Chapter 2

Literature Review

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Literature Review

2.1 Introduction

In the first chapter the background for the proposed study and the historical back drop which resulted in the sectors liberalization is discussed. The telecommunication industries characteristics, its present state, dominant players etc, was also studied along with the identification of the research problem. The second chapter covers the literature reviewed for the research. At the end of this chapter the research gaps were identified and thirteen hypotheses were framed.

Loyalty results from trust and satisfaction towards a brand which influences customers to exhibit repeat purchase behaviour (Yi and Jeon, 2003). Most of the mobile service operators provide undifferentiated services, similar tariffs and even offer free SIM cards. All these factors have started questioning the loyalty of the customers. The research will try to ascertain the strategies adopted to increase loyalty and the customer’s views, perceptions regarding the different mobile service providers.

2.2 Review Method

Initially a general search about brand, loyalty strategies used by mobile telecom companies, reason for subscribers to switch mobile operators and possible solution given by various researchers was concluded. In the second stage a thorough review of various journals in the area of management and social science was conducted which pertains to the central theme of the PhD thesis title. The information was then structured so that the literature reviews describe the present theoretical and conceptual knowledge base within the papers domain in a chronological way.

The study was conducted with research papers from peer reviewed journals and databases like Emerald, Cygnus and Global Information Inc (professional research reports). Certain input has also been taken from newspaper reports, case studies and PhD thesis of other scholars. The research papers which were sourced from online databases have been sourced by using a key word search (brand, loyalty strategies, customer retention, mobile service providers etc.). All the papers were screened on the basis of relevance to the research topic. The papers were then classified into the following categories (1) Indian mobile industry, (2) Influence of brand and brand loyalty, (3) Study papers on some mobile service providers operating in India.
2.3 Literature Review

The literature reviewed has been divided in the following way:-

1. Indian mobile industry.
   i) Genesis and growth of mobile industry in India.
   ii) Telecom infrastructure development.
   iii) Effect of mobile on society.
   iv) Mobile technology.
2. Influence of brand and brand loyalty.
   i) Concept of branding and brand loyalty.
   ii) Branding in mobile telecommunication.
   iii) Factors affecting loyalty.
   iv) Customer retention.
3. Study papers on some mobile service providers operating in India.

2.3.1 Indian mobile industry

Since its inception way back in 1839, policy change was made in the telecommunication industry. Liberalization in the industry started with the implementation of the New Economic Policy in 1991. With the enactment of NTP 1994 and NTP 1999 major reforms were initiated which encouraged private investment in telecommunication (DoT, 2014). With the establishment of TRAI as a regulatory body, healthy competition and transparency was established (TRAI, 2014).

As a result of reforms, India, which had 0.1 million telephone connections in 1946 with a tele-density of 0.02 % increased to 353.66 million by September 2007 with a telephone density of 30.64 %. Out 353.66 million telephone connections, 315.31 million (approximately 82%) connections pertained to wireless and mobile phones (Department of Telecommunication, 2009).

2.3.1.1 Genesis and growth of mobile industry in India

Wallsten (2001), in the World Bank report titled “Telecommunications Privatization in Developing Countries: The Real Effects of Exclusivity Periods” provides a global perspective to privatization especially in the developing countries. Majority of developing nations started telecommunication as a state funded project but met with unsatisfactory growth rate, low tele-density and low technology infrastructure. During 1981 average tele-density in Africa and South America were only 0.8 and 5.5 telephones. In the same period USA was having a tele-density of 83.7. Certain nations understood the need for private participation.

Li (2002), in the World Bank report titled “The Impact of Privatization and Competition in the Telecommunications Sector around the World” used data collected during 1981-1998 to understand the effect of privatization and the resulting competition. As per the findings privatization caused rapid network expansion, employment generation and increased productivity.
Greene and William (2004), in their research paper examined various reasons and the environment that propelled the growth of telecommunication in India. The government owned telecom service providers like DoT and BSNL dominated the telecom industry for several years. But by the late 1980s, recurring fiscal deficits and negative balance of payments encouraged the Indian government to initiate economic reforms ending the government's monopoly over telecommunications services and equipment manufacturing.

Haroom (2004), in the paper titled “Pakistan’s Mobile Cellular Policy: Comparative Analysis of Policy Approaches for Telecom Competition” has compared reforms in Pakistan, India and Malaysia. Malaysia has defined a ‘Telecom Vision’ in her National Telecom Policy (1994-2020), which provides long-term guiding principles, for telecom sector development. In the case of India, National Telecom Policy (NTP) of 1994 and 1999, provide a comprehensive framework to make India a global player in IT. The government of Pakistan, has issued three different policies; in 2000, 2003 and 2004. The policies adopted by Pakistan focuses on an “investment protectionist regime” contrary to that of India and Malaysia, which provide a pro-competitive regime for telecom competition and convergence.

Dhananjayan (2005), in his review article examines the causes for the rapid expansion of telecommunication in India. The reasons, from the article can be summarized as below –

a) TRAI announced free incoming calls from May 2003, leading to substantial reduction in tariff charges for customers.

b) Drop in local, national and international call charges. Roaming charges were also substantially reduced.

c) The introduction of CDMA technology in mobile transmission.

Study Paper of TRAI (2005), titled ‘Indicators for Telecom Growth’ discusses various aspects about the Indian telecom industry, like its growth, present conditions, urban-rural tele-density, details about License Fee, Spectrum Fee and Service Tax, etc. Mukherjee (2008), in his article throws light on the evolution, growth as well as future opportunities and challenges of the mobile industry. The author justifies how mobile evolved, from a humble bulky device for talking to a sleek user friendly, multi utility device converging our digital requirement in one single device. He emphasizes that the market will become more competitive in the near future. Mobile service providers should differentiate themselves by providing value added services to subscribers’. With the emergence of smart phones, mobile banking can become an alternate revenue stream for mobile service providers.

Narayana (2008), in his research paper titled “Substitutability between Mobile and Fixed Telephones: Evidence and Implications for India” has focused on comparison linking mobile phones and fixed line phones. The paper discusses a process of estimating the effect of tariff on mobile and fixed phone subscription.
Every product and service can be analysed through the concept of Product Life Cycle. Mobile industry is presently in a high growth stage. The main reasons for this phenomenal growth are – liberalization of government policies, entry of foreign as well as national companies, availability of cheap handset, abolishment of incoming call charges and reduction of local, STD and ISD tariff.

2.3.1.2 Telecom Infrastructure development

Secker, (2002), in their research paper concluded that although there is a positive subscriber growth, Average Revenue per User (ARPU) has declined. As mobile tariffs are the lowest in India and with stiff competition, companies should formulate strategies to increase the APRU. As the mobile services market matures, voice – related services will decline and will be replaced by content driven data services. The researcher has quoted that as per Newile Taraporewala, India country head -Yahoo.com, games download, ringtone, wallpaper, etc. services can increase the revenues of the service providers.

Jayaram (2004), in the article “The world’s handset factory” published in the Business World, December 2004, talks about the plans of two major manufacturers of mobile handsets to start production in India. These are Elcoteq from Finland and LG from Korea. Presently most of the handsets are manufactured in China, but manufacturers are attracted to India as an additional location, considering the huge demand in the Indian market, possibility of export from India, availability of trained qualified engineers and suppliers of components. While all these favorable aspects are there, the negative factor is infrastructure in India. The duty structure in China and different specifications for local and export market are the two factors which are found unattractive by the manufacturers.

Chakravarty (2005), in his working paper discussed the relation of mobile technology dispersion with tariff. The researcher also evaluates the effect of competition and policy change done in Asian countries. Data collected over a period of 10 years from 29 countries are analysed in this paper. The paper concludes that the level of competition has a significant relation with rapid dispersion phones.

Srikant (2006), in his study paper “Cellular Mobile Industry in India: A Study” has considered telecom infrastructure as having the highest potential for investment in India. FDI in telecommunication during 1991 to 2003 was Rs. 9590.7 Cr. In his paper he has analyses the industry through a SWOT (Strength, Weakness, Opportunity and Threat) analysis. According to the researcher strengths of the industry are; GoI’s relaxing rules for foreign participants, availability of a huge subscriber potential because of the population size of India, one of the fast expanding mobile market in the world with customers ready to pay for cutting edge services and the availability of cheap and educated manpower. The research paper by Li and Cavusgil (1999), further identified three weaknesses- strong market regulation by TRAI, existence of entry barriers for private companies and inability to afford expensive telecom infrastructure and replicate investment in R&D as done by developed nations. The major opportunities of the mobile industry in India identified by Kendrick
are addition of approximate one million new mobile phone users every month, income levels in the rural areas rising due to robust agricultural output. The researcher also concluded that the change in common man’s perception regarding the mobile phone from a hi-tech device for the highly educated corporate executive to a user friendly affordable gadget created market opportunity. Demand generation increased because of the timely policy and regulatory initiative taken by the government to encourage private and foreign players. Zhaohua and Yaobin (2009), in their research paper identified three major threats of the mobile telecommunication industry; high level of environmental risks, uncertainty and cost, weak Intellectual Property Right (IPR) protection and political instability in some states in India.

Management research firm Zinnov (2006), has highlighted that the Indian average revenue per subscriber is the ARPU is the least in the world. However families and individuals having very low earnings also spend on mobile tariff along with other necessary items. According to the report, another research firm Gartner Inc, have reported that post paid subscribers in India use mobile for talking for 650-700 minutes per month, which is the highest in the world. As a result the mobile revenue in India has touched $7.8 bn in 2007 from $1.5 bn in 2002. Mani (2007), in the seminar paper of IIM Bangalore “The growth performance of India’s telecommunications Services industry, 1991-2006 Can it lead to the emergence of a domestic manufacturing hub?” discusses the effects of growth of the telecommunication industry. The research investigates the effect of telecommunication to the Indian economy and the dependency to foreign technology and equipment.

The paper titled “IT Revolution and Changing Face of Rural India” explains the role of government and private companies in developing rural IT infrastructure. The research paper “Rural Infrastructure Development Fund: Empowering Projects” by Kumar (2010), discuss the outcome of the Rural Infrastructure Development Fund (RIDF). The fund was utilized to generate employment and enhance the rural IT and telecommunication network.

2.3.1.3 Effect of mobile on society

Nyiri (2005), in the paper “The mobile phone in 2005: where are we now?” explains the dominance of mobile phones as an important element in social science. The usage of mobile phones is increasing among the adults and children. Accepting a call on a mobile phone, when a person is in conservation with someone is not considered impolite anymore. The author comments that the use of mobile have extended many additional services like news, radio, TV programs, banking services, shopping and ticket booking of cinema and airlines. Mobile phones are very much in use in underdeveloped countries like Congo, where it has been seen to influence economy and GDP of the nation.

Downie and Glazebrook (2007), in their paper “Mobile phones and the consumer kids” has discussed the impact of kids, in the age of 6-13years, owning and using mobile phones. The researcher concludes that although mobile for children’s are marketed to parents as a security
device, in reality the outcome is different. Children’s after owning a mobile show signs of ‘competitive consumption’ and try to match their parents in mobile usage. Sarin and Jain (2009) in research paper titled “Effect of Mobiles on Socio-economic Life of Urban Poor” discuss the effects of mobile usage by slums dwellers in three cities. The researchers used metrics like income, education etc to compare lifestyle and social characters between mobile users and non users. The researcher concluded that mobile users enjoy a better lifestyle and maintain strong bond within the community.

The usage of mobile phones is increasing among the adults and children. In this section of review of literature various papers on the social impact of mobile phones has been discussed.

2.3.1.4 Mobile Technology

The report by Still (2004), published in Wireless Business Review, titled: “Is W-CDMA the same as UMTS”, talks about the advantages like speed, capacity and capability offered by GSM and CDMA technology. GSM is considered as the most successful technologies in history, now in use in about 200 countries. In 1993 there were about one million GSM phones and the number has risen to one billion in just over a decade. GSM offers global reach and seamless international roaming. Experts believe GSM to be more powerful than other available wireless technologies because of the entire ecosystem, economies of scale and competitiveness for operators and vendors. Additional features like GPRS and EDGE have lead to the development of 3GSM (3G) technology for the next generation GSM network and related services.

Sharma (2004), in the article “On the road to 3G in Asia” gives a comparative view of mobile technologies used in various countries. The article tracks the market movements in the inevitable rollout of 3G mobile services in Asia. 3G services started in Japan in 2001. The researcher examines the growth and prospect of 3G in Asia.

Smith (2005), in the article “Prototype today, gadgets tomorrow” describes about the emerging technology in mobile. The author explains that an executive on the move requires a mobile, a laptop and an mp3 player. The mobile nowadays are offering all that, plus a camera, superior internet connectivity and portability. Sheldrake and Lefroy (2005), in the paper “Device convergence” elaborates that handset manufacturers have to meet the demand for specialized devices such as PDA or camera or video player and will also have to come up with combinations of two or more functions in handset models. The manufactures will have to maintain a careful balance of production of specialized high end devices which will provide a superior performance and device convergence. Such specialized products will have to be backed up by appropriate marketing strategies.

The mobile phone is high-tech equipment and over time it has evolved from just being an instrument for talking to a multitasking sophisticated device for communicating. The major types of spectrum include 2G, 3G and CDMA. This section of the review of literature elaborates the technological environment of the mobile service industry.
2.3.2. Influence of brand and brand loyalty

On the basis of purchase behaviour, consumer can be classified into two categories: (a) Stayers and (b) Switchers. The category ‘a’ consumers are considered as loyal to the brand of a product/service whereas the category ‘b’ consumers are not loyal (Ricci and Volkmann, 2003). Thus, the brand loyalty refers to the behaviour customer’s show by choosing the same brand of product every time. Building a brand loyal customer base is both a long time as well as a challenging task for any company. The customer evaluates the brand in every possible way over a long period, remembers events and if satisfied, rewards the company by continuing to use the brand. The tendency of subscribers to leave their mobile operators can be explained as churn. It is calculated by making a ratio between customers leaving during a particular period and total customers during the period. For instance, when 20 customers leave a service provider that has a total customer base of 100, churn is 20% (Moore, 1991). Intensity of competitive forces like the abundance of multiple service providers willing to invest in customer acquisition, encourage churn. Churn takes three forms: unavoidable, involuntary, and voluntary (Fichman and Kemerer, 1999). Unavoidable churn is observed in situations when the customers migrate out of the telecom circle or service area of the mobile operators. Involuntary churn occurs when the provider terminates the service of the customer for nonpayment, fraud, or other reasons. But majority of the churn is voluntary, where the subscriber switches service provider due to mismatch between expectation and reality. Voluntary churn thus is exceedingly important for service firms as intervention and understanding customer perception and attitude can reduce churn.

2.3.2.1. Concept of Branding and Brand loyalty

Allard and Streukens (2004), in their paper “Boost customer loyalty with online support: The case of mobile telecom providers” explores the influence of online customer care service on enhancing satisfaction and loyalty. Customer care service can be provided before purchase, during usage and also after usage of a product. Lee and Murphy (2005), in the paper “From Loyalty to Switching: Exploring the Determinants in the Transition” discusses the causes for switching to another mobile service provider. The study establishes that proper analysis of customer segments and customization of service can minimize switching.

Gézáné, (2005), in the paper titled “Prediction of customer loyalty and market share by using Markov Chain Model” has investigated the brand switching behavior using the Markov chain model. From the analysis the author forecast the switching trend and the importance of branding in a competitive product. Lai and Babin (2008), in the research paper titled “How quality, value, image, and satisfaction create loyalty at a Chinese telecom” test the association between quality of service, price and brand image. The result of the research showed that loyalty is influenced from satisfaction with a brand.

Chadha and Kapoor (2009), in their research paper “Effect of Switching Cost, Service Quality and Customer Satisfaction on Customer Loyalty of Cellular Service Providers in Indian Market”, states that reducing churn among mobile subscribers can be done through
loyalty strategies. The researchers established that service quality and satisfaction to the service have a significant relation with loyalty. Akbar and Parvez (2009), in the paper “Impact of service quality, trust and customer satisfaction on customer loyalty” has surveyed mobile subscribers in Bangladesh. The research finds the importance of differentiating a brand using positioning strategies. Brand loyalty is found if subscribers are satisfied with a brand and can clearly identify the brands attributes.

Having brand loyal customers are an asset to an organization and help encounter many market challenges. Brand loyal customers increase stability of an organization, increase profit and also can influence new customers.

2.3.2.2 Factors affecting customer loyalty

In the study conducted by Reichheld and Sasser (1990), it can be observed that important and significant association among service quality and customer satisfaction. Further study done by Churchill and Surprenant (1982) proves that customer experience satisfaction, when their expectation match with what they experience. Parasuraman et al. (1988) in the SERVQUAL model identifies five parameters that can be used to understand quality in a service product. The parameters are- reliability, responsiveness, assurance, empathy and tangibles.

In the context of mobile service, subscribers have shown satisfaction based on customer care service quality and technical service quality (Kuusik, 2007). Oliver and DeSarbo (1988) in their research conducted on subscribers of mobile service in Ghana, satisfaction towards the service provider comes from a combined impression towards network quality, tariff rationality, mobile internet services and customer care service. Sharma and Patterson, (2000) in their research study give importance on the brand image and the perception customers have towards the brand as reasons for choosing a service provider.

Morgan and Hunt infer brand trust as an important factor influencing loyalty (Morgan and Hunt, 1984). Firms need to build trust in terms of reliability and consistency to make customers loyal (Moorman, 1992). According to the researcher truthfulness of advertising or external communication is an important parameter in the study. Customers while selecting a brand or using it in a particular way project their own self image. In a competitive market condition with undifferentiated product, companies use this strategy to encourage loyalty behaviour (Belk, 1988).

Development of a positive relationship with existing customers paves way to a much successful loyalty strategy (Fornell, 1992). The term “touch points” commonly used in context with CRM implies to the multiple ways in which customers and firms interact either in the physical or virtual environment. It creates opportunities to develop relationships, attempt to change customer attitude or sell additional service packages. Just giving ears to the customer’s problems goes a long way to create satisfaction (Reichheld, 1996).

Szymanski and Henard, (2001), in their research paper titled “Customer satisfaction: A meta-analysis of the empirical evidence” examines the influence of unique value added service in
enhancing mobile subscriber satisfaction especially among students. Similar observation is observed in the research paper by Dowling and Uncles, (1997). The paper identifies the customers enjoying new and unique additional service and not minding a premium price for it.

Loyalty to a brand is summarized as consisting of a pre-dispositional promise towards a brand. Loyalty is directly related to increased profitability (Reichheld, and Sasser, 1990). There are different objectives behind every loyalty strategy ranging from customer retention to the traditional objectives like segmentation (Shugan, 2005).

### 2.3.2.3 Branding in mobile telecommunication

Rein (2007), in the article “Building Brand Loyalty in China”, holds that as China’s economy surges ahead, feature rich new brands and products are being preferred more. Chinese consumers switch phones often, as the mobile phone as a symbol of status in China. Motorola had created an opportunity by positioning itself as an aspiration buy.

Burton (2008), “Mobile Phone Service Branding Beyond The Third Age” explains that as the mobile phone industry approaches saturation and all the providers deliver similar services, branding becomes vital to differentiate one company’s services from the other. Social Trends are changing, like in North America and Europe a new class of people has emerged; the “money-rich, time-poor” who have more disposable income but less disposable time. The opportunity is therefore there for mobile phone companies to understand and cater to this segment.

The case study “Idea Cellular's Advertising and Promotion Strategies” describes the branding strategy done by Idea to promote and position their brand (ICMR, 2009). The case explains how the company used the various promotion tools but did not use any celebrity endorsement till 2007. However, observing competitors strategy used Abhishek Bachchan for brand endorsement in October 2007.

Branding strategy is done by mobile service providers using the 7 P’s of service marketing. Differentiating based on price, using celebrity or cartoon figures and enhancing the service quality branding is done.

### 2.3.2.4 Customer retention

Geppert (2002), in the KPMG report titled “Customer Churn Management: Retaining high-margin customers with customer relationship management techniques” provides basic factual information about churn management. The author has focused in two areas in the research report; customer switching and CRM. According to the author, churn happens unnoticed. Retaining customers is quite an easy task until the customers actively or passively pass into churn. While active churn can be identified, passive churn needs deployment of proactive CRM strategies. Churn management gains its importance for detecting and correcting churn
before it actually happens. Churn is measured in different ways in the telecom industry. The generally practiced formula is dividing disconnects by total subscriber base.

Prasad (2005) in the article “Customer retention strategy” outlines the importance and elements of customer strategy for effective customer retention management. The author discusses the importance of assessing Customer Lifetime Value (CLV) for customer retention and suggests a method that helps in calculating CLV. The paper also provides inputs on factors that boost or adversely affect customer loyalty, while suggesting ways to develop customer loyalty. Buehler, (2005), in the paper titled “Mobile Number Portability in Europe” explains the consequence of the introduction of mobile number portability in Europe. The researcher explains the market condition and highlights the importance of loyalty in retaining subscribers.

Shanti (2006) in the paper titled “Predictive Churn Management Solutions for Customer Retention in Telecom” emphasized instituting a comprehensive churn model to identify and control churn in the telecom industry. While highlighting the essentials of churn model, the paper proposes a simple churn model that can help measure and control churn. Besides, it discusses various perspectives for the development of churn strategies and their implementation. In the process, it identifies the relation between CRM and churn models to effectively address churn. Further, it explores the applicability of churn models in the Indian mobile market, while throwing light on the adoption of predictive churn model in the Indian mobile companies.

Rama and Krishna (2006) in the research paper titled “Building customer loyalty” offers different perspectives of customer loyalty and advocates that a customer benefit strategy, to build customer loyalty should be in terms of money. The author discusses the various benefits realized by companies in India as a result of building customer loyalty, viz- increased revenue, decreased marketing cost, growth in gross profit and positive word of mouth.

Customers develop brand perception through critical touch points with the brand, called as the “Moments of Truth”. Harish (2006) in the paper titled “Managing Moments of truth: Earning customer trust” explains that effective handling of customers when they come in contact with the organization will have a long-lasting impact on the mind of the customer. Moments of truth are referred to those moments when the company meets the customer. In this era of customer relationship management (CRM) and the hype build around relationship marketing, it is surprising to find that larger firms are not able to manage those moments of truth. The author outlines essential steps to take care of the “moments of truth”.

Ray and Sarkar (2006) in their paper “Analyzing influence of brand vis-a-vis price in Indian mobile industry” highlights four factors viz, service quality, economy, brand perception and strength of network as the influencers in customers decision making for choosing a mobile service provider. The paper reveals that Hutch (Vodafone) occupies the top position in customers mind closely followed by Airtel. Reliance, BSNL and Tata Indicom appear in distant fourth, fifth and sixth position. Out of the four factors identified by the authors’,
economy and brand perception are the two factors that are highly dependent on external factors. Service quality and strength of network are indirect stimulants of brand perception. The final analysis shows that most of the customers opted for schemes from Hutch (Vodafone) or Airtel. However, there is a marked dominance of economy over brand perception for Reliance, BSNL and Tata Indicom. The authors have concluded that though schemes and offers help attract customers, it is the brand that ultimately reigns in decision making.

Tucker (2008) in his book “Customer Service for the new millennium- winning and keeping value driven buyers” provides insight into the ways of managing customers by pursuing various driving forces of change in the new millennium. The book illustrates, with practical examples as to how to manage customers by giving them that extra, so that they come back again and again. The author explains that quality, excellent customer service, low price are not enough for the customers to retain them. What is needed is the magic formula of the combination of Quality, Service and Price (QSP). In order to gain a positive value perception from the customers, companies need to be innovative in their service delivery. According to Tucker it can be done in the following four ways –

- Less-for-less
- More-for-more
- Same-for-less
- More-for-less

In general, customers today expect more-for-less. Firms should develop their strategies to providing greater value and not charging extra for it, to retain its customers.

Casielles (2009) in their empirical paper “Customer Satisfaction and Switching Barriers: Effects on Repurchase Intentions, Positive Recommendations, and Price Tolerance” concludes that there can be many type of switching barriers; some can be government imposed while others can be part of a elaborate marketing strategy. Mobile companies in some country use value based offers like reduced tariff or discount after a particular talk time. In the research paper titled “Switching cost and customers loyalty in the mobile phone market: the Nigerian experience”, Oyeniyi and Abiodun (2009) describes the mobile industry of Nigeria and how customer loyalty strategy is used to reduce subscriber churn. From the paper if is found out that high switching cost discourage switching.

Conventionally, mobile service providers used lower tariffs, discounted off peak hour tariff and free calls in home network as customer retention strategy. But gradually when the same strategy started to be used by most mobile service providers it became less effective. Mobile users can change their service provider for many reasons and with 25.84 million subscribers opting for number portability, the question of survival for the service provider arises (Hindustan Times, 2012). Service providers agree that offers can bring in new users but retaining them require different strategies. Subscribers now respond positively to a company offering reliable service, solve their problems more quickly and provide customized services.
2.3.3. Study papers on some mobile service providers operating in India

Keskar (2005) in the case study titled “Reliance Infocom: Ushering in a new revolution in the telecom industry” focuses on the aggressive marketing strategy and promotional campaigns of Reliance Infocom Limited. Mobile tariffs were reduced drastically when Reliance ventured in mobile service industry. The company’s campaigns ushered in a wind of change in the mobile industry. It offered a first of its kind technology in India (CDMA 1X technology) attractive products, prices to suit the common man’s budget and launched massive promotional campaigns, using every possible medium of communication. The case explains Reliance Infocom’s new initiative to fixed telephone service. The case also highlights the problem faced by the company due to clarity of product, price and some technical aspects.

Prasuna and Kumar (2005), in the article “Hutchison Telecom: Redefining Strategies” points out the growth of Hutch for the period from 1994 to 2005. It highlights the various strategies adopted by Hutch in maintaining and enhancing their market share. The strategies are namely: counter pre-paid cards, co-branded credit cards, mobile internet service through WAP enabled program, reward and loyalty program.

Bose (2006) in the case study titled “Vodafone-Rethinking global strategy” points out that Vodafone Group Plc (Vodafone), the global leader in wireless telecommunication, followed a centralized purchase strategy for handsets, transmission equipment and software. But its strategy to use the same handset worldwide failed in countries like Japan and the US, where it was forced to adapt to the local technology to suit market demand. The case brings out one of the company’s weaknesses – i.e. the mobile only strategy of Vodafone, where all the telecom operators around the world were providing a combination package of land line and mobile service, wired internet service and satellite TV. Vodafone’s business activities were split into seven areas based on geographical regions, namely Germany, Italy, U. K, rest of Europe, Gulf, Africa, America and Asia. Vodafone operates in over 27 countries across five continents. Vodafone also markets some of its services in 14 additional countries through partner network arrangement. Vodafone pursed a twin strategy of ‘global expansion’ and ‘mobile-only’ offering in its vision to be the mobile communication leader of the world.

Thirulogachander (2006) in the article “AirTel: Promotional Strategies” elaborates the background of the Bharti group organization. The author evaluates the promotion strategies of Airtel with special emphasis on advertisement through celebrity endorsements. In India the largest subscriber base is of Airtel (Bharti AirTel Limited) and operates in 23 states of India.

Sharma et al. (2006) in the case study titled “BSNL: Ringing in change, connecting India” tells us that being a successor to a monopoly telecom operator, BSNL could enjoy privileges’ that no new players could have. BSNL has a number of advantages over other mobile operators. BSNL own cables and related landline assets like digital telephone exchanges and routers -both urban and rural areas. Most of the exchange buildings were in prime locations in cities and towns. BSNL also owned the only existing National Long Distance cable network.
in the country. BSNL has a huge customer base for its landline telephone and internet-related services. BSNL’s organizational and management systems were in place and it had a trained workforce. The company had Indian telecom service executives and engineers recruited through a rigorous competitive exam. In line with developments in the marketplace, sweeping changes has also been witnessed in the BSNL and even in the face of stiff competition the company has shown a consistent growth in its subscriber base.

Senthilvelkumar (2008) in the article “Transition from Hutch to Vodafone” explores the various changes adopted by Vodafone and their implication for the brand.

Certain case study and research papers were reviewed in the above section. The marketing strategy of some of the mobile service providers was discussed in the above subsection of the literature review.

Conclusion of review of literature

The telecom industry requires huge investment and long period to earn profit. Investment is required on equipment, BTS (Base Terminal Station) and on technology other than payment to the government for spectrum fees. The target customer base can be classified as individual, corporate, urban and rural segment. Existing as well as new companies need to continuously analyze their competencies’ and shortcomings. The companies need to develop skills and strategies so as to face challenges in legal and political conditions as well as threats from competitors and changing technology. Moreover the companies should be able to retain back subscribers and make new ones.

To conclude the literature review, it is to be noted that, business is meant to generate value for all shareholders. While serving the customer and establishing long term relationship, companies should try to deliver value to shareholders and make the company profitable.

2.4 Identified Research Gaps from Literature Review

At the end of the review of literatures, following research gaps have been identified:

1. No such research papers were found which could answer the customer’s perception, attitude or effectiveness of such strategies.
2. No major study has been found in the surveyed literatures on the assessment of subscribers’ perception or attitude towards mobile service providers in West Bengal or Hooghly district in particular.
3. Lack of significant research has been identified in the available literatures on the influence of network quality on subscriber loyalty in Hooghly district.
4. Complete absence of literature on establishing a causal relationship between tariff/price and reduction in the switching tendency among subscribers in Hooghly district.
5. Similarly, adequate research on the relationship between promotion, Customer Relationship service, company’s positioning and data service quality on subscriber loyalty was not found among the reviewed literature.

From the above research gaps, it can be concluded that there is an extensive scope of detailed research on subscribers/consumers of mobile service regarding their loyalty behavior and influence of factors responsible for such behavior in Hooghly District of West Bengal.

2.5. Conceptual framework

Based on literature review, pilot survey and interaction with industry veterans, we can develop a Fishbone Diagram. In the diagram all variables of the study are illustrated which further helps the researcher in the study.

**Figure 2.1: Fish Bone Diagram**

Source: Author

2.6. Research Objectives

The telecommunication industry is an interesting sector for research. With the privatization of the industry mobile became equally popular with people of every income level, education of profession. Mobile usage increased in villages devoid even of good transport connectivity or steady power supply. Mobile service providers have understood that retaining customers are more important than retaining the old customers. Service providers understanding of loyalty strategies become important to retain back customers.

Based on the research gaps identified through review of literature, following research objectives have been prepared:

- To evaluate the significance of different factors responsible for determining subscriber loyalty in the mobile telecommunication industry in Hooghly district.
• To evaluate the role of different demographic factors of mobile subscribers and its influence in mobile usage.
• To formulate a model to predict subscribers brand loyalty.

The findings and conclusion of this research will be of help to mobile phone service providers in developing strategies related to brand loyalty and ultimately retaining their subscribers. Government organizations can also find this research of value in understanding switching and loyalty behavior of subscribers.

2.7 Hypothesis

Based on the above research objectives, following hypotheses has been framed:

1. Subscribers experience of network quality has a significant effect on brand loyalty.
2. The tariff charged for local calls has a positive effect on brand loyalty.
3. The promotional offers have a significant effect on brand loyalty.
4. The company’s CRM strategy has a significant effect on brand loyalty.
5. The subscribers’ perception regarding brand positioning/image has a positive effect on brand loyalty.
6. The customer care executives competence has a positive effect on brand loyalty.
7. Subscribers experience with data/internet service has a significant effect on brand loyalty.
8. There is a significant difference in the attitude of subscribers towards network quality of different mobile phone service providers.
9. There is a significant difference in the attitude of subscribers towards tariff of different mobile phone service providers.
10. There is a significant difference in the attitude of subscribers towards Value Added Services (VAS) of different mobile phone service providers.
11. There is a significant difference in the attitude of subscribers towards data quality of different mobile phone service providers.
12. There is a significant difference in the attitude of subscribers towards CRM of different mobile phone service providers.
13. There is a significant difference in the attitude of subscribers towards brand image of different mobile phone service providers.

2.8 Conclusion

Chapter 2 “Literature Review” provided a background of the factors that influence loyalty behavior and decision to switch, or not switch their present mobile service provider. From the literature reviewed in the thesis and refinement through pilot survey and interaction with industry veterans, 13 hypotheses were developed and a conceptual framework constructed. The conceptual framework identifies the items which may influence customer loyalty and are later tested statistically. The proposed hypotheses are tested and model developed in chapter 4. The next chapter “Research Methodology” presents the details of the research methodology used in the thesis like preparing the research design, data collection approaches and data analysis and its interpretation.