

ANALYSIS OF THE EMERGING DEMAND OF TELECOMMUNICATION SERVICES

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ABSTRACT: *The paper concerns the mobile telecommunication services' consumption behavior of the youngsters aged between 20 and 29 years old from Craiova. The chosen sampling method is the quotation method, method which permits the construction of a sample with the same repartition as the studied population, following an already known criterion (such as sex, age, socio-professional category etc.), within which the characteristics of the individuals (geographic, socio-demographic, behavioral, economic) will be very close to those of the referred population [1]. The sampling criteria (age and sex) are chosen regarding the research objectives and the sample length (200 persons) was determined depending on the organizational decisions that this research confronts to. The chosen sampling method was the quotation method, because it is the most used for the surveys within the commercial field [3].*

KEY WORDS: *mobile telecommunication, market, offer, consumers' behavior, price*

1. INTRODUCTION

Effective strategic management is predicated principally on the analysis of: dynamic supply and demand. The interaction of these forces defines price, outlines production schedules, spurs future innovation, and specifies the determinants of consumer preference. Armed with this information, practitioners gain a keener insight into managing strategy and enhancing competitive positioning. While the capriciousness of the Romanian consumer remains a preoccupation of strategic planners in all sectors of the economy, empirical evidence mounts which enables us to profile the nature of telecommunications consumption. There are significant variations among providers in the telephony, broadcasting, and computer industries, but recent research reveals a continuity in demand for particular services [5].

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Economists have confirmed the variables responsible for consumer demand, and describe these factors as determinants. The determinants of demand are assigned by the computation of [6]:

$$D = T + I + E + (\text{other factors}) \quad (1)$$

where D = demand; T = taste; I = income; E = expectations; and other factors include the availability and price of alternative goods or services. We refer to this expression as the "demand equation."

Thus, the three main determinants of demand include consumer taste (or preferences), prevailing income, and the expectations (or prospective satisfaction) consumers hold for that product. These causative elements are supplemented by competitive options consumers have before them at the time of transaction. The credibility of these variables as decisive in setting the pattern of consumer demand have been documented over and over again in recent decades, and are regarded as beyond methodological dispute.

2. EVALUATING CONSUMER PREFERENCES

The process of judging a product's traits - price, quality, and other objective characteristics - constitutes objective criteria with respect to gauging and measuring consumer preferences. Other characteristics, such as reliability, dependability, and prestige, are more subjective in nature but nevertheless influence consumer behavior. Under such circumstances, it is common for consumers to rely on branding—or corporate image and reputation - to differentiate alternatives. How do consumers decide which product or service to adopt when inexperienced with available competitive alternatives? While this question elicits diverse reactions within the industry, strategists must contemplate its implications. The effectiveness with which a company addresses this issue will be an important factor in attaining long-term market penetration. In a world of proliferating choice in telecommunications, particularly as firms align in forming partnerships to deliver services, the identification of evaluative criteria become an immediate economic and methodological question.

Among information compiled by telecommunications firms are databases detailing the patterns of aggregate household consumption. These data are formulated in cyclical, seasonal, temporal, and other categorical descriptions. These are reliable data about which credible forecasts can be made as to regular and periodic demand for communication services. Regulation cemented a "gradualist" environment: innovation, in relative terms, was less dynamic, less radical, and less disruptive in nature. Deregulation is in the process of encouraging counterintuitive developments in consumer tastes, as new technologies bring unanticipated change to telecommunications as consumer expectations in unrelated industries compel telecommunications providers to continuously upgrade their menus. This phenomenon is even more pronounced by content providers in broadcasting, electronic commerce, and multimedia. Consumption of telecommunications services generally falls within four definable areas of adoption: consumer applications, household life-cycle, and organizational demand. With respect to household life-cycles, there exist certain influential variables which impinge on demand.

These variables include cultural and social class factors, patterns of socialization, family structure, role specialization, segmented decision-making, and the changing stages of the household life-cycle [2]. In prior periods, the decision to adopt communication products would have been relegated to a single member of the household. Deregulation promises to complicate the process of forecasting demand amid proliferating choice. Many emerging services retain unique value to each family member.

It is reasonable to anticipate that emerging wireline and wireless services, particularly in terms of interactive applications, will be customized to the need of each member of the household. Proliferating competition assures that every individual will approach the key economic decision-maker in the household for those services of greatest personal value. The household decision maker, therefore, will have to contend with multiple choices on the one hand, and the heightened demands of others to formulate a menu of services for the entire unit. For strategists, it will be vital to focus on the habits of each individual to estimate household consumption patterns [4].

Decisions regarding communication product adoption were formerly the domain of a single individual, group or committee in many firms. The convergence of the telephony, computer, and broadcasting industries, and the industries that support them have had the effect of encouraging individuals throughout an organization to investigate product alternatives. We thus note a parallel situation in contemporary organizational consumption: expanding alternatives have overwhelmed even telecommunications experts in many companies. Individuals without such expertise are nonetheless cultivating knowledge in a single technology which they find essential to their work.

3. METHODOLOGY

From the Romania's statistics year book for the year 2006, data regarding the population structure was extracted [7]:

Table 1. The population structure - the sex

Sex	The whole researched collectivity (Craiova)	Percentage (%)	The number of persons included in the sample
Men	24 086	51,2	102
Women	22 959	48,8	98
Total	47 045	100	200

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Table 2. The population structure - the age

Age	The whole researched collectivity (Craiova)	Percentage (%)	The number of persons included in the sample
20-24 years old	22 275	47,3	94
25-29 years old	24 770	52,7	106
Total	47 045	100	200

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Table 3. The structure of the sample components

Age	The sample components	Men 51,2%	Women 48,8%	TOTAL
20-24 years old	47,3%	48	46	94
25-29 years old	52,7%	54	52	106
TOTAL		102	98	200

The marketing study regarding the Romania's mobile telecommunication companies' offer was made from 1st April to 5th May 2009, by sending via e-mail a questionnaire of 17 questions (The questionnaire was hosted by the site www.esurveyspro.com, having the following link: <http://www.esurveyspro.com/Survey.aspx?id=1fc1de53-fae1-4276-a1cd-2cb5d336ceda>). The questionnaire, a tool for gathering information, was made following some stages: Documentation; Data analysis and the questionnaire creation; Questionnaire checking up.

4. THE PROFILE OF THE MOBILE TELECOMMUNICATION USER

This procedure of mobile telephony services user's profile determination is composed of 4 initial circles, each of them composed of a small number of subjects, in which, by spreading, new individuals can be included, arriving to a profile standardization. Following this method, a group of subjects that is not characterized by any of the four profiles resulted, this being named *the group of undecided subjects*. They have characteristics that are common to the other profiles and, that's why, they can be characterized as undecided or uninvolved within the mobile telephony services' buying process.

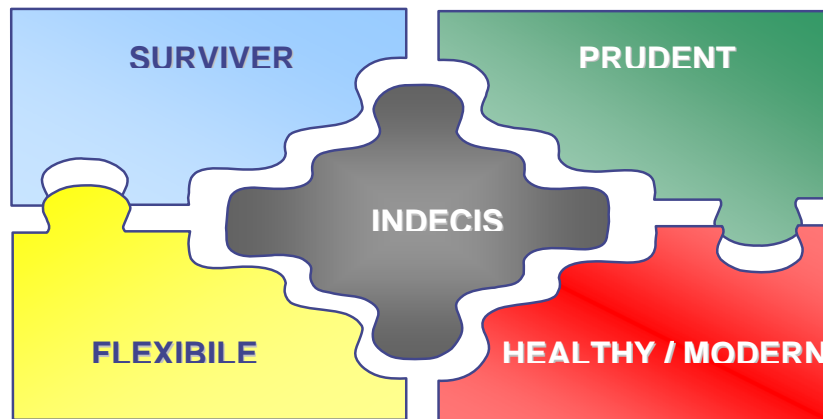


Figure 1. The mobile telephony services' user profile

Healthy / Modern. The users of mobile telecommunication services from this category have the following characteristics: they have at least two subscriptions at two

different mobile telecommunication companies; they make use of their mobile phones for the following reasons: (a) to make calls; (b) to receive calls / SMS; (c) for data transmission; (d) to connect / navigate on the Internet directly on the mobile phone; (e) to send SMS / MMS; (f) to use the 3G technology – for instance for video calls; they have chosen the mobile telephony providers depending on the following criteria: (a) the quality of calls / sound; (b) the negotiable offer – they negotiated the contract; (c) the quality and availability of the customer relationship service; (d) the use of a last generation technology; (e) the company reputation; (f) the diversity of the auxiliary / supplementary services; (g) the range and prices of the available mobile phones; (h) the costs they have to pay if they make a call within this network; when they last chose their mobile services provider, they took into consideration the following: (a) the tariffs for the fixed-mobile calls; (b) the tariffs in roaming; (c) the tariffs for MMS.

The Prudent. These mobile telephony users have the following characteristics: they have at least two prepaid cards at two different companies of mobile telecommunication services at least; they use their mobile phones for the following reasons: (a) to make calls; (b) to receive calls / SMS; (c) for data transmission; (d) to connect / navigate on the Internet directly from the mobile phone; (e) to send SMS / MMS; (f) to use the 3G technology – for instance for video calls; they have chosen the mobile telephony providers depending on: (a) the tariffs for calls; (b) the network coverage within the territory; (c) the friends that are subscribers of the same network; (d) the promotional offers - discounts, gifts etc; when they last chose the mobile telephony services provider, they took into consideration the following criteria: (a) the price of the prepaid cards; (b) the tariffs for calls within the same network; (c) the tariffs for mobile-mobile calls outside the network; (d) the tariffs for SMS.

The Flexible. The characteristics of this group of mobile telephony services users are: they have at least one prepaid card and a subscription at two different mobile telephony companies; they use mobile telephones for the following reasons: (a) to make calls; (b) to receive calls / SMS; (c) for data transmission; (d) to connect / navigate on the Internet directly from the mobile phone; (e) to send SMS / MMS; (f) to use the 3G technology – for instance, for video calls; they have chosen the mobile telephony providers depending on: (a) the tariffs for calls; (b) the network coverage within the territory; (c) the friends that are subscribers of the same network; (d) the promotional offers – discounts, gifts etc; (e) the quality of calls / sound; (f) the negotiable offer - they negotiated the contract; (g) the quality and availability of the clients relationship service; (h) the use of the latest generation technology; (i) the company reputation; (j) the variety of the auxiliary / supplementary services; (k) the range and prices for the available mobile telephones; (l) the costs that those who make calls within the same network have to pay for; when they last chose the mobile telephony provider, they took into consideration the following criteria: (a) the prepaid cards / subscriptions' price; (b) the tariffs for calls within the network; (c) the tariffs for mobile-mobile calls outside the network; (d) the tariffs for SMS; (e) the tariffs for mobile-fixed calls; (f) the tariffs in roaming; (g) the tariffs for MMS.

The Survivor. The users of mobile telephony services from this group have the following common characteristics: they have either a prepaid card or a subscription; they use their mobile phones for the following reasons: (a) to make calls; (b) to receive

calls / SMS; (c) to send SMS / MMS; they have chosen the mobile telephony providers depending on the following criteria: (a) the tariffs for calls; (c) the friends that are subscribers within the same network; (d) the promotional offers - discounts, gifts etc; when they last chose the mobile telephony provider, they took into consideration the following things: (a) the prepaid cards / subscriptions' price; (b) the tariffs for calls within the same network; (c) the tariffs for mobile-mobile calls outside the network; (d) the tariffs for SMS.

5. CONCLUSION

Concluding, we can say that the youngsters from Craiova, aged between 20 and 29 years old use mainly mobile telephony services based on subscriptions, from many operators, so as that the advantages and disadvantages to have an equilibrium. The youngsters choose the subscriptions from the Orange, Vodafone and RCS&RDS operators, and less the subscriptions from the Zapp or Cosmote operators. The motivation is linked by the services' quality, Cosmote being chosen for the cheapest tariffs and the attractive offers for the prepaid cards. However, the RCS&RDS operator is preferred for the cheap tariffs and minutes included within the offer.

The youngster analyzes the offers of the mobile telephony operators, for subscriptions and prepaid cards and chooses several operators, covering the range of their communication needs. Few are those that have only a subscription or a prepaid card from a single mobile telephony operator. The competition on the telecommunication market from Craiova, on the segment of 20 and 29 years old, is very intense, the youngsters choosing in a rational way the best offer taking into consideration the quality, but especially the cheap tariffs, fact justified by the quality of student or the modest incomes from this age.

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