Value delivery networks in Telecom Industry -the employee-vendor relationship

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ABSTRACT

Value delivery network includes the parties that are involved in adding some kind of value to the product or service till it reaches the customer. In service sector, employees and distributors/franchise form the most important components of the delivery network. In telecommunications business, the role of a delivery network is crucial. Today businesses take efforts to develop long-lasting and profitable relationships with members of the network. On value delivery networks, Singh & Shrivastava (2008) suggest relationship marketing as an approach which can be adopted to enhance the competitiveness and profitability of a network. Better integration and shared mutual values can be developed through relationship marketing across the value delivery network. The study is based on structured interview responses from the marketing heads of all the seven mobile telecom service providers operating in the state of J&K, including the public-sector organisation BSNL and other private players. The paper is expected to provide a useful insight about delivery networks in telecom to students of marketing and practitioners alike.

Key words: Value delivery network, Telecom sector.

Objective: To access the relationship building by telecom companies with their delivery network and its effect on retention.

Methodology: Secondary data used in review of literature. Structured interviews adopted for primary data collection. Respondents include all the seven marketing heads of telecom service providing companies operating in the state.

I. INTRODUCTION

Value delivery network includes the parties that are involved in adding some kind of value to the product or service till it reaches the customer. In service sector, employees and distributors/franchise form the most important components of the delivery network. In telecommunications business, the role of a delivery network is crucial. Today businesses take efforts to develop long-lasting and profitable relationships with members of the network. On value delivery networks, Singh & Shrivastava (2008) suggest relationship marketing as an approach which can be adopted to enhance the competitiveness and profitability of a network. Better integration and shared mutual values can be developed through relationship marketing across the value delivery network.

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II. REVIEW OF LITERATURE

Harland (1996) uses the term supply chain management to represent a variety of different meanings, some related to management processes, others to structural organization of businesses. Supply chain management though is a term used more frequently in goods trade, manufacturing and not in-service sector. He identifies and discusses various definitions of supply chain management, summarizes the associated bodies of knowledge and connects them using a systems approach. Systems levels of supply chain management are identified as the internal supply chain, the dyadic relationship, the external supply chain and the inter-business network. Empirical research on behavioural aspects of relationships, chains and networks is discussed, identifying gaps in perceptions of requirements and performance held by customers and suppliers in the areas of quality, delivery, service, range and price. A combination of qualitative and

quantitative analysis demonstrates substantial differences between approaches to supply chain management, though performance in relationships, chains and networks in the territories examined does not differ significantly.

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Networks are an important area of study for the services industries. Scott and Laws (2010) contend that networks are indeed a fundamental feature of services – services intangibility makes service providers heavily dependent on the recommendations of others to direct customers to a particular business; makes acquisition of knowledge about customers and competitors more difficult and often leads to exchange of information through knowledge networks. Fluctuations in services demand are perhaps more difficult to deal with as the 'product' cannot be stockpiled, but one strategy to deal with this is to work within a referral network to cater to demand peaks. Services require people to be engaged in their production. This leads to an increased proportion of smaller firms in the service industries because scaling up volume is more difficult with people involved. These are just a few of the reasons why networks in the service industries are important. This introduction to the special issue on advances in service network research concludes that firstly, many of the concepts of central concern for service researchers, especially those interested in inter-organizational relationships, are related to concepts that have been developed from, and studied using, the network perspective. Secondly, there is a need to move to the use of more quantitative techniques for network analysis and lastly, recent developments in network research show much promise in the use of complex systems mathematical techniques to simulate and model networks and the effect of interventions. Thus, it is possible to provide suggestions as to how a network may evolve over time and inform those involved within networks as to the relative advantages of alternative modes of action.

In engineering language Service Delivery Network refers to a network that provides a variety of services to a caller placing a call to the network through a vehicle communication system by including automatic call routing and has access to one or more databases with various caller devices. A case study of Sun micro systems demonstrates the company's SDN to design the network architecture for an example secure email application. In business language though, Tax McCutcheon and Wilkinson (2013) mentioned to it as two or more organizations that, in the eyes of the customer, are responsible for the provision of a connected overall service experience. This responds to calls for frameworks recognizing that dyadic service encounters are embedded in the series of experiences customers have with complementary providers as part of the journey to achieve their desired goals. Adopting an SDN perspective presents a dramatically different set of challenges for managers and provides research opportunities challenging the current view of established service concepts. Managers must recognize that to better serve the customer they need to understand the role that they play in the customer-defined service journey and be prepared to coordinate their activities with complementary providers. Participating in helping build and manage the SDN for the customer, or understanding how they fit into customer's self-designed SDN, becomes a central challenge, often requiring firms to develop a new set of capabilities. The SDN also challenges the way we view many of the core concepts in service research, which are anchored in the dyadic view. This provides considerable opportunity for future inquiry.

III. DISCUSSION

There are seven mobile telecommunication service providing companies operating in the state; BSNL, Airtel, Aircel, Vodafone, Jio, Idea and Reliance. Airtel has an estimated twenty thousand strong retailer base, automation is necessary. There is an active retention team which carries out what they call 'Hygiene checks' in case the usage of the service drops. There is an application (mobile app) for automatic escalation matrix available for grievance redressal. There are many schemes to develop favourable and long lasting relationships with channel partners or the service delivery members; Navrratna, Anmolratna and Yuvaratna to name a few. Navratna is for retailers and offers an insurance cover and children scholarships (Airtel little champs). Anmolratna is for distributors and Yuvaratna for feet-on-street, also called as runners. Besides there are various other point redemption schemes, certificates awarded through the territory sales manager (TSM) in charge. TSM is the employee of the company designated to create and maintain relationships with the members of the value delivery network. The job of the relationship manager involves creating a bigger and efficient retailer base. Bigger the base, less is the dependency on individual retailers, on the other hand maintaining a very large retailer base too is a challenge in itself, but yes it does provide a proactive backup. Annual functions and parties are hosted for elite retailers and out-of-turn reimbursements may be given to them, if needed. The marketing managers maintain that retailers tend to defect when earnings from the trade drop. Some amount of churn is natural and acceptable but sometimes additional defections may result due to competitor actions and commissions, inefficiency of field executives and TSM and a range of other internal and external factors.

In order to keep a track, segmentation, called bucketing of customers is done as gold, silver and platinum customers which helps in customer life cycle management (CLM) process. Greeting cards for platinum customers on birthdays or other occasions as per records available with the company. To ensure consumer engagement the company designs innovative product services like ability to use un-used data by carrying forward data of the last month, phone set

insurance, customisation etc. Example of the customisation provided is the 'my Airtel, my offer. To give a regional touch to an otherwise mass marketing effort, local attractions like using Kashmiri shikaras in advertising has been a practice.

BSNL has a slightly different modus operandi of work as compared to private operators. It has less vendors as compared to at least Airtel and Jio. Striking differences were noticed like BSNL is the only telecom service provider whose marketing is headed by an engineering division, in charge marketing is an engineer. Most of the marketing are centralised, mostly only implementation is left to these regional marketing divisions. It is possibly because od this that the company does not have as concentrated focus on customer relationships as compared to its counterparts. Although it does believe in having strong relationships with its franchises and direct selling agents. There are two types of registered dealers for BSNL i.e. Franchise and direct selling agents. Franchises are powerful and strictly zone specific (Dickson exclusively for Srinagar, Iqra for Varmul district, Mircell for Pulwama, Qayoom Bros. for Anantnag). They act as customer service centres, have direct interface used id/passwords, self-appointed retailers and provide fast activation and convenience for customers. Direct selling agents on the other hand don't have CSC facilities. They are not though dependent on Franchise but are in contact directly with a concerned BSNL employee.

For retailers it has a Mela scheme where free promotional material is provided. To counter the competition, the company is proactively preparing for 5G, upcoming project Vijay is envisaged to engage retailer managers analogous to TSM's of the private telecom companies, again a centralised scheme Udaan is envisaged for landlines (fixed telephone networks). Retailer defection does not seem to be a worry, the company in fact has on its own blacklisted a few vendors owing to sale-service and security issues.

To ensure customers keep engaged the company has successfully managed to position as a public service provider that is secure and is not shut down during political disturbances in the valley, especially the post-paid connections. More so there are certain regional pockets where BSNL operates exclusively due to security concerns, examples may be that of Gurez, Kargil etc. Term code verification involves police clearance and identification of sellers through police department. B2G connections of BSNL are strong compared to any other operator and that pays to the company.

For end consumers the company provides closed user group category (CUG) family plans, no security deposit for government employees, monopoly in land line connectivity, Cellone broadband, special tariffs for senior citizens, and lease line connectivity to major banks of the state including SBI and J&K bank. All these factors contribute to dependable and reliable image of the company within the masses.

Idea cellular has separate relationship making strategies for pre and post-paid customers, the focus being on the latter. There is usually no physical contact for relationship management with pre-paid users, but for the post-paid users with a long age on network, service camps may be organised.
Segmentation of retailers is done in order to focus relationship marketing initiatives on performing vendors. Idea too has a smart app for grievance redressal The company intends to collaborate with Vodafone to share 4G services. Some retailers of idea have defected due to low earnings and switched on to other modes of trade, changing line of business like converting into a handset shop. Consumers belonging to different pockets respond differently to CRM initiatives based on their age on network, more the age on network, better or positive is the response.
Vodafone offers customised products to customers and strives to create long term relationships with good customers, high ARPU (average revenue per user) customers are invited to a Vodafone facility once in a while, welcomed apprised and feedback sought. Greetings for post-paid customers as per company data records on occasions.
Like other top players in the business the company too has an escalation matrix type procedure for grievance redressal. In order to build rapport and association with the retailers, 'Chai-shai' get together are organised on launches, where a cup of tea is offered with a chat on the launch on new product. Twice a week, TSM who is company employee in charge for managing relationships, meets distributors, the meeting is termed as gate meeting. Inputs are taken. Vodafone has a strong international brand image which has a propensity to command brand loyalty that may well result in retention. The company regularly revises margins for retailers to avoid vendor attrition due to competitive forces. The company provides frees SIMs to those involved in supply chain or value delivery network and all official conversations are carried out on that very Vodafone contact number only. This strategy is unique to Vodafone.
Aircel makes individual calls to customers with high age on network, encourages feedback and gives away gifts in order to maintain the relationship with such existing customers. The company makes relationships with even those retailers who don't support all services, like provide only recharge facilities, not fresh SIMs etc. Some retailers may even be seasonal and work in particular seasons at particular locations (like tourist places in summers) not all the year round. Some kind of association and relationship has to be maintained even with these so-called seasonal vendors as well. Get togethers are hosted for well performing dealers and top retailers; Waazwaan (traditional Kashmiri cuisine) is served with the company employees serving personally, which creates a personal touch of belonging to a same business family.
At Reliance (RIM, Reliance India mobile) once a new customer is on board, the marketing team gets activated parallelly and monitors the customer for three months, tries to ease out problems faced if any, tries to make the

subscriber make use of the services and not render the SIM useless. Reliance has nothing unique to offer in terms of relationship marketing efforts towards its dealers and retailers; more or less the same adopted by others.

Jio is a breakthrough in more ways than one. It is most active on customer front and believes in customer to customer (C2C) community building as a relationship measure. With more focus on the customer than anyone else in the value chain, Jio is definitely one step ahead since after all the of marketing is the customer. Marketing teams at Jio believe that relationship marketing strategies that help offering value for money are actually the ones able to generate highest degree of traction. Marketers of the company talk about customer stickiness which refers to the increased chance of a customer to utilize the same product (service in this case) that was bought in the last time period. Since the company has no age-old customers, it looks forward to every customer as a potential lifetime customer and therefore is not interested in differentiating and singling out customers on the basis age on network, not at least as of now.

CONCLUSION

All the marketing managers respond in affirmative to the fact that the companies have CRM strategies and relationship marketing strategies in place for the members of the value chain. The strategies, however may differ slightly from operator to operator. On a 5-point scale an average weightage of 4 is assigned to the statement that customers respond positively to relationship marketing strategies. For retailers/vendors the weightage is 5. This hints towards the fact that distributors tend to respond more favourably to relationship marketing efforts as compared to individual customers. the fact that Marketing managers feel that relationship marketing exercise helps customer retention, assigning it an average weightage of 5, which is the maximum.

Relationship with customers, matching competition, promising service and brand image are the factors that that help companies retain market share. Margins, relationship with the delivery network members/vendors, ease of doing business are the factors that help a company to retain a proper retailer base. Marketing managers believe that relationship marketing helps in overall value addition to the service delivery network. After connectivity service and margins (for customers and delivery channel networks respectively) relationship is the most valued construct and can help build competitive advantage for the service provider.

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As per the marketing heads, most of the relationship marketing efforts are targeted at post paid customers, although prepaid consumers constitute the maximum market share.