

## **DEDICATION**

To you my beloved parents: my father TSHIYOYI KABASELE and my mother  
KABWIZA YEMBA for your sacrifices.

**MWANZA TSHIYOYI Yannick**

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## **LIST OF ABBREVIATIONS**

VODACOM: Voice Data Communication

C.W.N: Congo Wireless Network

PMO: Program Management Office

S.M.S: Short Message Sent

4G: Fourth Generation

GB: Gigabyte

C: Capital

MR: Amount to be withdrawn

FP: Fees to be paid

MS: Outgoing amount

CR: Remaining capital

4p: the product, its price, its implementation (distribution) and its promotion

SWOT: Strengths, Weaknesses, Opportunities, Threats



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## **ABSTRACT**

This study is an investigation on a comparative study of the strategies used in the launching of new goods on the market by two telecommunication companies, namely Airtel and Vodacom. It is both a descriptive and qualitative research.

The study is mainly aimed at describing and explaining the strategies which are implemented by these two telecommunication companies in the Democratic Republic of the Congo (DRC) in launching new goods on the sales market.

The results show that Vodacom uses the skimming strategy when launching a new product. The strategy consists in launching the product at a high price and a weak promotion, but Airtel uses a massive penetration strategy which consists in launching new goods on the sales market at a low price with a strong promotion.

In addition, the results reveal that the strategies that are employed by Airtel have enabled the latter to be more successful than Vodacom while launching new products on the sales market.

It was suggested to the two companies, Airtel and Vodacom, that before launching new goods on the sales market, they must apply the strategies suggested by KOTLER and DUBOIS and respect the SWOT which is a technique that enables organisations or individual to move from everyday problems and traditional strategies to modern strategies.

## **GENERAL INTRODUCTION**

### **0.1 . PROBLEM STATEMENT**

In the business world, where competition has become keen, each company seeks to improve the image of its products to be different from the others by using the best strategies in order to convince its customers and make itself a place of choice on the market.

It is for this reason that this study seeks to understand how two telecommunication companies in the DRC, namely Airtel and Vodacom, manage to launch new goods on the sales market. It also purports to know if these companies are using strategies proposed by two scientists, KOTLER and DUBOIS, for launching new goods on the market.

### **0.2 . Choice of the Topic and Interest of the Study**

The choice of this topic was motivated by the fact that, to my knowledge, I have noticed that there are no previous works at the Department of Languages and Business dealing with a comparative study in the launching of new goods on the market. Through the present study, I wish to fill up the gap in this domain.

The interest of the study lies in the fact that it would help to understand how telecommunication companies launch new goods on the market. As to future researchers interested in this domain, it would serve as a work of reference.

### **0.3. Aims of the Study**

The study is mainly aimed at describing and explaining the strategies which are employed by telecommunication companies, namely AIRTEL and VODACOM in launching new goods on the sales market.

### **0.4. Research Questions**

The present study is based on the two following main research questions that I attempt to answer:

1. Which marketing strategies do Airtel and Vodacom employ while launching new goods on the sales market?
2. How do these telecommunication companies implement those strategies in order to be successful on the sales market?

### **0.5 Hypotheses**

The following provisional answers to the research questions could be considered:

Airtel might promote new goods by advertising them on the media, while Vodacom might study first the needs of its consumers on the ground before launching its new products in order to be successful on the sales market.

### **0.6. Research Methodology**

#### **0.6.1. Data Collection Techniques**

In order to collect relevant data for the present study, I used two types of questionnaires that were administered to different agents of each of the two companies,

and some users of Vodacom and Airtel networks. The questionnaire that was submitted to the first category of the informants (agents) consisted of a set of questions on some strategies that they implement while launching a new products in order to be successful.

The second questionnaire consisted of a set of questions that was submitted to a sample of the users on which of the two networks is better for them and why they think so. The informants' feedbacks were collected and analysed later. Each informant was contacted individually.

### **0.6.2. Methods**

In order to carry out this study, I have resorted to the descriptive, analytical and comparative methods for the analysis of data.

Through the use of the comparative method, a comparison between Airtel and Vodacom was carried out in order to find out similarities and differences in the strategies which are employed by these respective telecommunication companies in launching new goods on the sales market.

### **0.7. Division of the Work**

Apart from the general introduction and general conclusion, the present work consists of three main chapters. The general introduction states the problem, justifies the choice of the topic, and describes the interest of the study. Next, it elaborates the aims of the study and techniques used for data collection, and the methods used for data analysis. Finally, it outlines the dissertation.

The first chapter deals with literature review on the marketing strategies of launching new goods on the sales market used in telecommunication companies in general. It defines marketing strategy and provides the different types of marketing strategies used while launching new goods on the sales market.

The second chapter is concerned with a description of the two companies, namely Airtel and Vodacom. It provides a brief history of each of the two companies as well as their respective internal organizations.

The third and last chapter is concerned with the presentation of data that were collected from the informants. In other words, it is a comparative study of the strategies which are taken into account in launching new goods on the sales market at the two companies, namely Airtel and Vodacom. It presents some strategies that are implemented at Airtel and Vodacom in launching new goods on the market.

## **0.8. Limitations of the Study**

There are some limitations about the present research in terms of time and place:

Firstly, the research was conducted during the period starting from December, 2019 to May, 2020, in Lubumbashi town (DRC)

Secondly, only a limited number of users of Airtel and Vodacom were contacted as a sample for an interview during the time of data collection.

# **CHAPTER I: LITERATURE REVIEW ON THE MARKETING STRATEGIES USED BY TELECOMMUNICATION COMPANIES IN THE LAUNCHING OF NEW GOODS**

## **1.0. Introductory Note**

The present chapter reviews the literature on the marketing strategies used by telecommunication companies in the launching of new goods on the sales market. It defines marketing strategy and provides the different types of marketing strategies used in launching new goods on the sales market.

## **1.1. Marketing Strategy**

### **1.1.1. Definition**

Kotler and Dubois (1994) define a marketing strategy as a process that consists in analysing opportunities on the market and choosing a target, a positioning of actions, plans and a controlling system that can enable the company to determine its mission and wait for its objectives.

It is a process that is implemented by a company on a market in order to define exchange possibilities to satisfy needs and desires by attracting and retaining its customers on its products.

A marketing strategy is a collection of isolated acts, but a general orientation of the overall efforts implemented to achieve the objectives. This strategy focuses on the content of marketing activities.

### **1.1.2. Elaboration of the Marketing Strategy**

The elaboration of marketing strategy involves:

1. Diagnostic analysis (internal, external and diagnostic)
2. Fixing objectives
3. The choice of fundamental options (targets, positioning volume sources, brand) and fixing of priority.
4. Marketing mix formulation and evaluation

#### **1.1.2.1. External analysis**

- It covers the demographic, socio-cultural, economic and political environment that can affect the activities of the company.
- It also covers the market segmentation of goods, sales volume, trends, price developments and the life cycle of product.
- Clients identify the actors and their roles; consumer and purchasing behaviour; motivations, attitudes and choice criteria, distributors.
- Competitors: identification of direct and indirect competitors; analysis of the policy followed by the main competitors; analysis of competitive positions.

#### **1.1.2.2. Internal analysis**

It is a performance review of the company's position on the market and an internal balance sheet. It covers recent developments in the reputation and image of the company or brand.



### **1.1.2.3. Diagnosis**

It clearly shows the problems to be solved by the company in observing the strengths and seek to fill its weaknesses to seize market opportunities and face the threat.

### **1.1.2.4. Choice of fundamental option**

This choice consists of taking a position on five fundamental options: (the choice of targets, the choice of volume source, that is, with which other products its offer will compete, the choice of positioning and the choice of a brand policy.

### **1.1.2.5. Marketing mix formulation**

This marketing defines the policy of price, sales product and distribution, communication and promotion.

### **1.1.2.6. Evaluation of Marketing Plan**

This evaluation can be formalized as follows:

- Principle of adaptation (to the target market and to the company it adapts),
- Consistency principle (between each component of the marketing mix and between its components and positioning),
- Principle of superiority over other competitors: it is an aspect of the strategy that gives the company a competitive advantage.

### **1.2.3. Reformulation of the Action Plan**

The marketing strategy identifies and achieves the objectives that have been set. Then, for each decision concerned, the following questions must be answered: what specific action is envisaged? Who is in charge here?

The company will have to translate its marketing strategy into an action plan. Such a plan is based on three elements which are as follows:

#### **1.2.3.1. The budget**

In order to set a limit on the efforts that will be made, the company establishes a budget which most often corresponds to a percentage of turnover while taking into account the nature of the actions envisaged. When a company enters a new market, it tries to know the ratio of marketing expenses on the turnover practised in the sector it will spend to acquire quickly a significant market share.

#### **1.2.3.2. Marketing Mix**

A central element of marketing strategy shows how the company will market its offer. Thus any variable likely to have an impact on the buyer's behaviour starts from the marketing mix. And these variables are grouped into four categories called the "4p": the product, its price, its implementation (distribution) and its promotion.

#### **1.2.3.3. The distribution**

Finally, the company must define how the budget will be allocated to the various products, distribution channels, customer segments and sales territory. To decide on the optimal allocation, it is necessary to try to estimate the market response to the different variables of the mix whose most tangible action variable is the product that expresses the company's supply policy.

## **1.2.4. Communication Strategy**

### **1.2.4.1. Definition**

According to The Dictionnaire Encyclopedique des Sic (2010:21), a communication strategy is defined as a programmed and structured element of symbolic intervention intended to enable recipients to take a decision and subsequently implement this decision through emotional action in the real world.

As for PAUL VAN (1996), communication strategy is defined as a set of choices around well-defined objectives and supported by communication policies following the determination of an impact.

## **1.2.5. Approaches**

Communication strategies are based on four elements: react, change the internal environment, change the external environment and establish a new link between the two environments.

### **1.2.5.1. React**

Through this approach, the company expects for change and reacts after the fact. This strategy allows to leave all options open and to be able to host any kind of event. It offers the shortest view as it requires precisely enough time to react.

### **1.2.5.2. Variable of internal environment**

This approach can allow the company to develop effective forecasting procedures in order to anticipate and also to ‘pre-act’ rather than react. It refers to the development of new philosophers who advocate the anticipation of much more intense competition in the future.

### **1.2.5.3. Variable of external environment**

Here, the organisation or company which anticipates the change is required to act on the environment itself in such a way as to make the change compatible with its needs in the same way that the opening movement of a symphony creates an environment to prepare the reception of the following movements. Therefore, it is possible to recover advertising, and the organization of pressure groups or collaborate with other companies and manage new market niches through an effort of the company and innovation.

### **1.2.5.4. Establishing a link between the internal and external environment**

This approach can help a company that anticipates a change attempt to establish a new relationship between its external and internal environment.

### **1.2.6. Elements of a Communication Strategy**

For a long time, companies have used a set of tools to communicate with their market using a communication strategy. This strategy is developed in seven steps: identifying the target, determining the objectives, designing the message, choosing media, evaluation of budget, choosing of communication mix and evaluation of results. (VARN and BRIGITTE 1996:288),

#### **1.2.6.1. Identification of the target**

It consists of identifying target groups that will benefit from the dissemination of the message and the organization.

#### **1.2.6.2. Determination of objectives**

It consists of choosing the types of responses that the organization wishes to obtain i.e., awareness, appeal, preference, and conviction or purchase.

#### **1.2.6.3. Message Design**

It involves the development of a message by establishing its content, structure, format and source.

#### **1.2.6.4. Choice of media**

It consists of selecting the media and dividing between interpersonal channels and mass communications.

#### **1.2.6.5. Evaluation of the budget**

It consists in determining the sums to be realized on the various operations chosen according to the effects of the communication actions. Several techniques make it possible to evaluate the budget. The most important are: revenue-based approach, experimentation-based approach, objectives-based approach and competition-based approach.

#### **1.2.6.6. The choice of the communication mix**

It consists in dividing the budget between the various means of communication such as advertising, sales promotion, and public relations.

#### **1.2.6.7. Evaluation of results**

It consists in controlling the impact of organizational or corporate communication.

### **1.2.7. The Modalities of the Communication Strategy**

A communication strategy requires three modalities:

#### **1.2.7.1. Symbolic modality**

It includes communication strategies that use a symbol response from the recipient. In fact, these are communication strategies designed to make it appear that they belong in turn to the same community.

#### **1.2.7.2. The actual modality**

It is in fact an injunction calling on the addressee to act or take a position in the reality of a situation. Indeed, it is a response from the recipient in the form of actual behaviour, action or involvement.

#### **1.2.7.3. The imaging modality**

It targets seduction, it calls on the part of the recipient an imaginary investment. These are strategies of seduction. These imaginary communication strategies are to elicit a desire on the part of the recipient. It is often used in advertising.

### **1.3. Marketing**

#### **1.3.1. Historical background to marketing.**

According to LAMBIN (2000), the word “marketing” originates from the United States of America and its genesis can be summarized in several periods, including:

- ❖ The data period 1945 where the supply was lower than the demand.

- ❖ The data period 19501 where the supply was average on the demand.
- ❖ The data period 1956 where the supply was greater than the demand.

The latter period marks the beginning of a competitive market with certain forms of advertising, since it is the marketing of a service that is bound to the products. These are intangible assets.

### **1.3.2. Definition of Marketing**

According to the Dictionnaire Larousse usuel, the term marketing originates from the English word ‘market’ which means the place where they sell several things, and the suffix. “-ing” which implies the notion of movement.

According to KOTLER and DUBOIS (1994), marketing is the economic and social mechanism by which individuals and groups meet their needs and desires through the creation and exchange of products and other entities of value for others.

### **1.3.3. Marketing Objective**

The aim of marketing is to achieve the sale of a product in the best conditions, consumer satisfaction and profitability for the company. Indeed, any company seeks to obtain the most reliable information to create the product market and satisfy the consumer or the customer so as to maintain confidence.

In order to obtain the information that can allow to direct the actions of the company in the most effective way possible, the marketing proposes a methodology of the commercial decision gathering techniques of information processing and analysis, to ensure the development of a profitable business activity based on market knowledge, which allows us to approach the marketing plan.

#### **1.3.4. Marketing Task**

The most common image of the head of marketing is that of a man who is in charge of stimulating demand for the company's products. However, this concept is too limited to take into account the different tasks it assumes.

Marketing management consists of planning and implementing the development, pricing, promotion and distribution of a product or service with a view to a mutual exchange satisfactory to both organisations and individuals.

#### **1.3.5. Marketing Tools**

Three tools exist for the exercise of the marketing activity:

- Market research: it consists of organizing to know the target market
- Market segmentation and targeting; it consists of adopting things to the market
- The "4p" policy of operating in the target market.

#### **1.3.6. Marketing in launching a product**

During the launch phase, marketing is necessary to inform consumers, encourage them to try the product, and ensure its distribution to merchants. It takes a lot of money to convince and stimulate distribution. There are several types of marketing in their applications about launching a product in the company and it depends on the object that the managers have assigned themselves. These include:



### **A. Innovation Marketing**

This type of marketing is based on all the operations to be carried out as a process of planning, analysing, executing and controlling of a programme, the outcome of which would be the realization of the mutual profile due to an exchange.

This marketing is applied in the study of the sales market, total product quality, number of customers and their distribution.

### **B. Marketing planning**

Its purpose is to plan the business activities of the company, defining the policies and strategies that can ensure its optimal growth.

### **C. Audit Marketing**

It focuses on the overall assessment of the performance of the marketing organization within a commercial reproduction unit and their performance; turnover, profitability, economic return, etc.

### **D. Functional Marketing**

The function of goods consists in its expanded capacity to satisfy the needs of the consumer. Therefore, this type of marketing applies to products whose complementarity meets the desire of the user or the consumer. After a cursory passage on the type of marketing used on the launch of a product, we can do an overview on other kinds of marketing.

### **1.3.7. Types of Marketing**

#### **1.3.7.1. Commercial Marketing**

Commercial Marketing is about creating an incentive for future consumers to buy a product.

#### **1.3.7.2. Social marketing**

Every time, it requires to obtain, after a well-conducted awareness, a change of behaviour, attitude of everyone for the benefit of the community. For example The HIV/AIDS Campaign.

#### **1.3.7.3. Political Marketing**

It is the act of promoting the ideas of a candidate close to an electorate by creating a difference compared to other candidates. It is therefore a global image of main ideas.

### **1.3.8. Marketing Approaches**

The fundamental message of the marketing concept is that the economic performance of the company depends essentially on its ability to efficiently meet the needs of the market and to redeploy its activities according to the changing needs and opportunities offered by the technology.

Therefore, various methods allow marketing to achieve its objectives. There are two types of marketing:

- Strategic Marketing
- Operational Marketing

## **A. Strategic Marketing**

It defines the main orientations of a company and seeks attractive market opportunities. Indeed, the company first seeks to know the needs of the market and the behaviour of potential buyers or consumers. This allows it to define the markets it wants to compete with. This reference market must be divided into a homogeneous sub-set in terms of the needs and buying motivation called potential market product.

For each of its market products, the analysis of diversities, needs, and the evaluation of economic opportunity and the analysis of their probable lifespan will be carried out. It is on the basis of these sets of information that the company will be able to appreciate the attractiveness of these various market products.

## **B. Operational marketing**

Operational marketing, also known as marketing mix, aims at conquering the market using the well-adapted controllable action variables. Certainly, the marketing demand supports the analysis of customer needs. This analysis leads to the understanding of the conceptual framework for strategic marketing. The strategic directions chosen must be implemented through operational marketing. The latter is a decisive factor in the company's performance, particularly in the market where competition is intensive.

Indeed, any product of high quality must have a price acceptable to the market and be adapted to the shopping habits of the customers to be supported by advertising activities designed to publicize its existence and promote its distinctive qualities. Operational marketing is therefore the business arm of the company. The variations that

constitute the essence of the latter's activities are: the "4p". Product policy, price policy, distribution policy and communication policy.

## **1. Product Policy**

According to VAN VRACEM and BOUTON (1987:83), the concept of production is directly linked to the existence of human needs and desires. A desire reflects a state of deprivation that simultaneously generates discomfort and the will to remove that discomfort. Human being will then perceive in his environment the products to satisfy his needs. The product acquires value in the eyes of the individual by the very fact of their capacity to satisfy their desires.

### **a. Concept of the product**

A product can be defined as a set of materials or symbolic of data allowing to bring satisfaction or benefits to the buyer or user.

In a broad sense, the product can be anything that can be offered on a market in order to be acquired, consumed or noticed. This may include physical goods, services, people, places, ideas, organizations, etc.

It is not important to limit the concept of the product to only physical objects; the key element of the product is the service it provides; we do not buy a tube of lipstick for the contents of the tube but we buy the beauty it provides.

### **b. Product classifications**

A good classification can help the marketer determine the policy more accurately. Let us look at some possible classifications and their implications on marketing policy. Consumer products and industrial products.

- Consumer products are intended to be used directly by the final consumer.
- Industrial products are intended to be sold in the way of producing other goods or provide services.

### **C. The Market Strategy**

From a marketing perspective, it is recognized that the product must be considered on the basis of the market, that is, it must be designed without the form of a “product-market” couple. The product is not only made up of characteristics of a physical nature, but also of a psychological nature linked to the consumer.

Indeed, the product policy therefore makes it possible to define the qualities of the product, the characteristics of its packaging, its name and brand, as well as the requirements of consumers to ensure that manufactured products are likely to meet the needs and expectations of consumers.

### **D. The life cycle of a product**

According to LENDRE VIE (2000), the life cycle of a product is a set of phases through which a product necessarily passes from its conception to its death. These phases are: launching, growth, maturity and decline. Among the various phases mentioned above, the focus could be on the first phase, which is the launching in relation to the subject under study.

### ➤ **Launch phase**

This is a very valuable and very important phase for the company. When a product is launched, it is necessary to provide for and finance additional equipment, staff training, and stock in the company.

## **2. The pricing policy**

According to CLAUDE DEMEUR (2002:109), the price is a real fundamental presented in any commercial transaction. Indeed, even if a product is on the market, it is only when the buyer and seller have agreed on the price that the exchange can take place.

### **1.3.9. Marketing communication**

The company should adopt an integrated communication mix that can be defined as an overall plan that assesses the respective roles of the different marketing communication modes including media advertising, sales promotion, sales strengths and direct marketing. These four communication marketing have their advantages and limitations.

#### **a. Advertising**

It is a mass communication strategy that supports the activities of the company and acts on the attitude more than on the immediate behaviour.

#### **b. Sales Force**

It is a personal and bilateral communication (a dialogue) that elicits feedback and is more designed to prompt the client to take immediate action.

**c. Sales Promotion**

It includes all the stimuli which, in a non-permanent way and often locally, temporarily reinforce the action of advertising and the sales force and which are implemented to encourage the purchase of a specific product.

**d. Public Relations**

They aim at establishing, through a deliberate, planned and sustained effort, a psychological climate of understanding, and mutual trust between an organization and the public.

**PARTIAL CONCLUSION**

The present chapter has reviewed the literature on the marketing strategies of launching new goods on the sales market used in telecommunication companies. It has defined marketing strategy and has provided the different types of marketing strategies used in launching new goods on the sales market.

## **CHAPTER II: PRESENTATION OF AIRTEL AND VODACOM**

### **2.0. Introductory Note**

The present chapter is a description of the two companies in presence, namely Airtel and Vodacom. It provides a brief history of the two companies as well as their respective internal organization.

### **2.1. Presentation of Airtel**

Airtel is a telecommunication company operating in the cellular telephony sector in the Democratic Republic of the Congo.

#### **2.1.1. Brief history of Airtel**

Airtel Telecommunication Company was created on August 11, 1999 as a limited liability company. It has gone through several transitions with different denominations. The first transition took place in 2008 from Celtel to Zain. The word “Zain” in Arabic means “beautiful, wonderful”, in which the introductory phrase is “Zain, a wonderful world”.

In 2008 it went from Zain to Airtel, in December 2010.

The African actions of Zain International Group were brought by BHARTI AIRTEL Limited, an Indian group.

This is the second time, since its opening that this company has changed its name and shareholders from Celtel to Zain and then to AIRTEL. This name change also affected all the African countries in which the former Zain was operating. They are:



1. Burkina Faso
2. Congo Brazzaville
3. Congo Kinshasa
4. Gabon
5. Malawi
6. Kenya
7. Sierra Leone
8. Tchad
9. Ouganda
10. Niger
11. Soudan
12. Iles Seychelles
13. Zambia
14. South Africa
15. Tanzania

## **2.2. Geographical Situation**

The Headquarter of Airtel is located in Kinshasa, at the crossing of Chad Avenue and Bas Congo, in the municipality of Gombe, and it is registered under the Commercial Register number 47889.

In Lubumbashi, it is located at the crossing of Mobutu Avenue or current Mzée Laurent Désiré Kabila and Kasai in Lubumbashi Township.

## **2.2. Social Objective**

AIRTEL is a telecommunication or distance communication company. It is a profit seeking and service delivery company. It renders and insures the efficacy of operations related to cellular telephony.

## **2.4. Organizational Structure of Airtel Company**

In the organizational structure, Airtel RDC SARL is subdivided into the following directions:

### **2.4.1. General Direction**

It coordinates all the departments and sub directions of the company and defines the general policy of the company. The branch where the management office (PMO) program is attached is responsible for all the strategic projects of the company.

### **2.4.2. Sales and Distribution Direction**

It is responsible for all distribution and sales activities. It coordinates activities in all of Airtel's commercial areas. Thus in its primary mission, there is the organization of the distribution chain both on the structure GSM and Airtel Money.

### **2.4.3. Human Resources Direction**

It is the get in and outing door of the company Airtel. It assures the framing and provides supervision and training for staff during the performance of their duties; it also manages the company's social responsibility.

### **2.4.4. Legal Direction**

The department of legal direction is responsible for the legal coordination of Airtel activity in Kinshasa and also in the headquarters of the company in the region. The company works in partnership with lawyer advisors.

### **2.4.5. Technical Direction**

It is responsible for the technical activities related to the fulfilment of the network availability, including checks on the maintenance quality of the network equipment and also ensures good internal and external connectivity.

### **2.4.6. Marketing Direction**

It deals with the marketing activities of the company, that is the implementation of promotions and services with a single purpose to increase the use and consumption, increase the acquisition of quality to finally maximize the incomes. In addition, it is responsible for the visibility of the company.

### **2.4.7. Finance Direction**

It reflects, through accounting and financial analysis, the health of the enterprise as well as its growth of profitability and viability. It orders goods and services for the internal consumption of the company and deals with financial activities in budget management as well as wealth management.

#### **2.4.8. Purchasing Direction**

This direction is in charge of ordering the quality and price suggested by the supplier duly selected on the basis of quotations. The purpose of this direction is to make a saving on the orders made. This direction manages the company's assets.

### **2.5. Presentation of Vodacom**

Vodacom (voice data communication) is a telecommunication company operating in several countries, including the DRC since 1st may, 2002. It was launched with the aim of operating in the telecommunication sector.

#### **2.5.1. A Brief History of Vodacom**

Voice data communication, (VODACOM), is a South African company created by Mr Alan KNOTT GRAIG with the aim of launching the cellular network in South Africa working then at Telkom Company. The network was officially launched on 1 June, 1994, but the GSM system took off when Vodacom introduced the prepaid card system.

The founder of Vodacom was interested to invest the company in Congo, because according to the analyses, the country had only 100,000 telephones for more than 60,000,000 inhabitants. The network was invested in Congo as it represented a significant potential market despite the prevailing economic environment.

Vodacom came into existence in Congo thanks to the partnership between the Congo GSM operator and C.W.N. The network was officially launched on 1 May, 2002 in the Democratic Republic of the Congo covering the cities such as Kinshasa, Lubumbashi and Mbuji Mayi. Today Vodacom covers the whole national territory.

### **2.5.2. Geographical Situation**

Vodacom Congo's headquarter is geographically located in Kinshasa/Gombe, on *Boulevard du 30 juin* Avenue, House number 3157.

In the Haut-Katanga province, the Head Office of Vodacom is located on Mama YEMO Avenue, House number 1046.

### **2.5.3. Social objectives of Vodacom**

- Vodacom is assigned as the main social objective the operation of cellular telecommunication throughout the national territory via a stable and reliable telecommunications network.
- It brings the Congolese population together, regardless of the distance by a simple telephone call or the sending of an SMS.
- It works in the social sector by building schools, hospitals etc., for the population.

### **2.5.4. Legal Status**

Vodacom Congo (D.R) is a private limited liability company. It is governed by the statutes of the agreements signed between Vodacom international Ltd and the Congolese Wireless Network on 24 October, 2001. Under the terms of this partnership agreements, the units of action between the two are as follows:

- Vodacom International Limited: 51% of shares.
- Congolese Wireless Network: 49% of shares.

### **2.5.5. Vodacom Network**

The Vodacom network operates in the 900MHZ and 1800MHZ bands and it includes among other equipments:

- 5 telephones exchanges ;
- 15 basic remote management stations ;
- 60 VSAT stations ;
- A network platform.

### **2.5.6. Distribution System**

The Vodacom Business has 3 categories of distributors who distribute these products. There are the super dealers that are registered and have signed a contract with VODACOM for the distribution of its products. Hyper Psaro group, Beltexco, etc., wholesalers who buy wholesale from super dealers and resell them in turn to retailers who are in direct contact with consumers.

### **2.5.7. Products and Services**

The products and services offered by Vodacom are:

- G.S.M. service
- Vocal Message
- S.M.S. service
- Vodanet or Internet
- Voda-E
- Prepaid cards, etc.,

## **2.6. Structure and Functional Organisation of Vodacom/Haut- Katanga**

### **2.6.1. The Head Office of the Region (provincial director)**

Those responsibilities are limited in terms of decision-making. It is responsible for ensuring the proper functioning of various services in the province.

### **2.6.2. Executive Secretariat**

It is in this service that all the company's daily reports arrive and are sent to the Head Office. It serves as a link between employees and the Director. It manages the Human Resources Department at the local level.

### **2.6.3. Direction of Operation and Transmission**

It is held by computer engineers, polytechnicians in maintenance of the distribution of network. This maintenance is related to the technique and the connection of various subscribers to the network.

### **2.6.4. The Sales Department**

This Department is responsible for the commercial and marketing policy of Vodacom at the local level. It controls Vodashops, marketing, public phone etc. It is in contact with the manager of finance for the purchase of technical equipment, promotion of a tariff or a social work in contact with customers, distributors, etc.

### **2.6.5. The Finance Department**

The income generated by the Sales Department is accounted for by the Finance Department. The resource manager and the manager of operation work closely with the finance manager to decide on the most urgent or important expenses that the company undertakes.

### **2.6.6. The Hardware and Computer Resources Department**

This department includes:

- a) Property: operation which takes care of energy and civil engineering by the study of projects and constructions.
- b) Radio transmission.
- c) Satellite radio transmission equipment.

### **Partial Conclusion**

This chapter has been a presentation of the two companies in presence, namely Airtel and Vodacom. It has provided a brief history of the two companies as well as their respective internal organization.



## **CHAPTER III: A COMPARATIVE STUDY IN THE LAUNCHING OF NEW PRODUCTS AT AIRTEL AND VODACOM**

### **3.0. Introductory Note**

The previous chapter has been a presentation of Airtel and Vodacom. This chapter is concerned with the presentation of data that were collected from the informants. In other words, it is a comparative study of the strategies which are taken into account in launching new goods on the sales market at the two companies, namely Airtel and Vodacom. It presents some strategies that are implemented at Airtel and Vodacom in launching new goods on the sales market. Finally, it ends with a section on suggestions.

### **3.1. Data Presentation**

#### **3.1.1. 4G Airtel**

Nowadays, the internet has become a crucial tool for communication among people all over the world using mobile devices like telephones and computers. It enables people access science and information.

Airtel's 4G, known as 4G power, is likely to bring the power of the new network to life, allowing subscribers to enjoy unprecedented performance on their compatible mobile devices. 4G is faster, more comfortable web browsing, smoother and better-defined videos, shorter application download times, shorter data transfer times including large documents. With 4G, 5 MB music file can be downloaded in seconds compared to two minutes earlier.

### 3.1.2. 4G Vodacom

Vodacom's 4G is an international product that enables the significant acceleration of downloads, on-demand accessibility of videos and music, the exploration of online games and increased connectivity performance for all business applications. It was launched 4G on the sales market after acquiring the 4G licence for all operators on 10 May 2018 as an innovation of the range of its products. This technology enhances the company's image on the Vodacom product list against its challenger Airtel. With 4G, Vodacom materializes the dream of a world where everyone is connected to live a better present and guarantee a bright future.

### 3.1.3. M-Pesa

**Table 3.1. Transactions in USD**

<b>Minimum Amount</b>	<b>Maximum Amount</b>	<b>Fees sent to M-pesa registrant</b>	<b>Fees sent to M-pesa registrant and other networks</b>	<b>Agent withdrawal fees</b>
1.00	500	3.00%	18.00%	18.00%
5.01	1000	2.00%	8.66%	8.76%
10.01	2000	1.20%	5.33%	5.53%
20.01	5000	1.20%	2.57%	2.80%
50.01	10000	1.20%	1.67%	1.77%

100.01	20000	1.20%	N/A	1.60%
200.01	30000	0.75%	N/A	1.60%
300.01	40000	0.75%	N/A	1.60%
400.01	100000	0.75%	N/A	0.95%
1.001.00	150000	0.65%	N/A	0.85%
1.501.00	200000	0.65%	N/A	0.85%
2.001.00	250000	0.50%	N/A	0.80%

The results provided in the table above show that the fees to be paid for the withdrawal depend on the amount to be withdrawn. For example, if someone withdraws from 1 to \$5, so they will have to pay 18%, for someone who wants to withdraw from 5 to \$10, the percentage of the fees to pay will be 8.76%, etc.

This pricing can be explained in the case of a person with a capital of \$3.000 in his or her account, and wishes to make the following withdrawal operations during four days:

- On the first day, s/he withdraws \$435
- On the second day, s/he withdraws \$305
- On the third day, s/he withdraws \$102
- On the last day, s/he withdraws \$59

Let us calculate the amount remaining in his account after the payment of fees

**Table 3.2. Exercises**

<b>N°</b>	<b>Days</b>	<b>Amount withdrawn in \$</b>	<b>Withdrawal fees from an agent</b>
01	First day	435	0.95%
02	Second day	305	2.80%
03	Third day	102	5.53%
04	Fourth day	59	1.77%
Total		901	11.05

$$MS = 901 + 11.05 = 912.05$$

$$MR = 3000 - 912.05 = \$ 2,087.95$$

We understand that this person had \$3, 000 in his/her M-pesa account but s/he has done a total withdrawal of \$901. S/he spent \$11.05 for all the withdrawal operations s/he would have made.

**Table 3.3 Transactions in CDF**

<b>Minimum Amount</b>	<b>Maximum Amount</b>	<b>Fees sent to M-pesa registrant</b>	<b>Fees sent to M-pesa registrant and other networks</b>	<b>Agent withdrawal fees</b>
1.000	8,650	3.00%	18.00%	18.00%
8,651	17,300	2.00%	8.66%	8.76%
17,301	34600	1.20%	5.33%	5.53%
34,601	86,500	1.20%	2.57%	2.80%
86,501	173,000	1.20%	1.67%	1.77%
173,001	346,000	1.20%	N/A	1.60%
346,001	519,000	0.75%	N/A	1.60%
519,001	692,000	0.75%	N/A	1.60%
692,001	1,730,000	0.75%	N/A	0.95%
1,730,001	2.617,500	0.65%	N/A	0.85%
2.617,501	3,490,000	0.65%	N/A	0.85%
3.490,001	4,267,000	0.50%	N/A	0.80%

Let us clarify this pricing in Congolese francs with the example of madam Willermie having a capital of 300,000,000fc in her M-pesa account. She wishes to carry out the following withdrawal operations in four days:

- On the first day: CDF 225, 000
- On the second day: CDF 58, 000
- On the third day: CDF 450, 000
- On the last day: CDF 200000

Let us calculate the amount remaining in her account after paying fees.

**Table 3.4. Transaction in CDF**

N°	Days	Amount withdrawn in CDF	Withdrawal fees from an agent
01	First day	CDF 225, 000	1.60%
02	Second day	CDF 5, 8000	2.80%
03	Third day	CDF 450, 000	1.60%
04	Fourth day	CDF 200, 000	1.60%
Total	933000	CDF 10000	7600

C: 300.000.000

MR: 933.000

FP: 760

$MS = MR + FP$

$933000 + 7600 = 940,600$

$CR = C - MS = 300.000.000 - 940.600 = 299.059.400$

It can be noticed that to carry out withdrawal transactions of a total amount of CDF 943, 000 one will pay CDF 7, 600 as withdrawal fee during the four days, the capital remains CDF 299, 059, 400

### 3.1.4. Airtel Money

**Table 3.5. Transaction in USD**

Minimum Amount	Maximum Amount	Fees sent	Withdrawal fees
0	1		0,20
1,01	3		0,50
30,1	5		0,60
5,01	10		0,80
10,01	20		0,85
20,01	30		0,90
30,01	50		1,10
50,01	80		1,30

80,01	100		1,50
100,01	200		2,80
200,01	300		3,60
300,01	500		4,50
500,01	700		6,00
700,01	1000		7,00

With regard to the details provided in the table above, one can notice that the fees to be paid for the withdrawal depend on the amount to be withdrawn, for example, someone who withdraws \$ 1 will have to pay 0, 20. For someone who wants to withdraw from \$1, 01 to 3, the fees to pay will be 0, 50 etc.

This pricing can be explained in the case of a person with a capital of \$3000 in his account, and who wishes to make the following withdrawal operations in four days:

- On the first day, s/he withdraws \$435
- On the second day, s/he withdraws \$305
- On the third day, s/he withdraws \$102
- On the last day, s/he withdraws \$59

This pricing can be explained in the case of a person with a capital of \$3.000 in his or her account, and who wishes to make the following withdrawal operations in four days:



Let us calculate the amount remaining in his or her account after the payment of fees

**Table 3.6 Exercises**

N°	Days	Amount withdrawn in \$	Withdrawal fees from an agent
01	First day	435	4,50
02	Second day	305	4,50
03	Third day	102	2,80
04	Fourth day	59	1,30
Total		901	13.1

$$MS = 901 + 13.1 = 914.1$$

$$MR = 3000 - 14.1 = \$ 2,985.9$$

We can understand that this person had \$3000 in his M-pesa account but he has done a total withdrawal of \$901. He spent \$13.1 for all the withdrawal operations he would have made.

**Table 3.7. Transaction in CDF**

<b>Minimum Amount</b>	<b>Maximum Amount</b>	<b>Fees sent</b>	<b>Withdrawal fees</b>
0	2000		350
2001	5000		750
5001	10000		1350
10001	50000		1500
50001	80000		1800
80001	160000		2200
160001	300000		3500
300001	500000		6500
500001	800000		8000
800001	1200000		10000
1200001	1800000		14000

At this level, we can note that we can carry out the transaction not only in dollars but also in Congolese francs. The Congolese francs pricing is explained in the

table above in the following way; for the sending of 0 to CDF2000 the sender will pay CDF 350 for the transaction, from 2001 to CDF 5000 he will pay CDF 750.

To clarify better the rates for withdrawing money in Congolese francs; let us take the case of Mrs Deborah, her husband sent her 300,000fc in her account without the cost of withdrawal which is CDF 3500. If we want to know how much she withdraws, we will do CDF 300,000 minus CDF 3500 which will make CDF 296, 500.

### 3.1.5. SMS PACKAGE OF AIRTEL

**Table 3.8. SMS Package of Airtel**

Coût	Formule d'activation	Nombre de SMS	Validité
5U	*625*5#	10 SMS	48h
10U	*625*10#	40 SMS	48h
20U	*625*20#	100 SMS	48h
25U	*625*25#	300 SMS	48h
50U	*625*50#	500 SMS	72h

When launching its rates, Airtel remained responsive to the market and took into account its competition as well as its ability to purchase by determining the price of its products and its advantages on the sales market.

### 3.1.6. SMS Package of Vodacom

**Table 3.9. SMS Package of Vodacom**

Coût	Formule d'activation	Nombre de SMS	Validité
5U	*1104*5#	10 SMS	48h
10U	*1104*10#	40 SMS	48h
20U	*1104*20#	100 SMS	48h
25U	*1104*25#	300 SMS	48h
50U	*1104*50#	500 SMS	72h
100U	*1104*100#	750 SMS	7 Jours
500U	*1104*500#	2000 SMS	30 Jours

In order to distinguish itself from its competitor with a view to satisfying its clients, Vodacom offers a variety of prices depending on the pricing and benefit of its products.

## **3.2. Marketing Strategy of Launching**

### **3.1. 4G Airtel**

As strategies to launch the 4G on the sales market, Airtel uses advertisement, comparative advertisement and promotion of the product.

#### **a. Advertising**

Airtel has applied advertisement in various forms

- Advertisement is applied in order to make the consumers aware of the new products and attract them so that they may consume the products massively. Airtel has recruited agents by equipping them with posters with mention of 4G in large character to inform the public about the importance and advantage of it as opposed to others.
- Television advertisement: This is an advertisement that airtel has applied in the long term to boost its clients to make the best choice on the 4G product.

#### **b. Comparative advertisement**

As this advertisement aims to promote a product by comparing it to its competitors, Airtel used it during the launching of its 4G to make the public believe that all the 4G that exists on the market is the one that has the real 4G of all.

### c. Promotion

The promotion is a set of commercial techniques and means to promote the sale of a product. Airtel applied the promotion by giving in exchange the 4G SIM card for the old 3G SIM for free to all its subscribers, and anyone who has an android phone compatible with 4G got 5GB valid 7 days.

## 3.2. AIRTEL MONEY AND SMS PACKAGE

During the launching of its Airtel money and SMS pricing products, the company Airtel uses as marketing strategies of launching a new product on the sales market: promotion, advertising, and sponsoring. It has used promotion by highlighting the quality of its products on posters, on radio as well as on television. As for advertising, Airtel gave the advantages to its subscribers not like before: with 25 units, you have 300sms valid two days, with CDF 500 and an Airtel SIM card, you have your Airtel Money account. Sponsorship is the most coveted field of action for airtel because it allows the company to make a good publicity to fans of the general public events such as: sports, TV shows etc.

## 3.3. 4G VODACOM

Vodacom was the first company to innovate 4G in the DRC. During the launching of its 4G goods on the sales market, Vodacom applied the following strategies: advertisement and promotion.

- a. Television advertisement: this is an advertisement that Vodacom used in short-term during the launching of its 4G to make its consumers aware of it.
- b. Promotion: Vodacom offers 5GB to anyone who swiped his 3G SIM card in 4G.

### **3.4. M-PESA AND SMS PACKAGE**

The marketing strategies of Vodacom when launching M-PESA and SMS pricing include: promotion, advertising and sponsorship. As far as promotion is concerned, Vodacom becomes an advertiser to make its products known through radio and television channels including billboards. As for advertising, Vodacom gave the advantage to its subscribers: with 25 units you have 300sms valid two days; with CDF 1, 000 and a Vodacom card, you have your M-PESA account. Sponsorship being a way to make known its products Vodacom sponsors sports and culture. The most important area for Vodacom is sport, because it helps to make its products known to the general public and attract their attention to its products.

### **3.5. DATA COMPARISON**

During the launching of the 4G, Airtel used a massive penetration strategy when launching new goods on the sales market. This strategy consists in launching the new goods at a low price with a strong promotion. It is justified in the following cases:

The market is large.

The goods are not known.

Buyers are price sensitive.

There is strong potential competition.

Vodacom used skimming strategy when launching new goods in the market: this strategy consists of launching the product at a high price and a significant promotion. The use of this strategy is justified when the following conditions are verified:

Most of the market is not yet familiar with the goods.

Those who know goods are very eager to buy them even at a high price.

The company faces potential competition and must develop quickly a preference for its brand.

After comparing the strategies applied by Airtel and Vodacom during the stage of launching 4G on the sales market, the results on the users' feedbacks show that people have chosen Airtel as a network in terms of connection and the reason is simply that it is a youth network and this network has the cheapest rate in terms of connection and many young correspondents use it; it facilitates even the poorest to be connected and this network is visible to everyone. Regarding to Vodacom in terms of connection, most young people responded that it is a network of bosses. Its pricing is more expensive despite the quality of its Internet connection.

Starting from the comparison that has been made, the results show that Airtel has succeeded its strategy when launching new goods 4G on the market by applying not all the strategies proposed by KOTLER and DUBOIS, but Vodacom has failed despite the strategies used in the launching of 4G; it was confident that it was the leader in the world, forgetting that, competition is a major issue that challenges the company to succeed and win its clients.

The price of these two telecommunication companies, namely Airtel and Vodacom takes into account the competition between them: we see that, although when Vodacom launches new tariff on the sales market, Airtel also has to respond at all costs and vice versa. As far as the money transaction is concerned, the two companies apply



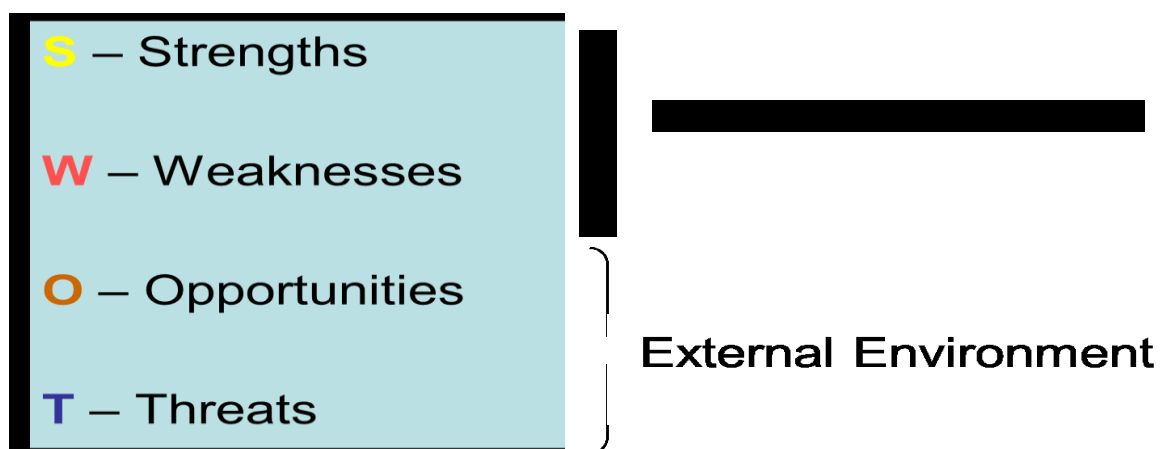
almost the same method. For a withdrawal of CDF 20, 000 from an account where there is CDF 40, 000, Airtel subtracts CDF 1, 500 while Vodacom subtracts CDF 1, 900.

## SUGGESTIONS

In general, it is suggested to the two companies, Airtel and Vodacom, operating in the field of telecommunications in the Democratic Republic of the Congo, that before launching new goods on the market, it would be better to go back first to market research to match the offer to the market need.

We suggest again to Airtel and Vodacom that before launching new goods on the market both companies must respect the SWOT which is a technique that enables organisations or individual to move from everyday problems and traditional strategies to a fresh prospective. This analysis looks at strengths and weaknesses, and the opportunities and threats business faces. SWOT can help a company face its greatest challenges and find its most promising new markets.

The SWOT is a very important and useful tool to use in marketing for launching new goods on the sales market. A clear understanding of SWOT is required for business.



**Strengths (internal, positive factors)**

Characteristics of the business or individual that give an advantage over others in the industry.

- Positive tangible and intangible attributes, internal to an organization or individual.
- Beneficial aspects of the organization or the capabilities of an organization, process capabilities, financial resources, products and services, customer goodwill and brand loyalty.

**Weaknesses (internal, negative factors)**

- Characteristics that place the firm or individual at a disadvantage relative to others.
- Detract the organization from its ability to attain the core goal and influence its growth.
- Weaknesses are the factors which do not meet the standards we feel they should meet. However, weaknesses are controllable. They must be minimized and eliminated.

**Opportunities**

- Are external attractive factors that represent reasons why a business is likely to prosper.
- Chances to make greater profits in the environment - External attractive factors that represent the reason for an organization to exist and develop.
- Arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable.

- Organization should be careful and recognize the opportunities and grasp them whenever they arise.

### **Threats (external, negative factors)**

- External elements in the environment that could cause trouble for the business - External factors, beyond an Organization's control.
- Arise when conditions in external environment jeopardize the reliability and profitability of the organization's business.

This analysis has for aims in the company:

- To help decision makers share and compare ideas.
- To bring a clearer common purpose and understanding of factors for success.
- To organize the important factors linked to success and failure in the business world.
- To help individual or organization to understand their strengths and weaknesses.
- To promote strategic thinking.

### **Partial Conclusion**

The third and last chapter has been concerned with the presentation of data that were collected from the informants. In other words, it has been a comparative study of the strategies which are taken into account in launching new goods on the sales market at the two companies, namely Airtel and Vodacom. It has presented some strategies

that are implemented at Airtel and Vodacom in launching new goods in the market. It has also provided some suggestions that the two companies have to take in to account.

## **GENERAL CONCLUSION**

The present study was an investigation on the strategies which are employed by telecommunication companies in the DRC namely, Airtel and Vodacom in launching new goods on the sales market.

The study was mainly aimed at describing and explaining the strategies which are implemented by Airtel and Vodacom in launching new goods on the sales market.

Apart from the general introduction and general conclusion, the work was subdivided into three main chapters.

The first chapter reviewed the literature on the marketing strategies of launching new goods on the market used in telecommunication companies. It defined marketing strategy and provided the different types of marketing strategies used in launching new goods on the sales market.

The second chapter dealt with a presentation of the two companies, namely Airtel and Vodacom. It provided a brief history of two companies as well as their respective internal organization.

The third and last chapter was concerned with the presentation of data that were collected from the informants. In other words, it was a comparative study of the strategies which are taken into account in launching new goods on the sales market at the two companies, namely Airtel and Vodacom. It presented also some strategies that are implemented at Airtel and Vodacom in launching new goods in the market. Finally, it ended with a section on suggestions.

The results show that Vodacom uses the skimming strategy when launching a new product. The strategy consists in launching the product at a high price and a significant promotion, but Airtel uses a massive penetration strategy which consists in launching new goods on the sales market at a low price with a strong promotion.

In addition, the results reveal that the strategies that are employed by Airtel have enabled the latter to be more successful than Vodacom while launching new products on the sales market.

It has been suggested to each of the two companies to respect the strategies proposed by KOTLER and DUBOIS when launching new goods on the market.μ

The most important limitation of the study lies in the fact that the population sample was representative, a fact that prevents this study from overgeneralizing the results to a large scale.

I hope that the present study will be helpful to Airtel and Vodacom managers to get information on some of the strategies that are employed by their competitor.

I also remain hopeful that this study will be a good reference work for anyone who would like to undertake a study of this scope.

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## APPENDICES

Nom : -----

Post nom : -----

### Appendice 1

1. Quel réseau utilisez-vous pour la connexion 4G ?

A. Airtel

☐

B. Vodacom

☐

2. Pourquoi avez-vous choisi ce réseau ?

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3. Quel est le réseau le plus avantageux en terme de connexion ?

A. Airtel

☐

B. Vodacom

☐

4. Et quels sont les avantages ?

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5. Quel compte utilisez-vous ?

a. M-pesa

b. Airtel money

6. Parlant de M-pesa et Airtel money, quel est le réseau le plus cher en terme de transaction monétaire?

a. Vodacom

b. Airtel

## **Appendice 2**

Les questions ci-dessous ont été posées à tous les deux réseaux de télécommunication, Airtel et Vodacom.

1. Quelles techniques ou stratégies de la communication marketing avez-vous utilisées pour lancer vos produits?
2. Ces stratégies ou techniques assurent – elles la réussite marketing?
3. A quelles stratégies ou techniques avez vous recouru?
  - a. La publicité
  - b. La promotion
  - c. La Tombola
  - d. Le Sponsoring