
**THE ROLE OF SERVICE AND PRODUCT INNOVATION IN
ACHIEVING COMPETITIVE ADVANTAGE: A CASE STUDY OF THE
TELECOMMUNICATIONS INDUSTRY IN LILONGWE CITY,
MALAWI**

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ABSTRACT

This study investigated the role of service and product innovation in achieving competitive advantage within the telecommunications industry in Malawi, focusing on Lilongwe City. The study aimed to determine the relationship between service and product innovations and market share, assess the influence of these innovations on customer loyalty, evaluate their effect on brand preference, and examine their impact on customer satisfaction within the telecommunications sector. Employing a quantitative descriptive correlational design, the study involved 60 telecommunications subscribers selected through convenience sampling in Lilongwe City. Data was collected using structured questionnaires and analyzed using Microsoft Excel, employing descriptive statistics and Pearson correlation analysis. The findings revealed that mobile money services emerged as the strongest product innovation with 97% awareness and 98% regular usage, while USSD self-service had 100% awareness and mobile applications had 93% satisfaction. However, data bundles were perceived as poor value by 57% of respondents, and data rollover awareness was only 13%. Customer care showed lower satisfaction at 67%, and complaint resolution at 72%, compared to other services. Overall customer satisfaction stood at 93%, with 90% of respondents willing to recommend their telecommunications provider. The study concluded that competitive advantage in Malawi's telecommunications industry is significantly driven by service innovations like USSD and mobile applications, alongside successful mobile money products. However, this advantage is vulnerable due to customer perceptions of expensive data bundles, poor awareness of product features, and weak customer care. The study recommends

reviewing data pricing, creating segmented bundles, improving complaint resolution, promoting mobile applications with incentives, and launching targeted communication campaigns to strengthen market position within the telecommunications industry.

KEYWORDS: Service innovation, Product innovation, Competitive advantage, Customer loyalty, Brand preference, Customer satisfaction, Telecommunications industry, Malawi.

INTRODUCTION

The key question of this study is whether service and product innovation contributes to competitive advantage within the telecommunications industry in Malawi. In the context of this research, competitive advantage is positioned as the dependent variable, operationalized through four dimensions: market share, customer loyalty, brand preference, and customer satisfaction. Service and product innovation serves as the independent variable. This strategic segmentation allows for a more in-depth investigation of the ways in which the adoption and effectiveness of innovative products and services affect consumers' overall satisfaction, loyalty, and brand preference, specifically in relation to telecommunications operators' operations in Lilongwe City, Malawi.

Two essential features of innovation are examined as the main focus of the investigation: product innovation and service innovation. These dimensions were selected because they play crucial roles in determining how customers perceive their experiences and how satisfied they are. The term "product innovation" refers to the creation and launch of new or notably improved goods or services for customers, including mobile money platforms, various data bundles, data rollover, and value-added extras. "Service innovation" refers to creating new or improved methods for delivering value through customer support, interactions, or internal processes, including the speed and quality of customer care, mobile application functionality, USSD self-help menus, and the efficiency of resolving complaints.

This chapter lays forth the research's goals, objectives, and underlying logic, acting as the framework for the study. The study's background offers a contextual backdrop that clarifies how the telecommunications industry is evolving and how innovation is becoming increasingly important in facilitating competitive advantage. In light of this, the problem statement establishes the foundation for the significance and applicability of the research by outlining the knowledge gap that currently exists regarding the relationship between innovation and competitive advantage in Malawi's telecommunications sector.

The overall goal and particular aims sought by this research endeavor are encapsulated in the study's purpose and objectives. The study intends to provide useful insights for telecommunications industry stakeholders by providing a systematic investigation of the relationship between innovation characteristics and competitive advantage through the establishment of well-defined objectives. Simultaneously, the research questions outline the specific questions that direct the empirical investigation, offering a formal framework for gathering and evaluating evidence.

The study's scope establishes the parameters that govern its operations, outlining the geographical, sectoral, and conceptual bounds of the inquiry. The study recognizes the distinct socio-economic and cultural dynamics present in this setting, which may have an impact on the conclusions and implications drawn from the research, by concentrating on telecommunications operations in Lilongwe City.

Background of the Study

Historical Background

Around the world, the mobile phone industry is one of the fastest changing and most competitive fields. This is due to quick tech improvements and changing customer needs (Grant, 2016). New ideas in products and services are key to gaining an edge over competitors for telecom companies everywhere (New & Free, 2003). The International Telecommunication Union says over 5.4 billion people now use mobile services (ITU, 2023). Big companies like China Mobile, Vodafone, and MTN Group keep investing in new products like mobile money and 5G apps and services like AI chat support and self-help websites to stand out (GSMA, 2024). Research by Christensen (1997) and Teece (2010) shows that companies which bring out new products and improve services do better at winning and keeping customers and making more money. For example, South Korea's SK Telecom and Japan's NTT DoCoMo used service improvements to get customer loyalty over 85% (Mo et al., 2021). So, globally, studies clearly link innovation to competitive success, but most come from rich countries (Barney & Hesterly, 2019).

In Africa, the mobile communication industry has a huge impact, acting as the main support for financial access, business, and staying connected socially (Aker & Mbiti, 2010). African telecom companies deal with tough problems like poor infrastructure, low income per user (ARPU), and fierce price wars, so innovation is a must for survival, not just a nice extra (Eisenmann, 2018). GSMA (2024) says Sub-Saharan Africa had over 500 million unique mobile users in 2023, with mobile money services fueling most of the growth. Product

innovation, like Safaricom's M-Pesa in Kenya, shows how one smart product can build lasting competitive edge helping Safaricom grab over 65% of Kenya's market (Hughes & Lonie, 2007). In the same way, MTN Nigeria's service improvements in customer care like fixing issues digitally on first contact have boosted customer retention a lot (Okonkwo & Uche, 2022). But studies on innovation and competition in Africa are still scarce and mostly cover just a few countries (Kenya, Nigeria, South Africa), ignoring many other markets (Ogunyemi & Adebayo, 2021). Plus, African research often sticks to mobile money innovations and skips service areas like better customer experiences and digital help systems (Mwangi, 2020).

In Malawi, the mobile phone industry is controlled by two main companies: Airtel Malawi and TNM (Telekom Networks Malawi). A smaller one, FMB (now part of My Bucks), has left the market (MACRA, 2023). The Malawi Communications Regulatory Authority (MACRA, 2023) reports mobile use at about 52%, with Airtel Malawi at roughly 55% market share and TNM at 45%. Major telecommunications operators have rolled out key product innovations, especially mobile money platforms, which compete directly with each other (Chiumia & Banda, 2021). Service innovations include USSD self-help menus, mobile applications for managing accounts, and digital customer support channels (Industry Reports, 2023). Even so, customers still complain a lot about poor network, failed transactions, and slow fixes, which means innovations might not be creating real, lasting competitive wins (Kumwenda, 2022). Recently, competitors have caught up with their own ideas, like free social media browsing and partnerships for agent banking (Industry Reports, 2023). Looking at MACRA yearly reports (2019–2023), market shares have stayed pretty steady, showing no single operator has pulled ahead despite all the innovations (MACRA, 2020; MACRA, 2021; MACRA, 2022; MACRA, 2023). This stuck situation brings up big questions about how well product and service innovations really work for competition in Malawi (Mkandawire, 2023).

Theoretical Background

This study is anchored in the Resource-Based View (RBV) of strategic management, originally presented by Jay Barney (1991) and expanded upon in later publications (Barney & Hesterly, 2019). The RBV framework posits that firms secure a sustainable competitive advantage not merely through external market factors, but by leveraging internal resources and capabilities that are valuable, rare, inimitable, and non-substitutable, known as VRIN. As Barney (1991) explains, assets meeting these four benchmarks can foster enduring competitive strength because rivals are unable to easily duplicate or substitute them. RBV has

become a staple in strategic management literature, frequently used to analyze how innovation and competitive advantage intersect within the telecommunications sector (Grant, 2016; Teece, 2010). This theory is highly suitable for the present research as it offers a clear lens to evaluate whether telecommunications operators' product and service innovations possess the VRIN qualities necessary to drive a competitive edge across market share, customer loyalty, brand preference, and satisfaction.

Conceptual Background

The conceptual framework for this study positions service and product innovation as the independent variable and competitive advantage as the dependent variable. Competitive advantage is operationalized through four dimensions: market share (the percentage of total mobile subscribers using a particular network), customer loyalty (a user's commitment to continue using a network and recommend it to others), brand preference (choosing one operator over competitors when options exist), and customer satisfaction (how well offerings meet or exceed expectations). The framework hypothesizes that service and product innovations positively influence each of these dimensions of competitive advantage, with the strength of these relationships moderated by factors such as customer demographics, service quality perceptions, and competitive dynamics.

Contextual Background

The setting for this research is Lilongwe City, the capital of Malawi. As one of the country's largest urban hubs, Lilongwe has a population of roughly 1.2 million residents (National Statistical Office of Malawi, 2018). The city features a mix of City Centre and Old Town, containing a wide variety of commercial, industrial, and residential sectors. Lilongwe was chosen because it holds a high density of mobile users and telecommunications subscribers, providing an excellent environment to study customer feedback regarding service and product innovation. Furthermore, the city houses telecommunications operators' regional offices and an extensive network of mobile money agents, which guarantees that potential survey participants are well-acquainted with industry offerings, including mobile money, data bundles, customer care, and mobile applications.

Problem Statement

Ideally, when telecommunications companies launch new products like mobile money and upgrade services like customer support, they should win more customers, boost loyalty, and outperform rivals (Porter, 1985; Barney, 1991). Globally, success stories like Safaricom's M-

Pesa show how innovation can capture the majority of a market (Jack & Suri, 2011), with some services increasing customer retention by up to 30% (Lee & Kim, 2020). However, in Malawi, this theory is not reflected in practice. Although telecommunications operators have introduced innovations like mobile money, mobile applications, and digital support channels, their market shares have remained relatively stable over the years (Industry Reports, 2023; MACRA, 2019–2023). Customers continue to struggle with network failures and slow support, leading many to consider switching providers (Kumwenda, 2022; Mkandawire, 2023). Because operators focus heavily on price wars rather than true innovation, no single provider has secured a lasting competitive lead despite innovation efforts (Industry Reports, 2023; CFTC, 2022).

Four significant gaps prevent us from understanding this stagnation: a lack of Malawi-specific empirical evidence (Ogunyemi & Adebayo, 2021; Mwangi, 2020), a reliance on hard-to-access financial metrics instead of customer-focused data (Barney & Hesterly, 2019; Chiumia & Banda, 2021), a failure to treat service and product innovation as distinct strategies (Teece, 2010; Okonkwo & Uche, 2022), and a lack of data-driven guidance for managers and regulators (Industry Reports, 2023; MACRA, 2023). Leaving these gaps unaddressed harms all stakeholders: operators risk wasting money on ineffective strategies, consumers face persistent poor service, regulators cannot design fair policies, and the broader economy loses out on digital financial growth (Kumwenda, 2022; World Bank, 2022). Furthermore, students and researchers are left without local case studies to inform future business strategy (Ogunyemi & Adebayo, 2021; Mkandawire, 2023). Consequently, a systematic, evidence-based study is urgently required to determine which innovations truly drive success in Malawi's unique market, ensuring that business decisions and policy reforms lead to actual improvements in consumer welfare and economic development (Chiumia & Banda, 2021).

Research Objectives

Main Objective

To evaluate the role of service and product innovation in achieving competitive advantage for telecommunications operators in Malawi across the dimensions of market share, customer loyalty, brand preference, and customer satisfaction.

Specific Objectives

1. To determine the relationship between service and product innovations and market share within Malawi's telecommunications industry from 2021 to 2024.
2. To assess the influence of service and product innovation on customer loyalty among telecommunications subscribers in Malawi.
3. To evaluate the effect of service and product innovation on brand preference within Malawi's telecommunications industry.
4. To examine the impact of service and product innovation on customer satisfaction with telecommunications offerings in Malawi.

Research Questions

1. What is the relationship between service and product innovations and market share within Malawi's telecommunications industry from 2021 to 2024?
2. How do service and product innovations influence customer loyalty among telecommunications subscribers in Malawi?
3. What effect do service and product innovations have on brand preference within Malawi's telecommunications industry?
4. What is the impact of service and product innovation on customer satisfaction with telecommunications offerings in Malawi?

LITERATURE REVIEW

Theoretical Review

This study is anchored in the Resource-Based View (RBV) of strategic management, originally presented by Jay Barney (1991) and expanded upon in later publications (Barney & Hesterly, 2019). The RBV framework posits that firms secure a sustainable competitive advantage not merely through external market factors, but by leveraging internal resources and capabilities that are valuable, rare, inimitable, and non-substitutable, known as VRIN. As Barney (1991) explains, assets meeting these four benchmarks can foster enduring competitive strength because rivals are unable to easily duplicate or substitute them.

The RBV framework clarifies how internal capabilities, such as service and product innovation, can create a competitive edge for telecommunications operators. According to Barney (1991), any resource must be valuable (using opportunities), rare (not common among rivals), inimitable (expensive to replicate), and non-substitutable (no equivalent exists) to provide a lasting advantage. This study treats product innovations (e.g., mobile money, data

bundles) and service innovations (e.g., mobile applications, support) as internal capabilities. The RBV guides strategy by isolating which innovations currently meet VRIN standards and which fall short.

Conceptual Framework and Hypothesis Development

The conceptual framework for this study positions service and product innovation as the independent variable and competitive advantage as the dependent variable, operationalized through four dimensions: market share, customer loyalty, brand preference, and customer satisfaction. Based on the theoretical and empirical evidence, four hypotheses were developed:

H1: Service and product innovation has a positive and significant relationship with market share within Malawi's telecommunications industry.

H2: Service and product innovation has a positive and significant influence on customer loyalty among telecommunications subscribers in Malawi.

H3: Service and product innovation has a positive and significant effect on brand preference within Malawi's telecommunications industry.

H4: Service and product innovation has a positive and significant impact on customer satisfaction with telecommunications offerings in Malawi.

Research Methodology

Research Design and Methodology

This research utilized descriptive correlational design and a quantitative approach. Quantitative research relied on gathering numerical data, which was then processed through statistical analysis to uncover connections between different variables (Creswell & Creswell, 2018). The descriptive correlational approach was chosen because the study's goal was to outline the existing landscape of product and service innovation within the telecommunications industry in Malawi, while also investigating the link between this independent variable and four specific outcomes: market share, brand preference, customer loyalty, and customer satisfaction (Saunders, Lewis, & Thornhill, 2019). Information was gathered using a structured survey given to telecommunications subscribers, supplemented by secondary market share data from MACRA's yearly reports. This design was ideal for a final-year business project as it did not require manipulating variables, but instead measured them in their natural setting, making it both efficient and manageable.

Research Setting

The setting for this research was Lilongwe City, the capital of Malawi. As one of the country's largest urban hubs, Lilongwe has a population of roughly 1.2 million residents (National Statistical Office of Malawi, 2018). The city features a mix of City Centre and Old Town, containing a wide variety of commercial, industrial, and residential sectors. Lilongwe was chosen because it held a high density of mobile users and telecommunications subscribers, providing an excellent environment to study customer feedback regarding service and product innovation. Furthermore, the city housed telecommunications operators' regional offices and an extensive network of mobile money agents, which guaranteed that potential survey participants were well-acquainted with industry offerings, including mobile money, data bundles, customer care, and mobile applications.

Study Population

The study's target population included all active telecommunications subscribers residing in Lilongwe City who regularly utilized industry products and services. This group encompassed users of voice calls, data services, mobile money platforms, and those who engaged with customer support channels, such as mobile applications, call centers, or in-person assistance. Data from MACRA (2023) indicated that the telecommunications industry served millions of active users across the country, with a significant portion estimated to be located in Lilongwe based on regional population data (National Statistical Office of Malawi, 2018). Eligible participants were adults aged 18 and older who had maintained their telecommunications subscription for a minimum of three months, ensuring they possessed the necessary experience with recent innovations to offer informed feedback (Kumwenda, 2022).

Sampling Method

This research utilized convenience sampling, a non-probability technique where participants were chosen based on their availability and readiness to take part in the study (Saunders, Lewis, & Thornhill, 2019). This approach involved interacting with individuals who were easily accessible, rather than relying on random selection methods. Because it was efficient, cost-effective, and highly practical, convenience sampling was a standard choice for undergraduate business projects (Creswell & Creswell, 2018). In this study, the researcher actively approached telecommunications subscribers at various high-traffic sites throughout Lilongwe, such as service centers, mobile money kiosks, phone retail stores, and commercial districts, to invite them to participate by completing a questionnaire.

Sample Size

Since the precise number of telecommunications subscribers in Lilongwe was not publicly available, this research employed the "rule of thumb" to determine its sample size. According to Roscoe (1975), a sample range of 30 to 500 respondents was generally appropriate for most business studies. Following these guidelines and considering the practical constraints of this project, this study targeted 60 telecommunications subscribers. A sample of 60 was justified as it sat securely above the minimum threshold, ensuring basic statistical validity, and was adequate to support the intended statistical tests including descriptive measures and preliminary correlational analysis (Creswell & Creswell, 2018).

Data Collection Methods

This study utilized a structured questionnaire as its core instrument for data collection. The survey was custom-built to align with the research goals, the conceptual framework, and the four planned hypotheses (H1–H4). It was organized into three segments: Section A gathered demographic data, such as age, gender, occupation, and length of time as a telecommunications subscriber; Section B gauged respondent views on product and service innovations using a 5-point Likert scale; Section C assessed the four pillars of competitive advantage, specifically customer loyalty, brand preference, satisfaction levels, and switching intentions. This structured approach was ideal because it provided standardized, numeric data from all respondents, which was essential for statistical hypothesis testing, and ensured that every participant experienced the same set of questions, which minimized interviewer bias and boosted the reliability of the results (Creswell & Creswell, 2018; Saunders, Lewis, & Thornhill, 2019).

Data for this research was gathered over a four-week period using a structured questionnaire, utilizing both self-administered and interviewer-led approaches. The researcher visited five high-traffic spots in Lilongwe: the City Centre service stations, Area 47 Market's mobile money booths, Old Town phone retail stores, the Main Bus Depot, and various commercial offices downtown. For literate respondents, the survey was self-administered; for those who needed help reading or preferred extra guidance, the researcher read each question aloud and recorded the answers directly. To supplement primary data, secondary information on market share was retrieved from official MACRA annual reports (2019–2023) and published financial statements (Saunders, Lewis, & Thornhill, 2019; Creswell & Creswell, 2018).

Data Analysis Methods

The numerical data gathered through the structured questionnaire was processed using Microsoft Excel, a widely available spreadsheet program suited for business and social

science research (Field, 2018). To meet the research objectives and test the four hypotheses (H1–H4), this study utilized descriptive statistics and Pearson correlation analysis performed in Excel. Descriptive statistics—including frequencies, means, percentages, and standard deviations—addressed the objectives by summarizing customer awareness and usage levels for innovations like mobile money, data bundles, and mobile application support. Pearson correlation analysis addressed the objectives by testing H1 through H4; specifically, the Pearson's r coefficient determined the strength and direction of links between the independent variable (innovation) and its dependent dimensions. All tests were conducted at a 95% confidence level ($p \leq 0.05$) to assess statistical significance, with findings presented in tables and charts (Field, 2018; Pallant, 2020).

Ethical Considerations

Before starting data collection, a formal introduction letter was obtained from the supervisor to share with telecommunications operators and local authorities in Lilongwe. Every participant was ensured to provide informed consent, with the study's purpose, the voluntary nature of their help, and their right to withdraw at any time explained clearly (Creswell & Creswell, 2018; Resnik, 2020). Plagiarism was strictly avoided by crediting all sources using Mendeley APA edition style. To guarantee originality, the final report was scanned with tools like Turnitin, aiming for a similarity score below 15% (University of Malawi, 2020). Furthermore, participant privacy was protected by keeping customer surveys anonymous and reporting findings only as group totals (Creswell & Creswell, 2018).

Data Analysis and Interpretation

Response Rate

A total of 60 questionnaires were given to telecommunications subscribers in Lilongwe, and all 60 were returned fully completed, giving a 100% response rate. This high response rate was achieved by conducting surveys at telecommunications retail shops and with permission from shop owners, as explained in the ethical procedure.

Demographic Data of the Respondents

Table 4.1: Gender of Respondents.

Gender	Frequency	Valid Percent
Male	33	55.0
Female	27	45.0

Gender	Frequency	Valid Percent
Total	60	100.0

Source: Primary data

The survey got 60 responses. Of these, 55% were men and 45% were women. This shows there were slightly more men than women, but the split is still fairly balanced.

Table 4.2: Age of Respondents.

Age Bracket	Frequency	Valid Percent
18–25	18	30.0
26–35	26	43.3
36–45	10	16.7
46–55	4	6.7
56+	2	3.3
Total	60	100.0

Source: Primary data

The survey shows that most respondents are young. 73% of them are between 18 and 35 years old. This matches Malawi's young population, and the type of customers telecommunications providers typically have.

Table 4.3: Occupation of Respondents.

Occupation	Frequency	Valid Percent
Student	18	30.0
Employed	26	43.3
Self-employed/Business	12	20.0
Unemployed	4	6.7
Total	60	100.0

Source: Primary data

The survey shows 43% of respondents are formally employed, 30% are students, 20% are self-employed or business owners, and 7% are unemployed. More than 60% have some kind of income, which means the survey reached people who can purchase services.

Table 4.4: Tenure as Telecommunications Subscriber.

Tenure	Frequency	Valid Percent
Less than 6 months	2	3.3
6 months – 1 year	3	5.0
1–3 years	9	15.0
3–5 years	19	31.7
More than 5 years	27	45.0
Total	60	100.0

Source: Primary data

Most telecommunications customers have been with their networks for a long time. About 77% have stayed more than two years. This shows strong customer loyalty, probably because of good service or competitive offers.

Product Innovation Findings

Table 4.5: Product Innovation Awareness and Usage.

Statement	Mean	Agree/Strongly Agree (%)
Awareness of mobile money	4.32	97%
Regular usage of mobile money	4.38	98%
Awareness of data bundles	4.10	90%
Data bundles valuable and competitively priced	2.62	33%
Awareness of data rollover	2.37	13%
Overall, product innovations meet needs	3.60	67%

Source: Primary data

Out of 60 telecommunications subscribers surveyed, 97% said they know about mobile money services. This shows nearly everyone surveyed recognizes mobile money. About 98% use the service regularly. Data bundles were also well known (90%), but only 33% found them to be valuable and competitively priced. This is worrying because more than half (57%) felt the bundles were not good value. The data rollover feature had very low awareness with only 13% knowing about it, showing a significant communication problem. Despite these issues, 67% felt that product innovations overall met their needs.

Service Innovation Findings

Table 4.6: Service Innovation Awareness and Satisfaction.

Statement	Mean	Agree/Strongly Agree (%)
Awareness of mobile application	4.08	85%
Mobile application easy to use and helpful	4.25	93%
Awareness of USSD self-service menu	4.38	100%
Customer care responds timely	3.80	70%
Complaint resolution effective and fair	3.72	72%
Overall, service innovations improve experience	3.95	76%

Source: Primary data

Out of 60 telecommunications subscribers surveyed, all 60 (100%) knew about the USSD self-service menu. The mobile application had 85% awareness and 93% found it easy to use. Customer care response time satisfaction was at 70%, meaning most customers think response times are good, but 30% are neutral or unhappy. Complaint resolution satisfaction was at 72%, showing most customers think complaints are handled well, but about 28% are neutral or unhappy. Overall service innovations were viewed positively by 76% of respondents.

Competitive Advantage Findings**Table 4.7: Customer Loyalty Indicators.**

Statement	Mean	Agree/Strongly Agree (%)
Satisfied and intend to continue using current network	4.15	85%
Would stay with current network even if competitors offered lower prices	3.75	65%
Have not seriously considered switching providers	4.10	83%
Would recommend current network to friends and family	4.05	90%

Source: Primary data

Out of 60 telecommunications subscribers surveyed, 85% were satisfied and intend to stay with their current network. About 65% would stay with their current network even if competitors offered lower prices, showing strong loyalty despite price differences. 83% had not seriously considered switching providers in the past six months. 90% would recommend their current network to friends and family, showing strong satisfaction and loyalty.

Table 4.8: Brand Preference Indicators.

Statement	Mean	Agree/Strongly Agree (%)
Prefer current network over competitors	4.00	83%
Current network offers better products than competitors	3.48	62%
Current network offers better services than competitors	3.83	83%
Current network is first-choice provider	3.85	75%

Source: Primary data

Out of 60 telecommunications subscribers surveyed, 83% prefer their current network over competitors and believe it offers better services. However, only 62% believe their current network offers better products than competitors, showing product confidence is weaker than overall brand preference. 75% consider their current network their first-choice provider.

Table 4.9: Customer Satisfaction Indicators.

Statement	Mean	Agree/Strongly Agree (%)
Satisfaction with mobile money	4.23	95%
Satisfaction with data bundles	3.97	78%
Satisfaction with customer care	3.63	67%
Satisfaction with mobile application	4.28	93%
Satisfaction with complaint handling	3.72	72%
Overall satisfaction with current network	4.32	93%

Source: Primary data

Out of 60 telecommunications subscribers surveyed, 95% were satisfied with mobile money services, making it one of the industry's strongest offerings. 78% were satisfied with data bundles, while 67% were satisfied with customer care—the weakest area. 93% were satisfied with mobile applications. 72% were satisfied with complaint handling. Overall satisfaction stood at 93%, showing most customers are very happy with their telecommunications providers.

Suggestions and Recommendations

Recommendations for Product Innovation

Telecommunications operators should review the prices of data bundles because many customers (57%) said they were too expensive. The industry should create different bundles for different customer groups, such as students, business users, and light users, to better meet diverse needs. Operators should also launch strong awareness campaigns about data rollover features, as only 13% of respondents knew about them. This could help improve customer satisfaction and reduce complaints about poor value.

Recommendations for Service Innovation

Telecommunications operators should encourage more customers to use mobile applications by offering rewards or bonuses for first-time users. With 85% awareness but room for growth, this could increase digital engagement. The industry should also improve customer care by reducing response times and solving complaints more quickly, as only 67% of customers were satisfied with customer care. Staff should be trained to deal with customers politely and professionally. Operators should also make sure customers can move easily between USSD, mobile applications, and customer care without repeating the same information.

Recommendations for Competitive Advantage

Telecommunications operators should focus on keeping price-sensitive customers by offering better value and loyalty rewards. The 23% who said they would consider switching if prices were lower represent a significant risk. The industry should also work on improving how customers see their products, especially data bundles. Since 90% of customers are willing to recommend their networks, operators should create referral programs to attract new customers. The industry should also keep watching what competitors are doing so that it can respond quickly to competition.

Recommendations for Marketing Communication

Telecommunications operators should send different messages to different customer groups. For example, students should be shown affordable bundles, while business customers should be shown reliable services and mobile money benefits. The industry should use SMS, USSD, mobile applications, social media, radio, and in-store promotion to reach more people. Operators should also explain product features like data rollovers in a simple and repeated way so customers can remember them.

CONCLUSION

After discussing the results, the study came to the conclusion that product and service innovation play a significant role in competitive advantage within Malawi's telecommunications industry. Telecommunications providers have done well with mobile money, USSD, and mobile applications, which have helped improve customer satisfaction and loyalty. Mobile money emerged as the strongest product with 97% awareness and 98% regular usage, while USSD had 100% awareness and mobile applications had 93% satisfaction. These innovations have contributed to 93% overall customer satisfaction and 90% willingness to recommend their networks.

However, the study also found significant challenges. Data bundles were perceived as poor value by 57% of respondents, and data rollover features had only 13% awareness, showing poor communication. Customer care satisfaction was lower at 67%, and complaint resolution at 72%, compared to other services. These gaps indicate that competitive advantage within the telecommunications industry is vulnerable and needs attention to remain strong.

The study confirmed that service innovations like USSD and mobile applications, alongside product innovations like mobile money, are key drivers of competitive advantage. However, the industry must address weaknesses in data bundle value perception, customer care, complaint handling, and product communication to strengthen market position. With 83% of customers preferring their current networks and 65% willing to stay even if competitors offered lower prices, there is a strong foundation to build upon. By addressing the identified gaps, telecommunications operators can secure more sustainable competitive advantage in Malawi's telecommunications market.

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