

# A study on Consumer Buying Decision Process of Telecom sector with reference to India

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**Abstract**—The telecom industry in India has witnessed substantial growth over the last decade. Rapid growth of telecommunications is opening up the doors for many telecom players from Europe, Asia, and other parts of the world, resulting in increased competition and tariff reductions. In the present competitive environment, the services perceived by the customers and their behavioural intentions play a pivotal role in the customer switching process among service providers. With the changing expectations of service quality, it becomes imperative to discover the gap between customer expectations and customer perception. In this context, the aim of the present study is to identify the existing gap between customer expectations and perceptions and investigate the relationship between post-experience perception of service quality and customers' behavioural intentions. Five hundred clients in Delhi NCR, India, provided the data. Multiple correlation analysis and the paired sample t-test were used. The study's findings highlight the main areas, such as responsiveness and dependability, where there are appreciably large service differences. Customer behavioural intentions, such as "Reducing usage with a particular service provider," "Switching to another service provider," and "Complaining to customer service if a problem occurs," have demonstrated a substantial correlation with service quality. The findings of the study confirm that the perceptions of customers regarding the quality of service received definitely have an impact on their behaviour.

**Index Terms**—service quality, expectations, perceptions, behavioural intentions, telecom service providers.

## I. INTRODUCTION

One of the major industries that has emerged as having a major impact on the expansion of the Indian economy is telecommunications. India has become a desirable location for telecom service providers due to the liberalization of government policies, favorable demographics, evolving lifestyles, and growing economic prospects. In terms of telephone

connections, the Indian telecom network is the "second-largest network after China" (Mani, 2005; Yadav, 2014). According to the Telecom Regulatory Authority of India (2017), there were only 898.02 million phone customers in the telecom sector overall in March 2013, but by the end of September 2017, that number had grown to 1206.71 million, representing a 308.69 million growth. It is one of the most competitive and rapidly expanding telecom sectors in the world, and it accounts for around 2% of the nation's GDP. Additionally, the sector has been revitalized by robust consumer demand. Along with the government of India's efforts to empower its citizens by transforming India into a digital economy, the telecom sector in India is also playing a big part (Ministry of Electronics and Information Technology, 2018). However, success won't be achieved solely by altering business plans and coming up with fresh ideas for making money; rather, it will also require focusing on raising service quality and taking into account customer feedback and shifting mindsets (Ojiaku & Osarenkhoe, 2018). Indian consumers are calling for higher-quality services more and more due to growing awareness and expectations (Chopra & Chawla, 2018). "The rise in subscribers' switching behavior to other service providers is also concerning, even though these operators are finding it difficult to maintain their customers' perceptions and expectations" (Pandey & Kumar, 2018).

## II. PROBLEM STATEMENT

Technological developments, heightened rivalry, and a wide range of service offerings have all contributed to the notable evolution of the Indian telecom industry. Even with these advancements, comprehending how consumers make purchasing decisions is still a difficult task. Although a lot of study has been done on

consumer behavior in a variety of industries, there is a noticeable lack of information regarding the precise elements affecting Indian telecom consumers' decision-making processes. The following are the main problems causing this research gap:

**Price Sensitivity:** While cost plays a significant role in decision-making, little research has been done in India on how customers view pricing in relation to the value provided by telecom services.

**Brand Loyalty and Trust:** Given the quickly shifting market dynamics and intense competition, little is known about how brand loyalty is developed in the Indian telecom industry, despite the fact that brand reputation is recognized to affect consumer decisions.

**Pricing vs. Service Quality:** Although price is important, little is known about how to balance service quality, network dependability, and customer loyalty, especially in rural and semi-urban areas. By investigating the several elements that affect consumers' decisions while choosing telecom services in India, this study seeks to close the knowledge gaps on consumer decision-making in the telecom industry.

### III. OBJECTIVES

- To examine how cost, service quality, customer support, and brand perception are the main determinants of consumer purchasing decisions in the Indian telecom industry.
- To determine how price sensitivity affects customer decisions and how consumers weigh the perceived value of telecom services against cost.
- To investigate how network dependability and service quality affect decision-making, especially in urban and rural areas.
- To look at the significance of trust and brand loyalty in the Indian telecom industry and comprehend how these elements affect long-term customer choices in the face of fierce competition.

### IV. LITERATURE REVIEW

A study on consumer buying decisions in India's telecom sector highlights several key trends, including significant price sensitivity, a strong reliance on data plans, frequent brand switching due to low switching costs, the growing influence of digital experiences, and an increasing focus on value-added services. Key

factors influencing consumer choices include network quality, data speed, affordability, customer service, and brand reputation, all driven by a highly competitive market with major players like Reliance Jio, Airtel, and Vodafone Idea competing for market share. Over the past ten years, the Indian telecom industry has grown significantly in terms of both subscriber base and revenue creation (Yadav, 2014; Kumar, Shankar, & Debnath, 2015; Dubey & Srivastava, 2016). Network providers of both domestic and foreign firms now have excellent opportunities in the telecommunications sector, and both service providers are seeing notable increases in their market shares (Baruah & Baruah, 2014). Customers' expectations for higher-quality services have increased as a result of this trend, and their behavior indicates a notable shift in growth patterns and moving to other operators (Kushwah & Bhargav, 2014).

There has been fierce rivalry among service providers in terms of network availability, call clarity, mobile internet access, and other value-added services, and they are finding it difficult to match customer expectations (Paulrajan & Rajkumar, 2011; Yadav, 2014). As a result, these businesses are in fierce competition to satisfy both current and potential clients. For telecom service providers, keeping customers by offering a variety of deals with better service quality is a major problem. Therefore, the purpose of this study is to investigate how clients view the services they receive, what kinds of expectations they have, and what they believe to be gaps in those expectations.

The literature's initial section is devoted to the aspects of service quality. In order to bridge the gaps between customers' expectations and perceptions and their behavioral intentions, it highlights the different aspects of service excellence. The quality of services provided is seen as a crucial tactic to keep clients in the competitive worldwide market (Parasuraman, Zeithaml, & Berry, 1985; Reichheld & Sasser, 1990; Zeithaml, Parasuraman, & Berry, 1990). Because of Parasuraman, Berry, and Zeithaml's groundbreaking and ongoing efforts, the majority of the advancements were concentrated on service quality (1985, 1991).

Benefits, reserves, and market share are all related to providing high-quality services; additionally, service providers need to satisfy customer demands and maintain both price and quality of service (Zeithaml et

al., 2000; Munusamy et al., 2010). Johnson and Sirikit (2002) polled wireline and mobile phone users in Thailand's telecom sector using the following five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy. While the tangible dimension was found to be the most significant factor, there was no significant correlation between service quality and customer behavioral intention:

#### Key Trends in Indian Telecom Consumer Buying Behavior:

##### Price Sensitivity:

Consumers are highly cost-conscious and often choose plans based on the lowest cost per GB of data, leading to frequent price wars among operators.

##### Data-Centric Consumption:

With the rise in smartphone usage, data consumption has become a primary driver in purchasing decisions, with consumers prioritizing plans that offer larger data allowances.

##### Brand Switching:

Due to low switching costs, consumers are quick to switch operators if they find better deals or experience network issues with their current provider.

##### Digital Experience

Online platforms and digital customer service are becoming increasingly important for engaging with and satisfying consumers.

##### Value-Added Services:

Telecom operators are offering bundled services such as OTT subscriptions, loyalty programs, and exclusive content to improve customer retention.

##### Impact of Brand Reputation:

Established brands with a solid reputation for network reliability and customer support have a competitive edge.

##### Factors Influencing Consumer Buying Decisions:

##### Network Quality:

Reliable network coverage and good call quality are critical factors for consumers.

##### Data Speed:

High-speed internet access is particularly important for heavy data users.

##### Pricing Plans:

Affordable data packs and flexible pricing options play a major role in consumer decisions.

##### Customer Service:

Responsive and helpful customer support is essential for customer loyalty.

##### Digital Channels:

Easy access to online platforms for plan selection, bill payments, and customer service is highly valued by consumers.

#### Recent Developments Impacting the Market:

##### Jio's Disruption:

Reliance Jio's entry into the market with aggressive pricing plans significantly disrupted the telecom landscape, forcing other operators to offer more competitive deals.

##### 5G Rollout:

The anticipated launch of 5G technology is expected to increase demand for high-speed data plans.

##### Focus on Rural Connectivity:

Telecom operators are expanding their coverage in rural areas to tap into a broader customer base.

##### Research Gaps and Future Research Topics

There are still a number of study gaps even if the current studies offer insightful information on telecom industry consumer behavior.

##### Rural and Semi-Urban Markets That Are Understudied:

There is a substantial knowledge vacuum about the telecom service choices of rural and semi-urban communities since most research focuses on metropolitan users. More research is necessary to examine the distinct elements impacting their decision-making, considering the size of this market segment in India.

##### Technological Developments' Long-Term Effects:

Further research is required to determine whether the rollout of 4G and 5G technology affects long-term customer loyalty and whether these developments change the telecom industry's customary decision-making processes.

##### Post-Purchase Consumer Behavior:

While the majority of research focuses on pre-purchase choices, the post-purchase phase—which includes retention tactics, customer satisfaction, and perceptions of service quality—receives less attention. Future studies might concentrate on how customer loyalty and satisfaction change over time in the telecom industry.

##### Impact of Personalized Marketing:

Research on how tailored offers and services affect customer choice is lacking as telecom companies

employ data-driven marketing tactics more frequently. It would be beneficial to investigate more how personalization influences customer trust and decision-making. **Cross-**

**Regional Studies:**

Subsequent investigations may examine the ways in which regional variations in consumer tastes and behavior influence telecom industry decision-making. Given that consumer behavior can vary greatly between states and regions in a diversified market like India, it is imperative to comprehend cultural and regional distinctions.

This literature review summarizes the state of the field, points out new developments, and highlights areas that need more research. It also suggests a number of important directions for future study. Future research can fill in these gaps and offer a more thorough understanding of the elements influencing consumer choice in India's telecom market.

## V. RESEARCH METHODOLOGY

**STUDY DESIGN:**

In order to investigate how consumers make purchasing decisions in the Indian telecom industry, this study uses a qualitative research methodology and secondary data analysis. By examining previous research, industry reports, case studies, and market research data, the study aims to comprehend customer behavior, variables impacting purchase decisions, and brand preferences.

**Data Collection:**

Telecom regulatory bodies like the Telecom Regulatory Authority of India (TRAI), research firms like Nielsen, PwC, and Deloitte, as well as telecom companies like Airtel, Jio, and Vodafone Idea, have provided the study's data through published reports, industry white papers, academic research papers, government publications, business articles, and market analysis reports.

**Procedures for Sampling:**

Traditional sampling techniques using direct respondents are inapplicable because the study depends on secondary data. Rather, the following are the criteria used to choose sources:

- **Relevance:** Consumer behavior and decision-making in the Indian telecom industry should be the main emphasis of the data.

- **Credibility:** Only information from reliable sources is taken into account, including industry reports, government organizations, and peer-reviewed publications.
- **Recency:** To guarantee relevance to current consumer trends, preference is given to studies and publications released within the last five to seven years.

**Data Analysis:**

To find recurring themes, trends, and patterns in consumer decision-making, the study uses thematic analysis. The AIDA (Attention, Interest, Desire, Action) model and Howard-Sheth Model of consumer behavior will be referenced to interpret findings.

Comparative analysis of telecom brands based on consumer reviews, loyalty, and purchase intent will be conducted using secondary datasets.

Using qualitative secondary research, this study aims to provide a comprehensive understanding of how Indian consumers make telecom purchase decisions, what factors influence their choices, and how telecom companies can enhance customer engagement.

## VI. RESULTS & DISCUSSION

**Data and Results Presentation:**

Important insights into the Indian telecom sector's consumer purchasing decision-making process have been uncovered through the examination of secondary data sources, including government publications, industry reports, and scholarly studies. The results show what influences market trends, brand preferences, and customer choices.

**Important Elements Affecting Consumer Purchase Choices:**

According to the analysis, the following are the main factors influencing telecom consumers' purchase decisions:

**Price Sensitivity:**

Affordability is a key factor because Indian customers are extremely price-conscious. The market is dominated by prepaid plans because of their affordability and flexibility.

**Network Quality & Coverage:**

When choosing a telecom provider, customers place a high value on robust network connectivity and fast data services, according to TRAI reports and user reviews.

**Brand Loyalty vs. Switching Behavior:**

Price, service quality, and promotional offers are the main reasons why users move networks, even though they are loyal to their brands. According to reports, Jio's aggressive pricing caused a large-scale migration away from rivals like BSNL and Vodafone Idea.

**Customer Service and Post-Purchase Experience:**

According to user reviews on complaint websites and forums, low customer service has a detrimental impact on retention rates. In this regard, Jio and Airtel have comparatively higher satisfaction scores.

**Trends in Data Consumption:**

As digital adoption and smartphone penetration rise, data-driven strategies are now a key consideration for customers when making decisions. This tendency is anticipated to be further influenced by the implementation of 5G.

**The Competitive Environment and Market Trends:**

The following is revealed by secondary data from market research companies and telecom sector reports: Jio, Airtel, and Vodafone Idea dominance:

Jio has the most subscribers, followed by Airtel, while Vodafone Idea faces losses and user attrition.

**Transition to Digital and Online Buying:**

Customers are becoming less reliant on physical storefronts by favoring self-service applications and online recharges for telecom service management.

**Impact of 5G Rollout:**

It is anticipated that the introduction of 5G services will change consumer choices, especially for enterprise clients and high-speed data consumers.

**Rural vs. Metropolitan Divide:**

Rural users prioritize price and basic connectivity, whereas metropolitan areas have access to faster networks and premium plans.

**Analysis and Interpretation of the Results:**

Indian consumers are price-sensitive, which is why telecom companies regularly launch affordable plans and promotions. Long-term retention and customer trust are strongly impacted by perceived service quality and brand reputation. The way people consume data is changing, and the need for more dependable connections and more bandwidth is being driven by remote work and streaming. The obstacles to switching telecom providers are being lessened by the increasing use of e-SIM technology and digital onboarding.

**Critical Evaluation: Restrictions and Possible Prejudices:**

- Dependency on Secondary Data:

- This study may not accurately reflect current consumer sentiments in real time because it is dependent on public reports and studies.
- Generalization of Consumer Preferences:
- Secondary data might not adequately reflect preferences that differ by area, income bracket, and demographic group.

## VII. CONCLUSION AND PROSPECTS FOR THE FUTURE

The several elements affecting consumer preferences and choices are highlighted in this study on the decision-making process of consumers in India's telecom industry. The results imply that key factors influencing consumer behavior include price sensitivity, network quality, brand reputation, and service options. Purchase decisions have also been greatly impacted by digitization and improvements to the customer experience, such as self-service applications and AI-based customer assistance. In order to keep clients, telecom providers like Jio, Airtel, and Vi are constantly changing their price policies, package deals, and technical innovations, according to the study. Consumer decision-making will become even more dynamic as 5G networks, IoT connectivity, and tailored digital marketing proliferate.

- Future studies can concentrate on:
- New developments in 5G adoption and how they affect customer behavior
- Big Data and AI's role in customizing telecom services
- Brand loyalty and the telecom sector's use of sustainable practices
- An analysis comparing the telecom service preferences of urban and rural consumers

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