CHAPTER - 3
RETENTION AND COLLECTION STRATEGIES OF CELLULAR OPERATORS

The telecommunications sector is changing radically. The changes are driven by a combination of market, business and technological forces. There are many factors that influence the market. The globalization of the economy is forcing many multinationals to expand into new markets. These companies look for a single provider to meet all their telecoms needs. Telecom operators looking for new revenue streams are entering the international market place. New technologies like wireless, digital subscriber line (DSL) and voice over internet protocol (VoIP) are enabling new service opportunities. The demand for bandwidth and high-speed access is growing, driving the development of new services such as wireless broadband and DSL.

Customer awareness and knowledge is increasing. Customers want services that satisfy their unique needs and demand reliable service delivery at competitive prices. Information must be easily accessed, anytime, anywhere and anyhow. One stop shopping must be possible and a choice of service providers available. The real differentiation in the market will not be the technology or the services or the prices, it will be the ability to: deliver a better quality service and responses to customer requests; keep customers informed as orders are being processed; reduce costs and not prices; be faster at providing service inquiries. The main critical success factors and risks facing businesses today remain the same: falling margins, increasing customer expectations, improving productivity and customer churn and fraud. In the wireless age, the days of double-digit growth are over. Competitors are now fighting for one another’s customers. In wire line, real revenues for local and long distance calls are falling. New entrants to the market are taking market share from incumbents. In order to stabilize today’s depressed prices, operators have to improve margins.

Until recently, most telecommunications companies were busier their expanding customer bases than increasing existing customers value for money. Reducing churn by offering discount plans and other incentives led to unprofitable customers. Trying to contain the surge in unpaid bills by tightening credit limits on new applicants, resulted in many would-be profitable customers being turned away. It is a common belief in the CRM world
that retaining existing customers costs less than acquiring new ones. Retention campaigns aim, therefore, at reducing the churn rates. Customers receive binding offers in the form of rebates, discounts etc. Often though, retention campaigns are designed and planned with the aim of minimizing customer attrition. Campaign success is measured by reduction in churn rates without differentiating between high value and low value customers.

Customer loyalty is sometimes bought at a price that exceeds the customer value. As a consequence, for example, there are emerging segments of customers that tend to profit from provider CRM strategies. These customers are loss-making and should not necessarily be included in retention offers Taking into account customer profitability implies finding the optimum balance between campaign costs (eg rebate) and churn rate. If one ignores customer profitability, one can successfully reduce churn rates by offering arbitrarily high rebates. Taking customer value into account, however, places a limit on the possible discount for each customer. The churn rate may remain high but the campaign can be more profitable.

3.1 AIRTEL

Bharti Airtel Limited, commonly known as Airtel, is an Indian multinational telecommunications services company headquartered in New Delhi, India. It operates in 20 countries across South Asia, Africa, and the Channel Islands. Airtel has a GSM network in all countries in which it operates, providing 2G, 3G and 4G services depending upon the country of operation. Airtel is the world's fourth largest mobile telecommunications company by subscribers, with over 275 million subscribers across 20 countries as of July 2013. It is the largest cellular service provider in India, with 192.22 million subscribers as of August 2013. Airtel is the Second largest in-country mobile operator by subscriber base, behind China Mobile.

Airtel is the largest provider of mobile telephony and second largest provider of fixed telephony in India, and is also a provider of broadband and subscription television services. It offers its telecom services under the "airtel" brand, and is headed by Sunil Bharti Mittal. Bharti Airtel is the first Indian telecom service provider to achieve Cisco Gold Certification. It also acts as a carrier for national and international long distance communication services. The company has a submarine cable landing station at Chennai,
which connects the submarine cable connecting Chennai and Singapore.

Airtel is credited with pioneering the business strategy of outsourcing all of its business operations except marketing, sales and finance and building the 'minutes factory' model of low cost and high volumes. The strategy has since been copied by several operators. Its network—base stations, microwave links, etc.—is maintained by Ericsson and Nokia Siemens Network whereas IT support is provided by IBM, and transmission towers are maintained by another company (Bharti Infratel Ltd. in India). Ericsson agreed for the first time to be paid by the minute for installation and maintenance of their equipment rather than being paid up front, which allowed Airtel to provide low call rates of 1/minute.

3.1.1 Vision

By 2015 airtel will be the most loved brand, enriching the lives of millions. “Enriching lives means putting the customer at the heart of everything we do. We will meet their needs based on our deep understanding of their ambitions, wherever they are. By having this focus we will enrich our own lives and those of our other key stakeholders. Only then will we be thought of as exciting, innovation, on their side and a truly world class company”.

3.1.2 Collection Department and Management

Collection department is established to maximize revenue Collection and minimize bad debts of postpaid customer base. They basically do different follow up for different customers like hardcore and softcore follow up which ultimately have a great effect on less bad debts. Collection department have different policies that identifies and reduces the risk to keep the financial exposure in optimal level thus maximizing company’s profitability and revenue collection.

3.1.3 Objectives & Benefits

- Timely conversion of Post-Paid receivables into cash inflows
- Increase collection within 30 days of billed amount
- Speed up cash inflows
- Control delinquency of debt
- Minimization of bad debt for the company
Motivate collection teams through monitory incentives
Consistent high standards of Collection management & control
Measurable results that are readily comparable
Facilitate continuous improvement in Collection activities
Maintenance of Collection percentage at the expectation stage
Maintenance of bad debts at minimum level.

3.1.4 Collection Teams and Structure

There are two different teams i.e. (1) In-house and (2) External collection teams shall be involved for overall collection and recovery management.

In-House Collection Teams:

Under In-House collection teams, following three teams will be working for collection of receivable against the delinquent and defaulted accounts falling under 0-90 days of age bracket:

- In-House Soft-core Collection Team
- In-House Hardcore Collection Team for individual, SME accounts
- In-House Corporate Collection Team for Corporate, VIP, High Profile accounts

External Collection Agents:

After completion of collection and follow-up activities by In-House Collection Team, all “Involuntary” and “Voluntary” delinquent or defaulted and OG or admin blocked accounts falling under >90 days of age for individual and >120 days for corporate will be handed over to the following external collectors/agencies for further follow-up and recovery:

- Outsourced / Contractual Collectors or Agencies for Regular & Company accounts
- Outsourced / In-house Legal Agencies.

Follow Up Procedures of In-House & External Collection Teams Allocation of Accounts:

Accounts or target is assigned by maintaining the following criteria-
In-house soft-core Collection Team

In-house soft-core collection team will be assigned daily target based on daily total volume of accounts qualify for follow up. These include-

- Daily OG (outgoing) barred customers by CRS for follow up
- Previous commitment calls
- Auto debit declining accounts
- Cheque rejection accounts
- CSM calls (if required)
- Daily credit support calls i.e. unsatisfactory address verification calls etc.

All the daily qualified accounts for collection and customer communication calls will be equally distributed among soft call team members.

In-house Hardcore Collection Team

Hardcore team members target/account allocation will be done on monthly basis by maintaining the following criteria:

- Individual/Regular defaulted & delinquent customers falling under 0 – 90 days of age
- Total outstanding amount (before adjusting deposit)
- Region or location
- Satisfactory address verification

In-house Corporate Accounts

Following accounts to be allocated to In-house corporate collection team members on monthly basis:

- All delinquent or defaulted corporate accounts falling 0-120 days of age
- All VIP/HPs accounts under all ageing brackets
- Total outstanding i.e OD (at customer level)
- Region or location wise allocation
- Accounts falling under 0–120 days of age
Accounts >120 days of age in case of unavailability or less performing by outsourced agents

Before assigning to outsource collection or legal agent, corporate collection team and corporate KAMs will put their joint effort to maximize the collection.

**Outsourced or Contractual Collection Agent:**

Following accounts to be allocated to outsourced collection agent:

- All defaulted individual or regular accounts (except VIP/PG/Care Off/Employee family) falling above 90 days & all corporate accounts falling above 120 days of age
- Total outstanding dues
- Outsourced agent’s collection target will be assigned on monthly basis and C has the right to decide whether to assign outsource agent or not based on agents performance, work load of in-house collectors and cost beneficiary issue etc.

**In-house or Outsourced Legal Agent:**

- All defaulted Individual or regular accounts (except VIP/PG/Care Off/employee family) with above 120 days of age
- All defaulted corporate accounts with above 120 days of age
- Manage approval (in case of corporate and special cases for legal execution).
- Legal letter issuance or legal execution will be done as per need basis.
- However, C has the right to decide whether to assign legal agent or not based on defaulted amount, possibility of recovery, cost beneficiary issue etc.

Unbiased effort will be given to ensure uniform distribution of accounts among the In-House Collection Executives to ensure better and smooth cash inflows for the company as while keeping the morale of collection team high. Following parameter shall be considered during allocation of accounts among the collection team members:

- Debt amount
- Connection status (active, barred, disconnected)
- Mix of accounts falling under different categories etc.
- Mix of accounts falling under different age brackets
- Locations of customers.
3.1.5 File Management: Files & Customer Data Management

This functional unit ensures that every new pre/post paid sale carries all necessary documents and information as per the directive of regulatory authority (BTRC) and company policy.

- Ensures all Regulatory requirements are met.
- Ensures all information is entered in the Billing System (TABS).
- Ensures post paid customer’s traceability / Risk Management.

Major Activities

- Receiving of Files from Different Sales Channels.
- Vetting of Physical Documents
  - Is registration form completely filled
  - Are all documents provided as per requirement
  - Matching of registration form and attached documents
- Audit of information entered in TABS

3.1.6 Retention Management

There is a proactive retention team leader under retention management where all the subordinates are supervised by the team leader and the subordinates are proactive retention executives. The main purpose of this management system is to retain the existing customers so that they don’t stop continuing using airtel number. Basically all the employees of Collection & Retention department maintain a chain of command which starts from CSD (Customer Service Department) and then the command goes to HCE (Head of Customer Experience). Manager follows the commands of HCE. Then the team leaders follow the direction of Manager. Team leader direct the tasks among the executive officers and management trainee in airtel.

Functions of retention management

- To know the problem faced by customers & solve it
- To let the customers know the product in details
- To offer customers (post paid) prepaid package if they are not satisfied with postpaid
- To find out zero usage customers in a value steamed ways
- To follow up the activities

**Value Streams: Acquisition:-**

Airtel wants to make first step i.e. acquisition the most fastest and effective process. Airtel aims at different services to the customers.

**Service Provisioning**

Airtel as a new emerging company wants to provide improvised service for their customers so that they can be in a win win situation. They are implying different innovative ideas for the customers.

**Network**

In the value stream next step is to develop network system. Airtel has not yet provided network coverage to whole Bangladesh but they have already started working on it. Upgraded network will make the customers more satisfied.

**Billing**

All billing information of the customers are recorded in the software “TABS” from where airtel team get to know the overall information and take farther action to follow activities regarding bills.

**Collections**

There is a collection team in airtel who regularly collect the due bills from the customers. They have to conduct different follow up activities. Both the connected and disconnected post paid users’ follow up activities are conducted.

**ARC**

ARC (Airtel Relationship Centre) has been set up for the better customer service. They have dedicated workers in the ARC who are continuously giving the service and playing a vital role for the company. They also play the role of identifying zero usage customers.
Call Centre

Call centre is ready to call the customers who are not using for long time. Customers are being followed up time to time.

Retention

Retention team leader plays the major role of finding the zero usage customers from the Database system. After that other employees of retention start working on solving the issues of Zero usage.

Proactive usage identification

Usage rate of the customers are identified weekly so that the company can generate more revenues. The reasons to identify it only because it will help to reduce churn as well as bad debts for the organization.

The following jobs I had to perform under Retention department of airtel-

Problem Sort out

There are lots of problems that the subscribers are currently facing and if these problems are not properly sorted out and solved then it will definitely impact on customers mind to be dissatisfied. So, another important task that is to know what kind of problems the customers are facing and try to solve the problems. Problems include network problem, billing copy has not yet got either on their billing address or email address, package related problem, easy load problem etc.

Win back the Churn customers

The most important task that is done in airtel from retention is to win back the customers those who have already stopped continuing airtel number. Basically we try to call them by their second contact number as most of those numbers are already disconnect or cell off. So, we try to know what the reasons behind not continuing airtel service are and it is found that many of them are not using airtel only because the network service is not so good according to them. But in that case we try to convince them by saying that we are already working on the network upgrade so whenever it is good try to continue our service as the
airtel tariff rate is lower than any other telecom operator in Bangladesh. It is really a hard job to winback the churn customer but at the end up airtel is bringing those customers by their better service.

Different aspects of job performance

Job performance are basically measured by number of customers are being winback and started continuing their numbers. Other important thing is to make the customer using more from their numbers so that the revenue of airtel can increase. There is software “TABS” which is used for the customer database system and all the information is available in this software. By this software airtel can understand whether the customers are continuing more use or not.

SWOT Analysis

- **Strength**
  - Expert and experienced team members
  - Excellent and dynamic work environment
  - Better understanding between the team members
  - Better quality customer services
  - Structured and effective training program
  - Monthly presentation feedback on whole month’s work of employees
  - Extensive follow up on customers
  - Customer complaints are handled strongly.
  - Effective software to store customers information

- **Weakness**
  - Dependency on particular officers for performing specific tasks
  - Less work specialization
  - Lack of communication among different departments
  - Inadequate number of employees.
  - Unofficial leave causes excessive work load on other team members.

- **Opportunity**
  - Strong network coverage along with lowest tariff rate
• Threats
  • Better quality service provided by other telecom companies

Recommendation

During crafting this report few problems were discovered which did not allow them to become the market leader. For solving those problems few recommendations were made which are described as follows-

Lack of Communication between departments-

Maintaining good relationship with the sales and other departments- Basically while it was found that there is some lack of communication from one department to another. It was asked to call all the Airtel Experience Center and Relationship and while calling to the number given it was found that some of the numbers are not updated and some are wrong numbers. This happened as there is lack of communication with sales Department.

Network upgrade –

Improved network refers to more satisfied customers which can bring success for Airtel Limited. There are lots of areas where there is huge demand of airtel but the main fact is there is not upgraded network. Steps should be taken to improve the network as they have already started working on network so they should cover almost all the major districts and areas which will bring them in a competitive position in the telecommunication industry.

Maintaining equal level of Service-

Maintaining equal level of service without any discrepancy in providing the service is very important. Sometimes it happens that customers are giving complaint that they have bought the number hearing from ARC agents that airtel will continuously give them bonus in every month especially for the post paid subscribers. But in real there is not that much bonus offered to them. As a result, these customers are getting dissatisfied with the service. So, the customers should be provided with the actual information. Besides, customers do complain that agents from helpline “121” don’t provide better service and they sometimes get disturbed to provide the service. Reasons could there are not sufficient number of agents available for customer service. So, airtel should recruit more agents to provide a standard customer service.
Recruiting more employees

Every day in this department, the employees have to make a huge number of phone calls but the numbers of employees are not adequate. As to why, They should recruit more employees for their daily operation. It will surely reduce the work stress of each employee.

Providing more bonus & lucrative offers to customers-

As we have seen that the aim of this department is to retain those customers who are no longer convinced with their facilities or may be because of some other factors the subscribers are leaving to use their products. So I highly recommend them to provide more lucrative offers and bonuses so that the dissatisfied customers get convinced and return to use their product again. In order to increase the loyalty and agreeableness of the customers they should launch lucrative offers and bonuses.

3.1.7 Conclusion

Telecom sector deals with the most sensitive part of an economy. It is vitally important for a country to provide quality network for flourishing the economic sector and enhancing the overall business and manufacturing environment of the country. In recent times Telecom sector has been considered the most prospective, compared to the other service sectors for their quality service and transparency. In the past only some limited companies were in operation and people had no other alternative to go to those institutions for service. But now the scenario is quite different. A good number of companies are rendering service and a tough competition exists in this sector. So, it is very important to attract new domain of customers, side by side with regular clients in order to diversify the customer basket and at the same time increasing profit.

As an emerging company airtel is doing extremely well. They have dedicated employees who are continuously working hard for improvement of it. If they improve their network coverage then the day is not far away when airtel will be the most lovable brand. Basically, airtel working environment is really great because all the team members are really friendly and cooperative. In the end, I would like to thank them all for being so helpful to me and also for making me learn a lot of things.
3.2 VODAFONE

3.2.1 Business Objectives

Vodafone UK’s brief was that it wanted to understand its competitive landscape more clearly, to enable it to respond swiftly and effectively to customer requests and to ensure that it had a clear picture of how its offers stacked up against the competition. Specifically, the company wanted this information to be available not just to the management and marketing functions, but directly to advisors in its contact centres who deal with customers day-to-day.

The company also wanted a system that would not have major implications for its IT platforms and which could be integrated into the existing desktops used by contact centre advisors, complete with Vodafone corporate branding. Finally, Vodafone UK needed an expert in the field that could provide end-to-end support from designing the service, through to delivery, advisor training and rollout across the organisation.

3.2.2 Vodafone improves customer acquisition and retention with Accelerated Intelligence

The UK mobile telecommunications market is one of the most competitive in the world and, as a consequence, customer attrition or churn is high. In 2005, as part of a strategy to build on its market leadership, Vodafone UK began the quest for a competitor intelligence tool that would help its sales advisors reduce customer attrition and secure new sales. Vodafone wanted a service that would deliver timely, accurate information on the tariffs, deals and handsets being offered by its competitors to the employees that need it most the customer facing staff.

After a rigorous analysis of competitor intelligence offerings from over a dozen providers, Vodafone UK selected CInergy’s Accelerated Intelligence. The service delivers same-day market tracking and analysis of key competitor information from other mobile operators, major retailers and mobile virtual network operators.

Challenge

With thousands of tariff, handset and offer combinations available in the market, keeping contact centre advisors up to date can seem an impossible task. Vodafone UK
recognised this challenge and identified that it required a competitor intelligence tool that would help it to retain existing contract customers, notably at time of contract renewal, and attract more new customers. The company had initially considered developing its own solution, but had soon found that this would have been excessively costly - both in financial terms and in the amount of resource required - and identified that this was not its core area of expertise.

Vodafone UK also found that there was a dearth of competitor data that was comprehensive and accurate enough for advisors to rely on during high-pressure customer negotiations. The company therefore sought a partner which understood the specific challenges of the mobile telecoms market and which could apply that expertise to the data it delivered. Vodafone UK.s brief was that it wanted to understand its competitive landscape more clearly, to enable it to respond swiftly and effectively to customer requests and to ensure that it had a clear picture of how its offers stacked up against the competition. Specifically, the company wanted this information to be available not just to the management and marketing functions, but directly to advisors in its contact centres who deal with customers day-to-day.

The company also wanted a system that would not have major implications for its IT platforms and which could be integrated into the existing desktops used by contact centre advisors, complete with Vodafone corporate branding. Finally, Vodafone UK needed an expert in the field that could provide end-to-end support from designing the service, through to delivery, advisor training and rollout across the organisation.

The Solution: CInergy AI

CInergy had already developed its Accelerated Intelligence (AI ) competitor intelligence platform for the mobile telecoms market at the time that Vodafone issued its RFP in 2005. By designing an appropriate interface and tailoring specific service modules to meet Vodafone.s needs, CInergy was able to meet the criteria detailed in the RFP and to deliver a fully-working system in a very short timeframe.

After a successful trial, the service was rolled out to the majority of Vodafone’s contact centre community around the UK during 2006. Key features of Vodafone UK.s
implementation of CInergy's AI include:

- Comprehensive tariff and promotion monitoring
- Handset / device tracking with up to date pricing from all major Competitors
- On-demand, side-by-side comparisons of different deals, tariffs and handset options
- Expert analysis and scripted points that enable Vodafone sales advisors to demonstrate why we're better.
- Fully branded interface to match Vodafone UK's Intranet
- Reliable, accurate data analysed by teams with mobile telecoms Knowledge
- A hosted, secure platform

**Delivering Accelerated Intelligence**

Vodafone and CInergy worked closely together to ensure that Accelerated Intelligence would deliver optimum benefits in terms of improved customer retention and sales. This partnership approach has enabled Vodafone to achieve a swift return on its investment. The company has found that its levels of churn have decreased as more sales advisors become familiar with the system and are able to integrate the CInergy AI functionality and information into their acquisition and retention processes.

CInergy supported Vodafone in the development and delivery of induction training on Accelerated Intelligence for all contact centre advisors with access to the system. Now that the system is in use, short refresher sessions delivered in the weekly advisor meetings ensure that all advisors are kept up to date as new features are introduced. Since CInergy AI was launched in 2006, CInergy has worked with Vodafone to implement two major upgrades to the system, as well as providing regular enhancements to the interfaces, functionality and database content based on feedback from the advisors who use CInergy AI every day.

**3.2.3 The Results**

As John Coulstock, a senior manager at Vodafone, explains, "We launched Accelerated Intelligence in Q3 2006 and it is currently in use by a large number of our contact centre advisors. Since we've started using the system, it has contributed to a fall in our churn rates quarter by quarter, ensuring we remain highly competitive in the UK market. We've found that the more our agents use the system, the more sales they are able to close."
The CInergy AI application has become an integral part of our customer retention and sales strategy. Vodafone has now renewed its contract with CInergy for an extended term. CInergys AI service has delivered a range of benefits to Vodafone including:

- A contribution to a reduction in contract churn since its launch in Q3 2006
- Improvement in the rate of saves in consumer and enterprise customer bases
- Reduction in call handling time

Increased ability to set deals in a market context leading to better acquisition performance

- Improvements in operational efficiency by eliminating onerous, manual data collection
- Improved reporting, trend prediction, forecasting and analysis
- Clear understanding of competitor offerings to improve key pricing messages in advertising, dealer negotiations and channel marketing

3.3 BHARTI SANCHAR NIGAM LIMITED (BSNL)

3.3.1 Introduction

According to Department of Telecommunication (DoT), India’s strong telephone network is the second largest wireless network in the world. India is also the fastest growing telecom market in the world with an average addition of over 18 million connections every month in the network; the mass market growth in India is led by the mobile segment. This rapid growth in the telecom network has resulted an overall teledensity of 70%. This growth in the telecom sector is attributable not only to the proactive and positive policy initiatives of the Government but also to the entrepreneurial spirit of the various telecom service providers both in public and private sector.

Being first telecom services company fully owned by Govt of India, BSNL has installed Quality Telecom Network in the country & now focusing on improving it, expanding the network, introducing new telecom services with ICT applications in villages & winning customer’s confidence. Today, it has about 43.74 million line basic telephone capacity, 8.83 million WLL capacity, 72.60 million GSM capacity, 37,885 fixed exchanges, 68,162 GSM BTSs, 12,071 CDMA Towers, 197 Satellite Stations, 6,86,644 RKm. of OFC, 50,430 RKm. of microwave network connecting 623 districts, 7330 cities/towns & 5.8 lakhs
villages.

BSNL is the only service provider, making focused efforts & planned initiatives to bridge the rural-urban digital divide in ICT sector. In fact there is no telecom operator in the country to beat its reach with its wide network giving services in every nook & corner of the country & operates across India except New Delhi & Mumbai. Whether it is inaccessible areas of Siachen glacier or North-Eastern regions of the country, BSNL serves its customers with a wide bouquet of telecom services namely Wireline, CDMA mobile, GSM mobile, Internet, Broadband, Carrier service, MPLS-VPN, VSAT, VoIP, IN Services, FTTH, etc. BSNL has 90.09 million cellular & 5.06 million WLL customers as on 31.07.2011. 3G Facility has been provided to the existing 2G connections of BSNL. In basic services, BSNL is miles ahead of its rivals, with 24.58 million wireline phone subscribers i.e. 71.93% share of the wireline subscriber base. At present, BSNL has 8.09 million broadband customers. The company has vast experience in planning, installation, network integration & maintenance of switching & transmission networks. During the 2010-11, turnover of BSNL is around Rs. 29,700 Crores.

Since its inception, BSNL has been facing challenges. One major challenge is the competition faced by it from the liberalized telecom environment. The liberalization or globalization process had started as early as 1992 when pace was set by introduction of Economic Reforms. The formulation of National Telecom Policies (NTP-1994 and NTP-1999) as guided by the main principles enshrined in Economic Reforms has led to the licensing of telecom services to private companies. These telecom operators or service providers have rolled out all kind of telecom services e.g. basic landline telephone service, cellular or mobile services, and WLL and Internet services. The market has opened up for telecom services and every company is struggling to capture maximum share of the growing market. Different strategies are being formulated to ensure the growth in customer base. BSNL has also been conscious of this fact and hence introduced marketing as a major management function. During its early days as a sole provider of telecom services, there has been no marketing worth its name. With this background in mind, authors have tried to investigate the major changes that BSNL has undergone since it is confronted with the competitive era thrown open by the new regime.
3.3.2 Background and Perspective

The first meeting of Steering Committee on Communication & Information was held on 20.02.2001 in Yojana Bhavan, New Delhi under Chairmanship of Shri M.S. Ahluwalia, Member, Planning Commission. From the observations made by members, it emerged that with a view to making IT a mass movement, special thrust would need to be given in the Tenth Plan to ensure easy and affordable accessibility of Internet and telecom services to rural areas. In this regard, the major points that emerged were:

1. While the capital cost of equipment providing Internet services was quite high at the present, the usage was quite low making the entire operations financially non-viable. The initiative taken by Bharat Sanchar Nigam Ltd. (BSNL) did not take off well due to above reasons. It had set up 738 Cyber Dhabhas till 1st of January, 2001 in different parts of the country.
2. Internet shops / Cyber Cafes have to be made self-financing / sustaining.
3. Internet use had to be tailored to local requirements to make it attractive and useful to the masses.
4. The acceptability and success of Internet as a communication medium of the masses would depend upon identifying its ‘killer application’. Once this has been done, it would automatically grow down up to the village level without any major direct involvement of the Govt.
5. To give the entire programme an initial push and impetus, suitable policy initiatives will have to be taken to create conducive environment for large flow of private investment into this area. It was observed that opening of Internet telephony might, in fact, prove to be the ‘killer application’ and Govt. should consider doing the same right away.
6. Ensuring reliable power supply for Cyber Cafes in the rural and sub-urban areas was a pre-requisite for making the services self sustaining as it would ensure availability over longer periods and as per convenience of the people. The question of affordability seemed equally important in this regard along with the issue of ensuring easy accessibility to IT services. The issue of digital divide had to be tackled on various fronts so that the disadvantaged groups do not slide further down the ladder.
of socio-economic development. Besides the rural urban divide, the other aspect that had to be kept in view in this regard was to ensure equal accessibility to socially backward classes.

Discussing the various issues relevant for growth of telecom sector, it was observed that building of a world class telecom infrastructure was a prerequisite to achieve the goal of making India an IT superpower. Govt. need not put large investment exposing public money to undue risks. In the face of fast technological changes, the investments in telecommunications needed to be protected. Permitting free flow of Foreign Direct Investment (FDI) was one of the viable options. Therefore, due to sufficient found availability with multinational companies, the risk taking capacity would be widely spread due to their global operations. Keeping this in view, it was observed that the various restrictions on FDI including financial cap of 49% on equity participation needed to be reviewed. In this context, it was observed that some restructuring of the domestic financial markets was also needed to ensure availability of credit at affordable price to Indian companies.

3.3.3 Present Scenario

The focus of the Telecom Regulatory Authority of India during the year 2010-11 was to restructure the policies and strategies in the Telecom as well as the Broadcasting sectors so as to lay down a strong foundation for the future development of these sectors and also to empower and educate the growing body of telecom consumers [8]. State run PSU Bharat Sanchar Nigam Ltd (BSNL) have to face one more reality i.e. fall in market share and revenue. As per latest data published by BSNL Unions SNEA website BSNL is at 4th position as an operator with Market share of 13.17%. BSNL market share has decreased by 0.15% during the month of September 2011 and during 2011-12 by 0.66%. During September 2011, 7.15 million telephone connections & 7.90 million Wireless connections have been provided in the country taking the total telephone connections in the country to 906.94 million as on 30th September, 2011. During August 2011, 0.19 million broadband connections were added taking the total broadband connections in the country to 12.69 million as on 30.08.2011. Meanwhile BSNL is at 1st position as an operator with Broadband Market share of 63.71%. BSNL market share has increased to 0.03% & 0.60% during the
BSNL had initially faced the challenge from other operators who are very aggressive to capture the market especially in basic telecom segment in small towns. BSNL has responded suitably:

1) By providing better services at lower rates
2) Wider coverage of areas
3) Stress on marketing especially in urban segments which are more prone to competition,
4) Tapping the unexplored rural market
5) Attractive offers to lower income groups besides other segments.
6) Bundling of other services like internet and Value Added Services (VAS).

According to TRAI, the pressure of competition and regulation has caused the tumbling of revenues, tariffs and increase in traffic and growth of different telecom services. It states that there has been a general reduction in mobile tariffs by more than 50%.

### 3.3.4 The Spread and the Diversity

The main flagship service of BSNL at the time of its formation was land line services also called POTS i.e. Plain Old Telephones and their number was hardly 20 Millions. But launch of variety of services under the licensing regime by the private operators took BSNL by surprise. Some of the services launched by them were:-

1) Basic telephone service on landline and wireless (WLL)
2) Mobile telephony /Cellular phones on GSM or CDMA techniques
3) Internet services and Internet telephony also called web phone services
4) ISD and NLD licensing for international and national calls
5) Broadband and lease-line services for corporate houses and
6) IP based services for VPN and CUG networks of big companies having all India presence

In response to the threat perceived by BSNL it has rolled out similar kind of services at a much larger scale. This could be possible due to wide spread telecom infrastructure
throughout India at the disposal of BSNL. This infrastructure has been built up mainly during the last 100 years. This includes:

1) Telecom land and buildings
2) Telecom installations such as telephone exchanges, transmission equipments, Transmission towers and telegraph equipment
3) Telecom network, which includes underground transmission cables, local telephone cables, overhead cables and wires and subscriber equipment (mainly telephones). Local network is also called last mile access network.
4) Satellite communication equipment i.e. earth stations and radio/wireless equipment.

This infrastructure has been one of the many strengths of BSNL that has not let it down so far inspite of a fierce competition thrown open by the private companies during at least last five years. Other strengths of BSNL are:

1) Trained pool of employees in the country,
2) Very large network in urban as well as rural areas,
3) Availability of huge bandwidth on OFC cable for high speed data network,
4) Well established rules and procedures,
5) Large size of distribution and service network supported by postal department,
6) Accessibility through PCOs and franchisee network.

3.3.5 The Danger Ahead-Losing Customers

In February 2003, Bharat Sanchar Nigam Ltd. (BSNL), the largest basic telecom service operator in India, was reportedly facing problems in retaining its existing landline customer base. The company found its landline subscriber base shrinking at an alarming rate. BSNL sources revealed that during 2002, customers surrendered around 2.5 million landline connections. BSNL was also facing problems in adding new customers on account of delay in deployment of new connections. Reportedly, the delay in providing new connections led to a 20% decline in the customerbase growth rate in 2002 as compared to the previous year (in 2002, BSNL could provide only one million lines as compared to 1.6 million lines provided in 2001). Analysts pointed out that this situation was not new to BSNL. In 2001 also, many BSNL landline connections were surrendered, prompting the
Department of Telecommunications (DoT) to order an enquiry into the cause of the problem. The enquiry revealed that many factors were making subscribers surrender their landline connections. One major issue was the 1x6 rule introduced by the Income Tax Department. In this scheme, a person was required by the law to file income tax returns, if he/she possessed a telephone. This led many subscribers, who did not otherwise fall under the purview of the 1x6 scheme, to surrender their phone connections. The trend was observed mainly in the rural areas. Income from agriculture was exempt from tax, but if they owned a telephone, people in these areas had to file their tax returns. Surrendering the phone connection thus seemed to be a better option. Since rural markets were an important segment for BSNL, this trend was very disturbing.

In the Union Budget for 2002-03, the government of India removed landline connections from the 1x6 scheme. BSNL expected that this would help to stop the evasion of its subscriber. Yet the situation worsened. Now, the company was faced with competition due to the growing popularity of cellular phone services in the country. Before cellular phones became popular, many people used to take more than one landline connection so that they could use one phone in case the other went out of order. Cellular phone services made the second landline connection unnecessary. As per the study conducted in a District of Punjab, it has been found that during the year 2004-2005 about 14000 fixed line telephones were restored against the disconnection of 11000 telephones. The annual rate of churning was about 8%. Telephones disconnected on request by the subscribers are about 45% whereas 55% were disconnected due to default of payment. Restored cases are more because some cases pertain to previous year/s.

Due to the free market environment and mature competition in liberalized telecom industry, BSNL has been facing following challenges:

1) Migration of customers to the competitors.
2) Surrendering of services
3) Loss of revenue and profits
4) Underutilization of the network
5) Surplus staff
6) Low telecom traffic
To confront this challenge and to maintain or improve its market position, BSNL has been cautious from the beginning. In the process many a sale promotion schemes were launched. There has been a clear indication of churning in basic phone segment of BSNL. The reason for this downfall may range from feeling of burden of higher rentals by the customer to poor quality of service. Till recently following efforts have been made to stem the tide of competition:

1. Appointment of franchisee for sale and distribution of services and products and fixing of targets for sale
2. Offering of incentives such as commission @ Rs. 100-200/- per basic connection plus 25% of this amount on retention for one year.
3. Heads of service area / circle/state are also been empowered to offer sale incentives matching with other operators.
4. There is also a provision for commission on achieving the targets.
5. Increase in the commission to STD PCO holders up to 35%,
6. Decrease in the minimum guarantee amount to Rs. 800/-
7. Empowering the STD PCO owners as follows: -
   i) Own a mobile PCO,
   ii) Telephone bill collection,
   iii) STD PCO as cyber café
   iv) Sale of SIMs cards, recharge coupons on commission basis,
   v) Delivery of telegrams etc.

In addition to above schemes, utmost stress is being given to improve the customer care services by doing the following: -

1) Personal attention to corporate customers,
2) Improving the quality of response at call centers,
3) Opening of more customer service centers (CSCs),
4) Providing round the clock service at CSCs.
5) Proper training to the CSC staff on behavioral aspects,
6) Providing total information at SINGLE POINT up to the satisfaction of the customer.
To analyze the reasons for large scale surrendering of telephones.

3.3.6 Sale Promotion Activities by BSNL

The management of BSNL has also launched numerous promotional schemes & incentive offers for its valuable customers. Some of these were:

1) Full talk time on Cellular/SIM Cards,
2) Waiving of installation charges & security deposit on Basic Phones,
3) Waiving of rental for the disconnected period both on B Fones & Mobiles etc.

These promotional schemes, launched over the past few years, are described as below:

1. A new B Fone for Rs.840/- only and with a free Rs.525/- ITC Card.
2. BSNL has launched a Phone-on-Phone scheme in selected cities of the country to provide NTC within 48 hrs. The customer needs only to dial telephone No.1500 of the customer service center to convey his demand for services and facilities.
3. No additional security for mobile phone for existing BSNL customers.
4. The shifting charges of Telephone within local area or to any part of the country have been waived off.
5. The restoration of B Fone without paying rentals for the disconnected period was introduced repeatedly.
6. Waiving of installation charges for new telephones.
7. Additional plans have now been introduced for user of b-Fone connections. A few of them were economy, special & super plans in which subscriber gets 150,600 & 1800 calls free by paying fixed monthly rents of Rs 350/-, Rs 750/- & Rs 1650/- respectively.
8. Second Basic phone connection at concessional rate exclusively for internet & student internet scheme. Rental of Rs.99/- for students and Rs. 399/- on second free phone for internet only. This was in addition to Internet usage charges according to the type of package.
9. The pulse of international calls has been duration-increased manifolds. The international calls charges for the countries like Canada, Germany, Singapore & UK have been reduced to as low as Rs 7.20 per minute and further revised downwards.
10. Various contests have been organized for customers to promote BSNL service.

11. Waiving of activation charges for commercially important customers for less than 50 cellular connections.

12. Initially a mobile phone scheme called “Student Power” was launched and became very popular. This scheme was priced at just Rs. 99/- per month in the post-paid segment.

### 3.3.7 Market, Customer Service and Distribution

History stands witness that BSNL has lived up to the expectations of its customers. The concept of Dealers & Distributors as channel partners has been introduced. Concept of Single window service has been in practice since the popular 100-days programs even prior to year 2000. This was focused to provide multiplicity of service related information to the customers. Main activities at CSCs are enumerated as below:

1. Booking of complaints and faults.
2. Impart information about waiting list.
3. Information about new services.
4. Sale of products such as ITC cards, SIM cards, Recharge coupons, sancharnet cards, WEB PHONE cards etc.
5. PCO services on STD, LOCAL and IN PCOs.
6. Issue of duplicate telephone bills in case of loss or missing of original bill.
7. Accepting of bill payments on cash counters.
8. Display of advertisements, new products and marketing material.
10. Distribution of application forms and other material for various facilities and services of BSNL.
11. Issue of Demand Notes against the application and
12. Issue of Advice Notes for provision of the demanded service/s and facilities.

To leverage its marketing efforts, BSNL has tied up with many companies like IOC, HCL, and NTPC etc. They are its MOU partners and provide synergistic effect through their distribution network. A discount as percentage of sales is paid to them.
3.3.8 Future Plans

BSNL has continued its growth story ever since its formation and further plans to increase its customer base in the future. BSNL has introduced/planned following services to continue to be a leading telecom company in India despite inevitable quality competition by the Private telecom service providers. 3G Services: BSNL started 3G services in 290 cities and acquired more than 6 lakh customers. It also roll out 3G services in 760 cities across the country in 2010-11.

Broadband Services: The shift in demand from voice to data has revolutionized the very nature of the network. BSNL is poised to cash on this opportunity and has planned for extensive expansion of the Broadband services. The Broadband customer base of 3.56 Million customers in March’2009 is planned to be increased to 16.00 million by March 2014. BSNL is also offering prepaid Broadband services. In addition to wireline broadband services, BSNL has also rolled out its WiMAX network in rural areas to take an initial lead and provide wireless broadband services in all rural blocks in the country during 2011-12. The Urban WiMax has already been deployed in Kerala & Punjab Circles and shall cover all the major cities in these circles. The WiMAX services will also extend to other states in 2011-12.

Value Added Services: BSNL is focussing on provision of value added services/features to attract high end customers and to double its revenues from VAS.

Fibre to Home (FTTH): To meet the demand for high bandwidth services, BSNL is rolling out FTTH services (GPON & GE-PON) for the first time in the country, which is likely to generate substantial revenue in coming years.

Mobility in WLL: BSNL has provided full mobility on its WLL network since March 2010. BSNL has a Vision to be the leading telecom service provider in India with global presence; to be a customer focused organization with excellence in customer care, sales and marketing and to leverage technology to provide affordable and innovative telecom Services/products across customer segments. Its Mission is to generate value for all stakeholders-employees, shareholders, vendors & business associates, maximizing return on existing assets with sustained focus on profitability and to become the most trusted,
preferred and admired telecom brand. To achieve the above objectives BSNL has charted out the strategy for rightsizing the manpower and providing greater customer satisfaction to overcome the challenge of customer retention in the competitive environment.

### 3.4 TATA DOCOMO

When dealing with companies and clients, exceptional customer service is what tends to solidify a sale, make a business deal or score a contract. Without the good sense and know-how to produce the correct forms of customer service, customers opting to use a company’s products may not want to invest their time and money into a product where they don’t feel completely appreciated and welcomed. The telecom service providers have always followed a growth trajectory in the past decade through increase in customer base as well as adding considerable numbers to their annual revenue. They have kept the pace with the competitors and have played the game with amazing success in the past. But in the recent times, they are facing with an enormous challenge of adaptation to the matured, highly penetrated markets coupled with global recessionary effect.

Therefore, a shift in paradigm to adapt their business models to the current situation is highly required and the need of the hour is the customer experience management to attain a higher retention ratio. Challenge in modern telecom industry - Customer retention In the modern day telecom industry which has attained high penetration level, acquiring a customer is getting even costlier. Industry analysis states that only 25% of the acquired customers stay with the company after a year's time and on an average only 20 -30% of the entire customer base is revenue earning/profitable customers. This dugs a deep hole in the balance sheet of the telecom service providers. Due to the churning effect of the customers, there is a huge imbalance created in gross additions of the customers and net addition. TATA DOCOMO has come up with a unique business concept of Service Points with the aim of increasing the Value Proposition offered by TATA DOCOMO to the customers. TATA DOCOMO is the only service provider which has come up with 30 service points which were operational form the very first day of the launch.

TATA DOCOMO Service Point is a simple outlet wherein the customer’s problems can be resolved in the real time without the need of getting in to the long queue of Call Centers. Each Service Point is provided with every tool that a customer representative at
Call center has got. This approach ensures abundant touch points with the customers and their queries. TATA DOCOMO Service point Model

The DO DO Model- Distributor Owned Distributor Operated Model

Distributor Owned Distributor Operated

Advantages:

Service quality assurance

Distributor is engaged and focused on Customer service

Better accessibility / reach for the Customer

Opportunity to Up sell

Exclusive look and feel

Areas of Concern:

Costlier Proposition (rentals / manpower cost / running exp)

Roll out time to market is more

Service Point is a cost effective way of providing service to the customers.

Each of the Service point of TATA DOCOMO is provided with some mandatory requirements like:

One Customer Service Associate: Customer Service Associate represents the company at the Service point and resolves all the problems of the customers.

The CSA is trained for using various software tools for serving the customers. All the interactions at the Service Points are look after by the CSA with the support of the CSD team. One Backhand: It is ensured that each Service Point should have one back hand who can take over the charge in absence of the CSA so that the main purpose of customer service is carried out inhibited.

Computer System: One Computer system with broadband connection. The system is loaded with the softwares provided by the company.

Branding:

TATA DOCOMO takes the responsibility of branding of the service point which includes Backdrop, Animation, and Sandwich boards.

Key Responsibilities of the Service Points

The ultimate aim of the Service Points is to serve the customers locally.

There are various aspects of this service and this includes CAF (Customer Application Form) resubmission, SIM replacement, VAS (Value Added Services) up sales, QRC (Query-Request-Complaints) handing, Post paid sale, GPRS related issues and Daily MIS of the walk-ins.

Key Responsibilities of TATA DOCOMO towards Service Points

TATA DOCOMO ensures that no stone is left unturned in finding the ways of excellent customer service. The CSD Team at TATA DOCOMO makes sure that all the necessary support to all the existing Service Points is provided. The key responsibilities of the Company towards the Service Points include providing training at regular intervals to the CSAs, Ensuring regular contact with the Distributors, CSM and the CSAs of the Service points to prevent the system from stagnancy, Regular feedbacks for the improvement of the services provided by the Service Points, Branding of the Service Points, Regular promotional activities at the Service Points like GPRS Mela, Children Day out Program,
Checks and Balances of the activities of the Services Points through regular visits and test of the CSAs, Finalizing new Service Point locations and Present Status Total 50 service points ready for launch.

The present target of the company is to establish 50 Service Points at various location of Gujarat. After getting the inquiry from the distributor for setting up the service point the company sends representative for explaining the business model and revenue generation model to the distributor. After that all the mandatory requirements of the company are discussed with the distributor and an agreement is signed by the distributor. This is followed by the visit of the company representative to the proposed location of the Service Point. The key things that had to be kept in mind while inspecting the new location includes Best visibility of the Service Point. The proposed Service Point should be located where maximum walk-ins could be possible. The location should not be shared or used for activities related to products other than TATA DOCOMO.

3.4.1 Branding

After finalizing the location of the new Service Point the company sends the representative for the branding of the service point. The branding includes backdrop, animation, and sandwich board and TATA DOCOMO glow sign board. The entire service point has to be designed in a way so as to have the maximum visibility of the brand. Apart from the branding from the side of the company there are few mandatory requirements that have to be fulfilled from the side of the Service Point owner in terms of few adjustments in the service points as needed. Promotion: The Company plans and executes frequent promotional activities at all the Service points through different kinds of activities which can provide an opportunity of exposure and point of contact with the existing and potential customers. The most recent activity was that of the Celebration of Children Day Out Program at Ahmedabad and Vadodara Service Points wherein the children of the customers were invited for various activities at the service points. This event got a tremendous response from the customers and had helped the Service Points in terms of increased sales. Service Marketing: Service Marketing is a activity of serving the customers with the issues they are facing and parallel marketing the products of the company.

This service marketing activity is also carried out at the service points but it is not
just a promotional activity of the company but the main aim of the Company is resolution of the customer’s issues in one shot. GPRS Mela was the recent Service Marketing activity at Gandhinagar Service point. The activity was organized to provide solution to all the GPRS related issues in addition to the resolution of other issues and promotion of sales of the Service Points. The event draws a huge response in terms of the customer visit and the number of issues resolved in a day. The GPRS Mela also proved great for the service point in terms of increased sales of new connections and GPRS related pack. Training: The Customer Service Associate at the service point had to be trained for using various tools of the company for customer service.

The major tool includes software platform called TIPPS which gives all the facility to the person sitting at the service point to resolve the issues like Sim Replacement, Activation of CBT, Raising service request for the problems like wrong deduction of balance, Call barring, GPRS related issues etc. Event Management: This category of responsibility includes activities like Inauguration of the new Service Point, Celebration of different days at the Service Points like Environment Day. The key responsibility in such task includes making of Note for Approval and Presentation for approval from the corporate and finance, planning out the activities to be carried out then coordinating with the Channel sales Manager, Owner of the Service point, execution of the plan and finally submitting the report and photographs. Setting up the System and Software installation: With the view of providing great service experience to the customers the company provides various software tools to the service Points. The package includes TIPPS software, Team viewer, Skype.

Before the commencement of the activities of the service point these systems are required to be installed and checked. The installation activity may be done directly from the service Point or from a remote distance by using software support like team viewer which helps to take the control of a remote PC from the desired end. Daily Briefing: To ensure checks and balances on the processes of the Service Points and to communicate the latest updates daily briefing of the CSAs is required. The key elements of this activity include motivating the CSAs for the VAS up sales, making it sure that the MIS is being sent regularly, taking feedback of the issues that are pending if any, communicating new activities to the CSAs that are required to be executed., motivating them to read more about
the products through CRM support.

3.4.2 Resolving Customer Issues: Apart from providing the training support to the CSAs regular support from CSD is made available to the Service Points. In case the CSAs at the Service Point is not able to resolve the issue of the customer he contacts to the CSD and people from here guides him for resolving the problem. The Company ensures that the customer is satisfied at any cost. For providing this satisfaction the Company remains in touch with all the Service Points throughout the day through the effective use of the technology.

3.5 RELIANCE

A comprehensive people strategy is not comprehensive if it doesn't include a proven retention strategy for holding on to the employees you've worked hard to recruit into your company. That may sound logical, but many, if not most, small businesses overlook this critical component in their human resources program. In a recent Watson Wyatt survey, more than 50 percent of the responding companies said they didn't have a formal strategy for retaining employees once they had been successfully recruited.

So why is that? I think the answer lies in a misperception about what factors actually drive retention. Most business owners and managers think retention is based on compensation issues--wage and salary levels, incentives, and golden handcuffs--when in reality the drivers go much deeper into the human psyche to the actions and attitudes that make employees feel successful, secure and appreciated. As a result, a sound retention strategy should focus on and tactically address four key elements--performance, communication, loyalty and competitive advantage.

1. Performance. The benefit of having measurable objectives for employees is fairly obvious to most business owners and managers, but this perception usually stops short of relating performance metrics to employee retention. Study after study confirms that people have a deep desire to feel they're succeeding and that their talents and capabilities are being used in a way that makes a difference to the business. When people sense their actions are fulfilling this desire, they begin to develop a sense of belonging and a feeling that your company is their company.
Human beings are often the happiest when they're in the process of achieving a goal. Clear, achievable objectives that gauge personal, team and company performance provide the feedback employees need to confirm they're making valuable contributions and accomplishing desirable goals.

2. Communication. The second essential element in a retention strategy is communication, specifically a communications process that's structured to inform, emphasize and reaffirm to employees that their workplace contributions are having an impact. Since we're dealing very directly with how employees feel about their performance, the company and their work environment, the question becomes, "How do you know how they feel about these matters?"

Properly done, communication with your staff will provide you with the insights you need in order to know how your employees feel about working for your business. Do you communicate on a frequent basis with your employees? Do you have regular meetings with your people? Is it two-way communication, and do you have a nonthreatening channel for them to offer comments and suggestions? Do you conduct employee surveys to gather opinions on company issues and activities? Are your managers and supervisors good listeners? An effective and sensitive communications plan can provide you with insight on exactly what's driving employee morale and how your staff members feel about your company.

3. Loyalty. The third element in a successful employee retention strategy is employee loyalty. True loyalty is not an enforced requirement but an earned response to the trust, respect and commitment shown to the individuals in your company. When you demonstrate loyalty to your employees, they'll reciprocate with commitment and loyalty to your business. Remember that people don't begin their employment with you as loyal employees, but will develop loyalty over time as they're trusted, respected and appreciated by you.

So how are you going to demonstrate your commitment to them? How loyal are you to your employees? Are you more concerned about their success or their contributions to your company's success? In actuality, these two considerations are not mutually exclusive but are both essential and should work together.

4. Competitive advantage. The fourth and final element in your strategy to retain employees has to do with your competitive advantage. While that may seem odd at first,
think about it: People want to work for a winner. What sets your company apart from your competition? How are you—and as a result, your employees—making a difference in your industry, in your community, and for your customers? Take the time to identify and inform your clients and your employees about your unique competitive advantage. If your product is similar to others in the marketplace, your service can be what distinguishes you (and probably should in any case). People want to be with a winner...and that includes employees.

Together, these four elements can provide you with a retention strategy capable of producing amazing results. You may even have some of them already in place, such as performance metrics and a communications process. The key is to make sure you've integrated all four elements into a strategy for retaining employees that's grounded in a genuine commitment to serving your customers and employees well over the long haul.

This is important to consider when evaluating your own customer loyalty strategies because in the customer service echo-chamber there is a lot of "hoo rah" about taking care of customers, but little discussion on the business side of things. At Help Scout, we do things differently; we're all about loving customers, but we also aim to prove that great service is more than just the right thing to do—it's also good business sense.

In order to help you increase your own retention rates, we've compiled a list of our 15 favorite tips (backed by academic research and case studies) on increasing customer loyalty, divided into five easy-to-browse sections.

3.5.1 Communication

It's hard to create loyal customers if they are not paying attention to you. Given this fact, below are our favorite bits of research on clear communication with customers.

Stand for something.

The quickest way to get customers to ignore you is to not stand for anything. A study by the Corporate Executive Board that included 7,000 consumers from across the U.S. found that of those consumers who said they had a strong relationship with a brand, 64 percent cited shared values as the primary reason. If you want loyal customers, you need them to care about you ... so what do YOU stand for?
Utilize positive social proof.

While negative social proof ("Nearly 90 percent of websites don't use heat mapping software!") has been proven to dissuade customers rather than encourage them, numerous studies on customer motivation have shown that positive social proof ("Join 20,000 of your peers!") is often the most effective strategy for getting people to listen.

Invoke the inner ego.

Despite what we often say, most people like things that resemble them in some way. This cognitive bias is called implicit egotism, and is an important thing to keep in mind when communicating with customers. In order to attract the sort of customers you want, you need to identify your target customers down to the last detail and then craft a brand message that perfectly matches their pains, goals and aspirations. It's easier to fill this existing demand than to create one.

Selling

If customers don't enjoy your selling process, they'll likely never do business with you again. Thus, selling to customers the "correct" way is an integral part of creating customer loyalty. Below are a few studies to help you improve the process.

Use the words they love to hear.

Not all words are created equal. Certain persuasive words encourage customers to buy more than others, in particular: free, new and instantly. When customers hear these words (and the promises they imply are backed up), they'll enjoy their purchases more than they would have otherwise.

Reduce pain points and friction.

All businesses, no matter the industry, are going to have to sell to the three types of buyers that are out there. According to neuroeconomics experts, nearly a quarter of these buyers will be conservative spenders, or "tightwad" customers. George Lowenstein of Carnegie Mellon University recommends using bundles, reassuring words (e.g., change "a $5 fee" to "a small $5 fee") and reframing as strategies to better sell to these conservative buyers. Read more about his advice here.
Reciprocity

Reciprocity is the social construct that makes the world go 'round ... or in your case, keeps your customers coming back. The premise is simple: Go above and beyond for customers and get rewarded with repeat business. The execution, however, can be trickier, so below is a compilation of interesting research on how to improve reciprocity with your customers.

Speed is secondary to quality.

When it comes to customer service that keeps people coming back, the research shows that quality matters more than speed. According to a study by the Gallup Group, customers were nine times more likely to be engaged with a brand when they evaluated the service as "courteous, willing, and helpful," versus the "speedy" evaluation, which only made customers six times more likely to be engaged.

Customers enjoy businesses who know them.

Telling your employees to spend more time with customers might seem like folly, but smart entrepreneurs know that isn't the case. Numerous behavioral psychology studies have shown that everybody views their service experience as more positive when they don't feel rushed or ignored. Don't spend time idly, though; have employees attempt to find out key customer traits, just like Derek Sivers did with his employees at CD Baby.

Choose the right platform.

The best way to improve your online customer service efforts is to utilize the channel your customers most prefer. Although recent research has shown that a majority of people still prefer and use email more than other services (including social networking), you need to pick the channel that makes the most sense for your business. Hosting companies know that online chats are critical when their customers sites go down, but other businesses may have customers who are just fine using email as their primary method of contact.

Make it a communal effort.

Countless case studies have made one thing clear when it comes to creating an
efficient support system: You need to keep everybody in the loop. At Help Scout, we use tools like Campfire to access real-time notifications of what's happening on the customer end; we were able to improve our response time by 340 percent by enabling a support room that all employees can access. Read more about how we did it.

3.5.2 Loyalty Programs

The key to creating customer loyalty programs that work is to know why customers use them and what gets customers to keep using them. Below you'll find consumer research that answers these questions.

Get people started.

Consumer researchers Joseph Nunes and Xavier Dreze are known for their studies on The Endowed Progress Effect. Their results have conclusively shown that the biggest wall that prevents customer loyalty programs from sticking is getting people started. They've shown through their notorious "car wash study" that people are twice as likely to finish loyalty cards if they are automatically started (or rewarded) as soon as they sign up. Read more about this process here.

Get ideal customers to be VIPs.

Additional research by Nunes on loyalty programs has shown that people just love being VIPs or gold members of programs. There is one caveat, though. This only works when people know there is a class below them on the totem pole. Speaking to human nature, Nunes saw a notable increase in gold members’ participation as soon as he implemented a lesser silver class.

Label your customers.

A research study on voting patterns conducted by Stanford University conclusively showed that people are more likely to participate in something if they are labeled with a positive trait. Our friends at Buffer refer to their premium customers as "awesome" members, and even label their upgraded payment plan as the "Awesome Plan"—a much easier phrase to embrace than "paid member."
Customer retention is on the minds of small and medium businesses across the world. With rising **customer acquisition costs**, businesses need to get innovative and start taking a proactive role in retaining their clients.

Studies from the U.S. Small Business Administration and U.S. Chamber of Commerce have found that acquiring new customers can cost as much as five to seven times more than simply retaining existing customers. Considering customer profitability tends to increase over the life of a retained customer, there is extra incentive for business to allocate more resources to sharpening up their customer retention strategies.

Before I go into recommending nine customer retention strategies for businesses, I wanted to highlight three reasons identified in the study as to why your customers may leave you.

- 68% leave because they were unhappy with the service they received
- 14% were unhappy with the product or service
- 9% decided to use a competitor

The following nine customer retention strategies will give you some inspiration and practical examples to help you improve your customer retention rates. They aim to address the above highlighted problems and give you actionable tips you can implement today to ensure you start retaining more customers.

**Set customer expectations**

Customer retention is to set client expectations early. Don’t wait to set the expectations, the earlier the better.

By setting expectations early, you are able to eliminate any uncertainty as to the level of service you need to be providing to ensure your clients are happy. This clear vision enables your company to build KPIs around specific expectations and ensure you are always over delivering.

It’s important to know that clients tend to **remember negative experiences**. So if you have over delivered in the past 20 occasions but that one time you undelivered – your
client will no doubt quote that negative experience as a reason to cancel their contract with you.

Let’s take a look at an example. R & G Technologies, a successful Australian IT Company uses a service based model and are in the top 15% of all managed service providers where it comes to speed of response as measured by Client Heartbeat. They have implemented strict SLAs which work tightly with their employees KPIs. Jason Neville, General Manager of R & G, explains that his employees are incentivised by meeting specific KPIs that exceed client expectations.

All Service Desk staff have 10-15% of their salary tied to delivering on our Service Level Agreements. If we break more than 1 SLA for the month, the entire service desk receives no bonus. Similarly, each individual service desk team member receives a bonus which is tied to the number of tickets they close for the month – so we encourage both individual and team based performance to achieve our goal.

**Be the expert**

Small and medium sized businesses are becoming more and more dependent on services to run their business. No matter what industry you are in, if you can be the expert in your particular field, you will go a long way to retaining more customers.

Becoming your customers trusted advisor will build customer loyalty and reduce customer churn. Let’s revisit the example with R&G Technologies. If you were an IT Company, try to be their guy for all things technology focused. So that means that your responsibilities are not restricted to the bare minimum requirements in your contract. If a customer wants some additional advice on which mobile phone best suit their needs, you better be ready to assist them in choosing a device.

By becoming this trusted source on all things technology, you build that relationship which leads to a dependency. They trust you and rely on you to give them the best advice and become an integral part of their business success.

If you are looking for ways to build trust with clients, take a look at some industry specific problems facing your clients at the moment. Compliance and regulations are big
buzz words among small businesses, so as an IT Company, this provides a perfect opportunity to demonstrate your expertise and build trust with your clients.

**Give your clients a quick courtesy call** – inform them of the upcoming changes and provide some insightful recommendations as to the best plan of attack for them. This proactive, personalized approach will go a long way to building customer loyalty and contributing to your customer retention strategies.

### 3.6 IDEA CELLULAR LIMITED

#### 3.6.1 Background

Headquartered in Gujarat, Idea Cellular Ltd (Idea Cellular) is a publicly listed company with BSE and NSE. It was incorporated as Birla Communications Ltd in 1995. In 1997 it obtained licenses to provide GSM-based mobile services in the Gujarat and Maharashtra circles. In 2002, the company launched its Idea brand thus acquiring its current name. In 2006, it became a part of the Aditya Birla Group after the TATA Group sold its stake in the company. Idea Cellular is engaged in providing telecommunication services.

#### 3.6.2 Business Profile

Idea Cellular functions through two business segments, namely, Mobile Services, National and International Long Distance services (NLD & ILD). The company is a pan-India integrated GSM mobile service provider through 20 service areas. As of Sep 09, the company had 46.80 mn subscribers representing an increase of more than 54% y-o-y in its customer base. During 2009, the company launched ‘Krishi Voucher’ in partnership with Reuters Market Light in Maharashtra to equip farmers with decision critical information for marketing of the agricultural produce. In FY09, Idea Cellular acquired a 40.80% stake in Spice Telecommunications Ltd. The company registered a 20.14% (y-o-y) rise in its gross revenues to Rs. 289.09 bn for the second quarter ended Sept 09. During the same period, the company demerged its infrastructure assets in services areas like AP, Delhi, Gujarat, UP, Haryana, Kerala, Rajasthan and Mumbai to its wholly owned subsidiary Idea Cellular Towers Infrastructure Ltd. Idea Cellular Limited was incorporated in 1995, and now ranks third in terms of all-India wireless revenue market share at 13.6 per cent.

Idea ranks second with 23.6 per cent revenue market share in nine service areas
where it holds 900 MHz spectrum and which derive about 41 per cent of the industry's all-India revenues (based on gross revenues for UAS and Mobile licenses only, for March 2011 quarter, as released by TRAI).

The market positioning of Idea reflects the strength of its brand considering the fact that Idea added 11 out of its total 22 service areas in the past four years. Today, it is a pan-India player with commercial 2G operations in 22 service areas and 3G in nine of these circles. Its subscriber base has grown multifold, from 7.37 million in March 2006 to 89.5 million in March 2011.

Idea holds 16 per cent stake in Indus Towers, a joint venture with other telecom majors Bharti Airtel and Vodafone. Indus Towers is the world's largest tower company with over one lakh towers. In 2007, Idea was listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Idea enjoys a market leadership position in many of its operational areas. It offers GPRS on all its operating networks for all categories of subscribers, and was the first company in India to commercially launch the next generation EDGE technology in Delhi in 2003. As a pioneer in technology deployment, it has been at the forefront through the adoption of biofuels to power its base stations, and by employing satellite connectivity to reach inaccessible rural areas in Madhya Pradesh.

Idea has been a leader in the introduction of value-added services, and there are many firsts to its credit, including a voice portal 'Say Idea', Idea TV, voice chat and instant messenger. Tariff plans have been customer-friendly, catering to the unique needs of different customer segments, for instance the 'Women's Card' caters to the special needs of women on the move, and 'Youth Card' covers the emerging youth segment.

The company now has its own NLD and ILD operations and ISP license. Idea has a network of over 70,000 cell sites covering the entire length and breadth of the country. The company has over 3,000 service centres servicing Idea subscribers across the country. Idea's service delivery platform is ISO 9001:2008 certified, making it the only operator in the country to have this standard certification for all 22 service areas and the corporate office.
Idea has won numerous awards and is the only Indian GSM operator to win the prestigious GSM Association Award consecutively in the best mobile technology category for the Best Billing and Customer Care Solution both in 2006 and in 2007, even in the face of international competition.

Idea was adjudged the 'Emerging Company of the Year' by The Economic Times and the 'Most Customer Responsive Company' in the telecom sector, in the year 2010. Brand Idea has won many accolades for its innovative communication. The 'What an Idea, Sirji' ads have won four Effies from 2008-2010, making it one of the 'Buzziest' brands in the country.

In 2011 Brand Idea moved to the No. 4 position amongst all service brands in the 'Most Trusted Brands Survey' conducted by Brand Equity, an Economic Times publication.

Idea's biggest campaigns – "Break the Language Barrier" and "No idea – Get Idea" were ranked globally as the best brand campaigns 2011 at MMA Global Awards and World Communication Awards, London.

Idea won the advertising effectiveness awards with a Gold EFFIE for the "No idea – Get Idea" campaign and a Silver for the" Language Barrier" campaign.

In radio, Idea won six awards at the Golden Mikes Awards 2011 and was adjudged the Advertiser of the Year. Besides, Idea also won a series of Digital Awards, the biggest being the Yahoo Big Chair where it won Gold.

3.6.3 Analysis of Attrition ; Employee engagement activity at IDEA Cellular Ltd Presentation Transcript

- Presentation On Analysis of Attrition, Employee Engagement & designing Retention strategy At IDEA CELLULAR LTD ALPANA SHARMA AU ENROL. NO. A0101907032 MBA(GEN) AMITY BUSINESS SCHOOL
- Company profile Aditya Group holds a 98.3% stake in Idea Cellular, a leading telecom operator in India. Idea Cellular started off as a joint venture with Birla group, AT&T and the Tata Group. However the stakes of the remaining partners was eventually acquired by the group. As India's leading GSM Mobile Services operator,
IDEA Cellular has licenses to operate in 11+2 circles. In 2007 Idea Cellular attained a total subscriber base of 19.42 million with a net addition of 0.75 million during the month. THE VISION OF IDEA To be a premium global conglomerate with a clear focus on each business THE MISSION OF IDEA WE SURVIVE BECAUSE OF OUR CUSTOMERS

- Objectives of the Study The main objective of the study is to find out relevant information about employee attrition in IDEA CELLULAR LTD. and to study the various causes which are responsible for employee attrition. To analyze the data collected by conducting exit interview, through structured questionnaires and draw out the conclusion by using percentage and quantitative methods such as, graphs and figures. To study retention strategy that are being practiced in the company and devise new strategy in response to threat. To ascertain the level of employee engagement, so that sensitive area’s prone to attrition could be known.

- Research Methodology The research is being undertaken in following phases:
  - Problem Identification & Definition -- Since the attrition rate in telecom sector is 30% while in idea it is 34% so it is gearing itself to combat the situation
  - Research Design This study is descriptive in nature. Sample size - 30 Data Collection, Tabulation and Analysis Data – Primary. Data Collection - Telephonic Interviews with Structured schedules Tabulation & Analysis – Quantitative method Interpretation and Conclusion

- Analysis & Findings Department wise analysis Tenure wise analysis

- AGE WISE DATA ANALYSIS LOCATIONWISE ANALYSIS LEVELWISE ANALYSIS OF

- Employee Movement To Competitors Ex-employees would like to change Prevent them from leaving through

- Level of Employee Engagement

- RETENTION STRATEGY VIBRANT HR POLICY Health check-up policy Buy your car scheme Credit card scheme Corporate Club Membership Company Car Policy Company Leased Accommodation Policy Employee Referral Policy Employee Spouse Cellular Phone Policy Employee Cellular Phone Connection Policy Group Personal Accident Insurance House Deposit Loan House Rent
Conclusion & Recommendation

SESSION WITH COO FOR NEW JOINEES

An interactive session for the employees who have completed their first six months in the organization. This session will begin with management games, followed by a meeting between COO and the new joinee.

THREE-MONTH EVALUATION PROCESS FOR NEW JOINEE

This will be an interactive session where we will have two-way communication. There will be ample opportunities to clarify doubts and give feedback. The aim is not only to evaluate the employee but also to get insight about their understanding of their work and satisfaction.

SIX-MONTH EVALUATION PROCESS

Evaluation/Feedback Process

By Whom:- Vertical Head (evaluation format will be provided to Vertical Head)
Whose: - New Joinees
What will be evaluated: - Standards set have been met. Adaptability to the work environment. Work-Family life balance. Feedback about evaluation process
Why- Aim is to know whether the evaluation process has successfully met its target.
How- Employees will be given a questionnaire to give their feedback. Feedback from Employee A format will be given to the employee to know about their experience and expectations. The feedback will be obtained on the basis of Induction process Work Station, PCs and I-cards allotment. Knowledge about company’s policies and their claims.

EMPLOYEE ENGAGEMENT ACTIVITY

PAHCHAAN KAUN……!!

Dear all, This is to inform you all about an interesting activity that would be started from today onwards. In this new activity “PAHCHAAN KAUN”, you will have to identify the person whose ‘facial feature’ i.e. eyes, nose, ears etc. will be posted on the employee corner. A tantalizing gift is just a stroll away from you. Take a stroll to the employee corner, identify that person & send it to the Email provided to you. The first three entries will get a gift. Relationship building among employees Appreciate each other.
FAMILY INVOLEMENT IN EMPLOYEE ACHIVEMENT Dear Mr. /Mrs. ………
IDEA family would like to share the happy news with you that Mr./Ms.……….. has been awarded with "……………” award. We know this would not have been possible without your support and guidance. Our hearty congratulation to you. Family support is crucial for not only successful career but over all development of an individual. We fully appreciate your contribution in his/ her achievement. The award given to him is reflection of both his good performance and good principle that he has imbibed from his family. We hope along with your support he will continue giving his best.