CHAPTER – 4
FINDINGS, IMPLICATIONS & CONCLUSIONS

4.1 FINDINGS OF THE STUDY
Growth of Indian Telecom Sector Indian mobile telephony may be called as “the sun-rise industry” of the Indian economy because of outstanding performance on various parameters.

- Rate of growth in mobile subscriber base has been substantially higher than growth in population, indicating a rapid proliferation of telecom services and adoption by non-users/first-time users.
- Teledensity has also gone up which is a reflection of the above discussion.
- From 2002 to 2008, traffic or usage of mobile phones increased, but the increase was not uniform during the period. Till 2003, mobile usage went up gradually but year 2004 onwards saw an era of speedy increase in mobile traffic. It was probably because of the reasons that in initial day of mobile telephony, call rates were high and the number of services offered by cellular operators was limited. However 2003 onwards, because of the slashed prices and add-on-services resulted in sudden increase in traffic.
- Private operators have also shown remarkable growth in a highly competitive environment. The mobile subscriber base has grown by a factor of over a hundred and thirty, from 5 million subscribers in 2001 to over 680 million subscribers as of Sep 2010 (a period of less than 9 years) .Private operators have contributed very largely to post 1998 growth primarily in mobile services due to the obvious cost and fast deployment advantages. Competition, foreign direct investment and privatization have following implications for Indian Telecom Industry.
- Lower prices – It has been witnessed across most industries that competition helped in lowering the prices.
- Increased efficiency – In deregulated industries or license based cost plus regime there was no incentive to shed inefficient assets and reduce overheads. The advent of competition forces an industry to eliminate inefficient and unproductive assets.
• Greater innovation – The deregulation in telecom industry gave birth to the greatest innovation period in the past 20 years. New technologies, standards, data services, new devices, CRM solutions and creative bundling have all been the result of competition in telecom industry.

• Telecom is high technology industry. Telecom equipment is highly complex to design and needs the expertise of both telecom and computing fields. With the advent of competition, tremendous innovation in services was made possible by improving the quality of technology by the players.

• Telecom industry is services industry, hence the good quality services to the customer and the customer relationship management is the key and competition has totally changed the definition of service in Indian telecom industry. The quality of service has improved by leaps and bounds.

• The transition-trend in the economy that had resulted out of liberalization, privatization and de-monopolisation placed huge capital requirements, especially for private ventures, which could not be met from domestic sources alone. Hence, foreign investors were invited to take part in contributing to the capital requirements of the telecom companies.

• As per the FDI policy for the Telecom Sector, investment up to 49% is permitted in Basic, Cellular and other value added services, which is hiked to 74% in 2003-04 budget; up to 74% is permitted in Internet, infrastructure and radio paging services and up to 100% is permitted in manufacturing, Internet service, voice and electronic mail, based on certain conditions for fulfilment as a part of licensing and security requirements, laid down by the Department of Telecommunications, Government of India.

• The private participation was initially witnessed only in the cellular segment. Here also, they had a very limited role to play, since it took a very long time to penetrate the market, due to very high instrument costs, tariff and licensing regulations and very high infrastructure costs. The total number of telephone lines provided by private players, which was restricted only to cellular phones, was 0.88 million in March 1998. But the scenario changed totally with the
announcement of the NTP in 1999, which had broadened the scope for private players.

- Today even though the fixed line market share has been dropping constantly. The telecom reforms have allowed the foreign telecommunication companies to enter Indian market which has still got huge potential.
- The role of private sector in the Indian Telecom Industry is expected to increase at a higher rate in the years to come due to high existing potential for cellular growth in urban and rural India. Year 2003 onwards, it has witnessed a dramatic increase in the number of mobile user in India. It was, largely propelled by decreasing tariffs and entry cost and increasing coverage. Every month, around 22.20 million mobile wireless customers were added, translating into a monthly tele-density increase of 2.2%.

4.1.1 Impact of Marketing Strategy in Indian Telecom Sector
This research tests the impact of key antecedent factors, which influence consumer behaviour in telecom service usage of various telecom service providers, which in turn affects marketing strategy. The model results and hypothesis tests are furnished below. Some of the key findings from the data analysis are highlighted below:

- There is positive influence of various product prices in marketing strategy. Thus, H2 is established. There is no perception difference but association with different company for different product price.
- There is significant influence of product mix in marketing strategy. Thus, H3 is established. There are same uses and but telecom service provider wise are different for value added services, broadband, GPRS/internet, SMS etc.
- There is significant influence of promotion mix in marketing strategy. Thus, H4 is established. Broadcasting and print media are more effective for source of information to awareness of customers.
- There is significant influence of service quality on customer satisfaction. Thus, H5 is established. Network, coverage area, Availability of recharge, Voice clarity, Dealer network, and Sales promotion offer are major source of quality for customer satisfaction.
• There is no significant relationship between marketing strategy and demographic variables. Thus, H6 is established. Age, Education, Occupation and Disposable income are major variables affects.

• Technology orientation is a critical component of service and is most affected by the antecedents.

• Commitment can be improved by prolonged interaction and intense association between the telecom service provider and the customer.

• The primary objective of this research is to explore the impact of marketing strategy element of telecom service providers. The research confirms that marketing mix element significantly affects customer satisfaction.

4.1.2 Discussions of the Findings
Some discussions on the key antecedents and consequences are presented below:

• To reach out to new consumers in rural and remote areas, the sharing of infrastructure must be encouraged by the government. It would, indeed, be wasteful for every operator to duplicate costly infrastructure. Infrastructure sharing on fair, transparent and commercial terms will ensure that consumers in rural areas get choice of service, quality as well as affordability. While the nation achieves aggressive rollout and improved tele-density, the operators get an attractive commercial proposition and an opportunity to expand the coverage and reach of their services.

• In essence only 34.5 million mobile customers are active in the mobile industry. The challenges for the industry to make the balance 10 million customers also actively use their mobile, connection, which is not easy, considering that several of these customers have shifted to another mobile connection during the grace period, due to better scenes/tariffs. However, thorough concerted efforts, at least a third of the 10 million customers can be brought back to the active and paying customers list. In the post-paid category, “Zero” usage billing customers (only rental paid) exist to the extent of 5% of the total base, thus adding limited revenue to operators.
• The new mobile companies, especially the CDMA operators, have learnt a bitter lesson from this experience and tightened the controls from January 2004. Tighter control over documentation, customer profile verification, payment capacity and transferring most of the customers to the pre-paid segment have reduced the possibility of “junk” customers coming into the network.

• All the activities are focused on tariff charges, launch of value added services to enhance usage and revenue, increase or decrease of various charges/tariff, instead of working towards market expansion. The next revolution in the mobile industry can happen only when the telecom companies work towards market expansion rather than price/tariff changes. However, in the pursuit to beat each other, the focus of each operator is only on price/tariff changes instead of working collectively to acquire more new customers, who are confused due to the constant changes and delay in entry.

• Markets like Punjab, Karnataka, Kerala, Orrisa, Tamilnadu have expanded dramatically due to the expansion of the distribution network of the handset vendors. In spite of distribution, the handset vendors are still not offering them at an affordable price for the Indian population. The prices are still high vis-à-vis the affordability index of Indians and hence the growth is limited. If the handset prices cannot be reduced further, the vendors should at least work towards marketing second-hand handsets in order to attract a large number of small town customers. Second-hand sets sold by reputed handset vendors will certainly guarantee the quality of the product.

• In Punjab, the state had 4,100 mobile phone users in May 1997, when an incoming call cost Rs8 per minute. This increased to one crore users by May 2007. Another one crore connections were added in 17 months by the end of October 2008. The last nine months saw 50 lakh new connections bringing the total to 2.5 crore. The report says that urban teledensity in the country grew from 102.79 at the end of September 2009 to 110.96 in December 2009. In comparison, urban teledensity in Punjab was 88.48 at the end of December 2009. Most states, which are industrially advanced are at just 6% mobile penetration, clearly illustrating the
lead achieved by Punjab. Today; the mobile network covers every urban town and most of the rural villages and all highways in Punjab, which has enabled the state's economy to grow substantially. The aggressive "marketing of the services by operators has ensured that most of the youth, executives and families in Punjab own a mobile.

- The research reveals that marketing element is the significant determinant of Marketing strategy. Marketing mix also leads to increased commitment from the customer. The customer looks for a better association with the telecom service provider it is dealing with. Marketing mix enhances the feeling of association, developing a bonding and nurturing an associative long-term relationship.
- Service quality as network, coverage area, and transparency in billing, voice clarity, accessing speed, and reliability of service provider are major influence on satisfaction level of customer satisfaction.
- Promotion mix and product mix like advertising media, sales promotion offers, talk time scheme, GPRS/Internet, tariff/ call charges, and value added services are mostly affecting on buying decision making process of customers.
- Customer care service like queries resolution, able to assessable, humble and soft spoken peoples are major area to maintain for overall customer care satisfaction.
- Source of information as an advertising media is found to play a relatively secondary influence in building a customer relationship. Speed of response, quality of information and openness are important.
- Developing the brand and the telecom service providers’ reputation will also act as assurance to the customers. It implies enhancing, developing and maintaining customer relationships remain a priority for organisation. This research reinforces the importance of marketing strategy as a key driver to developing relationship among telecom service users of telecom industry.

4.2 MANAGERIAL IMPLICATIONS
To grow exponentially above India’s average teledensity is 57.99 %. Punjab 65.53 %, the service providers have to specifically target the customer segments and arrive at
aggressive marketing programmes to reach out to them. However, it needs support in following areas:

- To ensure that every youth has a mobile, service providers have to offer services like SMS/MMS at low cost/free and ensure that the total mobile bill for the youth does not cross Rs.300-400 per month, which is the maximum this segment of customers can afford from their pocket money.

- In the same way, for executives/businessmen, to tap the full potential, it is essential that services like Closed User Group, National Closed User Groups, low STD/ISD rates, Fixed cost for Network calling etc., are offered so that they can lap up the services and go mobile soon.

- To ensure that every household has a mobile connection, it is essential that the utility of mobile phones is increased through better STD and ISD rates vis-à-vis landline, friends and family offers, special rates to landlines etc., with easy/low deposit schemes to acquire these facilities.

- To ensure that the penetration targeted in towns and villages is achieved, service providers have to invest in network expansion and reach out on priority; to exploit the untapped potential in these markets.

- To expand the network to a large number of towns and villages by all the operators, network sharing should be allowed by BSNL and the government has allowed 74% FDI in mobile companies for easy access to funds.

- Both service providers and handset vendors have to combine their strengths and address the issue of market expansion on priority and launch aggressive programmes to make mobile phones affordable and available to all.

- Marketing mix is important for telecom service users of telecom industry. As such, it has implications for value added services, market segmentation, and customer retention strategies. Theoretically, conceptualising and modelling in telecom sector help to expand scholars’ knowledge of interactive consumer behaviour in this emerging market.
This study also shows that technology orientation is a significant factor of Telecom service users. Therefore, telecom service provider needs to ensure that it provides the best network quality and value added services.

The study tests that promotion, service quality and distribution in particular, is the important determinant marketing strategy. To earn a higher level of loyalty in customers, many steps can be taken by telecom service providers. They can introduce some customer-oriented information security model, which allows the customers to control their personal information. The use of the security programmes or models will help customers to identify the concern for customer security, to check the telecom service providers’ reliability and to evaluate the company’s trustworthiness.

Developing the brand and the telecom service providers’ reputation will also act as assurance to the customers. It implies enhancing, developing and maintaining customer relationships remain a priority for organisation. This research reinforces the importance of trust as a key driver to developing relationship among cellular users of telecom industry.

4.3 DIRECTIONS FOR FUTURE RESEARCH

- How marketing strategies affect the length of the customer and service provider relationship?
- Feasibility of customer marketing programme and customer retention.
- How the relationship marketing can be improved and what are its Outcomes?
- Implications of product and promotion in other telecom services – Broadband, internet telephony and many more.

4.4 CONCLUSIONS

- As a result of the liberalization, privatization, and de-monopolization initiatives taken by the government of India, the telecom sector is experiencing a historical growth. The trend is expected to continue in the segment, as prices are falling as a result of competition in the segment. The beneficiaries of the competition are the consumers, who are given a wide variety of services. In the years to come the
country is predicted to witness a communication revolution, which would increase the subscriber base to match that of the developed world. The need of the time is a new revolution in telecom services and it is imperative that service providers work towards the same and make it a reality.

- An important contribution of this study is how marketing strategy is developed and sustained over different target market in telecommunication sector. The future commitment of the customers to organization depends on perceived marketing element. The issue and challenges is therefore increasingly recognized as a critical success factor in the emerging scenario.