CHAPTER 7

FINDINGS, RECOMMENDATIONS & CONCLUSION

7.1 INTRODUCTION

The findings, managerial implications, conclusions of the study and directions for future research are presented in this chapter. Chapter covers discussions of findings of the study, managerial implications, and limitations of the study and explains scope for further research.

7.2 FINDINGS OF THE STUDY

7.2.1 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 mobile telephone and adoption by non-users/first-time users.

- Teledensity has also gone up which is a reflection of the above discussion.

- From 2006 to 2012, traffic or usage of mobile phones increased, but the increase was not uniform during the period. Till 2009, mobile usage went up gradually but year 2010 onwards saw an era of speedy increase in mobile traffic. It was probably because of the reasons that in initial days of mobile telephony, call rates were high and the number of services offered by cellular operators was limited. However 2010 onwards, because of the slashed prices add-on-services introduction of Mobile Number Portability resulted in sudden increase in traffic and a new trend of fastly switching telecom service providers.
• Wireless subscription base increased by 227.27 million. Private operators have also shown remarkable growth in a highly competitive environment. 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, new practices, policies and creative bundling have all been the result of competition in telecom industry.

• Telephonic network in the country which is in an ongoing process of converging to Next Generation Network, employs an extensive system of network elements such as digital telephone exchanges, Mobile Switching Centres, Media gateways and Signalling gateways at the core, interconnected by a wide variety of transmission systems using media such as Optical fiber or Microwave radio relay.

• 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 demonopolisation 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.

• Spread of telecommunications in remote and rural areas has provided access to telecom services to hitherto unconnected population, making it possible to integrate them into the mainstream of socio-economic activities. Consumer protection has been a principal concern for TRAI. During the year 2009-10, TRAI issued the Regulations relating to Mobile Number Portability (MNP)

• 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; upto 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.
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 2 million mobile wireless customers were added, translating into a monthly tele-density increase of 0.2%.

7.2.2 SWITCHING BEHAVIOUR IN TELECOM SECTOR

Customer switching has become a critical issue facing mobile service firms. Customer switching refers to migration of users from one provider to another. In most service contexts, customer switching is associated with negative consequences such as declining market share and poor profitability. Switching assumes additional significance in mobile context as it has become widespread among mobile users. To control switching, mobile service providers are increasingly relying on contracts that would lock-in customers for a definite time period. However, with changing competitive dynamics, contracts are not being favored by many users. Therefore, it becomes important to understand the fundamental drivers of switching behavior.

There are number of factors that influence the switching behaviour among telecom subscribers such as poor customer services, hidden charges, high monthly costs, attractive features offered by competitors. Customer satisfaction from a given service highly impacts their decision to stay or leave. Moreover, when duration of user-provider relationship is long than there is trust developed among subscribers and they do not leave their service providers and become loyal customers.

So, it is very important to retain customers initially because after some time they would feel themselves associated with the same service provider. By attracting customers with new
features, value added services at lower prices in bundle form i.e. service bundling to reduce cost of VAS.

To reduce switching behaviour of telecom subscribers’ service providers should take steps to satisfy customers. With the introduction of MNP telecom sector has seen big changes as customers moving from one service provider to another to find best possible package to meet their need.

**7.2.3 IMPACT OF SWITCHING BEHAVIOUR IN INDIAN TELECOM SECTOR**

The research tests the impact of telecom subscribers switching behaviour on Indian telecom sector and find out the influence of key antecedents of switching behaviour.

**Some of the key findings from the data analysis are highlighted below:**

- A key antecedent like customer loyalty is negatively related to switching behaviour. So, H1 (a) is accepted. Higher the customer loyalty lesser would be the switching behaviour.

Influence from family and friends:

38. 6% respondents are likely to switch current telecom service provider due to influence from family and friends which is very significant and 34% respondents are satisfied and would not switch due to this reason. 22.4% are likely and 16.2 % are very likely to switch as they are highly influenced by the pressure of family and friends. It is one of the influencing factors behind switching behaviour hence a strong antecedent.
Attractive features offered by competitors:

Attractive features offered by competitors are also pushing customers to switch their service providers. 56.2% respondents are very likely to switch due to this reason. Service bundling or value added services are reason behind switching for 26.4% respondents as they are likely to switch due to this factor, 29.8% are very likely to switch due to this factor.

Long wait time for customer service:

Long waiting time is very influential factor in switching from current telecom service provider. 44.8% respondents are not satisfied with the service, 24% are likely and 20.8% are very likely to switch due to long waiting time. 26% are very unlikely and 18.4% are unlikely to switch due to this factor.

- The higher the score on customer perceived service quality, the lesser will be the switching behaviour. H1(b) is accepted as customer should be satisfied with the customer perceived service quality like network disruptions, long waiting hours of customer service, inconvenient timings, impolite customer care, unknowledgeable employees.

Impolite customer service:

Very unlikely means that respondents are satisfied with customer service and would not switch. Mostly respondents are satisfied with their service providers but as competition has increased 28.4% people are unsatisfied with the customer service of their service providers. Very unlikely 28.6%, Unlikely to switch due to impolite
customer service 21.2%, Neutral 21.8%, likely to switch 19% and very likely or highly unsatisfied are 9.4%.

Unknowledgeable Employees:

Unknowledgeable employees are reason behind switching for 28.6% respondents. 32.6% are very unlikely to switch due to unknowledgeable employees of service provider, 21.4% are unlikely to switch, 17.4% are neutral, 14% are unsatisfied and likely to switch and 14.6% are highly unsatisfied and very unlikely to switch.

Billing Errors

33.4% respondents are switching because of billing errors. 26.4% are very unlikely to switch as they are satisfied with the billing services of respondents. 20% are unlikely to switch, 20% are neutral, 21.2% are likely to switch and 12.2% are highly unsatisfied and are very likely to switch.

Service Disruptions

37.8% respondents are satisfied with the service provided by their telecom service providers but 43.2% respondents are not satisfied and face service disruptions therefore they would switch their telecom service providers. Frequent service disruptions in network and site breakdown is the reason behind switching for 18.8% respondents who are likely to switch, 24.4% respondents who are very likely to switch or are highly effected by this antecedent. 22.4% are very unlikely and 15.4% are unlikely to switch due to service disruptions.
• The higher the level of customer satisfaction, lesser will be the switching behaviour. H1(c) is accepted as customer satisfaction is related to services offered by telecom service providers, monthly package price, value added services and customers who are satisfied with their telecom service providers show lesser propensity to switch.

Inconvenient Dealership

32% respondents are likely to switch due to inconvenient dealership whereas 23.6% respondents are satisfied with their service providers. 23.6% are very unlikely, 15% are unlikely, 29.2% are neutral, 18.8% are likely, and 13.2% are very likely to switch their service providers due to inconvenient dealership.

Hidden Charges:

Hidden charges as an antecedent of switching behaviour has almost equal number of respondents who would switch (41%) and who would not switch (39.6%). 21.6% are very unlikely to switch, 18% are unlikely, 19.2% are neutral on the factor, 23.6% are likely to switch due to hidden charges, 17.4% are very likely to switch due to hidden charges.

Inadequate Information:

Mostly people (39.8%) are either satisfied or neutral on inadequate information provided by dealers. Whereas, 33.6% people are not satisfied. Because of Incomplete information 17.2% are likely, 16.4% are very likely to switch, 23.8% very unlikely and 16% are unlikely to switch, and 26.6% respondents are neutral on this factor.
High monthly package price:

High monthly package price is significantly affecting switching behaviour of customers, 40.2% are likely to switch due to high cost. 17.4% are very unlikely to switch as they are satisfied with the monthly package price of their service provider, 16.2% are unlikely to switch, 26% are neutral, 22.8% are likely and 17.4% are very likely to switch due to high monthly package of the mobile connection.

Complaint Resolution:

38.8% respondents are not satisfied with the complaint resolution of their telecom service providers and therefore are likely to switch due to the same reason. Ineffective complaint resolution is the reason behind switching for 23.8% respondents who are likely to switch, 15% are very likely to switch, 21.8% are very unlikely and 15.4% are unlikely to switch whereas 24% are neutral on this antecedent of switching behaviour.

- Duration of user provider relationship is negatively related to switching behaviour. So, H1 (d) is accepted, longer the duration of user provider relationship lesser would be the switching behaviour. Because if a subscriber is associated for long with a telecom service provider than he feels associated with it and acquires knowledge about companies products and services. Moreover there are higher emotional and switching costs associated with the switching.

Duration of user provider relationship:
Less than 1 year 140, less than 2 years 111, less than 3 years 58. More than 3 years and still using 134, those who have not changed their service provider ever are 57.

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- Service bundling will be negatively related to switching behaviour of mobile users. H1(e) is accepted as the subscribers who are getting services, attractive features, SMS packs, lesser tariff packs, more VAS at lower costs would show lesser propensity to switch.

Other services:
Dissatisfaction from value added services like internet is reason behind switching for 39% respondents. Dissatisfied respondents because of unhappiness from other services like Internet are 20.4% (likely to switch), 18.6% are very likely to switch. Whereas, 26.6% are very unlikely and 15.8% are unlikely to switch due to other services.

- Age will be negatively related to switching behaviour of mobile users. H2(a) is accepted as data analysis has shown that as the age of a consumer increases the propensity to switch decreases due to various reasons like satisfaction with the current service provider, cost involved in switching and many other antecedents. Whereas, subscribers of younger age group show higher propensity to switch as they keep looking for new services, fast internet, service packs and after introduction of MNP they hardly need any reason not to switch. So, it has become imperative for telecom companies to concentrate on young brigade and retain them so as to maintain their market share.

- Female users will exhibit lesser propensity to switch than male users. H2(b) is accepted as compared to male users female users are more satisfied with the services provided by their telecom service providers and are more loyal customers.

7.3 DISCUSSION 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.

- 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.

- Introduction of MNP in 2011 has brought in a vast opportunity for telecom subscribers as well as providers. Subscribers now has more options to switch if they feel unsatisfied with their service providers and telecom operators may bring in more customers to their share by offering attractive packages at unbeatable prices. Market in India is vast and untapped; many new customers are waiting to enter the circle. Market penetration may be increased to increase revenues.

- Respondents between up to age 25 years are 29.2%, between 26 to 35 are 22.2 %, between 36-45 are 18.2 %, between 46-55 are 17.2% and 56 or above constitute 13.2%. Majority of respondents are of younger age group.

- Proportion of female respondents is 41.2% and that of males is 58.8% which is almost similar.
7.4 MANAGERIAL IMPLICATIONS

- 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.

- This study also shows that technology orientation is a significant factor of mobile users’ trust. Therefore, telecom service provider needs to ensure that it provides the best network quality and value added services.
• 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 organization. This research reinforces the importance of trust as a key driver to developing relationship among cellular users of telecom industry.

• Most dominant antecedents among all are the monthly package price and hidden charges along with the network quality.

7.5 LIMITATIONS OF THE STUDY
Like any other study, this one is also not without limitations. Since the scope of the study was limited to five major cities only. This study can be replicated in other cities of Indian, in other industries or for cross study and contexts for greater generality.

7.6 DIRECTIONS FOR FUTURE RESEARCH
• Study may be conducted for other services of telecom sector like broadband, internet telephony etc.
• Consumer behaviour may be related with more not discussed antecedents.
• Demographic variables like age and gender are discussed and studied whereas, income, occupation, educational qualification can also be studied.
• How switching behaviour can be reduced?

7.7 CONCLUSION
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 teledensity to match that of the developed world. The need of the time is a new revolution in mobile telephony and it is imperative that service providers work towards the same and make it a reality.

An important contribution of this study is that it is indicating role of various antecedents in switching behaviour. So, telecom companies can concentrate on the dominant factors and thereby they can maintain and increase their market share. Role of demographic variables has been studied and therefore telecom companies should focus on satisfaction of subscribers of younger age group and providing concessional packages to older ones to maintain their goodwill in the market. Service quality like customer service, complaint resolution, high costs and loyalty of customers has greatly affected switching among telecom subscribers.