Pertinent Factors Affecting the Customer Defection in Cellular Services in India

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Abstract: The customer satisfaction is the main goal of every business organization. In this competitive business scenario each and every activity starts and ends with the customer. In the present scenario, the telecommunication is lifeblood for every business activities. Even in this industry there prevails a stiff competition between the service providers.

The objective of the study is basically to investigate the factors that affect customer defection in Indian telecom sector and to study the customer socio economic status. Random sampling method is used to collect data. The sample size was 600. Both primary and secondary data is used. The data has been mainly analyzed by using Kaiser-Meyer-Olkin, Bartlett's Test and Chi – Square Test.

Keywords: Telecommunication, Customer Satisfaction, Customer Defection

INTRODUCTION

The number of telephone subscribers in India increased from 1,153.51 million at the end of May-18 to 1,168.89 million at the end of Jun-18, thereby showing a monthly growth rate of 1.33%. The urban subscription increased from 644.90 million at the end of May-18 to 652.76 million at the end of Jun-18, and the rural subscription also increased from 508.61 million to 516.13 million during the same period. The monthly growth rates of urban and rural subscription were 1.22% and 1.48% respectively during the month of Jun-18.

The overall Tele-density in India increased from 88.62 at the end of May-18 to 89.72 at the end of Jun-18. The Urban Tele-density increased from 156.49 at the end of May-18 to 158.16 at the end of Jun-18, and Rural Tele- density also increased from 57.18 at the end of May-18 to 57.99 at the end of Jun-18. The share of urban and rural subscribers in total number of telephone subscribers at the end of Jun-18 was 55.84% and 44.16% respectively.

LITERATURE REVIEW

Kanaka Rao and Udaya Shekhar (2016) are opined that Customer retention is more than giving the customers what they expect, it is about exceeding their expectations so that they become loyal and advocate the brand to others. Creating customer loyalty puts customer value rather than maximizing profits and shareholder value at the centre of business strategy". The BSNL pays more attention on retaining the existing customers by providing quality of service and increasing level of satisfaction of loyal customers, so that they are retained with BSNL and recommend others to have BSNL services. Company should focus more on the customers who are with BSNL for a long time so that retention rate of customers increases. BSNL should adopt CRM based approaches to make their marketing more effective.

Aparna Varma et. al., (2016) observed the effectiveness of the service marketing mix strategies adopted by BSNL and AIRTEL. The study shows that there is a significant difference in the marketing strategies between the two service providers other than pricing. The formulation and execution of marketing strategies significantly differ between BSNL and AIRTEL service provider. As per this study there is an ample scope for BSNL services provider for further improves their services marketing mix other than pricing strategy.

Archi Dubey and Srivastava (2016) the study examined the impact of service quality on customer loyalty and customer relationship management in Indian telecom sector and found a significant influence of the same. Five antecedents of service quality were tested and tangibility and assurance are significantly influencing customer relationship management and tangibility was found as important and significant antecedents of customer loyalty.

Pankaj Sharma (2017) investigated on

telecommunications services provided in India, particularly the private companies and has provide an operational framework to the policy makers about the customer expectations and perceptions of service quality and their behavioral intentions in Indian Telecom Sector.

Danish Iqbal Raina and Dil Pazir (2017) are analysed the CRM practices of Public and Private sector telecom companies operating in the Jammu and Kashmir state. The study has concluded that there is a significant difference between the CRM practices of BSNL and Airtel. Further the study revealed that CRM practices of Airtel were better than BSNL. In order to survive in the highly competitive business environment BSNL has to improve upon its CRM practices.

Yogesh Verma, and Maithili R. P. Singh (2017) the study focused on relationship and impact of marketing mix on customer satisfaction. Results revealed significant and positive correlation among variables under study i.e., marketing mix, customer satisfaction and loyalty. Further, no difference in customer satisfaction was found for public and private telecom service providers in Bhutan. Further, the results indicated that price, promotion, people, and process impact customer satisfaction positively and significantly.

Abisha KA (2017) with current scenario Number Portability will allow subscribers to change their service provider while retaining their old mobile number. Portability benefits subscribers and increases the level of competition between service providers, rewarding service providers with the best customer service, network coverage, and service quality. In Coimbatore district, Airtel is the top player. Vodafone is on Second followed by BSNL. Subscribers at Coimbatore are willing to switch Service provider if they are given an option to switch with same mobile number.

Bernard Sithole and Tavonga Njaya (2018) the study explored the propensity for a customer to churn in various industries in Asia, Latin America and Sub-Saharan Africa in order to determine its extent and effects to business growth. The major determinants of customer churn included core service failures, attraction to competitors, service encounter failures, pricing, inconvenience, switching costs, and attraction to competitors and lack of loyalty programs, poor service quality, and better offers from competitors

with superior technology.

Nicholas Grigoriou et. al., (2018) the studies examined the potential differences in consumers' behaviour towards mobile telecommunications services in both emerging and developed markets, and help us understands the potential reasons for these differences. Further study reveals that modelled brand switching behaviour among mobile telecommunications consumers across four nations and provided evidence of the factors that are most likely to lead to brand switching behaviour.

Research Questions

1. Is there any need to understand socio economic status of respondents?
2. Is there any need to identify the pertinent attributes effecting customer defection in cellular services?

Objectives:

To know the socio economic status of respondents
To identify the pertinent attributes effecting customer defection in cellular services

Hypotheses:

Ho: pertinent factors are not effecting customer defection in cellular services H1: pertinent factors effecting customer defection in cellular services

Research Methodology:

The study is descriptive in nature and depends on primary data source. Primary data relating to "Pertinent factors affecting the customer defection in cellular services in India" was collected from a sample of 600 customers selected at random. The questionnaire used for this research had two parts. The first part of the questionnaire included data pertaining to personal/general information of selected customers. The second part of the questionnaire consisted of statements relating to customers defection, the factors influencing, and the rate of switch over were collected using a structured questionnaire. Primary data relating to services factors were grouped into three locations viz., Rural, Urban and Semi-urban. The responses were received on Likert's Five Point Scale for the statements, which are indicated below:

Scope of the Study

The present study is aimed at understanding the

pertinent factors affecting the customer defection in cellular services in India with reference to cellular service providers. This study also attempts to analyze the socio economic variables such as gender, age, educational qualification, occupation, monthly earnings, type of mobile connection, current cellular service availed are analyzed from the view point of the customers.

Socio-Economic Analysis of Respondents

Particulars	Sub- category	Domicile Area			Total
		Rural	Semi urban	Urban	
Gender	Male	120	25	114	259
	Female	162	42	137	341
Age	<25	223	45	132	400
	25-35	35	9	57	101
	35-50	24	10	45	79
	>50	0	3	17	20
Educational Qualification	Up to PUC	10	1	14	25
	Degree	154	34	107	295
	PG	118	32	129	279
	No Response	0	0	1	1
Occupation	Professional	34	9	72	115
	Businessman	3	3	14	20
	Homemaker	5	4	8	17
	Salaried Employed	16	12	37	65
	Students	208	35	113	356
	Self Employed	16	4	7	27
Monthly Earnings	<10000	77	15	49	141
	10000-20000	128	24	60	212
	20000-30000	31	6	33	70
	30000-40000	19	7	36	62
	>40000	27	15	73	115
Type of Mobile Connection	Individual Prepaid	223	54	201	478
	Individual Post Paid	27	6	30	63
	Family pack	30	7	17	54
	Provided by corporate	2	0	3	5
Current Cellular Service Availed	Tata Docomo	6	6	18	30
	Reliance	28	5	45	78
	Airtel	168	36	122	326
	Vodafone	19	4	28	51
	BSNL	10	8	15	33
	Idea	39	5	18	62
	Videocon	4	0	1	5
	Aircel	8	3	4	15
Change of SIM	One	37	13	46	96
	Two	72	10	57	139
	Threee	26	10	46	82
	Four	12	6	12	30
	More Than 4	9	3	17	29
	Not Changed	126	25	73	224

Source: Field Survey

The data presented in the above table shows that out of 600 customers who have responded for the research questionnaire consists of 259 (43.17%) male and 341 (56.83%) female who are belong to different domicile area. Out of 600 respondents 400 are below 25 age group, 101 respondents are in the age group of 25-35, 79 respondents in the age group of 35-50 and 20 respondents in the age group of more than 50. Further, the respondents are of different levels of education. There are 295 graduates, 279 postgraduates' and25 up to PUC. The respondents includes 115 professional, 20 businessman, 17 homemaker, 65 salaried employed, 356 students and 27 self employed. Income of the respondents 141 are below Rs.10,000, 212 respondents are in the group of Rs. 10000-Rs.20000, 70 respondents in the group of Rs.20000-Rs.30,000, 62 are in the group of Rs.30,000-Rs.40,000 and 115 are in the group of above Rs. 40,000. Out of the total respondents 478 are used individual prepaid, 63 are individual post paid, 54 are family pack and 5 are provided by corporate. Further, the respondents are using different cellular services, 34 are using Tata Docomo, 78 are using Reliance, 326 are using Airtel, 51 are using Vodafone. 33 are using BSNL, 62 are using Idea,5 are using Videocon and 15 are using Aircel. Out of 600 respondents 96 are changed one SIM, 139 changed two SIM, 82 are changed three SIM, 30 changed four SIM and 29 are changed more than four SIM

Opinion by customers in switching over to other cellular services
Competition and service

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.741
Bartlett's Test of Sphericity	Approx. Chi-Square	1395.041
	df	45
	Sig.	.000

KMO and Bartlett's Test for Competition and Service Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test has been developed to test the suitability of factor analysis. To assess the overall significance of the correlation matrix with Bartlett test, and the measure of sampling adequacy (MSA), thus all the ten variables are statistically significant (Chi-square value 1395.041*) and collectively meet the necessary threshold of sampling adequacy with KMO value of 0.741. The two measures, tested above, indicate the set of variables which used in the factor analysis, is appropriate on competition and service issues.

VARIMAX- Rotated Component Analysis of competition and service

Factors	Rotated Component Factors			Communalities
	1	2	3	
Better price deal by competitor	.097	.849	.109	.743
Better service quality by competitor	.073	.862	.026	.749
Lack of Quality Call in current service provider	.575	.288	.191	.450
Delicious Promotions by competitor	.389	.489	.257	.456
High tariff	.521	.107	.009	.283
Poor Connectivity	.820	.014	-.028	.674
Low Coverage	.841	.066	-.016	.712
Unwanted Calls and SMS	.624	.083	.207	.440
Data Download Quality	.132	.125	.782	.645
Billing Experience	.005	.070	.832	.698
Eigen values	2.656	1.730	1.353	5.739
Percentage of Trace	25.565	18.301	14.626	58.491

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

Source: Field Survey

The VARIMAX rotated component analysis factor matrix is shown in the above table, as we see, the total amount of variance extracted is 58.49 per cent. In the VARIMAX rotated factor solution, the first factor accounts for 25.565 per cent of the variance, while the second showed with 18.30per cent and third showed with 14.62. It is noted that in the rotated factor solution, low coverage (0.841), poor connectivity (0.820), unwanted calls and SMS (0.624), lack of quality in current service (0.575) and high tariff (0.521) load significantly on factor 1; whereas, better service quality by competitor (0.862) better price deal by competitor (0.849) and delicious promotions by competitor (0.489) loaded significantly on factor 2 and billing experience (0.832) loaded significantly on factor 3. The values of communalities show the contribution of each variable to the total variance explained by the VARIMAX rotated factor matrix. The percentage of trace is 58.49, which is nearly close to 60 per cent and is sufficient to say that variables are related to one another. In this analysis, most of the variables are with positive signs. The variables such as, low coverage (0.841), poor connectivity (0.820), unwanted calls and SMS (0.624), lack of quality in current service (0.575) high tariff (0.521), better service quality by competitor (0.862), better price deal by competitor (0.849), delicious promotions by competitor (0.489) and billing experience (0.832) are considered to be important attributes of switching over to the other cellular service providers by the customers.

Quality and Technology of products

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.776
Bartlett's Test of Sphericity	Approx. Chi-Square	1629.126
	df	66
	Sig.	.000

KMO and Bartlett's Test for Quality and Technology of the Products

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy test has been developed to test the suitability of factor analysis. To assess the overall significance of the correlation matrix with Bartlett test, and the measure of sampling adequacy (MSA), thus all the twelve variables are statistically significant (Chi-square value 1629.126*) and collectively meet the necessary threshold of sampling adequacy with KMO value of 0.776. The two measures, tested above, indicate the set of variables which used in the factor analysis, is appropriate on quality and technology of products.

VARIMAX- Rotated Component Analysis of quality and technology

Factors	Rotated Component Factors				Communalities
	1	2	3	4	
Lack of Innovative Promotions	.084	.618	-.108	.401	.562
Deficiencies in customer care quality	-.042	-.022	.212	.831	.737
Better offer from competitor with superior technology	.257	.259	.028	.676	.591
Voice Quality	.790	.138	.194	.108	.693
Network Coverage	.882	.193	-.019	.074	.821
Complaints Management	.704	-.026	.441	.022	.691
To experiment with other operators	.093	.713	.030	.232	.572

Ethical issues with current service providers	.097	.214	.672	.192	.544
Required Services Availability	.181	.639	.294	.040	.529
Quality of interaction with service provider	.102	.063	.725	.086	.547
Influence by my relatives/friends	.037	.705	.265	-.217	.615
Clarity in Bill Details	.158	.089	.706	-.026	.532
					Total
Eigen values	2.061	1.978	1.924	1.474	7.437
Percentage of Trace	17.176	16.480	16.032	12.280	61.968
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					

The VARIMAX rotated component analysis factor matrix is shown in the above table,as we see, the total amount of variance extracted is 61.96 per cent. In the VARIMAX rotated factor solution, the first factor accounts for 17.17 per cent of the variance, while the second showed with 16.48 per cent and third showed with 16.03 percent. It is noted that in the rotated factor solution, network coverage (0.882), voice quality (0.790) and complaints management (0.704) load significantly on factor 1; whereas, experiment with other operators (0.713), influence by relatives or friends (0.705), required services availability (0.639) and lack of innovative promotions (0.618) loaded significantly on factor 2, quality of interaction with service provider (0.725), clarity in bill details (0.706), and ethical issues with current service providers (0.672) loaded significantly on factor 3 and deficiencies in customer care quality (0.831) and Better offer from competitor with superior technology (0.676) loaded significantly on factor 4.

The values of communalities show the contribution of each variable to the total variance explained by the VARIMAX rotated factor matrix. The percentage of trace is 61.96, which is above 60 per cent and is sufficient to say that variables are related to one another. In this analysis, most of the variables are with positive signs. The variables such as network coverage (0.882), voice quality (0.790), complaints management (0.704), experiment with other operators (0.713), influence by relatives or friends (0.705), required services availability (0.639) lack of innovative promotions (0.618), quality of interaction with service provider (0.725), clarity in bill details (0.706), ethical issues with current service providers (0.672), deficiencies in customer care quality (0.831) and Better offer from competitor with superior technology (0.676) are considered to be important attributes of switching over to the other cellular service providers by the customers.

FINDINGS

- Out of the total respondents, majority of them (47%) belong to rural area and it is also observed that majority of the respondents are female respondents (56.83%).
- Majority of the respondents (66.67%) belong to the age group of below 25 years; followed by those between 25-35 years age group and 35-50 years age group and above 50 years age group, respectively. Further, while majority of the respondents in all the age groups except above 50 years belong to the rural area, in the above 50 years age group majority of them belong to urban area.
- Educational qualification of majority of the respondents (49.17%) is graduation followed by post graduation. Out of the graduates, majority of them belong to rural areas while out of those who possess post graduation degrees, majority of them belong to the urban areas.
- Occupational status of respondents, majority of the respondents is students (59.33%) followed by professionals, salaried class, self employed and few are homemakers. In the case of students and self employed category, majority of them belong to rural area.
- The percentage of respondents earning income between Rs. 10001-20000 is the highest followed by those earning less than Rs. 10000. Further, the percentage of respondents belonging rural area is the highest in the case of those earning less than Rs. 10000 and those earn between Rs. 10001-20000. In the other income groups, those belonging to urban area are the highest (more than 44% in all the groups) indicating that those belonging in rural areas earn less monthly income those belonging to urban area.
- Types of mobile connection availed by

respondents, majority of the respondents are availed individual prepaid connection (79.66%) followed by individual post paid connection, family pack connection and few are connection provided by corporate. In the case of individual prepaid connection and family pack connection, majority of them belong to rural area. But in the case of individual post paid connection and connection provided by corporate majority of them belong to urban area.

- Majority of the respondents availed Airtel (54.33%) cellular service, followed by Reliance, Idea, Vodafone, BSNL, Tata Docomo, Aircel and Videocon. In the case of Airtel , Idea, Aircel and Videocon cellular services majority of the respondents belong to rural area. But in the case of other cellular services majority of the respondents belong to urban area.

- Change of SIM by respondents, 23.17% of respondents change their SIM in two times, followed by one time, three time, four time, more than four time and 37.33% respondents are not changed their SIM. In the case of 2 SIM changed by respondents majority belong to rural area, 4 SIM changed by respondents equally belong to rural and urban area and one time and three time change of SIM by respondents belong to urban area.

SUGGESTIONS

- Most of the respondents are satisfied with the services provided by Airtel, steps to be taken to make the customers more satisfied.
- Most of the customers are willing to switch over It is noted that the demographic variables occupational status, monthly income level has relationship with the overall satisfaction level. So it is suggested while making changes in service/tariff these factors to be considered.
- The service providers could focus on existing subscriber instead of adding new customers.
- It is noted from the above study that most of the respondents are not satisfied with the current service provider. So it is suggested to the service provider to give more weightage for the retention of customer.

CONCLUSION

The cellular service industry is more competitive as its customers have many more options and offerings are quick to differentiate. Cellular service providers they want to build their businesses should continue to invest hugely in customer acquiring programs, as well as adopt new and innovative initiatives to retain their existing customers. It is very difficult for cellular service providers to listen to their customers' problems and respond quickly and appropriately and on timely basis.

Therefore, the customer satisfaction and rendering service to the customers are the key parameter for measuring the profitability and survival of the company in the market. The findings of the study are very informative for mobile operators in the cellular service industry. The study that the relationship between dependent variable (customer defection) has a significant influence on independent variable (Price, Promotional offers, Network connectivity issues, Voice quality, customer care quality, value added services,) this finding describes these factors as the major force for customer defection in the cellular service industry. So that the cellular service providers have to avoid the customer defection and these will lead to customer retention.

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