Chapter 23

Gaining a Continuous Retaining Relationship with Customers in Mobile Sector

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ABSTRACT

One of the main characteristics of the global economy is the creation of oligopolistic markets. The decisions of those industries are characterised by interactivity. The risk arising from the domination of the power of oligopoly is the previous stage of manipulation of the market. This situation is against the concept of competitiveness and causes an entirely new situation to the customer’s disadvantage. Mobile industry which is a typical oligopolistic market in Europe leads us to examine this specific market in Greece. Therefore, the present study examines the factors that influence the relationship marketing strategy of the industry. The research was conducted using a sample of 806 users of mobile phones. The method used for the quantitative analysis is chi-square test, discriminant analysis, which is based on Multivariate Analysis of Variance (MANOVA). The study has indicated that intense competition between mobile phone firms in Greece leads to the manipulation of consumers’ behaviour. Also, findings of the current research demonstrate that firms create a unified policy in order to restrain their customers’ consuming behaviour to a state of inertia, the customer passively re-buys the same service provider without much thought.

INTRODUCTION

Globalization has created conditions of competition between countries as well as businesses. High competition between companies has presented its results, which are the creation of oligopoly markets, since only few firms can create a competitive advantage in order to survive, in a profitable way (Kyriazopoulos, 2001).

The mobile industry is one of the faster growing industries in the EU and worldwide (Anwar, 2003). During the last several years the adoption of new technology raises in Greece, which can also be seen at the mobile phone industry. The sector operate in a high competitive market, in reference to usage programs,
the prices, the width and the quality of the provided services, their consumers’ point of view about the
network and the quality of customer service. The new technologies market in Greece follows the global
trends but through steadily increasing rhythms. Today the broadband services are used mostly for Internet
access. The provision of such functions is the next step for the strengthening of the broadband services.

In this competitive market firms, in order to attract new customers, create a unified marketing strategy.
This policy has the aim of manipulating the market at the expense of competition, in a way that customers
will be restrained in this policy. This results to consumer’s inertia in reference to their primary choice.
In order to change that situation, drastic alterations should be made in the pricing policy, as well as in
the innovation in both products and services and the customer service (Reinartz et al., 2000).

As a result, the market cannot be segmented and the firms apply an undifferentiated marketing strat-
egy. The above situation appears to be applied to the mobile service sector in Greece. The vast majority
of Greek users own a mobile phone while the sector is mainly driven by the network operators, who are
looking not only to acquire new customers but also to increase and retain their proportion of higher-value
subscribers and increase the revenue generated by each customer. The great extent, to which the mobile
phone sector has promoted its products and services as well as established, maintained and enhanced
the brand image over the past years, reflects the fast changing environment of the industry.

In order to examine the consequences invoked to the market because of high competition of the mobile
sector, a primary research was conducted. The results of the research are presented in this paper in a way
that covers both theoretical analysis of market competition concepts and aspects. Then it continues with
some background information on the mobile sector in Greece. The study also includes applications and
practices followed in the mobile service sector. Finally, the research analysis and methodology refers to
the factors of relationship marketing and customer retention, as the business drivers of the mobile sector.

The aim of the research is to identify the general trends of the mobile sector in Greece and to examine
how the relationship marketing strategy of the sector influences customer retention. Furthermore, the
research determines the factors that have an important role concerning the final decision of the consumer,whether to remain with the same firm, or to move to another one.

BACKGROUND

Relationship Marketing Benefits

Relationship Marketing (RM) emphasizes on a long-term interactive relationship between the provider
and the customer, leading to long-term profitability. It recognizes that both the customer and the seller
can be active. They should see each other as partners in a win to win relationship (Gronroos, 1995).
Both the marketing mix theory and RM are – in theory at least – based on the marketing concept, which
focuses on customers and their needs. Although the marketing mix and its additions incorporate rela-
tionships and interaction to some extent, RM provides a more radical change, a paradigm shift. It seems
though that the primary values of marketing mix concerning manipulation have not changed. Marketing
techniques change to “trapping” customers, so as to restrain or even punish their escape (Rust et al.,
2003). Nevertheless, if expressions like “customer retention” or “zero defection” are treated as refer-
ing to mere manipulation, the application of RM will not make a noteworthy contribution. Ideally, RM
assumes good will from all parties (Bennet & Barkensjo, 2005). Relationships are seldom completely
symmetrical; one party is often the stronger one. This is acceptable to a degree in an imperfect market,