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Internship Report

Grmeenphone Ltd.

Grameenphone's loyalty program in telecommunication sector based on customer insight & behavior

Letter of Transmittal

24th December, 2014

Suntu Kumar Ghosh

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BRAC University, Bangladesh.

Subject: Submission of Internship Report.

Sir,

I am pleased to submit my report, “Grameenphone’s loyalty program in telecommunication sector based on customer insight & behavior” which was approved by you during my internship period for the course, (BUS400). I have tried my best to complete the report properly and to produce a meaningful report within the constraints. I had to face some difficulties while gaining information for the project work. While preparing this report, I have learnt many things regarding loyalty of telecommunication sector and specially acquired sufficient knowledge about grameenphone’s STAR program.

In spite of these difficulties faced in preparing the report, I have tried to be as methodical as possible. Rather, in case of any further clarification or elaboration as to my report, I would welcome the opportunity to consult with you to explore how my findings could best meet your needs.

Sincerely Yours,

Bulbul AhammedSakil

ID: 10304008

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Declaration of Student

This is to notify that this report '**Grameenphone's loyalty program in telecommunication sector based on customer insight and behavior**' has been prepared as a part of my internship formalities. It is an obligatory part of our BBA program to submit an internship report. Moreover, I was inspired and instructed by my supervisor **Suntu Kumar Ghosh**, Assistant Professor, BRAC Business School, and BRAC University.

.....

Bulbul Ahammed Sakil

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Acknowledgement

This report is prepared through the help and support from everyone, Including: teachers, websites, friends, and in essence all sentient beings. Please allow me to dedicate my acknowledgment of gratitude toward the following significant advisors and contributors:

First and foremost, I would like to thank “Suntu Kumar Ghosh” my academic advisor for his most support and encouragement. He kindly advised me to prepare this report and offered invaluable detailed advices on different strategy, organization, and the theme of the paper.

Finally, I sincerely thank to my parents, family, and friends, who provide the advice and informative supports. The completion of this internship report paper would not be possible if none of them reject to help me.

Executive Summary

An internship is a temporary position with an emphasis on on-the-job training rather than merely employment, and it can be paid or unpaid. The report is a combination of three months internship program with Grameenphone.

The objective of this study is to acquire the knowledge about the loyalty program of Grameenphone and to do analysis based on customer insight and behavior.

Grameenphone is a fast growing joint venture company in the telecommunication industry of Bangladesh. Considering the importance of customer satisfaction and longtime customer sustainability, this report was designed to assess the satisfaction level of Grameenphone's subscribers and to do the analysis of customer loyalty on gameenphone.

The first section, of this report includes a brief overview of Grameenphone's vision, mission values. It also provides the historical background of Grameenphone, and discusses about the products and services that Gameenphone offers. Moreover, a brief overview of telecommunication industry is given as well, where the ownership structure of Grameenphone is given. The second part of this report describes the divisions of gameenphone with main objectives and main tasks. The third part, of this report describes the job duties and responsibilities performed during my three month internship program at Grameenphone. Forth part is all about the industry analysis with the relative market share of the competitor company of gameenphone. In the fifth part of this report, there is a project part that includes the objective and methodology of project, along with the scopes and limitation. The facilities of Grameenphone STAR program are discussed very well and it is analyzed with the help of the results found through survey and interview. At the end, few findings on STAR program are given depending on the customer profession, motivation, desired offers and perception. Few recommendations are provided at the last part of this report for the improvement of STAR program, future expectation of this program segmentation based on customer demand along with varieties of suggestions.

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PART: I

OVERVIEW OF GRAMEENPHONE

1.0 Background of Grameenphone

Grameenphone Ltd is the market leader of the telecommunication industry in Bangladesh with more than 50 million subscribers as of October 2014. It is a joint venture enterprise between Telenor and Grameen Telecom Corporation. Grameenphone got its operating license in November, 1996 and launched its service on March 1997. Its head quarter is situated in Bashundhara Residential Area.

The journey of Grameenphone started with the Village Phone program: a pioneering initiative to empower rural women of Bangladesh. The name 'Grameenphone' translates to "Rural phone". Starting its operations on March 26, 1997, the Independence Day of Bangladesh, Grameenphone has come a long way.

Grameenphone pioneered the then breakthrough initiative of mobile to mobile telephony and became the first and only operator to cover 98% of the country's people with network. Since its inception Grameenphone has built the largest cellular network in the country. Presently, nearly 99 percent of the country's population is within the coverage area of the Grameenphone network.

Grameenphone has always been a pioneer in introducing new products and services in the local market. GP was the first company to introduce GSM technology in Bangladesh when it launched its services in March 1997.

It has now more than 1600 GP Service Desks across the country covering nearly all upazilas of all districts and 94 Grameenphone Centers in all the divisional cities.

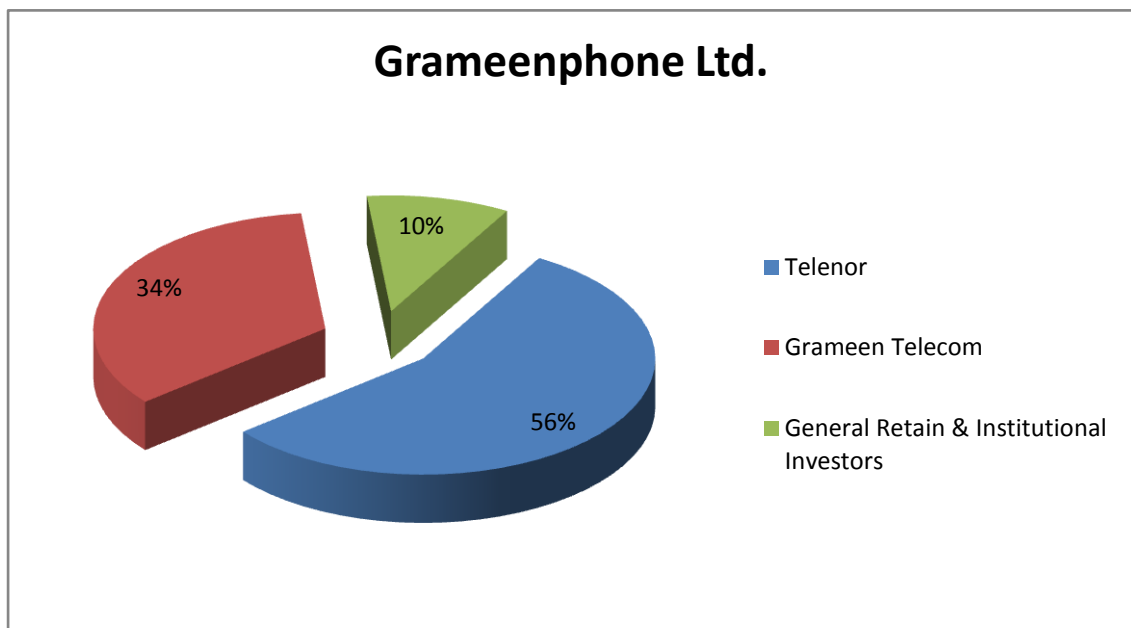
1.2 History of Grameenphone

The plan of Bangladesh government to auction private cell phone licenses to private companies laid the foundation for Grameenphone's birth. So in October 10 1996, at the request of Dr. Muhammad Yunus (Grameen Bank's founder), a not-for-profit private company called Grameen Telecom was formed as private limited company. Grameen Telecom, in turn, created a for-profit company called Grameen Phone, found a foreign partner, put in a bid and received one of the four licenses. Hence GRAMEENPHONE Ltd. was born. Grameenphone was awarded the license to operate in Bangladesh in November 11,

1996 by the Ministry of Post and Telecommunications. Then, on the Independence Day of Bangladesh, Grameenphone launched its service with an effective and user-friendly mobile phone network. They started their operation from March 26, 1997 with only 72 employees. They converted to public limited company on June 25, 1997. Grameenphone put a positive impact on the lifestyle of the people of Bangladesh.

1.3 Ownership of Grameenphone

It is a joint venture enterprise between Telenor (55.8%), the largest telecommunications service provider in Norway with mobile phone operations in 13 other countries, and Grameen Telecom Corporation (34.2%), a non-profit sister concern of the internationally acclaimed micro-credit pioneer Grameen Bank. The other 10% shares belong to general retail and institutional investors.



The technological know-how and managerial expertise of Telenor has been instrumental in setting up such an international standard mobile phone operation in Bangladesh. Being one of the pioneers in developing the GSM service in Europe, Telenor has also helped to transfer this knowledge to the local employees over the years

1.3.1 Telenor Mobile Communication AS (TMC)

Telenor has more than 150 million mobile subscribers worldwide. It is ranked as the world's seventh largest mobile operator and has strong subscription growth, particularly in our Asian operations. It is listed on the Oslo Stock exchange with headquarters in Norway. It has placed itself as No. 1 on Dow Jones Sustainability Index 2008.

Telenor is emerging as one of the fastest growing providers of mobile communications services worldwide with ownership interests in 13 mobile operators across Europe and Asia. Telenor is organized into three business areas; Mobile operations covering 13 countries, and Fixed-line and Broadcast services covering the Nordic region.

1.3.2 Grameen Telecom Corporation

Grameen Telecom Corporation, which owns 34.2% of the shares of GrameenPhone, is a not-for-profit company and works in close collaboration with Grameen Bank. The internationally reputed bank for the poor has the most extensive rural banking network and expertise in microfinance. It understands the economic needs of the rural population, in particular the women from the poorest households.

Grameen Telecom, with the help of Grameen Bank, administers the Village Phone Program, through which GrameenPhone provides its services to the fast growing rural customers. Grameen Telecom trains the operators, supplies them with handsets and handles all service-related issues.

Grameen Telecom's objectives are to provide easy access to GSM cellular services in rural Bangladesh, creating new opportunities for income generation through self-employment by providing villagers with access to modern information and communication based technologies.

1.4 Mission, Vision, Objectives, Values, Strategies

1.4.1 Mission

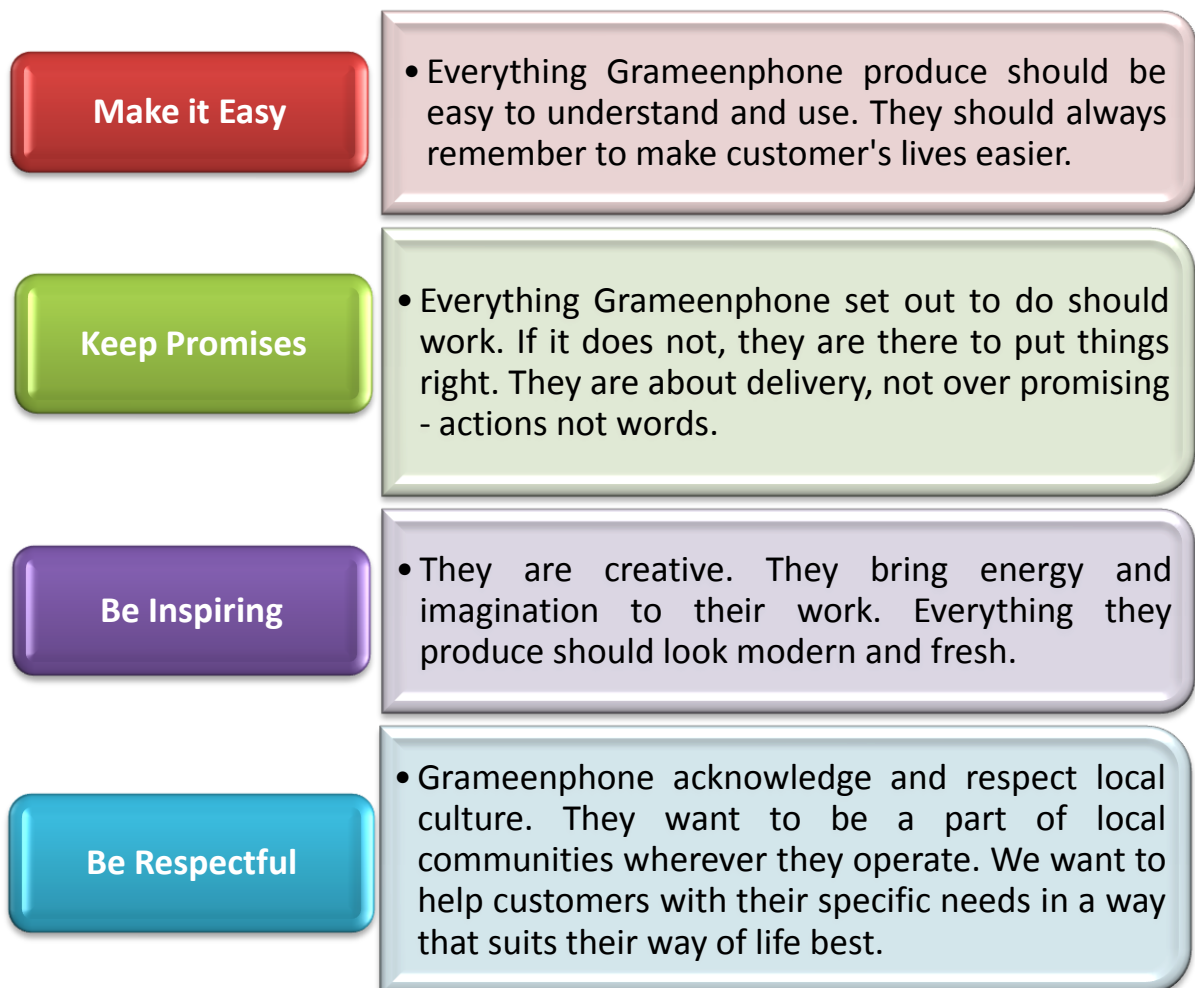
Leading the industry and exceed customer expectations by providing the best wireless services, making life and business easier

1.4.2 Vision

“We are here to help”

The key to achieving this vision is a mindset where everyone of us works together. Making it easy to buy and use our services. Delivering on our promises and be respectful of differences with inspiring people to find new ways. Get this right and Telenor will be a driving force in modern communications and customer satisfaction.

1.4.3 Values



1.5 Corporate Socio-Economic Responsibilities

GP started its journey 16 years back with the belief that –“Good development is Good business”. Since its inception, GP has been driven to be inspiring and leading by example, when it comes to being involved in the community. GP believes that, sustainable development can only be achieved through long-term economic growth. Therefore, as a leading corporate house in Bangladesh GP intends to deliver the best to their customers, business partners, stakeholders, employees and society at large by being a partner in development.

GP defines Corporate Social Responsibility as a complimentary combination of ethical and responsible corporate behavior as well as a commitment towards generating greater good in society as a whole by addressing the development needs of the country.

To interact effectively and responsibly with the society and to contribute to the socio-economic development of Bangladesh, GP has adopted a holistic approach to Corporate Social Responsibility, i.e. **Strategic & Tactical**. Through this approach GP aims to, on the one hand involve itself with the larger section of the society and to address diverse segments of the stakeholder demography and on the other remain focused in its social investment to generate greater impact for the society.

GP focuses its Corporate Social Responsibility involvement in three main areas – **Health, Education** and **Empowerment**. They aim to combine all their CSR initiatives under these three core areas to enhance the economic and social growth of Bangladesh.

1.5.1 Health

Helping and caring for the community is an essential component of Grameenphone Corporate Social Responsibility; therefore they endeavor to make a positive contribution to the underprivileged community of Bangladesh by helping in improvement of the health perils in the country as much as possible. Healthcare is still inaccessible for many Bangladeshis. Almost half of the country's population live below the poverty line and cannot even afford basic healthcare. Only 35% of the rural population use adequate sanitation facilities and 72% have access to clean drinking water. Moreover the people of the flood-prone areas suffer from many waterborne diseases.

The major problem in this sector is the significant gap between healthcare knowledge and practice and availability of the healthcare services. Therefore, all possible sources, be it public or private, should mobilize their efforts to make healthcare services available to the

people who need it most, and thus help in achieving the MDG goals. Plan is to engage in programs, especially in the rural areas, that will assist in creating awareness about healthcare and healthcare services and help improve the overall quality of life. Keeping their vision in mind -we are here to help; GP aims to extend their contribution to the development of the healthcare system and work to provide a brighter and healthier future for the people of Bangladesh.

1.5.2 Education

Education is the key to prosperity and good life. Every human being should have the opportunity to make a better life for him or herself. One of the Millennium Development Goals (MDG) for Bangladesh is to achieve universal primary education; unfortunately too many children in Bangladesh today grow up without this opportunity, because they are denied their basic right to even attend primary school. The country's slow literacy rate of 41% (2004 UNESCO Report), may indicate that we are far away in pursuit of sustainable development, but at the same time the gradual increase in the adult literacy rate gives us the hope that our nation has the potential to improve in this sector.

The marginalized and disadvantaged groups in general -particularly the rural and urban-poor of Bangladesh- have significantly less access to education than other groups.

Though initial enrollment in primary school is high, the completion rate is notably low; approximately 65% (World Bank Report 2004) and a smaller percent of that even complete secondary school. Bangladesh government has provided a lot of incentives, such as, free distribution of textbooks in primary schools, secondary stipend program for 100% of the girls, Food for Education project, to encourage and improve the educational sector of the country, which has helped in improvement in the literacy rate. But still we have a long way to go to make our country illiteracy free, thus GP looks forward to support this sector, which will eventually help to build a developed country.

Providing access to education, especially for children from disadvantaged backgrounds who might not otherwise get the opportunity, is the main goal of GP CSR education initiatives. Many people in Bangladesh still lack the basic technological knowledge and marketable skills, thus GP plans to focus further to develop an educated and skilled workforce through creating opportunity in capacity development; skilled workforce would in turn be able to create and share knowledge and contribute to the economy of Bangladesh.

Online school:The idea of Online School is that the teacher conducts class from a distant location using video conferencing technology with the aid of moderators in the actual class. These moderators, who are from the local community, have no teaching background but can help the teacher in operational issues. The main objective of the Online School is to ensure quality education for underprivileged and secluded children living at the urban slums and remote areas of Bangladesh. It also helps develop teachers who can deliver quality education.

2.1 Million Free internet hours for 250 schools:Grameenphone envisions building a digital future for Bangladesh and empowering societies by providing “Internet for all”. GP recently launched a program to provide 2.1 million free Internet hours to 250 schools across the country. The initiative is part of global "Safer Internet" aimed at creating awareness about internet safety for young users.

Rural Bangladesh is still struggling with poor ICT infrastructure, low internet penetration, lack of awareness and limited access to different required information and content services, which has created a major digital divide between rural and urban societies. This program aims to help broaden access to the world of ICT for school children, especially those living in rural Bangladesh. The campaign will aid in creating equal opportunity to access educational content, news, information and knowledge for all.

Alokdeep: Cyclone SIDR, a category 4 storm, struck Bangladesh in November 2007. It first hit the offshore islands and then swept across the southern coast east to west. This caused extensive damages. More than 3.1 million people in the 28 southern districts were reported to have been directly affected by the cyclone. It has been estimated that more than 3,500 people died, with extensive damages of roads and public buildings, including the destruction and partial destruction of 4,306 educational institutions. The most affected areas include Bagerhat, Barguna, Barisal, Bhola, Gopalganj, Khalkathi, Khulna, Madaripur, Patuakhali, Pirojpur, Shatkhira and Shariatpur districts.

1.5.3 Empowerment

Lack of empowerment and poverty is a chronic and complex problem for Bangladesh. According

to UNDP HDI Report 2006, which measures the average progress of a country in human development, in terms of, life expectancy, adult literacy and enrolment at the primary, secondary and tertiary level, Purchasing Power Parity (PPP), etc., Bangladesh ranks 137th among 177 countries. Moreover, 50% of the total population of Bangladesh lives below the poverty line, defined by less than a dollar a day.

Some of the major factors contributing to this situation are inequality in income distribution, lack of access to resources, lack of access to information and inadequate infrastructure. The rural people of Bangladesh especially are deprived of these facilities, which is a major issue to break out from the shackles of poverty prevailing in the country.

Empowerment is a key constituent towards poverty reduction, and it is a key driver for sustainable economic development. Empowerment is a process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes, which in turn helps them to secure a better life.

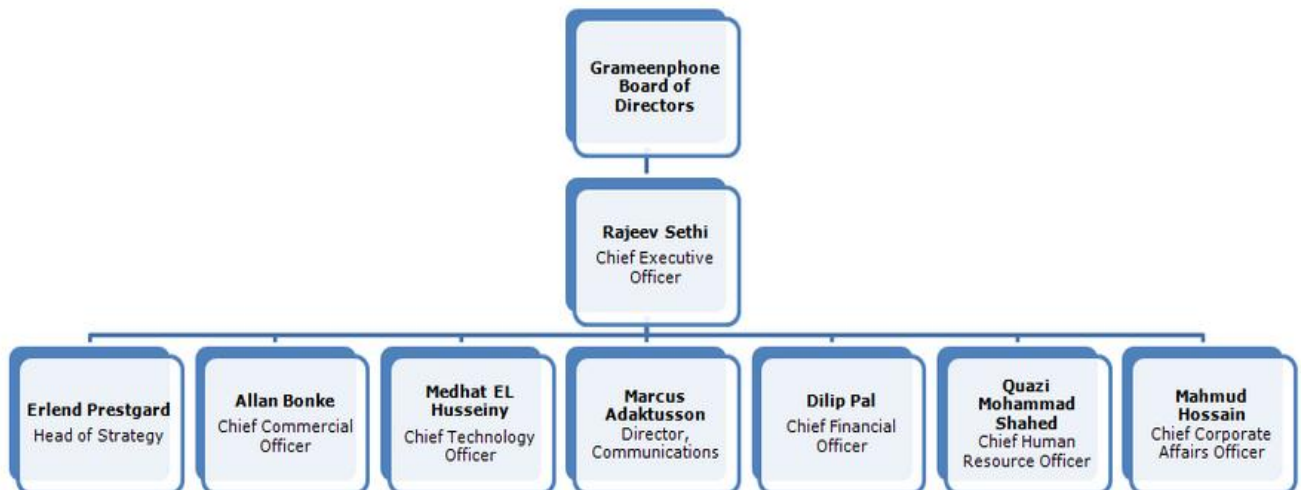
Grameenphone acknowledges that development and poverty reduction depend on holistic economic prosperity; therefore their aim is to increase development opportunities, enhance development outcomes and contribute towards development of the quality of life of the people through their CSR initiatives and innovative services. They would like to facilitate empowerment opportunities to the vulnerable people of Bangladesh, so that it enables them to better influence the course of their lives and live a life of their own choice.

1.6 Grameenphone Milestones



1.7 Organogram of the company

GP Organogram & Management



1.8 Products and Services

In this section we will get introduced with different products and services and the principal functions of GP products and services. GP core offering is “air-time” (talking time). GP provides this air-time with variations. Their product line is much deeper than its competitors. I would like to briefly focus on different GP products and their features:

These attractive products and services are designed to cater to the needs of the individual subscribers. There are six products currently being offered by GP. The products are:

Core Products

Bangladesh Post Office (BPO): This is another special type of product of GP, distributed through Bangladesh Railway.

1.8.1 Prepaid

Shohoj: The price of the prepaid SIM Smile card is 149 taka. Call charge of Sohoj outgoing to any number is .79 taka. A call generation charge of .30 taka will add in the first minute. All Sohoj subscribers enjoy T&T and ISD incoming and outgoing facility. For package Special time and my choice is not applicable. Sohoj

Bondhu: The price of the prepaid SIM Smile card is 149 taka. In this package a subscriber can activate 7 fnf numbers and talk only .49 taka 24 hour. Call charge of Sohoj outgoing to other number is .99 taka. A call generation charge of .30 taka will add in the first minute. All Sohoj subscribers enjoy T&T and ISD incoming and outgoing facility. For Sohoj package Special time and my choice is not applicable.

Aapon: The price of the prepaid SIM Smile card is 149 taka. Call charge of Apon outgoing to GP operator is 1.25 taka and to other operator is 1.49 taka. All Apon subscribers enjoy T&T and ISD incoming and outgoing facility. For Apon package Special time and my choice is applicable. In special time, 12 pm to 4 pm and 12 am to 8 am a subscriber can talk in a low rate .49 taka GP to GP. In this package a subscriber can activate 3 fnf numbers and talk only .49 taka 24 hour. A call generation charge of .09 taka will add in the first minute.

Nishchinto: It is the default Consumer prepaid price plan offered from Grameenphone. Every new consumer prepaid connection is a Nishchinto connection. It gives you the opportunity to make any local voice calls, with a call rate of 15 paisa per 10 second. New Connection Price: BDT 200

Djuice: Call charge of Djuice, outgoing to GP operator is 2.00 taka and to other operator is 2.00 taka. All Djuice subscribers enjoy T&T and ISD incoming and outgoing facility. For Djuice package Special time and my choice is applicable. In special time, 12 pm to 4 pm and 12 am to 8 am a subscriber can talk in a low rate .49 taka GP to GP. In this package a subscriber can activate 2 fnf numbers and talk only .49 taka 24 hour. Community tariff of djuice is .49 taka/ min. This package is not available in market now.

Djuice Adjusted: The price of the prepaid SIM Smile card is 149 taka. Call charge of Djuice,

outgoing to GP operator is 1.35 taka and to other operator is 1.49 taka. All Djuice subscribers enjoy T&T and ISD incoming and outgoing facility. For Djuice package special time and my choice is applicable. In special time, 12pm to 4pm and 12am to 8am a subscriber can talk in a low rate. 49 taka GP to GP. In this package a subscriber can activate 3 fn numbers and talk only .49 taka 24 hour. A call generation charge of .09 taka will add in the first minute.

Business Solution: The price of the prepaid SIM smile card is 149 taka. Call charge of Business Solution outgoing to GP operator is 1.00 taka and to other operator is 1.20 taka. All Apon subscribers enjoy T&T and ISD incoming and outgoing facility. For Business Solution package special time and my choice is applicable. In special time, 12pm to 4pm and 12am to 8am a subscriber can talk in a low rate. 49 taka GP to GP. In this package a subscriber can activate 4 fn numbers and talk only .49 taka 24 hour. Community tariff is .49 taka/ min.

Ekota: The price of the prepaid SIM smile card is 149 taka. Call charge of Ekota outgoing to GP operator is 1.00 taka and to other operator is 1.20 taka. All Ekota subscribers enjoy T&T and ISD incoming and outgoing facility. For Ekota package special time and my choice is applicable. In special time, 12pm to 4pm and 12am to 8am a subscriber can talk in a low rate 49 taka GP to GP. In this package a subscriber can activate 4 fn numbers and talk only .49 taka 24 hour. Community tariff is 49 taka/ min.

GP Public Phone: The price of the package is 200 taka. Subscriber gets 1 second pulse for all call from the 1st minute. Call rate .99 taka/ min to any number. For ISD outgoing, ISD charges will be added with .99 taka. They have another option to convert it into .65 taka per minute plan, but then they have no pulse for talking. Community tariff of GP Public Phone is .75 taka/ min.

Village Phone: This is a special type of product of GP, distributed through Grameen Bank. This product is sold only for business purpose and especially to underdeveloped village women. The price of the package is 200 taka. Subscriber gets 1 second pulse for all call from the 1st minute. Call rate .99 taka/ min to any number. For ISD outgoing, ISD charges will be added with .99 taka. They have another option to convert it into .65 taka per minute plan, but then they have no pulse for talking.

Internet SIM: The price of the prepaid SIM Smile card is 149 taka. Subscribers can use internet and can send SMS with this SIM.

1.8.2 Postpaid:

Xplore: The price of the prepaid SIM Smile card is 650 taka. Call charge of Xplore out going to GP operator is 1.3 taka and to other operator is 1.30 taka. All Xplore subscribers enjoy T&T and ISD in coming and outgoing facility. For Apon package Special time and my choice is applicable. In special time, 12 pm to 4 pm subscriber can talk in a lower rate. 49 taka GP to GP. In this package as subscriber can activate 4 fn numbers and talk only. 49 taka 24 hour. Subscriber can enjoy 1 second pulse from the 1st minute.

Business Solution Postpaid: The price of the prepaid SIM Smile card is 650 taka. Call charge of Business Solution Postpaid outgoing to GP operator is 1.0 taka and to other operator is 1.2 taka in business hour. All Business Solution Postpaid subscribers enjoy T&T and ISD in coming and outgoing facility. For Business Solution Postpaid package Special time and my choice is applicable. In special time, 12 pm to 4 pm subscriber can talk in a lower rate. 49 taka GP to GP. In this package as subscriber can activate 3 fn numbers and talk only. 49 taka 24 hour. Subscriber can enjoy 30 second pulse from the 1st minute.

Internet SIM Postpaid: The price of the prepaid SIM Smile card is 200 taka. Subscribers can use internet and can send SMS with this SIM.

1.8.3: Value added services:

GP is offering the following **value added services** along with the above mentioned products to its subscribers:

Short Message Service (SMS) With this service, GP's subscribers can send text messages of up to 160 characters from one GP handset to another. This service comes with most of the products, free of monthly charges. Such messages can also be sent to other GSM phones in other networks abroad provided the subscriber has the ISD options with his/her service. The charge of sending SMS is 0.5 taka local and 2.0 taka in abroad.

Voice Mail Service (VMS)— This service works like an answering machine. Anyone calling a GP subscriber who is out of reach at that moment can leave a message, which the

subscriber can retrieve later. This service comes with most mobile products, free of monthly charges.

Standard GSM features – Caller Identification, Call Barring, Call Holding, Call Conference, and Call Forwarding in both pre-paid and Post-paid packages. These GSM features can be activated or deactivated free of cost.

EDGE service: GP is providing Edge services under which a subscriber can use internet, multimedia messages services and WAP. But for using EDGE, the handset of the subscriber should be EDGE software supportable. There are seven packages for EDGE. In package 1 subscriber has to pay .02 taka for per kilobytes browsing. In package 2, subscriber will pay 850 taka per month and against that, s/he can have unlimited browse. In package 3 subscriber can enjoy unlimited browsing from 12 am to 8 am at a cost of 300 per month. In package 4 subscribers can use 24 hour browsing at a cost of 60 taka. In package 5 subscribers can use 5 GB at a cost of 700 taka with a validity of 30 days. In package 6 subscribers can use 1 GB at a cost of 300 taka with a validity of 30 days. And in package 7 subscribers can use 15 MB at a cost of 29 taka with a validity of 15 days.

Voice SMS: GP provides voice SMS service in which a subscriber can leave a voice message of 60 seconds. Last 10 voice SMS is kept in GP server. For hearing voice SMS first time, there is no charge. But for next time one subscriber wants to hear, s/he needs to pay 1 taka.

Call conferencing: By this feature, three to nine subscribers can make call conferencing with each other. The charge will be normal outgoing charge for all of them.

Welcome tune: Subscriber can set their favorite song as their callertune at a cost of 30 taka per month; Subscribers can set 99 songs at a time.

Missed call Alert: Subscriber can activate Missed call Alert service in their SIM at a cost of 10 taka per month, so that if the phone is switched off then when it switches on then they get an alert SMS who call them during this period.

PART: II

Divisions at Grameenphone

2.1 Divisions at Grameenphone Ltd

GPLtd.hasapproximately4400employeesworkingatdifferentlevelsoforganizational

Grameenphone's loyalty program in telecommunication sector based on customer insight & behavior.

hierarchy. There are 9 functional departments engaged in managing these employees- with the aim to meet organizational objectives. GP follows a mix of centralized and decentralized decision making process- where the top management mainly takes all the strategic decisions while the functional managers have flexibility to take decisions by themselves on a day to day basis. At GPV the Managing Director is assisted by 9 Senior Executives who are heading different departments in the strategic decision making process. The departmental names of GP are given below:

- *Corporate Affairs Division*
- *Customer Service Division*
- *Finance Division*
- *People and Organization*
- *Information Technology Division*
- *Internal Audit Division*
- *Network Division*
- *Communication Division*
- *Commercial Division*

GP follows a 3-layer management philosophy in Bangladesh. These are Directors, Managers and Officers. The CEO is the top most authority of all the levels. Directors are the departmental heads that are responsible for the activities of their departments. Managers have the authority next to directors. These two layers represent the management level of GP. Officers are the next person to stand in the hierarchy list. They are the typical mid-level employees of GP's organizational hierarchy. These officers are responsible for managing the operational activities and operating level employees.

2.1.1 Corporate Affairs Division

Within the direction from the CEO of Grameenphone, the head of Corporate Affairs shall ensure that the Regulatory & Corporate Affairs function within the company at all times is aligned with and supports the business objectives.

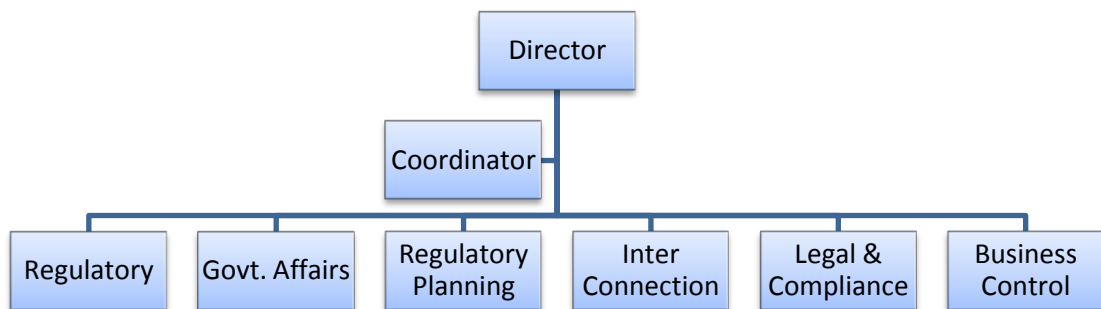


Figure: Corporate Affairs Organization

Main Objective

To develop, maintain and implement company strategies, policies and procedures for the functional area which includes:

- Regulatory & Corporate Affairs
- External Relations

Main Responsibilities

- ✓ Monitor and control Regulatory & Corporate Affairs activities;
- ✓ Provide support and consulting to other functions within scope, in order to ensure coordination, business alignment and adaptation of best-practices;
- ✓ Develop and maintain descriptions of departments reporting to the Head of Regulatory & Corporate Affairs, defining their responsibilities and how work is organized between these departments;

- ✓ Ensure awareness of, and ability to comply with, legal requirements applicable for the company and its governance documents, including SOA-required internal controls and Codes of Conduct;
- ✓ Ensure necessary capabilities within function to ensure that the organization is able to meet its current and future business objectives;

2.1.2 Customer Service Division

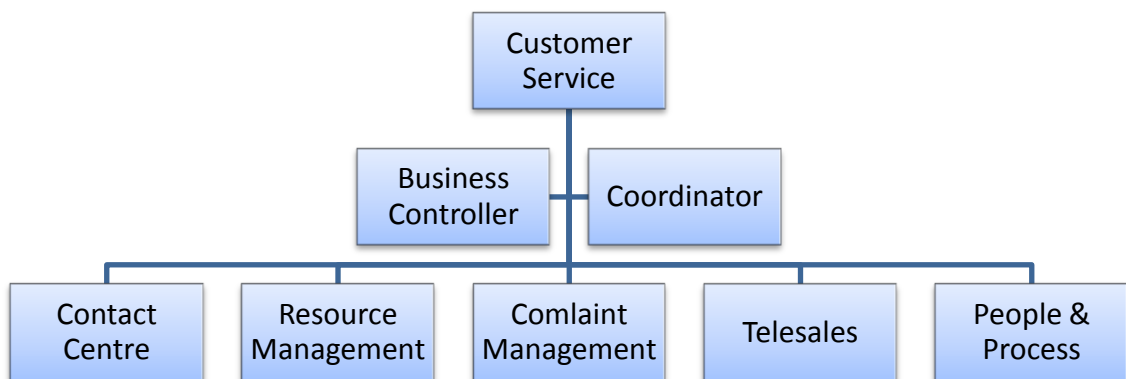


Figure: Customer Service Organizational Chart

Main Objective

The main objective of the Customer Service division is to be the best in class customer service to gain competitive advantage for Grameenphone in the market place.

Main Responsibilities

- ✓ Position as the most reliable, friendly and quality service provider in the industry to be perceived as the operator that provides segment based services beyond expectations
- ✓ Manage business environment with superior efficiency and operational excellence for profitable growth
- ✓ Establish Customer Service to gain sustainable competitive advantage for Grameenphone

- ✓ Foster a competent team in a culture with empowerment and involvement
- ✓ Recruit the best, develop every employee and retain the best
- ✓ Convert each customer contact to an opportunity for retention and new sales with a focus on competitor's profitable customers
- ✓ Build effective alliance with other customer services, within the Telenor group and in Asia

2.1.3 Finance Division:

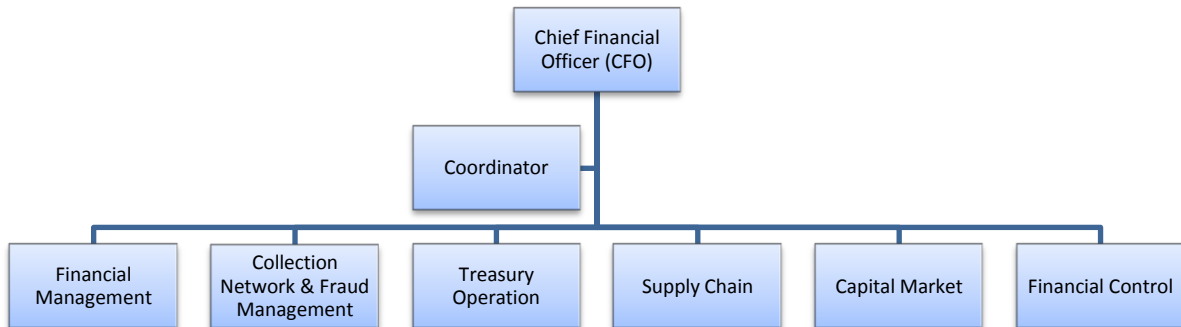


Figure: Finance Division Organizational Chart

Main Objective

Within the direction from the CEO of Grameenphone, the CFO shall ensure that the Finance & Supply Chain Management function within Grameenphone at all times is aligned with and supports the realization of Grameenphone's business objectives. The CFO must prepare financial statements with reasonable assurance that statements are not materially misstated at the consolidated group level and for local statutory accounts.

Main Responsibilities

- ✓ Develop, maintain and implement company strategies, policies and procedures for the functional area, which includes:

- Treasury
 - Financial Reporting & Controlling
 - Tax
 - Risk Management
 - Supply Chain Management
 - Investor Relations
- ✓ Monitor and control company-wide Finance & Supply Chain Management activities;
 - ✓ Provide support and consulting within scope, to all other divisions in the company, in order to ensure coordination, business alignment and adaptation of best-practices
 - ✓ Develop and maintain descriptions of departments reporting to the CFO, defining their responsibilities and how work is organized between these departments;
 - ✓ Ensure awareness of, and ability to comply with, legal requirements applicable for the functional area and its governance documents, including SOA-required internal controls and Codes of Conduct

2.1.4 People and Organization:

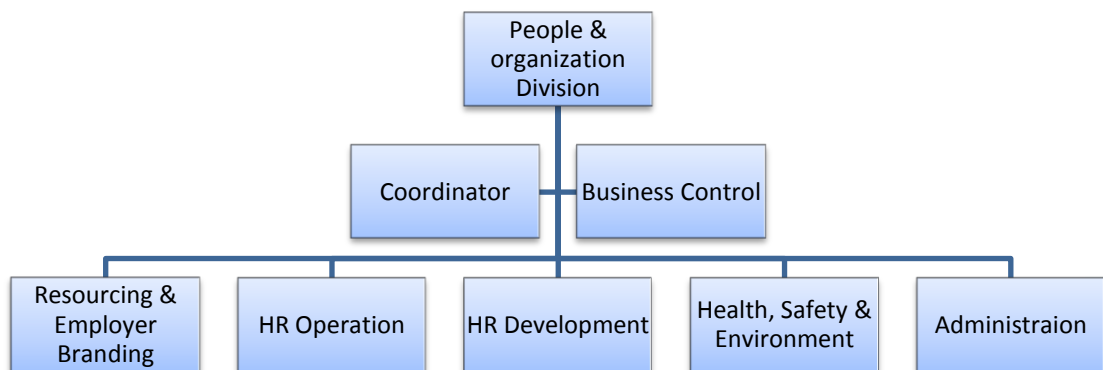


Figure: People and organization division chart

Main Objective

Within the direction from the CEO of Grameenphone, the Head of HR shall ensure that the HR function within Grameenphone at all times is aligned with and supports the realization of Grameenphone's business objectives. The Head of HR shall optimize the human resources in Grameenphone, through individual performance management and organizational development, as well as nurturing a culture supporting the realization of the vision and values. In order to achieve this, leadership excellence is a key focus area for HR.

The units in HR Division include:

- ✓ HR Operations
- ✓ Recruitment & Selection
- ✓ HR Development
- ✓ Health, Safety & Environment
- ✓ Expatriate and Travel Support

Main Responsibilities

- ✓ Develop, maintain and implement company HR strategies, policies and procedures in order to establish organizational capabilities company-wide to meet current and emerging business needs, which include:
 - Leadership
 - Employee Capabilities
 - Organizational Design
 - Collaboration
 - Recruitment
 - Compensation & Benefits
 - Employee relations and Health, Safety & Working Environment
- ✓ Monitor and control company-wide HR activities;
- ✓ Provide support and consulting within scope, to all divisions in the company, in order to ensure coordination, business alignment and adaptation of best-practices;
- ✓ Develop and maintain descriptions of departments reporting to the Head of HR, defining their responsibilities and how work is organized between these departments;

- ✓ Ensure awareness of, and ability to comply with, legal requirements applicable for the function and its governance documents, including SOA-required internal controls and Codes of Conduct;
- ✓ Ensure necessary capabilities companywide to ensure that the organization is able to meet its current and future business objectives.

2.1.5 Information Technology Division

Main Objective

Within the direction from the CEO of Grameenphone, the Head of IS/IT shall ensure that the Information Security/Information Technology function within Grameenphone at all times is aligned with and supports the realization of Grameenphone’s business objectives. The Head of IS/IT shall ensure the realization of the business objectives through delivering services and information with sufficient quality.

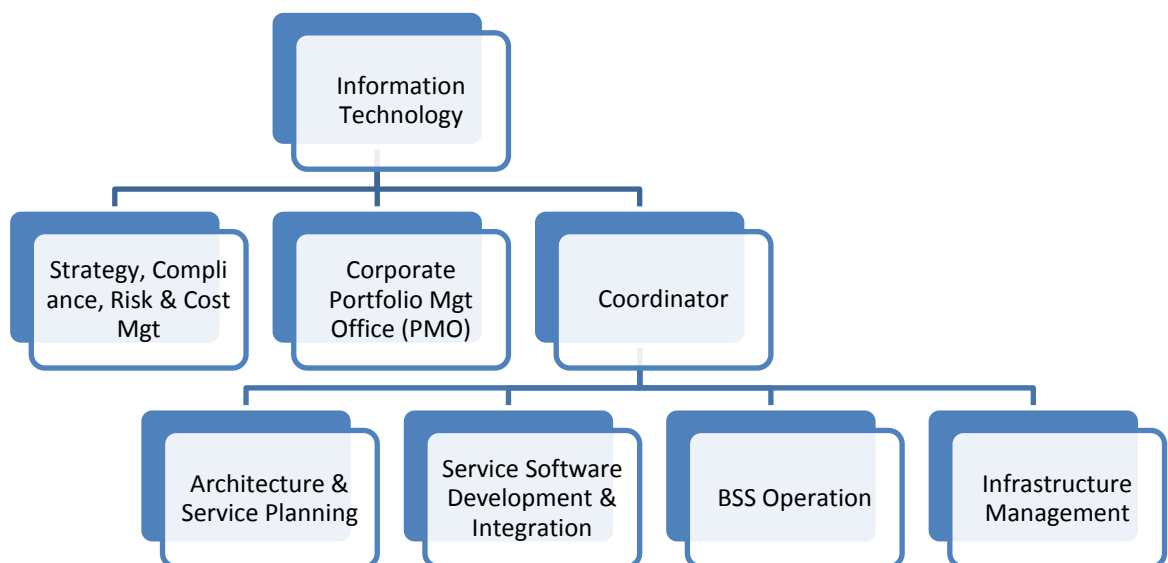


Figure: Information Technology Organizational Chart

Main Responsibilities

- ✓ Develop, maintain and implement company strategies, policies and procedures for the functional area, which includes:

- Strategy and Architecture
 - IS/IT Governance
 - IT Quality and Risk Management
 - IT Sourcing (In compliance with Company Procurement Policy)
- ✓ Monitor and control company-wide IS/IT activities to create transparency and facilitate best practice within IT.
 - ✓ Provide support and consulting to all divisions in the company, in order to ensure coordination, business alignment and adaptation of best-practices.
 - ✓ Develop and maintain descriptions of departments reporting to the Head of IS/IT, defining their responsibilities and how work is organized between these departments.
 - ✓ Ensure awareness of, and ability to comply with, legal requirements applicable for the functional area and its governance documents, including SOA-required internal controls and Codes of Conduct.
 - ✓ Ensure necessary capabilities within the function to ensure that the organization is able to meet its current and future business objectives.

2.1.6 Internal Audit Division

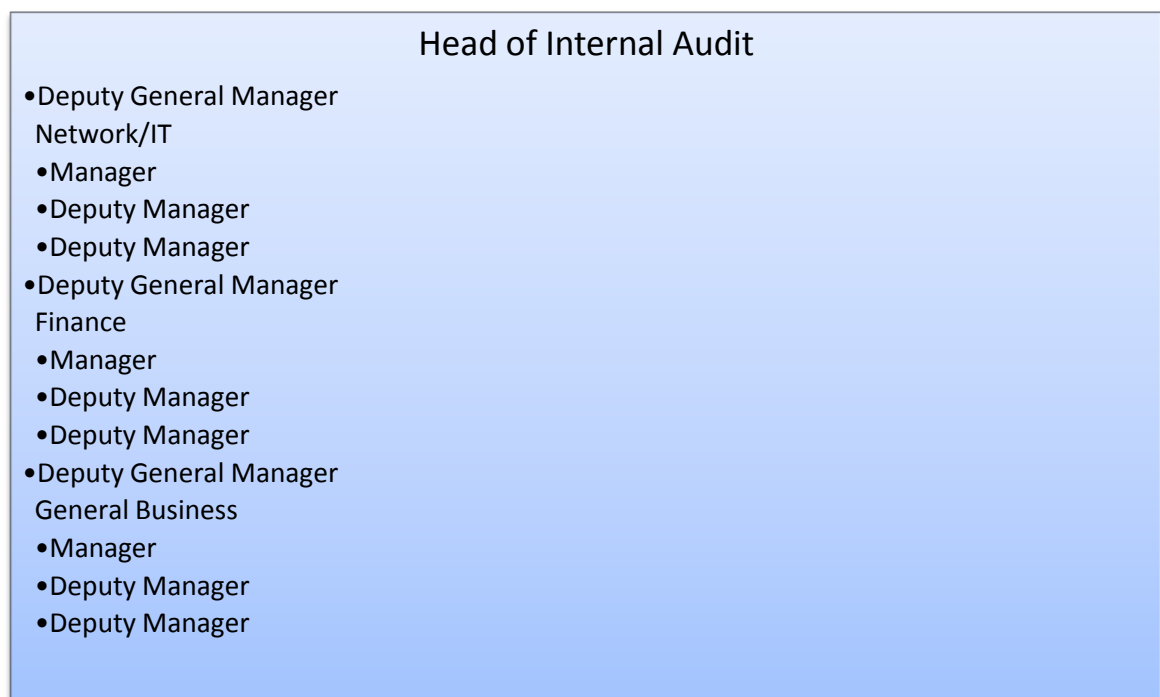


Figure: Internal Audit Division Organizational Chart

Main Objective

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Main Responsibilities

The Department is responsible for:

- ✓ Develop Risk Based Audit Plan
- ✓ Coordinate with External Auditors / others to provide optimal audit coverage
- ✓ Implement approved audit plan
- ✓ Review and revise Audit Plan as required
- ✓ Follow-up and report on the implementation of audit action plans.
- ✓ Report significant deficiencies in internal control
- ✓ Assist in the investigation of suspected fraudulent activities
- ✓ Provide consulting and advisory services to management as appropriate

2.1.7 Network Division

Main Objective

The main objective of Network department of GrameenPhone is to manage and control the network of GrameenPhone throughout the country.

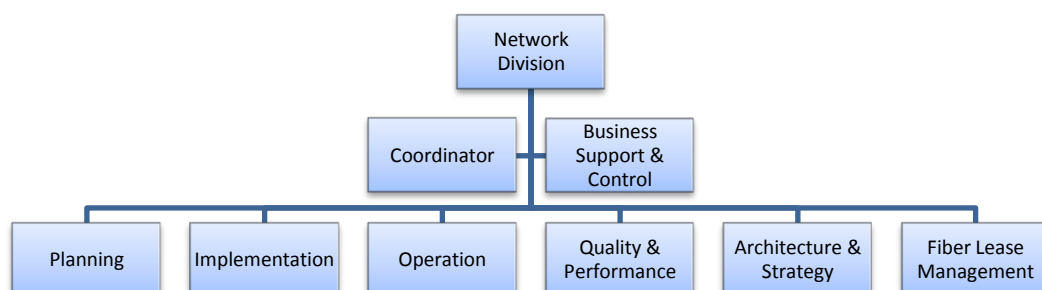


Figure: Network Division Organizational Chart

Main Responsibilities

The Department is responsible for:

- ✓ Effort to maintain LOW CAPEX and OPEX per sub
- ✓ Maintain competitive qualities through whole process of work
- ✓ Maintain service KPI for Network quality and availability focusing customer's perspective
- ✓ Maximum Resource utilization by network optimization & efficient management
- ✓ Maintain living values of organization in the activities

2.1.8 Communication Division

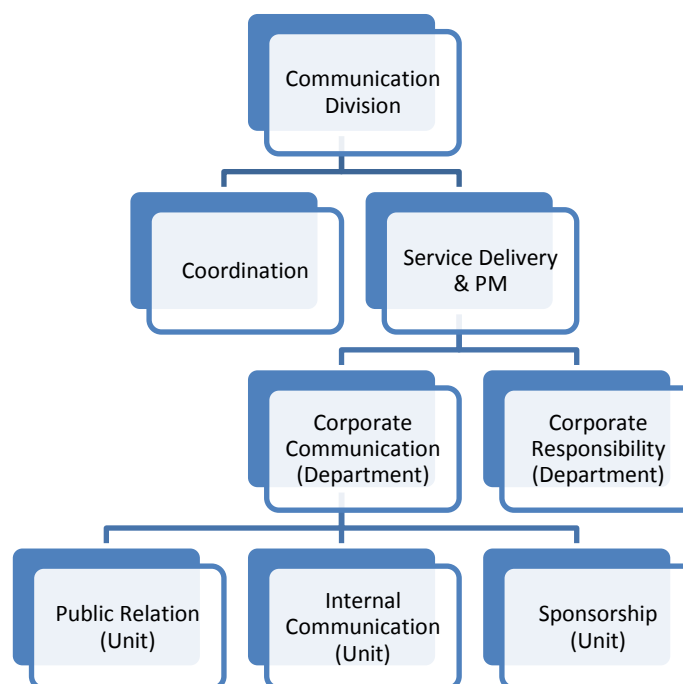


Figure: Communication Division Organizational Chart

Main Objective:

The main objectives of Communication division of Grameenphone are to Promote and protect Grameenphone's reputation as a compliant, transparent and socially responsible company among both internal and external stakeholders.

Main Responsibilities:

The Department is responsible for:

- ✓ Project GP as a responsible and transparent company to both internal and external stakeholders
- ✓ Assist in gaining business results through effective media exposures of company events and initiatives
- ✓ Manage a portfolio of social investment initiatives in line with key stakeholders' expectations of being a socially responsible business

2.1.9 Commercial Division



Figure: Commercial Division Chart

Main Objective: The main objective of marketing department of Grameenphone is to promote the brand name of the company and increase brand awareness among the customers.

The responsibilities of prime departments of Commercial division are given below:

Main Responsibilities:

- End-to-end campaign ownership
- Design and prioritize campaigns
- Secure required campaign approvals and align with other segments
- Customer types focus
- Pre- and post-campaign analytics and reporting
- Analytics to support campaign ideas
- Support campaign owners with end-to-end execution
- Manage channel execution,
- Develop and manage loyalty program
- Gather structured/unstructured information from different sources, process it and pass it to relevant parties
- Conducting market research, prepare trackers etc
- Data support to all stakeholders
- Data mining, for discovering new patterns, behavior sets and introduce new analytical models
- Overall responsible for providing insights as input to the Commercial Division
- Customer expectation and satisfaction management
- Service assurance, usability
- Product and process simplification and Interaction enhancement
- Design Loyalty program to attract and retain high value subscribers
- Identify target market and develop a sequence of loyalty offerings for each stage of lifecycle.
- Design campaigns and undertake projects to increase customer experience, ARPU and reduce gross churn
- Interact with customers through a proper dialogue strategy to ensure customer engagement

PART: III

Job Description & Responsibilities

3.0 Job Description

I worked in team of high value segment in Commercial division as part of internship. High Value segment (HVS) is in GP Commercial and its sole purpose is to recognize, reward and retain GP's most

profitable and long term subscribers. The team also tries to associate positive feelings and attitude towards the brand GP through the program. In my 3 month work experience I had to go through different responsibilities, assessment centers, one to one session with supervisor and GPHR, team meeting, and partnership meetings, iPhone 6 campaign, event creation, BP (Brand Promoter) training etc.

First week of my job I was given the responsibility to create the database of GP STAR subscribers who attended dinner at westin. As I join the HVS (High Value Segment) team of GP, I had to learn the loyalty concept and suggest some ideas which would be fresh and unbiased. Following weeks I prepared the STAR subscriber database from STAR program email. Through this the team gets to know the customer feelings and demands they have from the team. Next I had to prepare and edit partnership agreements which are created to give special discounts through affiliated partner stores across the country.

I was also allowed to sit through the partnership meetings and learn the negotiations skills and meeting manners. Throughout the process the team did not treat me like an outsider but very much like a valued member of the team which encouraged participation and motivated me throughout the internship.

Partner visit and mystery visit to GP Centers were fun aspects of the job of which gave an on the field learning experience about how the job and customers are dealt with in real life.

In between the daily operations I also managed some minute details of mini events occurring at GP House for the STAR subscribers like movie show, musical events, GP House visit. Actively participating with the team everything was a hands on experience from deciding on the movie to show to the STAR Subscriber store receiving the guests at the event in GP House.

Throughout the internship, I learnt about the corporate culture of GP, the dress code of the company. The rules and regulation, the values, and more important things are how to handle and satisfy the subscriber.

3.1 Specific Responsibilities of the Job

- Create and Maintain GP STAR Database
- Create report on the growth and fall in STAR program (% increase & % decrease)
- Proactively aware/ inform the team about ideas on loyalty program
- Keep an eye out for competitor's products and offerings.
- Keeping records of the guests at the events at GP House
- Maintaining partnership evaluation data sheet
- Preparing power point presentation to demonstrate the success of the campaign to senior management
- Maintaining minute details of the events occurring at GP House for the STAR Subscribers
- Capture customer insights and escalate critical issues/complaints and provide timely feedback.
- Serve STAR customers with helping information regarding the program and thus play a significant role in customer satisfaction, retention and acquisition. In this way enhance Grameenphone's brand image.
- Partner and GP customer care point visit
- Brand Promoter training for "32 district star program activation campaign" at 6-7 December, 2014
- Observing on iPhone 6 lounging
- Youth concert "Rockfest" event monitoring
- Observing decision making procedure for creating any partnership, event & campaign

PART IV

Industry Analysis Part

4.0 Industry Analysis Part

Company competitive scenario

There are six mobile telephone operators in Bangladesh at the moment. Among them one is Government owned telephone operator: Bangladesh Telegraph and Telephone Board (BTTB) and the other five are privately owned companies namely ARE:

- ✚ Grameenphone Ltd.
- ✚ Axiata (Bangladesh) Limited
- ✚ Orascom Telecom Bangladesh Ltd.
- ✚ Pacific Bangladesh Telecom Ltd. (PBTL) and
- ✚ Airtel Bangladesh Ltd.
- ✚ Teletalk Bangladesh Limited

Grameenphone Limited

Grameenphone Limited, the number one and leading mobile phone company in the area of telecommunications in Bangladesh. Grameenphone Limited managed to grab 42.5% of the market share only by providing cost-effective & best service available in the market of mobile telecommunication. Grameenphone Limited has made its expansion not only in the urban areas, but also it stretched its network in the rural areas for the economic empowerment of the rural people. It has the largest network, the widest coverage, the biggest subscriber base and more value added services than any other mobile phone operators in Bangladesh. Grameenphone Limited has a very strong competitive position in the telephone industry in the country.

Orascom Telecom Bangladesh Limited

With a market share of 25.5%, Banglalink is in the 2nd position in the cell phone industry. When Banglalink entered the Bangladesh telecom industry in February 2005, the scenario changed overnight with mobile telephony becoming an extremely useful and affordable communication tool for people across all segments. Banglalink was previously known as Sheba Telecom which began operation in 1998. It was a joint venture between a Malaysian Conglomerate, Technology Resources Industries Berhad and a local firm named Integrated Services Ltd. (ISL). In 2005 Orascom Telecom Holding (OTH) acquired Sheba Telecom and gave a new trading name, 'Banglalink'. Within one year of operation, Banglalink became the fastest growing mobile operator of the country. This milestone was achieved with innovative

and attractive products and services targeting the different market segments; aggressive improvement of network quality and dedicated customer care; and effective communication that emotionally connected customers with Banglalink.

Axiata (Bangladesh) Limited

Robi is the third largest mobile phone operator in Bangladesh in terms of revenue and subscribers (20.5 million as of October 2014). It has a market share of 21%. Axiata (Bangladesh) Limited is a dynamic and leading countrywide GSM communication solution provider. It is a joint venture company between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, Japan. Axiata (Bangladesh) Limited, formerly known as Telekom Malaysia International (Bangladesh), commenced its operation in 1997 under the brand name Aktel among the pioneer GSM mobile telecommunications service providers in Bangladesh. In early 2008, Aktel slipped from the second position to the third after facing fierce competition from Banglalink. Aktel boasts of the widest international roaming service in the market, connecting 315 operators across 170 countries. It is the first operator in the country to introduce GPRS. Aktel uses GSM 900/1800 MHz standard and operates on allocated 12.8MHz frequency spectrum. Later, on 28th March, 2010 the company started its new journey with the brand name Robi.

Airtel Bangladesh Limited

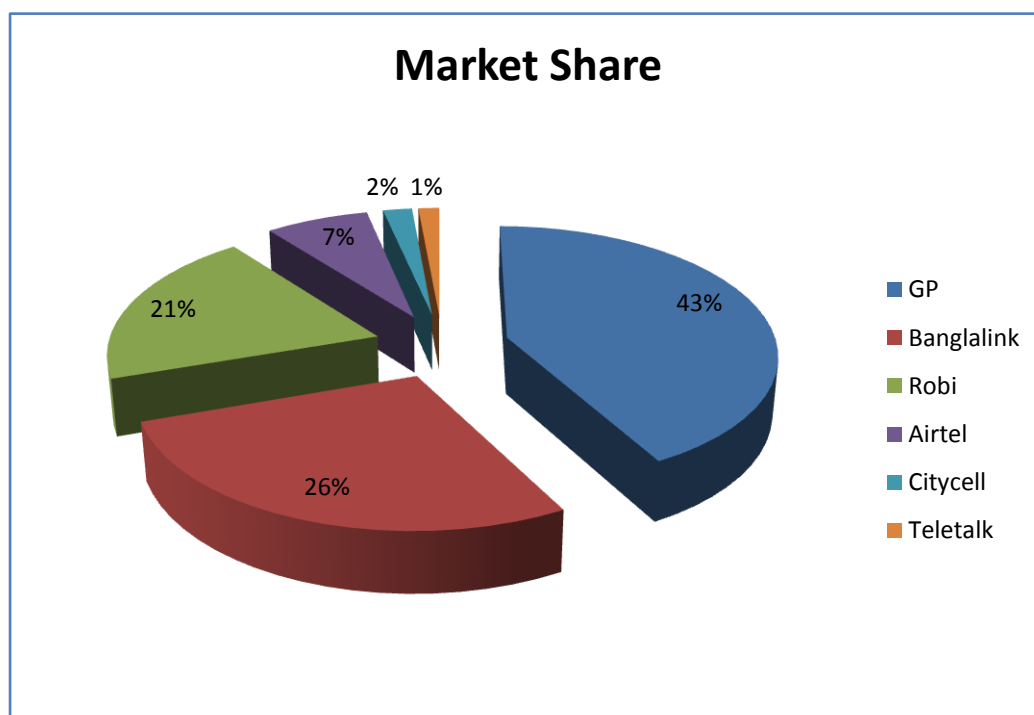
AIRTEL Bangladesh Ltd. is a GSM-based cellular operator in Bangladesh. Airtel Bangladesh is the sixth mobile phone carrier to enter the Bangladesh market, and launched commercial operations on May 10, 2007. Market share of Airtel is 7.1%. Warid Telecom International LLC, an Abu Dhabi based consortium, sold a majority 70% stake in the company to India's BhartiAirtel Limited for US\$300 million. BhartiAirtel Limited will take management control brand from 20 December 2010. The Bangladesh Telecommunication Regulatory Commission approved the deal on Jan 4, 2010. Airtel Bangladesh had 8.75 million subscribers as of October 2014.

Pacific Bangladesh Telecom Limited

Citycell (Pacific Bangladesh Telecom Limited) is the first mobile communications company of Bangladesh. It is the only CDMA network operator in the country. As of 1 March, 2008, Citycell's total mobile subscriber base is 1.56 million, up 137 per cent or 680,000 from two years ago, giving it the best growth rate of the company till date. Citycell is currently owned by Singtel with 45% stake and the rest 55% owned by Pacific Group and Far East Telecom. By the end of 2007 Citycell had refurbished its old brand identity and introduced a new logo and corporate identity; the new logo is very reminiscent of the old logo. However the slogan has remained unchanged "Because we care". Citycell had 1.37 million subscribers as of October 2014.

Teletalk Bangladesh Limited

TeleTalk (Teletalk Bangladesh Ltd) is a GSM based state-owned mobile phone company in Bangladesh. TeleTalk started operating on 29 December, 2004. It is a Public Limited Company of Bangladesh Government, the state-owned telephone operator. TeleTalk provide GPRS internet connectivity. Teletalk is the first operator in the country that gave BTTB (now BTCL) incoming facility to its subscribers. The mission statement of Tele Talk is "Deshor Taka DesheyRakhun" ("Keep your Money in your Country"). TeleTalk is the 6th largest mobile phone operator in Bangladesh with 1.141 million subscribers as of October, 2014.



Total Mobile Phone Active Subscribers at the end of October 2014:

- Grameenphone Ltd. (GP): 5 core 2 lac 33 thousands
- Orascom Telecom Bangladesh Limited (Banglalink): 3 core
- RobiAxiata Limited (Robi): 2 core 46 lac 64 thousands
- Airtel Bangladesh Limited (Airtel): 81 lac 43 thousands
- Pacific Bangladesh Telecom Limited (Citycell): 13 lac 7 thousands
- Teletalk Bangladesh Ltd. (Teletalk): 12 lac 85 thousands

4.1 SWOT Analysis

4.1.1 STRENGTHS

- **Good ownership structure-** Grameenphone has the best ownership structure in the telecommunication industry in Bangladesh. Telenor is one of the largest companies, which is operating in different countries around the world. Again, in Bangladesh, Grameen Bank is one of the largest NGO, which has the sound communication all over the country.
- **First Mover Advantage-** Grameenphone is the first organization in Bangladesh, which has reached to the general people.
- **High Brand Awareness-** The branding activities have led Grameenphone to build a strong well- recognized brand. So the people are more familiar with Grameenphone than other companies.
- **Wide Network coverage** - Grameenphone has the widest network coverage and a large number of BTS station (Tower) all over Bangladesh. That's why the company can provide better connectivity in most of the area of the country. It has the best indoor coverage, 99% people coverage and 90% geographic coverage.
- **Financial Soundness** - Because of effective strategic planning, Grameenphone is able to earn a healthy amount of revenue, which gives them financial soundness.
- **Rich Human Capital** - All the stuff, which are related to Grameenphone are skilled and effective in their job responsibility. The reason behind this is the Human Resource Department of Grameenphone follows high standards to recruit new employees.
- **Easy Access to the Widest Rural Network** – It was easier for Grameenphone to reach the rural area of Bangladesh through the help already renowned Grameen Bank..

- **Individualism:** Although Grameenphone is closely affiliated with its multinational parent company, it has an independent brand identity in the market.

4.1.2 WEAKNESS:

Some of the weaknesses of Grameenphone are discussed below:

- **High Call rates:** Grameenphone has high call rates compared to other telecommunication companies in Bangladesh.
- **Cultural Gap:** Management team of Grameenphone has employees from different countries from different background and culture. This sometimes gives rise to cultural differences and communication barrier.
- **Complicated Pricing Structure:** Grameenphone has lots of products. The pricing and the billing procedures are different for each of the products and options. This creates confusion for the users and makes them reluctant to use the various product options.
- **No Copyright:** The GP brands are not protected by copyrights, which has led to the misuse of the branding attributes and bears the risk of such misuse in future as well.
- **High Employee Turnover-** Grameenphone's employee turnover is high which might indicate a low level of loyalty and dissatisfaction with the company.

4.1.3 OPPORTUNITIES

- **Economic growth of Bangladesh** – The economic growth of Bangladesh will increase the expansion of telecommunication industry more in the future.
- **Focus on CSR program-** companies and the general people are becoming more and more concerned about the environment, society and the country. More CSR activities by GP will be well appreciated and recognized by the people.
- **New international Gateway-** BTTB (Bangladesh Telegraph & Telephone Board) has established new gateway to connect internationally which has made it easy for mobile phone operators to provide services of ISD call and international roaming.
- **Huge need for telecom services-** As the technology advances and people becomes more tech-savvy; the need for telecom services will continue to rise.

- **Declining prices for handsets-** the prices of handsets have decreased immensely which has enable the low income people to use mobile phones.

4.1.4 THREATS

- **Unstable political Condition** – the political condition of Bangladesh is very unstable.
- **Increasing regulatory surveillance and government legislation:** Constant observation of BTRC (Bangladesh telephone regulatory commission) sometimes corruption of BTRC makes business volatile.
- **Threat from new entrant** – GP is anticipating a possible threat from the new entrant BTTB. The state owned fixed-line monopoly BTTB has entered the market with extremely low tariffs. When BTTB will start operating at its full potential, it might destabilize the present competitive environment. However, BTTB currently poses very little threat to GP as they have just started their operation.
- **Foreign exchange fluctuation-** GP being a multinational company has high level of risk to fluctuation in the foreign currency. This poses a negative impact on the revenue and profit margin of the company.

4.2 PORTER'S FIVE FORCES ANALYSIS FOR GRAMEENPHONE

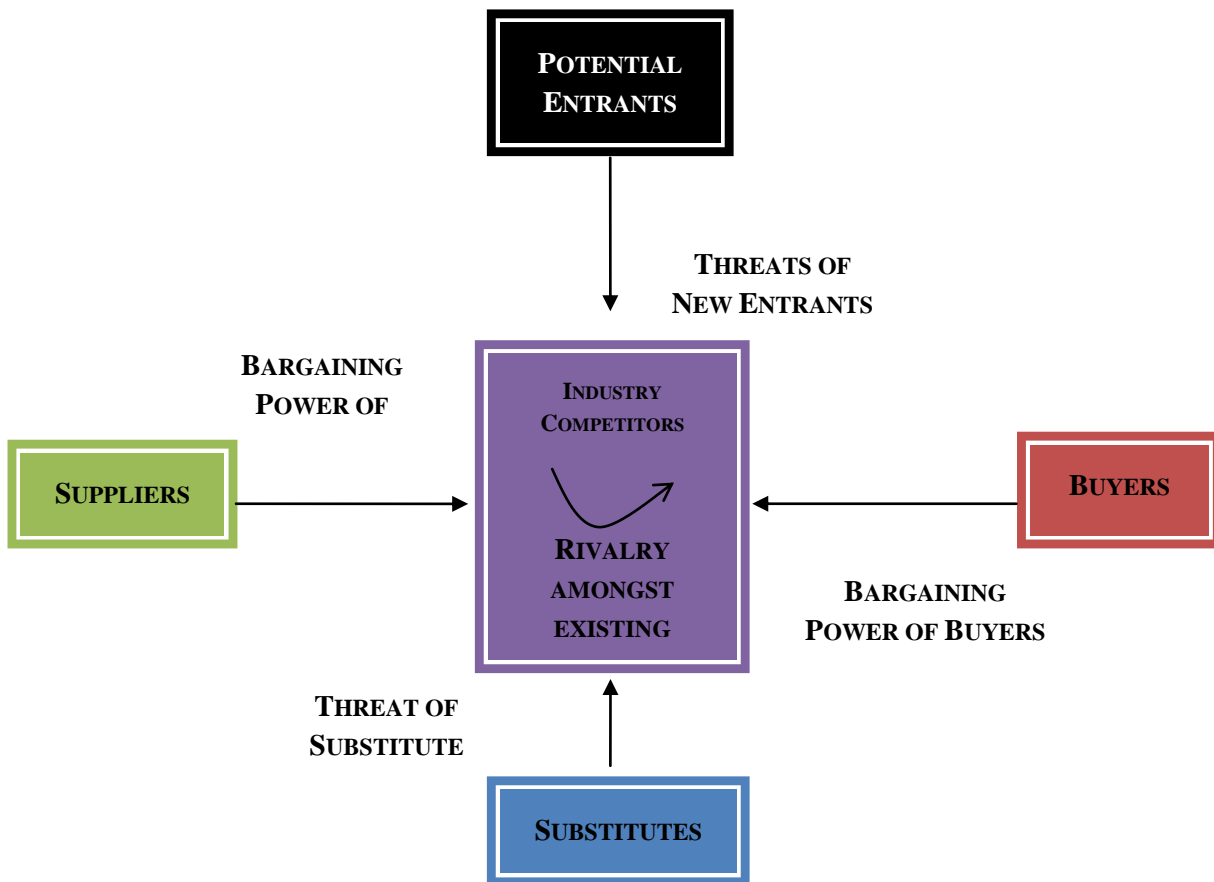


Figure:Model of Michael Porter's Five Forces

- Bargaining Power of Buyers is high since demand for their services are high and they have to abide by customer needs because customers can easily shift to other companies due to lower switching costs.
- Bargaining Power of Suppliers is low due to low switching cost since there are a variety of suppliers in the industry supplying to these companies.
- Threat of New Entrants is high since new companies can easily enter the market as there are very limited barriers of entry.
- Threat of Substitute is high as there are a large number of competitors in the market such as Airtel, Banglalink, Robi and Citycell and customers can easily shift from one another due to the easiest switching costs.

Rivalry amongst Existing Companies is definitely high as competition level is extremely high as all the companies are fighting

PART V

Project Part

5.0 Loyalty program

The authors state “Loyalty programs are structured marketing efforts that reward, and therefore encourage, loyal buying behavior — behavior which is potentially beneficial to the firm” (B. Sharp and A. Sharp 473-86). In Bangladesh, loyalty programs are revealing in large scale in banking, superstores, airline, consumer goods like jewelry, clothing etc. In Bangladesh, telecom sector witnessed massive development during the last decade, mainly due to the penetration of mobile telephony. With the change of technology, this industry is rapidly changing and near to saturation. Now the customers are more sensitive regarding the value offered by the companies. Reichheld and Sasser (1990) calculated the impact of customer retention on profitability: “As a customer’s relationship with the company lengthens, profits rise. And not just a little. Companies can boost profits by almost 100 per cent by retaining just 5 per cent more of their customers” (p. 105). Fierce competition in the market is playing important role to undertake loyalty programs. Loyalty programs are initiated to satisfy and retain the valued customers as well as attract the new potential customers. The valued customer base gets retained and it generates sustainable profit.

5.1 Description of the Project

5.1.1 Origin of the Report

Internship program is the most important period for a BBA student. The duration of internship program is 3 months, which carries a best learning process to know about the organization and cope up the environment in such a way like professional employees. The experience that got by an intern during the internship period will make them more smart and professional in their future job sector. I started my internship at Grameenphone, Head Office, on 14th of September 2014 to 14th of December 2014.

5.2 Objectives of the Project

The initial objective of writing this report is to fulfill the partial requirement of the BBA degree.

5.2.1 General Objective

The general objective of this report is to fulfill the requirement of internship report.

5.2.2 Specific objectives

- Know about the customer expectation of Grameenphone
- Know about the STAR program awareness
- Identify the segment of benefits which prefers by subscriber
- Addition new expectation from STAR Subscriber

5.3 Methodology

The report is descriptive in nature. To prepare a report gathering data is very important. The information was collected from both primary and secondary sources of data.

5.3.1 Primary data

- Personal observation
- Questionnaire survey

5.3.2 Secondary data

- Study on Annual Reports of Grameenphone
- Online data from Grameenphone website
- Study several article on Telecommunication industry of Bangladesh

5.4 Questionnaire Design

Questionnaire was prepared with both open and close ended questions. The target population was the subscribers who are using the service of Grameenphone. Total sample size of the customer was 20.

5.5 Scope of the Report

Telecommunication industry is the growing industry in Bangladesh. In this competitive world it is very tough to hold the market share in this industry, if the customer is not loyal by the service. So, it is very important to identify the customer expectation and design the loyalty program based on customer expectation and insight.

5.6 Benefit of the report

As a student, I have learned about the corporate companies and gathered vivid knowledge about telecommunication industry of Bangladesh specifically about Grameenphone STAR program. I also have learned the report writing, as a great deal of theory is included in this report.

5.7 Limitations of the study

Due to some legal obligation and business secrecy Grameenphone was reluctant to provide some sensitive data. Thus, this study limits only on the available published data and certain degree of formal and informal interview and limited survey. Although the particular study is extensive in nature, hard effort was given to make the study worthwhile and meaningful even then there exists some limitation.

5.8 Perception towards loyalty program

Loyalty programs are initiated to provide benefit to firms' valuable customers. The customers perceive value from the loyalty programs designed for them. It can be assumed that loyalty programs are perceived differently by different segment of customers and take part in encouraging loyalty. O'Brien and Jones (1995, p.79-80) identify five elements which determine the value of loyalty program. These include cash value, choice of redemption options, aspirational value, relevance, and convenience. O'Brien and Jones (1995) proposed that customers' value perception is a necessary condition for developing brand loyalty through the loyalty program.

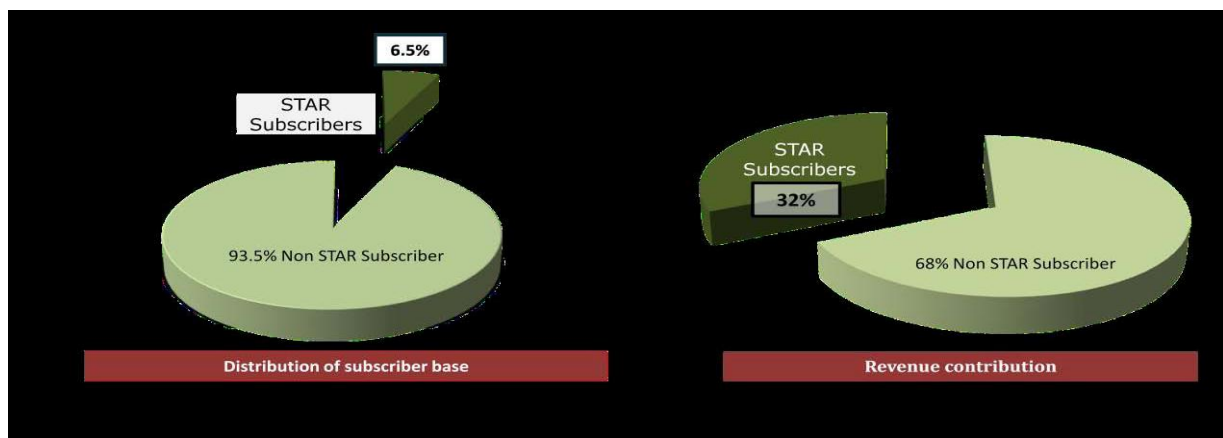
5.9 Effectiveness of loyalty program

Nunes and Drèze (2006) suggest that loyalty programs can serve different goals, such as retaining customers, increasing spending, and gaining customer insights. Well managed loyalty program can increase the customer retention rate by increasing the switching cost. Liu and Yang (2009) suggested, "Companies executing loyalty program need to think beyond the design and management of the program itself, apply set of unique resources to maximize the appeal of a loyalty program to create a competitive advantage (106). So, companies should offer unique set of benefits to its' loyal customers so that the competitors cannot imitate and thus strengthen customer retention. Increased spending can lead to improved profitability. As a result, competitors cannot switch the customers to them. Loyalty programs create customer commitment which builds long term relationship with its customers.

5.10 Grameenphone Loyalty Program (GPSTAR)

Grameenphone is the leading and largest mobile operator (50 million subscribers as of October 2014) in Bangladesh operating since 1997. The company is continuously improving and offering new services to add value. Along with GSM features Grameenphone Ltd. is offering Value Added Services (VAS), Special services, Push-Pull services (various information based services through SMS) and after sales service. Grameenphone is holding an important customer base which is using the connection for a very long and incur substantial usage. Keeping this in mind, Grameenphone initiated loyalty program to recognize and appreciate its' valuable subscribers under the umbrella "Grameenphone STAR Subscriber program".

The sole reason for the existence of GP loyalty program is to recognize and reward GPs most profitable customer the GPSTAR. O'Malley stated "The basic idea of a loyalty program is to reward customers' repeat purchasing and encourage loyalty by providing targets at which various benefits can be achieved" (O'Malley, 1998, p. 47). Following it, the program attempts to improve the loyalty and perception brand through the program in order to retain its key customers. The loyalty program is based on a points system which determines the STAR eligibility of a subscriber and comprises of his/her lifetime with Grameenphone and average monthly usage of 3 prior months. The STAR status is reevaluated every 3 months and once a subscriber is recognized as a STAR subscriber the status will remain valid for the following three months. From a study the following results are found:



From the diagram it is evident that only 6.5 percent of total GP's subscriber base is providing 32% of the revenue for the company. These high value subscribers for GP are key customers and they need special recognition and privilege so that they stay with GP can

be prolonged and their needs are catered to.

The tier of the Subscribers
are created to differentiate the customers according to their status and also to
increase usage or lifetime with GP so that a customer starting out as a Silver STAR has the intent
to move up to GOLD and eventually PLATINUM status and PLATINUM intend to go
PLATINUM PLUS. As it has been said earlier
the status depends on a combination of points which is depended on the subscriber's lifetime
with GP and their monthly average usage.

The Platinum STARs are the most profitable as they provide 25% of the revenue even though
they are just 13% of the total STAR subscriber base. Silver Stars are most abundant and
they contribute about 47% of the total STAR subscriber revenue. According to Business
Intelligence (BI) the research team at GP Commercial, the expectation of high
value subscribers are as follows:

- Exclusive booth in GPC
- Privileged & free 121 service
- Calls from GP (wish or offer)
- Faster problem solving
- Free SIM replacement
- Discount on hotel, restaurant, fashion, Food, hospital
- Bonus on usage
- Handset servicing Facility
- Annual gift
- Dinner / get together of old user
- Reduced tariff for high user
- Interactive session with GP
- Birthday/marriage day/wish
- Invitation on GP events
- Reduced price of VAS

5.11 Objectives & Strategy of the loyalty program

The objective of the loyalty program is to retain the best customers with a delightful
experience to secure revenue for

GP.

The program attempts to fulfill this by engaging, providing privilege and surprising the best customers. The program provides the best offers, best service and best experience to the best customers to develop a relationship with them – which ties them closely to the brand. To attract new subscribers and aware the existing subscribers about the program, communication through both above the line and below the line media is used.

Engagements are in the form of:

- Mini event at GP House
- Greetings on National Occasions
- Outbound Calling
- Family day out
- STAR Night
- Dinner with GP Management Team

Privileges are in the form of:

- Premium touch point for STAR Subscribers
- Handset/device offer at discounted price
- Home Service/Priority Service
- Golden Number
- Free Sims Replacement
- Partnership Campaign
- Invitation to GP Sponsored Events (Drama, Music, Movie Show)
- Pre-launch offer
- Gift Voucher
- Travel Campaign

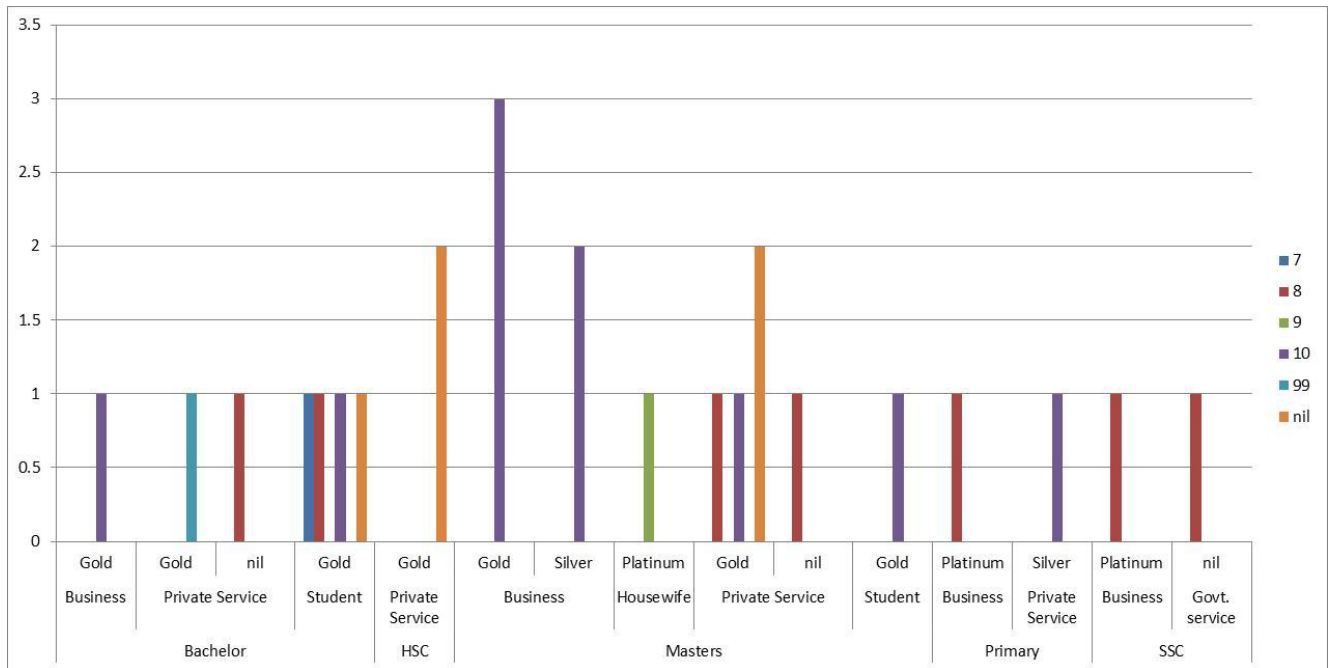
Surprises are in the form of:

- Special VAS offer for STAR Subscriber
- Gift/Souvenir
- Micro Campaigns
- Recharge Bonus

This is the basic structure of the loyalty program of Grameenphone. The subscriber base and their rewards are determined by a combination matrix which is determined by the program.

5.12 Mini Event Survey

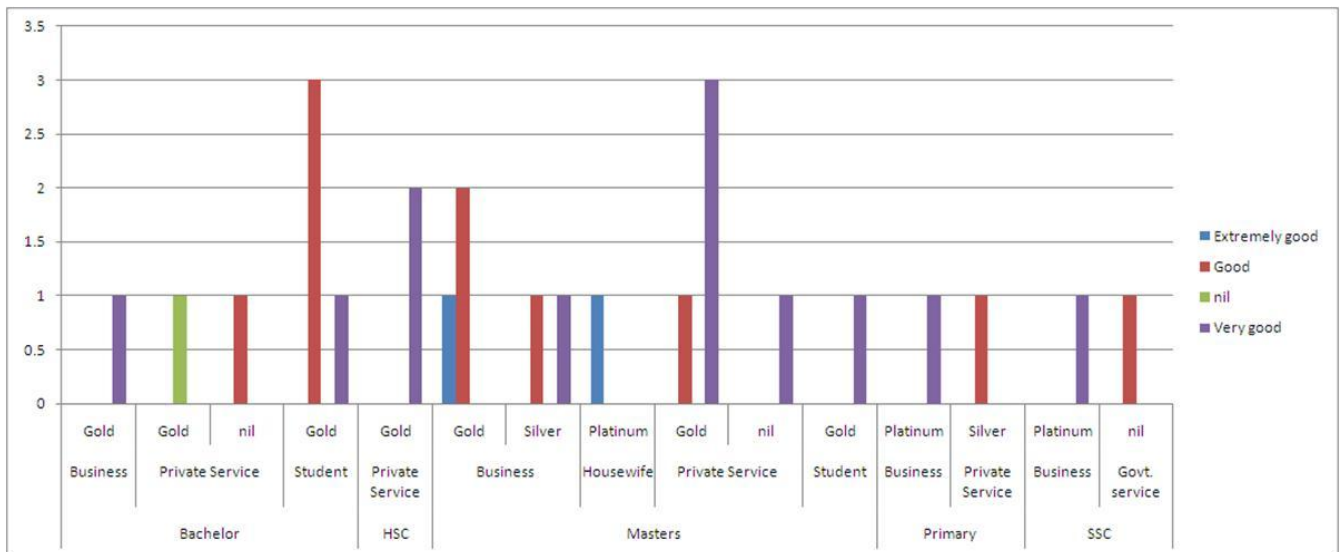
Positive word of mouth



- 10 respondents clicked ‘10’ & 7 respondents clicked ‘8’
- Responses were between 7-10

Interpretation: Most of the respondents attended GP House events visits are likely to spread positive word of mouth. Highly educated respondents rated 10 on a scale of 10 for recommending Grameenphone to other.

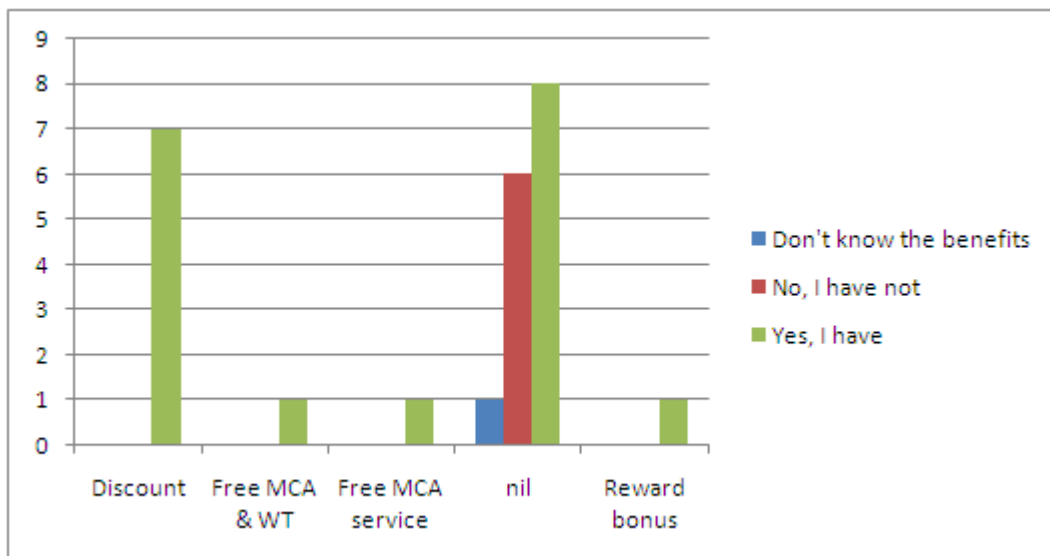
Event rating



- Out of 20 respondents, 12 rated it by “very good” & 8 rated it by “good”

Interpretation: Majority of the respondents showed positive attitude of getting the opportunity to visit GPHouse as a special subscriber.

STAR offer

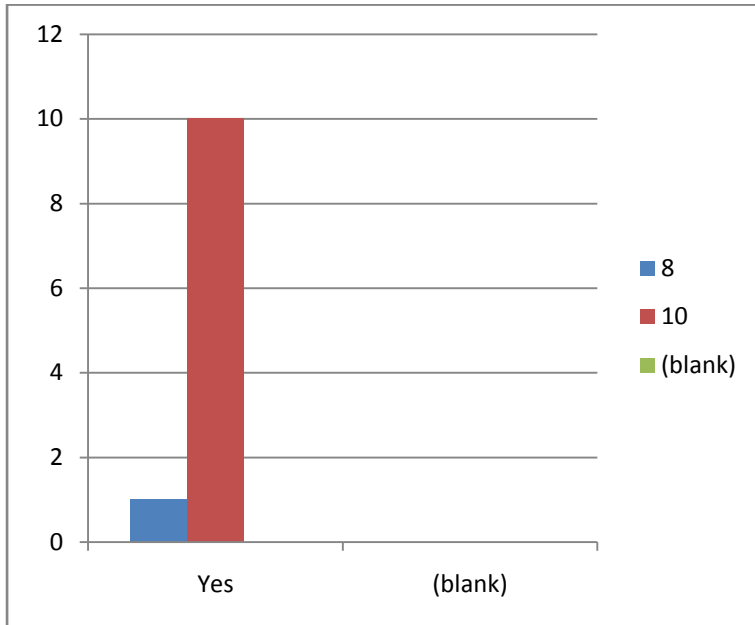


- Majority of the respondents (8) acknowledged enjoyed star offers but failed to specify

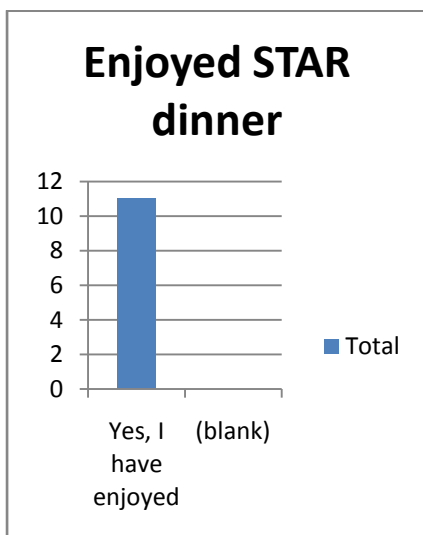
Interpretation: The question was regarding the enjoyment derived out of benefit the customers have enjoyed as STAR and asked to specify which benefit they enjoyed. Most of

the respondents enjoyed STAR offer but failed to specify the offer they enjoyed. Second most major respondents (7) recalled discount offer they availed.

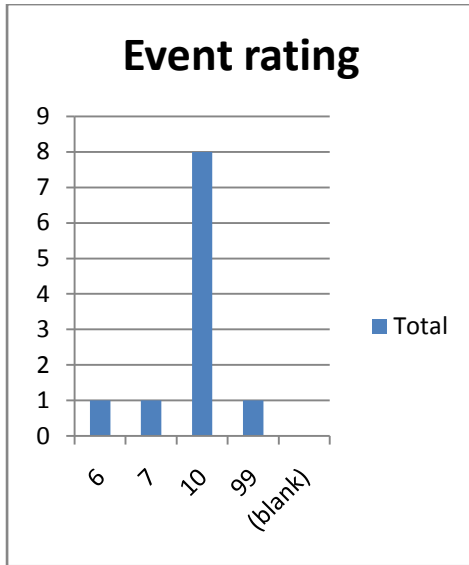
Westin dinner survey



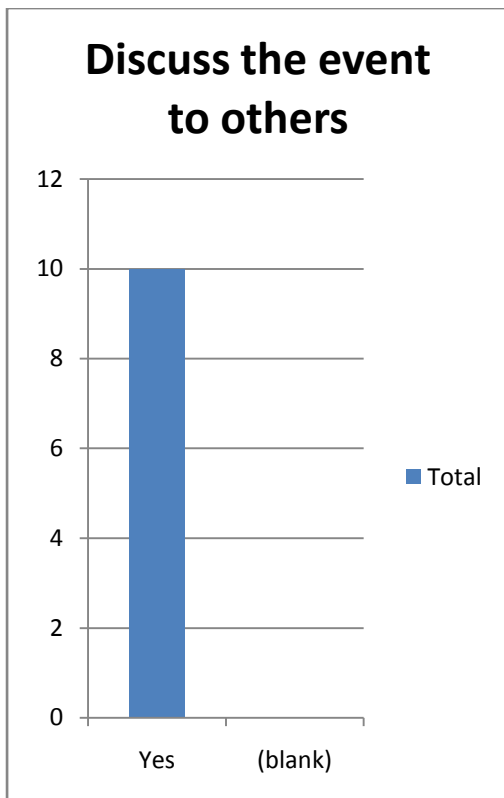
Interpretation: The question was whether the subscriber are happy or not as a STAR and likelihood of recommendation. All of the guests are happy being GP star and likely to recommend.



Interpretation: All of the respondents enjoyed the complementary STAR dinner at Westin as a gift from the STAR Subscriber program.



Interpretation: 72.73% of the customers have rated the event "extremely good".



Interpretation: All of the respondents will discuss experience of dinner at Westin as a STAR with their friends and family.

Recommendations

1. Reduce tariff
2. Improve customer service

Comments about the event

1. Happy being a star, enjoyed dinner, food good, will recommend others
2. Encouragement to continue availing the service
3. Appreciated the hospitality
4. Enjoyed with family

Notes about GPHouse visit Mini Event and Westin Dinner

- The events are successful when measuring customers' delight.
- Such type of events meet customers' expectations of getting honored and privileged exclusively.

5.13 Other mobile operators in loyalty program management

Other mobile operators are not practicing loyalty program in true sense. Banglalink introduced priyojon& ICON program where customers from all segments can earn and redeem points to enjoy discounts at shops, hotels and restaurants. Icon brand was introduced in 2010 to reward only premium business customers by providing various exclusive offers. Robi gives discount offers to its' customers at various shopping outlets, restaurants, hotels, home decors, car decors, medical services, fitness clubs, fashion houses , beauty parlor, entertainment places, megashops, technological supports, transport facilities under the umbrella "Reward Partners". Airtel is not even providing any such offers except basic telephony services.

PART VI

FINDINGS, RECOMMENDATIONS & CONCLUSION

6.1 Findings

- All groups of customer welcome loyalty program as a special subscriber of the company.
- Majority of the customers think loyalty program can make them stay loyal and emotionally attached with the company.
- Perception towards loyalty programs varies depending on the customer groups.
 - Private Job holders expect invitations at events and discount offers are attractive to them.
 - Public job holders expect privileges as special customer and like to get priority treatment at GPCs, customer careline.
 - Businessmen expect privileges as well and likely to get invited.
- With the increase of tenure, when met all basic requirements from operator, very long term customers (generally GP subscribers) are staying with the company because the privileges are being offered to them as special customer and it is a means of ease of connectivity.
 - Moderately long term customers (generally GP subscribers) usually indicated network coverage and ease of connectivity as the reason of their stay with the company.
 - Short term users (usually Airtel users) who are using connection for shorter period of time are staying with the service because of features/VAS being offered to them.
- Noticeable subscribers of other operators are likely to become GP STAR.
- STAR subscribers spread positive word of mouth highly and are likely to recommend GP to others which prove they are happy with their status and operator.
- STAR subscribers are likely to upgrade their status (e.g. from silver to gold).
- STAR subscribers want loyalty programs occur frequently.
- Lifestyle offers do not play any role in customer loyalty.
- When the basic aspects of the core service meet satisfaction, loyalty programs add value to the creation of sustainable customer loyalty. So, loyalty programs act as compliment rather than main loyalty driver.

6.2 Recommendations

- Tailor loyalty programs according to the preference of customer base and make invitations accordingly.
- Valuable customer base also needs to be appreciated and thus make them remembered about their status.
- Youth is potential future prospect who are mostly using Airtel because of features. This customer base will be very much profitable in the near future. GP should come out with the competitive features that can attract and thus switch this base to GP. “Djuice” concept got very much popular because of the features and VAS they enjoyed by using that connection.
- GP should maintain its’ strong network coverage, improve other aspects of telecom service and reveal new concepts and conduct loyalty programs simultaneously to increase the switching cost and create sustainable loyalty.
- GP STAR program should be conducted in such a manner that customers once attended an offer should be contacted on a regular basis through some other means and thus their newly grown expectation gets met.
- General customers need to know about GP STAR program. So, publicity through print or electronic media is required.
- Sample size should be increased while conducting surveys at GP STAR events.
- GP loyalty program should focus on arranging more events which promotes intimate environment where the valuable customers can meet & share ideas. This type of events (iftar, movie show, music show, dinner) make customers delight.

6.3 Conclusion

Loyalty program is an important initiative which is directed towards a customer base which is very much profitable. Different factors determining loyalty have been discussed in the project paper. I worked with several notions to come into a feasible decision. Loyalty program can create positive impact only when other aspects of telecom services are satisfactory to the customers. Careful management of the program with maintenance of other services can ensure satisfaction, retention and ultimately commitment by which we mean sustainable loyalty.

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Appendix

Grameenphone's loyalty program in telecommunication sector based on customer insight & behavior

1. Gender:
 - a) Male
 - b) Female

2. Age group:
 - a) Above 55
 - b) 36-55
 - c) 21-35
 - d) 18-20

3. Income level:
 - a) Under 30,000
 - b) 30,000-45,000
 - c) 46,000-60,000
 - d) Above 60,000
 - e) None

4. Which mobile operator you are availing?
 - a) Grameenphone
 - b) Banglalink
 - c) Robi
 - d) Airtel
 - e) Citycell
 - f) Teletalk

5. Using connection for:
 - a) 13+ years
 - b) 7-12 years
 - c) 5-6 years
 - d) 1-4 years
 - e) 6m+ to 1yr
 - f) Less than 6months

6. Estimated usage per month: BDT.....
 - a) 500 - 1000
 - b) 1000 – 1500
 - c) 1500 – 2000
 - d) 2000 – 2500
 - e) 2500 – 3000
 - f) 3000 – 3500
 - g)

7. What is currently driving you to avail this telecom service?
 - a) Privileges/priority treatment & exclusive offers
(personalized customer care, discounts at restaurants & shops, invitations to events)
 - b) Tariff/Call rate
 - c) Network coverage
 - d) Features/VAS
 - e) Ease of connectivity (my number is well known to essential contacts)
 - f)

8. Would you like to receive privileges (priority treatment) and delightful offers (discounts at food & fashion shops, VAS, voice, internet) from the telecom you use as a valued subscriber:
 - a) Agree
 - b) Disagree
 - c) Not sure

9. What will make you to stay long with the operator?
 - a) Privileges/priority treatment & exclusive offers
(personalized customer care, discounts at restaurants & shops, invitations to events)
 - b) Tariff/Call rate
 - c) Network coverage
 - d) Features
 - e) Ease of connectivity (my number is well known to essential contacts)
 - f)

10. As a special subscriber which one of the following you expect most from your telecom operator?
 - a) Privileges (e.g. Priority at customer care points, free SIM replacement, emergency credit limit)
 - b) Special offers (e.g. Voice, internet & VAS)
 - c) Lifestyle offers (e.g. Discounts at shops, hotels, restaurants, banks)
 - d) Special invitations (exclusive events, music & movie show)

11. Are you aware of GP STAR programs of Grameenphone (privileges, delightful offers, invitations) for its' valuable customers?
 - a) Yes
 - b) No
 - c) Some how

12. Which of the special benefits for STAR subscribers are attractive to you? (can tick multiples)
 - a) Discounts at various purchase points (restaurants, hotels, banks, shopping houses)
 - b) Special offers on voice, internet & VAS
 - c) Getting invitations to exclusive events (movie show, music show, GPHouse visit, dinner etc.)
 - d) Priority treatment at customer care points (over phone, GPCs, eCare)
 - e) Discount in special numbers
 - f) Emergency credit limit
 - g) Free SIM replacement

13. Are you willing to become GP STAR of Grameenphone?
 - a) Yes
 - b) No

c) I am already GP STAR: Platinum Plus/Platinum/Gold/Silver

If answer is (c); Are you happy being a GP STAR?

1. Yes
2. No
3. Indifferent

For GP STARs: Are you eager to upgrade your status (e.g. from gold to platinum plus) by increasing usage and tenure?

1. Yes
2. No

14. What are your expectations from loyalty programs?

- a) Quality
- b) More frequent>>>stars
- c) Ease of use
- d)

15. Influence of privileges/priority services and special offers will make me stay long loyally with this telecom operator –

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree

16. Current delight offers sent through SMS (Discounts at shops, restaurants etc.) can encourage repeat purchase in the future –

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree

17. Special reward and priority treatment from the company can make me emotionally attached with the brand –

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree

18. I will recommend my telecom operator to a friend, family or colleague-

- a) Strongly agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly disagree