

STRATEGIES ADOPTED BY MOBILEPHONE MANUFACTURERS TO ATTRACT MORE CUSTOMERS IN SMART PHONE INDUSTRY

A Case study of United Kingdom and Germany

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ABSTRACT

Cellular industry has grown tremendously in recent years. Mobile technology is the most familiar part of the lives of people in today's world. We can talk to other people at any time from everywhere and we can access information through mobile, can take photographs, record our thoughts with one device that we can share with our friends, colleagues and worldwide. We can also get connected by the mobile to many social networking programs. This paper shows comparison between two countries that is UK and Germany that are dealing with the innovation and new technology of mobile. Strategies adopted by mobile phone companies in order to attract customers to buy new models of mobile phones and how to satisfy their customers so that they can have long term relation with their loyal customers. Loyalty can lead to stronger competitive position resulting in larger market share and profitability

Keywords : Smartphone, Customer, Customer satisfaction and Strategy.

1 INTRODUCTION

Cellular industry is growing at a high annual growth rate. This tremendous growth has attracted many cellular service providers both on national and on international level. The focus is on two countries that is UK and Germany. The mobile phone is predicted to be one of the main platforms for innovation for both countries in coming years. Both countries are working hard as to attract customers and gain maximum market share globally. Customer satisfaction is considered as most important factor as it improves reputation in the service markets. Both countries focus on customer satisfaction level for that they provide eye catching products and services such as they focus on price reasonability, call clarity, features, software, mobile outer look, guarantee or life time of mobile etc. as they consider these points as strongest determinants in cellular industry. The marketing literature suggests that the long term success of a firm is clearly based on its ability to rapidly respond to changing customer needs and preferences.

2 PROCEDURE FOR PAPER SUBMISSION

2.1 Review Stage

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3 LITERATURE REVIEW

In this research, the main focus is on the customer satisfaction, customer brand loyalty, service quality, commitment and customer retention. As the most important factor is brand loyalty so companies are working hard to attract customers by introducing more innovative and attractive products as to attract the customers. Some sophisticated analyses suggest that brand loyalty reduces further marketing efforts and cost. As there is a competition in the market so the stiffer competition needs to meet the expectations of customers by providing good services. Customer satisfaction improves reputation in the services markets. [1][2]

Mobile marketing has opened up new opportunities for firms to communicate and engage with their target audience in a more effective way. [3] Strategic Management process is used to enhance the success of an organization both in the present and future endeavors. Mobile has gained high position in Asian market and spread its expansion strategies around the globe. Consumer attitudes toward mobile advertising may therefore differ across countries. [4] The demand of mobile is increasing in younger generation due to advertising factor in mobile phone and teachers are also taking mobile phone as a positive perspective on cell phones to encourage teenagers to learn more about math and science to practice math and science skills. [5]. The growth rate in the use of telecommunication facilities has increased dramatically. [6] The study found user friendliness, price reasonability and call clarity as strongest determinants of consumer retention in cellular industry. There is ambush marketing in mobile telecommunication industry that is witnessed by the entry of a large number of new service providers. [7]. The need for mobility seems to be a primary driving force behind M-Commerce applications such as Mobile Banking, Mobile Entertainment and Mobile Marketing etc. [8] Mobile industry focuses on additional opportunities and constraints for current mobile application developers. Therefore, developers need to assess what their options are and how they can take advantage of these current trends. [9]. One of the papers describes the advantages of mobile in banking sector such as mobile payment and mobile banking. [10]

4 KEYWORDS EXPLANATIONS

4.1 Smart phone:

Smart phone is a mobile phone that is capable of doing much more than what you would traditionally expect from a phone. The best way to think of it is that it's like having a small computer in your pocket so you can do things like download applications, receive and send emails and browse the internet. It is built on a mobile operating system, with more advanced computing capability and connectivity than a feature phone.

In recent years the rapid development of mobile apps markets and of mobile commerce has been drivers of smart phone adoption. Smart phones are also able to hold a lot more memory than mobile phones could in the past. This means you'll be able to save more photos and videos as well as download a number of apps. [11]

4.1.1 Mobile industry

The mobile industry is a subset of the telecommunications industry focused on mobile phones, phone service, and peripheral devices. In the 1990s and 2000s, this industry experienced rapid growth as a result of significant advances in mobile technology and increasing consumer demand for mobile products.

There are many mobile industries who are working on these mobile sets design, features and software's etc. such as the most famous sets of mobiles are I-phone, Samsung, Q-mobile, Nokia, Sony Ericsson etc. almost each and every person is having a mobile and buy a set of his/her own choice. Mobile industries are making such models of mobile so that they can get highest market share and there ratio of customers good feedback should be ranked the highest. There is a comparison between different industries to attract customers they are using different ways of attracting customers by making new strategies, like by adding up a new accessory with the mobile set e-g different outer covers of mobile set free with the mobile, so that people would not get bored of the same outlook of the set.

4.2 Customer and Customer satisfaction

Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals. Customer satisfaction is a psychological concept that involves the feeling of comfort and liking that result from obtaining what one hopes for and expects from an appealing product and/or service Vavra also define the concept customer satisfaction as a process; stress the perceptual and psychological processes contributing to customer satisfaction (Vavra, 1997). Satisfaction is not a universal phenomenon and every user achieves the same level of satisfaction by consuming the same service practice. The reasons behind that customer have different needs, wants, objectives, choices and past experiences that influence their expectations. (Pizam, 1999) Satisfaction is reaction of the customers towards the customer's judgment of the satisfaction level (Kim & Park 2004). The customer satisfaction is how customer evaluates the performance of the products and services b (Gustafsson, Johnson and Roos 2005). This is the service provider's ability to make strong relationship with customers and create high degree of satisfaction level by providing

the differentiations products (Deng 2009). [12] Satisfaction is the core object of marketing strategies for more than five decades as it determines the future purchases pattern and it enhances craving for the product or service.

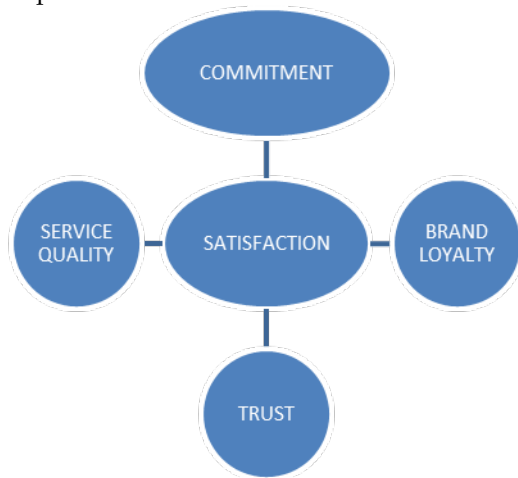


Figure 1: flowchart showing Satisfaction

4.3 Strategy

Strategy is a high level plan to achieve one or more goals under conditions of uncertainty. Strategy is important because the resources available to achieve these goals are usually limited. [13]

5 TECHNOLOGY AND INNOVATION IN CELL PHONE INDUSTRY

Mobile technology had made people lives so easier that now they can hardly survive without it because they can perform a wide variety of tasks. It includes the use of a variety of transmission media such as: radio wave, microwave, infra-red, GPS and Bluetooth to allow for the transfer of data via voice, text, video etc., can capture moments in that device, can keep personal data in that, can do work online such as web browsing and can use different social networking programs like Face-book, Skype, twitter etc.

Technology can provide a competitive advantage, the advantage is only temporary. As the technology matures it becomes readily available to everyone and the advantages it once provided disappears.

Innovations in mobile technology leads to manage transportation and logistics, to enable security and public safety systems, it also includes graphics, video, gaming etc., and to increase consumer convenience thru mobile commerce and much, much

more. [14]

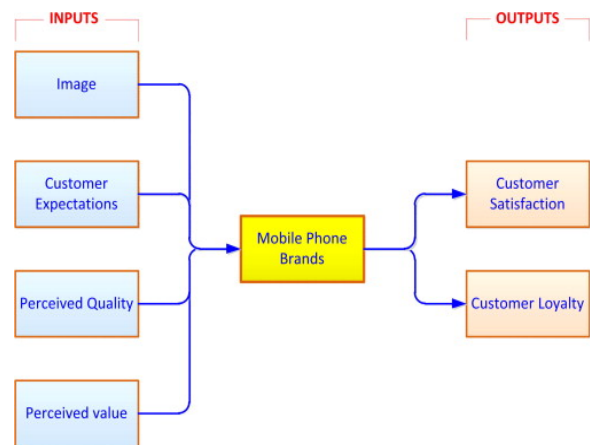


Figure 2: Flowchart showing customer expectations (inputs) and customer satisfaction (outputs) [15]

6 IMPORTANCE AND USAGE OF CELL PHONE

The advantage of mobile is the consumer's ability to use mobile commerce anytime and anywhere with a light-weighted device. Mobile phones have become one of the most indispensable objects in our life. Aside from being a fashion attribute and part of individual lifestyles, these phones also offer numerous benefits to their users; one of which is staying connected with other people wherever and whenever possible

They can capture beautiful moments in it by using camera of cell phone. They have access to internet on mobile phone, this also allows the consumer to shop even if the store or company is physically closed or can use any social network. By accessing the data through a mobile device, the user is able to have sole control over the data that is streaming to their device. The consumer has control over what they want to see. At the same time, the user has the ability to personalize his or her mobile device. This personalization includes how they see the information, how they access the information, and when they access the information (Tarasewich, et.al. 2002). With the technology of mobile devices always changing, people are able to customize their devices to their specifications. When people get bored of their routine or get some spare time they enjoy to play games on their mobiles. In times of natural disasters, these gadgets have proven to be very useful. They offer emergency call services to users who get stuck in certain locations during floods and earthquakes.

7 DRAWBACKS OF CELL PHONE

The disadvantage of mobile is the mobile device itself, firstly the waves are harmful for human health as proved by the science that it affect the brain and hearing ability of the person, and this is major drawback that the size of the screen of the device may limit the complexity of the application. It may inhibit the consumer from having full access to the website, or it may limit the interaction between the consumer and the page (Venkatesh, et.al, 2003). The consumer may not be able to interact with the web page on the same level that he would be able to if he were accessing it using a personal computer. People use mobile while driving and they face accidents and sometimes severe accidents that leads to death and is considered as the most dangerous drawback of mobile. People use it for wrong purposes like criminals use it for bad purposes.

8 CUSTOMER SATISFACTION AND THEIR BUYING BEHAVIOR

"Satisfying the customer is a race without finish." (Vernon Zelmer)

"Variety is one of the consumer's greatest concerns" (fortune magazine, 1991)

Customer satisfaction is the key to customer retention, new customer development and increased sales for the corporation. Satisfaction is considered to be the core objective of marketing strategies as it guides for future marketing of products. It is a very important factor and satisfaction is the main focus of every organization. [17] Measuring customer satisfaction is one of the key steps in improving service quality and retaining customers on a long-term basis.

Consumer behavior research is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs. Firms can satisfy those needs only to the extent that they understand their customers. The understanding of consumer behavior appeals to a set of different areas of knowledge/factors: Psychological, cultural social psychological, genetics anthropology. One of them is the psychology since consumer behavior deals with emotions, beliefs and attitudes. Research on emotions within marketing has evolved three approaches:

1. the categories approach,
2. the dimensions approach and
3. the cognitive appraisals approach

The categories approach groups emotions around

exemplars and considers their different effects on consumption related behavior. [18]

9 STRATEGIES ADOPTED BY CELL PHONE INDUSTRIES

a. Defining strategy

Strategy is often defined as a contingent plan of action designed to achieve a particular goal.

As Caves and Ghemawat (1984) and Ghemawat (1991) point out, an essential element of strategy is the set of "committed choices" made by management.

Similarly, Porter (1996, p. 68) states: "strategy is the creation of a unique and valuable position, involving a different set of activities".

The word "creation" implies choice of the particular way in which the firm competes. Moreover, the resulting activity system that is "created" is a reflection of the firm's strategy. Strategy proper, however, is not the activity system itself but the creation of the activity system. [19]

b. There are six steps which can follow to determine mobile strategy

1. Start with a Clear Strategy: Define Mobile's Purpose within Your Organization
2. Select the Right Mobile Environment: Understand the Benefits of Mobile Sites Versus Mobile Applications.
3. Prioritize Devices: Study Usage Patterns to Drive Platform Support.
4. Decide Whether to Own or Outsource Technology: Research Approaches for Building Your Offering.
6. Align Your Technology with Short- and Long-Term Goals: Build a Tiered Roadmap to Support Your Strategy.
5. Determine What Technology You Can Repurpose: Identify Web Technologies to Leverage in Mobile

To remain competitive, you will need to have a long-term mobile strategy and iterate often. For the greatest chance for success in the mobile channel, root your strategy in technology aligned with your mobile goals, the usage patterns of your target audience, and your budget. Build a phased mobile road map, and leverage as much as possible of your existing technology to get projects moving, Maximize budget, and extend a consistent experi-

ence into the mobile channel. [20]
Businesses that make mobile a central part of their strategy will benefit from the opportunity to engage the new constantly connected consumer. Extending advertising strategies to include mobile and developing integrated cross-media campaigns can more effectively reach today's consumers. Smart phones are a Major Access Point for Search40% search on their smart phones every day. Smart phone help users navigate the world around them82%of smart phone users have looked for local information.

10 AGE-WISE COMPARISON OF TWO COUNTRIES I.E. UK AND GERMANY

In this article comparison of two countries is discussed those are UK and Germany. Smart phones have shown a significant growth worldwide over the past few years. Estimates say that there are now more than 1 billion smart phones in the world, and smart phone shipments reached 420.3 million at the end of 2011.

However, the ranking changes completely if we do it by number of smart phones. In the following chart you can see that:

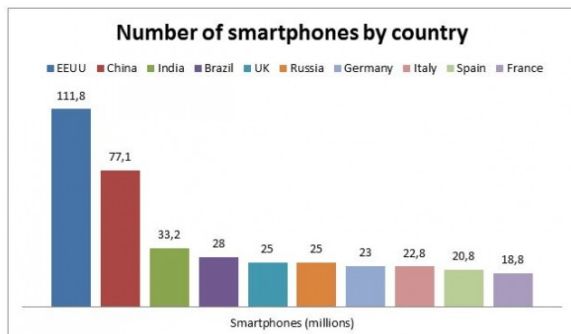


Figure 3: Chart shows number of smart phones (in millions) by country

In any case, smart phones are slowly making their way towards complete worldwide penetration, so this is obviously a market to be closely watched. So the diagram shows that Germany has 23millions smart phone users and UK has 25millions smart phone users, as it shows overall comparison between countries. [21]

GERMANY:

More than 78% of Germany's teens use a smart phone. Germany is increasingly a nation of mobile

gadget users. An April 2013 survey from TNS In-Flates found that penetration of mobile devices did vary between age groups, with younger consumers far more likely to use smart phone. While 78% of respondents ages 14 to 19 and 69% of those ages 20 to 29 used a mobile device, the proportion dropped to 15% among people 50 and older.

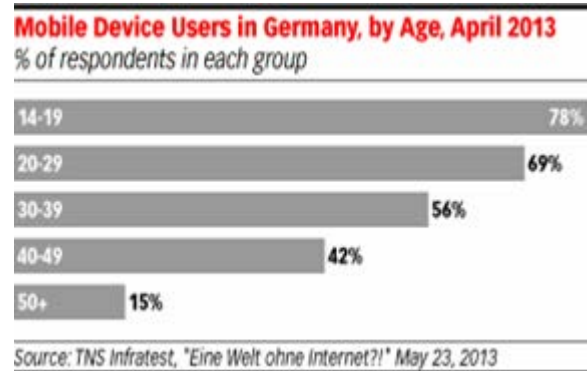


Figure 4: Chart shows mobile devices users in Germany by age in April 2013 [22]

UNITED KINGDOM:

NEARLY HALF OF UK CONSUMERS HAVE USE SMART PHONES IN YEAR 2013.

The vast majority of mobile phone users between the ages of 12 and 54 now use smart phones. Between 2011 and 2017, 18- to 24-year-olds will have the highest percentage of smart phone users among mobile phone users, while beginning in 2014 and lasting for the remainder of the forecast period, teens ages 12 to 17 will have the second-highest penetration out of all mobile users. Smartphone users ages 25 to 34 will be right behind in penetration rates. By 2017, smart phone user penetration among mobile phone users ages 12 to 44 will be between 94% and 98%.

UK Smartphone User Penetration, by Age, 2011-2017

% of mobile phone users in each group

	2011	2012	2013	2014	2015	2016	2017
0-11	28.7%	36.6%	45.1%	53.7%	61.3%	67.2%	72.4%
12-17	61.0%	74.0%	81.0%	87.0%	90.8%	94.0%	96.0%
18-24	68.0%	78.0%	84.0%	89.0%	92.0%	95.0%	98.0%
25-34	66.0%	75.0%	81.0%	86.0%	90.0%	93.0%	95.0%
35-44	58.0%	67.0%	76.2%	83.0%	87.5%	91.0%	94.0%
45-54	40.6%	50.2%	62.3%	71.0%	78.0%	85.0%	89.0%
55-64	15.0%	24.0%	37.0%	45.0%	52.0%	60.0%	68.0%
65+	6.0%	9.0%	13.0%	19.0%	26.0%	33.0%	41.0%
Total	44.1%	52.5%	60.4%	66.7%	71.7%	76.6%	80.9%

Note: individuals who own at least one smartphone and use the smartphone(s) at least once per month
Source: eMarketer, April 2013; confirmed and republished, Aug 2013

Among adults, smart phone usage decreases with age, and this will continue to be the case throughout the forecast period. This year, 62.3% of mobile phone users ages 45 to 54 and 37% of those ages 55 to 64 will own and use a smart phone. E-Marketer estimates that only 13% of mobile phone users 65 and older will be smart phone users in 2013. [23]

11 CONCLUSION

The study has investigated the determinants of customer satisfaction and advertising of mobile in UK and Germany. As mobile is the most needed device now a day and is considered to be an interesting topic to discuss.

In order to develop sound competitive and marketing strategies, it would seem advisable for mobile companies not just to rely on the pricing policies to achieve positive effects because, up to now, competitors were very quick in neutralizing temporary advantages in price level or price structure by introducing modified pricing schemes of their own. The better way to maximize the customer satisfaction and loyalty is focus on service quality and offer customer-oriented services. The paper tells that smart phone is most demanding in teenagers because we have 78% users in Germany and 81% in UK. Furthermore, the customer value could be revealed completely in a long-term relationship with customers.

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