INTRODUCTION

(1.1) INTRODUCTION

In the 21st century, the new economy is becoming increasingly customer centric. A service has been defined as, "any act or performance that one party can offer to another that is essentially intangible, and does not result in the ownership of anything..." (Kotler, 2004) Unlike physical products, service products cannot be seen, tasted, felt, heard, or smelled before they are bought (Parasuraman et al; 1985; Lovelock, 1981). Since services are intangible, consumers are often faced with not knowing what to expect of a service until they have consumed it, and hence perceive services as risky (Murray and Schlacter, 1990).

Thus, tremendous growth of services sector implies the role of marketing in terms of vast opportunities and implications, marketing opportunities arising from new technology, in franchising from fewer regulations and professional restrictions, in servicing physical goods and international markets (Lovelock, 1999). The rapid growth of services industry has changed the conditions of business. As the market growth slows down or as the markets become more competitive, firms are more likely to attempt to maintain their market share by focusing on retaining the current customers. (Lee et al., 2001). Customer retention has been advocated as an easier and more reliable source of superior performance (Reichheld and Sasser, 1990).

In the past few years, the mobile telecommunication market has witnessed a substantial growth and a rapid change globally as well as domestically. The growth of wireless services has been phenomenal, with wireless subscribers growing at a compound annual growth rate (CAGR) of 87.7 per cent per annum since 2003. Today, the wireless subscribers are not only much more than the wireline subscribers in the country, but also increasing at a much faster pace. The number of wireless phones has been 325.7 millions as on October 2008. The share of wireless phones has increased from 24.3 per cent in March 2003 to 89.50 per cent in October 2008. Improved affordability of wireless phone has made universal access objective more feasible.

Today, Indian telecom network with about 364 million connections in October 2008 is the third largest in the world. Indian telecom has achieved another milestone as it has become the second largest wireless network in the world by surpassing USA. With the current pace, where about nine million telephones are being added every month, the target of 500 million connections by 2010 is well within our reach.
Achieving and maintaining a commanding position in such a growing market place is becoming increasingly difficult because of more competition on the one hand and more demanding customers on the other. Under such a situation, protecting the existing customer base and retaining the existing customer loyalty appear to be the crucial competitive advantage. Customer loyalty provides the foundation of a company’s sustained competitive edge, and that developing and increasing customer loyalty is a crucial factor in companies’ growth and performance (Lee and Cunningham, 2001). Gerpott et al., 2001, noted that in telecommunication services, it is frequently pointed that once customers have been acquired and connected to the telecommunication network of a particular operator, their long-term relations with the operator are of greater importance to the success of the company in the competitive markets than they are in other industry sectors. This is due to the fact that the cellular service providers don’t differentiate from each other. They all deliver more or less the same service leading to high competition. Customer loyalty can be gained by increasing the customer satisfaction through raising the offered service quality (Fornell et al., 1996; and Brady and Robertson, 2001). Aydin et al. (2005) noted that switching costs and service quality are the most important factors for determining the customer loyalty. The relationship between the service quality and customer preference loyalty have been studied by various researchers (e.g., by Cronin and Taylor, 1992; and Boulding et al., 1993). Perceived service quality is often viewed as a pre-requisite for loyalty and frequently, loyalty is included in models as an outcome variable (Cronin and Taylor, 1992; and Boulding et al., 1993). Many studies have shown that customer satisfaction positively affected loyalty (Fornell, 1992; Gerpott et al., 2001; and Sharma, 2003) concluded that the relationship between customer satisfaction and customer loyalty is affected by many factors, including type of the industry, switching cost and the differentiation level of products in a category. However, only few studies have examined switching behaviour in telecom sector. Jones and Sasser (1995) found switching costs as one factor that determines the competitiveness of market environment, since high switching costs discourage changing from a current provider, thereby yielding less incentive for companies to actively compete.
(1.2) REVIEW OF LITERATURE

**Telecommunication** markets have changed dramatically in recent years. Customers in many countries who used to have only one service provider now have a wide variety to choose from. The fight to attract and keep customers has resulted in the development of relationship marketing strategies. The telecom companies are developing a mix of relationship-marketing tools to establish and build profitable customer relationship. With the concept of relationship marketing, we focus on the need for companies to be market oriented by building up the ability to manage networks, relationships and interactions (Gronroos, 1983; Gummesson, 1987). In other words, the main thrust has been on expanding the relationship with existing customers. It has been fully accepted in marketing literature that long-term customers are more profitable than short-term customers (Reichheld and Teal, 1996; Johnson, 1998). The evolution of the competition forces firms to cope with an increasing difficulty in the management of technological options and market relations. In telecommunication industry, technologies are in continual development; market relations are frequently threatened by new or more aggressive competitors. In this situation, the behaviour of entrepreneurs and managers is turned in search of new models to manage market relations, suitable for operating with success in face of continual change and a high level of uncertainty.

**Switching Behaviour**

Customer switching has become a critical issue facing mobile service firms. Customer switching refers to migration of users from one provider to another. In most service contexts, customer switching is associated with negative consequences such as declining market share and poor profitability (Keaveney, 1995). Switching assumes additional significance in mobile context as it has become widespread among mobile users. To control switching, mobile service providers are increasingly relying on contracts that would lock-in customers for a definite time period. However, with changing competitive dynamics, contracts are not being favored by many users (Braff and Laogue, 2004). Therefore, it becomes important to understand the fundamental drivers of switching behavior.
“Customer retention is very difficult in a market that is highly competitive and it takes more than just advertisements and incentives,” explains Vodafone Director (marketing and new business) Harit Nagpal. According to him, there are four factors that make customers stick to a service provider: A good network, service recovery, technology and great value for money (Byravee Iyer / Mumbai March 3, 2009).

1.3 PROBLEM OF THE STUDY
In the last few years, the demand for mobile telecommunication services has grown exponentially (Bloom, 2005). The growth in consumers' use of mobile services has been accompanied by an increase in the sophistication of mobile technology devices (Bal Subramanian et al., 2002). Mobile users increasingly use these devices not only for voice communications, but also for computing purposes including internet access, e-mail, text and multimedia transmissions (Jarvenpaa & Lang, 2005). Surging demand for mobile services and proliferation of service offerings has resulted in rampant switching behavior among mobile users. This has resulted in intense competition, severe price wars, promotion campaigns, attractive calling plans, and a host of customer retention strategies among mobile service providers. There is an emerging, yet growing body of research on user behavior in mobile environments. Several scholars have examined users' intentions to adopt and use mobile services (Bruner and Kumar, 2005; Kim et al., 2005; Lu et al., 2005). Although these studies shed light on specific factors that influence the adoption of mobile services, there is only limited understanding on post-adoption attitudes such as switching behavior.

Our study addresses this important gap. In this research, our goal is to examine the switching behavior of mobile users. We seek to identify key user-related constructs that influence customer churn. Specifically, we examine if relational investments made by mobile users in a user-provider relationship and user demographics influence their switching behavior. This research is an initial, exploratory study that seeks to understand the influence of key user-related factors on mobile users' switching behavior.

The present study has been carried out with an objective to examine the role of switching behaviour of Indian telecom users. Mobile user switching has become a critical issue facing mobile service providers. Drawing upon the literature on relationship marketing and switching
costs, we examine if the relational investments, service quality and customer satisfaction of mobile users in a user-provider relationship and demographics influence their switching behavior.

**1.4) OBJECTIVES OF THE RESEARCH**

The study has the following objectives:-
1. To find the antecedents of switching behaviour.
2. To study the relationship between switching behaviour and demographic variables
3. To study the role of intermediaries in switching behaviour of cellular users.
4. To analyze the impact of switching behaviour on telecom service providers.
5. To examine strategies adopted by the telecom companies to check the switching pattern of consumers.

**1.5) HYPOTHESES**

This research formulates following hypotheses:

H1a: Higher level of customer loyalty will be negatively related to switching behaviour.
H1b: The higher the score on customer perceived service quality, the lesser will be the switching behaviour.
H1c: The higher the level of customer satisfaction, lesser will be the switching behaviour.
H1d: Service usage will be negatively related to switching behavior of mobile users.
H1e: Duration of user-provider relationship will be negatively related to switching behavior of mobile users.
H1f: Service bundling will be negatively related to switching behavior of mobile users.
H2a: Age will be negatively related to switching behavior of mobile users.
H2b: Female users will exhibit lesser propensity to switch than male users.
(1.6) PROPOSED RESEARCH DESIGN

Defining the Research Problem
Defining the research problem is an important step in a research. The research problem of this proposal is to study “Switching Behaviour of Telecom Subscribers: A case study of subscribers in Punjab and Chandigarh”

Scope of Study
The study covers Chandigarh and surrounding cities. Basis of the selection of these cities is:
• More Tele-density subscriber base.
• Close proximity to the Circle Switches.
• Socio-demographic features of these cities.

Selection of Services
While selecting services for the study, a number of factors are taken into account. Both pre-paid and post-paid services are selected for this purpose. Perceived monetary costs, uncertainty costs, evaluation costs, learning costs and set up costs were considered in developing the construct for switching cost.

Questionnaires
The questionnaire is prepared in English only. It is structured questionnaire that include questions and scales on all concepts included in hypothesis viz. customer loyalty, customer perceived service quality; customer satisfaction, Service usage, Duration of user-provider relationship, Service bundling, Demographic variables. Different questionnaires will be framed for subscribers, dealers and telecom service providers.

Sample Design and Sample Size
Six major telecom service providers are selected i.e. Reliance Infocomm, Airtel, Tata Telecom, Vodafone, and BSNL and spice telecom. Through random sampling, sample of 500 respondents is selected for administering the questionnaire.
Data Collection:
This study is based on primary and secondary data. The main sources of secondary data are published reports of World Telecommunications development, Department of Telecommunications, Indian Telecom Policy, Year book of Statistics, Journals, Books and various websites of the Mobile operators. The primary data has been collected through the questionnaire and personal Interviews. Six major telecom service providers are selected i.e. Reliance Infocomm, Airtel, Tata Telecom, Vodafone, BSNL and spice telecom. Through random sampling, sample of 500 respondents is selected for administering the questionnaire at the touchpoints of these Telecom Operators in these select towns. Besides this, a sample of 50 questionnaires has been collected from dealers and 6 from telecom service providers.

Data Analysis: After collection of data from primary and secondary sources, data has been codified and tabulated. The data has been classified into purposeful and usable categories. Statistical computations such as average, percentages, simple correlation, regression and chi square test have been worked out to provide meaningful analysis. The appropriate statistical operations along with the use of tests of significance have been carried out to safeguard the drawings of conclusions concerning the study. Both graphical and statistical tests have been carried out using SPSS to assess the actual degree of departure from normality the mean, standard deviation and reliability estimate of each model.

(1.7) CHAPTERISATION PROCEDURE:

The report of the study shall be divided by the researcher would be divided in the following six chapters.

Chapter 1: Introduction

This chapter covers the fastest growing services and brief overview of growth of Indian telecom sector. It includes studies related to switching behaviour and telecom sector. Studies related to Consumer loyalty have been studied from conceptual and practical aspects. Besides this studies related to service quality, customer satisfaction, Service usage, Duration of user-provider relationship, Service bundling, Demographic variables are reviewed.
Chapter 2: Literature Review

This chapter is devoted to the concept of switching behaviour. It studies the relationship development process and various factors responsible for switching. It also covers the analytical study of selected telecom service providers and various customer relationship programmes taken by them.

Chapter 3: Research Methodology

This chapter shall deal with the research methodology i.e. the method adopted by the researcher to collect data and statistical tools used to analyze the data to fulfill the objectives of the study.

Chapter 4: Mobile Number Portability

This chapter includes the detailed information on MNP and its impact on switching behaviour of telecom subscribers.

Chapter 5: Analysis of switching behaviour of telecom subscribers

This chapter includes the analysis part of the data collected from telecom subscribers. It includes antecedents of switching behaviour, demographic factors and switching behaviour of telecom subscribers.

Chapter-6: Analysis of switching behaviour with reference to Telecom service providers and Dealers.

This chapter includes the role of intermediaries in switching behaviour and study of telecom service providers and dealers.

Chapter-7: Findings, Suggestions and Recommendations
This chapter presents summary, conclusion and recommendations of the study. How these recommendations are useful for managerial decision, limitation of the study and identify the directions for future research is also discussed.

(1.8) CONCLUSION:

The research tests the impact of telecom subscribers switching behaviour on Indian telecom sector and find out the influence of key antecedents of switching behaviour.

Some of the key findings from the data analysis are highlighted below:

- A key antecedent like customer loyalty is negatively related to switching behaviour. So, H1 (a) is accepted. Higher the customer loyalty lesser would be the switching behaviour.

Influence from family and friends:

38.6% respondents are likely to switch current telecom service provider due to influence from family and friends which is very significant and 34% respondents are satisfied and would not switch due to this reason. 22.4% are likely and 16.2% are very likely to switch as they are highly influenced by the pressure of family and friends. It is one of the influencing factors behind switching behaviour hence a strong antecedent.

Attractive features offered by competitors:

Attractive features offered by competitors are also pushing customers to switch their service providers. 56.2% respondents are very likely to switch due to this reason. Service bundling or value added services are reason behind switching for 26.4% respondents as they are likely to switch due to this factor, 29.8% are very likely to switch due to this factor.

Long wait time for customer service:

Long waiting time is very influential factor in switching from current telecom service provider. 44.8% respondents are not satisfied with the service, 24% are likely and 20.8%
are very likely to switch due to long waiting time. 26% are very unlikely and 18.4% are unlikely to switch due to this factor.

- The higher the score on customer perceived service quality, the lesser will be the switching behaviour. H1(b) is accepted as customer should be satisfied with the customer perceived service quality like network disruptions, long waiting hours of customer service, inconvenient timings, impolite customer care, unknowledgeable employees.

Impolite customer service:

Very unlikely means that respondents are satisfied with customer service and would not switch. Mostly respondents are satisfied with their service providers but as competition has increased 28.4% people are unsatisfied with the customer service of their service providers. Very unlikely 28.6%, Unlikely to switch due to impolite customer service 21.2%, Neutral 21.8%, likely to switch 19% and very likely or highly unsatisfied are 9.4%.

Unknowledgeable Employees:

Unknowledgeable employees are reason behind switching for 28.6% respondents. 32.6% are very unlikely to switch due to unknowledgeable employees of service provider, 21.4% are unlikely to switch, 17.4% are neutral, 14% are unsatisfied and likely to switch and 14.6% are highly unsatisfied and very unlikely to switch.

Billing Errors

33.4% respondents are switching because of billing errors. 26.4% are very unlikely to switch as they are satisfied with the billing services of respondents. 20% are unlikely to switch, 20% are neutral, 21.2% are likely to switch and 12.2% are highly unsatisfied and are very likely to switch.

Service Disruptions
37.8% respondents are satisfied with the service provided by their telecom service providers but 43.2% respondents are not satisfied and face service disruptions therefore they would switch their telecom service providers. Frequent service disruptions in network and site breakdown is the reason behind switching for 18.8% respondents who are likely to switch, 24.4% respondents who are very likely to switch or are highly effected by this antecedent. 22.4% are very unlikely and 15.4% are unlikely to switch due to service disruptions.

- The higher the level of customer satisfaction, lesser will be the switching behaviour. H1(c) is accepted as customer satisfaction is related to services offered by telecom service providers, monthly package price, value added services and customers who are satisfied with their telecom service providers show lesser propensity to switch.

Inconvenient Dealership

32% respondents are likely to switch due to inconvenient dealership whereas 23.6% respondents are satisfied with their service providers. 23.6% are very unlikely, 15% are unlikely, 29.2% are neutral, 18.8% are likely, and 13.2% are very likely to switch their service providers due to inconvenient dealership.

Hidden Charges:

Hidden charges as an antecedent of switching behaviour has almost equal number of respondents who would switch (41%) and who would not switch (39.6%). 21.6% are very unlikely to switch, 18% are unlikely, 19.2% are neutral on the factor, 23.6% are likely to switch due to hidden charges, 17.4 % are very likely to switch due to hidden charges.

Inadequate Information:

Mostly people (39.8%) are either satisfied or neutral on inadequate information provided by dealers. Whereas, 33.6% people are not satisfied. Because of Incomplete information
17.2% are likely, 16.4% are very likely to switch, 23.8% very unlikely and 16% are unlikely to switch, and 26.6% respondents are neutral on this factor.

High monthly package price:

High monthly package price is significantly affecting switching behaviour of customers, 40.2% are likely to switch due to high cost. 17.4% are very unlikely to switch as they are satisfied with the monthly package price of their service provider, 16.2% are unlikely to switch, 26% are neutral, 22.8% are likely and 17.4% are very likely to switch due to high monthly package of the mobile connection.

Complaint Resolution:

38.8% respondents are not satisfied with the complaint resolution of their telecom service providers and therefore are likely to switch due to the same reason. Ineffective complaint resolution is the reason behind switching for 23.8% respondents who are likely to switch, 15% are very likely to switch, 21.8% are very unlikely and 15.4% are unlikely to switch whereas 24% are neutral on this antecedent of switching behaviour.

- Duration of user provider relationship is negatively related to switching behaviour. So, H1 (d) is accepted, longer the duration of user provider relationship lesser would be the switching behaviour. Because if a subscriber is associated for long with a telecom service provider than he feels associated with it and acquires knowledge about companies products and services. Moreover there are higher emotional and switching costs associated with the switching.

Duration of user provider relationship:
Less than 1 year 140, less than 2 years 111, less than 3 years 58. More than 3 years and still using 134, those who have not changed their service provider ever are 57.

High monthly package price:
High monthly package price is significantly affecting switching behaviour of customers, 40.2% are likely to switch due to high cost. 17.4% are very unlikely to switch as they are satisfied with the monthly package price of their service provider, 16.2% are unlikely to switch, 26% are neutral, 22.8% are likely and 17.4% are very likely to switch due to high monthly package of the mobile connection.

Hidden Charges:

Hidden charges as an antecedent of switching behaviour has almost equal number of respondents who would switch (41%) and who would not switch (39.6%). 21.6% are very unlikely to switch, 18% are unlikely, 19.2% are neutral on the factor, 23.6% are likely to switch due to hidden charges, 17.4% are very likely to switch due to hidden charges.

- Service bundling will be negatively related to switching behaviour of mobile users. H1(e) is accepted as the subscribers who are getting services, attractive features, SMS packs, lesser tariff packs, more VAS at lower costs would show lesser propensity to switch.

Other services:

Dissatisfaction from value added services like internet is reason behind switching for 39% respondents. Dissatisfied respondents because of unhappiness from other services like Internet are 20.4% (likely to switch), 18.6% are very likely to switch. Whereas, 26.6% are very unlikely and 15.8% are unlikely to switch due to other services.

- Age will be negatively related to switching behaviour of mobile users. H2(a) is accepted as data analysis has shown that as the age of a consumer increases the propensity to switch decreases due to various reasons like satisfaction with the current service provider, cost involved in switching and many other antecedents. Whereas, subscribers of younger age group show higher propensity to switch as they keep looking for new services, fast internet, service packs and after introduction of MNP they hardly need any reason not to switch. So, it has become imperative for telecom companies to concentrate on young brigade and retain them so as to maintain their market share.
Female users will exhibit lesser propensity to switch than male users. H2(b) is accepted as compared to male users female users are more satisfied with the services provided by their telecom service providers and are more loyal customers.

Bibliography

Appendices

• Tables
• Questionnaire

REFERENCES

8. New Telecom Policy ”, www.trai.gov.in


