

The Determinants of Organizations' Performance in the Algerian Mobile Telecommunications Market

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Abstract:

This qualitative study, unprecedented to our knowledge, consulted Algerian mobile operators to understand the challenges they face and the levers of their performance in terms of customer satisfaction and loyalty. By soliciting the perspectives of market practitioners, we uncovered a competitive, saturated, legally constraining, and technically challenging market. To succeed in such a context, mobile operators need to prioritize exemplary service quality, optimal customer experience, diversified and innovative digital services, and competitive pricing. These findings, based on a thematic analysis of industry professionals' revelations, offer a nuanced view of the specific challenges facing the Algerian market. They also highlight concrete ways to optimize customer relationships in this sector and ensure the sustainable performance of its players.

Keywords: Customer Loyalty; Customer Satisfaction; Mobile Telecommunications; Performance; Qualitative Research.

Jel Classification Codes : M31, L96, C83.

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1. INTRODUCTION

The Algerian telecommunications market is a rapidly evolving landscape, characterized by persistent requirements for technological development. Mobile Telecommunications Operators (MTOs) must keep pace with this challenging environment and successfully manage the delicate balance between profitability and customer orientation.

To foster resilience and adaptability in such a dynamic marketplace, MTOs need to nurture a solid base of satisfied and loyal customers. To address this challenge, they need to understand the factors that drive customer satisfaction and loyalty, as they constitute critical indicators of their sustainable performance.

The currently available research on the determinants of Algerian MTOs' customer satisfaction and loyalty is somehow deficient in terms of depth and holism. This study aspires to reduce this theoretical and practical deficiency, by highlighting current industry constraints and the strategic practices employed by MTOs to mitigate them and respond appropriately to customer needs.

Through in-depth interviews with MTOs' executives, we delve into their updated perspectives on the initiatives necessary to foster their customers' satisfaction and loyalty. By integrating these insights into their strategic and operational decisions, operators can strengthen their market position and consolidate prolonged profitability.

The article begins with a synthetic review of literature on customer satisfaction and loyalty, followed by a brief presentation of the Algerian mobile telecommunications market (MTM). Subsequently, we describe the qualitative research methodology employed and present the results of our empirical data analysis. Finally, we conclude by discussing the study's contributions and outlining potential avenues for future research.

2. LITERATURE REVIEW

Research has consistently shown a direct causal link between customer satisfaction and financial performance, attributing this link to the positive effects of satisfaction on customer retention and the generation of positive recommendations (Anderson, Fornell, & Mazvancheryl, 2004).

A community of premium customers and brand advocates is therefore a genuine strategic resource for companies, as it maintains the stability of their revenues and consolidates their reputation. For this research, customer

satisfaction and loyalty are operationalized as key performance measures, in line with the aforementioned literature evidence.

2.1. Customer Satisfaction

Customer satisfaction commonly refers to customer overall evaluation considering all experiences and interactions with the provider. Alongside this cumulative approach to customer satisfaction, there is a secondary alternative known as Transaction-specific satisfaction that refers to customers' specific satisfaction experiences towards each transaction with the provider (Edward & Sahadev, 2011).

Considering the two approaches, we can define customer satisfaction as a review based on experience, where customers assess how well their expectations regarding the specific features or the overall experience of the services provided have been met.

2.2. Customer Loyalty

Loyalty can be defined and assessed by both attitudinal and behavioral measures; the former dimension refers to the commitment to continue a relationship with a provider, while the latter perspective refers to regular repurchase frequency (Chen & Cheng, 2012).

With regard to both of its dimensions, customer loyalty refers to a consistent tendency to reuse a favored product or service in the future, leading to repeated purchases from the same provider despite external pressures that might encourage switching to another one.

3.OVERVIEW OF THE ALGERIAN MOBILE TELECOMMUNICATIONS MARKET

The Algerian telecommunications landscape underwent a significant transformation at the dawn of the 21st century, as competition was introduced in the mobile market segment.

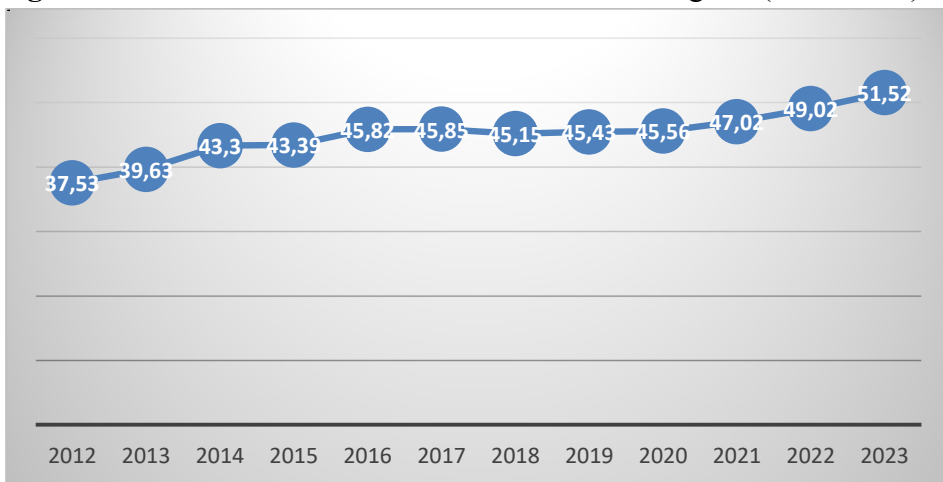
This reform was a decisive turning point that catalyzed the gradual emergence of three major actors: Djezzy, Mobilis, and Ooredoo. These MTOs have since shared the market, fostering a competitive environment.

To regulate this burgeoning competitive market and ensure fair practices, the Algerian government established in 2001 the Post and

Electronic Communications Regulatory Authority (ARPCÉ) (Autorité de Régulation de la Poste et des Communications Électroniques, s.d.).

This independent regulatory institution issues periodic reports on the activity of the Algerian MTM. We rely on data from these reports to illustrate the sector’s evolution between 2012 and 2023, depending on the availability of relevant data. We include figures reflecting trends in the number of subscribers and the revenues of the Algerian MTOs.

Fig.1. Number in millions of mobile subscribers in Algeria (2012-2023)



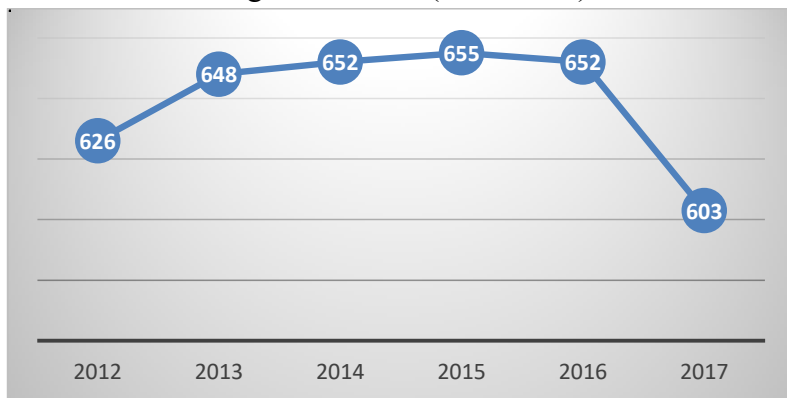
Source : (Autorité de Régulation de la Poste et des Communications Électroniques, 2022; 2023).

The subscriber base of Algerian MTOs has manifested altering periods of moderate growth and relative stability over the past decade. The notable shift in market dynamics during this period was the switch in market leadership among MTOs in 2016. Mobilis propelled by consistent subscriber growth, gradually closed the gap with the incumbent market leader Djezzy and ultimately surpassed it in 2016 (Autorité de Régulation de la Poste et des Communications Électroniques, 2017).

Djezzy, which held a dominant position in the Algerian MTM for over a decade, encountered challenges due to network saturation, leading to a loss of its subscribers. In contrast, Mobilis seized this opportunity by enhancing its network coverage and launching competitive offers. Additionally, Mobilis leveraged its public operator status to establish partnerships with various Algerian public institutions, further bolstering its

subscriber base. Over the following years, Mobilis consolidated its market position, successfully maintaining its market leadership to the present day.

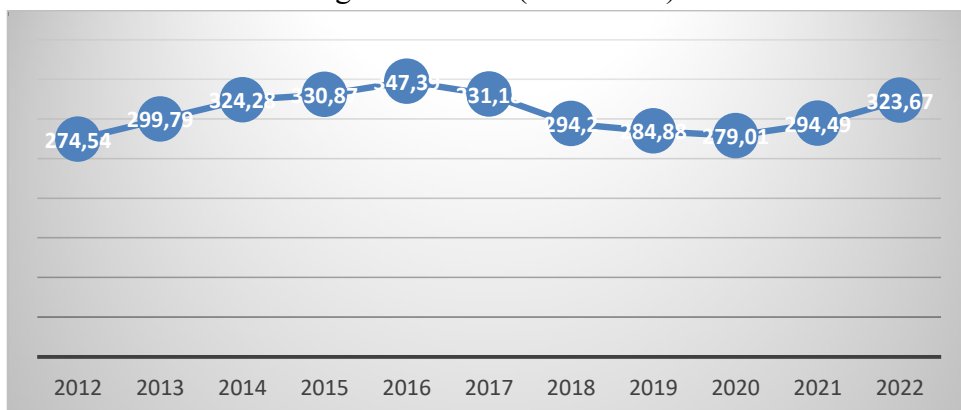
Fig.2. Evolution of Algerian mobile operators' Average Revenue per User in Algerian Dinars (2012-2017)



Source : (Autorité de Régulation de la Poste et des Communications Électroniques, 2017).

The average revenue per subscriber (ARPU) experienced a decline from 2016 onwards, primarily attributable to the commoditization of services offered by MTOs and their high degree of similarity, which intensified price competition.

Fig.3. Evolution of Algerian mobile operators' sales revenues in billions of Algerian Dinars (2012-2022)



Source : (Autorité de Régulation de la Poste et des Communications Électroniques, 2022).

The cross-tabulation of data illustrated in the two preceding figures reveals a correlated trend in the sales revenues and the ARPU of Algerian MTOs, as both have declined since 2016.

During the period from 2016 to 2020, MTOs' sales revenues experienced a steady contraction, with annual decline rates ranging from 2% to 11%. Simultaneously, MTOs' average revenue per subscriber slightly decreased in 2016, before significantly dropping of 8% in 2017, reaching 603 Algerian Dinars. The competitive landscape, characterized by aggressive pricing strategies and the proliferation of alternative communication channels, such as social media and VoIP¹ applications, contributed to this revenue downturn.

MTOs' sales demonstrated a resurgence in growth in 2021 and 2022, registering annual increases of 5.55% and 9.91%, respectively. This progress has been supported by the growing demand for mobile data, following the lockdowns imposed by the pandemic. The public health restrictions significantly increased data consumption and network traffic for teleworking, distance learning, and online entertainment, among others. Yet, the recent gains fell short of reaching the historical peak of 347.39 billion of Algerian Dinars attained in 2016.

To conclude this study of the Algerian MTM, the following table presents the most recently published financial results of the Algerian MTOs. The data, expressed in billions of Algerian dinars (BAD), include Mobilis' annual revenues for 2022, Djezzy's latest quarterly results, and Ooredoo's latest half-year indicators. Annual growth rates of each result are also specified.

¹ Voice over Internet Protocol applications.

Table 1. Financial Results of Algerian Mobile Operators

Operator	Mobilis (2022)	Djezzy (2nd quarter 2024)	Ooredoo (1st semester)
Sales	144 BAD (+18%)	27.9 BAD (+10. 6%)	49.7 BAD (+13. 66%)
EBITDA ¹	61 BAD (+17%)	13 BAD (+13. 1%)	20, 8 BAD (+20. 22%)

Source : (Djezzy, 2024; Mobilis, 2023; Ooredoo, 2024).

The disparate accounting periods adopted by the Algerian MTOs hinder a comparative analysis of their financial performance. Nonetheless, it is indisputable that all market participants have experienced revenue growth. While individual performances differ, this widespread increase reflects a positive dynamic within Algeria's mobile telecommunications sector.

However, the market is not immune to potential economic, regulatory, and technological disruptions. To develop resilience amidst these environmental challenges and sustain their financial performance, operators must nurture a robust customer base characterized by both satisfaction with their offerings and loyalty to their services.

To understand the factors that contribute to achieving the strategic objectives of customer satisfaction and loyalty, we will supplement our analysis of the industry's secondary data (ARPCE reports and MTOs press releases) with an empirical analysis of primary data collected from market players.

4. METHODOLOGY

This research adopted a qualitative method approach based on individual interviews, conducted with sales executives working for Mobilis, Ooredoo, and Djezzy. The aim of this study was to gather privileged insights on the operational practices of MTOs, by contextualizing the perceptions and experiences of industry practitioners.

Given the sensitivity of the information involved, participants

¹ EBITDA stands for Earnings before Interest, Taxes, Depreciation and Amortization.

requested anonymity and confidentiality regarding their identities and specific roles within their companies. To honor these conditions, we conducted semi-structured individual interviews, whose data were seized through note taking, as participants declined the recording of conversations. We emphasize, however, that the interviewed executives are seasoned professionals with substantial experience in customer relationship management, ensuring that their insights are informed and relevant to the study's objectives.

The interview guide that oriented the interviews was structured around two themes: (1) the challenges confronting the Algerian MTM and (2) the performance levers utilized by MTOs to enhance customer satisfaction and loyalty.

After completing eight interviews, we noted the lack of new revelations, suggesting that theoretical saturation had been reached. The collected data were analyzed using NVIVO 12 software. The qualitative content analysis consisted in identifying recurring themes in respondents' discourse, categorizing them, and quantifying their frequency of appearance.

5. RESULTS

By engaging directly with MTOs' executives, we have gathered insightful testimonials that shed light on the sector's constraints and the strategies employed to enhance customer relationships.

The table below displays the number of times the analysis units associated with each theme were mentioned in the respondents' speeches. The frequencies of thematic occurrences are ranked in descending order, to highlight the relative significance of each unit.

This organization allows for a clear assessment of the prevalence of the mentioned units within each theme, thereby offering a structured visualization of the key points of interest expressed by MTOs' executives during the interviews.

Table 2. Summary of frequencies of thematic occurrences

Themes	Analysis units	Frequency	
Sector threats	Competition	3	37.5%
	Market saturation	2	25%
	Regulatory constraints	2	25%
	Technical constraints	1	12.5%
Total		8	100%
Determinants of customer satisfaction and loyalty	Quality	9	26.47%
	Customer experience	8	23.53%
	Digitization	7	20.60%
	Service diversification	4	11.76%
	Price	3	8.82%
	Innovation	3	8.82%
Total		34	100%

Source: developed by the authors.

We will now outline and discuss the results of the thematic analysis conducted on the interviews' content, with strict adherence to the confidentiality explicitly requested by the interviewees. We outline that while respecting their privacy, we fully preserved the integrity of their responses. Our analysis and discussion reflect this commitment to maintaining both confidentiality and accuracy.

5.1. Challenges Facing the Algerian Mobile Telecommunications Market

Several constraints emerged as significant threats to the Algerian MTM, as highlighted by interviews with industry executives. The interviewed executives were initially concerned about certain regulatory and technical constraints.

They explicitly complained of administrative delays as a major regulatory issue, as they deplore the excessive processing time for implementing new legislation. The slowness of regulatory processes affects MTOs' operational flexibility, as it can lead to delays in investment and innovation and compromise the timely deployment of services and

infrastructures, limiting the ability of operators to meet evolving customer demands.

Additionally, ambiguous guidelines from the regulatory authority can lead to misunderstandings and unintentional non-compliance, resulting in costly penalties. Disproportionate fines imposed due to non-compliance with unclear or poorly communicated regulations erode MTOs' profit margins, in addition to constraining their ability to invest in service improvements and network expansion.

Addressing these challenges requires a collaborative effort between regulators and industry stakeholders to establish a more efficient, transparent, and supportive regulatory framework.

Concerning the technical constraints facing MTOs, network-related issues were prevalent in the responses. They include infrastructure gaps in rural and remote areas that limit network coverage and accessibility in these underserved territories. This issue is contrasted with network congestion in densely populated regions, characterized by overloaded networks, particularly during peak usage periods, which lead to service degradation. Moreover, periodic outages disrupt network access and affect service reliability. Executives ultimately point out that managing these technical constraints requires significant investment in infrastructure and technology.

Furthermore, the interviewees expressed significant apprehension regarding the intense and escalating competition among operators, largely driven by aggressive price competition. It is important to note that while pricing remains a central focus, competition also extends to service features and quality.

Executives note that this competitive pressure is strengthened by market saturation, which intensifies the struggle for market share and requires additional efforts to continuously develop and refine MTOs' offerings. Market saturation also implies that any increase in an operator's market share comes inevitably at the expense of its competitors, primarily through the churn of customers who are constantly seeking better deals and new features.

To remain competitive and profitable in this competitive and challenging landscape, MTOs must prioritize customer satisfaction and retention to mitigate the risk of customer migration to rival operators.

5.2. Determinants of MTOs' performance in terms of customer satisfaction and loyalty

The testimonials gathered from MTOs' executives were insightful regarding the initiatives implemented by their respective companies to satisfy and retain their customers.

One executive revealed that aware of the challenging Algerian market, their company is determined to offer its customers a unique experience, by pursuing a multifaceted approach combining operational excellence, competitive pricing, innovation, and cutting-edge technology.

The executive emphasized that their commitment to customer satisfaction is unwavering, and they aim to make a difference through superior quality and innovation.

Another executive echoed similar perspectives, stressing the critical role of network quality and customer service in maintaining competitiveness. The executive noted that to remain at the forefront of the industry, their company focuses on delivering competitive offers, ensuring a high-quality network, and providing exceptional customer service.

Innovation emerged as a recurring theme among the interviewees. Two executives, in particular, identified innovation as a strategic lever for future growth. One executive positioned innovation at the core of their company's strategic objectives, while the other viewed it as a critical opportunity for sector-wide advancement. Both perspectives underscore the importance of continuous innovation in driving customer satisfaction and ensuring long-term competitiveness in the Algerian telecommunications market.

In addition to innovation, several respondents underscored the necessity of investing in the digitalization of services and operations. Digital transformation is seen as a key enabler for enhancing the value chain, particularly in the areas of contractual management and customer relationship management via digital channels. The emphasis on

digitalization reflects a broader corporate tendency to rely on technology to improve service delivery and customer engagement.

Moreover, executives highlighted that fostering customer satisfaction and loyalty requires improving the overall customer experience and diversifying value-added services. These initiatives are viewed as essential in differentiating MTOs in a competitive market and in encouraging customer retention.

Considering these statements, and cross-referencing all the disclosures made by the interviewed executives, we have identified several key levers for improving MTOs' performance in terms of customer satisfaction and loyalty.

First, the quality of services provided by MTOs must be flawless, and their network infrastructure must be robust and reliable. Frequent disruptions in network connectivity or repeated voice call interruptions can generate a negative experience that may influence customer attitudes.

Regarding network quality, one respondent pointed out that their company focuses on securing network reliability and high performance, expanding network coverage to reach a wider customer base, and continuously monitoring network quality to minimize disruptions. Another highlighted the material investments made in new sites to achieve these goals.

By consistently elevating quality standards, MTOs can continuously enhance the overall user experience. Optimizing the customer experience is incidentally a second key driver of customer satisfaction and loyalty. Each interaction, from the initial purchase of a SIM card to the daily use of mobile services, shapes the customers' experience with their operator.

This experience encompasses a multitude of aspects, from the responsiveness of operators' customer service to the usability of their digital platforms. Positive customer experiences, accumulated over time, can foster a long-term preference for a particular MTO.

To this end, regular solicitation of user feedback and continuous optimization based on customers' identified areas of improvement are productive strategies for enhancing customer satisfaction and loyalty.

The need to diversify service offerings also emerged as a unanimous point of agreement among the interviewees. In today's market, basic mobile communication services are no longer sufficient to meet the evolving needs of Algerian consumers. MTOs must therefore enrich their portfolios with complementary services, such as multimedia content, online purchasing, and payment solutions.

The development of mobile applications and customer portals represents a key aspect of digitalization efforts made by MTOs. By enhancing the usability of these digital platforms, MTOs aim to facilitate customer interactions, improve service responsiveness, and maintain close proximity to their customer base.

Ultimately, the challenge for MTOs is to design innovative services that not only meet the dynamic needs of consumers but also exceed their expectations. Integrating customer preferences into the design of services can only delight users, who will value remaining loyal to an operator that can respond to their need for recognition.

By strategically addressing these key factors and prioritizing a customer-centric approach, along with investing in network infrastructure, innovative services, and optimized experiences, Algerian MTOs can significantly enhance customer satisfaction and loyalty. Ultimately, their competitive position will be strengthened and their long-term success will be secured.

6. CONCLUSION

This study provides insightful perspectives regarding the Algerian MTM, as revealed through qualitative interviews with industry executives. The Algerian MTM manifests distinctive challenges encompassing regulatory, technical, and competitive dimensions that collectively create a complex landscape shared by MTOs.

Despite operating in a mature, highly competitive, legally binding, and technically challenging market, MTOs must demonstrate renewed ambition for adaptation, by aligning their strategies with the evolving requirements of their ecosystem. Beyond maintaining service quality, network reliability, and competitive pricing, MTOs should prioritize the development and

deployment of innovative services by investing in cutting-edge technologies and regularly introducing diversified offerings and digital services.

The objective is to provide Algerian users with an increasingly enriched and tailored mobile experience, through services designed to simplify their daily lives and enhance their digital interactions. To remain relevant in their saturated market Algerian MTOs must develop a customer-centric approach designed to create a seamless and reliable user experience, to secure their market position amidst intense competition.

The findings of this research serve as a foundation for developing strategic recommendations to improve MTOs' customer satisfaction and loyalty, which are key indicators of their overall performance. Future research could be reinforced by quantitative surveys that capture customers' preferences and perspectives on the initiatives they found most compelling. This would enable MTOs to target their strategies, optimize customer relationship management, and ultimately support their performance.

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