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The Impact of Mobile Telecommunication Companies‟ Price War on Consumer Purchasing Behaviour in Ghana

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Abstract: ***The mobile telecommunication industry in Ghana is undergoing transformation accompanied by rapid technological changes. This has resulted in keen competition within the telecom industry with pricing strategies being the main tool used by companies involved. This study is therefore aimed at determining the impact of telecommunications companies' price war on con sumer purchasing behaviour. Quantitative method was adopted for this study and questionnaire items were designed for data collection. A total of 200 respondents were selected randomly for the study from six tertiary institutions in Kumasi Metropolitan area in Ghana. Out of the two hundred (200) questionnaires which were administered, one hundred and seventy eight of the respondents completed and returned them. Descriptive statistics was used to illustrate the importance and scope of price war phenomena in Ghana mobile telecom industry. There was clear evidence that the price war that has been raging among mobile companies operating in Ghana has impact on the consumer. To the consumer in Ghana, price change is an important driver for the choice of mobile network service provider and that low prices turn out to be the major consumer decision criterion in selecting the provider. The implication of this finding is discussed.***

Keywords: Telecommunication industry, Purchasing behaviour, Price war, Word-of-mouth communication

1. Introduction

Much research has demonstrated the importance of price in purchase decisions and analysis of the literature suggests that consumers‟ purchase decisions are driven by price perceptions rather than by actual prices. Companies use various pricing strategies to influence consumers‟ price perceptions, assuming that they will impact choice and price war is one of such strategies [12]-[8].

According to Heerde et al. [12] price wars are a form of extreme price competition in which firms offer deep price cuts to undercut competitors. These cuts in regular prices are permanent and, as such, are very different from temporary promotional price discounts. In this sense a price war could be described as a type of conflict between businesses that is particularly intense and can even lead to firm bankruptcy. Assael [3] observed that price wars are characterized by competing firms struggling to undercut each other‟s prices. Likewise, Urbany and Dickson [19] refer to it as a "price - cutting momentum," the downward price pressure that drives other competitors to follow the initial move.

Schunk [17] argued that unlike typical intense price competition price wars lead to prices that are not sustainable in the long run. A review of the literature revealed the following views that characterised price wars [13]: (1) A strong focus on competitors instead on consumers, (2) The pricing interaction as a whole is undesirable to the competitors, (3) The competitors did neither intend nor expect to ignite a price, (4) The competitive interaction violates industry norms, (5) The pricing interaction occurs at much faster rate than normal, (6) The direction of pricing is downward, (7) The pricing interplay is not sustainable.

Marketing experts argue that pricing below market prices may lead to increase in customers but this could result in retaliatory pricing by competing firms, which could have detrimental effect on revenues and profits in an industry [5]. As a result price wars are generally believed to hurt revenues and long-term prospects [6]. Henderson [14] believes that "cutting prices to gain market share as o pposed to doing it because of a cost advantage can often permanently hurt both profits and revenues" (p.156). While the antecedents of price wars have been well documented, there is hardly any empirical research on their consequences. For instance Heerde et al. [11] pointed out that although retail price wars have received much business press and some research attention, it is unclear how they affect consumer purchase behaviour.

The National Communication Authority (NCA) in Ghana reported that the telecommunication sector of the economy is undergoing transformation accompanied by rapid technological changes [2]. This is the result of advancement in telecommunication technology which has brought about possibilities of new stream revenue for operators and better, faster and cheaper service for the consumer, specifically in the mobile telecommunications aspect of telecommunication industry.

The introduction of mobile telecommunications (telecom) into the Ghanaian economy has boosted the economy in terms of employment and easy accessibility to communications network [2]. NCA reported that mobile telecom companies in Ghana have invested much in their operations such as expansion, competition, and introduction of new technologies to augment their marketing efforts. All these efforts are aimed at increasing market share and thereby increasing profit margins. These companies include

Vodafone Ghana, Airtel Ghana, MTN Ghana, Globacom Ghana, Expresso Ghana and Tigo Ghana. This has resulted in intense competition within the telecom industry as each company responds to any action by competing firms in terms of pricing [2]. This in turn has resulted in price war, a market situation where competing firms use pricing of product or service as weapon to compete.

The presence of price wars in the mobile communications market is manifest in the prices set out by the mobile companies operating in Ghana, namely, Vodafone, MTN and Airtel [2]. For example, approximately two years ago, the telecommunication sector in Ghana average mobile call rate was fifteen Ghana pesewas (GHC 0.15) per minute, it then fell to ten Ghana pesewas (GHC 0.10) and then subsequently to eight Ghana pesewas (GHC 0.08) per minute. Currently, when the National Communication Authority (NCA) announced a tariff increase, it was expected that the mobile telecom companies might be forced to raise prices but that has not been the case. Almost all the networks are still charging between the range of GHC 0.08 and GHC 0.09 and the charges on SMS range between GHC 0.04 and GHC 0.05, [1].

Moreover, the use of communication data for internet and other purposes increased by 3.34 % due to decreased in prices of those products at the end of February, 2014, [1]. A statement posted on the website of regulators said MTN‟s subscriber base for data increased from 6,725,164 at the end of January to 6,776,644 at the end of February, 2014. The report further said that Vodafone subscribers‟ base improved from 1,861,938 to 2,033,867 at the end of February, 2014 representing an increased total market share of 153.86% [1]. This shows that, the decreased in prices of Vodafone products in the market helped Vodafone company to increase its market share at the expense of MTN‟s.

Considering the aforesaid it could be argued that there is price competition (or price war) in the mobile telecom industry in Ghana. This pricing strategy could influence the customers and have impact on their purchasing behaviour but up to date there has not been any empirical evidence from customers‟ perspective to support this view in Ghana. As result this study is aimed to specifically to investigate price war strategies of companies operating within the telecom industry impact on consumers‟ behaviour in Ghana. Specific objectives include: determinants of consumers choice of mobile network; the effect of price change; and determinants of consumers switching service providers. It is worth noting in this paper that customer and consumer, are used interchangeably.

2. Background Literature

2.1 Price wars: its meaning

Price war is a marketing strategy whereby competing firms continuously lower prices to undercut the competition in order to increase revenue in the short-term or as a long-term strategy to gain large market share [4]. Price war is also a term used in economic sector to indicate a state of intense competitive rivalry amongst suppliers of goods and services, accompanied by a multi-lateral series of price reduction [7]. Put differently when one of the competitors in an industry (in this case Telecom industry) cuts price on its offering to the market, then other competitors may also follow suit to cut their prices to match the initial price cut and these continues as far as one of the competitors takes the initiative.

This price cuts in the short-term are good for consumers, who can take advantage of the lower prices. However, they are not good for the companies involved as the lower prices reduce profit margins and can threaten the survival of supplier companies [6]. An empirical findings on some of the effects of price wars indicated that these wars inflict substantial damage on the companies involved [13]. In the medium to long term, however, the price cuts could be good for the dominant firms in the industry since these companies usually have cost advantage [14].

Price wars have become a part of life in a wide range of industries. Business press and academic research have reported on price wars in industries including electricity, oil, telecommunications, automobiles, airlines, fast food, and groceries. Price wars erupt at various levels in the distribution channel and with growing frequency and intensity [11].

Academic literature on price wars can be classified into three research streams. The first stream comprises game-theoretic contributions, with a strong focus on price war antecedents. An important price war trigger revealed in this stream is competitive entry. Other factors deemed to be inductive to price wars are declining economic conditions and, often related to this, consumers‟ low (and/or declining) brand loyalty and high (and/or increasing) price sensitivity. A second stream includes more managerial research. This work reflects on the link between price wars and firm strategies and characteristics. Companies with high exit barriers and high stakes in the market or a worsened financial situation are more inclined to initiate a price war or to enter an ongoing battle. In doing so, these firms hope to bring about a market clearout and to increase their profit from reduced competition in the long run, or at least to halt the loss of customers and maybe even re-attract clientele. A widely advertised price cut may also establish a more favourable price image [11]. The third stream consists of empirical research documenting price war consequences. Unfortunately, despite the importance of price wars, such empirical contributions are extremely scarce and suffer from some limitations [11]. This research is therefore aimed to contribute to knowledge in this area, specifically, the impact of telecommunication companies‟ pricing strategies on consumer purchasing behaviour.

2.2 Price Wars Impact on Consumer Behaviour

According to Kotler et al [15] consumer behaviour has always been of great interest to contemporary marketers in that it helps the marketer to understand how consumers think, feel and select from alternatives like products, services, and brands as well as how consumers are influenced by their environment, reference groups, family, and salespersons in selecting them. He referred to consumer buying behaviour as the behaviour of the final consumer – individuals and households that buy goods and service for personal consumption, [15].

Price wars typically attract extensive media coverage and that articles on consumer behaviour relating to current research consider consumers‟ eroding brand loyalty and increasing price sensitivity [12]. A thoughtful evaluation of customers and their price sensitivities can provide valuable insights about whether one should fight a competitor‟s price cut with a price cut in kind or with some other strategy [16]. As Rao et al. [16] pointed out some customers are more sensitive to quality than price, for a variety of reasons. Industrial buyers are often willing to pay more for on-time delivery or consistent quality because they need those features to make their businesses run smoother and more profitable. For example, the very rational belief that poor quality can endanger one‟s health is an important reason that branded drugs command the prices they do relative to generic drugs.
For consumers, price changes have been shown to be an important driver of store choice, basket size, and market share [12]. Heerde et al. [11] argued that although the price war initially entailed more shopping around and increased spending, spending per visit ultimately drops because consumers redistributed their purchases across stores. The price war make consumers more sensitive to weekly prices and price image, which help both the company that showed an improvement in price image and the companies that already have a favourable price image.

It is argued that price wars affect the interactions between retailers and consumers in two important ways [12]. First, the reductions in regular price are unusually deep, which is likely to trigger additional responses beyond the "business-as-usual" (non-price war) price changes. Because of the multitude of items sold at a given grocery chain or retail outlet, consumers may not be perfectly informed about, or able to monitor, products‟ actual prices or price changes. As such, they may be more responsive to price changes that exceed a threshold of "just noticeable differences". [12] pointed out that this is why, in the context of a price war, we need to distinguish between the effects of "business-as-usual" changes in regular price (increases or decreases) on consumers and those that are unusually deep regular-price reductions (large price decreases).

Second, these unusually deep price reductions are newsworthy, which means that the media are likely to report on them [12]. As such, the media may begin channeling some of the interactions between retailers and consumers. Firms that attack each other by offering unusually deep price cuts are likely to attract media attention. When the media report the price changes offered in a price war, this coverage begins to become a second source of price information for retailers and consumers beyond actual, objective prices to gauge the store‟s expensiveness. By covering the firm‟s pricing actions, the media could further affect consumers‟ behaviour and trigger new price reactions among rival retailers.

From another perspective Garda and Marn [10] argued that customers become sensitive at the expense of value and benefits in that price wars tend to upset the price/benefit balance. They noted that as they play out, suppliers place increasing emphasis on price, bombarding their customers with price rather than benefit messages. The inevitable result is that customers become more and more price-sensitive – and less and less benefit-sensitive. Garda and Marn [10] observed that customers have their expectations and perceptions of acceptable prices distorted, and harmed long after price wars end. This is because customers have what is acceptable price etched in their minds and that they would not take any price beyond what they perceived again until prices return to that level.

According to Garda and Marn [10] these developments are consistent with research on price psychology and price recall. This research shows that the lowest price someone pays for a product or service is remembered longest, and remains his or her reference point for a very long time - often for life. Put differently the low prices accompanying price wars influence a customer's perception of what is a "reasonable" price long after the war ends [10].

3. Research Methodology

This study is both exploratory and descriptive with the main variables being issues related to the impact of mobile telecommunication companies‟ price wars on consumer purchasing behaviour in Ghana. Quantitative method was adopted for this study and questionnaire items were designed for data collection. The items were made up of both closed and open questions. A pre-test was conducted with the objective of determining the adequacy of questionnaire statements and an appropriate strategy to maximize response rates. Twenty-four (24) students were used for this pilot study, four (4) from selected six tertiary institutions in Kumasi Metropolitan area in Ghana. A total of two hundred (200) respondents were selected randomly for the main study from these six tertiary institutions. Two hundred (200) questionnaires were personally administered to this sample of students. Out of the two hundred (200) questionnaires which were administered, one hundred and seventy eight of the respondents completed and returned them. The questionnaire was designed to gather information on the respondents‟ background, the type of networks they use, determinants of choice, effects of price changes, and the issue of existence of price war strategies in the telecom industry. With the help of statistical package for the social sciences (SPSS) descriptive statistics in the form of frequency distribution tables were used to present the results of the data analysis and to highlight the research findings.

4. Data Analysis

Out of the two hundred (200) questionnaires which were administered, one hundred and seventy eight (178) representing eighty nine percent (89%) of the respondents completed and returned the questionnaires.

A question was posed to find out mobile networks used by respondents. From Table 1 sixty-nine of respondents representing 38.8% indicated that they were subscribers to MTN mobile network, followed by Vodafone, Tigo, Artel, Glo and Expresso, who had sixty-five (36.5%), twenty-one (11.8%) seventeen (9.6%), five (2.8%) and one (0.6%) respondents in that other.

Table 1: Mobile Telecom Network Providers

Network Provider	*Respondents*	*Percent*
Vodafone	65	36.5
MTN	69	38.8
Airtel	17	9.6
Tigo	21	11.8
Glo	5	2.8
Expresso	1	0.6
Total	178	100

4.1 Duration of Mobile Network Usage

Respondents were asked to indicate the length of time they have been subscribers to a mobile network. From Table 2 below only four (4) of the respondents indicated they have been with a mobile network provider for less than one (1) year, representing 2.2% of the sample.

Table 2 Duration of Mobile Network Usage

Duration	*Respondents*	*Percent*
Less than 1 year	4	2.2
1 - 2 years	35	19.7
3 - 4 years	57	32
5 years and above	82	46.1
Total	178	100

Thirty-five (35) of the respondents were found to have been with a network company for a period between one and two (1-2) years, representing by 19.7%. Fifty-seven (57) of the respondents have used the services of a network company between three and four years (3-4) years. This represents 32.0%, while, eighty-two (82) respondents have been using a network services for 5 years or more, representing 46.1%.

4.2 Determinants of respondents choice of mobile network

A question was posed to find out from respondents a factor that helps them to make a decision to choose a network service provider. Seventy-nine (79), representing 44.4%, of the respondents indicated that it is the price (low price to be specific) offered by service provider that determines their choice of mobile network provider as shown Table 3.

Table 3: Determinants of respondents choice of mobile network

Factors	*Respondents*	*Percent*
Low Price	79	44.4
Quality of Service	71	39.9
Reliability	28	15.7
Total	178	100

In respect to the quality of services provided by the company seventy-one (71) (representing 39.9%) of the sample suggested that it is the factor that helped them to select a mobile service provider, while twenty-eight (15.7%) selected service reliability as the basis of their decision in selecting a company.

4.3 The Effect of Price Change

A questionnaire was aimed to know whether a change in price of mobile network service provider charge would impact the consumers (respondents) choice of a service provider.

Table 4: Change in Price

	Response	*Percent*
Yes	137	77
No	41	23
Total	178	100

One hundred and thirty-seven (77%) respondents selected „Yes‟ and forty-one (23%) indicated „No‟ as presented in Table 4. To probe further the perception of respondents to a price change a question was posed to find out their reaction to the following statements as shown in Table 5 below. It is instructive to note that respondents were asked select one out of the options given in the table.

Seventy-two (representing 40.4%) of respondents indicated that they would switch to other companies should they find their current companies prices to be higher than other competitors. Sixty-seven (37.6%) indicated that they would maintain the provider when the prices reflects downward trend, while thirty-nine (21.9%) suggested that they would not switch whether prices are high or low.

Table 5: Reaction to Price Changes

Respondents reaction	Response	Percent
Switch when prices are high	72	40.4
Maintain the provider when the prices are low	67	37.6
Maintain the provider when the prices are either High or Low	39	21.9
Total	178	100

The respondents were also asked to indicate whether they agree or disagree with the questionnaire item suggesting that the price as offered by mobile service providers indicated the presence of „price wars‟ in the mobile telecom industry (see Table 6). One hundred and twenty-seven (71.3%) respondents selected the „Yes‟ option as against fifty-one (28.7%) who selected „No‟.

Table 6: Existence of Price War Strategies

	Response	*Percent*
Yes	127	71.3
No	51	28.7
Total	178	100

current prices of their service provider as compared to the provider‟s previous charges, which were relatively high (see Table 7). Forty-eight (27%) indicated the current prices were very high; seventy-six (42.7%) rated them as high; thirty-five (19.7%) observed that the current price as normal or unchanged as compared to previous prices; and nineteen (10.7%) suggested that the current prices are lower than previous ones.

Table 7: Comparing Current Prices to Previous Prices

	Response	*Percent*
Very High	48	27
High	76	42.7
Normal	35	19.7
Low	19	10.7
Total	178	100

4.4 Determinants of consumers switching service providers

Further to the observations related to awareness of price changes in the telecom industry the sample were asked to indicate whether they have influenced any one to switch from their service providers to different providers. The table below shows their responses. In Table 8, 109 respondents agreed that they have influenced people to switch from one service provider to another. This represented 61.2%. On the hand, 69 (38.8%) respondents selected „No" option.

Table 8: Influencing someone to switch to different provider

Responses	*Respondents*	*Percent*
Yes	109	61.2
No	69	38.8
Total	178	100

In Table 8, 109 respondents agreed that they have influenced people to switch from one service provider to another. This represented 61.2%. On the hand, 69 (38.8%) respondents selected „No" option. Moreover, respondents were asked to indicate whether they have ever been influenced by someone to change service provider. From Table 9, ninety-six (53.9%) of the respondents selected „Yes", while eighty-two (46.1%) of the respondents said „No".

Table 9: Influenced by people to switch service provider

Responses	*Respondents*	*Percent*
Yes	96	53.9
No	82	46.1
Total	178	100

Respondents were also asked to indicate the key factor that would influence a consumer to switch easily from one service provider to another. Table 10 displays the results. Table 10 shows that out of 178 respondents, ninety-one (51.1%) respondents indicated that they would only switch to different networks when there is service unreliability. Sixty-seven (37.6%) also indicated that they would only change network when prices per minute is increased.

Table 10: Determinants of switching to different networks?

Determinants	*Response*	*Percent*
Service Unavailability	91	51.1
High Price Charges	67	37.6
Poor Customer Delight	18	10.1
Any other Reason	2	1.1
Total	178	100

In addition, eighteen (10.1%) of the respondents selected the option that their switching to different networks would depend on poor „customer delight", while only two (1.1%) respondents said they would change network at any time depending on whether their „feelings" tell to do so.

5. Discussion of Results

To revisit the main objective of this study, this research was aimed to find out the impact of price war strategies on consumer purchasing behaviour in Ghana, specifically Kumasi Metropolis, the capital City of Ashanti Region. Specific objectives include: determinants of consumers choice of mobile network; the effect of price change; and determinants of consumers switching service providers.

To begin with, the research revealed that with the exception of four (4) out of one hundred and seventy eight (178) respondents, the rest have been subscribers to one of the five mobile network companies operating in Ghana for not less than one (1) year (see Table 2). These include MTN, Vodafone, Tigo, Airtel, Glo and Expresso telecom mobile companies, all in Ghana [2]. This result indicates that all the respondents could be aware of the price war strategies currently prevailing within the mobile telecom industry in Ghana, and have knowledge of the market which would enable them to understand the factual terms expressed in the questionnaire items [9].

5.2 Determinants of respondents choice of mobile network

On the issue of what determines consumers decision to select a mobile company service provider, seventy-nine (79), representing 44.4%, of the respondents indicated that it is the price (low price to be specific) offered by service provider, that determine their choice of mobile a company (see Table 3). These results support Heerde et al. [12] observation that, for consumers, price changes is an important driver of store choice, basket size and market, and that low prices turn out to be the major consumer decision criterion in store choice or retailer of consumer goods or services.

The next factor that respondents selected as determining the choice of mobile service company was quality of services provided by the company. In this respect seventy-one (71) (representing 39.9%) of the sample suggested that it is quality that helped them to select a mobile service provider, while 28 (15.7%) selected service reliability as the basis of their decision. On the issue of quality of service as Rao et al. [16] pointed out that some customers are more sensitive to quality than price, for a variety of reasons. For example industrial buyers or customers are often willing to pay more for on-time delivery or consistent quality because they need those features to make their businesses run smoother and more profitably [16]. The idea of consistency in service provision also suggests implicitly the concept of reliability of service, which was the third factor determining the choice of service provider (see Table 3).

5.2 The Effect of Price Change

A questionnaire was aimed to know whether a change in prices of mobile network service providers would have effect on consumers (respondents) choice of a service provider. One hundred and thirty-seven (77%) respondents selected „Yes‟ and forty-one (23%) indicated „No‟ (see Table 4). To probe further their reaction to change in prices respondents were made to select whether they would switch to other companies when their current prices are high; maintain the provider when the prices reflects downward trend or maintain the provider when prices are high or low (see Table 5). Seventy-two (representing 40.4%) of respondents indicated that they would switch to other companies should they find their current companies prices to be higher than other competitors. Sixty-seven (37.6%) indicated that they would maintain the provider when the prices reflects downward trend, while thirty-nine (21.9%) suggested that they would not switch whether prices are high or low.

These observations of the respondents render support to the assertion that the most distinguishing feature of price wars is its emphasis on getting consumers to take action in order to increase sales [4]. This is because majority of respondents indicated in the current study that they would switch from their present service provider should they find that their current prices tend to be higher than other competitors. This finding is further supported by pricing literature which indicate that the results of a series of studies demonstrated that participants were more likely to choose a retailer that offered an everyday low pricing strategy (EDLP) [8].

The sample were also asked to indicate whether they agree or disagree with the questionnaire item suggesting that the price offers as provided by mobile service companies indicated the presence of „price wars‟ in the mobile telecom industry (see Table 5). One hundred and twenty-seven (71.3%) respondents selected the „Yes‟ option as against fifty-one (28.7%) who selected „No‟. These responses are in line with NCA [2] report that around 2011 the telecommunication sector in Ghana average mobile call rate was fifteen Ghana pesewas (GHC 0.15) per minute, which then fell to ten Ghana pesewas (GHC 0.10) and then subsequently to eight Ghana pesewas (GHC 0.08) per minute and currently almost all the networks are still charging between the range of GHC 0.08 and GHC 0.09. It could therefore be argued that these figures as reported by NCA reflects very significant price cuts, which is an indication that companies in the Ghana mobile telecom industry are pursing price war strategies.

A question was posed to find out whether consumers (respondents) are conscious and notice differences in current prices of their mobile service companies as compared to the companies‟ previous charges, which were relatively high (see Table 7). Forty-eight (27%) agreed that the current prices were „very high‟, seventy-six (42.7%) rated them as „high‟; thirty-five (19.7%) indicated that they were „normal or unchanged‟; and nineteen (10.7%) suggested that the current prices were lower than previous ones. These results bring into focus the assertion made by Heerde et al. [12] that because of the multitude of items sold at a given retail outlet, consumers may not be perfectly informed about, or able to monitor, products‟ actual prices or price changes. As such, they may be more responsive to price changes that exceed a threshold of "just noticeable differences" – the minimum change in a stimulus (in this context price) that can be detected by a perceiver [18]. According Solomon et al. [18] the issue of when and if a change will be noticed is relevant to many marketing situations. Sometimes a marketer may want to ensure that a change is noticed, such as when merchandise is offered at a discount. In other situations, the fact that a change has been made is downplayed. This could explain the mixed results or observations of respondents.

5.3 Determinants of consumers switching service providers

Furthermore the sample was asked to indicate whether they have influenced any one to switch from their current service providers to different providers (see Table 8). One hundred and nine respondents selected „Yes‟, while sixty-nine indicated the „No‟ option. This represented 61.2% and (38.8%) respectively. Moreover, respondents were asked to indicate whether they have ever been influenced by someone to change service provider (Table 9). Ninety-six (53.9%) of the respondents selected „Yes‟, while eighty-two (46.1%) opted for „No‟. These results indicate the crucial role that communication as marketing tool –specifically „word of mouth‟ (WOM) communication – could play in price wars context. WOM is information transmitted by individual consumers on an informal basis [18].

Solomon et al. [18] explained WOM on the premise that information obtained from those we know or talk to directly tends to be more reliable and trustworthy than that received through more formal channels and, unlike advertising, it is often backed up by social pressure to conform to these recommendations. Hence, these observations of respondents in the current study support this claim. Moreover, Heerde et al. [12] pointed out that firms that attack each other by offering unusually deep price cuts are likely to attract media attention. When the media report the price changes offered in a price war, this coverage begins to become a second source of price information for retailers, consumers, and investors beyond actual, objective prices to gauge the store‟s expensiveness. By covering the firm‟s pricing actions, the media can further affect consumers‟ behaviour as is in case of the role of WOM in the current research.

Respondents were asked to indicate the key factor that would influence a consumer to switch easily from one service provider to another (Table 10 displays the results). Out of 178 respondents, ninety-one (51.1%) respondents indicated that they would only switch to different networks when there is service unreliability. Sixty-seven (37.1%) also indicated that they would only change network when prices per minute is increased. In addition, eighteen (10.1%) of the respondents selected the option that their switch to different networks would depend on poor „customer delight‟, while only two (1.1%) respondents said they would change network at any time depending on whether their „feelings‟ tell them to do so. To summarise, these results suggest that service reliability is a key determining factor for a customer to continue to be a with a service provider or not. The other factors which include price, customer delight, the affective aspect one‟s personality or feeling could not be underestimated.

6. Conclusions

This paper examined the impact of mobile telecommunications companies‟ price war on consumer purchasing behaviour in Ghana. We find that the price war that has been raging among mobile companies operating in Ghana has affected the consumer. The results of the study support the assertion that, for consumers, price change is an important driver of store choice or retail outlet and that low prices turn out to be the major consumer decision criterion in retail outlet choice of consumer goods or services. There was also evidence from respondents supporting a claim that the most distinguishing feature of price war is its emphasis on getting consumers to take action in order to increase sales. For, majority of respondents indicated in the current study that they would switch from their present service provider should they find that their current prices tend to be higher than other competitors. This finding is further supported by the pricing literature which indicates that the results of a series of studies demonstrated that participants were more likely to choose a retailer that offered an everyday low pricing (EDLP) strategy.

Besides price as driver for selecting retail outlet, the study showed that quality and reliability of service offered by a mobile company could be a deciding factor determining consumers‟ choice of service provider. There was overwhelming response from respondents that service reliability is a key determining factor for a customer to continue to be with a service provider or not (see Table 10).
Our results also point to the important role that communication as marketing tool –specifically „word of mouth‟ (WOM) communication – could play in price war context. WOM is information transmitted by individual consumers on an informal basis. WOM is based on the premise that information obtained from those we know or talk to directly tends to be more reliable and trustworthy than that received through more formal channels and, unlike advertising, it is often backed up by social pressure to conform to these recommendations. Hence, these observations of respondents in the current study support this claim as there was clear evidence to show hundred and nine respondents out of one hundred and seventy-eight indicated that they have influenced someone to switch from their current service providers to different providers (see Table 8). In addition Ninety-six indicated that they have ever been influenced by someone to change service provider (Table 9).

7. Limitations and Further Research

The findings of this study are interesting, but they should be considered in the light of its inherent limitations. A case in point is that the study is limited to organizations in Ghana, with the majority of them found in Kumasi, the capital city of Ashanti Region. The generalizability, therefore, from a Ghanaian setting to other countries may be questionable. This is because all conclusions drawn from the study fall within this setting. Nevertheless, this study provides leads for further research. Our data come from one price war in one country, Ghana. Further studies are needed to establish whether our findings generalize to other price war situations. For example, how will consumer spending respond to a more price elastic market? In addition, the questionnaire items used for the study were open and closed questions for exploratory purposes. Although the descriptive statistics illustrate the importance and scope of price war phenomena in Ghana mobile telecom industry, more rigorous empirical research is needed.

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