

# Chapter 1

## Introduction

### 1.1.Introduction

The Indian telecom sector has grown by leaps and bounds in the last decade. The telephone, which was earlier considered as a luxury item, has become an essential part of our daily life. The present global mobile phone market is estimated as 6.6 billion connections with global revenues of \$1.5 trillion last year. The Indian mobile market is one of the fastest growing markets, and this industry is growing at an incredible pace, with no sign of slowdown. It is actually a sunrise industry in India with the prominent players like Nokia, Samsung, Sony, Apple, Motorola, LG, and Micromax, to name just a few. As smart phones get smarter and consumers' expectations rise, mobile technology is required to continuously offer innovative and cutting-edge services. A large range of accessories are available with various prices just to cater to the needs for all kinds of users. Technologies like the camera, games, polyphonic ringtones, extendable memories in the form of memory cards, video recording, Bluetooth, dual SIM, WI-FI, GPRS, What Sapp, and so forth make a mobile handset a hand by perfect gadget for the youngsters and adults alike to explore the world, to define their social space, and to perfectly match their lifestyles.

Indian is home to 1.237 billion people<sup>1</sup>, out of which 50% of the population is in the age bracket of 0-25 years, and 65% are in the age bracket of 0-35years. Since a huge number of the population is in the young age group, it is an attractive market. The purchasing power of the youth has significantly increased, whether they are drawing a salary or are getting pocket money from their parents. Salaries in India rose by 14.4% in 2006 and by 15.1% in 2007 as surveyed by Hewitt Associates. An ASSOCHAM survey revealed that the average monthly allowance of urban children in the age group of 10-17 years went up from Rs.300 in 1998 to Rs.1,300 in 2008<sup>2</sup>. This youth segment of India is very attractive due to its size, increasing spending power, large exposure to media, and their vast knowledge and adaptability to technology. Young and adult consumers are very much drawn in with current trends as compared to other age groups. Typically, most young adult consumers are trendsetters among themselves, and are also playing the role as trendsetters to the population at large. While mobile phones are primarily acquired due to new features, including color display and polyphonic ringtones, some consumers buy new phones in order to get an innovator and / or opinion leader status. To match their lifestyles, the youth are adopting technology to a large extent. Mobile phones with the Internet are not only used for their work but for entertainment, to maintain social networking, and to reinforce their group identity. The youth have a huge tendency to switch to

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<sup>1</sup>Shampa Nandi,J.K. Pattanayak-Brand Loyalty and Switching-Indian Journal of Marketing-March,2015,pp.39.

<sup>2</sup>Ibid,pp.40.

a new mobile handset. The term “brand loyalty” has lost its shine among the young consumers, especially with reference to mobile phones, because of their frequent switches.

The Indian telecom industry has undergone a massive transformation since its introduction. **The mobile phones are progressively becoming cheaper and affordable for people in the country with the increase in disposable income that improves the quality of life in India<sup>3</sup>.** Young people are tech-savvy, fashion conscious, and love to explore different brands. On the other hand, there are a plethora of different handsets with access to the Internet and new schemes. Technology advancement has resulted in more and more consumers to switch to new mobile phones. The cellular companies are also aggravating the situation by introducing latest mobile phone models having attractive features and Internet services facility. Every single cellular company is trying hard to keep their share intact as there is a cut-throat competition among different companies as well as different models of the same company. As the young people have a great tendency to switch to a new phone just for hedonistic pleasure or to acquire an “innovator” status or to match the current technology, it is absolutely necessary for the mobile companies to understand their customers and their buying decision processes.

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<sup>3</sup>Ibid.pp.40.

## 1.2. Brand Loyalty-The concept

Before reviewing the concept of brand loyalty, the concept of a brand should shortly be defined. A brand can be defined as ‘a distinguishing name and/or symbol, intended to identify a product or producer (Aaker, 1991)’. The American Marketing Association define the term a little deeper and state that a brand is ”...a customer experience represented by a collection of images and ideas; often, it refers to a symbol such as a name, logo, slogan, and design scheme. Brand recognition and other reactions are created by the accumulation of experiences with the specific product or service, both directly relating to its use, and through the influence of advertising, design, and media commentary. A brand often includes an explicit logo, fonts, color schemes, symbols, sound which may be developed to represent implicit values, ideas, and even personality” (AMA’s homepage, 2010)<sup>4</sup>.

**Branding** is the process of creating a name, design or symbol that identifies and differentiates a company from its competitors. A good brand reflects the benefits of a product or service and builds recognition and loyalty in customers. However, branding is an expensive process and is difficult to undo if the company's direction changes.

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<sup>4</sup>Tinna Kristinsdóttir - Århus School of Business Department of Marketing and Statistics June 2010.

**Kelly (2008)** defined brand as, “a name, term, design, symbol or any other features that identifies one seller’s good or service as distinct from those of other seller”.

**Capon & Hulbert (2001)** defined brand as, “they are distinguishing names and symbols, such as logos, trademarks, package designs and spokespersons”.

## Brand Loyalty Defined

- ▶ The American Marketing Association (2011) defines brand loyalty as:

- Consumer Behaviour Definition
  - *“The degree to which a consumer consistently purchases the same brand within a product class”*
- AMA – Sales Promotion Definition
  - *“The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category”*

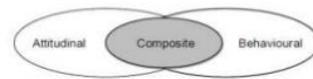
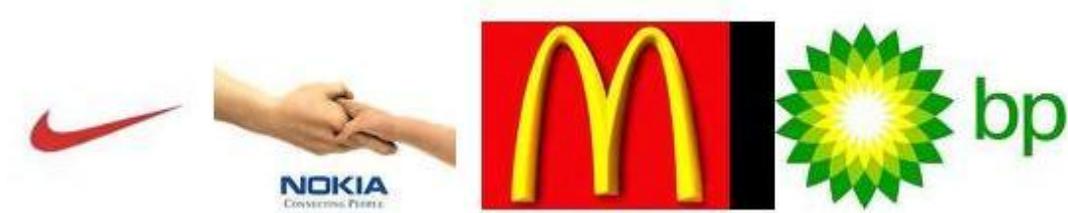


Figure 1. The composite approach (Source: Rundle-Thiele 2005, p. 494)



In terms above definition, a brand is a name, logo or sign given to the product which differentiates one product from another. Brands are like people they have personalities, image, positioning, values, attributes etc. For example, some of different signs and symbols have been given (in Figure 1) to specify the brands.



Branding helps consumers develop a specific image that contains the qualities and characteristics business owners want consumers to associate with their business and its products or services. For example, cartoon images of a happy dog may help a consumer feel more comfortable using a particular pet grooming service. A distinct brand can increase the memorability of a product and build repeat business. If consumers are satisfied after purchasing the product, a strong brand makes it easy for them to make repeat purchases without much reconsideration. This can all translate into a wider customer base, increased sales and revenue growth.

**Brands** offer a certain amount of legal protection from competition because of trademark law. A trademark can be any unique word, device, or symbol that distinguishes a company. Nike's swoosh and Apple's -apple are both trademarked items. Companies can trademark their business name as long as they use it when advertising to customers. Registering a brand as a trademark allows the holder to bring legal action against any competitors that try to infringe on its branding.

Customer loyalty to specific brands has been a big focal point of strategic marketing planning over the last years (**Kotler, 1994**). Strong brand can only

exist given that it has a strong supply of brand loyal customers. Today this is considered to be an obvious fact, but this only first surfaced in the early 1980's. Before that time, companies mainly focused on trying to steal customers from their competitors and constantly get more customers. After this fact got the attention that it deserved, the focus shifted towards keeping already existing customers. This has become more and more important strategy since now in the times of countless offers, buyers tend to jump from one brand to the next (Kapferer1992).

**Brand loyalty** occurs when a customer chooses to repeatedly purchase a product produced by the same company instead of a substitute product produced by a competitor. For example, some people will always buy Coke at the grocery store, while other people will always purchase Pepsi.

According to **Aaker (1991)**, brand loyalty is one of the four parts that create brand equity. Brand equity is the assets or liabilities of a brand that are linked to its name and symbol, and add to or subtract from a given product or a service. The other three parts are brand awareness, perceived quality, and brand associations. When it comes to brand loyalty, **Aaker** also states that just by having an intensely loyal customer base, even though it is relatively small, can create significant brand equity for a firm. **Aaker** finally brings to notice that as well as being one of the dimensions of brand equity, brand loyalty is also affected by brand equity, creating an interrelationship.

**Kandampully(1998)**<sup>5</sup> argued that the ability of a company to create, maintain and expand a large and loyal customer base over a longer time period is crucial to attain and sustain a premium position on the market. This suggests that in any business sector, customer loyalty can contribute to a major competitive advantage. Brand loyalty has been studied from various different angles for countless product categories. Despite this fact, not much research has been done on the tobacco product category.

Brand loyalty is a result of consumer behavior and is affected by a person's preferences. Loyal customers will consistently purchase products from their preferred brands, regardless of convenience or price. Companies will often use different marketing strategies to cultivate loyal customers, be it is through loyalty programs (i.e. rewards programs) or trials and incentives (ex. samples and free gifts).

**Brand loyalty**, in marketing, consists of a consumer's commitment to repurchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service, or other positive behaviors such as word of mouth advocacy<sup>6</sup>.

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<sup>5</sup>TinnaKristinsdóttir-Århus School of Business Department of Marketing and Statistics June 2010.

<sup>6</sup> Dick, Alan S. and KunalBasu (1994), "Customer Loyalty: Toward an Integrated Conceptual Framework," *Journal of the Academy of Marketing Science*, 22 (2), 99-113.

What all these definitions have in common is that brand loyalty is not necessarily the actual action of purchasing, but the intention to do so. The definitions also include that the attitude towards the brand must be favorable for loyalty to be created, and there has to be a repetition of purchases.

### 1.3. Factors influencing Brand Loyalty



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#### Factors affecting brand loyalty

- Different measurements of brand attitude and purchase habits are expressed by brand loyalty.
- The distribution decision of the company is also valuable element
- It is very important to provide the product to the consumer at convince place.
- Brand loyalty has been defined as an attitudinal and behavioural concept
- Relationship between brand loyalty & uniqueness that was not statistically significant indicating that the business people should not focus their efforts on the uniqueness of the brand name because this factor does not affect brand loyalty at all.

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In his book from **1997**, **Oliver** suggests a **four-stage loyalty model** proposing that **loyalty consists of belief, affect, intentions and action**. The model states that these four different aspects of loyalty emerge over time and do not emerge simultaneously.

It has been suggested that loyalty includes some degree of pre-dispositional commitment toward a brand. Brand loyalty is viewed as multidimensional construct. It is determined by several distinct psychological processes and it

entails multivariate measurements. Customers' perceived value, brand trust, customers' satisfaction<sup>7</sup>, repeat purchase behavior, and commitment are found to be the key influencing factors of brand loyalty. Commitment and repeated purchase behavior are considered as necessary conditions for brand loyalty followed by perceived value, satisfaction, and brand trust. Fred **Reichheld**<sup>8</sup>, One of the most influential writers on brand loyalty, claimed that enhancing customer loyalty could have dramatic effects on profitability<sup>9</sup>. Among the benefits from brand loyalty — specifically, longer tenure or staying as a customer for longer — was said to be lower sensitivity to price. This claim had not been empirically tested until recently. Recent research found evidence that longer-term customers were indeed less sensitive to price increases. However, the claims of **Reichheld** have been empirically tested by Tim Keiningham and not found to hold ('A longitudinal analysis of Net Promoter and Firm Revenue Growth,' Journal of Marketing, July 2007). In addition, Byron Sharp in his book 'How Brands Grow' showed empirically that behaviour affects attitudinal response not the other way round. Longer term

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<sup>7</sup>Punniyamoorthy, M and Prasanna Mohan Raj, "An empirical model for brand loyalty measurement", Journal of Targeting, Measurement and Analysis for Marketing, Volume 15, Number 4, September 2007 , pp. 222-233(12)

<sup>8</sup>Reichheld, F. The Loyalty Effect 1996.

<sup>9</sup> Ibid

customers are less sensitive because it is harder for them to completely stop using the brand<sup>10</sup>.

**Brand loyalty** is often based upon perception. A consumer will consistently purchase the same product because she perceives it as being the superior product among the choices available. You should note that brand loyalty usually relates to a product, not a company. For example, while you may be loyal to your **Honda Accord**, when it comes to motorcycles, you might believe that a Harley leaves a Honda motorcycle in the dust.

**Brand loyalty** is important for several reasons. First, it reduces the cost of production because the sales volume is higher. Second, companies with brand-loyal customers don't have to spend as much money on marketing the product, which will permit the company to either retain more earnings or to invest resources elsewhere. Third, companies may use premium pricing that will increase profit margins. Finally, loyal customers tend to recommend products that they like.

Businesses do have to exert significant effort to facilitate brand loyalty. You need to convince potential customers that your product has a significant advantage over other products to justify consistent purchases of your product. Businesses also will attempt to leverage brand loyalty developed for a product to other products offered by the company. The hope is to create brand loyalty for as many products as possible.

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<sup>10</sup> **Ibid**

## 1.4. Consumer Products



**A stapler can be a business product or a consumer product depending on who is using it.**

Did you know that a product is labeled according to the end user? A product can be a **business product** or a **consumer product**. If the end user of the product is the consumer, then the product is a consumer product. If the end user is a business, then it is categorized as a business product. For example, a stapler can be either, depending on who is using the product. A business product is used to manufacture other goods or services to resell, while a consumer product is purchased to satisfy individual wants or needs. We will only be discussing consumer products. Remember that a product includes all items, such as warranties, packaging, after-sales follow-up material, et cetera. Consumer products can also be further broken down into specific categories, such as **convenience**, **shopping**, **specialty** and **unsought**.

## 1.5. Convenience Products

A **convenience product** is a consumer product that takes little thought, is routine, purchased often, appeals to a large target market and the consumer purchases with little planning. Our favorite Ninja decides that he is in need of a snack. He finds the closest convenience store and rushes in and picks up his favorite Ninja Energy Bar for one dollar. Other items that would fit a convenience product example would be if the Ninja purchases candy, soda, water or a hairbrush. These types of products still have some brand loyalty to their consumers. After all, most consumers want a specific brand of soda or type of candy bar.



**Products, such as candy and soda, require little thought and appeal to a large target market.**

In order to reach their target market for these products, they have to widespread availability. Convenience products usually are not associated with

a large price so companies must sell a large volume in order to make a profit. Think of how many places you can buy a pack of gum - vending machines, drug stores, supermarkets, convenience stores and warehouse clubs. Most of the time these products do not require much thought and are almost reflex reactions for the consumer to buy. Convenience products also do not require complicated information-based ads. Instead the promotion is all about deals and reminding the consumer that the product is available.

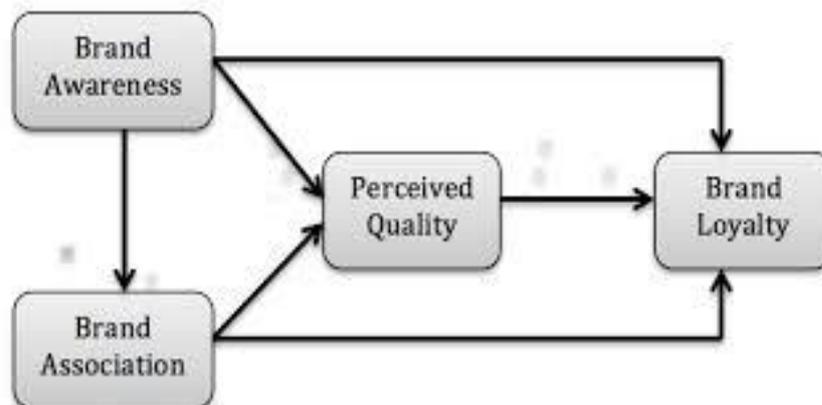
## 1.6 Shopping Products

A **shopping product** is a type of product that requires consumer research and comparison of brands. **Homogeneous** and **heterogeneous** are the two specific types of shopping products. Homogeneous products are perceived by consumers as very similar in nature and the final purchase is usually determined on the lowest price. If our farmer's hay compactor needed replacement, he would look for the most affordable one. Other examples of this type of shopping product would be appliances, such as washers, dryers or a fridge.

### Heterogeneous products



**With heterogeneous shopping products, consumers look for the brand or image that works for them.**



## 2012 Top 10 Loyalty Leaders

Brand	Category	2012	2011
Apple	tablet	1	N/A
Amazon	tablet	2	N/A
Apple	smartphone	3	2
Amazon	online retail	4	1
Apple	computer	5	5
Samsung	tablet	6	N/A
Call of Duty	major league gaming	7	N/A
Samsung	cellphone	8	4
Halo	major league gaming	9	N/A
Twitter	social networks	10	20

Both branding and no branding have two-sides effect, the essential problem is how it has been done. For example, branding could help the brand promote their brand images in the trade market, also could earn some brand loyalty and increasing some brand value. On the other hand, no brand could has lower production cost, lower marketing cost, and lower legal cost than branding.

After the organization entering the trade market, using the branding to communicate with their customer, they could receive benefit from branding. Such as reputable brand name, possible brand loyalty, brand value, maximum marketing efficiency, and even reduction of advertising costs (Onkvisit and Shaw, 2001).

"Branding name is a thing, a tool which companies use in the trade market. They admit that brand name may not set up or break down the organization but it would be a key point in their success or failure" (Ronny, 1995). Normally, the organization use their brand name as part of their product even

selling point, for example: Coke Cola, they use their brand name as the selling point, sales their products. Coke Cola is a famous brand around the world, moreover, in Chinese the "Cola" means "could be fun", so that in Chinese culture the brand name plays a way in the trade market.

It is easy for general public to think Microsoft, Apple, Asus and Acer as examples of famous brand. Actually, in marketing, brand has wider meanings rather than merely a name of a product. In the other hand, the simplest example to says is that a chocolate is a kind of food originally, however, if a company gives chocolate a name as "Godiva", it becomes a branding name, therefore, the brand values comes appear, too. Moreover, according to Millward Brown Optimor website(2010) statistic, that technology industries brand value top 5 are Google(\$114260million), IBM(\$86383million), Apple(\$83153million), Microsoft(\$76344million), and HP(\$39717million), moreover, their brand value has changed about 14%(Google), 30%(IBM), 32%(Apple), 0%(Microsoft), and 48%(HP). Originally, those names consist of ordinary alphabet letters. But due to the branding activity in which the owners put great resource, those names, in itself, obtain marvelous values.

Generally, branding is not only a product that selling from business to customers , however, at the top of trade market, "brand" could be a product that selling and purchasing between business to business. Normally, small companies may merger other brand value and asset. The most famous example is that "Lenovo" merged "IBM's PC department", after the merger,

Lenovo has become the third top of pc manufacturers. Also their brand value has increased a lot.

One major disadvantage of branding is the expense. Designing a brand involves significant research, naming development, graphic design, and brand identity integration, which aren't cheap. Business owners may feel pressured to increase the price of their products to compensate for the increased expense, which could cause customers to switch products. The increased expense of wages and professional fees to develop a brand may or may not exceed the financial benefits of branding. One of the major benefits of a brand is that it creates a strong product association for customers. However, this can also be a disadvantage in several situations. If a company wants to change direction with its products or target a new segment of consumers, an established brand can make it difficult to change the image of the company. If a company undergoes a public scandal, a strong brand only makes it easier for consumers to associate the business with past wrongdoings. While brands and even company names can be changed, it's an expensive.

## 1.7. Mobile users in India<sup>11</sup>



Out of the 1.25 billion people in India, only one-fifth of the people use internet and only 50% of these are using social media. The growth of social media sites, especially Facebook, is accelerating the adoption rate. Surprisingly, out of the 886 million mobile subscribers – TRAI claims different figure of 933 million users though – only 10% access social media sites on their mobile. The advent of low-price smartphones and cut-throat price competition in internet tariffs might change this trend and more users in the country may become tech and net-savvy.

<sup>11</sup> <http://dazeinfo.com/2014/07/11/mobile-internet-india-2014>.

## List of countries by number of mobile phones in use<sup>12</sup>

This list ranks the countries of the world by the number of mobile phones in use.

Rankings	Country or regions	Number of mobile phones	Population	Connections/100 citizens	Date of evaluation
	World	6,800,000,000 <sup>+</sup>	7,012,000,000	97	2013
01	 China	1,276,660,000	1,364,270,000	93.2	October 2014
02	 India	1,003,490,00	1,295,291,543	78.93	31 October 2015
03	 United States	327,577,529	317,874,628	103.1	April 2014
04	 Brazil	284,200,000	201,032,714	141.3	May 2015
05	 Russia	256,116,000	142,905,200	155.5	July 2013
06	 Indonesia	236,800,000	237,556,363	99.68	September 2013
07	 Nigeria	167,371,945	177,155,754	94.5	Feb 2014
08	 Pakistan	140,000,000	180,854,781	77	July 2014
09	 Bangladesh	130,843,000	157,497,000	80.55	April 2015
10	 Japan	121,246,700	127,628,095	95.1	
11	 Germany	107,000,000	81,882,342	130.1	2013
12	 Philippines	106,987,098	94,013,200	113.8	October 2013

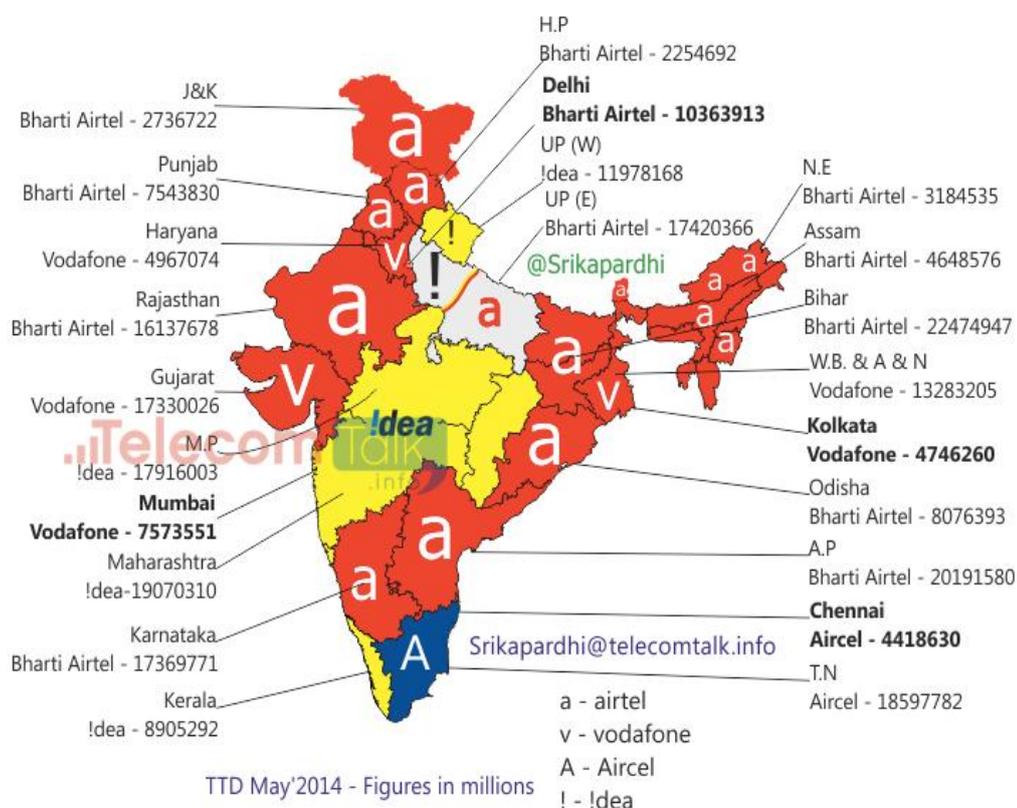
<sup>12</sup> <https://en.wikipedia.org/wiki/>

Rankings	Country or regions	Number of mobile phones	Population	Connections/100 citizens	Date of evaluation
13	 Iran	96,165,000	73,973,650	130	February 2013
14	 Mexico	101,339,000	112,322,757	90.2	Jul. 2013
15	 Italy	88,580,000	60,090,400	147.4	Dec. 2013
16	 United Kingdom	83,100,000	64,100,000	129.6	Q4 2013
17	 Vietnam	72,300,000	90,549,390	79	October 2013
18	 France	72,180,000	63,573,842	114.2	Dec. 2013
19	 Egypt	92,640,000	82,120,000	112.81	Egypt Ministry of Communications & IT, August 2013
20	 Thailand	69,000,000	67,480,000	105	2015
21	 Turkey	68,000,000	75,627,384	89.9	2013
22	 Ukraine	57,505,555	45,579,904	126.0	Dec. 2013
23	 South Korea	56,004,887	50,219,669	111.5	2014
24	 Spain	55,740,000	47,265,321	118.0	Feb. 2013
25	 Argentina	56,725,200	40,134,425	141.34	2013
26	 Poland	47,153,200	38,186,860	123.48	2013
27	 Colombia	49,066,359	47,000,000	104.4	2013
28	 South Africa	59,474,500	50,586,757	117.6	2013 GSM African Mobile Observatory report
29	 Morocco	44,450,000	33,818,662	131	2015
30	 Algeria	33,000,000	35,000,000	94.2	2013
31	 Taiwan	28,610,000	23,197,947	123.33	September 2013
32	 Kenya	28,080,000	42,000,000	71.3	2013
33	 Venezuela	32,019,086	30,163,157	106.15	2014

Rankings	Country or regions	Number of mobile phones	Population	Connections/100 citizens	Date of evaluation
34	 Peru	33,000,000	30,000,000	110.0	Oct. 2013
35	 Romania	26,000,000	21,438,000	123.45	December 16, 2010
36	 Canada	28,217,707	35,675,834	79.1	Q3 2014
37	 Netherlands	20,000,000	16,515,057	121.1	Nov. 2013
38	 Australia	20,570,000	23,490,700	132.0	~ November 2014
39	 Saudi Arabia	46,000,000	27,137,000	169.5	Jun 2013
40	 Malaysia	30,379,000	28,250,000	143.8	Apr 2014
41	 Sri Lanka	22,123,000	20,771,000	107	Dec. 2014
42	 Chile	21,000,000	17,094,270	122.9	Dec. 2013
43	 Nepal	18,240,670	26,620,020	86.82	Apr. 2014
44	 Ethiopia	18,000,000	85,000,020	21.8	Dec. 2013
45	 Guatemala	17,571,895	14,713,763	119.4	Jun. 2013
46	 Ecuador	15,900,000	14,300,000	111.18	Jan. 2013
47	 Portugal	13,400,000	10,562,178	126.87	November 2013
48	 Hong Kong	17,445,581	7,264,100	240.2	March 2015
49	 Belgium	11,822,000	10,414,000	113.6	2013
49	 Hungary	11,561,890	9,908,798	116.7	Nov. 2013
50	 United Arab Emirates	17,132,724	8,410,763	203.7	Nov 2014
51	 Sweden	11,194,000	9,103,788	122.9	(July 2012 est.)
52	 Bulgaria	10,655,000	7,600,000	140.2	2008
53	 Israel	9,319,000	7,310,000	127.5	2008
54	 Finland	9,310,000	5,457,429	170.4	2H 2013
55	 Singapore	8,106,700	5,399,000	150.1	Jan 2015
56	 Denmark	7,000,000	5,543,819	126.2	February

Rankings	Country or regions	Number of mobile phones	Population	Connections/100 citizens	Date of evaluation
					2008
57	 Azerbaijan	7,000,000	8,900,000	78.7	November 2009
58	 Jordan	6,010,000	5,950,000	101.0	March 2010
59	 New Zealand	4,922,000	4,430,000	111.1	2012
60	 Mongolia	3,500,000	2,980,000	117.4	2013
61	 Estonia	2,070,000	1,294,486	159.9	2012
62	 Lebanon	2,720,000	4,224,000	64.4	Oct 2010
63	 Lithuania	4,940,000	2,955,986	167.1	End of Q2 2013 (Tentative)
64	 Cuba	1,300,000	11,200,000	11.6	December 2011
65	 North Korea	2,000,000	24,451,285	8.3	April 2013
66	 Panama	6,900,000	3,405,813	202.5	July 2013
67	 Malta	554,651	452,515	122.57	June 2013
68	 Zimbabwe	13,518,887	13,060,000	103.5	January 2014
69	 Montenegro	1,103,698	620,029	178.01	August 2014
70	 Ireland	5,770,638	4,581,269	125.9	Q1 2015

## GSM Subscriber base as of May 2014 – PAN INDIA (MAP)<sup>13</sup>



**Bharti Airtel** has the highest number of GSM subscribers in 12 circles, followed by **Vodafone** 5 circles, **Idea Cellular** 4 circles and **Aircel** 2 Circles. India continues to lead in adding new mobile subscriptions globally. It added 13 million new connections in the third quarter of 2015. This was followed by China, which added seven million mobile subscribers, the US (6 million), Myanmar (5 million) and Nigeria (4 million), according to Ericsson Mobility Report for 2015. Overall, there were 87 million new mobile subscriptions in the third quarter of 2015. Of the 7.4-billion mobile phone subscriptions

<sup>13</sup><http://telecomtalk.info/gsm-subscriber-base-pan-india-map-may2014/118970/>

globally during the period under review, 3.4 billion were mobile broadband subscribers. There will be 9.1 billion mobile subscribers in 2021, the report forecast. Globally, smart phone subscriptions are set to increase from 3.4 billion in 2015 to 6.4 billion by 2021. Against the global average of 99 per cent, mobile phone penetration in India is pegged at 77<sup>14</sup> per cent, leaving room for further uptake in numbers in the coming years.

### **1.8. Importance of the study**

**To-day, the mobile phones are progressively becoming cheaper and affordable for people in the country with the increase in disposable income that improves the quality of life in India.** Young people are tech-savvy, fashion conscious, and love to explore different brands. On the other hand, there are a plethora of different handsets with access to the Internet and new schemes. Technology advancement has resulted in more and more consumers to switch to new mobile phones. The cellular companies are also aggravating the situation by introducing latest mobile phone models having attractive features and Internet services facility. Every single cellular company is trying hard to keep their share intact as there is a cut-throat competition among different companies as well as different models of the same company. As the young people have a great tendency to switch to a new phone just for hedonistic pleasure or to acquire an “innovator” status or

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<sup>14</sup> <http://www.business-standard.com/>

to match the current technology, it is absolutely necessary for the mobile companies to understand their customers and their buying decision processes. **As there is no previous study involving the brand loyalty and switching behavior of the Mobile phone users, the present study has been taken up with the following objectives.**

### **1.9. Objectives of the study**

- 1. To study the latest developments in the ‘Indian Telecom sector’.**
- 2. To examine the marketing concepts of ‘Brand loyalty and the Brand switching in the Mobile sector’.**
- 3. To study the profile of both ‘Young and Adult’ users and also the service providers.**
- 4. To examine the factors contributing for the ‘Brand loyalty and the reasons for the switching behavior’ among the respondents.**
- 5. To suggest a ‘model for the companies to retain the customers’ and avoid the switching behavior of the users.**

### **1.10. Research Methodology**

**The primary data is collected from 500 respondents of Chennai city.** The sources of secondary data comprises of books, journals, periodicals, reports, theses and websites. An undisguised, structured and close - ended questionnaire with multiple choice questions has been prepared and **a pilot**

**study has been conducted on 150 respondents to make the questionnaire more effective.**

### **Sampling Design**

A sample of young-adults (two primary categories) not in equal size was considered as the respondents of this study. To choose the sample for this study, convenience sampling method was used.

To make the study more viable, the sample covers a wide variety of youth, involving employees of various reputed organizations and renowned IT companies, banks as well as small consultancy firms agreed to participate in the survey.

**The sample size of the present study is 500 respondents.**

For analyzing the data, cross tab, chi square, and multiple regression analysis methods were used with the help of SPSS package.

### **Statistical tools used**

- Percentage analysis
- One-sample t-test
- Independent samples t-test
- One way ANOVA
- Exploratory Factor analysis
- Chi-square analysis
- Bi- variate correlation

- Multiple regression analysis
- Structural equation modeling

**Statistical package used:**

The validity, reliability and analysis of the data in this study were examined 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.

**1.11. 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**  
**Reliability measures for the study**

<b>No.</b>		<b>No. of items</b>	<b>Alpha</b>
1	Pre purchase behaviour	13	0.83
2	Source of information	9	0.84
3	Influence of making purchase decision	5	0.81

4	Purpose of buying	3	0.83
5	Factors that influence the purchase decision	23	0.82
6	Promotion and Marketing mix	7	0.85
7	Purchase decision of the brand	7	0.87
8	Post Purchase Behaviour	17	0.89
9	After sales service	7	0.86
10	Brand Association	2	0.91
11	Brand Knowledge	9	0.88
12	Brand Performance	11	0.89
13	Satisfaction about products	7	0.82
14	Brand loyalty	12	0.81
15	Overall reliability of the study	135	0.87

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.

### **Sample Size determination**

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

$$\text{Sample size } n = (ZS/E)^2$$

Where

Z = 1.96 (Standardized value corresponding to 95% confidence interval)

S = Sample standard deviation from pilot study = 0.60

E = Acceptable error = 0.05 (5%)

$$\begin{aligned}\text{Sample size (n)} &= (ZS/E)^2 \\ &= (1.96*0.60/0.05)^2 \\ &= 553.19 \\ &\sim 553\end{aligned}$$

Well -structured questionnaires were circulated to 553 respondents. 519 respondents have returned the questionnaire after filling it; however 19 questionnaires were rejected due to inadequate data. **Hence, the sample size chosen for the study is 500.**

### **1.12. Limitations of the study**

**The study is not a comparative study of young and adult mobile phone users and the sample consists of both young and adults not in equal proportions. For the purpose of the study, the sample respondents above 35 years are considered as Adult users and the respondents below 35 years are considered as Young mobile phone users.**

The study covers **only select brands of mobile phones** in use by the **consumers** [respondents] for the present study. The respondents were chosen

from **Chennai city**. **The study results are applicable only to the select brands of the study.**

The information provided by the respondents is based on their memory only. It is obvious; the lapses in their recall from memory would have affected the quality of the data to some extent.

Since it has been assumed the factors of brand loyalty and brand switching are considered to constitute customer satisfaction of the respondents, no separate survey for customer satisfaction was conducted.

### **1.13. Hypotheses**

1. **H<sub>01</sub>**: There is no significant relationship between brand loyalty and age of the respondents.
2. **H<sub>02</sub>**: There is no significant relationship between brand loyalty and the gender of the respondents.
3. **H<sub>03</sub>**: There is no significant relationship between brand loyalty and educational qualification of the respondents.
4. **H<sub>04</sub>**: There is no significant relationship between brand loyalty and the occupation of the respondents.
5. **H<sub>05</sub>**: There is no significant relationship between income of the respondents and brand loyalty.
6. **H<sub>06</sub>**: There is no significant relationship between financial status of the respondents and brand loyalty.

7. **H<sub>0</sub>7:** There is no significant relationship between brand loyalty and the current brand of mobile phones owned by the respondents.
8. **H<sub>0</sub>8:** There is no significant relationship between the satisfaction level of the respondents and brand loyalty.

## **1.14. Chapter Arrangements**

### **Chapter-1 -Introduction**

**It provides an overview about the telecom sector and the concepts of brand loyalty and the major Objectives, Sample and Research methodology, Hypotheses of the study.**

### **Chapter-2 -Review of literature.**

**It examines the earlier literature available on the research area.**

### **Chapter-3 -Profile of the Respondents and the Mobile phone companies.**

**It examines the socio-demographic background of the respondents and the growth of the companies.**

### **Chapter- 4 -Brand Loyalty and Brand Switching of the respondents.**

**It examines the data relating to the respondents' brand loyalty and brand switching of the sample respondents.**

### **Chapter-5 -Summary and Conclusions.**

**It provides the summary of findings of every chapter and the conclusions arrived thereto.**