

## SWITCHING TENDENCIES OF CONSUMERS OF MOBILE PHONE SERVICES IN MADURAI DISTRICT

Dr. A. Shabinullah khan<sup>1</sup>  
Dr. A. Abbas manthiri<sup>2</sup>

### Abstract

*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 corporates 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 more 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, Customer loyalty, Factor Analysis, Madurai, Mobile, Switching tendency,

### INTRODUCTION

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<sup>1</sup> Associate professor of commerce, Dr. Zakir husain college ilayangudi – 630 702, sivagangai district, india. Email: [shabinullahk@gmail.com](mailto:shabinullahk@gmail.com). Phone:09865933405.

<sup>2</sup> Associate professor of commerce, Dr. Zakir husain college, Ilayangudi – 630 702, Sivagangai district India. Email: [amanthiri@gmail.com](mailto:amanthiri@gmail.com). Phone: 09842534040

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 corporates 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 more 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. The important threats to cellular mobile service market in India is 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

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Customers in the telecommunication industry most often partly switch their telecommunication services

to a competitor (Edvardsson, et al., 2002) The reasons for switching referred to here have been related to the particular kinds of switching described as total, partial or internal according to a unique pattern of customer preferences, with behaviour as the reference point. This pattern indicates the industry specific configuration of reasons for consumer sensitiveness to switching (Roos, 2002)

The switching determinants are: Influential trigger-price-partial change; Situational trigger-Range of goods- Partial change and Reactional trigger - Service policy - Total change (Johnson and Gustafsson, 2000; Johnson, 2001)

## **METHODOLOGY**

The study area, namely Madurai District is one of the major important districts of Tamil Nadu. The primary data were collected through interview schedule. Data related to the switching tendencies in the GSM mobile market were collected from the pre structured interview schedule. The variables to be studied were identified with the help of trial interviews with the subscribers and officers of telecommunication and from literature. The drafted interview schedule was tested with thirty customers for their comments. In the light of their comments, the schedule was modified.

A sample of 520 cellular mobile phone consumers was selected purposely which consists of 260 urban customers and 260 rural customers. The 260 urban customers were selected from Madurai city purposively. The 260 Rural customers were distributed among 13 blocks of Madurai district equally. Hence the applied sampling design of the present study is purposive sampling

### **Hypothesis**

The following two hypotheses were tested in this regard.

1. There is no significant difference among the urban and rural customers regarding the customers' loyalty and switching behaviour.
2. There is no significant association between the profile of the customers and the customers' loyalty index and also their switching behaviour.

## **ANALYSIS**

The 't' test has been administered to find out the significant difference among the urban and rural users regarding their perception on the important

factors leading to switching in the mobile phone service market.

The variables leading to switching in the mobile market and the validity of data was analysed with factor analysis and has been examined with the help of KMO measures of sampling adequacy and Bartlett's test of sphericity.

The one way analysis of variance has been executed to find out, the significant difference among various service users regarding the rate, service, networks and environment.

### **Reasons for switching over from previous service provider to present service provider**

The respondents are asked to take the identified reasons for switching over from previous service provider to present service provider at five point scale from highly agree to highly disagree. The assigned scores on these scales are from 5 to 1.

The mean score of the reasons has been computed among the urban and rural users to exhibit the important reasons for switching. The 't' test has been executed to find out the significant difference among the group of users.

#### **Insert table-1&2 here**

Regarding the perception on reasons for switching in the mobile phone service market, the significant difference among the urban and rural users has been identified in the perception on networks, tariff, connectivity, frequent offer, value added service, multi-usage, free calls, discount, free incoming, excellent service, security deposits significant at five per cent level.

### **Factors leading to switching among the Respondents:**

The validity of data for factor analysis has been examined with the help of KMO measures of sampling adequacy and Bartlett's test of sphericity. The KMO measure of 0.7918 and the zero per cent level of significance of chi-square value, satisfy the validity of data for factor analysis. The factor analysis results in four factors, the factor loading, eigen value and per cent of variation explained by the factor is shown in Table - 3.

#### **Insert table-3 here**

### **Perception on important factors among urban and rural customers**

The score on the important factors leading to switching are derived from the mean score of the

variables in each factor. The measure of each important factor among the urban and rural users has been computed separately to identify the relative importance of the factor in their switching behaviour. The 't' test has been administered to find out the significant difference among the urban and rural users regarding their perception on the important factors leading to switching in the mobile phone service market. The results are given in Table 4.

**Insert table-4 here**

Regarding the perception on important factors leading to switching in the mobile phone service market, the significant difference among the urban and rural users has been identified in the perception in 'rate' and 'service' since the respective 't' statistics are significant at five per cent level. The rural users considered the 'rate' as the most important factor, whereas the urban users considered the 'service' as the most important factors leading to their switching.

**Factors Leading to Switching among different Mobile Phone Service Users:**

The important reason for switching among the different service users has been examined with the help of their mean score on rate, service, networks and environment. The one way analysis of variance has been executed to find out, the significant difference among various service users regarding the rate, service, networks and environment. The results are given in Table 5.

**Insert table-5 here**

Regarding the perception, various important reasons for switching, and the significant difference among various service users is identified since the respective 't' statistics are significant at five per cent level.

**Switchers from one system to another**

The switchers from one system to another system represent the switchers from pre-paid to post-paid system and post-paid system to pre-paid system. The mobile phone service users may switch from one system to another because of several reasons. The present analysis has made an attempt on analyzing the number of switching from one system to another. The results are given in Table 7.

**Insert table-7 here**

This analysis reveals that the number of switchers from post-paid to pre-paid is higher among the switchers.

**Factor 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 and availability of corporate connectivity. The respondents were asked to rate the above said factors at five points scale from highly important to not at all important. The assigned scores on these scales are from 5 to 1 respectively. The assigned scores of each factor among urban and rural users have been computed separately to show the importance of the factors. The 't' test has been administered to find out the significant difference among the urban and rural users regarding their perception on factors leading to switch from pre-paid to post-paid system. The results are given in Table 8.

**Insert table-8**

Regarding the perception on the factors, the significant difference among the two group of users has been identified in the perception on economy, control expenses, need for additional services and low time rates since the respective 't' statistics are significant at five per cent level.

**Factors leading to migrate 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 to bill, no value for money, high rental charges, service dissatisfaction and decrease in usage. The respondents were asked to rate the above said factors at five point scale from highly important to not at all important. The assigned scores are from 5 to 1 respectively. The mean score of the factors among the urban and rural respondents has been computed separately. The significant difference among the two groups has been examined with the help of 't' test.

Regarding the perception on the factor, the significant difference among the two group of customers has been identified in the perception on high bill, high rental charges, service dissatisfaction and decrease in

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usage since the respective 't' statistics are significant at five per cent level.

### **FINDINGS**

The important reasons for switching over from one service provider to another among the urban customers are coverage, value added service and multi-usage. Among the rural customers, these are free incoming, friends or relatives and tariff.

The important factors leading to switching identified by the factor analysis are rate, service network and environment.

The most important factor leading to switching among the BSNL and Hutch service users is networks, whereas among the Aircel and Airtel service user, this is service.

The important factors leading from Pre-paid to Post-paid system among the urban customers are need for additional services, advertisement and attractive schemes.

The highly perceived factors leading to switching from Post-paid to Pre-paid system among the urban customers are service dissatisfaction and high bill, whereas among the rural customers, these are high bill and high rental charges.

The significantly influencing factors leading to customer loyalty on the customer loyalty index among the urban customers are switching costs, service quality and corporate image, whereas among rural customers, these are service quality and corporate image. The above-said factors have a positive impact on the customer loyalty index among the customers.

### **CONCLUSION**

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. Hence it is highly essential to understand the antecedents of switching and customer loyalty in an in depth manner. The aim of the service providers should be not only customer satisfaction but also customer value

and loyalty. To this end, operators should decrease their subscribers' sensitivity to price. It can be said that factors perceived switching cost and positive corporate image are very important for GSM operators to establish a loyal customer base and decrease their sensitivity to price.

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**TABLE - 1**

**Reasons for Switching over from previous to present service provider**

Sl.No.	Reasons	Mean Score among the respondents in		T-Statistics
		Urban	Rural	

1.	Network	3.8189	3.0643	2.0243*
2.	Coverage	3.9334	3.5668	1.1476
3.	Tariff	2.8115	3.9094	-2.3968*
4.	Connectivity	3.6904	2.5663	2.5361*
5.	Government Cellular	2.3068	3.1718	0.4593
6.	Frequent Offer	2.6961	3.8244	-2.3098*
7.	Value Added Service	3.9193	3.0641	2.4143*
8.	Multi Usage	3.8996	3.1143	1.9978*
9.	Free Calls	2.7134	3.8907	-2.1706*
10.	Discount	2.6869	3.5998	-1.9993*
11.	Free Incoming	3.1144	3.9694	-2.0617*
12.	Excellent Service	3.9098	3.0617	2.2144*
13.	Security Deposits	2.5607	3.8660	-2.4309*
14.	Attractive Plans	3.5773	3.5908	0.1437
15.	Innovative Ideas	3.7089	2.7071	2.2564*
16.	Friends and Relatives	3.0671	3.9193	-2.5141*
17.	Popularity in the market	3.5614	3.7644	-0.4568

\*Significant at five per cent level.

**TABLE - 2**  
**Factors leading to Switching**

Factor	Variables	Factor Loading	Reliability Co-efficient	Eigen value	Per cent of variation explained
Rate	Security Deposits	0.8403	0.7908	3.1421	21.42
	Tariff	0.8144			
	Frequent Offer	0.7632			
	Discount	0.7144			
	Free incoming	0.6596			
Service	Innovative ideas	0.9226	0.7411	2.9643	20.36
	Value added service	0.8147			
	Attractive plans	0.7308			
	Excellent Service	0.6244			
	Multi-usage	0.6086			
Network	Free calls	0.5917	0.8231	1.8969	14.32
	Coverage	0.9308			
	Network	0.8147			
Environment	Connectivity	0.7236	0.7908	1.4542	11.19
	Popularity in the market	0.8914			
	Government Cellular	0.7108			

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	Friends and Relatives	0.6466			
KMO measure of sampling adequacy: 0.7918		Bartlett's test of sphericity: Chi-square value: 103.44*			

\* Significant at five per cent level.

**TABLE - 3**

**Important factors among Urban and Rural Customers**

Sl.No.	Important Factors	Mean Score among the customers in		T-Statistics
		Urban	Rural	
1.	Rate	2.7751	3.8338	-2.8098*
2.	Service	3.6214	3.2381	1.9906*
3.	Network	3.5213	3.5135	0.2497
4.	Environment	2.9784	3.2381	-0.8648

\* Significant at five per cent level.

**TABLE - 4**

**Factors leading to switching among different Mobile Service Consumers**

Sl.No.	Brand	Mean score among Customers			
		Rate	Service	Networks	Environment
1.	BSNL	2.5708	2.7974	2.9163	2.3646
2.	Hutch	3.2464	3.1708	3.8344	3.8197
3.	Aircel	3.2464	3.2476	2.9897	2.5673
4.	Airtel	3.3617	3.4508	3.3441	3.4117
5.	Reliance	3.4568	3.6971	3.6841	3.6848
6.	Tata	3.6331	3.8334	3.9389	3.0703
7.	BPL	3.6331	3.8334	3.9389	3.0703
F-Statistics		2.8647*	3.1143*	2.3064*	2.4098*

\* Significant at five per cent level.

**TABLE - 5**

**Number of Switchers from one System to another (Pre vs. Post-paid System)**

Sl.No.	Old System	New System		
		Pre-paid	Post-paid	Total
1.	Pre-paid		43	43
2.	Post-paid	127		127
Total		127	43	170

TABLE - 6

Factors leading to migrate from Pre-paid to Post-paid System

Sl.No.	Factors	Mean Score among the customers in		T-Statistics
		Urban	Rural	
1.	Economy	2.8964	3.9614	-2.9614*
2.	Control Expenses	2.9033	3.8407	-2.8103*
3.	Attractive Schemes	3.6174	2.6849	2.7234
4.	Reference group influence	2.9644	3.8382	-2.6966
5.	Enhanced STD usage	3.2408	3.6096	-1.3482
6.	Advertisement	3.8187	3.2452	1.7083
7.	Need for additional services	3.9408	3.0633	2.5696*
8.	Low air time rates	2.9626	3.6844	-2.0237*
9.	Availability of corporate connectivity	3.1144	3.5693	-1.1244

\* Significant at five per cent level.

TABLE 7

Factors leading to migrate from Post-paid to Pre-paid System

Sl.No.	Factors	Mean Score among the customers in		T-Statistics
		Urban	Rural	
1.	High Bill	3.1408	3.9082	-2.1143*
2.	No value for money	3.0966	2.7334	0.6897
3.	High rental charges	2.8084	3.7143	-2.3021*
4.	Service dissatisfaction	3.8331	3.0141	2.1914*
5.	Decrease in usage	2.7186	3.6236	-2.2392*

\* Significant at five per cent level.