1.1. Introduction

Telecommunication is one of the prime support services needed for the rapid growth of any economy. The 1994 telecom policy of the government was introduced to liberalize the telecom sector by allowing private sector participation for both basic and value-added services. Initially, the government decided to allow only one private player other than the government-owned service provider so as to create a duopoly market strategy. The private players were given licenses to provide cellular initially in four metro cities and subsequently they were given licenses to operate in 19 cities apart from the four metro cities.

The country’s telecom subscriber base reached an all-time high of 970 million at the end of December 2014, according to the latest report by the **Telecom Regulatory Authority of India (Trai)**.

“The number of telephone subscribers in India increased from 964.20 million at the end of November 2014 to 970.97 million at the end of December 2014,” Trai said in the report. This surpasses the previous record of 965.5 million reached in June 2012. Tele-density in the country, which means connection per 100, reached 77.58. The mobile or wireless subscriber base in country is now already at all-time highs after it crossed 935.3-million mark at the end of
October 2014. The previous record was set in June 2012 when the mobile subscriber base in the country reached 934 million\(^1\).

At the end of December, the total mobile subscriber base reached 943.9 million. Of the total wireless subscriber base, 833 million wireless subscribers were active in December 2014. Bharti Airtel has maintained its leadership with 217.2 million mobile customers. It is followed by Vodafone with 178.6 million mobile subscribers, Idea Cellular 150.5 million, Reliance Communications 106.2 million, BSNL 81.3 million, Aircel 78.6 million, Tata Teleservices 66.1 million and Uninor 43.6 million.

**Tele-density and Telephone subscribers\(^2\)**

![Tele-density and Telephone subscribers table]

\(^1\) http://www.livemint.com/Industry/
\(^2\) https://www.google.co.in/
Service Provider-wise Market Shares in the Wireless Subscribers as on 28th February, 2015

Operator Market Share (May’14)
Indian Mobile Subscriber Growth-2000-2014

Source: https://www.google.co.in/

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3 https://www.google.co.in/
After the emergence of the private telecom players, customers have multiple options to get the best service from the best service provider. Companies find it difficult to attract and retain the customers and are concentrating more on service quality and relationship-management with the customers. On an average, every business spends nine times more to acquire customers than it does to keep an existing customer with itself. Therefore, many firms are now paying more attention to their relationships with the existing customers to retain them and increase their loyalty. In this competitive environment, business needs to do a lot more than just adopt these solutions to implement customer relationship management (CRM) practices. The growing competition among the service sector organizations has forced the telecom industry to adopt different strategies to earn profits by satisfying retaining, and delighting the customers.

1.2. Customer Relationship Management (CRM) – Meaning

It is an approach to managing a company's interaction with current and future customers. It often involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support. According to a Sweeney Group definition, CRM is “all the tools, technologies and procedures to manage, improve, or facilitate sales, support and related
interactions with customers, prospects, and business partners throughout the enterprise". It assumes that CRM is involved in every B2B transaction.

“The purpose of a business is to create and keep a customer.”

This succinct truth from Peter Drucker in The Practice of Management (1954) is an apt and insightful definition of CRM (Customer Relationship Management).

But, a lot has changed. CRM now involves technology, software, inbound and outbound marketing, lead acquisition, databases, multiple touch points, multi-channel marketing, enterprise solutions and social media.

CRM is an acronym that stands for Customer Relationship Management. It describes the strategy that a company uses to handle customer interactions. One example of a common CRM strategy is the rewards card program offered by many supermarkets. The store gives its customers a free card that gives them access to special deals and discounts when they swipe the card during checkout. But, that card also tracks everything the customer buys and allows the store to create an extremely detailed customer profile based on his or her purchasing habits.

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6 http://barnraisersllc.com/
Many CRM software and/or service packages exist to help companies manage the customer relationship process. In fact, salespeople tend to think of these computer programs as the be-all and end-all of CRM. But, CRM has existed for much longer than the computer – in fact, it has been around in one form or another for as long as people have been buying and selling. Computers have greatly enhanced the customer relationship management process because the key to a good CRM is uncovering and storing information about customers. The more a company knows about its customers, the better it can manage those relationships – as in the above example of supermarket.

CRM is a customer-oriented feature with service response based on customer input, one-to-one solutions to customers' requirements, direct online communications with customer and customer service centers that are intended to help customers solve their issues. It includes the following functions:

Sales force automation, which implements sales promotion analysis, automates the tracking of a client's account history for repeated sales or future sales, and co ordinates sales, marketing, call centers, and retail outlets. Data warehouse technology, used to aggregate transaction information, to merge the information with CRM products, and to provide key performance indicators. Opportunity management which helps the company to manage unpredictable growth and demand, and implement a good forecasting model.

to integrate sales history with sales projections. CRM systems that track and measure marketing campaigns over multiple networks, tracking customer analysis by customer clicks and sales.

CRM is expanding outside of the core sales and marketing areas and the systems are available that incorporate support and finance data also into the CRM view that a user gets, enabling a wider holistic view of a customer from one screen for a user.

1.3. Impact of CRM on Customer Satisfaction

According to Bolton, customer satisfaction has significant implications for the economic performance of firms, because it has been found to increase customer loyalty and usage behavior and reduce customer complaints, and the likelihood of customer defection.

The implementation of CRM is likely to have an effect on customer satisfaction for at least three reasons:

Firstly, firms are able to customize their offerings for each customer. By accumulating information across customer interactions and processing this information to discover hidden patterns, CRM applications help firms

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customize their offerings to suit the individual tastes of their customers. This customization enhances the perceived quality of products and services from a customer's viewpoint, and because perceived quality is a determinant of customer satisfaction, it follows that CRM applications indirectly affect customer satisfaction.

Secondly, CRM applications enable firms to provide timely, accurate processing of customer orders and requests and the ongoing management of customer accounts. For example, Piccoli and Applegate (2003) discuss how Wyndham uses IT tools to deliver a consistent service experience across its various properties to a customer. Both an improved ability to customize and a reduced variability of the consumption experience enhance perceived quality, which in turn positively affects customer satisfaction.¹¹

Thirdly, CRM applications also help firms manage customer relationships more effectively across the stages of relationship initiation, maintenance, and termination.¹²

**Customer Relationship Management (CRM)** is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle.


with the goal of improving business relationships with customers, assisting in customer retention and driving sales growth. CRM systems are designed to compile information on customers across different channels -- or points of contact between the customer and the company -- which could include the company's website, telephone, live chat, direct mail, marketing materials and social media. CRM systems can also give customer-facing staff detailed information on customers' personal information, purchase history, buying preferences and concerns.
1. A management philosophy according to which a company’s goals can be best achieved through identification and satisfaction of the customers' stated and unstated needs and wants.

2. A computerized system for identifying, targeting, acquiring, and retaining the best mix of customers.

Customer relationship management helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service. It integrates back and front office systems to create a database of customer contacts, purchases, and technical support, among other things. This database helps the company in presenting a unified face to its customers, and improve the quality of the relationship, while enabling customers to manage some information on their own.\(^{13}\)

1.4. Customer centric strategies

The principles, practices, and guidelines that an organization follows when interacting with its customers. From the organization's point of view, this entire relationship not only encompasses the direct interaction aspect, such as sales and/or service related processes, but also in the forecasting and analysis

\(^{13}\) [http://www.businessdictionary.com/definition/customer-relationship-management-CRM.html#ixzz3fm40wfOi]
of customer trends and behaviors, which ultimately serve to enhance the customer's overall experience\(^\text{14}\).

With the growth of the internet and related technologies, customers are concerned over the privacy and safety of their personal information. Therefore, businesses need to ensure that the storage and analysis of the customer data must have the highest levels of protection against cyber criminals, identity theft and other breaches of securities.

The aggregation of customer-centric strategies which drive new functional activity not only for sales, marketing and service, but often back office functions such as accounting, production, and shipping which demand reengineered work processes for everyone affected which require technology support to implement.

\(^{14}\) @Investopedia on Twitter
1. An enterprise wide business strategy designed to optimize profitability, revenue and customer satisfaction by organizing the enterprise around customer segments, fostering customer-satisfying behaviors and linking processes from customers through suppliers – Gartner.

2. An application used to automate sales and marketing functions and to manage sales and service activities in an organization. – Microsoft.

CRM is a strategy used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. Good customer relationships are at the heart of business success. There are many technological components to CRM, but thinking about CRM in primarily technological terms is a mistake. The more useful way to think about CRM is as a strategic process that will help you better understand your customers’ needs and how you can meet those needs and enhance your bottom line at the same time. This strategy depends on bringing together lots of pieces of information about customers and market trends so you can sell and market your products and services more effectively.

1.5. The goals of CRM

In some organizations, CRM is simply a technology solution that extends separate databases and sales force automation tools to bridge sales and marketing functions in order to improve targeting efforts. Other organizations consider CRM as a tool specifically designed for one-to-one (Peppers and Rogers, 1999) customer communications, a sole responsibility of sales/
service, call centers, or marketing departments. We believe that CRM is not merely technology applications for marketing, sales and service, but rather, when fully and successfully implemented, a cross-functional, customer-driven, technology-integrated business process management strategy that maximizes relationships and encompasses the entire organization (Goldenberg, 2000). A CRM business strategy leverages marketing, operations, sales, customer service, human resources, R&D and finance, as well as information technology and the Internet to maximize profitability of customer interactions. For customers, CRM offers customization, simplicity, and convenience for completing transactions, regardless of the channel used for interaction (Gulati and Garino, 2000).

CRM initiatives have resulted in increased competitiveness for many companies as witnessed by higher revenues and lower operational costs. Managing customer relationships effectively and efficiently boosts customer satisfaction and retention rates (Reichheld, 1996a, b; Jackson, 1994; Levine, 1993). CRM applications help organizations assess customer loyalty and profitability on measures such as repeat purchases, dollars spent, and longevity. CRM applications help answer questions such as “What products or services are important to our customers? How should we communicate with our customers? What are my customer’s favorite colors or what is my customer’s size?” In particular, customers benefit from the belief that they are saving time and money as well as receiving better information and special
treatment (Kassanoff, 2000). Furthermore, regardless of the channel or method used to contact the company, whether it is the Internet, call centers, sales representatives, or resellers, customers receive the same consistent and efficient service (Creighton, 2000). Table I provides a brief overview of some of the benefits that CRM offers by sharing customer data throughout the organization and implementing innovative technology.

The idea of CRM is that it helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers. **With an effective CRM strategy, a business can increase revenues by:**

Providing services and products that are exactly what your customers want;

- Offering better customer service;
- Cross selling products more effectively;
- Helping sales staff close deals faster; and
- Retaining existing customers and discovering new ones.

1.6. The keys to Successful CRM implementation

1. Develop customer-focused strategy first before considering what kind of technology is needed.

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15 [http://www.cio.com/]
2. Break CRM project down into manageable pieces by setting up pilot programs and short-term milestones. Start with a pilot project that incorporates all the necessary departments but is small enough and flexible enough to allow tinkering along the way.

3. Make sure CRM plans include a scalable architecture framework. Think carefully about what is best for the enterprise: a solution that ties together “best of breed” software from several vendors via Web Services or an integrated package of software from one vendor.

4. Don't underestimate how much data we might collect (there will be LOTS) and make sure that if we need to expand systems.

5. Be thoughtful about what data is collected and stored. The impulse will be to grab and then store EVERY piece of data we can, but there is often no reason to store data. Storing useless data wastes time and money.

6. Once a company has collected information about a customer, the next step is training its salespeople and other employees in using that information to keep the customer relationship strong. Because salespeople are often the 'face' of the company, theirs is an important role in any CRM program. Frequently a customer who runs into a technical problem will phone her salesperson instead of calling up the customer service team. She already knows her salesperson and probably has good feelings about him, or she wouldn't have bought the product from him. It's safer and easier to reach out
to someone she knows than to try to explain her problems to a stranger. Even after the sale is complete, salespeople often continue to speak with customers on a regular basis.\textsuperscript{16}

These customer interactions can be a burden for a salesperson, but they can also bring a blessing in the form of future sales. When a salesperson helps his customer overcome a difficult problem, it's much more likely that she'll get in touch with him for future purchases. And there's also a good chance that she'll send her friends and family to him as well. And this is exactly what a customer relationship management system is trying to accomplish. It's critical that the sales team understands and implements its company's CRM strategy.

For this reason, the sales manager should make a point of keeping on top of the company's CRM strategy and should pass along any changes to the sales team immediately. She should also counsel her team on how to build and maintain a good customer relationship. Most salespeople are happy to do so once the fruits of this labor start rolling in the form of additional sales.

1.7. CRM in Telecom Sector\textsuperscript{17}

Relationships are the essence of life. It is difficult to think about any society or organization to survive without relationships. They are the invisible threads, which build a unique bond between individuals and organizations. On

\textsuperscript{16} \url{http://sales.about.com/}

\textsuperscript{17} International Journal of Business and Management Invention ISSN (Online): 2319 – 8028, ISSN (Print): 2319 – 801X www.ijbmi.org Volume 2 Issue 11 November. 2013l PP.52-58
the one hand these bonds may be as strong as iron pillars lasting for lifetime, whereas on the other hand they are as delicate as feather which may be broken within no time. Managing relationships is a very difficult and complex phenomenon. Organizations are realizing the importance of the vital role played by relationships in achieving and maintaining the cutting edge at the marketplace. Long ago Peter F. Drucker had advocated that the purpose of any business is to create customers. It is the customer, which gives an opportunity to the organization to serve him or her. The success of any organization primarily depends upon the sustaining the customer advantage that is retaining the customers for lifetime. Growing complexities and uncertainties at the marketplace along with intensifying global competition are forcing the business organization to invest in building customer relationships. New and sophisticated marketing tool kits are being designed to attract, satisfy and retain customers for achieving sustainable competitive advantage. CRM has recently emerged as a strategic solution to modern business problems. It has its roots in the age old business philosophy which recognizes that all business activities must revolve around customers. The term CRM was first coined in the early eighties by academics at various business schools. One of the first on the scene was Dr. Jagdish Sheth who was at the Goizeta Business School at Emory University in Atlanta. CRM: Customer relationship management as coined by the Gartner Group, it compasses sales, marketing, customer service, and support applications. While the CRM term is fairly recent, it grew from a combination of terms like
Help Desk, Customer Support, ERP, Data mining. It evolved because none of the previous terms could cover the topic well enough and because some of the terms (ERP) have grown to be met with a great deal of distaste in the mouths of the business world. CRM DEFINED: Customer Relationship Management (CRM) is the strategic application of people, processes, and technology in an organization-wide focus on improving the profitability of customer relationships - DM Martin and AM Peel, The Pace Setter Group, 2001 The infrastructure that enables the delineation of and increase in customer value, and the correct means to motivate valuable customers to remain loyal, to buy back again. - Jill Dyche, The CRM Handbook, 2000 CRM (Customer Relationship Management):

A strategy (technology-enabled) in response to and in anticipation of actual customer behavior. From a technology perspective, CRM represents the systems and infrastructure required capturing, analyzing and sharing all facets of the customer’s relationship with the enterprise. From a customer care perspective, it represents a process to measure and allocate organizational resources to those activities that have the greatest return and impact on profitable customer relationships.

Need for CRM in the Telecom Sector: The telecom players in today’s environment are required to design and deploy customer-centric strategies not only to grab a share in the market, but also to sustain growth in the long-run, as the beneficiaries of the severe competition are consumers. The players have
realized the importance of constant service-quality delivery to the customers for long-run sustainability. Customer relationship signifies identifying the needs of the customers and stretching out ways and means to satisfy them. To be precise, it means achieving high customer profitability, customer revenues over and above customer costs, which demands matching customer expectations with customer satisfaction. The high cost of customer acquisition is making today’s businesses understand the importance of retaining the customers for long-run sustainability. The current research topic aims at analyzing customer relationship management practices followed by the telecom companies to turn outstanding service into outstanding profitability.

1.8. Review of literature

Customer relationship management (CRM) aims at narrowing the gap between the company and its customers. In the telecom sector, CRM plays a vital role in not only bringing the customers close to the company, but also in identifying the changing behavioral pattern of the customer. In technology-dynamic markets like telecom, an efficient CRM system is essential, since customer attrition is very high due to the presence of close substitutes and near zero switching costs. It is very necessary to throw light on the CRM practices commonly followed in the telecom sector and their applicability to several aspects of the service delivery process.

Latha (2004) identified how analytical CRM tools differ from traditional CRM tools which can enhance business profitability. She shed light on
information and communication technologies which can provide better CRM practices. \textbf{Raghava (2005)} provided an insight into how E-commerce makes relationship marketing easier. For winning the hearts of customers in the best possible manner and to serve them accurately, the creation and management of data mining, data warehousing (from the part of e-commerce) is very much essential for successful marketers. \textbf{Khan and Chaturvedi (2006)} provided an insight into various promotional strategies implemented by major cellular service providers in India. Many private service providers entered into the market as a result of stiff competition between the players in the cellular industry. Hence, each player has to formulate more novel strategies to retain the customers and their market share.

\textbf{Roy (2006)} opined that in a modern era, information has become the lifeblood of marketing. Having the right information, at the right time, in the right amount, and in the right style is more important for marketers to maintain satisfying relationships with customers. He identified that as a result of advancement in IT, it is very easy for the companies to maintain a relationship with their customers. \textbf{Arora and Gaur (2006)} established that information technology has grown in various directions with the development of the database industry and its functionalities. They stated the importance of data warehousing and data mining in effective implementation of CRM.

\textbf{Puneet (2007)} conducted a study on CRM practices implemented by organizations and the experiences with technology, people, and processes to
enhance existing businesses. CRM can stimulate business improvement and can benefit both a company and a customer. In his study, the author identified that CRM is a solution which can deliver quality, consistent, and personalized care to the customers. CRM is a technology that enables a systematic way of managing customer relationships on a larger scale.

Sudhakar (2009) examined E-CRM and its features, steps in implementation of E-CRM in India, different levels of E-CRM, how it differs from traditional CRM, its applications, importance, major trends in E-CRM global scenario for E-CRM, and why do companies need it? The study also listed the failures of E-CRM. It is not what an organization is doing on the web, but how effectively it utilizes the online channels to improve customer satisfaction is what is important.

Rao (2009) provided an insight into the customer experience management. He revealed that it has emerged as the most important aspect in achieving success for companies. The goal of customer experience management is to move customers from satisfied to loyal and address the solutions for customer’s problems through cross channels (contact center, the Internet, self-services, mobile devices), cross touch points (phone, chat, email, web, in person), and cross life – cycle (ordering, fulfillment, billing, support, etc). Amulya and Anand (2011) presented a comprehensive note on the telecom industry, especially about BSNL, its landmarks, and its monopolistic power until the entry of private players. They conducted a SWOT analysis of BSNL.
and also gave suggestions for the organization so that it can sustain itself in the present telecom market.

Zainurin Bin Dahari, Muhammam Sabbir et al., (2011) found that customers are very much conscious of brand image, service quality, and price of the mobile operators. Therefore, mobile operators should be very much careful about these factors and the kind of service they are offering. They emphasized on the need to develop and maintain better service quality, minimize prices, and increase brand image to increase the level of customer satisfaction. Joshi (2011) noted that customer satisfaction is the ultimate metric of success in the huge competitive telecom sector. The surest path to a strong business bottom line is assuring that customers receive the highest appropriate quality of service across multiple applications and delivery mechanisms. During her study, the author identified the drivers of customer satisfaction so as to retain the profitable customers and also improve network coverage and personalized customer care services. The author also pointed out that the companies should provide proper training to the staff so that they can handle the problems of the customers in a better manner.

Selvachandra and Suresh Rajan (2011) studied rural consumer’s preference attributes in purchase of cell phones and identified consumer experiences which would help the marketers to improve their sales volumes in the rural markets. The study revealed that nearly half of the consumers gave preference to price, after sales services, model, brand, company name, durability, and
quality. The other factors were availability of spares, performances, good looks, credit facility, technical features, guarantee /warrantee, goodwill.

Hence, from the review of literature, we can conclude that service quality has to be assessed regularly. It helps the organization in assessing the current as well as the future expectations of the customers.

TRAI’s December Telecom subscription report is out, and according to it month of December 2014 saw addition of 6.92 million new mobile subscribers. In 2014, December saw 3rd highest growth numbers after Feb and Jan. Unlike, previous 2 years, when many months saw negative growth, in 2014 none of them witnessed fall in subscriptions.18

As of December 2014, according to TRAI report, India had 843.97 million subscribers, in the whole year, a total of 57.67 million new subscribers were added. The same figure in year 2013 stood at 23.68 million.

![Graph showing Indian Mobile Subscription Numbers](http://trak.in/tags/business/2015/02/09/indian-mobile-subscriber-stats-december-2014/)
Active Subscriber Base

Active subscriber base also witnessed a healthy growth, with India now have a total of 833.02 million active subscribers who used their mobile at least once in last 3 months. Interestingly, 8.64 million more subscribers were active in December, compared to previous month when the number stood at 824.38 million. The active subscriber percentage now stands at 88.25. Over previous 18 months the active subscribers have risen by over 5 percentage points.

Here is a chart showing Total Vs Active Subscriber Growth.

Mobile Subscription Highlights [Dec 2014]

- With an increase of 6.92 million in December 2014, total mobile subscriber base has reached to 943.97 million. India had 937.06 million subscribers by end of November 2014.
• Urban India witnessed a monthly decrease of 0.67 percent or 3.64 mln subscribers, while rural mobile subscriber base increased by 0.84 percent or 3.28 mln.

• Urban India has a total of 550.64 million, while rural India has a total of 393.34 million mobile subscribers.

• Urban Tele-density increased to 142.46 from 141.75 in Nov 14, while the rural tele-density increased to 45.47 from previous 45.13.

• **Urban mobile subscriber share stands at 58.33% as compared 41.67% of rural subscribers.**

• **3.49 million new Mobile portability requests** were made in month of Dec 2014, taking the total tally of MNP requests since launch to 142.98 mln.

• Active Mobile Subscriber base increased from 824.38 mln in Nov 14 to 833.02 mln in Dec 14, taking the active percentage to 88.25 percent.

• Total Broadband (> 512 Kbps) subscription numbers increased from 82.22 Million at the end of November, 2014 to **85.74 million at the end of December, 2014** with monthly growth rate of **4.28%**\(^{19}\).

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For sixth month in a row, Idea Cellular added maximum number of subscribers to its kitty – 2.583 million to be precise. It was also the only operator to add over 2 million subscribers.

Interestingly, Idea Cellular also had maximum number of active subscribers. They had 101.09 percent active users. While it does not make sense to have over 100% active subscriber base, TRAI reasons that it is because they also have roaming subscribers on their network, who are not originally on Idea Cellular. So, essentially close 2 percent users from other networks used Idea Cellular.
BSNL once again lost chunk of subscribers (1.3 million) – In last few months, BSNL has lost more than 10 million subscribers from their network, either due to port out or due to inactive subscriber base. Tata Docomo once again showed positive growth after a very long period of negative growth rate.

Bharti Airtel remained the top telecom operator in India with a market share of 23 percent, followed by Vodafone at 18.93 percent and Idea at 15.95%.

Here is how various Telecom Operators have performed since Feb 2014.
Idea has added most subscribers (16.5M) followed by Vodafone (15M) and Bharti Airtel (12.1M)

**Top 8 Mobile Operators in Numbers**

<table>
<thead>
<tr>
<th>#</th>
<th>Operator</th>
<th>Total Subscriber Count (till Dec 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bharti Airtel</td>
<td>217,215,042</td>
</tr>
<tr>
<td>2</td>
<td>Vodafone</td>
<td>178,675,831</td>
</tr>
<tr>
<td>3</td>
<td>Idea</td>
<td>150,536,058</td>
</tr>
<tr>
<td>4</td>
<td>Reliance</td>
<td>106,294,446</td>
</tr>
<tr>
<td>5</td>
<td>BSNL</td>
<td>81,384,517</td>
</tr>
<tr>
<td>6</td>
<td>Aircel</td>
<td>78,673,545</td>
</tr>
<tr>
<td>7</td>
<td>Tata</td>
<td>66,166,568</td>
</tr>
<tr>
<td>8</td>
<td>Telewings / Uninor</td>
<td>43,630,934</td>
</tr>
</tbody>
</table>

[Trai December Report]

India Adds 10M New Mobile Subscribers In Feb14; Crosses 900M Mark!

In "Telecom"

Indian Mobile Subscription Stats: 5.6M New, 807M Active, 924.3M Total

[Aug 14] In "Telecom"
Indian Mobile Subscriber Stats: 824.4M Active, 937.06M Total. Reliance loses 4.3M [Nov 14] in "Telecom".

1.9. Importance of the study

Customer relationship management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for a company and a customer. The telecom players in today’s environment are required to design and deploy customer-centric strategies not only to grab a share in the market, but also to sustain growth in the long-run, as the beneficiaries of the severe competition are consumers. The players have realized the importance of constant service-quality delivery to the customers for long-run sustainability. Customer relationship signifies identifying the needs of the customers and stretching out ways and means to satisfy them. To be precise, it means achieving high customer profitability, customer revenues over and above customer costs, which demands matching customer expectations with customer satisfaction.
The high cost of customer acquisition is making today’s businesses understand the importance of retaining the customers for long-run sustainability. The present study examines the customer satisfaction relating to Cell phone services and the CRM practices adopted by the service providers in Chennai city. The study is considered to be different as recently there are many changes in the models and there is an increase in the subscriber base which necessitates the service providers to be more vigilant in attending the customer grievances and offering the best services to them.

1.10. Objectives of the Study

1. To study the ‘origin and growth of Telecom sector in India’ and to trace the latest developments in this sector.

2. To study the ‘Customer Relationship Management practices’ and their benefits to the customers.

3. To examine the ‘Profile of the Cell phone service providers and the sample respondents’.

4. To identify the existing ‘CRM strategies followed by these companies’ and their implementation.

5. To identify the ‘Growth in Customer base, retention, loyalty and to find new strategies to be implemented in CRM to improve the customer base’.
1.11. Hypothesis

1. Ho – 1: There is no significant difference between age groups with respect to purchase decision.

2. Ho – 2: There is no significant difference between age groups with respect to factors for choice of service provider.

3. Ho – 3: There is no significant difference between educational qualifications with respect to purchase decision.

4. Ho - 4: There is no significant difference between educational qualifications with respect to Factors for choice of service provider.

5. Ho - 5: There is no significant difference between occupation with respect to purchase decision.

6. Ho - 6: There is no significant difference between occupation with respect to factors for choice of service provider.

7. Ho - 7: There is no significant difference between socio economic statuses with respect to purchase decision.

8. Ho - 8: There is no significant difference between socio economic status with respect to factors for choice of service provider.

9. Ho - 9: There is no significant difference between socio economic statuses with respect to customer expectations.

10. Ho - 10: There is no significant difference between socio economic statuses with respect to selection of cellular services.
1.12. Sample and Research Methodology

➢ **Universe of the Study:** The Chennai city is considered as the universe of the study.

➢ **Sample Size:** The sample size of 500 customers was considered for the study.

➢ **Sampling Technique:** The sampling technique chosen for the study is simple random sampling due to time and cost factor.

➢ **Data Collection:** A structured questionnaire with a 5-point rating Likert scale was used to collect the primary data.

➢ **Secondary Data:** To support the primary data, we also reviewed some secondary sources like books, magazines, journals, and other published information. The data collected were analyzed and is represented in the form of tables.

1.13. Pilot study

A pilot study was conducted to validate the questionnaire and to confirm the feasibility of the study. **The pilot study was undertaken with a sample of 150 questionnaires distributed among the respondents in Chennai city.** The collected opinions were subjected to higher order statistical analysis with the help of the following statistical tools.
Statistical tools used:

- Percentage analysis
- One-sample t-test
- Friedman test for k-related samples
- Independent samples t-test
- One way ANOVA
- Factor analysis
- Chi-square analysis
- Bi-variate correlation
- Multiple regression analysis
- Structural equation modeling

Statistical package used:

The validity, reliability of the data in this study was analysed using Statistical package for social sciences (SPSS v 16.0). Analysis of Moment Structure (SPSS AMOS v.16) was used to perform structural equation modeling.

Sample Size determination

The sample size for the survey is determined by applying the following formula:

Sample size \( n = (ZS/E)^2 \)

Where
\[ Z = 1.96 \text{ (Standardized value corresponding to 95\% confidence interval)} \]

\[ S = \text{Sample standard deviation from pilot study} = 0.61 \]

\[ E = \text{Acceptable error} = 0.05 \text{ (5\%)} \]

\[
\text{Sample size (n )} = \left( \frac{ZS}{E} \right)^2
\]

\[ = \left( \frac{1.96 \times 0.67}{0.05} \right)^2 \]

\[ = 571.78 \]

\[ \sim 572 \]

Well-structured questionnaires were circulated to 572 respondents. 521 respondents have returned the questionnaire after filling it; however, 21 questionnaires were rejected due to inadequate data. Hence, the sample size chosen for the study is 500.

1.14. Reliability and Validity test

Reliability

Reliability of an instrument refers to the degree of consistency between multiple measurements of variables. It is extent to which an experiment tests or any measuring procedures yield, the same result on repeated attempts. Reliability was estimated through internal consistency method which is applied to measure the consistency among the variables in a summated scale. In the present study, the Cronbach’s Alpha co-efficient of reliability was
found based on primary data of the present study and the details are as follows:

Table -1.1
Reliability measures for the study

<table>
<thead>
<tr>
<th>No.</th>
<th>Reliability measures</th>
<th>No. of items</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trust</td>
<td>9</td>
<td>0.83</td>
</tr>
<tr>
<td>2</td>
<td>Commitment</td>
<td>14</td>
<td>0.82</td>
</tr>
<tr>
<td>3</td>
<td>Communication</td>
<td>5</td>
<td>0.85</td>
</tr>
<tr>
<td>4</td>
<td>Quality</td>
<td>6</td>
<td>0.83</td>
</tr>
<tr>
<td>5</td>
<td>Empathy</td>
<td>4</td>
<td>0.84</td>
</tr>
<tr>
<td>6</td>
<td>Emotional elements</td>
<td>3</td>
<td>0.81</td>
</tr>
<tr>
<td>7</td>
<td>Customization</td>
<td>3</td>
<td>0.83</td>
</tr>
<tr>
<td>8</td>
<td>Social responsibility</td>
<td>2</td>
<td>0.87</td>
</tr>
<tr>
<td>9</td>
<td>Problems through service provider</td>
<td>5</td>
<td>0.85</td>
</tr>
<tr>
<td>10</td>
<td>Complaint handling</td>
<td>2</td>
<td>0.87</td>
</tr>
<tr>
<td>11</td>
<td>Customer satisfaction</td>
<td>4</td>
<td>0.81</td>
</tr>
<tr>
<td>12</td>
<td>Customer loyalty</td>
<td>5</td>
<td>0.82</td>
</tr>
<tr>
<td></td>
<td>Overall reliability of the study</td>
<td>62</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Source: Primary data

Validity

Both Face and Content validities were established in the study. The face validity was done by the investigator and the content validity was established by the experts in the field of investigation. Face validity, it appears to measure whatever the author had in mind, namely, what he thought he was measuring. The rationale behind content validity is that to examine the extent to which a measuring instrument provides adequate coverage of the topic under study.
1.15. Limitations of the study

1. The study is limited to Chennai city only.

2. The study has been conducted based on the responses of the select Cellular service providers of Chennai city. Hence, the findings of the analysis need not be generalized and do not hold good for the entire rural and urban areas.

3. The study also examines the CRM practices of the service providers and the Customer’s overall satisfaction and problems of the Cellular and service providers in Chennai city.

1.16. Chapter arrangements

1. The first chapter provides the ‘Origin and Growth of Telecom sector in India’ and the latest developments in this sector.

2. The second chapter provides the ‘Customer Relationship Management practices’ and their benefits to the customers.

3. The third chapter examines the ‘Profile of the Cell phone service providers and the sample respondents’.

4. The fourth chapter examines the existing ‘CRM practices followed by these companies’ and the Customer satisfaction about the services provided by them.

5. The fifth chapter provides the Summary and Conclusions of the study.