Product Differentiation Strategies and Impact of Factors Influencing the Differentiation Process

A Case study of the Mobile Telecom Service Industry of Pakistan

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ABSTRACT

Telecommunication has evolved tremendously from its origin to the present. Competition has grown in the telecommunications industry. One of the idiosyncratic characteristics of the mobile telecom services industry is the offering of homogenous products/services to the whole market, which indicates services being undifferentiated. The purpose of this paper is to study the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation. The study will concentrate on the differentiation strategies of the mobile telecom service firms operating in Pakistan.

The analysis model of this research was developed based on the determinants of product differentiation, relating to the tools that managers at mobile telecom service companies employ to execute differentiation strategies, and the factors influencing them. The empirical part of this study was conducted in January 2017. The multiple case study approach was adopted as a study method, and four case studies of the mobile telecom service companies operating in Pakistan were compared through cross-case analysis. Qualitative methods of data collection were employed and through semi-structured interviews primary data was gathered and secondary data was extracted from the websites and annual reports.

The findings from the four case studies revealed that all the mobile operators opt for the differentiation strategies based on the determinants. It was examined from this research that these determinants are interrelated with each other. It was evident from the study of all the case companies that regulations affect the industry profits, increase the cost of upgrading the networks and infrastructures, causing a delay in the adoption of innovation, thereby influencing the differentiation strategy. The second factor influencing the differentiation process revealed in this study was competitive imitation, which caused convergence of strategies resulting in undifferentiated services even though operators tried to differentiate their services. The competitive imitation becomes easier due to the oligopoly structure of the mobile telecom industry.

Keywords: Product/Service Differentiation, Innovation, Customer Satisfaction, Service Quality, Customer Value, Value Added Services, Price, Advertising & Promotion, Regulations, Competitive Imitation.
"Practice without Theory is blind, Theory without practice is sterile." -- Karl Marx.

It is an immense pleasure for the author to present this research paper concerning product differentiation and the factors influencing the differentiation process for mobile telecom service companies operating in Pakistan, as an integral requirement of the marketing master program. The purpose of preparing this dissertation is to express understanding, knowledge and learning acquired during the study of the two-year marketing master program, and to do a critical evaluation and implementation of those theories on activities of the mobile telecom service industry of Pakistan. The author would like to thank all the interviewed persons at the case companies; Jazz, Telenor, Zong and Ufone for sharing useful information. A special thank is expressed to Mr. Naveed Qureshi at Jazz (Mobilink) for sharing his extra time and cooperation.

The author has done his utmost to meet the requirements of this dissertation, through the knowledge gained from the subject matter and professors. A special gratitude is presented to Mr. Anders Pehrsson for providing valuable tutoring and feedback and for examining this paper. Furthermore, the author would like to express appreciation to Ms. Sarah Philipson for her guidance, encouragement, support, and feedback throughout the master program. Last in sequence, but not least in importance, the author is truly grateful to his family for their continued support throughout the education.

The author hopes that this paper would fulfil the requirements of the readers.

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1 Introduction

Telecommunication has evolved tremendously from its origin to the present. Competition has grown in the telecommunications industry, with consumers having a large choice of mobile and land line operators from which they can select services. There are also competitors that include; mobile phone manufacturers, Internet service providers, and software companies that are entering this market to offer integrated communication services. Competition in the mobile telecom industry is becoming fierce and with the combination of regulatory pressures, the market seems saturated. This thesis will study how mobile service providers differentiate their offerings to keep up with competition and meeting customers’ requirements in Pakistan.

This chapter will present the overview of the mobile telecom services industry and will familiarize the readers with the mobile telecom service industry of Pakistan. This chapter will further lead to the problem discussion, purpose of the study and delimitation of the research.

1.1 The Mobile Telecommunication Industry

The mobile telecommunication industry has its “growth driven by increasing global demand for data services and rising mobile penetration in emerging markets” (Vodafone, 2011). Today mobile telecom subscribers have access to more or less all the services: telephony, texting, mobile broadband, etc. However, “the fastest growing revenue segment is data services, such as access to the Internet, through laptops, tablets, and smart-phones” (Vodafone, 2011). According to ITU (2017), there would be more than seven billion mobile cellular subscriptions by the end of year 2016. The mobile cellular networks cover 95% of the global population. Mobile broadband networks with 3G or above technology have reached 84% of the global population. However, the reach to rural population is 67%. The mobile broadband networks with 4G or LTE technology have spread rapidly during the last three years and have reached 4 billion people today, which is 53% of the global population shown in Graph 1.1.
The mobile telecommunication sector in Pakistan has gone through a rapid growth in the last 15 years and is continuously growing on a year-to-year basis. More than 90% of the Pakistani population lives in areas covered by cellular communication, and more than half of the population has access to cell phones (PTA, 2017). The number of cellular subscribers has reached 137 million in January 2017. Pakistan has thus become the country with the highest mobile penetration rate in South Asia (Ibid.).
The mobile telecommunication sector in Pakistan has four GSM service providers, with the following market shares in Jan 2017:

<table>
<thead>
<tr>
<th>No.</th>
<th>Mobile Operators</th>
<th>Subscribers (in millions)</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jazz (Mobilink &amp; Warid)</td>
<td>51.5</td>
<td>37.6%</td>
</tr>
<tr>
<td>2</td>
<td>Telenor</td>
<td>39.5</td>
<td>28.8%</td>
</tr>
<tr>
<td>3</td>
<td>Zong</td>
<td>27.5</td>
<td>20.1%</td>
</tr>
<tr>
<td>4</td>
<td>Ufone</td>
<td>18.5</td>
<td>13.5%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>137</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Table 1.1 GSM service providers market shares in Pakistan

Source: (PTA, 2017)

These companies operate in a very competitive environment across the whole region of Pakistan. It is important for their survival to opt for strategies, which can distinguish their products in the market and in continuously changing environment.

1.3 Problem Discussion

It is one of the key issues for service providers in “experience economy” to deliver efficient services to meet customers’ requirements (Hsieh et al., 2014). Service providers normally give priority to cost and profits, regardless of having knowledge that better service quality can increase satisfaction, mainly in markets where oligopoly [an environment having small number of firms on supply side and large number of buyers on demand side (Friedman, 1983:1)] prevails, “resulting in customers only accepting existing limited value services” (Hsieh et al., 2014). This leads to customer dissatisfaction.

The market form of the telecommunications industry can be considered as an oligopoly, which has few information service providers (ISPs) that rule the markets for mobile and network services (Ibid.). Mobile telecom companies try to offer services and plans according to customer requirements. However, sometimes the services offered do not meet the requirements of certain market or niche group of customers “despite customers expressing numerous needs and making multiple requests regarding service experiences (for example in response to the limited range of services available to them)” (Ibid.).
One of the idiosyncratic characteristics of mobile telecom services industry is the offering of homogenous products/services to the whole market (Lommeruda & Sørgard, 2003). This actually refers to services being undifferentiated. A typical example of undifferentiated services is telecom service subscribers facing high roaming charges (The cost to make and receive mobile phone calls when abroad), inaccessibility of data when roaming, and if data is accessible then data rates while roaming are too high (BBC, 2014). This actually shows that there is no service differentiation for customers frequently travelling abroad. According to BBC (2014), research from the European Commission indicates; “more than a quarter of European visitors turn their phones off to avoid the risk of roaming charges”. Moreover, “a survey of 28,000 people across the EU said 47% of respondents also did not use mobile internet while travelling” (Ibid.).

Under the current situation of imperfect competition in the market, marketing managers tend to opt for the overall marketing strategy or the group of strategies that are best suited for a company’s requirements at any particular stage (Smith, 1956). When managers select the strategy, it “may consist of a program designed to bring about the convergence of individual market demands for a variety of products upon a single or limited offering to the market” (Ibid.). This is often times achieved by execution of product differentiation through promotional tools (Ibid.).

In an oligopolistic environment, features of the services offered are most of the times indistinguishable, and the companies operating in this environment have the same offerings for all segments of customers, yet they claim to be distinguished. In an oligopoly market situation, service providers often overlook customer interactions and concentrate on rivalry rather than customers (Hendricks and McAfee, 2010). The customer will accept market conditions as given for he/she cannot influence them however, a seller will certainly be “preoccupied with guessing the behavior to be expected from rival sellers” (Friedman, 1983:1).

To satisfy the customers it is important to meet the customers’ expectations. In order to gain market competency, it is important for service providers to design and provide competitive services that are according to customer’s expectations (Pitt and Barbara 1994; Schurter and Towers 2006). However, customers have different expectations according to different market segments. Therefore, one way of gaining that market competency is to offer differentiated
products/services targeting different market segments, which meet the customers’ requirements and expectations and thus by doing so companies can still increase their market share and profits.

The area of service differentiation is not extensively explored (Chenet et al., 2010). It has been discussed by several authors like (Chenet et al., 2010; Kim and Mauborgne, 2004) that companies which are effective in offering greater value to their customers are more successful in retaining customers than companies which are less successful in offering better value to their customers. This describes service differentiation emphasizes on offering better value. Hence, as per Pehrsson (2012) and Bharadway et al. (1993), service differentiation can be defined as; customers’ perception of the organization with consistently different main characteristics compared to its competitor’s in terms of offerings.

Thus, it is an interesting field for the author to study the mobile service providers and their offerings, to analyze if the services offered by them can be differentiated and if not then what are the factors influencing the differentiation process.

1.4 Purpose

The purpose of this paper is to study the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation. The study will concentrate on the differentiation strategies of the mobile telecom service firms operating in Pakistan.

1.5 Delimitation

The research is delimited to study the specific determinants related to the service differentiation due to the limited literature available regarding the product differentiation for the mobile telecom services. The research is delimited to study the differentiation of services for the mobile telecom industry of Pakistan and the factors influencing the differentiation process. The telecom industry of Pakistan has a regulated environment, therefore, findings may differ with the change of environment. Furthermore, this research corresponds to the time frame during which it is conducted, therefore, findings may differ since services keep updating and imitating with the time.
2 LITERATURE REVIEW

This chapter will provide the reader with an understanding of what is product differentiation. It will discuss how the concept of product differentiation originated, which tools managers employ to execute the differentiation strategy to distinguish their products from other suppliers, moreover which factors influence while differentiating their services.

As the number of studies related to the mobile telecom service differentiation is quite limited, and a definite set of measurement indices for the differentiation of mobile services is not available, this study attempts to determine the differentiation in mobile services based on innovation, service quality, customer value, value-added services, customer satisfaction, price, and advertising & promotion.

2.1 Product Differentiation

In the business world, differentiation is often viewed as a necessary condition, to gain competitive advantage over rival firms (Pehrsson, 2009). Implementing a differentiation strategy is perceived as providing the opportunity to obtain unique or at least superior access to resources and customers. MacMillan and McGrath (1997: p. 133) have recognized that “Most profitable strategies are built on differentiation: offering customers something they value that competitors don’t have”. Since customers are responsive to differentiated products/services, it is therefore important to design differentiated products/services appropriate from the customers’ perspective (Pehrsson, 2012).

Edward Chamberlin introduced the concept of product differentiation in 1933. It can be defined as the process of distinguishing a product or service from those of other manufacturers or service providers, making it more attractive to a particular target market. This process involves differentiating the product or service from the competitors, as well as the company’s own services (Chamberlin, 1965). Hence, it is a concern for managers these days to achieve effective differentiation, it is therefore important for them to compare their product/market scope and product differentiation with their competitors (Pehrsson, 2008). Shaw considered to be the one of the pioneers of marketing, presented the concept of product differentiation as meeting the requirements of customers more precisely than the competition (Shaw, 1912). Somewhat similar concepts regarding product differentiation are; differentiating the products (goods or services) of one seller from another on the basis that are
important to the customers and leads to a preference (Dickson & Ginter, 1987; Pehrsson, 2012).

In order to understand the process of product differentiation, Chamberlin distinguished the significance of both consumer perceptions and non-physical product characteristics. He observed if the basis of differentiation could be real or imagined, resulting from differentiated product, packaging, distribution differences, or the prestige value of a trademark and trade name (Dickson & Ginter, 1987). This indicates that during the differentiation process all the elements are involved; packing, distribution, brand name and trade name including core product itself. Likewise, Porter also acknowledged the product differentiation based on both product’s physical features and other factors of the marketing mix. He addressed that the product differentiation can base on “perceived as well as actual physical and non-physical product differences” (Ibid.). However, sometimes industry consolidations make wireless carriers quite identical in terms of “service pricing, network coverage, product features, customer service, and even handset offerings” as this is what actually happened with Canadian wireless carriers in 2000s (Wong, 2010).

The literature related to marketing reflects the inconsistent views regarding the term “product differentiation”. Some of the authors asserted that the advertisements and promotional tools manipulate the product differentiation. According to Dickson & Ginter, Samuelson believed that the product differentiation deals with genuine response to differing consumers’ needs, in addition to that he argued that most of the product differentiation done is artificial. The reason to believe that most of the product differentiation is artificial relates with the advertisements, which “distorts” consumers’ demand (Dickson & Ginter, 1987). Wendell R Smith presented the same kind of view that the product differentiation is an effort to modify the shape of the price-quantity demand curves facing the individual supplier using advertising and promotion (Smith, 1956). With the above assertions, it is evident that advertisements and promotional tools have prominent role in the product differentiation strategy.

As discussed earlier in problem discussion that nowadays in the situation of imperfect competition, companies prefer their managers to select strategy or group of strategies that are most suitable at any point in time for a company to compete with its rivals. The focus of the company strategy in such situations is to converge the individual demands of different products/services to a single or limited offering to the market. In order to achieve this, companies employ different marketing and promotional tools along with the product
differentiation. With the help of this strategy, companies minimize the variations in consumer demands. For this purpose, companies design appealing product claims and use them effectively “to make a satisfactory volume of demand converge upon the product or product line being promoted” (Smith, 1956). This shows that on some occasions, companies consider the market demand homogenous and have the same offering for the whole market.

In some situations, however, the marketer complies with the sketch of divergent demand as a market type to design marketing strategy and product lines accordingly. In this case, the company offers its products or services to the whole market by designing its products or services in line with the requirements of one or more distinct market segments, which actually implies the skill to merchandise to a heterogeneous market (Ibid.). The reason for not having homogenous demand may result from “different customs, desire for variety, or desire for exclusiveness or may arise from basic differences in user needs” (Ibid.).

From the strategy perspective, product differentiation is a process of taking over the control of the demand of a product with the use of promotional tools to create differences between a product and the products of competing firms. Companies follow this plan to firm their market positions and to create a line of defense against the price war. Differentiation therefore is composed of execution of heavy use of promotional tools (advertising) which can ultimately result in prices that are fairly above the equilibrium price levels related to perfectly competitive market environment (Ibid.).

2.2 Determinants of Product Differentiation

Mobile service providers differentiate their services and offerings based on different factors. To understand how mobile service providers differentiate their products/services in the market, following factors have been considered after thoroughly screening the literature.

2.2.1 Innovation

Innovativeness displays the ability to differentiate products/services and it is viewed as the effective differentiation strategy in harsh competition (Pehrsson 2009, 2016). During the differentiation process, it is vital for a company to consider the product’s technology and product’s customization in comparison to competitors, as it reflects the firm’s tendency to innovate (Pehrsson, 2009). Innovation is hence a process of differentiating the products and services from competitors; it is a way of creating and expanding markets, thereby reducing
the impact of price competition (Pehrsson, 2016). It is therefore, one of those factors based on which companies differentiate their products (Kustin, 2004). Innovation plays an important role in improving the quality and product scope (extended variety of product choice), and is regarded as an effective tool to bring uniqueness when faced by a tough competition (Pehrsson, 2016). Furthermore, with the invention and introduction of new technologies, cost can be reduced which can further lead to price reductions (Bourreau & Dogan, 2001).

There are two types of innovations, which mainly exist in this sector; those are “innovation for new services and innovation for alternative network infrastructures”. Competition in the telecom industry relies on them. Telecom operators are mostly involved in providing innovation for new services, whereas the telecom equipment suppliers provide innovations in the network technologies. The telecom operators adopt the innovation in the network technology provided by the telecom equipment suppliers. The telecom operators decide about whether or not to install and implement the new technology and when to implement it. Certainly, an immediate implementation of a new technology may be costly and risky. The adoption and implementation of these technologies corresponds to innovation in this sector (Bourreau & Dogan, 2001).

One significant innovation in mobile service pricing was to offer prepaid cards for customers who want to control their usage. It was regarded as flexible pricing. There is a continuous trend towards it and the most important innovation in tariff was the offering of prepaid schemes (Gruber.H, 2005:44-45).

2.2.2 Customer Satisfaction

Customer satisfaction in service literature is defined as personal feeling of delight or discontentment deriving from the assessment of services provided by an organization to consumer in relation to the expectations (Oliver, 1980). In service industries, retaining a customer is an important factor to maximize business performance (Fornell & Wernerfelt, 1987; Reichheld & Sasser, 1990), and for retaining the customers, it is important to satisfy them by meeting their requirements. For a service firm to maintain its competitive position in a market and to increase its market share it is vital to focus more on planning and implementation of the customer retention initiatives (Lee, Lee, & Freick, 2001). According to Neslin et al. (2006), there are two fundamental approaches regarding customer retention strategies, which are the untargeted and the targeted. In untargeted strategy, the focus is on
strengthening the brand loyalty by improving the services and mass advertisements. Whereas, the targeted strategy deals with giving the special incentives, which includes price reduction or tailored solutions for customers who have higher probability of churning away from the company. For price sensitive customers and those who require special services the targeted approach is quite appropriate for retaining them.

The earlier literature on wireless communication has much debate on customer’s perceived value for the wireless services they use as it has a strong influence on the level of satisfaction they derive from it. Gerpott et al. (2001) have done the well-known research in this area; according to them “‘good and fair’ service pricing and perceived personal benefits of wireless service” are noteworthy factors contributing to customer satisfaction.

Some other factors that also contribute towards the customer satisfaction levels include “voice call quality, customer care and value added services” (Kim et al., 2004). According to Kim and Kwon (2003) service providers with the “larger wireless coverage” take advantage over those with lesser coverage area in terms of acquiring customers. In telecom industry, the larger coverage does not simply relates to operators having the ability to supply to more markets, but it is also the competency to offer differentiated products and services, which can be priced premium compared to the operators offering inferior coverage (Valletti, 2003).

Customers are loyal only when they are satisfied with their existing service provider and hence it is difficult to compare the performance with preexisting companies having large proportion of customer loyalties already established (Pehrsson, 2004). Customers stay with their existing service provider if the service features offered to them are superior compared to the features offered by other service providers (Bendapudi and Berry, 1997). Therefore, customers churn out if the services offered to them do not meet their expectations.

2.2.3 Service Quality

Service quality is considered one of the important factors contributing to the overall profitability of firms. This importance is explained by two core functions. First, service quality is one of the few factors that plays a vital role in differentiating services and providing service firms to gain competitive advantage by attracting more customers and contributing to the market share. Second, service quality is regarded as a key factor to retain customers (Venetis & Ghauri, 2004).
There was plenty of research conducted regarding ‘quality’ in the past two decades however, it is important to note that there are quite a lot of different conceptualizations of quality (Holbrook, 1994). With respect to marketing and economics, quality is often understood as relying on the properties and features of the product. With regard to operations management quality is viewed as having two main properties, “fitness of use (it refers to whether the product or service does what it is supposed to do and possess features that meet the needs of customers) and reliability (it represents to what extent the product is free from deficiencies)” (Wang and Lo, 2002). The service literature defines quality as “the overall assessment” (Parasuraman et al., 1988). The traditional definition of service quality measures the difference between customer expectations and perceptions of service (Grönroos, 1984 and Parasuraman et al., 1988).

Zeithaml, Parasuraman, and Berry (1990) designed the service quality model (SERVQUAL), it has five dimensions to measure the service quality: reliability, responsiveness, assurance, empathy and tangibles. This model is commonly used as diagnostic tool to measure customer service and perceived satisfaction. Reliability is the capacity of the company to deliver its promises on time. Responsiveness relates to what extent customers perceive service providers ability solve their issues timely. Assurance defines the sense of trust among customers delivered by the service providers’ employees. Empathy refers to care and importance given to each customer, to understand his or her needs and preferences and to articulate them. Tangibility is the presence of facilities, personnel and communication tools used by the organization to offer services (Parasuraman et al., 1988).

2.2.4 Customer Value

In the service industry, customer value plays a vital role for firms to keep up with the competition. Firms look into different directions to gain the competitive advantage since the customers are becoming more demanding, likewise the competition is getting more intense and technology upgrades frequently (Wang and Lo, 2002). Delivering the superior customer value is one of the most important factors for any firm’s success because it involves the behavior intentions of the customers to great extent (Ibid.). Companies nowadays have been shifting their focus to transform the organization internally by improving certain processes like quality management, business process reengineering, and downsizing to seek top-notch customer value delivery (Butz & Goodstein, 1996).
In competitive environments, firms are concentrating more on learning about customer value and concerned knowledge. It helps managers to follow voice of customers and to respond them effectively (Wang and Lo, 2002). Customer responsiveness is therefore considered vital strategy to bring value to customers and hence differentiating itself from the competition thereby achieving competitive advantage (Pehrsson, 2014). Firms can therefore give unique offers to customers to bring customer value (Pehrsson, 2012). Companies can thus differentiate by offering value added activities such as after-sales services, customer support, customer relations and distribution (Pehrsson 2012, 2014).

According to Zeithaml (1988), value is concerned with the total evaluation of the utility of a product based on give and take. It is also defined as an emotional connection between supplier/producer and customer due to the usage of product or service (Butz and Goodstein, 1996).

Customer value is associated with the use of products or services. This process is related to something that is sensed by customers rather than independently decided by sellers. In this process, a trade-off that occurs involves customers to receive quality, benefits and utilities in exchange for price, sacrifices including learning cost, opportunity cost and maintenance cost (Wang and Lo, 2002).

Factors that influence the benefits obtained by customers or sacrifices suffered by customers will affect the evaluation process of customer value although customer may vary in forming their opinions with the time, for example factors related to services are responsiveness, flexibility, reliability and technical competencies, these are all customer value drivers (Bolton and Drew, 1991; Zeithaml, 1988).

2.2.5 Value Added Services
Offering value added services is another way of differentiating the service. Mobile telecom service providers also attempt to provide differentiated service by offering value-added services. According to Collins (1986), “Value-added is an economists’ term meaning that the services offered will have additional value to the users compared with more basic telecommunications (or other) services”. So what constitutes to “value-added” services in telecom industry has undergone considerable debate by DTI, Value-added and data services, which concluded that “anything beyond basic telephony, telex and leased line services as
being of the value added nature” (Collins, 1986). Mobile value added services are digital services that are apart from basic telephony service and are added to the mobile networks (Kuo, Wu, and Deng, 2009). The value added services offered by mobile telecom service providers have a huge range and it continues to grow (Collins, 1986). These services are either produced in-house or provided through strategic alliances with the content providers. Value added services comprise of games, icons, ringtones, messages, web browsing, sms, coupons and electronic transactions (Kuo, Wu, and Deng, 2009).

2.2.6 Price

In service economy, price is also one phenomenon based on which companies strive to differentiate their products. It can somehow become a complex concept as Philips (1983) describes it poses more risk for the seller who is offering same or similar products or services but at dissimilar prices (Hünerberg and Hüttmann, 2003). Moreover, according to Porter (1980) customers are more concerned with the company prices rather than firm’s costs, therefore prices are more often subject to differentiation, which is why pricing is also a factor in the product differentiation (Pehrsson, 2009).

Based on the view of complexity in the process of price differentiation, Hünerberg and Hüttmann state Pigou (1929) has identified and described three types of price differentiations, Type 1 deals with individual prices leading to maximum price for each contract. Type 2 is based on setting up the prices based on the segmentation of customers into the groups and letting customers decide at which price to buy. Type 3 involves segmentation of customers into groups, however seller decides the price for customer. Type 1 can be recognized through negotiations and auctions. Type 2 is concerned with the slight differentiation of components of the offering (e.g. in the field of product features, customer service, financial and other conditions), on several forms of bundling, or on purchase volume. Type 3 involves price differentiation with respect to time of purchase (e.g. season, product life cycle), to customer’s geographical location (e.g. in different countries), and to other characteristics of the customer (e.g. size, industry segment). Type 3 involves particularly more risk of arbitrage effects, in contrast to which the seller has to build up barriers (e.g. through immediate differentiation of the offering) (Hünerberg and Hüttmann, 2003). With respect to the nature of above price differentiations, in the mobile telephony services the type 2 and the type 3 can be of more concern.
As discussed earlier, in the wireless services, “good and fair” pricing of services and personal benefits play vital role leading to customer satisfaction (Gerpott et al., 2001). Price perceptions directly influence the customer satisfaction whereas there is an indirect influence to customer satisfaction through the perception of price fairness (Herrmann et al., 2007).

There is plenty of research in the marketing literature that shows the inclination towards the fair pricing in order to achieve the customer satisfaction (Herrmann et al., 2007). Most customers are quite sensitive to price variations so they are satisfied when the prices are fair (Pehrsson, 2016). Fair pricing refers to when customers assess if the prices offered by seller are reasonable, acceptable or justifiable (Xia et al., 2004). Therefore, competitors respond swiftly to the price changes (Pehrsson, 2016).

Due to unfair pricing, sometimes the prices offered by sellers deceive customers in a way that they cannot exactly evaluate their own requirements and frequently select the wrong price plan (Train, Ben-Akiva, and Atherton, 1989). Kridel, Lehman and Weisman (1993) conducted a research which showed the same kind of situation in which one-third of telecom subscribers who chose the flat-rate pricing plan were found to utilize fewer than expected minutes to justify their subscription.

### 2.2.7 Advertising and Promotion

It has been discussed earlier in this paper about the role of the promotional tools in differentiating the products and services from other service provider. Advertising and promotion play a significant role in the mobile telecom services industry. When there is very limited actual and physical differentiation among products then advertising and promotion take on place to manipulate the product differentiation, it is thus called an artificial differentiation as it distorts the consumers’ demand (Dickson & Ginter, 1987). In addition to that, Lancaster (1979) also explained this kind of phenomenon as “pseudo-differentiation” in which there is no real differentiation and imaginary differences are created.

Companies use advertising and promotion when they follow the strategy of product differentiation to promote differences between a product and the products of competing sellers. With the help of advertising and promotion, companies insulate their business against the price wars by claiming a differentiated product (Smith, 1956).
2.3 Perceived Factors Influencing the Differentiation Process

2.3.1 Regulations

Regulations affect the operability of the companies in the market they are operating by limiting them. Pehrsson (2013) states, regulations affect the companies’ marketing strategies, which includes product/market scope, when they want to operate in certain market. Likewise, Delmas et al. (2007) also indicate the changes in regulations affect the incumbents’ market strategy.

Telecom regulators in the early days exogenously controlled the market structure of the telecom services sector. Generally, regulators decided how to allocate the spectrum of radio frequencies among different uses (i.e., technology and service requirements, number of licenses to be accommodated within a certain allocated band), and this was followed by a procedure to assign limited number of predetermined licenses. It was obvious from the two-step process that regulators effectively act as fundamental planners during the step of allocation and may or may not use market-based mechanisms only in the phase of assigning (Valletti, 2003).

Telecommunication industry is regarded as one of those industries, which are the most dynamic and subjected to the sector specific-specific regulation. Dynamic industries can be described as having a high speed of innovation. There are two types of innovations that mainly exist in this sector, those are “innovation for new services and innovation for alternative network infrastructures”, and competition in telecom industry is based on them. Telecom operators are mostly involved in providing the innovation for new services, whereas the telecom equipment suppliers provide the innovations in the network technologies. The telecom operators adopt the innovation in the network technology provided by telecom equipment suppliers. The telecom operators decide about whether or not to install and implement the new technology and when to implement it. Certainly, an immediate implementation of new technology may be costly and risky. The adoption and implementation of these technologies corresponds to innovation in this sector (Bourreau & Dogan, 2001).
Regulatory bodies via two different channels generally affect these types of innovative activities. First, through the price regulations (interconnection charges regulation and retail prices) this affects the industry profits due to that less incentives to innovate (Farrell, 1997). Second, through the price and entry regulations both, due to this, terms of entry change as well as innovation decisions concerning a new entry (Bourreau & Dogan, 2001).

One major role played by sector-specific regulation is to keep up the pro-competitive environment to ensure the development of self-sustainability. Due to that, firms behave in a competitive manner, resulting in benefits from the competition in the form of low prices, long range of product choice and better quality (Ibid.).

One more important role of regulation is to pull off lower costs and new products in the market by managing the maximal market development in terms of volume and value both (Ibid.).

In order to achieve the objectives mentioned above it is therefore required that telecom regulatory bodies while making policies should consider the dynamic aspects of the competition in the industry, as this affects the speed of innovation (Ibid.).

Moreover, if the regulatory bodies are not active enough to follow the continuous fast changes in the environment, then, many regulations turn out to be inefficient or outdated. On the other end, in return regulatory policies affect the pace of technological advancement, since there is endogenous relationship between the industry structure and the technological progress.

The technology adoption process slows down by imposing regulations, due to which the preemptive strategies become less attractive (Riordan, 1992). Bourreau and Dogan (2001) mention according to Riordan the “incumbent monopolist has incentives to adopt a new technology preemptively to discourage the entry of the rival which possesses a new technology that would enable him to enter the market and reduce monopoly rents”.

Stricter regulations of one firm can affect the pace of innovation for the whole industry either by speeding up or by slowing down the process of innovation. This happens when reducing the incentives of the regulated firm to innovate and to imitate successful new technology of rival firm. It may help the rival firm to derive profits out of its innovation (Bourreau & Dogan, 2001).
Long Distance and International (LDI)

It is a license issued by the regulatory authority to establish end-to-end connection between points that are located in one region with the points that are located outside that region. However, the task to initiate and terminate the voice traffic within the region is assigned to Local Loop (LL) operators, thus, operators are not authorized to execute this task (Sheikh & Mirza, 2008). According to the license conditions, LDI operators are authorized to provide different telecom services to their corporate customers. These services include data services, Virtual private network (VPN) solutions and call centers etc. (Ibid.). LDI operators charge mobile companies for end-to-end communication. Mobile telecom operators provide international call services in collaboration with different partners (LDI operators). After acquiring the LDI license, telecom companies can operate international calls, SMS and telephony service from their own network. Which is why obtaining a LDI operator license for mobile telecom companies is also a barrier, as it enables them to provide additional services related to communication.

Interconnectivity charges

Interconnection is a process of establishing a connection of one telecom operator with the infrastructure of another. It allows the subscribers of two different operators to communicate with each other (Carter & Wright, 1999). Interconnection is important for new operators who wish to provide services by utilizing the infrastructure facilities of the pre-established operator. Usually, when subscribers make calls, they get charged by their own operator, which then reimburses the charges to other operator(s) to complete the call (Ibid.). Mobile operators or regulatory authority determines the interconnection charges. High interconnection fee has benefited telecom operators and is considered essential for the efficiency and expansion of telecom network (Oestmann, 2003).

2.3.2 Competitive Imitation

An organization having differentiated offerings enjoys a distinguished position by generating greater returns only until the competitive imitation takes place (Fisher, 1991). Competitors invariably erode the differentiation strategy of an organization due to imitation (Hitt et al., 2006). Imitation is another factor influencing the differentiation process that is faced by the telecom companies operating in this oligopolistic environment, which is a reason to have less differentiated services. This process may include imitating the parts of the dominant
company’s strategy (Pehrsson, 2014). Hence, without realizing the suitability, competitors follow the strategy of a closely related companies, consequently product scope is imitated (Pehrsson, 2011). The dominant company may care less about the imitation or would not wish to be imitated, which is why the offerings from the companies seem less differentiated, hence this approach leads to the convergence of strategies (Pehrsson 2011, 2014, 2016). The whole process of imitation is further simplified when companies are operating in the same location (Pehrsson, 2016). Companies intend to achieve the benchmarks regarding customers’ requirements set by companies having competitive edge in the market due to their offerings (Pehrsson, 2011, 2016.). Thus, when imitation takes place, the salient features of differentiation disappear to an extent that customers cannot distinguish between the service offerings (Fisher, 1991). Hence, competitive imitation is considered a threat to retaining a differentiated position (Ibid.).
2.4 Theoretical Framework (Analysis Model)

The figure 2.1 presents the framework of the study based on the literature review. The model below points out the product/service differentiation by mobile service providers. It is based on the factors: innovation, customer satisfaction, service quality, customer value, value added services, price and advertising & promotion. The model proposes that the differentiation in the mobile telecom sector is influenced by the regulations and competitive imitation prevailing in this sector.

According to this model regulation and competitive imitation are factors perceived to influence the differentiation process of a mobile telecom company that strives to distinguish its offerings.
3 RESEARCH METHODOLOGY

This chapter provides the insight of methodological approach that led this research. It presents and justifies the strategies, data collection methods adopted, and the analysis method used to achieve the research objectives. It gives the general idea of the research approaches and this research conducted as a case study on qualitative research method. In addition, this chapter elaborates the applied research methodology, which incorporates the research design, data collection, operationalization, validity and reliability.

3.1 Research Design and Strategy

A research design defines a framework required for the collection and analysis of the data (Bryman & Bell, 2015). It is a framework that specifies the type of information needed to be collected, the source of data, and the collection measures (Kinnear & Taylor, 1991).

From the marketing’s viewpoint, a research design can be defined as a road map or a blueprint to perform market research. It describes the procedures as necessary to obtain the information as needed to restructure or dissolve marketing research problems (Malhotra & Birks, 2003).

The design process of a research study involves many associated parameters. One of the designs of the research is a case study design. This research is mainly based on a case study research method.

Case study

The case study method allows researchers to examine the data in a particular context. The essence of this method relies specifically on that particular environment or phenomena. The result of a qualitative case study is detailed depiction and analysis of the phenomenon (Merriam, 1998). In the case study method, a case can be a single organization, a single location, an individual or a single event as the subject of study (Bryman & Bell, 2015). Yin (1994) defines case study as an empirical investigation that studies a contemporary phenomenon in real-life contexts; when the boundaries between the phenomenon and the context are unclear; and in which multiple data sources are used. A case study is usually
based on the complexity and uniqueness of the case. The case study provides mobility, through which several qualitative methods can be combined, to avoid a large dependence on a single search (Bryman & Bell, 2015). Case studies usually put together methods of data collection such as archival searches, interviews, questionnaires, and observation (Eisenhardt, 1989).

This thesis aims to highlight the perceived factors that influence the differentiation strategy adopted by the mobile telecom service companies when distinguishing their services. It has been asserted in the literature that the case study approach is associated with a particular context or phenomenon and can take into account geographical location or organization, which encouraged the researcher to adopt it as an appropriate method for this research. Moreover, it will be right to adopt the multiple case or collective case study approach when multiple cases (individuals, companies, events) are considered. The multiple case study approach gives access to researchers to compare what is unique and common across cases. It allows the researchers to compare the findings from the theoretical perspective (Bryman & Bell, 2015). Hence, the case study method is appropriate choice for this research.

3.2 Data Collection

Data collection is considered as a core point for any research and can be categorized as primary and secondary data (Bryman & Bell, 2015). In this research, both primary and secondary data are extracted. Primary data has been gathered to serve the purpose to formulate the answer to the research question. Secondary data is explored from the annual reports, companies’ websites, regulatory authority’s website and other websites to present the background information and comparison of services. As one of the benefits of case study approach is that it puts together the qualitative methods of data collection, as discussed earlier. This research study employs semi-structured interviews for gathering primary data and information from websites, annual reports is extracted as a secondary data.

Primary Data

When the secondary data available is unable to answer the research questions, then the researcher must collect the data, which is relevant to particular study and research problem. Such data is referred to as primary data (Ghauri and Grønhaug, 2005). Primary data can be extracted through several means, usually that includes surveys (questionnaires), interviews,
observations and experiments (Ibid.). The key source to first-hand information of this master dissertation is the transcripts of interviews conducted with the managers of the respective companies. Semi-structured interviews were employed as a tool for gathering the primary data. Seven interviews were conducted on location in Islamabad, Pakistan with the managers of the each company. The duration of the each interview lasted approximately 1 hour to 1½ hour. The objective of the interviews was to get in depth information regarding the differentiation strategies and the factors influencing the differentiation of services offered by the mobile telecom companies.

**Semi-structured Interviews**

Semi-structured interview allows the researcher to collect comprehensive information in a manner that is rather conversational. It is an open-ended process based on the structure and flexibility, which allows the interviewer to deviate from his/her prepared questions to explore unanticipated topics or comments (Merriam, 1998). Semi-structured interviews are usually used when the researcher wants to delve profoundly into a subject and to comprehend thoroughly the responses gathered (Ibid.).

**Secondary Data**

Secondary data consists of data that can be both quantitative and qualitative (Bryman & Bell, 2015). There is plethora of information that can be accessed and can be used in case study research. Various forms of secondary data are used in business research for descriptive and explanatory purpose. This type of data is useful for backing specific case study analyses. Therefore, data has been extracted from annual reports and websites to support and validate the information from interviews conducted (Yin, 2009).
## 3.3 Operationalization of the Concepts

<table>
<thead>
<tr>
<th>Question</th>
<th>Theory/Concept</th>
<th>Operationalized definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Questions: 1-3</td>
<td></td>
<td>Warm-up questions</td>
</tr>
<tr>
<td>Address the information about respondent and the company.</td>
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<td></td>
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<tr>
<td><strong>Product differentiation</strong></td>
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<td></td>
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<tr>
<td>Question: 4</td>
<td>Product differentiation (MacMillan and McGrath, 1997), (Chamberlin, 1965), (Shaw, 1912), (Pehrsson, 2009)</td>
<td>To know the type of products and services offered by the company and if they are differentiated or not.</td>
</tr>
<tr>
<td>Does your company offer the differentiated products or services?</td>
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<td></td>
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<tr>
<td>Question: 5</td>
<td>Product differentiation (MacMillan and McGrath, 1997), (Chamberlin, 1965), (Pehrsson, 2009)</td>
<td>If the company has differentiated products/services then what are those services that are different, which tools are employed to achieve the differentiation.</td>
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<tr>
<td>What are those services you offer that your competitors do not have?</td>
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<td></td>
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<tr>
<td>How do you distinguish your product or service?</td>
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<td></td>
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<tr>
<td>Question: 6</td>
<td>Product differentiation (Shaw, 1912) (Dickson &amp; Ginter, 1987), (Pehrsson, 2012, 2008, 2009)</td>
<td>To understand if the products and services of the company are similar to the rivals then how does company make its products different from offerings of its competitors keeping in account the target market. Moreover, to know which strategies and tools are used to create differentiation.</td>
</tr>
<tr>
<td>If the services/products offered by you are similar to your competitors then how do you create differentiation and make your product stand out in the market? How precisely do you meet the requirements of your target market?</td>
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<tr>
<td>Question: 7</td>
<td>Industrial Alliance (Wong, 2010)</td>
<td>To extract information regarding the way mobile service providers operate in the oligopoly setup and if there is some sort of alliance then that could be the reason of less differentiation or influence on differentiation process.</td>
</tr>
<tr>
<td>Is there any industry consolidation among the mobile service providers due to which the services offered by them seem almost undifferentiated?</td>
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<tr>
<td>Question:8</td>
<td>Tailored Solutions (Dickson &amp; Ginter, 1987)</td>
<td>To know the sensitivity of the company towards its customers’ specific requirements and if they tailor their products according to the customers’ needs.</td>
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<tr>
<td>Do you keep in consideration the response of customers based on differing needs? Moreover, do you offer them customized plans? (e.g., Do you offer international data and telephony roaming to frequent travelers without high extra charges for roaming?)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Question:9</th>
<th>Homogeneous &amp; Heterogeneous Demand (Smith, 1956)</th>
<th>To understand which model of demand company keeps into account when designing its products and services, that gives the idea if the company has the same offering for the whole market or if they are designed based on the market segments and the varying needs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you design your product/service? (Is it designed based on the concept of homogenous or heterogeneous market)?</td>
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</table>

**Determinants of product differentiation for mobile service providers**

**Innovation**

<table>
<thead>
<tr>
<th>Question:10</th>
<th>Innovativeness (Pehrsson, 2009, 2016), (Kustin, 2004), (Bourreau &amp; Dogan, 2011)</th>
<th>How telecom companies consider innovating their products/services and how do they view innovation as a strategy for differentiation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>What sort of innovation exists in this industry? Moreover, what innovative products/services does your company offer?</td>
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</table>

<table>
<thead>
<tr>
<th>Question:11</th>
<th>Network innovation (Bourreau &amp; Dogan, 2011)</th>
<th>To know how much companies are willing to adopt the changes and innovations in the telecom infrastructure compared to their competition.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your company operate on innovative network? Does your company’s network have the same characteristics as your rivals?</td>
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</tbody>
</table>
### Customer Satisfaction

**Question: 12**
Customers are satisfied when their demands are met. Customer satisfaction is one way of differentiation of services. Based on customer satisfaction view, how do you differentiate your service?

<table>
<thead>
<tr>
<th>Customer satisfaction</th>
<th>(Oliver, 1980), (Fornell &amp; Wernerfelt, 1987; Reichheld &amp; Sasser, 1990), (Lee, Lee, &amp; Freick, 2001), (Neslin et al, 2006), (Gerpott et al, 2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>It will be evident from this question that if the companies consider customers’ response to the services in designing the products or services, which helps in retaining the customer. This question analyzes if the companies go for the targeted, the untargeted, or both the approaches to retain their customers.</td>
<td></td>
</tr>
</tbody>
</table>

**Question: 13**
Which factors do you take into consideration regarding your services that may assist in satisfying customers?

<table>
<thead>
<tr>
<th>Differentiation Factors</th>
<th>(Gerpott et al, 2001), (Kim et al., 2004), (Kim and Kwon 2003)</th>
</tr>
</thead>
<tbody>
<tr>
<td>This question will identify the factors telecom companies take into account to satisfy their customers, which can be basis for the differentiation.</td>
<td></td>
</tr>
</tbody>
</table>

**Question: 14**
Have you gained subscribers compared to the previous years?

<table>
<thead>
<tr>
<th>Customer retention</th>
<th>(Valletti, 2003), (Bendapudi and Berry, 1997), (Pehrsson, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>With this question it can be analyzed if the company is gaining subscribers then customers are satisfied with its services, however, if subscribers churn out then customer satisfaction is low.</td>
<td></td>
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</tbody>
</table>

**Question: 15**
Do you think superior service coverage, call quality, customer care, and value added services are linked to customer satisfaction and retention? Do you get complaints from customers regarding these factors? If “yes”, how do you satisfy them?

<table>
<thead>
<tr>
<th>Customer retention</th>
<th>(Valletti, 2003), (Bendapudi and Berry, 1997), (Pehrsson, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>It will be evident from this question if telecom companies consider the larger coverage, customer care and value added services a part of differentiation strategy. Moreover, if these factors play any role in customer satisfaction and retention.</td>
<td></td>
</tr>
</tbody>
</table>

### Service Quality

**Question: 16**
How do you rate your service quality and how do you differentiate your services in terms of quality?

<table>
<thead>
<tr>
<th>Service Quality</th>
<th>(Venetis &amp; Ghauri, 2004), (Holbrook, 1994), (Wang and Lo, 2002), (Parasuraman et al., 1988), (Gronroos, 1984)</th>
</tr>
</thead>
<tbody>
<tr>
<td>It will be assessed from this question if companies take measures to improve service quality and consider it as a part of differentiation and through which factors they differentiate.</td>
<td></td>
</tr>
<tr>
<td>Question: 17</td>
<td>Factors influencing service differentiation</td>
</tr>
<tr>
<td>Customer Value</td>
<td>Customer Value (Wang and Lo, 2002), (Butz &amp; Goodstein, 1996), (Zeithaml , 1988), (Bolton and Drew, 1991), (Pehrsson, 2012, 2014)</td>
</tr>
<tr>
<td>Value Added Services</td>
<td>Value added services (Collins, 1986), (Kuo, Wu, and Deng, 2009)</td>
</tr>
<tr>
<td>Question: 20</td>
<td>(Collins, 1986)</td>
</tr>
<tr>
<td>Prices</td>
<td>Price differentiation (Philips, 1983), (Hünerberg and Hüttmann, 2003), (Porter, 1980), (Pehrsson, 2009),</td>
</tr>
<tr>
<td>Question: 22</td>
<td>Setting up Prices (Pigou, 1929), (Hünerberg and Hüttmann, 2003), (Gerpott et al., 2001), (Herrmann et al., 2007), (Xia et al., 2004)</td>
</tr>
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<td>---</td>
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</tr>
<tr>
<td>Question: 23</td>
<td>Tailored prices (Train, Ben-Akiva, and Atherton, 1989), (Kridel, Lehman and Weisman, 1993), (Pehrsson, 2016)</td>
</tr>
<tr>
<td>Question: 24</td>
<td>Factors influencing fair prices (Train, Ben-Akiva, and Atherton, 1989), (Kridel, Lehman and Weisman, 1993), (Pehrsson, 2016)</td>
</tr>
</tbody>
</table>

| Advertising and promotion |

| Question: 25 | Role of advertising (Dickson & Ginter, 1987), (Lancaster, 1979), (Smith, 1956) | To gain information from the companies if advertisement is the only tool for creating differentiation when there are not so many options left to differentiate their services from the competition. |

| Factors influencing the differentiation process |

<p>| Question: 26 | Influence of regulations (Pehrsson 2013), (Delmas et al. 2007), (Valletti, 2003), (Bourreau &amp; Dogan, 2001), | To know the role of regulatory body when the companies design their products and try to differentiate. |</p>
<table>
<thead>
<tr>
<th>Question: 27</th>
<th>If regulations influence then what sort of hindrances does your company face?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a. Price regulation (interconnection charges, retail prices)</td>
</tr>
<tr>
<td></td>
<td>b. Entry regulation</td>
</tr>
<tr>
<td></td>
<td>c. License cost/renewal</td>
</tr>
<tr>
<td></td>
<td>d. Taxes</td>
</tr>
<tr>
<td></td>
<td>e. Custom duty. Import taxes</td>
</tr>
</tbody>
</table>

To extract information about what sort of regulations companies face when they design their services. It can be known from the question that what is the magnitude of impact by the regulations on the individual company and on the industry.

<table>
<thead>
<tr>
<th>Competitive Imitation</th>
<th>Question: 28</th>
<th>What is the role of imitation in this sector? Is it considered a threat to differentiation? How it influences the industry?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Fisher, 1991), (Hitt et al., 2006), (Pehrsson, 2011, 2014, 2016)</td>
<td>To know the role of imitation in this industry and how it affects the companies that try to differentiate.</td>
</tr>
</tbody>
</table>
3.4 Data Analysis

There are no set of guidelines for analyzing the case study data (Yin, 2009). It is the process where researcher can manipulate the data and make it logical (Ghauri and Grønhaug, 2005). According to Yin (2009), there are different methods of analysis that have been suggested when conducting a qualitative multiple case studies. In this research, the researcher has followed the approach of cross-case analysis (Eisenhardt, 1989). The cross-case analysis should be used when the data is collected from more than one case (Yin, 2009). The empirical chapter would provide the reader with the summarized information related to empirical data. This information will illustrate the common patterns found across cases and it is the groundwork of the cross-case analysis. In order to avoid premature conclusion and to vindicate the bias from the researcher while conducting cross-case analysis, the collected data should be examined carefully and in different ways (Eisenhardt, 1989). In this research, the researcher would study individual case and relate it with the theoretical framework leading to cross comparison of all the cases. The main advantage of the cross-case analysis is that to go beyond the early impressions and to look deeper into the problem. Hence, the author of this research has found this method of analysis to be profoundly appropriate to satisfy the objectives of this research.

3.5 Quality Criteria

The quality criteria employed to evaluate the research is important phase and has become prominent matter among business researchers and policy makers with an interest in academic research. The most prominent criteria for the assessment of business and management research are the validity and reliability (Bryman & Bell, 2015).

3.5.1 Validity

The most vital criterion of the qualitative research is the validity and it deals with the integrity of the conclusions generated from the research work (Bryman & Bell, 2015).

Internal validity of the research deals with the compatibility between the researcher’s observations and the theoretical concepts. Hence, the researcher has managed the internal validity by relating the interview questions with the theoretical framework. Moreover, each question is clearly operationalized to reach high validity. The researcher took appointments to conduct detailed interviews. Interviews were conducted with the follow-up questions to
extract the relevant information, at the respective offices of the companies with their managers. Respondents were also approached through phone and emails for further clarification and changes/developments in the mobile telecom industry. In order to achieve the internal validity for the data analysis, four case study strategies have been identified by Yin (2009); those are pattern matching, explanation building, address rival explanations and using logical methods. Accordingly, this thesis has employed those strategies to reach the high validity. For this purpose, the data was initially analyzed by describing the individual case and then leading to determining patterns among cases. Moreover, the theoretical framework model was used at each phase of the data analysis to strive for a high validity.

**External validity** refers to the extent to which the outcomes/results of a study can be generalized to settings or situations other than those that were the subject of study (Bryman & Bell, 2015). With respect to this research, if it can be generalized to other industries is a question if they are operating in a similar environment (that is oligopoly) and related to service industry. Moreover, this research covers the data from four mobile telecom operators, which cover the mobile telecom industry of Pakistan. However, it would be hard to generalize it for some other countries, yet to some extent the results can be appropriate to provide details regarding the factors that influence differentiation in other geographic regions or industries operating in similar environments.

### 3.5.2 Reliability

Reliability refers to the question whether the results produced by a study are repeatable, or in other words, whether or not the results yielded by the measurement process are consistent for the same situation or event (Bryman & Bell, 2015). The interview questions devised for this research were prepared after careful consideration and without any vagueness. Moreover, follow-up questions were asked to reach the high reliability in this research. Yin (2009) states, the purpose of reliability is to minimize the inaccuracies and biases in the study. Therefore, interviews in this research were conducted from multiple respondents within the same company to examine the consistency in responses. The interviews were conducted strictly following the interview guidelines. The data gathered from the interviews was then incorporated into writing case studies. This study did not include the large number of case studies, however, it covered all four companies existing in mobile telecom service industry of Pakistan, and it was possible to determine patterns from the empirical data. Other researchers conducting research within this domain can obtain parallel results, if it is the same location and industry. Hence, the reliability of this research is high.
4 Empirical Data

This chapter presents the brief introduction of the companies operating in the mobile telecom sector of Pakistan. The detailed case study regarding each company is presented. The overview of empirical findings and interviews synopsis are separately presented in the tables at the end of this chapter.

4.1 Jazz (Mobilink & Warid)

Jazz is the Pakistan’s leading telecom service provider and it is a part of the VimpelCom Group, an international communications and a technology company, headquartered in Amsterdam, the Netherlands. Jazz claims to spearhead service excellence and product innovation in the country. Jazz has subscriber base of over 50 million and has a legacy in the market for more than 20 years. Jazz is currently the market leader due to their “cutting-edge, integrated technology, the strongest brands and the largest portfolio of value added services in the industry” (Jazz, 2017). Formerly, Jazz was known as Mobilink, after merging with the Warid telecom, the VimpelCom Group rebranded the merging companies as Jazz in January 2017. Interviews at Jazz were conducted, with the Assistant Manager Infrastructure Sharing, Mr. Naveed Qureshi, Assistant Manager Product Testing, Mr. Zafar Ali and Specialist Performance Transformation (Public relations), Mr. Ali Hammad Jafri on January 4, 2017.

4.1.1 Product Differentiation

Jazz has a strong infrastructure in the telecom industry with nation-wide network of contact centers. Jazz has laid down 10,000 kilometers of fiber-optic network encompassing the whole region of Pakistan, which makes it possible for the Jazz to achieve uninterrupted connectivity. Jazz is currently providing international roaming to more than 150 countries. Jazz has become a prestigious brand among its customers due to the reliability and consistent improvement of services for more than two decades. Jazz designs its services keeping in consideration the response of customers based on differing needs. For this purpose, Jazz has a department of Business Analytics that extracts CDR (call detailed records) and analyzes them to interpret it into logical and meaningful data, which is then handed over to the departments that design prepaid and postpaid packages. Jazz promotes and distinguishes its brand by displaying its prominence on print and electronic media through heavy use of promotional tools.
Determinants of Differentiation

Innovation

Jazz innovates its products through the technology upgrade. Before merging with the Warid telecom, Mobilink only had the 3G license. In July 2016, Mobilink merged with the Warid telecom, which was offering the 4G services. Due to that merger Jazz can now offer its customers with the LTE/4G data services. Jazz offers innovative tariff plans according to the varying needs of the customer segments. In addition to that, Jazz is offering plenty of innovative value added services and recently they have revolutionized in mobile banking services in Pakistan. The mobile banking app (JazzCash mobile app) is introduced offering innovative banking services related to mobile bank account, online banking and payments (Jazz, 2017).

Customer Satisfaction

Jazz has the largest network in Pakistan and due to that more and more customers port to their network. Jazz believes that the number of subscribers have increased compared to the previous years and right now jazz has over 50 million subscribers. Jazz offers exclusive & personalized tariff plans for the diverse group of customers and tailored solutions for corporate customers. Due to the largest mobile telecom and fiber optic network in Pakistan, Jazz provides uninterrupted services with the great quality. Jazz differentiates its services by offering value added services such as mobile banking to its customers, bringing innovation and more convenience to access banking services (Jazz cash, NFC etc.) across Pakistan through mobile bank app and outlets. Customers of other networks can also access these services (Jazz, 2017).

Service Quality

Jazz offers its customers with the array of services with the high quality that includes basic telephony (voice), sms, mms, and LTE data. Jazz provides its customers with the largest uninterrupted connectivity nationwide due to its largest infrastructure of telecom network. Jazz has a fiber optic network of 10,000 kms and in addition to that covering more than 10,000 cell sites and locations across Pakistan. Jazz provides international roaming in 150 countries with 300 partner operators worldwide (Jazz, 2017). Detailed comparison of the service quality of the mobile service providers is presented in the appendix.
**Customer Value**

To offer customer value, Jazz has designed its app offering different features, for android and apple store, to offer customers the convenience and value for the price they pay for the services. Jazz has a customer support department, which works round the clock on phone and email, to handle customer’ complaints. Jazz has setup the Customer Value Management (CVM), the Business Analytics and the Customer Experience Management (CEM) departments. These departments work in coordination with each other to log the customers’ experiences and their mobile usage statistics, in order to design packages according to customers’ needs, and offer customers tailored solutions and value for their money.

**Value Added Services**

Jazz offers plethora of value added services to its customers, which include basic services such as sms and mms and some more advanced services such as voice messaging, music, ringtones, mobile banking, balance share and cab service. Detailed comparison of value added services of the mobile service providers is presented in empirical findings.

**Price**

Jazz offers four prepaid packages and two postpaid packages, which include voice, sms and data, according to the varying needs of different segments of customers (Jazz, 2017). To entice the customers, along with prepaid and postpaid packages, Jazz has plenty of offers (Bundles) for its customers related to voice, sms and data, which customers can avail on their current subscriptions according to their needs. These “Offers” can be bundled to the subscriptions. Jazz also gives freedom to its customers to customize these bundles according to the usage of mobile services.

**Advertising and Promotion**

The interviews held at Jazz do confirm the large role of advertising and promotion in differentiation of products and services. Jazz promotes its services through print and electronic media both. Moreover, Jazz takes parts in various social campaigns and events. Jazz has established a Jazz Foundation with its aim to support the projects related to education, health, environment and disaster relief. In addition to that, Jazz takes part in various fund raising campaigns for social causes. Jazz has introduced some very famous celebrities for its brand ambassador role. In addition to that, Jazz differentiates itself
through commercials by targeting rivals, thereby emphasizing its competitive advantage of having a strong telecom network with no “call drop” which is a part of their campaign (Jazz, 2017).

4.1.2 Factors Influencing the Differentiation Process

Regulations

According to Jazz, the regulatory body, Pakistan Telecom Authority (PTA), provides no protection against the imitation of services. Due to that there is always a limited period of time to enjoy monopoly until the services are imitated by the rivals.

Recently Jazz wanted to decommission 2500 towers (base terminals BTSs) after having merger with the Warid telecom. Pakistan Telecom Authority (PTA) had the reservations regarding this move due to the influence from Telenor Pakistan. Jazz wanted to decommission those towers, which were in excess and were acquired during the merger. Due to these excess towers, Jazz was paying extra cost for the rent of locations and for electricity to the electricity company. Hence, it was increasing the overall cost of the services provided by Jazz.

One of the conditions set by Pakistan Telecom Authority regarding merger was against the decommissioning of base terminals and as follows:

“The Parties shall not merge their networks and shall not decommission any network element. BTSs may be decommissioned with 30 days prior notice to PTA. PTA may restrict decommissioning of any BTS, if so considered by PTA in alignment with conditions set by Competition Commission of Pakistan (CCP) decision on merger” (Pro-Pakistani, 2016).

LDI (Long Distance and International)

According to Jazz, the reason for not having the roaming without high fee and extra charges is due to the LDI fee. LDI operators charge high fee for voice, sms, and data services. Jazz pays hefty fee for the LDI license and services attributed to it. Hence, these fees ultimately contribute to the costly roaming services.
Competitive Imitation

Imitation of services by the rival companies is a main reason for the similar services and the reason to have less differentiated services. Companies can differentiate their services until their rivals imitate them.
4.2 Telenor Pakistan

Telenor Pakistan is a wholly owned subsidiary of the Telenor group, headquartered in Oslo, Norway. Telenor has its presence in thirteen markets across the Europe and the Asia, providing high quality services related to voice, data, content and communication. The Telenor group is among the largest operators in the world with a subscriber base over 180 million and work force of 33000 approximately (Telenor, 2017). Telenor Pakistan is the second largest operator in the country and has a subscriber base of over 36 million. Telenor Pakistan acquired the GSM license in 2004 and began its commercial operations in March 15, 2005. Two interviews were conducted at the Telenor Pakistan, with the Finance and Business Planning Executive, Mrs. Maria Luqman and Executive Infrastructure Sharing, Mr. Basit Ali on January 09, 2017.

4.2.1 Product Differentiation

Telenor Pakistan pioneered in offering different services since the start of its operations in Pakistan. In Pakistan, Telenor has a network of over 200,000 retailers, franchises and sales & service centers (Telenor, 2017). In the year 2009, Telenor was the first in Pakistan to introduce the largest mobile financial services to date. Telenor has the fastest growing 3G network in Pakistan and recently upgrading to 4G with the reach in 100 cities by the end of 2016. Telenor Pakistan currently serves over 1.3 million 3G customers across Pakistan (Ibid.). Telenor claims to have the largest data networks (GPRS) in Pakistan. The Telenor brand is considered highly reputable. The Telenor Pakistan has prominent prevalence over print and electronic media and different social campaigns through advertisement and promotions.

Determinants of Differentiation

Innovation

Telenor believes to innovate through the new technology adoption and that is why in August 2016, Telenor became the third 4G network of Pakistan. Telenor Pakistan offers innovative packages related to voice, text and data for a diverse group of its customers. Telenor claims to be pioneer in value added services. Telenor was the first mobile service provider in Pakistan to launch mobile banking after the State Bank of Pakistan issued branchless banking regulations which visualized a bank-led model for mobile banking in Pakistan. In order to provide continuous connectivity, which was affected due to the electricity outage in Pakistan,
Telenor converted most of its base stations to rely on solar power instead of conventional electricity. It also resulted in reducing the overall impact to the environment.

**Customer Satisfaction**

Telenor Pakistan has the largest network of internet services that includes GPRS, EDGE, 3G and 4G. To satisfy customers, Telenor Pakistan offers packages related to voice, text and data conforming to the varying needs of the customer groups. Moreover, Telenor Pakistan is forerunner in offering portfolio of mobile banking services making it easier for people having limited access to banking services. Offering customers the services they require resulted in the consistent rise of number of subscriptions of Telenor Pakistan, each year.

**Service Quality**

To consistently improve the service quality, Telenor Pakistan strives to improve its network through upgrade. Telenor Pakistan launched the project of network modernization in early 2012, to upgrade its networks to 3G and 4G technology. Telenor in Pakistan is covering 8321 cell sites and locations and in addition to that providing international roaming to more than 170 countries. Moreover, to deal with the dilemma of power outages in Pakistan, Telenor converted its base terminal stations to rely on solar power to provide connectivity without interruptions. Detailed comparison of the service quality of the mobile service provider is presented in the appendix.

**Customer Value**

Telenor believes that innovations in customer experience are created through the value of using a service rather than by relying completely on what is possible through technology. Telenor has done a research partnership with The Norwegian School of Economics (NHH) in Bergen, Norway along with research groups and industrial partners in banking and insurance, and established a center for service innovation (CSI) in 2011. The purpose of this research center is to continuously seek new ways to ensure the best possible user experience and create value for their customers. Increased customer involvement is at the core of this collaboration. Moreover, advanced analytics team at Telenor enables them to continuously measure and prioritize value creation, from base stations to individual customer offers (Telenor, 2017). To provide customers with the convenience of switching from one offer to another, activating/deactivating them and managing the account, Telenor has offered an app “My Telenor” for IOS and Android devices.
Value Added Services

Telenor offers collection of value added services to its customers to choose from and it is the core area for the company to differentiate its services from the rivals. These services include basic services such sms and mms and more advanced services such as voice messaging, music & video, app & games, utilities such as call & sms blocker, sports update and mobile banking. In addition to that, Telenor offers Telenor companion watch a wearable watch tracker for child’s safety (Telenor, 2017).

Price

Telenor offers four prepaid and ten postpaid packages and additional three prepaid packages specifically targeted to youth. These packages are designed based on the high volume usage of voice, sms and data. Therefore, customers can select the package based on which service (voice, sms or data) they want to use with high volume. In addition to that, Telenor also offers data packages, with only internet service. Moreover, bundles related to voice, sms and data are offered to draw interest of customers.

Advertising and promotion

Telenor designs its marketing and promotional strategy in a very calculated way. The services portfolio of Telenor is quite segmented. Each brand of Telenor targets a specific market and all of marketing and promotional strategies are designed respectively. Telenor’s 3G/4G campaigns are also impressive as the company is trying to create awareness regarding the uses of LTE. This is also perhaps one of the reasons, which is why Telenor is so successful in data market. Telenor is quite popular among youth due to the “Telenor Youth Forum”. In addition to that, Telenor Pakistan contributes to society through selected social investments in the areas of disability, education, health, emergency response and employee volunteerism. Recently Telenor Pakistan contributed towards restoring the partially damaged government schools and bringing back the hygiene related facilities to the flood affected areas of Pakistan. In addition to that, the company constructed IT labs, installed solar electrification and in house maintenance of the facilities in earthquake and flood affected regions in Pakistan.
4.2.2 Factors Influencing the Differentiation Process

Regulations

Regulations play an important role towards the Telenor’s designing and implementation of the strategies in Pakistani market. According to Telenor Pakistan, The Pakistan Telecom Authority (PTA) has comprehensive authority over all the matters concerning telecom. PTA has power to grant licenses, regulate market conditions and determine the price of interconnection. Moreover, PTA monitors and enforces the license conditions in accordance with federal government’s telecommunication policy.

Telenor pays huge sum of fee for acquiring and renewal of licenses related to GSM, Data, LDI and interconnectivity services, through which it provides nationwide and international call services.

Telenor paid USD 291 million for acquiring GSM 900/1800MHz license and additional USD 10 million for AJK (Kashmir) and northern region. These licenses were acquired in 2004 and 2006 respectively. Both the licenses are valid for 15 years. The LDI license is valid until 2024.

In April 2014, Telenor Pakistan acquired 5 MHz 3G license for 2100MHz spectrum band for 15 years for the price of USD 147.5 million. In June 2016, Telenor was awarded 5MHz 4G license for 850 MHz band for the price of USD 395 million (Telenor, 2017).

Moreover, additional approvals from the PTA are required for introducing innovative value added services that are voice or data oriented. PTA has some conditions more stringent towards the market leaders or the innovative companies that initiate such services.

Competitive Imitation

In Pakistan’s telecom services sector, Telenor has a reputation of being an innovative company when it comes to offering new services or price packages. Telenor is considered a benchmark for the other mobile telecom service providers. Therefore, the other operators copy its services especially value added services, where Telenor strives to differentiate.
4.3 Zong 4G (China mobile Pakistan)

Zong/China Mobile Pakistan (CMPak) is a wholly owned subsidiary of China Mobile Communication Corporation (CMCC). CMCC is the world’s largest telecom service provider with the largest mobile customer base. The CMCC group has a total staff of 438,645 maintaining the leading position in the Mainland China with a customer base of over 826 million. CMCC has its presence across the world. It is in Hong Kong, Pakistan, San Francisco and London and it is well known for its uninterrupted cellular network through tunnels, on highways, inside skyscraper elevators as well as on the top of the Mount Everest. CMCC acquired the GSM license from Millicom Corp in 2007 and came up with the brand name “ZONG” in Pakistan’s telecom market. CMPak has over 26 million of subscriber base and the third largest operator in Pakistan. One interview was conducted at Zong/CMPak with the Senior Officer Cost Control, Muhammad Arslan Malik on January 12, 2017.

4.3.1 Product Differentiation

Zong/CMPak differentiates itself from the competition for having a strong network infrastructure related to the fastest 4G/LTE services in the country. Zong has a vision to provide entirely connected environment for Pakistanis by supporting the technological edge in the 4G LTE, thereby delivering high quality services at affordable prices. CMPak has the highest number (6000) of 4G sites with the coverage encompassing more than 300 cities of Pakistan. In future, CMPak aims to expand its operations and provide even high quality services to its subscribers. According to CMPak, digitization is a catalyst for economic growth and they will continue to empower it by leading the data services market of Pakistan (Zong, 2017).

Determinants of Differentiation

Innovation

CMPak aims to innovate through the digitization of services and to achieve that this operator is rapidly upgrading to 4G technology. Presently more than 300 cities in Pakistan provide 4G/LTE services through CMPak. The 4G packages offered by CMPak are innovative, speediest and inexpensive. CMPak provides innovative offers to its customers that can be bundled to subscriptions resulting in very low rates for voice, sms and data. On February 09, 2017, CMPak has successfully launched its flagship service in the healthcare sector with the initiation of “Cloud Clinic”. This cloud base solution aims to store medical records
electronically for small and big medical institutions. The main objective of this cloud solution is to make healthcare facilities paper free.

**Customer Satisfaction**

CMPak has the largest network of 4G/LTE data service. It is currently the third largest operator in terms of subscribers by taking over Ufone in Pakistan telecom market. CMPak provides innovative offers related to voice, sms and data at very low rates to satisfy its customers. Offering customers the services they require resulted in the consistent rise of number of subscriptions of CMPak each year.

**Service Quality**

CMPak is dedicated to improve its data quality by expanding its 4G sites across Pakistan. Presently CMPak has 8651 total cell sites and more than 6000 cell sites are offering 4G services in more than 300 cities. Moreover, CMPak’s data services have the highest speed according to quality of service test by PTA. CMPak’s international roaming is available in 237 international destinations (Zong, 2017). Detailed comparison of service quality of mobile service provider is presented in the appendix.

**Customer Value**

To offer its customers value CMPak recently launched its app offering comprehensive features related to account management. The app allows to view details of calls, sms and internet usage with the account recharge. Customers can switch to different prepaid packages and activate or deactivate promotions/packages/vas. Moreover, to provide customers with the support, customer support is active through phone, email, live chat and service centers. CVM and CEM departments at CMPak work continuously to bring value to customers for the service they purchase.

**Value Added Services**

CMPak offers excess of value added services to its customers, which include basic services such as sms, and mms and some more advanced services such as voice messaging, music, ringtones, and balance share. However, CMPak has not stepped into mobile banking yet. Detailed comparison of value added services of mobile service providers is presented in the empirical findings.
Price

Zong offers four prepaid and four postpaid packages, which include voice, sms and data, targeting different customer segments. Through CMPak offers (Bundles), these packages become even more tempting for customers in terms of their prices as they drop even below the industry standard prices.

Advertising and Promotion

CMPak has branded itself with the name “Zong”, and promotes its packages and offers across both print and electronic media. The company has recently emphasized more on 4G relating to its brand by introducing Zong as “Zong 4G”. Moreover, CMPak promotes itself by taking part in disaster relief projects, collaboration with the educational institutes, social welfare initiatives and in different volunteer programs.

4.3.2 Factors Influencing the Differentiation Process

Regulations

Regulations in telecom industry affect companies in different ways. CMPak came into the market in 2007. However, it was denied the LDI services license until 2013. The reason for not issuing the LDI services license to CMPak was due to the terms of a deal between the government and the Etisalat group related to the part privatization of the incumbent telecom company Pakistan Telecommunication Company Ltd (PTCL).

Although, CMPak is the third largest operator in the country, however, the company is presently enduring low margins and is suffering due to heavy taxes like all the other mobile service operators.

According to CMPak, The telecom sector in Pakistan faces the heavy taxation compared to its regional counterparts, which results in delaying the prospects of growth despite the arrival of 3G and 4G services. According to the statement of the company’s CEO Liu Diangfeng given to The Express Tribune, Pakistan, Liu said “the parent company’s (China Mobile Corporation Company) investment $3 billion, which includes $1 billion for 3G and 4G spectrum licenses in 2014, has still not managed to turn things around” (The Express Tribune, 2016).

In addition to that, Liu said, “To develop a 4G market and installing these sites is a big challenge especially when the government is continuously burdening the industry with
heavy taxation, the recent example of which is the taxation proposal on smartphone handsets” (Ibid.).

Liu stated, “The government has the right to tax services, but the telecom sector is already suffering from a saturated market” (Ibid.).

Moreover, with the current market situation of high saturation, CMPak’s CEO states that the company aims to acquire an existing telecom operator to grow further and to increase its market share.
4.4 Ufone (Pak Telecom Mobile Ltd)

Ufone is the brand name of Pakistan Telecom Mobile Limited (PTML). PTML is the wholly owned subsidiary of Pakistan Telecommunication Company Ltd (PTCL). Ufone started its operations in January 2001. In 2006, PTCL was partially privatized. As a result of PTCL’s privatization, Ufone also became the part of the Emirates Telecommunication Corporation Group (Etisalat). Ufone was the third largest operator when it entered the telecom market in Pakistan. Presently, Ufone has over 24 million subscribers and placed at the fourth position in the Pakistan telecom market. One interview was conducted at Ufone with the Assistant Manager Quality Assurance & Operations Support, Miss. Samrina Zahid on January 13, 2017.

4.4.1 Product Differentiation

Ufone has a prominent position in the market for having low call rates to both mobile and landline networks with no hidden charges. Ufone gains this edge being a wholly owned subsidy of PTCL, which has the monopoly in the landline network. Ufone has network coverage in 10,000 locations. Ufone offers international roaming to more than 288 operators in more than 160 countries. Presently Ufone is enhancing its 3G network services through *spectrum refarming* (The abolition of existing band allocations in the radio spectrum and the more efficient reallocation of the spectrum into smaller bands) (Ufone, 2017). Ufone is a household brand with its strong presence over different media.

**Determinants of Differentiation**

*Innovation*

Presently Ufone is engaged mostly in upgrading its network from the 3G to HSPA+ by doubling its 3G spectrum via refarming. The existing networks of the company operating through 5MHz of spectrum in 2100MHz band will be doubled to 9.2MHz with the help of spectrum refarming. This upgrade will enable Ufone to improve its 3G services through 900MHz spectrum resulting in better and wide coverage of 3G services compared to the 2100MHz spectrum band. In addition to that, Ufone offers the mobile banking services through its entity U Microfinance Bank Ltd (Ubank), which was formed in 2012 after PTCL, acquired 100% shareholding of Rozgar Microfinance Bank Ltd. In addition to that, Ufone innovates through offering newest value added services. Ufone offers innovative price plans (prepaid and postpaid) according to the different target markets.
Customer Satisfaction

To satisfy the customers’ urge for higher data speed, Ufone is upgrading its networks. Although the number of customers has declined compared to the previous years and brought Ufone to the fourth place in terms of market share, however, the company’s CEO Rainer Rathgeber’s response to (The Tech) against declining of SIM numbers was; SIM numbers are not relevant and they are not targeting new customers. He said:

“Our focus is on real customers who enjoy our services and remain with us for a longer duration” (The Tech, 2017).

In addition to that, he said; “Increasing the number of SIMs is not difficult, what’s the use of customers who sign-up, consume free resources and then leave your network without growing your business? That is pure dumping and wastage of resources. Luckily PTA has realized this now as well and that is why they removed ZERO priced SIMs from the market” (The Tech, 2017).

To satisfy customers’ needs, Ufone is offering its customers voice, sms and data related services at affordable prices through prepaid and postpaid packages.

Service Quality

Ufone’s service quality meets the requirements of industry standards. Presently Ufone is offering its services to 10,000 sites and locations across Pakistan. To improve data services, refarming of networks is under process. According to the interview with (The Tech, 2017), CEO Mr. Rainer said: “The company will continue to work and enhance Ufone’s cellular network and the company is constantly working on optimizing the network with an aim of offering best-in-class services to customers. Without sharing any numbers, since Ufone is a private company, the company will keep investing into network to make it a better offering”.

Ufone is presently offering international roaming to 160 countries through the partnership with 288 operators across the world (Ufone, 2017). Detailed comparison of the service quality of mobile service provider is presented in the appendix.


**Customer Value**

Ufone believes to have customer-centered policies and have a vision to put customers first. According to Ufone, on March 18, 2014, it has started a system upgrade in order to serve its customers efficiently. To bring value to customers, thereby taking over the customer churn rates and port out, Ufone has the team of Advanced Analytics, which after the system upgrade will be taking expertise from Teradata Corporation (The world’s leading data solutions company). The company believes that with the Teradata update they would be able to not to lose sight of what is most important to them referring to “customer intimacy” (Ufone, 2017).

To enhance the customer experience at Ufone, the company operates with a network of over 380 franchises and 23 company owned customer service centers accompanied by a distribution network of 150,000 outlets in the country (Ibid.). Ufone offers its customers convenience through its app (My Ufone) for IOS and Android. Subscribers can check their balance, activate/deactivate packages and value added services, check call and sms details or register their complaints.

**Value Added Services**

Ufone offers its customers with loads of value added services ranging from sms and mms to music, sports, education, games and business solutions. Subscribers can access these services according to their needs. In addition, to that Ufone also offers mobile banking services with different features related to payments and balance transfer etc. Detailed comparison of value added services of the mobile service providers is presented in empirical findings.

**Price**

Ufone offers its customers with two prepaid and eight postpaid packages. These packages are designed according to different target markets. These packages include the features of voice, sms and data. Moreover, these packages can be more economical by subscribing to different offers related to voice, sms, and data.

**Advertising and Promotion**

Ufone has its presence on both print and electronic media. Ufone is well known for its commercials however, there is less emphasis on packages, rather the company focuses more on its bundles and offers to entice the customers. In addition to that, Ufone takes part in
various campaigns and social activities, which are part of its corporate social responsibility. The company is taking initiatives related to environment, social development, health and education.

4.4.2 Factors Influencing the Differentiation Process

Regulations

According to the interview at the Ufone, the telecom services sector of Pakistan is facing two dilemmas, which are the saturation of services offered by the telecom companies and the burden of heavy taxes by the government. The reason to have too much saturated market is due to the heavy taxation and the telecom companies are reluctant to invest into this sector as the government is charging taxes on every service, every piece of imported equipment in the form custom duty, federal excise duty, sales tax or in the form of advance taxation. Consequently, companies are hesitant to purchase and import telecom equipment.

The companies are even reluctant to expand or upgrade to newer spectrums. The government of Pakistan wants to auction the 20MHz spectrum license but the telecom companies are reluctant to purchase it due to the incurrence of heavy taxes.

Presently, Pakistan has the second largest taxation structure in the world due to which the companies are reluctant to enter and invest further into expanding business. Moreover, it makes it less attractive for the foreign investments to enter Pakistan.

The present taxation structure of Pakistan has confined the telecom and IT companies into their limited operations. The government should take an initiative to rationalize the taxation structure in order to improve the telecom industry.
4.5 Overview of Findings

4.5.1 Product/Service Comparison

The tables below present the summarized description of the findings. Comparison of the services offered by all the four operators is indicated by “✓” or “✗” based on service availability, where necessary further described by the facts or explanation.

The table 4.1 shows the comparison of coverage and type of data services offered by the four operators. The table indicates that except Ufone all the companies are upgrading their technology from 3G to 4G. Zong is ahead of the competition due to the highest number of 4G capable sites.

<table>
<thead>
<tr>
<th>Service Quality</th>
<th>Jazz (Mobilink &amp; Warid)</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage/locations/sites</td>
<td>10,000+</td>
<td>8,321</td>
<td>8,651</td>
<td>10,000</td>
</tr>
<tr>
<td>Data</td>
<td>3G/4G</td>
<td>3G/4G</td>
<td>3G/4G</td>
<td>3G</td>
</tr>
<tr>
<td>4G sites/cities</td>
<td>unknown</td>
<td>unknown/100</td>
<td>6000/300+</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Table 4.1 Service quality/Coverage

Source: (Jazz, 2017; Telenor, 2017; Zong, 2017; Ufone, 2017)

The table 4.2 points out the comparison of type of international services offered by the operators and the coverage of total number of international destinations. It is obvious from the findings that Zong has good emphasis towards international coverage. However, Telenor excels by offering all the services an international roamer might need, whether prepaid or postpaid.

<table>
<thead>
<tr>
<th>International Services</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Roaming</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IR Coverage (countries)</td>
<td>150</td>
<td>170</td>
<td>237</td>
<td>160</td>
</tr>
<tr>
<td>International SMS</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>International Recharge</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>International Mms</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>International Data Roaming</td>
<td>Postpaid</td>
<td>✓</td>
<td>Postpaid</td>
<td>✓</td>
</tr>
<tr>
<td>Inflight Roaming</td>
<td>✓</td>
<td>✓</td>
<td>Postpaid</td>
<td>Postpaid</td>
</tr>
<tr>
<td>Maritime Roaming</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>Postpaid</td>
</tr>
</tbody>
</table>

Table 4.2 International Services and Coverage

Source: (Jazz, 2017; Telenor, 2017; Zong, 2017; Ufone, 2017)
The table 4.3 reveals the number of prepaid and postpaid packages offered by the mobile operators. Telenor has highest number of packages for both the prepaid and the postpaid. However, there is not too much differentiation among operators in terms of tariff plans.

![Table 4.3 Tariff Plans](source)

The table 4.4 points out the value added services offered by all the four operators with little or no differentiation.

![Table 4.4 Value Added Services](source)
The table 4.5 reveals the mobile banking services, which also come under the value added aspect. Telenor and Jazz are leading in this domain presently and offering customers a value. Differentiation is prominent in this domain.

<table>
<thead>
<tr>
<th>Mobile Banking Services</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Banking</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Mobile Account</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Bill Payment</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Money Transfer</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Payments</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Bank Deposit</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>ATM Card</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>NFC Payments</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Online Payments</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Remittances</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Mobile Banking App</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

Table 4.5 Mobile Banking Services

Source: (Jazz, 2017; Telenor, 2017; Zong, 2017; Ufone, 2017)

The table 4.6 indicates the comparison of the mobile operators providing value to their customers through different services, to provide convenience to customers in resolving issues, balance charge, and device offering. There is almost no differentiation.

<table>
<thead>
<tr>
<th>Customer Value</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile App</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ATM Balance Load</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Online Balance Load</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

| Customer Support             | ✓    | ✓       | ✓    | ✓     |
| Live Chat                    | ✗    | ✓       | ✓    | ✓     |
| Phone                        | ✓    | ✓       | ✓    | ✓     |
| Email                        | ✓    | ✓       | ✓    | ✓     |
| Service centers              | ✓    | ✓       | ✓    | ✓     |

Table 4.6 Customer Value

Source: (Jazz, 2017; Telenor, 2017; Zong, 2017; Ufone, 2017)
The table 4.7 provides the detail of number of subscribers of all the four operators from the last 5 years. Apparently, Ufone is the only operator whose subscribers have churned out gradually every year. Hence, it reveals that Ufone’s customer retention strategies are questionable.

<table>
<thead>
<tr>
<th>Years</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>51.5</td>
<td>39.5</td>
<td>27.5</td>
<td>18.5</td>
</tr>
<tr>
<td>2016</td>
<td>50.0</td>
<td>38.1</td>
<td>25.5</td>
<td>19.5</td>
</tr>
<tr>
<td>2015</td>
<td>43.2</td>
<td>31.4</td>
<td>22.1</td>
<td>17.8</td>
</tr>
<tr>
<td>2014</td>
<td>51.7</td>
<td>36.5</td>
<td>27.1</td>
<td>24.3</td>
</tr>
<tr>
<td>2013</td>
<td>49.8</td>
<td>32.1</td>
<td>21.1</td>
<td>24.5</td>
</tr>
</tbody>
</table>

Table 4.7 No. of Subscribers

Source: (PTA, 2017)
The graph 4.1 and 4.2 below shows the number of subscribers of all the four operators. There is an unexpected decrease in number of subscribers in the year 2015. This abrupt decrease was the consequence of the new law introduced by the government of Pakistan against the selling of SIMs. Due to the new law, SIMs can only be issued through the biometric verification of customers. The operators canceled any new or old SIMs not biometrically verified, resulting in decline of subscribers.

Graph 4.1 No. of Subscribers 5 years comparison

Graph 4.2 No. of Subscribers 5 years comparison
The market shares of all the four operators in the year 2017 are presented below in the graph 4.3.

<table>
<thead>
<tr>
<th>Operators</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jazz</td>
<td>37.6</td>
</tr>
<tr>
<td>Telenor</td>
<td>28.8</td>
</tr>
<tr>
<td>Zong</td>
<td>20.1</td>
</tr>
<tr>
<td>Ufone</td>
<td>13.5</td>
</tr>
</tbody>
</table>

Graph 4.3 Market Shares of Mobile Operators
4.5.2 Product Differentiation Interviews Synopsis

<table>
<thead>
<tr>
<th>Determinants of Differentiation</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Differentiation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differentiated Services</td>
<td>Uninterrupted connectivity, Large Network, VAS</td>
<td>Largest network of retailers, franchises, sales service centers, Largest mobile financial services, Largest 3G network</td>
<td>Largest 4G network, VAS, Bundle Offers, Cloud Clinic</td>
<td>Low call rates, Large network</td>
</tr>
<tr>
<td>Industry consolidation</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
</tr>
<tr>
<td>Customer responsiveness based on differing needs</td>
<td>Yes, Business Analytics determines that.</td>
<td>Yes, Advanced Analytics determines that.</td>
<td>Yes, Data Analytics determines that.</td>
<td>Yes, Advanced Analytics determines that.</td>
</tr>
<tr>
<td>Customized Plans</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
</tr>
<tr>
<td>Roaming without extra charges</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
</tr>
<tr>
<td>Services Design</td>
<td>Heterogeneous Market</td>
<td>Heterogeneous Market</td>
<td>Heterogeneous Market</td>
<td>Heterogeneous Market</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation through</td>
<td>Technology Upgrade, Tariff plans, VAS</td>
<td>Technology Upgrade, Tariff plans, VAS</td>
<td>Technology Upgrade, Tariff plans, VAS, Cloud Clinic (healthcare)</td>
<td>Tariff Plans, VAS</td>
</tr>
<tr>
<td>Network Innovation</td>
<td>3G to 4G</td>
<td>3G to 4G, Solar Powered Base Terminals</td>
<td>3G to 4G</td>
<td>Enhanced 3G</td>
</tr>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. Of Subscribers</td>
<td>Increased</td>
<td>Increased</td>
<td>Increased</td>
<td>Decreased</td>
</tr>
<tr>
<td>Create customer satisfaction through</td>
<td>Tariff Plans, Service Quality, VAS, Mobile Banking,</td>
<td>Tariff Plans, Service Quality, VAS, Mobile Banking,</td>
<td>Service Quality, Tariff Plans</td>
<td>Service Quality, Tariff Plans, Limited Mobile Banking</td>
</tr>
<tr>
<td>Service Quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality achieved through</td>
<td>Largest Network, Coverage</td>
<td>Upgradation, Coverage, Solar powered BTs for power interruption</td>
<td>Rapid upgradation, High speed data services</td>
<td>Spectrum refarming</td>
</tr>
<tr>
<td><strong>Customer Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide customer value through</td>
<td>Customer Support: email, phone, service centers, franchises, mobile app</td>
<td>Customer Support: email, chat, phone, service centers, mobile app</td>
<td>Customer Support: email, chat, phone, service centers, mobile app</td>
<td>Customer Support: email, chat, phone, service centers, mobile app</td>
</tr>
<tr>
<td>Price Plans Designed through</td>
<td>CVM, CEM, Data Analytics</td>
<td>CSI, Advanced Analytics</td>
<td>CVM, CEM, Data Analytics</td>
<td>Advanced Analytics</td>
</tr>
<tr>
<td><strong>Value Added Services</strong></td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
</tr>
<tr>
<td><strong>Prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price differentiation</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
</tr>
<tr>
<td>Price Customization</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
<td>Doesn’t Exist</td>
</tr>
<tr>
<td>Bundle Offers</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
</tr>
<tr>
<td><strong>Advertising &amp; Promotion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media (Print &amp; Electronic)</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
</tr>
<tr>
<td>Social campaigns</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
<td>Exist</td>
</tr>
</tbody>
</table>

**Table 4.8 Product Differentiation Interviews Synopsis**

The table above presents the outline of case studies of four telecom companies.

The yellow color in the cells above indicates the similarities. Pink color indicates the requirement of improvement or upgrade. Green colored cells indicate differentiated services.
### 4.5.3 Factors Influencing the Differentiation Process, Interviews Synopsis

<table>
<thead>
<tr>
<th>Factors Influencing the Differentiation Process</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology upgrade (Network upgrades) 3G/4G</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
</tr>
<tr>
<td></td>
<td>Custom Duty/Import Tax</td>
<td>Custom Duty/Import Tax</td>
<td>Custom Duty/Import Tax</td>
<td>Custom Duty/Import Tax</td>
</tr>
<tr>
<td></td>
<td>License Cost/Renewal</td>
<td>License Cost/Renewal</td>
<td>License Cost/Renewal</td>
<td>License Cost/Renewal</td>
</tr>
<tr>
<td><strong>Service Quality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coverage (Expansion &amp; Contraction)</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
</tr>
<tr>
<td></td>
<td>Custom Duty/Import Tax</td>
<td>Custom Duty/Import Tax</td>
<td>Custom Duty/Import Tax</td>
<td>Custom Duty/Import Tax</td>
</tr>
<tr>
<td><strong>Customer Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Support (Service centers, Phone, Email, Chat, Mobile App)</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>VAS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile Banking</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Value Added Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value Added Services</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td>Laws &amp; Regulations</td>
<td>Laws &amp; Regulations</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price Plans (Packages)</td>
<td>Price Regulation</td>
<td>Price Regulation</td>
<td>Price Regulation</td>
<td>Price Regulation</td>
</tr>
<tr>
<td>Interconnectivity</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
</tr>
<tr>
<td>Bundles Offers</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
</tr>
<tr>
<td><strong>Advertising &amp; Promotion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ads</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Campaigns</td>
<td>Competitive Imitation</td>
<td>Competitive Imitation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Regulations | Competitive Imitation |

The table above indicates the factors that are influencing the differentiation process. The two factors, regulations and competitive imitation are displayed in the table.

The yellow colored cells indicate all types of regulations; laws, taxes, custom duty/import tax, license cost, price regulations. The blue colored cells indicate the competitive imitation.
5 ANALYSIS AND DISCUSSION

This chapter presents the analysis of the empirical findings. A cross case analysis is conducted to present the comparison among the four cases relative to the theories and the framework of the study. It presents the reader with a better understanding of the field studied in relation with the theoretical concepts and the framework.

5.1 Product Differentiation

In the business world, differentiation is considered an important strategy to gain competitive advantage (Pehrsson, 2009). Jazz differentiates itself from its competitors having a huge network of fiber optic resulting in uninterrupted connectivity. Telenor differentiates itself by having the largest network of retailers, franchises and sales & service centers. Telenor pioneers in offering differentiated value added services, for instance the mobile/branchless banking for the first time in Pakistan and being the largest 3G service provider. Zong presently differentiates itself from the competition by introducing the 4G for the first time in Pakistan and having the fastest growing 4G network. Zong offers the lowest industry call, sms and internet rates through its bundles offerings. Moreover, Zong differentiates by introducing the Cloud Clinic. Whereas Ufone presently lacks the 4G technology and can only differentiates its services through price plans and its largest coverage. Pehrsson (2012), Shaw (1912) and MacMillan and McGrath (1997) addressed that the successful differentiation strategies take customer’s perspective into account. For this purpose, all the operators have the data analytics department, which records the customers’ mobile usage behavior to give it a meaningful interpretation and then services are designed accordingly. All the companies claim to have the heterogeneous offerings, which relates with the theory by Smith (1956), indicating companies design their product or services in line with the requirements of one or more distinct market segments resulting in wide product and market scope. This explains that all the companies strive to differentiate their services leading to have no industrial consolidation, which is sometimes the reason for undifferentiated services as mentioned by Wong (2010). All the companies do have the strong presence on print and electronic media and they take part in social campaigns and projects, which is important for the companies to show their presence and prevail in the market when their services seem less differentiated. Hence, as discussed by Smith (1956) and Dickson & Ginter (1987) companies do employ
advertisements as differentiation strategy to manipulate the product differentiation and it complies with the differentiation strategy of mobile service operators.

5.2 Determinants of Product Differentiation

1. Innovation

Pehrsson (2009, 2016) state that in a highly competitive environment, innovation is viewed as an effective differentiation strategy and it is vital for a company to consider the product’s technology and the product’s customization in comparison to the competitors, which shows the firm’s tendency to innovate. Jazz, Telenor and Zong are upgrading their technology from 3G to 4G except Ufone, which is still relying on 3G networks resulting in differentiation of services of other operators in comparison to Ufone (Table 4.1 Service quality/Coverage). The adoption and implementation of these technologies corresponds to the innovation in this sector (Bourreau & Dogan, 2001). Jazz, Telenor and Zong are clearly following this strategy by the implementation of latest network infrastructures, whereas Ufone is lagging behind the competition. As a result, Ufone’s customers are churning out even with the low prices, which is visible from the number of subscribers from the last five years in the findings (Table 4.7 No. of Subscribers). It relates well with the theory by Pehrsson (2016), describing innovation reduces the impact of price competition. Therefore, Ufone’s competitors have less impact of Ufone’s lowest prices and its competitors are gaining subscribers. According Bourreau & Dogan (2001), another type of innovation that exists in this sector is through the introduction of new service and Zong has therefore come forward with the cloud service to maintain medical records. Innovation in tariff was the introduction of prepaid schemes (Gruber.H, 2005); hence, all the companies follow that strategy and have now come forward with the bundling offers, which customers can subscribe on their existing plans. Innovation is therefore, one of those factors based on which companies can differentiate their products (Kustin, 2004).

2. Customer Satisfaction

Pehrsson (2004), Oliver (1980) and Bendapudi and Berry (1997) describe the customer satisfaction as the feeling of delight or discontentment by consumers after the appraisal of services. Therefore, delighted customer means satisfied customer and operators would
experience increase in subscribers if their customers are delighted and discontentment would cause customer churn out. With reference to findings (Table 4.7 No. of Subscribers), Ufone is the only operator experiencing the subscriber churns out over the last five years. It indicates that customers are less satisfied with the services of Ufone. Neslin et al. (2006) proposes two approaches for customer retention, which are the untargeted and the targeted approach. The untargeted approach deals with the improvement of services and mass advertisement. Jazz, Telenor and Zong follow this strategy by implementing the new technology along with the presence over media through ads. Ufone has slow pace in adopting new technology, however, there presence on media is strong. None of the companies follows the targeted strategy completely as they do not offer the tailored solutions to customers but they do offer the bundles offers that can reduce the prices and retain the customers who have the higher probability of churning away from the company. Moreover, it relates well with the theory of Gerpott et al. (2001), that “‘good and fair’ service pricing and perceived personal benefits of wireless service” are noteworthy factors contributing to customer satisfaction. Voice call quality, customer care and value added services are the factors mentioned by Kim et al., (2004) that contribute towards the customer satisfaction. Hence, based on findings all the operators have these services at satisfactory levels. Based on Valletti (2003) and Kwon (2003) arguments, operators with the larger coverage and product/market scopes are likely to satisfy their customers more, thus, all the four operators are following this approach within different domains (i.e. Data, coverage, VAS, product scope) to differentiate their services.

3. Service Quality

Venetis & Ghauri (2004) explain that service quality plays an important role in differentiating the services and increasing the market share and secondly by retaining the customers. All the four operators have their service quality above the satisfactory level with Zong recently spearheading in data services and gaining the third place in the market share (Graph 4.3 Market Shares of Mobile Operators). Jazz and Telenor have claimed their places in the market with their quality services long before Zong entered, thus, both the companies have the leverage due to already established customer loyalties (Pehrsson, 2004). In services world, Wang and Lo (2002) mention that quality can be explained as possessing “fitness of use (which refers to whether the product or service does what it is supposed to do and possess features that meet the needs of customers) and reliability (it represents to what extent the product is free from deficiencies)”. Parasuraman et al. (1988) refers it to the overall
assessment. Based on the findings in appendix quality of services, all the operators’ services comply with the industry standards. Ufone is the only operator lagging behind in the data services by not opting for the 4G networks and thus customers experience low data throughput (low internet speed). The factors such as reliability, responsiveness, assurance as discussed by Parasuraman et al. (1988) can be witnessed through the quality of services findings in appendix, as all the operators are realizing these attributes through their services and trying to differentiate. For factors such as assurance, which refers to sense of trust among customers delivered by the service provider’s employees, and empathy, which refers to importance given to each customer as discussed by Parasuraman et al. (1988), are the part of differentiation strategy of each operators through their customer support facilities (sales & service center, phone, email, chat, mobile app).

4. Customer Value

Wang and Lo (2002) emphasize that delivering the superior customer value is one of the most important factors for any firm’s success because it involves the behavior intentions of the customers to a great extent. Companies are transforming from inside by business process reengineering to deliver customer value (Butz & Goodstein, 1996). To comply with this strategy all the operators have departments like Data Analytics, Advanced Analytics, Customer Value Management and Customer Experience Management, which record and gather the data related to customer’s mobile usage behavior and interpret it to the meaningful data for the departments which design services and price plans, thus providing customers with the better value. Since the customer’s behavior is taken into consideration, therefore it is not something that is completely decided by the operators, which justifies the statement of Wang and Lo (2002) which addresses this process is related to something that is sensed by customers rather than independently decided by sellers. According to Pehrsson (2012, 2014) and Wang & Lo (2002) customer responsiveness is an important strategy to bring value to customers. It can be examined from the findings (Table 4.6 Customer Value) that all the mobile operators follow the strategy to differentiate their services by offering customer support through different channels such as franchises, service centers, call centers, email and chat. It corresponds to Pehrsson (2012, 2014) that describes that companies can differentiate by offering value added activities such as after-sales services, customer support, customer relations and distribution. According to Bolton and Drew (1991) and Zeithaml (1988), factors related to services are responsiveness, flexibility, reliability and technical competencies; these
are all customer value drivers. All the four operators do consider these value drivers and it can be examined from the empirical findings.

5. Value Added Services

Mobile value added services are digital services that are apart from the basic telephony service and are added to mobile networks (Kuo, Wu, and Deng, 2009; Collins, 1986). This is one area where services offered by mobile operators have little differentiation. All the operators offer plethora of value added services, which can be examined through the findings in Table 4.4 Value Added Services. According to Collins (1986), value added services have a huge range and it continues to grow, moreover, Kuo, Wu, and Deng, (2009) state that electronic transactions are also the part of VAS. Telenor and Jazz are presently spearheading in providing value added services, moreover, they have extended this to facilitate their customers with the mobile banking services, which relates to electronic transactions. Ufone’s mobile banking services are presently behind in comparison to Jazz and Telenor. Zong offers branchless banking but comparatively far behind. Mobile banking services of the operators can be examined through Table 4.5 Mobile Banking Services. Therefore, presently Telenor and Jazz can differentiate their services compared to their competition in VAS domain.

6. Price

Porter (1980) and Pehrsson (2009) emphasize that prices are more often subject to differentiation. All the operators follow this strategy in a best possible way by offering prepaid and postpaid price plans for diverse customers’ segments. To differentiate through prices more effectively all the operators give the bundling offers, which can be subscribed on existing price plans, and can further make prices nominal for the subscribers. Hünerberg and Hüttmann (2003) have identified three types of prices based on those types, type 2 and type 3 is relevant to mobile telecom industry. Type 2 is based on setting up the prices based on the segmentation of customers into the groups and letting customers decide at which price to buy. Type 3 involves segmentation of customers into groups; however, seller decides the price for a customer. All the operators follow the above-mentioned strategies. The prepaid price plans of the operators refer to the type 2 and postpaid plans relate to the type 3. Having industry low prices does not always refer to fair pricing rather fair pricing is assessed by customers (Pehrsson, 2016 ; Xia et al., 2004) which is why sometimes even with the industry low prices, mobile operators face customer churning away. Ufone is presently facing this situation
because of lagging behind in the technological upgrades. Moreover, it seems obvious from the findings (Table 4.3 Tariff Plans) that all the operators strive to offer the best possible prices and respond swiftly to price changes (Pehrsson, 2016).

7. Advertising and Promotion

When differences among the offerings are too low then companies do opt for advertising and promotional strategies to create differences and that type of differentiation according to Dickson & Ginter (1987) is an artificial differentiation. Likewise, Lancaster (1979) calls this phenomenon a pseudo-differentiation. Based on the findings it can be seen that all the operators are following every differentiation strategy, however, if the services still cannot be differentiated then advertising and promotion definitely plays its role. All the four operators do follow this differentiation strategy through social campaigns and advertisements, as it helps companies to insulate their business against price wars by promoting their services as different from other operators (Smith, 1956).

5.3 Perceived Factors Influencing the Differentiation Process

1. Regulations

According to Pehrsson (2013) and Delmas et al. (2007), regulations affect the company’s marketing strategy, which includes the product and market scope. It can be examined from the findings that all the operators have to pay hefty sum of fee for a license according to different regions in the country. In order to provide the international calling, the operators have to purchase the LDI license. Moreover, the regulatory authorities also control the interconnectivity prices. These regulations affect the market strategy of a company, for instance if a company doesn’t have LDI license then they cannot directly offer international calling services due to which their product scope becomes limited and likewise the market scope also gets affected. When Zong entered the market, it was not issued the LDI license due to the deal between the PTA (regulatory authority) and the Etisalat group (owner of Ufone). This regulation affected the Zong’s marketing strategy to offer its services to diverse group of customers. Therefore, Zong had to sacrifice on its profit margins to compete in the industry. Ufone pointed out that the reason to have too much saturated market is because of heavy taxation. Taxes in this industry according to the operators are charged on every service
and every piece of imported equipment. This relates to the reason Ufone opted for the strategy of spectrum refarming rather than upgrading to the 4G. Innovation in the telecom industry is considered through the technology upgrade (Bourreau & Dogan, 2001). If companies are slow in adopting the new technology then it definitely limits their offerings in result customers switch to other operators thereby sometimes leaving companies no choice than to reduce the prices or merge with other operators. It can be analyzed that the regulations affect the speed of innovations leading to influence the product/market scope and ultimately affecting the differentiation strategy.

The influence of regulations can also be examined when Jazz planned to decommission 2500 towers in excess. These towers resulted in the extra cost for the Jazz, thereby resulting in low margins or high prices for the consumers. Hence, it shows that regulations influence the operators cost as well, which leads to the increase in prices thereby influencing the marketing strategy. Telenor states “The Pakistan Telecom Authority (PTA) has comprehensive authority over all the matters concerning telecom. PTA has the power to grant licenses, regulate market conditions and determine the price of interconnection” which corresponds to Valletti (2003) that telecom regulators control the market structure of telecom services sector. Telenor pays huge sum of fee for acquiring and renewal of licenses related to GSM, Data, LDI and interconnectivity services, through which it provides the nationwide and international call services, which is same for the other operators. From the above situations, it can be examined that regulations have both direct and indirect influence on price. Hence, it corresponds to the argument by Farrell (1997) that regulatory bodies affect innovative activities via price regulations (interconnection charges regulation and retail prices) which affects the industry profits due to that less reasons to innovate.

It can be observed from the findings in the Table 4.10 Factors Influencing the Differentiation Process, Interviews Synopsis that regulations influence the innovative activities, prices, value added services and service quality (expansion & contraction) of all the operators and relates well to the arguments by Farrell (1997) and Bourreau & Dogan (2001). It can be summarized from the arguments of Riorden (1992), Bourreau and Dogan (2001) and Farrell (1997), that
regulations (price regulations, taxes, custom duty/import tax) affect the speed of innovations. When companies estimate to have low returns on investments, then they are less interested in adopting the new network infrastructures. It can be examined through the case studies of all the operators that mobile telecom sector in Pakistan is subjected to heavy taxations, which makes the operators reluctant to invest in expanding the business. Moreover, when the operator having the leading position in the market comes forward with the innovative value added service, then that service is also subjected to regulations. Therefore, market leading companies or innovative companies are subjected to regulations while offering innovative value added services.

The model above is based on the analysis of the empirical findings in relation with the theory and emphasizes how regulations affect the differentiation strategy of a mobile operator.

2. Competitive Imitation

An organization having the differentiated offerings enjoys a distinguished position by generating greater returns only until the competitive imitation takes place (Fisher, 1991). The empirical findings of this research indicate that all the operators follow the differentiation strategies based on the determinants pointed out in this research. The mobile telecom sector has similar characteristics in terms of offering services. Either all the operators are following the same strategy or their strategies are identical, which leads to convergence of the strategies as addressed by Pehrsson (2011, 2014, 2016). Operators keep close eyes on their competitors’ strategies and offerings especially when there are only few of them in the industry. This situation justifies Pehrsson (2011, 2016), which points out that the whole process of imitation is further simplified when companies are closely related and operating in the same location. Zong was the first operator in Pakistan to acquire the 4G license and its competitors quickly followed this strategy. Telenor introduced the mobile banking and branchless banking for the first time in Pakistan and its competitors followed this strategy. Likewise value added services are also subjected to immediate imitation. Therefore, an innovative company enjoys
the higher returns only until its services are imitated. Price competition is also the result of this competitive imitation and it corresponds to Pehrsson (2016), which emphasizes that the competitors respond swiftly to price changes. Thus, price is only differentiated through advertisements. Aforementioned reasons reveal that competitors invariably erode the differentiation strategy of an organization due to imitation (Hitt et al., 2006). Thus, clarifying the role of imitation as one of the threats to differentiation faced by telecom service industry. Based on empirical findings Table 4.10 Factors Influencing the Differentiation Process, Interviews Synopsis, it can be examined that the larger operators like Telenor and Jazz are exposed to this factor more than Zong and Ufone. When competitive imitation takes place, the salient features of differentiation disappear to an extent that customers cannot distinguish between the service offerings (Fisher, 1991). The aforementioned argument corresponds to the empirical findings of Telenor, Jazz and Zong when their services related to data are compared. Likewise, in terms of basic telephony services, customers cannot differentiate between any operators. Telenor is considered a pioneer in offering value added services and mobile banking. Jazz imitated the Telenor’s mobile banking services and consequently, there is less differentiation among their mobile banking services.

The model above points out how imitation influences differentiation strategy of a company, leaving it in an undistinguished position.

5.4 Discussion

This research follows the structure presented in Figure 2.1 Theoretical Framework of the Study. The theoretical framework points out the influence of the competitive imitation and the regulations on the product/service differentiation of the mobile telecom operators. Seven factors were taken into consideration as the determinants of product differentiation, which include innovation, customer satisfaction, service quality, customer value, value added services, price and advertising & promotion. The findings (Table 4.8 Product Differentiation Interviews Synopsis) of this research indicate that all the mobile operators are following the
differentiation strategies based on the determinants presented in this research. The determinants of differentiation are also interrelated to each other, which is not indicated in the framework and will be presented at the end of the study.

Table 5.1 Indicates differentiation by the operators.

The table 5.1 provides the insight into how each operator strives to differentiate based on the determinants of differentiation mentioned in this study.

**Ufone**

Ufone did not upgrade its networks to the 4G and continued with the 3G networks enhancement, thus, its strategy to differentiate based on networks is displayed low. The table 5.1 indicates low subscribers, which addresses the customers being less satisfied. Since Ufone is differentiating its services based on all the other determinants except the network upgrades, therefore, it denotes that low innovation in network upgrades result in customer dissatisfaction and customer churning, hence pointing out the correlation. The table 5.1 indicates that the operator differentiates equitably and adequately based on all the other determinants.
Zong

Zong has differentiation strategy more concentrated toward rapid technology upgrades. It was the first company to introduce the 4G services and having the largest 4G network extending to 300 cities in Pakistan. Moreover, the company has recently introduced “Cloud Clinik”, an innovative service to digitize the medical records. Zong however lags behind in offering mobile banking with complete features, which is a part of value added services. The operator differentiates equitably and adequately based on all the other determinants.

Jazz and Telenor

Jazz and Telenor both have similarities in terms of their offerings. Their services are identical and hence lead to the inference that both the companies have the same strategies. Both the operators are expanding their 4G networks. Telenor was pioneer in Pakistan offering branchless banking and then further enhancing it with mobile banking app. This strategy was recently opted by Jazz offering identical features. Jazz however has an edge in the market due to the oldest GSM operator and having customer loyalties. Moreover, Jazz has the largest infrastructure for mobile communication in Pakistan. Both the operators excel in offering innovative value added services apart from the basic telephony services.

The table 5.1 indicates that all the operators are differentiating equitably and adequately based on all the determinants. Hence, it indicates that all the companies strive to follow the differentiation pattern pointed out in this research through the analysis. However, the research also provides hints that some determinants of differentiation are connected with each other, as in the case of Ufone’s customer churning implies the low technology upgrades or the low innovation.

Based on the findings it is analyzed that there is a little differentiation that exists among the services offered by the operators. When there is very limited actual and physical differentiation among the products then advertising and promotion take on place to manipulate the product differentiation as addressed by Dickson & Ginter (1987) and Lancaster (1979). Price is also one factor based on which the operators try to differentiate. Apparently, differentiation through prices exists and all the operators opt for the strategies to differentiate by offering the varying price plans. However, the differentiation through prices is so small that promotional tools are employed to create differences justifying the arguments by Lancaster, Dickson and Ginter. Providing customer value through customer support or
value added services is a differentiation strategy followed by all the operators with the slight differentiation through mobile banking. Service quality of all the operators lies in the accepted standards.

Due to the lesser magnitude of the differentiation and intangible nature of the services industry, the offerings seem undifferentiated. Hence, this leads to the discussion regarding the possible causes for a little or no differentiation among the services offered by the operators.

<table>
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<tr>
<th>Factors Influencing the Differentiation Process</th>
<th>Jazz</th>
<th>Telenor</th>
<th>Zong</th>
<th>Ufone</th>
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<td>2 Competitive Imitation</td>
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Table 5.2 Indicates factors influencing the differentiation process perceived by the operators.

The theoretical framework of this study has pointed out the two factors; regulations and competitive imitation. Regulations in this industry are described as mentioned in table 5.2. All the operators equally perceive the influence of regulations, except when leading companies like Telenor or Jazz come forward with the innovative service, which requires approval from the government indicated in the Table 4.10 Factors Influencing the Differentiation Process, Interviews Synopsis. All the operators perceive the influence from factors such as laws & regulations, license cost, taxes in different forms, price regulations and import taxes. These regulations slow down the process of innovation, for instance due to the high influence of regulations, telecom operators do not find it lucrative to invest in new technology as the estimated returns on investments are low. The above situation justifies the concern addressed by Farrell (1997), which states that due to the regulations, industry profits are affected resulting in less incentives to innovate. Hence, the regulatory bodies need to consider the dynamic aspects of the competition in the industry to speed up the process of innovation as pointed out by Bourreau & Dogan (2001).
Regulations in this industry exist in different forms. Price regulations influence the industry profits through interconnectivity and excise duty on prices. Telecom equipment, which is generally imported, faces import taxes and custom duty thereby increasing the cost of adopting the new technology. License fee/cost for upgrading or introducing the new technology and other laws and regulations that are imposed on one incumbent due to the influence from competitors through the regulatory body. The aforementioned regulations influence the operator’s decisions to expand operations thereby leaving industry in a catch-22 situation.

The analysis part of this research emphasizes that all the operators strive to differentiate their offerings. Hence, it clarifies that there is no industrial alliance among operators. Nevertheless, if the offerings still seem undifferentiated, it is the result of competitive imitation, which includes the imitation of strategies and offerings. Hence, it is the second factor revealed in this study to have an influence on differentiating the services. When companies could not go beyond the basic telephony services, they started innovating through the value added services and with the advent of data services, the telecom market became unsaturated to some extent. However, the imitation characteristics in this industry took over quickly, as a result, products and services became saturated and offerings being undifferentiated. Therefore, operators take the aid of promotional tools to create differentiation and switch to the new technology right on time to enjoy monopoly through differentiated service for a certain period until competitive imitation takes place. The greater similarities in offerings by the operators indicate the convergence of strategies, which also refers to the competitive imitation in terms of strategies. In the oligopoly market structure where there are few operators in one region makes it even easier for the operators to follow in each other’s footstep. Hence, the imitation of product scope refers to the imitation of strategies resulting in strategies convergence and with the limited operators in the same geographic location and being closely related, complies with the arguments by Pehrsson (2011, 2014, 2016). The analysis part clarifies how Zong’s move to upgrade to 4G was followed by Telenor and Jazz. Generally, companies that are leading the mobile telecom services market due to their innovative services come across the competitive imitation more often (i.e. companies with the smaller market share copy the strategies of companies with the larger market share.). The smaller companies in the industry like Zong and Ufone do not face this dilemma because they follow the market leaders as pointed out in the Table 4.10 Factors Influencing the Differentiation Process, Interviews
Synopsis and Table 5.2 Indicates factors influencing the differentiation process perceived by the operators.

It can be summarized from the analysis that regulations stifle the opportunities for the operators to expand when they are imposed on every service and every piece of equipment. Hence, it slows down the process of adopting the new technology by the operators resulting in negative influence on the differentiation strategies of the incumbents. The differentiation process is further diminished by the competitive imitation of products and services in the mobile telecom service industry.
6 CONCLUSION

The purpose of this paper was to study the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation.

To address the purpose, this study was conducted on Pakistan’s mobile telecom services industry. There were seven determinants selected, to study how operators differentiate their services based on them. Pakistan’s mobile telecom services industry has a regulated environment. The results cannot be generalized for a deregulated environment.

Determinants of differentiation

The research concluded that all the operators differentiate their services based on the determinants: innovation, customer satisfaction, service quality, customer value, value added services, price and advertising & promotion. These factors play a vital role in devising differentiation strategy for the incumbent operators. It was examined in this research that these determinants are interrelated with each other, which was examined in the case of Ufone’s customers churn out related to the technology upgrade. The company lost its position from third to fourth in terms of the market share. Likewise, Zong gained the market share due to its timely decisions to upgrade its networks. Telenor and Jazz have the larger market shares and both continue to grow by timely adoption of the new technology and by bringing innovative value added services to their subscribers thereby increasing customer value and satisfaction.

It has been analyzed from the findings that, apparently, operators employ the differentiation strategies yet the products/services are still undifferentiated or very less differentiation among them, which leads to the factors influencing the differentiation process.

Factors influencing the differentiation process

It has been found in this research that regulations affect the growth of the mobile telecom industry in Pakistan. It is evident from the study of all the case companies that regulations affect the industry profits, increase the cost of upgrading the networks and infrastructures, causing a delay in the adoption of innovation thereby influencing the differentiation strategy.
The second factor influencing the differentiation process revealed in this study is competitive imitation, which is the main reason that although operators try to differentiate their offerings yet their services seem undifferentiated due to the convergence of strategies. The whole phenomenon of competitive imitation is even easier to achieve due to the oligopoly structure of the mobile industry in Pakistan, where competitors keep track of market leader’s activities and strategies. Hence, competitors imitate the offerings and strategies of their rivals just to remain in the competition, without realizing if the respective (imitated) strategy is suitable, resulting in a saturated market and undifferentiated services.

6.1 Revised Framework (Model)

![Figure 6.1 Revised Framework](image)

The figure 6.1 presents the revised framework (model) of the study based on the literature review and the analysis of the findings.
The Figure 6.1 Revised Framework indicates:

- The determinants of differentiation.
- The correlation between the determinants examined through the analysis.
- The influence of the competitive imitation on the determinants of product/service differentiation is indicated in the model.
- The influence of regulations on the determinants of product/service differentiation is pointed out in the model.

### 6.2 Implications

This study provides the insight of the product/service differentiation strategies based on the limited determinants selected for the mobile telecom service companies operating in Pakistan. The research findings show that differentiation among the services offered by the telecom operators is very less. Hence, the market seems saturated, and in order to avoid the saturation in the market, operators should devise the strategies based on the suitability and distinctiveness rather than imitating rivals to stay in the competition. Operators must consider the incumbents’ market strategies to avoid the convergence of strategies and formulate the strategies that are more customers oriented. Timely adoption of the new technology is definitely a step towards offering the differentiated products/services and customer satisfaction.

Governments should be considerate about the dynamic aspect of the industry allowing it to grow in terms of adopting the new technology. Therefore, laws and regulations should be revised considering the dynamic aspects (i.e. taxes on import of cell phones and telecom equipment and other miscellaneous taxes).
6.3 Suggestions for Further Research

The author would like to give the following suggestions for further research:

- The model can be further explored by studying the relationship among the determinants.
- The model can be tested in another industry and country to compare the differences.
- The model can be applied to a deregulated environment to examine the results.
- By exploring new factors that influence the differentiation process can contribute to this model.
- Additional determinants to differentiate can be explored to extend the model.
REFERENCES


APPENDICES

1. Interview Questions

Interview questions

1. What is your name and designation?
2. How long have you been working for this company?
3. Briefly tell us about your company and products & services offered by your company?

Product differentiation

4. Does your company offer the differentiated products or services?
5. What are those services you offer that your competitors do not have? How do you distinguish your product or service?
6. If the services/products offered by you are similar to your competitors then how do you create differentiation and make your product stand out in the market? How precisely do you meet the requirements of your target market?
7. Is there any industry consolidation among the mobile service providers due to which the services offered by them seem almost undifferentiated?
8. Do you keep in consideration the response of customers based on differing needs? Moreover, do you offer them customized plans? (e.g. do you offer international data and telephony roaming to frequent travelers without extra charges for roaming?)
9. How do you design your product/service? (Is it designed based on the concept of homogeneous or heterogeneous market)?

Innovation

10. What sort of innovation exists in this industry? Moreover, what innovative products/services does your company offer?
11. Does your company operate on innovative network? Does your company’s network have the same characteristics as your rivals?

Customer Satisfaction

12. Customers are satisfied when their demands are met. Customer satisfaction is one way of differentiation of services. Based on customer satisfaction view, how do you differentiate your service?
13. What factors do you take into consideration regarding your services that may assist in satisfying customers?

14. Have you gained subscribers compared to the previous years?

15. Do you think superior service coverage, call quality, customer care, and value added services are linked to customer satisfaction and retention? Do you get complaints from customers regarding these factors? If “yes”, how do you satisfy them?

Service Quality

16. How do you rate your service quality and how do you differentiate your services in terms of quality?

17. Which factors influence when differentiating your services (telecom service, customer care, customer responsiveness) from other service providers?

Customer Value

18. How do you interpret customer value? In terms of customer value, how do you differentiate your service from your competitors? Moreover, what problem do you face while differentiating your service in terms of customer value?

Value Added Services

19. Offering value added services is one way of differentiating the products and services from the competitors. Which value added services do you offer and how they are different from other service providers?

20. Which factors influence while offering differentiated value-added services?

Prices

21. Is price a factor based on which you offer differentiated products? If “Yes” then which factors cause hindrances when you differentiate your product based on prices compared to your rivals?

22. How do you setup your prices? Do you set prices based on considering the market homogeneous or heterogeneous? (Setting up the prices based on the segmentation of customers into the groups and letting customers decide at which price to buy or segmentation of customers into the groups, however seller decides the price for customer)?

23. Do customers have the option to have price plan tailored according to their usage?

24. Which factors influence while offering the fair prices and while differentiating from competitors?
Advertising and promotion

25. What is the role of advertising and promotion in this industry when it comes to differentiating products and services?

Regulations

26. How do regulations influence with your differentiation strategy?

27. If regulations influence then what sort of hindrances does your company face?
   a. Price regulation (interconnection charges, retail prices)
   b. Entry regulation
   c. License cost/renewal
   d. Taxes
   e. Custom duty, import taxes

Imitation

28. What is the role of imitation in this sector? Is it considered a threat to differentiation? How it influences the industry?
2. Case Studies Interviews Transcripts

a. Jazz (Mobilink & Warid)

Interview questions: Jazz

1. What are your names and designations?
   Mr. Naveed Qureshi, Account Manager infrastructure sharing (corporate strategy).
   Mr. Zafar Ali, Assistant Manager Product Testing.
   Mr. Ali Hammad Jafri Specialist Performance Transformation (Public relations).

2. How long have you been working for this company?
   10 years (Mr. Naveed Qureshi).
   11 years (Mr. Zafar Ali).
   2 years (Mr. Ali Hammad Jafri)

3. Briefly tell us about your company and products & services offered by your company?
   Jazz is a recent merger of Mobilink and Warid telecom. It is basically a mobile service provider and first GSM operator in Pakistan. We offer both prepaid and postpaid price plans.

Product differentiation

4. Does your company offer differentiated product or services?
   Jazz differentiates itself from competitors in terms of largest coverage and there is no call drop. Moreover, Jazz offers Value added services and recently launched Mobile Banking. Price plans for varying target markets.

5. What are those services you offer that your competitors do not have? How do you distinguish your product or service?
   Due to imitation of services it is hard to tell the difference. We distinguish our product through the quality of service in every department.

6. If the services/products offered by you are similar to your competitors then how do you create differentiation and make your product stand out in the market? How precisely do you meet the requirements of your target market?
   Most of the differentiation takes place through advertisements.

7. Is there any industry consolidation among mobile service providers due to which the services offered by them seem almost undifferentiated?
   There is no consolidation. Services get imitated quickly.
8. Do you keep in consideration the response of customers based on differing needs? Moreover, do you offer them customized plans? (e.g. do you offer international data and telephony roaming to frequent travelers without extra charges for roaming?)

CDR Call detailed records are utilized to get meaningful data. And then services packages are designed by giving data to prepaid and postpaid departments of company. Business analytics team is responsible for this task. Roaming for services requires security deposit.

9. How do you design your product/service? (Is it designed based on the concept of homogeneous or heterogeneous market)?

Services are designed based on the concept of heterogeneous market with the help of business analytics team.

Innovation

10. What sort of innovation exists in this industry? Moreover, what innovative products/services does your company offer?

Through new technology adoption and with innovative value added services. Jazz offers value added services such as Jazz cab service and Jazz Cash (mobile banking) with features like NFC.

11. Does your company operate on innovative network? Does your company’s network have the same characteristics as your rivals?

Yes, Jazz is expanding its network to 4G which is new technology to have faster data services. Yes networks have similar characteristics due to same technology adoption.

Customer Satisfaction

12. Customers are satisfied when their demands are met. Customer satisfaction is one way of differentiation of services. Based on customer satisfaction view, how do you differentiate your service?

Jazz offers its customer with quality in every service whether its basic telephony, sms, VAS, mobile banking or customer supports.

13. What factors do you take into consideration regarding your services that may assist in satisfying customers?

Quality of Service through new technology adoption and Customer support.

14. Have you gained subscribers compared to previous years?

Yes Jazz is continuously gaining subscribers.
15. Do you think good service coverage, call quality, customer care, and value added services are linked to customer satisfaction? Do you get complaints from customers regarding these factors? If “yes”, how do you satisfy them?

Yes, they are all connected. We do get complaints sometimes and our customer support deals with them through different channels (phone, email, service centers or franchises).

Service Quality

16. How do you rate your service quality and how do you differentiate your services in terms of quality?

Look in to PTA QoS stats, Jazz (Mobilink and Warid) services are consistent and par in quality. By keeping the quality consistent, Jazz provides its customers with the largest uninterrupted connectivity nationwide due to its largest infrastructure of telecom network. Jazz has a fiber optic network of 10,000 kms and in addition to that covering more than 10,000 cell sites and locations across Pakistan.

17. Which factors influence when differentiating your services (telecom service, customer care, customer responsiveness) from other service providers?

The other operators copy your services. However, Telenor is considered a benchmark.

Customer Value

18. How do you interpret customer value? In terms of customer value, how do you differentiate your service from your competitors? Moreover, what problem do you face while differentiating your service in terms of customer value?

CVM (customer value management) and analytics. CEM (customer experience management) departments work in close coordination with each other to record customer experience and behavior of customer’s usage of services, to design services and packages according to the customers’ need and bring value to them for their money. Same customer value differentiating strategies are followed by other operators.

Value Added Services

19. Offering value added services is one way of differentiating the products and services from competitors. What value added services do you offer and how they are different from other service providers?

At the moment Jazz cab service and Jazz cash (mobile banking) are bit differentiated services. Other VAS services are more or less the same no big differentiation.
20. Which factors influence while offering differentiated value-added services?

Imitation and sometimes innovative value added service requires approval from regulatory authority.

Prices

21. Is price a factor based on which you offer differentiated products? If “Yes” then which factors cause hindrances when you differentiate your product based on prices compared to your rivals?

There is a slight differentiation among prices. Normally operators face both price regulations and imitation. Due to regulations prices comprise taxes from the government and regulators cannot charge higher price due to the regulations as well. Then imitation by other service providers doesn’t make price plans much differentiated.

22. How do you setup your prices? Do you set prices based on considering the market homogeneous or heterogeneous? (Setting up the prices based on the segmentation of customers into the groups and letting customers to decide at which price to buy or segmentation of customers into groups however seller decides the price for customer)?

Prices are setup according to varying needs of customers. Prepaid customers can choose from 4 prepaid packages. Two postpaid packages where customers want to pay at the end of the month. Moreover Jazz offers bundles offers to subscribe according to usage of specific service (voice, data or sms).

23. Do customers have the option to have price plan tailored according to their usage?

No that doesn’t exist.

24. Which factors influence while offering fair prices and while differentiating from competitors?

Competitors respond quickly to price changes and offer similar price rates.

Advertising and promotion

25. What is the role of advertising and promotion in this industry when it comes to differentiating products and services?

Due to slight differentiation of services, advertising plays a major role in highlighting offerings and educating customers regarding products.

Regulations

26. How do regulations influence with your differentiation strategy?

Recently Jazz wanted to decommission 2500 towers after acquiring Warid telecom. Which PTA had reservations regarding due to influence by other operators. Company can achieve economy of scale by disassembling these towers and can ultimately affect prices. Therefore due to these excess towers, Jazz was paying extra cost for rent of locations and for electricity
to the electricity company. Hence, it was increasing the overall cost of services provided by Jazz. One of the conditions set by Pakistan Telecom Authority regarding merger was against the decommissioning of base terminals and as follows:
“The Parties shall not merge their networks and shall not decommission any network element. BTSs may be decommissioned with 30 days prior notice to PTA. PTA may restrict decommissioning of any BTS, if so considered by PTA in alignment with conditions set by Competition Commission of Pakistan (CCP) decision on merger”.

27. If regulations influence then what sort of hindrances does your company face?
   a. Price regulation (interconnection charges, retail prices)
   b. Entry regulation
   c. License cost/renewal
   d. Taxes
   e. Custom duty, import taxes

Imitation

28. What is the role of imitation in this sector? Is it considered a threat to differentiation? How it influences the industry?
Imitation does make the market saturated due to the following of same strategies and offering same services by the competitors. Therefore it causes saturation in the industry.


**b. Telenor Pakistan**

**Interview questions: Telenor**

1. What are your names and designations?
   - Mr. Basit Ali, Executive Infrastructure Sharing
   - Mrs. Maria Luqman, Finance and Business Planning

2. How long have you been working for this company?
   - 3 years (Mrs. Maria Luqman).
   - 2 years (Mr. Basit Ali)

3. Briefly tell us about your company and products & services offered by your company?
   Telenor is basically a mobile service provider and 2nd largest operator in Pakistan. We offer both prepaid and postpaid price plans. Telenor mobile banking (Easy Paisa).

**Product differentiation**

4. Does your company offer differentiated product or services?
   Telenor differentiates itself from competitors in terms of largest (200,000) network of retailers, franchises and service centers. Telenor is the first in Pakistan to introduce the largest mobile financial services to date. Telenor has the fastest growing 3G network in Pakistan and recently upgrading to 4G.

5. What are those services you offer that your competitors do not have? How do you distinguish your product or service?
   Competitors imitate most of our services as Telenor is pioneer in offering most of the value added services.

6. If the services/products offered by you are similar to your competitors then how do you create differentiation and make your product stand out in the market? How precisely do you meet the requirements of your target market?
   The differentiation takes place through advertisements when services are similar or even if they are not similar ads differentiate them. Telenor offers innovative value added services to distinguish.

7. Is there any industry consolidation among mobile service providers due to which the services offered by them seem almost undifferentiated?
   There is no consolidation. Services get imitated quickly.
8. Do you keep in consideration the response of customers based on differing needs? Moreover, do you offer them customized plans? (e.g. do you offer international data and telephony roaming to frequent travelers without extra charges for roaming?)

CDR Call detailed records are utilized to get relevant data. And then services packages are designed by giving data to prepaid and postpaid departments of company. Advanced analytics team is responsible for this task. Roaming for services requires security deposit.

9. How do you design your product/service? (Is it designed based on the concept of homogeneous or heterogeneous market)?

Services are designed based on the concept of heterogeneous market with the help of Advanced analytics team.

Innovation

10. What sort of innovation exists in this industry? Moreover, what innovative products/services does your company offer?

Telenor believes to innovate through new technology adoption and with innovative value added services. Telenor offers innovative packages related to voice text and data for different customer segments. Telenor was the first mobile service provider in Pakistan to launch mobile banking after State Bank of Pakistan issued branchless banking regulations which visualized a bank-led model for mobile banking in Pakistan.

11. Does your company operate on innovative network? Does your company’s network have the same characteristics as your rivals?

Yes, Telenor is expanding its network to 4G which is new technology to have faster data services. In order to provide continuous connectivity, which was affected due to the electricity outage in Pakistan, Telenor converted most of its base stations to rely on solar power instead of conventional electricity. It also resulted in reducing the overall impact to the environment.

Customer Satisfaction

12. Customers are satisfied when their demands are met. Customer satisfaction is one way of differentiation of services. Based on customer satisfaction view, how do you differentiate your service?

Telenor offers its customer with largest network of services: GPRS, EDGE, 3G and 4G. To satisfy customers, Telenor Pakistan offers packages related to voice, text and data conforming to the varying needs of the customer groups. Mobile banking services features are the most convenient for people to access branchless banking.
13. What factors do you take into consideration regarding your services that may assist in satisfying customers?

Consistently improve the service quality, Telenor Pakistan strives to improve its network through upgrades.

14. Have you gained subscribers compared to previous years?

Yes, Telenor is continuously gaining subscribers.

15. Do you think good service coverage, call quality, customer care, and value added services are linked to customer satisfaction? Do you get complaints from customers regarding these factors? If “yes”, how do you satisfy them?

Yes. Customer support manages complaints through different channels (phone, email, chat, service centers or franchises).

Service Quality

16. How do you rate your service quality and how do you differentiate your services in terms of quality?

Look into PTA QoS stats, Telenor services are consistent. Telenor Pakistan strives to improve its network through upgrades. Telenor converted its base terminal stations to rely on solar power to provide connectivity without interruptions.

17. Which factors influence when differentiating your services (telecom service, customer care, customer responsiveness) from other service providers?

Competitors imitate our strategies regarding these services.

Customer Value

18. How do you interpret customer value? In terms of customer value, how do you differentiate your service from your competitors? Moreover, what problem do you face while differentiating your service in terms of customer value?

Telenor believes that innovations in customer experience are created through the value of using a service rather than by relying completely on what is possible through technology. Telenor has done a research partnership with The Norwegian School of Economics and established a center for service innovation (CSI) in 2011, to continuously seek new ways to ensure the best possible user experience and create value for their customers. The problems are mostly following of same strategies by competitors.
Value Added Services

19. Offering value added services is one way of differentiating the products and services from competitors. What value added services do you offer and how they are different from other service providers?
   Telenor offers collection of value added services to its customers to choose from and it is the core area for the company to differentiate its services from the rivals. Telenor offers Telenor companion watch a wearable watch tracker for child’s safety. Other services get imitated.

20. Which factors influence while offering differentiated value-added services?
   Imitation, regulatory authority.

Prices

21. Is price a factor based on which you offer differentiated products? If “Yes” then which factors cause hindrances when you differentiate your product based on prices compared to your rivals?
   Price war does exist. Operators try to differentiate their services based on prices but regulations cause hindrances.

22. How do you setup your prices? Do you set prices based on considering the market homogeneous or heterogeneous? (Setting up the prices based on the segmentation of customers into the groups and letting customers to decide at which price to buy or segmentation of customers into groups however seller decides the price for customer)?
   Prices are setup according to varying needs of customers. Prepaid customers can choose from 4 prepaid packages and three prepaid packages specifically targeted to youth. Ten postpaid packages are offered for customers to choose from. Moreover Telenor offers bundles offers to subscribe according to usage of specific service (voice, data or sms).

23. Do customers have the option to have price plan tailored according to their usage?
   No.

24. Which factors influence while offering fair prices and while differentiating from competitors?
   Competitors imitating pricing strategies.

Advertising and promotion

25. What is the role of advertising and promotion in this industry when it comes to differentiating products and services?
   Telenor designs its marketing and promotional strategy in a very calculated way. The services portfolio of Telenor is quite segmented. Each brand of Telenor targets a specific market and all of marketing and promotional strategies are designed accordingly. Telenor 3G/4G campaigns are trying to create awareness regarding uses of LTE. This is also perhaps one of
the reasons, which is why Telenor is so successful in data market. Therefore advertising plays and promotion plays vital role when market is saturated.

Regulations

26. How do regulations influence with your differentiation strategy?

Telenor pays huge sum of fee for acquiring and renewal of licenses related to GSM, Data, **LDI and interconnectivity** services, through which it provides nationwide and international call services. Telenor paid USD 291 million for acquiring GSM 900/1800MHz license and additional USD 10 million for AJK (Kashmir) and northern region. These licenses were acquired in 2004 and 2006 respectively. Both the licenses are valid for 15 years. The LDI license is valid until 2024. In April 2014, Telenor Pakistan acquired 5 MHz 3G license for 2100MHz spectrum band for 15 years for the price of USD 147.5 million. In June 2016, Telenor was awarded 5MHz 4G license for 850 MHz band for the price of USD 395 million. Moreover, additional approvals from PTA are required for introducing innovative value added services that are voice or data oriented. PTA has these conditions more stringent towards market leaders or innovative companies that initiate such services.

27. If regulations influence then what sort of hindrances does your company face?

a. Price regulation (interconnection charges, retail prices)
b. Entry regulation
c. License cost/renewal
d. Taxes
e. Custom duty, import taxes

Imitation

28. What is the role of imitation in this sector? Is it considered a threat to differentiation? How it influences the industry?

Imitation is a threat to differentiation. Telenor has a reputation of being an innovative company when it comes to offering new services or price packages. Telenor is considered a benchmark for other mobile telecom service providers. Therefore, other operators copy its services especially value added services, where Telenor strives to differentiate.
c. Zong (China Mobile Pakistan)

Interview questions: Zong

1. What is your name and designation?
   Muhammad Arslan Malik, Senior Officer Cost Control.

2. How long have you been working for this company?
   2 years.

3. Briefly tell us about your company and products & services offered by your company?
   Zong is a mobile services provider, a China Mobile Communication Corporation and in Pakistan with the name China Mobile Pakistan and offering services under the brand name Zong. We offer both prepaid and postpaid price plans.

Product differentiation

4. Does your company offer differentiated product or services?
   Zong/CMPak differentiates itself from the competition for having a strong network infrastructure related to fastest 4G/LTE services in the country.

5. What are those services you offer that your competitors do not have? How do you distinguish your product or service?
   CMPak has the highest number (6000) of 4G sites with the coverage encompassing more than 300 cities of Pakistan. Zong provides all the services that its competitors provide. Through adoption of new technology and innovative services (Cloud Clinik).

6. If the services/products offered by you are similar to your competitors then how do you create differentiation and make your product stand out in the market? How precisely do you meet the requirements of your target market?
   Zong differentiates highly through advertisements of its bundles offering industry low prices.

7. Is there any industry consolidation among mobile service providers due to which the services offered by them seem almost undifferentiated?
   There is no consolidation. Environment is competitive.

8. Do you keep in consideration the response of customers based on differing needs? Moreover, do you offer them customized plans? (e.g. do you offer international data and telephony roaming to frequent travelers without extra charges for roaming?)
   Data analytics team is responsible for this task working in coordination with departments that setup prices. Roaming for services requires security deposit.

9. How do you design your product/service? (Is it designed based on the concept of homogeneous or heterogeneous market)?
   Based on heterogeneous market with the help of Data analytics team.
Innovation

10. What sort of innovation exists in this industry? Moreover, what innovative products/services does your company offer?
Through new technology adoption and with innovative value added services. CMPak has successfully launched its flagship service in the healthcare sector with the initiation of “Cloud Clinik”.

11. Does your company operate on innovative network? Does your company’s network have the same characteristics as your rivals?
Yes, Zong has rapidly expanded its network to 4G which is new technology to have faster data services. Presently more than 300 cities in Pakistan provide 4G/LTE services through Zong.
Rivals also upgrade to same networks with the time.

Customer Satisfaction

12. Customers are satisfied when their demands are met. Customer satisfaction is one way of differentiation of services. Based on customer satisfaction view, how do you differentiate your service?
Zong has innovative offers related to voice, sms and data at very low rates to satisfy its customers.

13. What factors do you take into consideration regarding your services that may assist in satisfying customers?
Quality of Service, new technology adoption, low prices.

14. Have you gained subscribers compared to previous years?
Yes Zong is continuously gaining subscribers.

15. Do you think good service coverage, call quality, customer care, and value added services are linked to customer satisfaction? Do you get complaints from customers regarding these factors? If “yes”, how do you satisfy them?
Yes, they are all connected. Complaints are handled by customer support (phone, email, chat, service centers or franchises).

Service Quality

16. How do you rate your service quality and how do you differentiate your services in terms of quality?
Look in to PTA QoS stats. CMPak is dedicated to improve its data quality by expanding its 4G sites across Pakistan. Presently CMPak has 8651 total cell sites and more than 6000 cell
sites are offering 4G services in more than 300 cities. Moreover, CMPak data services have the highest speed according to quality of service test by PTA.

17. Which factors influence when differentiating your services (telecom service, customer care, customer responsiveness) from other service providers?
   Not as such.

Customer Value

18. How do you interpret customer value? In terms of customer value, how do you differentiate your service from your competitors? Moreover, what problem do you face while differentiating your service in terms of customer value?
   CVM and CEM departments at CMPak work continuously to bring value to customers for the service they purchase. Moreover, to provide customers with support, customer support is active through phone, email, live chat and service centers.

Value Added Services

19. Offering value added services is one way of differentiating the products and services from competitors. What value added services do you offer and how they are different from other service providers?
   CMPak offers excess of value added services to its customers which include basic services such as sms and mms and some more advanced services such as voice messaging, music, ringtones, and balance share. More or less similar services.

20. Which factors influence while offering differentiated value-added services?
   Not as such.

Prices

21. Is price a factor based on which you offer differentiated products? If “Yes” then which factors cause hindrances when you differentiate your product based on prices compared to your rivals?
   Zong differentiates its prices from competitors through bundles and offers resulting in industry low prices. Competition makes it less differentiated.

22. How do you setup your prices? Do you set prices based on considering the market homogeneous or heterogeneous? (Setting up the prices based on the segmentation of customers into the groups and letting customers to decide at which price to buy or segmentation of customers into groups however seller decides the price for customer)?
   Prices are setup according to varying needs of customers. Prepaid customers can choose from 4 prepaid packages. There are 4 postpaid packages. Moreover Zong offers bundles offers to subscribe according to usage of specific service (voice, data or sms).
23. Do customers have the option to have price plan tailored according to their usage?
   No, that doesn’t exist.

24. Which factors influence while offering fair prices and while differentiating from competitors?
   Competitors respond quickly to price changes and offer competitive prices.

Advertising and promotion

25. What is the role of advertising and promotion in this industry when it comes to differentiating products and services?
   Advertising plays a major role to inform customers about offerings and to stay in the market.

Regulations

26. How do regulations influence with your differentiation strategy?
   CMPak came into the market in 2007. However, it was denied the LDI services license until 2013. The reason for not issuing the LDI services license to CMPak was due to the terms of a deal between the government and the Etisalat group related to the part privatization of incumbent telecom company Pakistan Telecommunication Company Ltd (PTCL).
   Although, CMPak is the third largest operator in the country, however, the company is presently enduring low margins and is suffering due to heavy taxes like all other mobile service operators.

27. If regulations influence then what sort of hindrances does your company face?
   a. Price regulation (interconnection charges, retail prices)
   b. Entry regulation
   c. License cost/renewal
   d. Taxes
   e. Custom duty, import taxes

Imitation

28. What is the role of imitation in this sector? Is it considered a threat to differentiation? How it influences the industry?
   It keeps a company in the competition.
d. Ufone

Interview questions: Ufone

1. What is your name and designation?
   Miss. Samrina Zahid, Assistant Manager Quality Assurance & Operations.

2. How long have you been working for this company?
   6 years.

3. Briefly tell us about your company and products & services offered by your company?
   Ufone is the brand name of Pakistan Telecom Mobile Limited (PTML). PTML is the wholly owned subsidiary of Pakistan Telecommunication Company Ltd (PTCL). As a result of PTCL’s privatization, Ufone also became the part of the Emirates Telecommunication Corporation Group. Ufone is a mobile telecom operator offering postpaid and prepaid services.

Product differentiation

4. Does your company offer differentiated product or services?
   Ufone has network coverage in 10,000 locations. Ufone offers international roaming to more than 288 operators in more than 160 countries. Ufone is enhancing its 3G network services through spectrum refarming.

5. What are those services you offer that your competitors do not have? How do you distinguish your product or service?
   It’s a competitive environment and operators have similar offerings. Most differentiation is through ads & promotions.

6. If the services/products offered by you are similar to your competitors then how do you create differentiation and make your product stand out in the market? How precisely do you meet the requirements of your target market?
   Ufone differentiates through advertisements of its offerings and low prices.

7. Is there any industry consolidation among mobile service providers due to which the services offered by them seem almost undifferentiated?
   There is no consolidation. It’s a competitive environment.

8. Do you keep in consideration the response of customers based on differing needs? Moreover, do you offer them customized plans? (e.g. do you offer international data and telephony roaming to frequent travelers without extra charges for roaming?)
   Advanced analytics team is responsible for this task working in coordination with departments that setup prices. Roaming for services requires security deposit.
9. How do you design your product/service? (Is it designed based on the concept of homogeneous or heterogeneous market)?

Products and services are designed based on heterogeneous market.

Innovation

10. What sort of innovation exists in this industry? Moreover, what innovative products/services does your company offer?

Through new technology adoption and with innovative value added services. Ufone offers mobile banking services through its entity U Microfinance Bank Ltd (Ubank).

11. Does your company operate on innovative network? Does your company’s network have the same characteristics as your rivals?

Presently Ufone is engaged mostly in upgrading its network from 3G to HSPA+ by doubling its 3G spectrum via refarming. The existing networks of the company operating through 5MHz of spectrum in 2100MHz band will be doubled to 9.2MHz with the help of spectrum refarming. This upgrade will enable Ufone to improve its 3G services through 900MHz spectrum resulting in better and wide coverage of 3G services compared to the 2100MHz spectrum band.

Customer Satisfaction

12. Customers are satisfied when their demands are met. Customer satisfaction is one way of differentiation of services. Based on customer satisfaction view, how do you differentiate your service?

To satisfy customer needs, Ufone is offering its customers voice, sms and data related services at affordable prices through prepaid and postpaid packages. To satisfy the customers’ urge for higher data speed, Ufone is upgrading its networks.

13. What factors do you take into consideration regarding your services that may assist in satisfying customers?

Quality of Service, low prices.

14. Have you gained subscribers compared to previous years?

No, Ufone has lost subscribers.

15. Do you think good service coverage, call quality, customer care, and value added services are linked to customer satisfaction? Do you get complaints from customers regarding these factors? If “yes”, how do you satisfy them?

Yes, they are all connected. Complaints are handled by customer support (phone, chat, email, service centers or franchises).
Service Quality

16. How do you rate your service quality and how do you differentiate your services in terms of quality?
Look in to PTA QoS stats. Ufone’s service quality meets the requirements of industry standards. Presently Ufone is offering its services to 10,000 sites and locations across Pakistan. To improve data services, refarming of networks is under process.

17. Which factors influence when differentiating your services (telecom service, customer care, customer responsiveness) from other service providers?
Not as such.

Customer Value

18. How do you interpret customer value? In terms of customer value, how do you differentiate your service from your competitors? Moreover, what problem do you face while differentiating your service in terms of customer value?
Ufone believes to have customer-centered policies and have a vision to put customers first. Ufone has started a system upgrade in order to serve its customers efficiently. To bring value to customers, thereby taking over the customer churn rates and port out, Ufone has the team of Advanced Analytics, which after the system upgrade will be taking expertise from Teradata Corporation. The company believes that with the Teradata update they would be able to not to lose sight of what is most important to them referring to “customer intimacy”.

Value Added Services

19. Offering value added services is one way of differentiating the products and services from competitors. What value added services do you offer and how they are different from other service providers?
Ufone offers its customers with loads of value added services ranging from sms and mms to music, sports, education, games and business solutions. Subscribers can access these services according to their needs. In addition, to that Ufone also offers mobile banking services as well with different features related to payments and balance transfer etc.

20. Which factors influence while offering differentiated value-added services?
Not as such.
Prices

21. Is price a factor based on which you offer differentiated products? If “Yes” then which factors cause hindrances when you differentiate your product based on prices compared to your rivals? Ufone differentiates its prices from competitors through lowest call rates and through bundles and offers. Competition makes it less differentiated.

22. How do you setup your prices? Do you set prices based on considering the market homogeneous or heterogeneous? (Setting up the prices based on the segmentation of customers into the groups and letting customers to decide at which price to buy or segmentation of customers into groups however seller decides the price for customer)? Prices are setup according to varying needs of customers. Customers can choose from 2 prepaid packages. There are 8 postpaid packages. Moreover Ufone has offers to subscribe according to usage of specific service (voice, data or sms).

23. Do customers have the option to have price plan tailored according to their usage? No, that doesn’t exist.

24. Which factors influence while offering fair prices and while differentiating from competitors? Competitors respond quickly to price changes and offer competitive prices. Imitation of pricing strategies exists.

Advertising and promotion

25. What is the role of advertising and promotion in this industry when it comes to differentiating products and services? Advertising plays a major role to inform customers about bundle offerings and to stay in the market.

Regulations

26. How do regulations influence with your differentiation strategy? The reason to have too much saturated market is due to the heavy taxation and the telecom companies are reluctant to invest into the sector as the government is charging taxes on every service, every piece of imported equipment in the form custom duty, federal excise duty, sales tax or in the form of advance taxation. Therefore, companies are hesitant to purchase and import telecom equipment. The companies are even reluctant to expand or upgrade to newer spectrums. Government of Pakistan wants to auction the 20MHz spectrum but the telecom companies are reluctant to purchase it due to the incurrence of heavy taxes.
Presently, Pakistan has the second largest taxation structure in the world due to which the companies are reluctant to enter and invest further into expanding business. Moreover, it makes it less attractive for the foreign investments to enter Pakistan.

The present taxation structure of Pakistan has confined the telecom and IT companies into their limited operations. The government should take an initiative to rationalize the taxation structure in order to improve the telecom industry.

27. If regulations influence then what sort of hindrances does your company face?
   a. Price regulation (interconnection charges, retail prices)
   b. Entry regulation
   c. License cost/renewal
   d. Taxes
   e. Custom duty, import taxes

**Imitation**

28. What is the role of imitation in this sector? Is it considered a threat to differentiation? How it influences the industry?

   It keeps a company in the competition but causes saturation as well.
3. Quality of Services

Pakistan Telecom Authority carried out the following tests (For QoS Survey- 2016) in Islamabad, Rawalpindi and Peshawar on April 08, 2016 to measure the quality of services provided by the cellular mobile operators (PTA, 2017).

**User Data Throughput**

User data throughput refers to the internet speed provided by the mobile operators. Pakistan Telecom Authority tested the data throughput of all the operators in April 08, 2016. The results are as follows:

The data throughput of Zong is highest followed by Jazz (Mobilink). Data throughput of Ufone is the lowest.
**Signal Strength**

The higher signal strength refers to the better quality of voice and data services provided to the end user. Signal strength of all operators is revealing good coverage quality. Overall signal strength of Ufone and Telenor is comparatively better than Jazz (Mobilink) and Zong. However, because of use of more frequency spectrum services of Zong and Jazz are superior.

![Signal Strength Chart]

**Network Accessibility**

Network accessibility refers to the possibility that services provided by mobile operators are accessible by end user during the entire duration of usage. It was tested by the display of network indicator in the mobile phone. Network accessibility of all the mobile operators is satisfactory.

![Network Accessibility Chart]
**Call Connection Time**

Call connection time refers to the time between dialing a number and hearing ring-back tone. According to PTA tests call connection time of all the operators is not satisfactory.

![Call Connection Time Chart]

**Call Completion Ratio**

Call completion ratio provides the data regarding call drops. According to PTA the call completion ration of Jazz (Mobilink) and Ufone is below standard.

![Call Completion Ratio Chart]
**End to End Speech Quality**

End-to-End speech quality provides the information regarding the clarity of the voice. All the mobile operators have above the standard end-to-end speech quality.

![End to End Speech Quality Graph](image)

**SMS Success Rate**

SMS success rate gives information regarding the success delivery of sms. Except Jazz (Mobilink & Warid), all the operators meet the standard.

![SMS Success Rate Graph](image)
End to End SMS Delivery Time

According to PTA, all the operators are meeting the standard delivery time for sms.