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## **A study about the key service parameters influencing customer loyalty towards mobile service providers of Indian telecom industry**

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### **Abstract**

Telecommunication services in India have witnessed tremendous changes over the last few years. The craze for mobile services in India is increasing substantially. Keeping the high consumers demand into consideration, many big players like Reliance, Airtel, Aircel, Vodafone, BSNL etc., has launched their services in the market. Information technology has brought tremendous change in day-to-day activities of common man to entrepreneurs. Number of mobile subscribers went up from 621million in the financial year 2010 and to 1048 million in the financial year 2013. In this ever increasing use of mobile telephony in India with its attendant heavy mobile penetration rate over the recent past continues to transform the mobile telecommunications industry in different but meaningful ways. Mobile as a medium is growing fast with its easy accessibility and reach. This article discusses about the key service parameters influencing customer loyalty towards mobile service providers of Indian Telecom Industry.

**Keywords:** Mobile services, service parameters, service marketing, SERVQUAL

### **1. Introduction**

From a communication tool, mobile phone has emerged as a device for all purposes. In many countries, mobile phones now outnumber land-line telephones, with most adults and many children now owning mobile phones. The mobile phone itself has also become a totemic and fashion object, with users decorating, customizing, and accessorizing their mobile phones to reflect their personality. In the rationale of modern marketing, the firm's existence is dependent on customer's satisfaction. Therefore, the knowledge of "what the customer thinks" and "what consequently would contribute to their satisfaction" is at the requirement of the marketer. These days all researches are focusing and concentrating the major factors affecting mobile phone users' loyalty. It also intends to know the consumer's satisfaction with the different services and its future impact on socio economic changes.

After becoming the second most populated country in the world, India is set to achieve another record of having half a billion wireless connections, thus becoming the second largest group of mobile phone users after China. In fewer than twenty years ago, mobile phones were considered to be rare and expensive pieces of equipment used by businesses to a pervasive low-cost personal item but now it has become a common household item. Building trust and adapting to the individual and local needs of the community are critical success factors for the diffusion and success of cutting-edge information and communication technology. With the introduction of private sector telecom service providers in the state, the competition in the telecom industry has increased significantly. Dominant among these ways is the mobile number portability phenomenon. Mobile number portability simply identifies a situation of allowing a mobile phone subscriber to switch their loyalty from one mobile telecom operator to another with the possibility of simultaneously retaining the same mobile number. One of the most challenging task for today's network providers is the ability to retain their customers. As the industry is volatile in nature, in order to encourage reasonable competitive pricing and ensure high customer satisfaction via enhanced service delivery, the telecom regulatory authority of India introduced a new functionality called mobile number portability across India on January 20, 2011.

Mobile number portability is the process by which, customer can shift to another operator of their choice, but keeps their old number. Customers don't have to go through the trouble of informing all their friends and family that their number has changed - it stays the same. Mobile number portability is implemented in various ways across the globe. The international and European standard is Recipient Led System where a customer wishing to port their number contact the new provider or recipient and they will arrange necessary process with the old provider or donor. This porting process was not accepted in the United Kingdom where they follow donors – Led system. In the donor – Led System a customer wishing to port their number is required to contact the donor to obtain a Porting Authorization Code which they then has to give to the Recipient. Once having received the Porting Authorization Code the Recipient continues the port process by contacting the donor. Therefore in mobility each country is a following different system for improving performance of mobile services to ensure better customer loyalty.

## 2. Research Methodology

### 2.1 Main Objective

To study about the key service factors which influence the customer loyalty towards mobile service providers of Indian Telecom industry.

### 2.2 Specific Objectives

- To study the customers satisfaction towards the mobile service providers.
- To evaluate the performance of the different service providers.
- To identify value added services provided by the service providers.
- To identify the consumer preferences of mobile services.

### 2.3 Data Collection

The data is collected in the form of primary data with the help of questionnaire and the sample size is 200 respondents.

### 2.4 Sampling Technique

Non-Probability convenience sampling technique has been used in this study to collect the primary data from the respondents. The sample size is 200.

### 2.5 Tools Used

- MS-Excel 2010
- SPSS v21.0

### 2.6 Tests Used

The following tests are used in this study

- Chi-Square Analysis
- Friedman Test
- Correspondence Analysis
- Correlation Analysis

## 3. Review of Literature

Rajesh K. Yadav and Nishant Dabhade (2013), studied the mobile number portability with special considerations given on porting, porting time, porting costs/fee, Customer demographics, customer awareness, Easy entry of new operator, launch of services by new operators,

attractive/aggressive tariff plans, innovative services, quality of service, Voice quality, low call drops and state-of-the-art customer service setup etc.

Kumar Ratnesh and Dr. Amit Kansal (2013) <sup>[10]</sup>, discussed the fact that most of the producers in the Indian mobile phone market were trying to attract the consumers with their schemes and offers and focus their efforts on the low-cost feature phone market offering a huge scope for growth.

India added 1.49 million GSM subscribers in July 2013, taking the total GSM user base in India to 672.63 million. Moreover, in June 2013 the GSM telecom operators added 2.33 million new subscribers, to take the user base to 271.6 million at the end of the month, according to the data released by Cellular Operators Association of India.

Partiksinh and Sureshsinh Vaghela (2012) <sup>[12]</sup>, pointed out that the total number of subscribers opting for mobile number portability has risen to 59.31 million, with Karnataka receiving the maximum number of 7.2 million requests which was followed by Andhra Pradesh and Rajasthan where 5.7 million and 5.6 million subscribers opted for the service till the end of July, according to official data. Mobile number porting allows users to switch operators while retaining their mobile numbers. By the end of July 2012, about 59.31 million subscribers have submitted their requests to different service providers for porting their mobile number, the Telecom Regulatory Authority of India. They examined the consumer awareness and preference about mobile number portability and found out factors that motivate use of mobile number portability and suggested that respondents are not only aware about the mobile number porting but also know the procedure of using Mobile number portability and network coverage, customer care, quality of service are the main factors to switch over another service provider.

Shah and Chintan (2012) <sup>[16]</sup>, projected that the huge competitions, advancement in technology and reduced tariff have propelled the growth of mobile services in India. Since the Indian Mobile Service Provider market is overcrowded, customers have many choices of mobile service providers. Nowadays; customers have become smarter and consider various factors before choosing a Mobile service provider.

G.N. Sathishkumar (2011) <sup>[17]</sup>, focused on the need to study the impact of various factors influencing mobile users in selecting the service provider such as Customer Service, Service Accessibility, Service Affordability and Promotional offers due to the huge growth in mobile subscribers, heavy competition between service providers and Mobile Number portability facility given to the mobile users.

Atiya Faiz Khan (2010) <sup>[1]</sup>, suggested that the increasing numbers of countries require mobile telephone networks to offer mobile number portability. Mobile number portability allows customers who wish to switch mobile operator to keep their mobile numbers, avoiding the costs of switching to new numbers. The implementation of number portability initiatives in many key markets created new opportunities and improved the consumer's experience, but terminating calls into number-portability countries became more difficult, confusing and expensive as a result. The absence of number portability may therefore give the incumbent operators a significant competitive advantage over new entrants into the market.

Debnath and Shankar (2008) <sup>[6]</sup>, discussed that the prime focus of the service providers is to develop a loyal customer

base by benchmarking their performances and retaining existing customers in order to benefit from their loyalty.

**4. Data Analysis and Interpretation**

**Table 1:** Occupation and Service Relationship Cross Tabulation

		Service Relationship		Total
		Prepaid	Post paid	
Occupation	Self-employed	10	14	24
	Employed (Full time)	54	34	88
	Employed (Part time)	12	11	23
	Unemployed	26	0	26
	Student	31	8	39
Total		133	67	200

Table 1.0 shows the association between the respondent’s occupation and the service relationship that they are maintaining with their Service providers in which most of the respondents are using prepaid rather than post-paid relationship with their own Service providers. It shows that out of 24 self-employed respondents, 10 respondents are using prepaid connections and remaining 14 respondents are using post-paid connections. Out of 88 full-time employed respondents, 54 respondents are using prepaid connections and 34 respondents are using post-paid connections. Out of 23 part-time employed respondents 12 respondents are using prepaid connections and 11 respondents are using post-paid connections. All the 26 unemployed respondents are using only the prepaid connections and finally out of 39 student respondents, 31 respondents are using prepaid connections and remaining 8 respondents are using post-paid connections. As a whole out of 200 samples which has been used for the study 133 respondents are using prepaid connection and the remaining 67 respondents are using post-paid connections. Also the table reveals that the prepaid relationship is more dominating in the unemployed and student user segment where they are maintaining mostly the prepaid relationship. The service providers can find an opportunity to expand their post-paid customer base through the self-employed and full time employed users where the post-paid users are comparatively high than other segment of users.

**Table 2:** Friedman Test– Ranks of Key Service Parameters

Service Parameters	Mean Rank
Service accessibility	3.68
Service affordability	3.76
Promotional offers	2.62
Value Added Services	2.03
Customer service	2.92

**Table 3:** Test Statistics

Test Statistics	
N	200
Chi-Square	205.605
Df	4
Asymp. Sig.	.000

It is clear that there is a significant difference in consumer preference depending on the key service parameter provided by the mobile service providers. It is inferred that the service affordability is the most preferable service parameter

preferred by the mobile service users and it reveals in terms of mean rank 3.76 from the table 2. It is followed by service accessibility and the mean rank of service accessibility is 3.68. Customer service is the third most preferable service parameter which is preferred by the mobile service users and the mean rank of the customer service is 2.92. Fourth most preferable service parameter is the promotional offers given by mobile network service provider to the service user and the mean rank of promotional offers is 2.62. Value added services are the least preferred parameter.

**5. Findings**

- More number of users are using the prepaid services rather than post-paid.
- As per the current scenario of telecom industry is concerned, Airtel is the dominating player which is followed by having large customer base in every group of users.
- Self-employed users and users of age group above 40 years are more loyal to their mobile network service providers.
- Student’s communities are having the habit of availing service from more than one service providers.
- Full time employees are making the local calls to the most and self-employed users are making more STD calls and roaming services when compared to the other occupation group.
- Most of the Vodafone and Airtel users are using only one service alone.
- Customer preference of the users towards the mobile service provider is always influenced by the service affordability, service accessibility, promotional offers, value added service and customer care services.
- The most preferred key service parameter of the user is service affordability followed by service accessibility.
- Most of the Idea, Aircel and Tata Docomo users are satisfied with their tariffs.
- Most of the Reliance and BSNL users are not satisfied with their network coverage. Whereas the Vodafone and Airtel users are highly satisfied with their network coverage.
- Most of the Airtel users are satisfied with their data transfer speed.
- Most of the Airtel and Vodafone users are aware of the M-commerce product provided by their service providers.
- Most of the Airtel users are frequently using their M-commerce product.
- Most of the Tata Docomo and Airtel users are satisfied with the value added services provided by their service provider.
- Most of the Vodafone and Airtel users are satisfied with the customer service provided by their service providers both before and after availing the service.
- Most of the users of Vodafone and Airtel are satisfied with the reliability of the information provided by the service provider.
- Most of the users of Vodafone are satisfied with the responding time taken to resolve a query or complaints by their customer care executives.

**6. Suggestions**

- Customer loyalty should be increased by increasing the performance on the basis of service affordability,

service accessibility, promotional offers, value added service and customer care services.

- Mobile network service providers can expand their post-paid relationship with different schemes through the self-employed users who are mostly brand loyal to their service provider.
- BSNL can sustain in the telecommunication industry provided if they rectify their issues in the service accessibility and customer care service where they are lagging behind when compared to other network service providers.
- Aircel can improve their contribution in the industry, if they focus on the value added services and network coverage in the roaming region.
- Idea can penetrate further in the market and increase their competitiveness in the industry by setting up strong network coverage.
- Vodafone and Airtel can maintain their competitiveness by providing more of promotional offers for their services.
- Reliance can retain its customers provided if they rectify the issues related to customer care services.
- Tata Docomo can regain its market and penetrate in a better way by providing customer care services and innovative tariff plans.

## 7. Conclusion

This research has analyzed the Indian telecom industry by concentrating on mobile service providers, and observed that there is high competition among the players in the industry. All the players are giving special offers and schemes as per the market conditions to maximize their subscriber base. Competition in telecom industry is heating up, now it's time for Indian Telecom players to align up in the new dynamic business environment. Telco majors should think to launch the product according to the needs of customers to satisfy them and make them brand loyal very soon as this blue ocean of Indian telecom scenario will convert into Red Ocean where the loss of one is the gain of other. According to the results, the most important determinant for consumers' satisfaction which leads to the brand loyalty and the recommendations to the industry players are customized value added services, customer services, Network Coverage and Call tariff.

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