

FACTORS INFLUENCING CONSUMER BRAND SWITCHING BEHAVIOR IN TELECOMMUNICATION INDUSTRY: AN EMPIRICAL STUDY

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India has emerged as the fastest growing mobile phone market in the world. Mobile phone was hyped as a revolutionary gadget in the twentieth century. With the advent of advanced technologies like GSM, CDMA, WLL and 3G technology and growing number of service providers, the competition has increased substantially. Day by day, both the public players and the private players are putting in their resources and efforts to improve their services so as to give the maximum to their customers. Hyper competition in the telecommunication industry, availability of number of subscriber options for consumers, diverse tariff rates offered by each player influence consumers to switch the services providers. This study focuses on identifying factors influencing consumer switching behaviour in telecommunication industry. On the basis of questionnaires administered to consumers in telecommunication industry, the study reveals that by providing value added services and effective pricing strategies; telecom service providers can control consumer brand switching behaviour and can retain the customers.

Keywords: *Brand Switching, Consumer Behaviour, Telecommunication Industry*

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INTRODUCTION

The Indian telecom sector, seen as providing the most affordable services in the world, has grown by leaps and bounds in the last decade. This remarkable journey to 100 million consumers is a testament to the vision and commitment of a company that benchmarks itself with the best in the world (Sunil Bharti Mittal, 2009). The growth and development in information technology and mobile devices has made the Indian mobile phone service market highly competitive. Indian mobile market is one of the fastest growing markets in the world and is expected to reach 868.47 million users by 2013 (source). In the last decade, India has seen a number of companies coming up in this sector with all time low tariff rates.

Hyper competition, availability of number of subscriber options for consumers, diverse tariff rates offered by each player, led consumers to switch the services providers. In today's era, people are exposed to advanced technologies like accessing mails, social networking sites, whatsapp, video conferencing, gaming, video blogging, music on demand etc through mobile phones. This has led to increase in the demand of hi-tech mobile services and so the telecommunication service providers are putting on their best to satisfy their customers' needs. The increase and retention of loyal customers has become a key factor for long-term success of the telecommunication companies. Nowadays, the companies emphasize not only on winning new customers but also on retaining the existing ones.

Switching costs are costs that are incurred by buyers for terminating transaction relationships and initiating a new relation. Porter (1980) defined Switching cost as a onetime cost facing a buyer wishing to switch from one service provider to another. Jackson (1985), however, defined switching cost as the psychological, physical and economic costs a customer faces in changing a supplier. Jackson's definition reflects the multi-dimensional nature of switching cost, especially in relation to the telecommunication industry. In the telecommunication sector there are a number of critical costs that must be considered when switching. These includes the costs of informing others of the change (friends, colleagues and business associates), the cost of acquiring new lines, cost associated with breaking long standing relationships with a service

provider, cost of learning any new procedures in dealing with the new service provider and cost of finding new service provider with comparable or higher value than the existing firm.

Apart from these there is time and psychological effort of facing uncertainty with the new service provider (Dick and Basu, 1994; Guillotine, 1989). Losing a consumer is a serious setback for the firm in terms of its present and future (Zeithaml, Berry and Parasuraman, 1996). Few researchers have investigated different levels of loyalty; others have explored the influence of individual factors on loyalty. The current paper is going to estimate which specific factors in telecommunication sector influence switching among brands.

LITERATURE REVIEW

M. Satish, K.J Naveen, V. Jeevananthan, (2011) identified the factors that influence the consumers to switch the service providers. They concluded that there is a relation between switching the service provider and the factors like poor network coverage, frequent network Problem, High call rates, influence from family and friends. Xuan Zhang (2009) investigated the impact of relationship marketing tactics on customer satisfaction and trust, which in turn increase customer loyalty, by focusing on Swedish mobile telecommunication sector. An analytical model is developed as a guideline to test the relationships between relationship marketing tactics, relationship quality (trust and satisfaction) and customer loyalty. Andres Kuusik (2007) used LOGIT method for testing level of loyalty of 1000 customers of the biggest telecommunication company in Estonia. The author analyzed four factors affecting customer loyalty that is satisfaction, trustworthiness, image and importance of relationship.

Richard Lee, Jamie Murphy (2005), explored determinants that cause mobile phone customers to transit from being loyal to switcher. They concluded that there are different factors which affect the Customers to switch from loyalty to switching intentions such as price, technical service quality, functional service quality, switching costs, etc. The result shows that price is the most important factor which affects the customers to switch loyalties to another provider. Jessy John (2010) explored the factors that influence customer loyalty of BSNL mobile customers. A Sample of 100 consumers who have BSNL mobile services in Jaipur city were surveyed to

assess the reasons behind the hard core customer loyalty even in an environment with high quality alternatives. The author recommended that BSNL mobile service enterprises should work on its problems related to servers in order to further strengthen its customer satisfaction and loyalty. Dick and Basu (1994) uncovered the point that mobile subscribers incur switching costs when changers take advantage of lower call rates and potentially better services.

The issue of customer retention in telecommunication industry in Sri Lanka was studied by Silva, K.A (2009). The author found that the most important factor in continuing an existing service provider was the ability of the service provider to give value to the customer. This was followed by assurance and responsiveness. The least important factors were legal undertaking tangibility and payment terms. Kumaraval, kandasamy (2011) concluded that idea cellular, Bharti Airtel and Vodafone emerged as most preferred mobile service operators in terms of Mobile Number Portability in Indian telecom market. Hitesh Parmar and Jaidip Chaudhari (2012) surveyed 100 customers from Surat City to find out the comparative analysis of customer satisfaction before and after the adoption of Mobile Number Portability. Poor network facility of the previous service provider, better sms pack from new service provider and full talk time on recharge are some of the reasons for switching from one operator to another.

Joseph and Joachim (2009) discussed switching cost and its relationship with customer retention, loyalty and satisfaction in the Nigerian telecommunication market. The author found that customer satisfaction positively affects customer retention and the switching cost affect significantly the level of customer retention. Muzammil, Sehrish and Adnan (2010) targeted various subscribers of telecom sector in Pakistan to identify the factors affecting customer satisfaction. The results showed that both the factors have significantly contributed towards customer satisfaction but comparatively price fairness had the larger impact on customer satisfaction than customer services. Douglas A. Galb (1999) identified issues and trade-offs that should be considered in regulating prices for shifting between service providers. Service providers, customer acquisition cost, the cost to customer of changing service providers and the level of change are important factors in evaluating the effects of a network's operator charge for shifting customers between service providers.

OBJECTIVES OF THE STUDY

1. To explore the factors affecting consumer brand switching behavior in Telecommunication industry.
2. To compare brand switching behavior among male and female management students pursuing graduation.

HYPOTHESES

H₀₁: There is no correlation among nineteen variables in the population under study.

H₀₂: There is no significant difference in value added services among male and female students.

H₀₃: There is no significant difference in pricing strategies among male and female students.

RESEARCH METHODOLOGY

The Study: The present study is an exploratory study and is based on primary data.

The Sample: In the present study, convenience sampling method has been used. The questionnaire has been administered on 100 respondents (50 male and 50 Female students) of professional Institute pursuing graduation from Indore City.

Tools for Data Collection: A self designed structured questionnaire consisting 19 items has been used. The questionnaire was on 5-point Likert Scale, where 1 indicated high level of dissatisfaction and 5 indicated high level of satisfaction.

Tools for Data Analysis: Kaiser-Mayer-Olkin (KMO), Bartlett's Test, factor analysis, mean and t-test. The data was analyzed with the help of Statistical Package for Social Sciences. Reliability of the measure was assessed with the use of Cronbach's Alpha on all the 19 items. The Cronbach's Alpha of the questionnaire was 0.95. As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable. Hence, it was found reliable for the further analysis.

RESULT AND ANALYSIS

Result of KMO and Bartlett's test of sphericity

As indicated in table 1, the generated score of KMO was 0.936, reasonably supporting the appropriateness of using factor analysis. The Bartlett's test of sphericity was highly significant ($p < 0.01$), rejecting the null hypotheses that the 19 variables are uncorrelated in the population. The factor analysis generated two factors explaining 61.605percent (Table 2) of the variability in the original data.

Result of Factor Analysis

The first factor was Value Added Services which consist of nine items which are brand image (0.807), network coverage (0.757), brand preference (0.747), customer loyalty (0.740), better services (0.689), mobile number portability(0.676), good quality service (0.633), call rate (0.631) and customer satisfaction(0.631). Total load is 10.558 and variance is 55.56percent.

The second component was Pricing strategies which consist of pricing policies (0.818), promotional offers (.697), new schemes (0.693), flexible pricing (0.678), timely information (0.667), switching cost (0.656), personalized services (0.636), friendly staff (0.596), customer care (0.533), reliability (0.436). Total load is 1.147 and variance is 61.04percent.

Result of t-test

1. Result for Value Added Services

Table 3 depicts that p value is .172; therefore null Hypothesis H_{02} cannot be rejected at 5percent level of significance for value added services among male and female students. It implies that there is no significant difference between male and females for value added services in telecommunication industry

2. Result for Pricing Strategies

Table 4 depicts that p value is .000; therefore null Hypothesis H_{03} is rejected at 5percent level of significance in pricing strategies among male and female students. It implies that there is significant difference between male and females for pricing strategies in telecommunication

industry. Mean Value of factor 2 (pricing strategies) in males is 2.15 while in case of females is 3.47. It implies that pricing strategies affect females more than males.

CONCLUSION

The present paper identifies factors affecting the consumer brand switching behavior in telecommunication industry and also explores whether these factors vary among males and females. On the basis of questionnaires administered to consumers in telecommunication industry, the study reveals that Value added services and Pricing strategies are the two important factors that influence the consumer behavior while switching the brands in telecom sector. So by providing best value, establishing good relationship with customers through efficient customer services, enhancing brand loyalty and simply by keeping the price fairness of services compatible a telecom service providers can control consumer brand switching behaviour and can retain the customers while establishing long term profitable relationship with customers. The study also revealed that

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Table-1:KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.936
Bartlett's Test of Sphericity	Approx. Chi-Square	1.268E3
	Df	171
	Sig.	.000

Table-2: Factor Analysis

Variable No	F1	F2
V1		0.5985
V2		0.5354
V3	0.6339	
V4	0.7577	
V5		0.6367
V6		0.6938

V7		0.818
V8		0.6674
V9	0.6318	
V10		0.6787
V11	0.7405	
V12	0.8079	
V13		0.697
V14		0.4365
V15	0.6316	
V16		0.9589
V17	0.66891	
V18	0.7475	
V19	0.6763	
Cumulative Variance	55.57percent	61.61percent

Table- 3: Independent Samples Test

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	95percent Confidence Interval of the Difference	
									Lower	Upper
VAR00001 Equal variances assumed	1.891	.172	-22.426	98	.000	-16.20000	.72237	-17.63351	-14.76649	
Equal variances not assumed			-22.426	92.249	.000	-16.20000	.72237	-17.63463	-14.76537	

Table -4: Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95percent Confidence Interval of the Difference	
								Lower	Upper
VAR00002 Equal variances assumed	25.332	.000	-15.043	98	.000	-13.20000	.87751	-14.94139	-11.45861
Equal variances not assumed			-15.043	65.346	.000	-13.20000	.87751	-14.95233	-11.44767