

# Macroenvironmental Factors Affecting the Choices of Mobile Phone Subscribers: Evidence from Saudi Arabia and Yemen

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## Abstract:

The aim of this paper is to investigate the impact of macroenvironmental marketing factors on the choices of subscribers to both Zain of Saudi Arabia and SabaFon of Yemen. A descriptive study was therefore conducted in order to examine the influence of macroenvironmental marketing factors on subscribers' choices. This found that the macroenvironment affects the choices of customers of both the above-mentioned companies.

The results reveal that for Zains subscribers, the most influential macroenvironmental factors were technological, social, and cultural ones. For SabaFons subscribers, meanwhile, the dominant factors influencing their choices were economic, demographic, and technological factors. The sample period used was from March 2015 to January 2016.

**Keywords:** Mobile marketing,, customers choice , macroenvironmental factors.

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## 1. Introduction

As Kotler& Keller (2006) have stated, companies operate under micro and macroenvironmental factors and trends that shape opportunities and present threats. The macroenvironment factors represent the noncontrollable elements, which the company must monitor. Such macroenvironmental factors cover demographic, economic, social, cultural, technological, political, and legal areas. In contrast, the microenvironmental factors represent the controllable elements, such as customers, competitors, suppliers, distributors, and dealers.

In short, the macroenvironmental elements are external factors affecting the company, and these can involve both opportunities and threats. However the microenvironmental elements are internal factors affecting the company, namely its strengths and weaknesses. The mobile phone industry, much like any other industry, is influenced by several factors from the macroenvironment and microenvironment.

Hussey (1998) argued that events in a company's operating environment have a direct effect on the company's success or failure. The extent to which a mobile operator can thrive depends largely on the manner in which it interacts with its environment. A successful business must identify and appraise the various opportunities and threats in its environment and react appropriately.

Nowadays, telecommunications is a fascinating and fast-growing industry that affects many aspects of people's lives. It covers activities ranging from simple telephone calls and home Internet access to high-speed data communications, satellite links, web hosting, video conferencing, and television services.

Four telecom companies are currently competing in the Yemeni market: SabaFon, Yemen Mobile, MTN, and Y. In the Saudi market, Zain, STC, and Mobily are the competing telecoms players.

This paper is structured as follows: Section 2 is devoted to discussing the existing literature. In section 3, macroenvironmental and microenvironmental factors are discussed. The studied companies, Zain and SabaFon, are briefly examined in section 4. In section 5, we present the methodology, sample, and data for the study. Section 6 discusses empirical research, with the final section being devoted to giving the conclusion of the research.

## 2. Literature Review

The impact of macroenvironmental marketing factors on the choices of mobile phone subscribers has been studied by many researchers, so we will briefly try to summarize a few notable examples.

Sharma (2014) investigated the factors influencing customer satisfaction in the telecoms industry of the Riyadh region of Saudi Arabia. This study was based on primary data collected from 150 customers of various telecommunications companies. The respondents were selected randomly, with these being asked to express their feelings through a structured questionnaire. The simple mean, percentage and Chi-square test were employed to analyse the data. The results indicated that customers were more satisfied with the quality of service, network coverage, SMS quality, mobile Internet, customer service, and promotion schemes of Saudi Telecom Services (STC) when compared to the other telecoms companies of Saudi Arabia. It also found that males and females in Saudi Arabia used mobile networks almost equally, with users between ages 20 and 30 being more dominant

than other age groups. The results also showed that service-class employees (in both the public and private sector) were the greatest users. It was found that STC was the most popular telecom company in Saudi Arabia, with it being liked by all groups, regardless of age, income, or occupation.

Alharbi (2012) stated that the general population of Saudi Arabia has only been able to access mobile services and Internet from 2004, when the sector was initially opened up to the private sector. After this, the use of mobile services increased exponentially as more Saudis swiftly adopted the technology. This quantitative study, therefore, investigates the demographic factors (location and gender) that influence the choice of, satisfaction with, and use of mobile phone services when it comes to young Saudi customers.

Simsim (2009) indicated how the telecommunications market is growing rapidly in Saudi Arabia. Mobile phone subscriptions have tripled over the last five years, and competition between the three service providers has led to improved services and reduced prices that will likely encourage a further increase in the number of subscriptions. High revenues are evident in the expansion of mobile cellular services in Saudi Arabia, and there is a potential for further increase.

The results of the empirical research revealed a tendency among some participants to have more than one mobile service subscription. The economic factor is critical in a customer's choice of service provider. There is currently no strong tendency for family members and friends to subscribe to the same service provider.

When it comes to customer care services, the two most important areas from the customer's point of view are to understand the problem and then address that problem within a reasonable timeframe, with the staff displaying good manners throughout.

Alhrezat (2013) discussed the factors affecting the attitudes of Saudi consumers towards their acceptance of mobile marketing. His study focuses on four independent variables, namely customer satisfaction with the content of the advertising message, the customer's trust in the content of the advertising message, the value and utility of any offers presented by the advertising message, and the product brand offered by the advertising message. The research results confirm that all these independent variables have a significant impact on Saudi consumers' acceptance of mobile marketing. The study recommends that every company places great importance on consumers' attitudes, so mobile advertising will be accepted by them. This can enhance the competitive advantage of a company and help increase its market share.

### **3. Marketing Variables**

#### **3.1. The marketing environment**

Bradmore (2004) defined the marketing environment as the internal and external influences that affect the marketing decision-making process and impact its performance. The marketing environment comprises the microenvironment (also known as the task environment) and the macroenvironment (also known as the broad environment).

Mobile operators shape their marketing offerings based on their products and services. The telecommunications industry seems to vary considerably from one country to another, as well as from one operator to another. A successful business must identify and appraise the various opportunities and threats in its environment and respond to them.

#### **3.2. Microenvironmental marketing variables**

The microenvironment includes factors or elements in a firm's immediate environment that influence its performance and decision-making processes. This could include the firm's suppliers, its competitors, marketing intermediaries, and the customers. Baker (2003), meanwhile, defined the microenvironment as including forces that are very close to a company and have an impact on value creation and customer service.

Kotler and Keller (2006) presented the microenvironment under the name of the task environment. According to this, the microenvironment includes the immediate actors involved in producing, distributing, and promoting an offering.

#### **3.3. Macroenvironmental marketing variables**

Kotler and Keller (2006) have stated that the macroenvironment represents the uncontrollable forces that affect the organization.

This study investigated the technological factor for both Zain and SabaFon. This included coverage area, Internet speeds, electronic recharge, and keeping pace with recent technological innovations in the world.

The cultural factor includes customers' privacy and self-expression, as well as the company's cultural interaction with society.

Regarding the political factor, this included government support for a company, relationship with the government, and any laws and regulations imposed by the government to enforce special rules.

Social factor includes how the person is being affected by family and friends, social status, and recognition from

others.

The economic variable is a strong determinant for consumer subscription decisions. This includes tariffs for local and international calls, discounts on text messages, and promotional programmes for Internet subscribers.

Finally, the demographic factor includes the age, education, gender, and occupation of consumers, and these can also affect customers' subscription choices.

#### **4. The Studied Companies**

##### **4.1 . Zain**

Zain company is the newest phone player in the mobile telecommunications market in Saudi Arabia. In fact, Zain KSA is a subsidiary of its parent corporation. Zain, which is a major multinational mobile telecommunications company, which started operating in Kuwait under the name MTC (Mobile Telecommunication Company). In 2003, Zain embarked on an expansion strategy, and it has expanded rapidly ever since. In 2007, the MTC Group announced its rebranding to Zain, and this became the group's corporate master brand . Within the Middle East, the Zain brand operates in Bahrain, Jordan, Kuwait, Iraq, Saudi Arabia, and Sudan, while in Lebanon, it uses the MTC brand.

##### **4.2. SabaFon**

In 2001, SabaFon, a Yemeni mobile telephone company, launched its commercial and operational services and became the first, and later the largest mobile operator in Yemen, with its consumer-driven and need-based service offering. SabaFon has made a major leap in providing state-of-the-art mobile services for all segments of the Yemeni population.

SabaFon has strived to achieve the following key objectives:

- To be recognized as the leader in the Yemeni mobile market; and
- To be a customer-focused organization providing exceptional value.

According to SabaFon, its key strengths lie in the following areas:

- Its reputation as the best mobile operator in Yemen.
- Building of an enduring relationship with customers and business partners based on transparency and trust.
- The best network quality with the widest coverage.
- The largest sales network and widest range of services.

#### **5. Methodology, sample, and data**

This research study was based on both primary and secondary data. The primary data were collected from representative random sample of target subscribers in Saudi Arabia and Yemen. The researcher also relied on various secondary data sources, including business journals, academic books, strategic research reports and academic websites.

This research study employed a questionnaire-based survey to collect the primary data. This research questionnaire was emailed to Zain subscribers in Saudi Arabia and SabaFon subscribers in Yemen. The sample included 200 subscribers in each country.

The Saudi sample was spread over three metropolitan areas, namely Riyadh, Jeddah, and Bisha. The Yemeni sample, meanwhile, included people living in Sana'a, Aden , and Taiz.

Table 1. Demographic distribution of the respondents.

Zain ( KSA )		SabaFon ( Yemen )	
Age: ( Years )		Age: ( Years )	
Less than 18	23	Less than 18	12
18- 25	45	18- 25	18
25- 40	74	25- 40	111
More than 40	58	More than 40	59
Gender:		Gender:	
Male	109	Male	143
Female	91	Female	66
Education:		Education:	
-Secondary School	22	-Secondary School	34
-College graduate	122	-College graduate	138
-Higher Education	56	-Higher Education	28
Monthly Income: (SAR)*		Monthly Income: (YR)**	
2000-5000	47	30,000-60,000	12
5000-10,000	49	60,000-100,000	86
10,000-20,000	55	100,000-120,000	65
Above 20,000	45	Above 120,000	37

\* SAR: Saudi Riyal

\*\*YR: Yemeni Riyal

Table 1 shows that people between 25 and 40 years made up the majority of subscribers for both companies, with the males outnumbering females in both samples. College graduates were the largest group in terms of education. In terms of income, Zain subscribers most commonly had incomes of 10,000-20,000 Saudi Riyals, while SabaFon subscribers mostly had incomes of 60,000-100,000 Yemeni Riyals

## 6. Empirical Results.

Table 2. Macroenvironmental factors affecting subscribers .

Zain Company (KSA)			SabaFon Company (Yemen)		
Factor	Number of respondents	Percentage	Factor	Number of respondents	Percentage
Technological	60	30	Technological	41	20.5
Social	55	27.5	Social	22	11
Cultural	50	25	Cultural	15	7.5
Economic	15	7.5	Economic	62	31
Political	10	5	Political	16	8
Demographic	10	5	Demographic	44	22
Total	200	100%	Total	200	100%

Table 2 shows that for Zain subscribers, the technological factor was the most important. The social factor was found to come next in importance, because the influence of society on a customer's selection is very strong. The economic factor came in third place, with political and demographic factors holding less importance.

For SabaFon consumers, the economic variable was the most important, because Yemeni people generally have very limited incomes. Demographic factors were placed second, probably because younger people like to copy their friends, while educated people are also willing to buy an expensive phone and subscribe to the best provider. The technological factor came third, so this is also significant to the Yemeni people. Cultural, social, and political variables were deemed to have less importance.

Table 3. Detailed results for the macroenvironmental factors.

Zain ( KSA )		SabaFon ( Yemen )	
Factor	Number of respondents	Factor	Number of respondents
<b>Technological :</b>		<b>Technological :</b>	
Wide coverage area	22	Wide coverage area	20
Clarity of voice	14	Clarity of voice	10
Fast Internet	18	Fast Internet	8
Innovation	6	Innovation	13
<b>Social :</b>		<b>Social :</b>	
Social status	26	Social status	7
Customer respect	12	Customer respect	8
Family support	17	Family support	7
<b>Cultural :</b>		<b>Cultural :</b>	
Self expression	33	Self expression	10
Cultural interaction	27	Cultural interaction	5
<b>Economic :</b>		<b>Economic :</b>	
Call's tariff	13	Call's tariff	42
Discounts	2	Discounts	20
<b>Demographic :</b>		<b>Demographic :</b>	
Age	3	Age	4
Gender	3	Gender	12
Education	2	Education	8
Income	2	Income	20
Total	200	Total	200

Table 3 shows how Zain subscribers are highly influenced by the technological, social, and cultural variables. Regarding technological variable, the most desirable qualities were a wide coverage area, clarity of voice calls, and fast Internet. The social variable was ranked second, with the most important components being respect for the customer, family support, and social status. The cultural variable was ranked third, with the most important aspects being self-expression and cultural interactions between the company and society. Economic, political, and demographic variables had less influence on Zain's subscribers.

SabaFon subscribers, however, were greatly influenced by economic, demographic and technological variables.

The economic variable was ranked top, with the most important components being tariffs and discounts. The demographic variable was ranked next, with income being the most influential factor for subscribers' choices.

The technological variable was ranked third, with a wide coverage area being the most important factor influencing subscribers' choices. Social, cultural, and political variables had less influence on subscribers' choices.

Our study found that Zain subscribers were mostly affected by technological, social, and cultural factors, while economic, demographic and political factors had less influence. Meanwhile the choices of SabaFon were mostly affected by economic, demographic, and technological factors.

The technological factor was the most influential for Zain subscribers, but for SabaFon subscribers, the economic factor had the greatest influence. Due to differences in income, the economic factor played a very important role in subscribers' choices. Social and cultural variables appear to influence Saudi subscribers more, since Saudi families have stronger relationships with their relatives.

## 7. Conclusion

The results of this research paper show how important the macroenvironmental marketing factors are to the selection of a mobile phone service provider. This study demonstrates that the populations of Saudi Arabia and Yemen are greatly influenced by macroenvironmental factors when choosing their mobile service providers. For the Zain respondents, the major factors influencing their choices were the technological, social, and cultural factors, respectively. For the SabaFon respondents, the most important factors influencing customers' choices were the economic, demographic, and technological factors, respectively.

In terms of further research, future studies could investigate the microenvironmental marketing factors and their impact on the selection of mobile phone service providers.

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