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STRATEGIC POSITIONING OF TELECOMMUNICATIONS INDUSTRY OF KAZAKHSTAN

Abstract. Purpose – This research analyses the concepts and theories of positioning school. As well as, it formulates a framework on theories of positioning school, particularly on Porter’s generic strategy (1980), Bowman’s strategy clock (1997) and classification of types of positioning strategies by Mullins et al. (2009) in the telecommunications industry using the case study method. Methodology – The qualitative research on three telecommunication companies in Kazakhstan are conducted as case studies. Cases are analysed on the theoretical models of positioning school, namely Porter’s generic strategy, Bowman’s strategy clock and classification of types of positioning strategies by Mullins et al.

Findings – This research presents the comparison of three telecommunication case companies on the basis of three positioning school theories. The theoretical framework of positioning school strategies was approached and applied for case studies. Through analysing strategies of case studies it was possible to conclude that two case companies are adopted the differentiation strategies and one case company is adopted the focus strategies on Porter’s generic strategy/Bowman’s strategy clock theories.

Research limitations/implications – The findings of this study have answered the research questions but this work was developed solely undertaking a desk based approach (secondary data) to data collection, thus all of the made assumptions and summaries are due the author. Therefore, further research in this field should take a more proactive approach by using other types of data collection (for example, primary data) which would give addition to a different and comprehensive study.

Key words: strategic planning, Positioning school strategies, Telecommunications industry

Аңдатпа. Мақсаты – Бұл зерттеуде позициялану мектебінің ұғымдары мен теориялары талданады. Және де, позициялық мектеп теориясы негізінде, атап айтқанда позициялық мектеп теориясы, Портер (1980) жалпы стратегиясы, Боумен (1997) сағат стратегиясы, Муллинс және авторлар (2009) телекоммуникация өндірісіндегі позициялау стратегияларын нақты кейстер талдау әдісін қолдана отырып тұжырым

жасалынады. Методология - кейс ретінде Қазақстандағы үш телекоммуникациялық компанияларға сапалы зерттеу жүргізілді. Кейстер позициялау мектебінің теориялық модельдері, атапайтқанда Портер жалпы стратегиясы, Боумен сағат стратегиясы және Муллинс және авторлар стратегиялары бойынша талданады.

Қорытынды – Бұл зерттеуде үш телекоммуникациялық компанияларын позициялану мектебінің 3 теориялар негізінде салыстырылмасы келтіріледі. Позициялану мектебінің теориялық негіздері тақырыптық зерттеулерді жүргізу үшін қолданылды. Тақырыптық зерттеудің стратегиясын талдау арқылы қорытынды жасалынды, екі кейс компания дифференциация стратегиясын және бір кейс компания фокустау стратегиясын қабылдады.

Ғылыми-зерттеу шектеулері/салдары – жұмыс нәтижелері зерттеу сұрағына жауап берді, алайда бұл жұмыс деректерді жинау үшін толығымен деск негізінде әзірленді, сондықтан барлық жасалған жорамал мен түйіндемелер автордың жұмысы болып табылады. Осылайша, осы саладағы одан әрі зерттеулер, өзге және жан-жақты зерттеуге қосымша болатындай басқа деректер жинау әдістерді (мысалы, бірінші көздеректер) ұстанып осы бағытта неғұрлым белсенді позицияларды иемденуі тиіс.

Кілтті сөздер: Стратегиялық жоспарлау, Позициялану стратегиясы және телекоммуникация.

Аннотация. В статье представлен анализ концепций и теорий позиционной школы в сфере телекоммуникационной индустрии Казахстана, описана теория позиционной школы и общая стратегия Портера (1980), стратегия «часы Боумена» (1997) и представлена классификация типов стратегии позиционирования по Маллинс и др. (2009) с использованием метода анализа конкретных кейс исследований. Исследование проводилось на основании опыта трех телекоммуникационных компаний в Казахстане.

Путем анализа стратегии тематических исследований автор пришел к выводу, что в двух случаях компании приняли дифференциацию стратегий и в одном - стратегию фокусирования.

Все представленные предположения, выводы и сводки являются самостоятельной работой автора, который планирует проводить дальнейшие исследования в данной области с более активной позиции с применением других типов и методов сбора данных (например, первичные данные).

Ключевые слова: стратегическое планирование, стратегии позиционированной школы, телекоммуникации.

Introduction

Strategic planning is the setting of long-term organizational goals, put forward and accomplish the plans to achieve those goals, likewise the allocation or diversion of resources necessary for realizing those goals (Wang et al., 2007). There are many benefits of strategic planning for businesses. For example, better decision making, resource efficiency, competitive advantage and growth. Cheng et al., (2012) assert strategic planning can help business units to make effective decisions by staying active to the threats and opportunities. Furthermore, Gibus and Kemp (2003) state strategy plays a crucial role in the businesses' performance. David (1999) asserts that businesses can improve their performance through effective strategies. As well as, Olson et al., (1995) state that the performance of an enterprise is determined by the business strategy it adopts. Therefore, businesses will achieve higher sales, higher returns on assets, higher margins on profit and higher employee growth if they engage in strategic planning (Gibson and Casser, 2005) Furthermore, strategic planning is characterized as a deliberate set of actions to achieve competitive advantage, and giving direction to the businesses (O'regan and Ghobadian, 2002). Businesses can adopt a single strategy or multiple strategies and these strategies belong to these schools. There are Positioning, Design, Planning, Descriptive, Cognitive, Cultural and power School of strategies. This paper focuses on positioning school of strategies and particularly competitive business strategies.

There are a lot of works in the literature about strategic positioning of various industries in different countries. For example, positioning strategies of various industries of USA (Kale and Arditi, 2002), China (Skallerud and Gronhaug, 2010), Spain (Castillo and Garcia, 2013) and other countries well researched in the literature. However, there is little or even no appropriate conducted research about positioning strategies of industries in Kazakhstan. Therefore, this work attempts to fill this gap by use of a case study research in the adoption and application of the positioning school strategies in Kazakhstan.

Three companies, namely Kazakhtelecom, Kcell and Beeline, which are offering their services in the telecommunication industry in Kazakhstan will be discussed and analysed in order to identify their adopted positioning strategies. Thus, this work through the use of a case study method tries to answer to the following question: *What strategy types of positioning school are adopted by three telecommunication companies in Kazakhstan?* So, the outcomes of strategy implementation by companies will be scrutinised and analysed in an attempt to answer this research question.

The theoretical part of the work will present existing theories and models related to the positioning school concept. Classification of types of positioning strategies by Mullins et al (2009) was reviewed in order to understand the nature/balance of the businesses' positions. Whereas, Porter's generic strategy (1980) is used to identify the businesses' competitive

strategies according to their market scale and competitive advantage. Furthermore, Bowman's strategy clock (1997) helped to illustrate the combination of cost and perceived added value of businesses. Accordingly, based on these theories and concepts reviewed, a framework for the strategic positioning study on the telecommunications industry in Kazakhstan is developed.

The overall aim of this work is to develop a framework on types of positioning school strategies in the telecommunications industry following the case study approach. Through using the case study method the researcher will investigate and analyse the case, which is intended to grasp the complexity of the issue (Stake, 1995). Qualitative research design will be conducted to this research. As qualitative research design develops a framework to help to understand the subject and to lead the research into the planned direction (Saunders et al., 2009). Furthermore, data about case studies are collected through reliable means of secondary sources. Selected secondary sources include articles, annual report of the firms, government publications, digital libraries, and other online sources of information.

Theoretical framework

Positioning strategy. In most business units the strategic management is based on the decisions on their future direction. The company's strategy has several dimensions. They are based on the goals of the company, different programs, and allocation of resources. Hence, strategy based on the long term direction by meeting challenges from business environment. One of the strategies which is used widely by many companies is positioning strategy. In general, positioning strategy can be illustrated as occupying the image of the company in the target market. The aim is to establish the companies' image in the minds of clients, and obviously to maximize the profit of the businesses. Kotler and Keller (2006) claim that the firm is accepted to be successfully positioned when the firm occupies the market and has a strong position for itself. According to Ries and Trout (1972) the positioning should install the firm's brand in the mind of the consumers and in their minds the businesses' image must be differential. As well as Klinkerman (2000) state in order to be successful for long period the firm should focus on the uniqueness of the strategy rather than to use traditional business strategies.

There are seven positioning strategies which is applicable for most of situations in the market. To list, they are: Mono and multi segment positioning; standby and imitative positioning; anticipatory and adaptive; and last defensive positioning strategies (Mullins et al., 2009). First, as the name itself says that mono segment positioning involves implementing programs designed to the preferences of a single market segment. Second, multi segment positioning involves programs to attract consumers from different segments. It is assumed as attractive strategy due to the fact that it provides higher economies of scale and requires smaller investments. Third, standby positioning involves standby

programs to minimize response time on switch from multi to mono segment position. Fourth, in imitative positioning new brand targeting position is similar to the existing successful brand. Fifth, in anticipatory positioning the businesses position a new brand in foreseeing the needs of the segment. Sixth, adaptive positioning involves periodical repositioning of a brand to follow the needs of the segment. And last, in defensive positioning businesses bring out an additional brand in a similar position for the same segment in order to protect themselves from competitors (Mullins et al., 2009).

Michael Porter is definitely the biggest proponent for the positioning school. Michael Porter's theory of generic competitive strategy becomes unquestionably among the most substantial and influential study of strategic management after its initiation in 1980. Basically, Porter's theory of generic strategy contains two important elements. First, a system for identifying business unit's competitive strategies according to their market scale (focused/broad), and their competitive advantage (cost/differentiation). Second, a theoretical proposition about the performance outcomes of these strategic designs: that failure to choose between one of cost or differentiation advantage will result in inferior performance, the so-called 'stuck-in-themiddle' hypothesis (Campbell-Hunt, 2000).

Table 1

Porter's Generic Competitive Strategy (1980)

		Competitive Advantage	
		Lower cost	Differentiation
Competitive Scope	Broad target	Cost leadership	Differentiation
	Narrow target	Cost focus	Focused differentiation

As it is discussed on previous part Porter's generic strategies represented three ways in which the businesses compete either on price (cost), perceived value (differentiation), or by focusing (market segmentation). Porter's type of competition became very popular on competitive advantage, however many businesses wanted comprehensive value and price combinations competitive strategies. Therefore, Bowman and Faulkner developed Bowman's Strategy Clock strategy, which is also become successful competitive strategy of positioning school. Basically, Bowman's strategy illustrates the cost and perceived value combinations that many businesses use, as well as defines the likelihood of each strategy's success. Strategy is based on the principle that competitive advantage is realized by providing customer what they need better or more effectively than competitors (Figure 1). Each position on the clock will be discussed below.

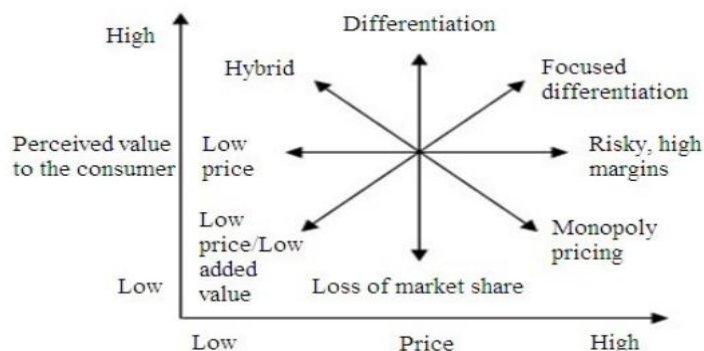


Figure 1. Bowman's Strategy Clock. Source: 'Corporate Competitive Strategy' by Bowman and Faulkner, 1997.

Methodology

This research is based on case study method. So, case study research is an investigation and analysis of a single or collective case, which is intended to grasp the complexity of the object of study (Stake, 1995). Zikmund (2003) state that case study can be defined as a research method that collects one or several similar events or situations to the investigations of researcher.

According to Yin (2009) five components of a research design are very important for case studies. To list, they are study questions; study propositions; unit or units of analysis; logic linking the data to the propositions; and criteria for interpreting a study's findings. General idea is that according to Yin (2009) complete research design should indicate what data are to be collected, as specified by a study's questions, its propositions and units of analysis. Likewise, design should demonstrate what is to be done after the data have been collected, as specified by the logic linking the data to the made propositions and the criteria for interpreting the overall finding.

Furthermore, research methodology of this research will be based on qualitative research paradigm. According to Creswell (2013) qualitative approach to case studies: "examines case or multiple cases over time, through detailed data collection of many and various sources of information, as well as describing and discussing the case or cases".

Secondary data is an effective way to save time and money (Putzer, 1995:18). So, no doubt that secondary data would be a good choice to this research than interviews or other ways to collect data and resource in terms of saving the time. As secondary data have been collected by others, so researchers can have more time to analyze and explain the data. Likewise, secondary data is helpful of understanding the research problems and assist researchers to get more values by providing the primary data (Yin, 2009). Further, secondary data can be beneficial as a higher quality data than primary data that people can access them easily. However, Putzer (1995:19) argue that

researchers by using secondary data are unable to exert control over either the type of data (relevance) or the way in which the data were collected (accuracy).

Findings

All three cases of telecommunication companies represent interesting examples of how these three big companies followed their own business strategies. Furthermore, it allows us to frame some general conclusions about each company’s successful positioning strategies. As it mentioned before, the theoretical framework for this case analyse is developed based on Porter’s generic strategy, Bowman’s strategy clock, and positioning strategies. The comparison of three case study analysis based on theoretical framework is summarized in Table 2.

Table 2. Comparisons of the cases by theoretical frameworks

Theoretical framework	Kazakhtelecom	Kcell	Beeline
Porter’s generic strategy	Differentiation strategy	Differentiation strategy	Focus strategy
Bowman’s strategy clock	Differentiation strategy with the high price	Differentiation strategy with the high price	Focused differentiation
Type of positioning strategies by Mullins et al. (2009)	Multi segment positioning	Multi segment positioning	Mono segment positioning

To sum up, strategy is a set of actions which will help to provide better products and services to the targeted customers than competition, while strategic positioning assists in determining the focus area of businesses’ resources. Therefore, if businesses posses meaningful, well build and effective positioning strategies, the chances of reaching success is high.

So, this work used a case study method in order to find what strategy types of positioning school are adopted by three telecommunication companies in Kazakhstan. The main limitation of the research is that this work was accomplished solely undertaking a desk based approach (secondary data) to data collection, consequently all of the findings and summaries are the authors. For this reason, the further research in this field of study should take a more proactive approach by undertaking other types of data collection (for example, primary data) which would contribute to a different and comprehensive study.

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