Chapter-1

Introduction

1.1 Introduction

This chapter deals with the background of the study followed by the scenario of Indian telecommunication sector, statement of the problem, significance of the study followed by structure of the thesis and summary.

1.2 Background of the Study

Present marketing strategies are dynamic in comparison with the earlier marketing strategies which attract the profit oriented customers. The new marketing strategies are being more customers oriented and paying much attention towards new as well as existing customers. This is perhaps due to the cost cutting measure acquired to ensnare new and existing customers.

It is a fact that a much satisfied customer is nearly six times more likely to be loyal and re-purchase and recommend a product that a customer who is just satisfied. It is again believed that satisfied customer tells five other people about their good treatment and that five percent (5%) increase in loyalty which increase profit by twenty five percent (25%) to eighty five percent (85%). On the other hand, the average customer with a problem eventually tells eight to ten other people (Spss White Paper, 1996; Limayem In, 2007).
As a result, organizations attempt to adopt measures to ascertain customer satisfaction/dissatisfaction. Some organizations traditionally rely on customer complaints to ascertain customer satisfaction. Unfortunately, the average business firm never hears from ninety six percent (96%) of their unhappy customers and ninety one percent will never come back, they get back; only four percent (4%) of dissatisfied customers will complain (SPSS White Paper, 1996).

It is believed that the average business investment remains six times more to attract new customers than to retain old customers (Reichheld, 1996). It is more profitable to retain old customers which helps to recommend and sale the new as well as existing products or services. Therefore, customer retention is basically a product of customer loyalty and value which turns into a function of the level of customer satisfaction or dissatisfaction.

1.3 Scenario of Indian Telecommunication Sector

The Indian telecommunication sector in India is the third largest sector across the globe and the second largest among the emerging economies of Asia. This rapid growth has been possible due to various proactive and positive decisions of the Government and contribution of both the public and the private sector. The rapid strides in the telecom sector have been facilitated by liberal policies of the Government providing the telecom equipments an easy access to the market and a fair regulatory framework for offering telecom services to the Indian consumers at affordable prices. The sector also witnessed a substantial

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change in terms of mobile versus fixed phones and public versus private participation. The preference for use of wireless phones has also been predominant in the sector. Participation of the private entities in the telecom sector is increasing rapidly, alongside, giving rise to enormous growth opportunities. There is a clear distinction between the Global Satellite Mobile Communication (GSM) and Code Division Multiple Access (CDMA) technologies used within the Indian telecom sector.

**Market size**

The sale of mobile devices in India will show of rise of 8.5 per cent in 2012 by growing up to 231 million units from 213 million units last year, according to a research report from Gartner. The research firm says that the Indian mobile handset market is expected to show steady growth through 2015 when end-user sales will surpass 322 million units. The Indian mobile device market is very competitive with more than 150 manufacturers. Smartphone sales in India made up 6 per cent of device sales in the first three quarters of 2011, and this share is expected to increase to 8 per cent in 2012. The Indian mobile device market is driven by the lowest call rates in the world and dominated by low-cost devices, which account for 75 per cent of sales in India in 2011.

**Indian Telecommunication - Policy Initiatives**

The Telecom policy 2011, will replace the existing framework that has been in place since 1999, and it aims to make the country's telecommunications sector more transparent, relax merger and acquisition norms to encourage consolidation and also give more teeth to sector regulator Telecom Regulatory
Authority of India. The new policies by the Indian Government also proposes to do away with roaming charges, introduce a stronger customer grievance redressal mechanism, recognize telecoms as an infrastructure sector giving it tax concessions, and extend preferential status to 'Made in India' hardware products, thereby strengthening the Indian Telecom Industry for future challenges.

**Indian Telecommunication - The Road Ahead**

The Indian telecom sector is one of the fastest growing sectors in the Indian economy during the past 4 years and has witnessed strong competition as a result of which tariffs have decreased by significant margins, promotion of customer and industry friendly policies and regulations. This has led to a healthy competition scenario within the sector. With a target to further increase the opportunities in the sector, the Indian government is taking proactive measures to develop this sector with the help of the various players in this segment. India, with its telecom success story, represents one of the sought after destinations for investment in the telecom sector.

**1.4 Statement of the Problem**

In earlier period, companies were not responsive about the customers because of less competition in the market. But as the time has passed out, the marketing scenario has been changed. Now new products, bundle of package, schemes etc. have been offered to the customers. So the decision has become more complicated for the customers to select the best one. It has also become tricky
to select the companies because due to the growing demand for cell phone services. So the question of customer satisfaction is very important and crucial in current scenario. Company should aware of customer satisfaction as well as his/her perception to make marketing strategies.

More and more cell phone companies are now up-and-coming in the Indian Telecommunication Sector with opening up of the economy. Several international leaders have been trying to venture into the Indian Telecommunication Industry. The idea is that to understand the needs of customers as well as the changes in their needs over the time allows cell phone companies to become more customer focused and hence remain profitable over the time. It is a big question for cell phone companies to have loyal customers.

If the companies want a loyal customer; they should know what customer wants from them. Companies must have to provide good service to attract more and more customers. And to provide good service, they must know which factors affect to services and customer satisfaction?

Keeping the above view, the main problem of the study has been derived that: Are customers satisfied by the services of cell phone companies in the selected districts of South Gujarat? On the bases of this problem, the main objective of the study has been framed.

1.5 Significance of the Study

This study is greatly significant in various ways. The findings of the study provide a more reliable scientific measure and perspective to the management
for the customers’ satisfaction/dissatisfaction. It also serves as invaluable sources of information that brings to limelight the customers. It shows the customers’ satisfaction/dissatisfaction regarding the services. So from the findings of the research, the companies will get an idea to give their best service to the customers.

From the study, the important factors regarding the selection of cell phone companies will be derived. And on the bases of these factors, companies will get an idea to focus on such most important factors to attract the customers.

This study will also highlight on the services which customers use regularly. So, companies should get an idea to focus on particular services to get the maximum benefit. From this study, the factors which affect customer satisfaction will be derived and will be helpful to the company to focus on such factors to satisfy their customers.

The study will provide invaluable information that allows them to provide useful suggestions to the improvement in service delivery of their respective mobile network operators in South Gujarat.

1.6 Structure of the Thesis

The thesis is divided into six chapters. By now, the content of the first chapter has been presented. The brief discussion has been presented as follows.

Chapter one presents the background of the study, as well as scenario of Indian telecom sector, problem statement, significant of the study and structure of thesis.
Chapter two deals with the literature review regarding customers’ satisfaction/dissatisfaction in cell phone companies. It will be helpful to the researcher to make a decision regarding the dimensions to measure customer satisfaction as well as to choose analytical tools to analyze the data.

In the third chapter, an attempt has been made to create a theoretical background as warranted by the objective of the study viz. to measure customer satisfaction by the service of cell phone companies. The brief outline of service quality dimensions and service features dimensions have been covered. Moreover various customer satisfaction measurement models have been also presented which will be useful to develop a conceptual model to measure customer satisfaction.

The fourth chapter is the foundation of the research methodology. In this chapter, the researcher not only takes of research methods but also consider the logic behind the methods. So, the research results are capable of being evaluated

The fifth chapter spotlights the data analysis and interpretation.

The sixth chapter provides the findings of the study followed by conclusion and suggestions.

Appendices and References have been given at the end of the thesis.