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**SWITCHING TENDENCIES OF CONSUMERS OF  
MOBILE PHONE SERVICES IN INDIA**

# Switching Tendencies of Consumers of Mobile Phone Services in India

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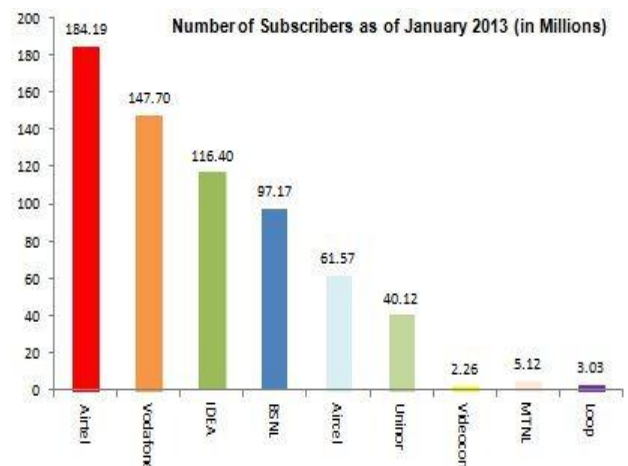
**Abstract – India is the third largest mobile network in the world after China and USA. Indian mobile market is one of the fastest growing markets. India has seen rapid increase in the number of players which caused the tariff rates to hit an all time low. This allowed the players to target the low income population thereby increasing the market share. The availability of a number of subscriber options for consumers and varied tariff rates of each player, lead the consumers to switch between service providers. The objectives of the study are to find the factors that influence the consumers in switching the service provider and to delve into finding out the likeliness of switching the service provider. Factors influencing the switching behaviour and factors that affect the switching behaviour of consumers and these were grouped into 4 categories namely customer service, service problems, usage cost and others. The results from the study reveal that call rates plays the most important role in switching the service provider followed by network coverage, value added service and customer care while advertisement plays the least important role. It is found that there is a relation between switching the service provider and the factors (customer service, service problem, usage cost, etc.). After analysing the findings of the study, we propose that the mobile providers concentrate on increasing network stability and setting tariff rates competitively. The expanding Indian economy, the population with younger people, the urbanization with increased income of the household and the like provide vast scope in the cellular service market. At the same time, as competition in the telecom is intensified, service providers take new initiatives to attract customers as the requirements and expectations of the customer are increasing very fast. There is also an increase in the expectations of the product and service in terms of confirming to certain standards, reliability, dependability, durability, performance, features, appearance, safety and user-friendliness. Though the Cellular operators have been rendering services to the customers throughout India, there is dissatisfaction expressed by the customers over excess billing, disconnection while talking, cross talk, high cost of handsets and high operating cost. Due to these factors the cellular operators have come under a lot of strong criticism. In this Article, the aspects relating to switching tendencies of consumers of mobile phone services are studied.**

**Key Words: Cellular operators, Switching Behaviour, Customer Satisfaction**

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## INTRODUCTION

The telecom industry is an interesting industry to study, not only due to its volatile nature in terms of technological breakthrough and its policies, but also due to the high growth rate of this industry over the past few decades and the significant contribution of the industry to the economies of these nations. India as Asia's third largest economy, is adding at least one million new mobile phone users every month. The cellular Mobile Industry is dominated by the corporate namely BSNL, Bharti, MTNL, Hutch, Idea, BPL, Spice, Aircel and Reliance.



The market Leader in the industry is Airtel whereas the challengers are Hutch/BSNL. The market followers are others. The expanding Indian economy, the population with younger people, the urbanization

with increased income of the household and the like provide vast scope in the cellular service market. At the same time, as competition in the telecom is intensified, service providers take new initiatives to attract customers as the requirements and expectations of the customer are increasing very fast. There is also an increase in the expectations of the product and service in terms of conforming to certain standards, reliability, dependability, durability, performance, features, appearance, and safety and user friendliness.

Though the Cellular operators have been rendering services to the customers throughout India, there is dissatisfaction expressed by the customers over excess billing, disconnection while talking, cross talk, high cost of handsets and high operating cost. Due to these factors the cellular operators have come under a lot of strong criticism. The important threats to cellular mobile service market in India are the high costs of service provision. Low-income people in India cannot afford to replicate expensive telecom infrastructure. Customer satisfaction is the primary aim of all service providers since there is a cut throat competition in the GSM market. Hence, they are being increasingly confronted with challenges to attract their subscribers by providing high quality services. With the rise in the cost of acquisition of new customers, cellular mobile companies continually seek new ways to retain and increase their subscriber base, while always being in the lookout for enlisting new customers. In this Article, the aspects relating to switching tendencies of consumers of mobile phone services are studied.

## LITERATURE REVIEW

A Study on Consumer Switching Behaviour in Cellular Service Provider:

A Study with reference to Chennai: Far East Journal of Psychology and Business Vol. 2 No 2, February 2011: M. Sathish, K. Santhosh Kumar, K. J. Naveen, V. Jeevanantham, they have attempted to identify the factors that affects the consumers into switching the service provider. To find the major influences that goes into the decision of purchasing a SIM card, to find the likeliness of switching the service provider. The study reveals that call rates play the most important role in switching the service provider followed by network coverage; value added service, Consumer care and advertisement which plays the least important role. It is found that there is a relation between switching the service provider and the factors (Customer service, service problem, usage cost, etc.). The findings also suggest that managers of these mobile operators should shift focus on building corporate image and analyse more carefully the reason for consumers to switch brands in this industry in order to increase loyalty among these consumers.

Canadian Cellular Industry: Consumer Switching Behaviour by Aneeta Sidhu (2002). The author of this paper finds out that customers with one year contract

are more likely to switch. Customers find using their services as expensive. Whereas, customers who are attached to the service provider for a long time are less likely to switch. Some of the strategies have been identified like building value for the customers by providing them with better service and reliable reception.

Antecedents and Consequences of Customer Switching Costs for the Mobile Phone Market: Arthur Lin, Christine CHOU: According to the results of this study, switching costs appear to be an appropriate concept to analyze customers' behaviours in the mobile phone market. For the antecedents of switching costs, product complexity, provider heterogeneity and switching experience significantly affect perceived switching costs; product complexity, customer investments significantly affect relational switching costs. As for the consequences, both perceived and relational switching costs significantly affect the 'exit' option. Our results indicate that governmental policy influences product complexity and provider heterogeneity. According to the results, the effect of switching costs on consequence is significant only when customers consider to exit. The effect is insignificant when customers consider to voice or keep loyal. Therefore, how to maintain customers' loyalty is still a pertinent interesting issue.

## PROBLEM IDENTIFICATION

- Consumers have every chance of switching the mobile service provider due to industry expansion.
- Mobile industry is growing technically and becoming economical due to competitor's innovative and attractive services.
- Number of players in this sector is increasing, so each one of them wants to overplay others to attract the consumers.
- Mobile industry has become economic with the end result that consumers have less switching cost.

## OBJECTIVES

- To study the factors that affects the consumers into switching the service provider.
- To find the most preferred service provider in India.
- To find the major factor leading to switching over from pre-paid to post-paid system.
- To find the major factor leading to switching over from post-paid to pre-paid system.
- To find the likeliness of switching the service provider.

## **RESEARCH APPROACH**

Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data inclusive of quantitative and qualitative data as well collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study.

## **SWITCHING CONSUMER BEHAVIOUR IN MOBILE PHONE SERVICE PROVIDER**

Factors affecting the consumer behaviour in switching the mobile phone services are:

- Network coverage
- Plans
- Fees
- Help and support
- Handset
- Contract commitments
- Mobile roaming
- Availability of additional services
- Loyalty
- Switching barriers
- Switching costs

## **NETWORK COVERAGE**

There is nothing as frustrating as trying to place a call or send a text message and then realizing you have no service. When searching for the best cell phone provider, you need to look for a company that provides coverage in the areas you visit the most. Many companies provide coverage along the East and West Coasts but lack service in rural areas. Also, if 4G capabilities and international coverage are important to you, look for a cell phone carrier with these features.

## **PLANS**

Mobile service provider's package features such as the number of voice minutes, text messaging and data available in ways they hope will be appealing to customers. Their goal is to create feature combinations that will maximize revenue. As consumers, the critical measure is that the plan meets your individual needs and doesn't charge you for features you don't use.

Most cell phone companies offer a variety of individual plans, or single line plans. These plans allow for only one phone number on the account. Family plans, also known as shared plans, are also quite popular among cell phone users. These plans allow for multiple phone numbers to be included on the same account. With most of these plans, each account user shares the number of minutes, messages and data amount.

## **FEES**

Everybody hates hidden fees, and cell phone bills are notorious for being more expensive than expected. Among the most potentially dangerous fees are those for roaming. Activation or early termination fees may also be charged, which can significantly raise your bill. If you have a data plan, it isn't uncommon to see data overage charges added. Before you agree to any plan or carrier, make sure you know exactly what fees you can expect. You never want to receive a bill that is more than you planned.

## **HELP & SUPPORT**

Cell phone providers should offer extensive support, including phone support, an online FAQs page, live chat and an email contact address. When using a mobile device, questions always arise, whether they are regarding your coverage, bill, account, plan or other aspects of your account. It is vital that you can have your questions answered quickly and in full detail. We are very critical of companies that fall short in this area.

## **HANDSET**

When you are switching operator you may want to update your handset or a handset change could be required if for instance you are moving from 2G or 3G service. The call costs i.e. comparison does not include handset costs so you should also check the costs of handsets.

## **CONTRACT COMMITMENTS**

When signing up to a mobile service you generally commit for a minimum period. It is important to check what the contractual commitment is before signing up to any operator and always check your existing contractual obligation before switching tariff plans or switching operators as penalties may apply. You should also check whether your phone needs to be unlocked if you are switching between mobile networks.

## **USING YOUR MOBILE ABROAD (MOBILE ROAMING)**

When travelling abroad you can use your mobile in most countries. The costs for mobile roaming will vary

significantly depending on the country you are in and the foreign mobile network that you use so check with the Irish mobile operator what rates are charged for destinations that are important to you.

**AVAILABILITY OF ADDITIONAL SERVICES**

You may be interested in other services such as online content, email and web text so check if these are available and what charges, if any, apply for additional services that you will use.

**LOYALTY**

Loyalty means strong relationship between relative individual attitudes and repeat purchases and likelihood of additional purchases from the same supplier. It has deep commitment to repurchase a product or service in the future, despite situational influences or marketing. One can assume that a low level of switching intention would be an indicator of loyalty. It is a function of consumer satisfaction and switching barriers.

**SWITCHING BARRIERS**

Switching barriers consists of discounts for loyal clients, cognitive efforts customers would make to find another supplier and financial, social and psychological risks for buyers. It might not be possible to determine whether satisfaction would be more effective than switching barriers to retain a customer.

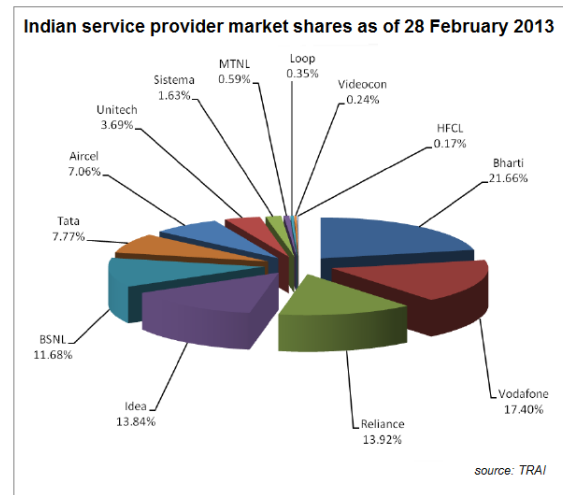
**SWITCHING COSTS**

Switching costs were defined as those involved in changing from one service provider to another, including not only costs that can be measured in monetary units, but also psychological effects of becoming a client of a new provider and effort and time involved in adapting to a new firm.

According to **Nielsen India Consumer Rankings report** and [www. Snaphow.com](http://www.Snaphow.com) (research done by a person taking samples)

FACTORS	MOST SATISFYING NETWORK
Network Quality and Customer Services	Vodafone then Airtel and then Idea
Best Service (Data Service and Service Positioning)	Vodafone
Cost effective in terms of SMS rates, Data plans and value added services (VAS)	Tata Docomo and then Uninor
Network Coverage	Reliance, Airtel, Vodafone, Aircel
Reliability	Airtel, Vodafone
Customer Service	Airtel
Economical ( call charges, sms promos, tariffs, internet charges)	Tata Docomo, BSNL, Airtel, Uninor
Good Net Speed in Urban Areas	Airtel
India's Most Trusted Service	Vodafone
Latest Technology	Vodafone
Largest 3G Network	Vodafone, BSNL, Idea, Reliance
High Talk Value Per Recharge	BSNL
Unlimited Talk Time Voucher	Aircel

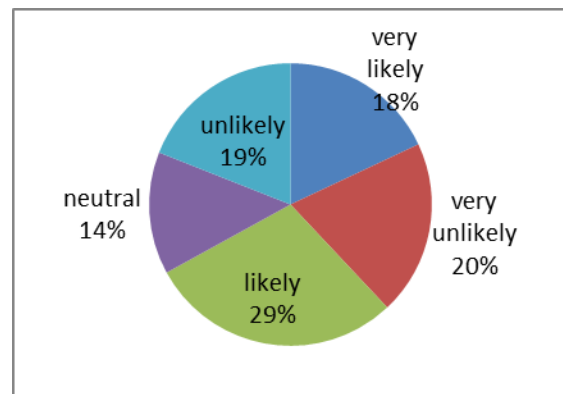
**MOST PREFERRED MOBILE SERVICE PROVIDER IN INDIA**



From the chart, it is clear that majority of the consumers who undertook the survey use Airtel (21.66%) in India. So, it is found out that the most preferred service provider is Airtel. Vodafone occupies the second place with Consumer preference of 17.40%, followed by Reliance (13.92%), Idea (13.84%), BSNL (11.68%), Tata (7.77%), Aircel (7.06%) and the least preferred service provider is HFCL (1%)

**LIKELINESS OF SWITCHING SERVICE PROVIDER**

**Switching your service provider**



From the chart it is obvious that 47% of consumers are likely to switch to a competing service provider. About 39% of consumers do not prefer switching their service provider. And 14% of consumers have a neutral stance when it comes to switching their service provider. ( According to survey conducted by a person)

**FACTORS LEADING TO SWITCHING OVER FROM PRE-PAID TO POST-PAID SYSTEM**

The respondents evaluate the pros and cons of the existing system. When they feel the existing system is not suitable to them, they may switch over to other

systems. The analysis on the factors leading to switch from one system to another is highly imperative to the policy makers. Even though the factors leading to switch are too many, the present study confines these factors to:

- economy
- control expenses
- attractive schemes
- reference group influence
- enhanced STD usage
- advertisement
- need for additional services
- low air time rates
- availability of corporate connectivity.

#### **FACTORS LEADING TO SWITCHING OVER FROM POST-PAID TO PRE-PAID SYSTEM**

The respondents may switch from post-paid system to pre-paid system because of several factors. The present study attributes these factors:

- Freedom to choose your own device
- Save money by cutting your monthly bill in half
- Straight Talk SIM
- No contract and commitments
- Switch service providers whenever you like
- Service dissatisfaction
- High rental charges

#### **FINDINGS**

- According to the study, the most preferred service provider is Airtel (21.66%). Vodafone occupies the second place with Consumer preference of (17.40%), followed by Reliance (13.92%), Idea (13.84%), BSNL (11.68%), Tata (7.77%), Aircel (7.06%) and the least preferred operator is HFCL (0.12%)
- The important factors leading from Pre-paid to Postpaid system are need for additional services, advertisement and attractive schemes.

- The highly perceived factors leading to switching from Post-paid to Pre-paid system are service dissatisfaction and high rental charges.

- Call rates play the pivotal role in switching the service provider followed by Network coverage, value added service, Consumer care and advertisement which plays the least important role.

- It is found that there is a relation between switching the service provider and the factors (Customer service, service problem, usage cost, etc.)

- 47% of consumers are likely to switch to other service provider. About 39% of consumers do not prefer switching their service provider. And 14% of consumers have a neutral stance on switching their service provider.

#### **SUGGESTIONS:**

- From the study, it is abundantly clear that Call rates lead the consumers to switch the service provider. So, mobile service providers need to satisfy the Consumer with minimum call rates.

- Mobile service providers should invest more on improving their network coverage in order to retain their consumers.

- Mobile service provider should satisfy their current consumers by providing them innovative offers.

- Mobile service provider should accept valid feedbacks from consumers regularly and make sure that they satisfy the consumers.

#### **CONCLUSION**

The study reveals that call rates play the most important role in switching the service provider followed by network coverage, value added service, Consumer care and advertisement which plays the least important role. It is found that there is a relation between switching the service provider and the factors (Customer service, service problem, usage cost, etc.). After analysing the findings of the study, we suggest that cellular service providers concentrate more on increasing network stability and setting tariff rates competitively. The findings also suggest that managers of these mobile operators should shift focus on building corporate image and analyse more carefully the reason for consumers to switch brands in this industry in order to increase loyalty among these consumers. The customers' loyalty in the mobile phone service market is very weak. The customers may switch over from one service provider to another any time. The aim of the service providers should be not only customer satisfaction but also

customer value and loyalty. Various studies conducted in Nigeria and various other countries emphasize the role of customer service in terms of network quality and easy plans along with value added services. A negative link between satisfaction and customer complaints shows that the more satisfied a customer is, the less he or she is prone to complain. Respondents to the survey reported a surprisingly low degree of satisfaction with mobile services, which is even lower than those of cable companies and satellite TV providers. This suggests that Indian mobile operators need to further improve their offering through a better understanding of their subscriber base and their needs.

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