were no respondents over 65 years. With regards to gender, there were 65% females and 35% males. The majority of the respondents were Asian (90%), Blacks and Coloreds were 5% each. 65% of the respondents were married, 25%were single and 10% were divorced. When asked about their home language, 95% of the respondents indicated that they are English speaking and 5% Zulu speaking. 75% of the respondents reside in a suburb while 25% reside in the city. The majority of the respondents (50%) have a degree/diploma. 20% have Masters, 15% have matric and 5% have Honours as their highest qualification. 10% indicated below matric. When asked about their gross salary per month, 40% of the respondents earn between R5000 – R19999 and 45% earn between R20000 – R39999. 15% earn under R5000 per month. 75% of the respondents have a mobile phone for personal reasons while 25% have it for business. The majority of the respondents (65%) have a mobile phone contract while 35% are on prepaid.

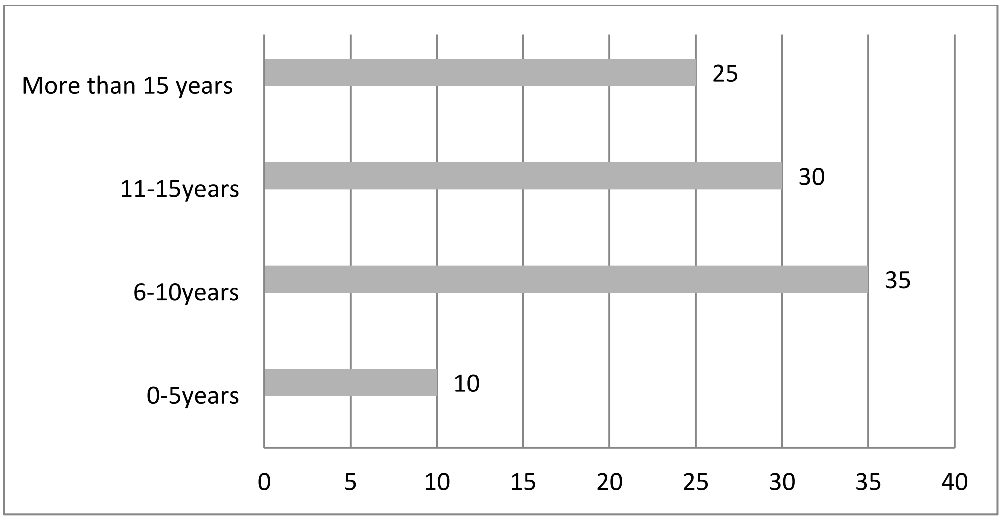

Figure 1. Number of years of being a mobile phone user

Figure 1 indicates that 35% of the respondents were mobile phone users for 6-10 years, 30% were users for 11-15 years, 25% were users for more than 15 years and only 10% were users for 0-5 years.

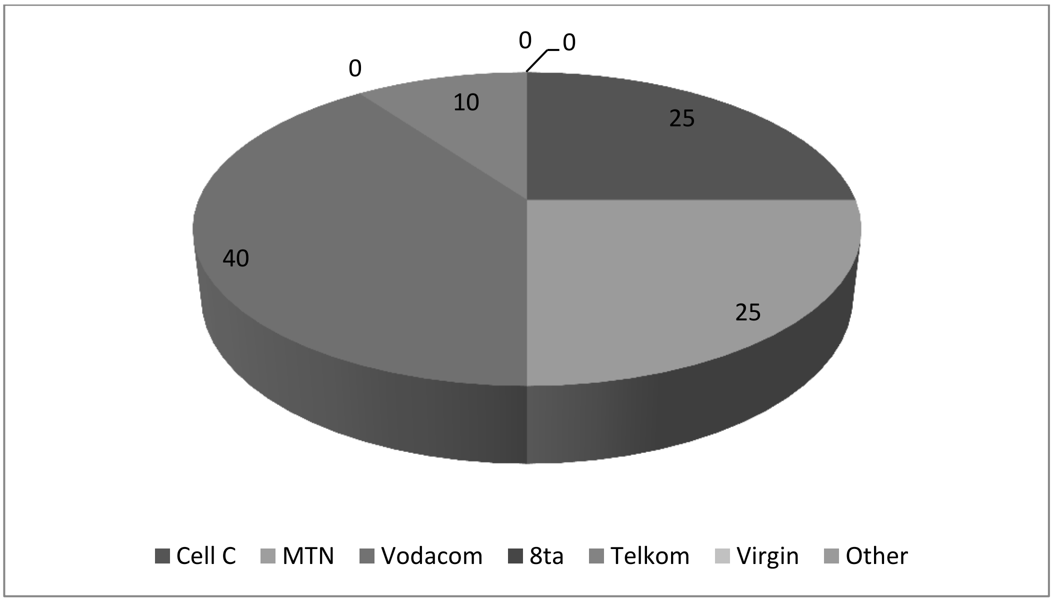

Figure 2. Choice of service provider

The majority of the respondents (40%) are with Vodacom, followed by 25% each with MTN and Cell C as per Figure 2. Only 10% of the respondents are with Telkom Mobile.

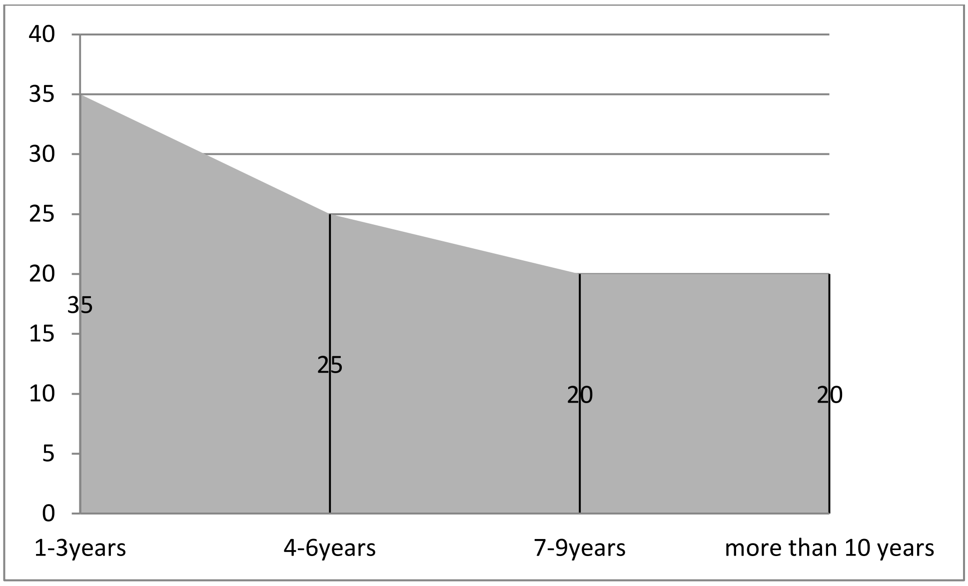

Figure 3. Number of years with same service provider

When asked about how long they were with the same service provider, 35% of the respondents indicated 1-3 years, 25% indicated 4-6 years, 20% indicated 7-9 years and 20% indicated more than 10 years as shown in Figure 3. This finding implies that the majority of the respondents were satisfied with their service provider since they have remained with them for 4 years and more.

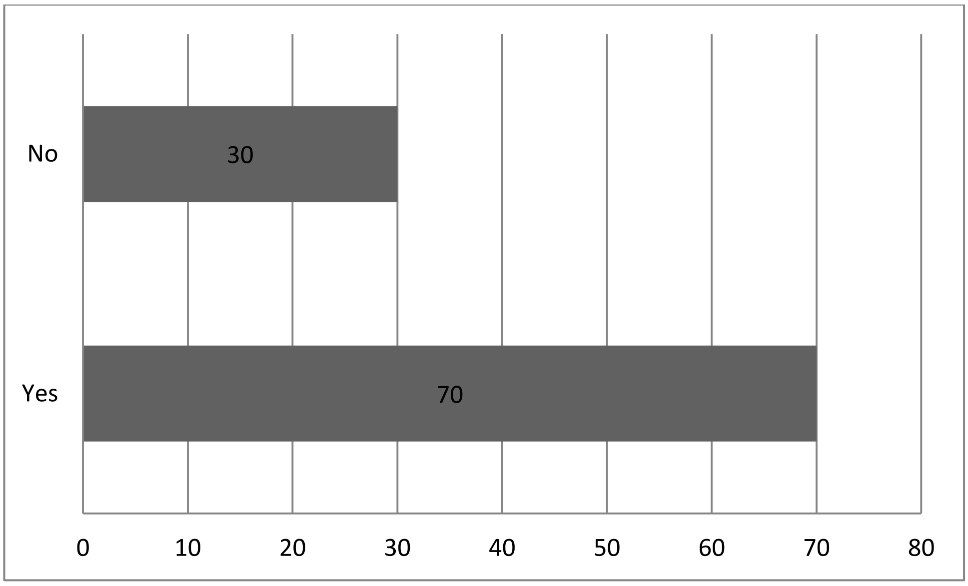

Figure 4. Changing of service provider

70% of the respondents indicated that they changed their service provider while 30% did not change their service provider as shown in Figure 4. Some of the reasons for this change are indicated in the figure below.

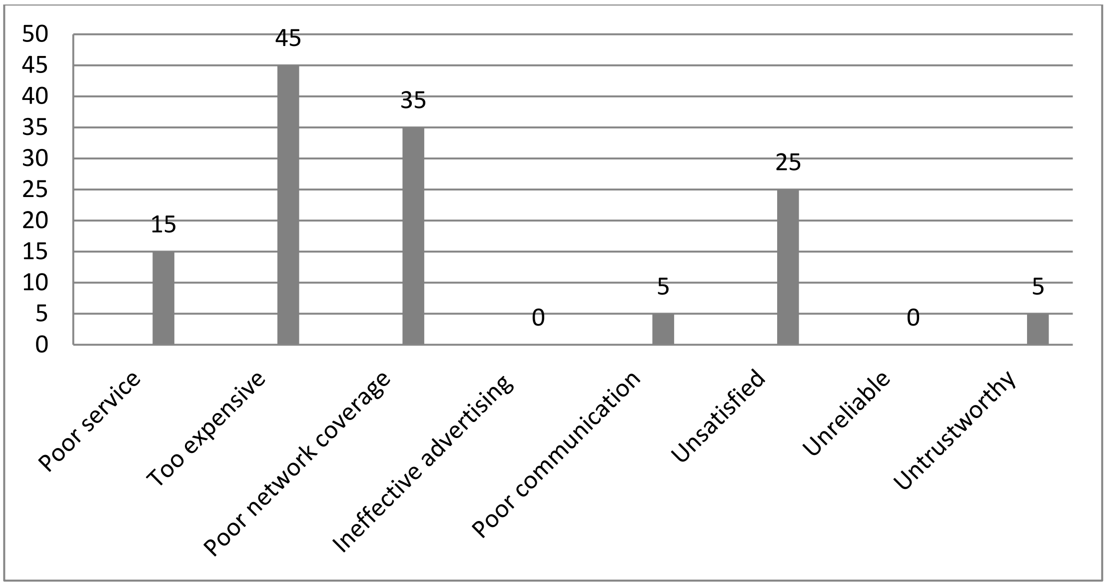

Figure 5. Reasons for changing service provider

Figure 5 indicates the reasons respondents gave for changing service provider. The majority (45%) said it was too expensive, 35% cited poor network coverage, 25% were unsatisfied, 15% cited poor service whilst poor communication and untrustworthiness was 5% each.

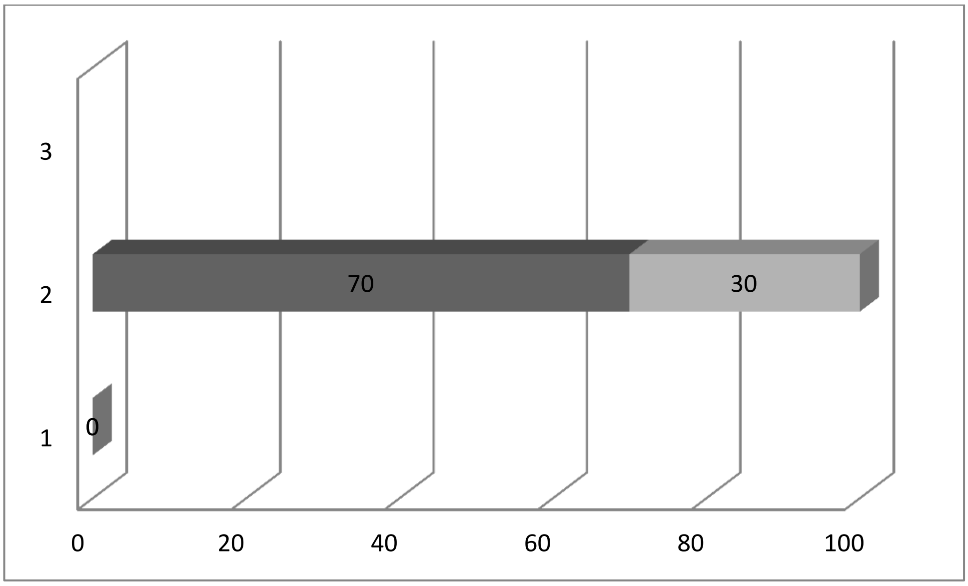

Figure 6. Smartphone ownership

With regards to smartphone ownership, Figure 6 shows that 70% of the respondents said that they own a smartphone while 30% do not own a smartphone.

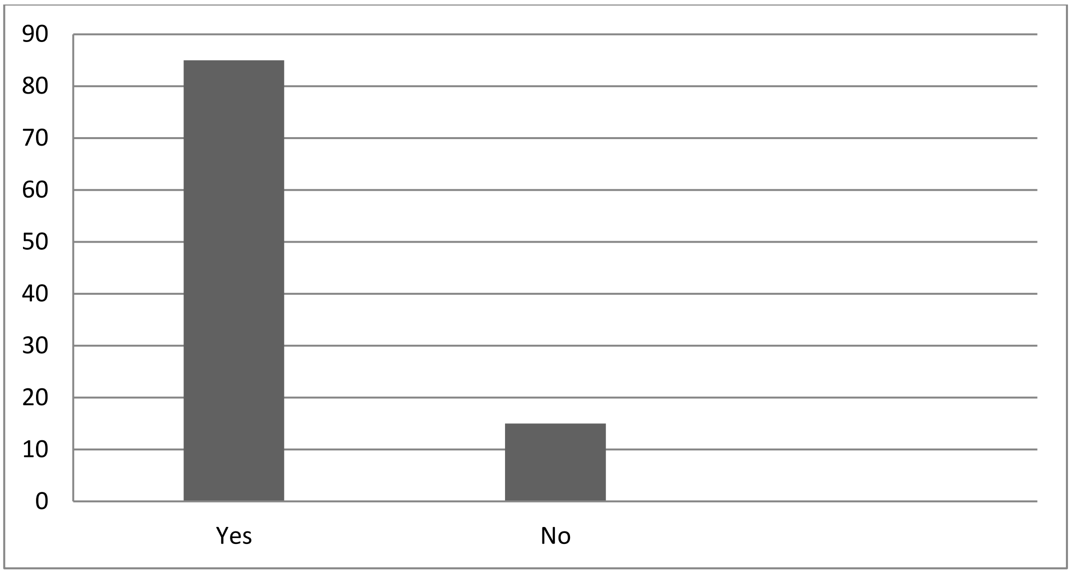

Figure 7. Use of e-communication by service providers

85% of the respondents indicated that their service provider uses e-communication while 15% indicated that they do not use it as shown in Figure 7.

Table 2. Multiple response for how service providers use e-communication

		n	Percentage
	SMS	16	24%
	MMS	13	19%
	E-mail	4	6%
	Blogs	12	18%
	Internet	1	1%
	Website	11	16%
	Social Networking Sites (SNSs)	7	10%
	All of the above	3	4%
Total		67	98%

When asked how their service providers use e-communication, the majority of the respondents (24%) indicated via sms, followed by 19% via mms, 18% said they used blogs, 16% indicated websites, 10% cited SNSs, and 6% said e-mail while 4% indicated that their service provider used all the methods mentioned as indicated by Table 2.

Table 3. Items of Trust

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
My service provider's employees are professional and dedicated to customers	0	0	2	10	1	5	14	70	3	15	20	100
My service provider responds caringly when I share my problems	0	0	2	10	2	10	13	65	3	15	20	100
My service provider is always honest with me	0	0	2	10	4	20	12	6	2	10	20	100
I feel that I can trust my service provider	0	0	1	5	4	20	13	65	2	10	20	100

Respondents were asked whether their service provider's employees are professional and dedicated to customers – 85% agreed with the statement, 5% were neutral, while 10% disagreed. When asked whether their service provider responds caringly when they share their problems, 80% of the respondents agreed, 10% were neutral and 10% disagreed. The next question asked whether the service provider is always honest and the majority of the respondents (70%) agreed with this statement while 20% were neutral and 10% disagreed.75% of the respondents agreed that they felt that they can trust their service provider, 20% remained neutral while 5% disagreed with this statement as shown in Table 3.

Table 4. Items of Commitment

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
My service provider ensures that promises are kept	0	0	2	10	5	25	10	50	3	15	20	100
My service provider treats all information shared by customers confidentially	1	5	1	5	5	25	9	45	4	20	20	100
My service provider’s employees provide efficient customer care/service	0	0	3	15	2	10	12	60	3	15	20	100
My service provider has proper mechanisms in place for recovery	0	0	2	10	6	30	9	45	3	15	20	100

Table 4 indicates that when asked whether their service provider ensures that promises are kept.65% agreed with this statement, 25% were neutral and 10% disagreed. The majority of the respondents (65%) agreed that their service provider treats all information shared with them confidentially while 25% were neutral and 10% disagreed. When asked whether the service provider’s employees provide efficient customer care/service, the majority (75%) agreed, 10% remained neutral, while 15% disagreed. 60% of the respondents agreed that their service provider has proper mechanisms in place for recovery, 30% were neutral while 10% disagreed.

Table 5. Items of Loyalty

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total	
	n	%	n	%	n	%	n	%	n	%	n	%
I intend to continue using this service provider for a long time	0	0	1	5	6	30	7	35	6	30	20	100
If I want an additional service, I am willing to continue selecting this service provider	1	5	1	5	6	30	7	35	5	25	20	100
Even if another service provider’s price is lower; I will go on using this provider	0	0	6	30	2	10	7	35	5	25	20	100
I am willing to say positive things about this service provider to other people	0	0	3	15	2	10	9	45	6	30	20	100
I will encourage friends and relatives to use this service provider	0	0	3	15	4	20	7	35	6	30	20	100
To me, this service provider is clearly able to provide the best service	1	5	3	15	3	15	7	35	6	30	20	100
This service provider offers very attractive and exciting promotions	0	0	2	10	6	30	8	40	4	20	20	100
The promotional offers from this service provider were worth the money	0	0	3	15	5	25	8	40	4	20	20	100
It was easy to get benefits from the promotional offers	0	0	1	5	6	30	8	40	5	25	20	100
I wish to always participate in the promotions offered by this service provider	0	0	4	20	5	25	6	30	5	25	20	100

When asked if they intend to continue using this service provider for a long time, more than half of the respondents (65%) agreed, while 30% remained neutral and 5% disagreed with this statement. 60% of the respondents agreed that if they want an additional service, they are willing to continue selecting this service provider, 30% were neutral and 10% disagreed. When asked the question even if another service provider's price is lower; I will go on using this provider, 60% of respondents agreed, 10% were neutral and 30% disagreed. 75% of the respondents agreed that they are willing to say positive things about this service provider to other people while 10% were neutral and 15% disagreed with this statement. 65% of the respondents agreed with the statement I will encourage friends and relatives to use this service provider, while 15% disagreed and 20% remained neutral. The majority of the respondents (65%) agreed with the statement, to me this service provider is clearly able to provide the best service and 15% were neutral and 20% disagreed. This service provider offers very attractive and exciting promotions received a positive response from 60% of the respondents while 10% disagreed and 30% remained neutral. More than half of the respondents (60%) agreed with the statement that the promotional offers from this service provider were worth the money, 15% disagreed while 25% remained neutral. The statement that it was easy to get benefits from the promotional offers was received positively by 65% of the respondents, 5% did not agree with this statement and 30% were neutral. 55% agreed with the statement I wish to always participate in the promotions offered by this service provider while 20% disagreed and 25% were neutral as indicated in Table 5.

4 Conclusions

The findings of the pilot study revealed that the majority of the respondents were in the age category 36-45 years and more females than males participated. Most respondents have a mobile for personal reasons and smartphone ownership is high. Findings also revealed that there were a high percentage of respondents (70%) who had changed their service provider. Some of the reasons for this were high cost, poor network coverage and poor communication. Another finding was that e-communication is being widely used by service providers, and this creates an opportunity for them to create and maintain relationships with their current and potential customers. However, the findings also revealed that e-mail, internet and SNSs as a means of e-communication is being underutilised. Findings in terms of the items of trust, commitment and loyalty were positive.

References:

1 Baron, S., Conway, T., & Warnaby, G. (2010) *Relationship Marketing: A Consumer Experience Approach.* Los Angeles: Sage.
2 Berndt, A., & Tait, M. (2012). *Relationship Marketing and Customer Relationship Management.* 2nd Ed. Cape Town: Juta.
3 Brink, A., & Berndt, A. (2008). *Relationship Marketing and Customer Relationship Management.* Lansdowne: Juta
4 du Plessis, P.J., Strydom, J.W. & Jooste, C.J. (2012). *Marketing Management*. 6th Ed. Cape Town: Juta
5 du Plessis, F., van Heerden, N. & Cook, G. (2010). *Integrated Marketing Communication*. 3rd Ed. Pretoria: Van Schaik Publishers
6 du Plessis, F., Bothma, N., Jordaan, Y. & van Heerden, N. (2008). *Integrated Marketing Communication*. 2nd Ed. Hatfield: Van Schaik Publishers.
7 Gordon, I.H. (2013). *Managing the New Customer Relationship – Strategies to engage the social customer and build lasting value.* Ontario: Wiley.
8 Harwood, T., Garry, T., & Broderick, A. (2008). *Relationship Marketing Perspectives, Dimensions and Contexts.* London: McGraw Hill.
9 IEEE Communications Society (2011) http://host.comsoc.org/sistersocieties/south_africa/operators.html (Accessed 6 June 2014).
10 Koekemoer, L. (2011) *Introduction to Integrated Marketing Communications.* Cape Town: Juta.
11 Palmer, A. (2011). *Principles of Services Marketing.* 6th Ed. Boston: McGraw Hill.
12 South Africa's telecommunications (2012) http://www.southafrica.info/business/economy/infrastructure/telecoms. htm#.U3I5muoaLIU (Accessed 13 May 2014).
13 South Africa.info (2012) http://www.southafrica.info/business/economy/infrastructure/telecoms. htm#.U3Ixs-oaLIU (Accessed 13 May 2014).