Customer Retention Strategies of Cellular Service Industry in India

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Abstract:

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

The objective of the study is to study the demographic information of the cellular service users and to study the retention strategies by cellular service providers to retain the customers. 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: Customer Retention, Strategies, Cellular Services, Industry

Introduction:

India is the world's second-largest telecommunication market, with 1172.44 million telephone subscriber base at the end of December 2019. The telecom market can be split into three segments – wireless, wire line and internet services. The wireless market segment comprises of 1151.44 (98.20%) million of the total subscriber base, Urban segment comprises of 643.97 (54.92%) million and Rural segment comprises of 507.46 (43.28%) million as of December 2019.

India is the second largest country in terms of internet subscribers after China. As of 2019, India holds the world's highest data usage per Smartphone at an average of 9.8 GB per month. It is expected to double to 18 GB by 2024. India became the world's fastest-growing market for mobile applications and remained as the world's fastest growing market for Google Play downloads in the year 2019. In 2018 India had 483 million internet users, but it crossed 661.94 million at the end of December 2019.

Literature Review:

Oyeniyi, Omotayo and Abiodun Abolaji Joachim (2008) attempted to find the relationship between customer services on customer retention in telecommunication industry in Nigeria. Study examined the potential constructs in customer retention by investigating the chain of effects of retention from customer service, satisfaction, value and behavioral intention. It showed strong relationship between customer service, satisfaction and retention in the communication industry in Nigeria. It is imperative for telecommunication industry executives to improve performance on each construct that leads customer retention to improve their competitiveness' in the industry.

Motshedisi Elizabeth Molapo and Geoffrey Mukwada (2011) explored the strategies that have been employed by the cell phone companies in South Africa in order to retain subscribers. The study reveals that though there are many customer retention strategies that are employed in the South African cellular industry, the most effective are those related to quality of service, affordability of service and provision of customer support services. Further the authors explores the benefits and setbacks associated with different customer retention strategies and determined the impacts of these benefits and setbacks on the South African cell phone networks with the view to recommend the best strategies that work for the South African cellular industry.

Rajeshwari and Ravilochan (2011) the study attempted to enhance the exposure on customer analytics and

further expected to facilitate the marketers to design the essential operational parameters for scheming the retention strategies and to enhance Customer Experience management. Indian mobile should Keep its good performance on quality of phone call, coverage, quality of SMS and pay attention on these three areas because they are in the first level, which means they have great importance on customer loyalty

Velnampy and Sivesan (2012) are opined that compete not only in infrastructure facilities like network, tower. They have invested the lot of amount of money to provide effective service for customers. This research clearly expressed that important of functionality of service in service quality and customer satisfaction. Customer relationship marketing has significant impact on customer satisfaction.

Chosniel Elikem Ocloo and Ernest Kafui Tsetse (2013) the study revealed that there is a relationship between quality service and satisfaction while customer satisfaction to large extent influences customer retention. Further, from the study, customer satisfaction does not necessarily lead to retention, hence, mobile telephony companies must constantly engage customers (by Market Research) to find out their needs and provide them in order to keep them from competitors. Staff should be trained regularly through refresher courses especially in customer service and product knowledge since this will go a long way to improve quality service. There should be conscious effort on the part of management of Vodafone to provide good network which will lead to uninterrupted calls. Vodafone should expand its network to cover the whole country so as to allow customers to have nationwide mobile communication. Customer retention model in any cellular phone company in Ghana will depend on specific company situation.

MoyoTalak and Makore Albert (2013) the study analyzed the retention strategies used by Zimbabwean mobile service providers to evaluate their impact on customer retention. The researchers observes that mobile service providers offer a range of services to customers but only one service provider Eco net seem to out compete the other two, Telecel and Netone.

The factors observed as influencing preference of service provider in the Zimbabwean market the least preferred were, customer information updates, availability of service shops, and efficient network availability of recharge cards. The least preferred were observed to be, toll free numbers advance air time and used by many which pertain to the image of the organization. But it must be noted that correlations of all the variable factors ranged from weak to moderate relationships.

Dolly Malla (2014) viewed that main objective of retention strategy is to keep employees and customers on a long-term basis. This means that firms need investors who share this long-term view of customers. Short- term investors' core interest is short-term high annual returns on investment which in reichheld's view is inimical to the development of long-term relationship with customers and employees; because, the firm is handicapped in reinvesting greater part of profits in producing high quality and innovative products for the customer as well as offering attractive incentive packages. In summary, as market grows or become competitive, firms are more likely to attempt to maintain their market share by focusing on retaining their customers.

Hassan Shakil Bhatti, et. al., (2016) are of the viewed that service quality has an impact on customer satisfaction and retention. Factors such as behavioral intention which leads to customer intention to repurchase the service are measured through the Unified Theory of Acceptance and Use of Technology (UTAUT2), Marketing Mix Theory and Expectation Confirmation Theory (ECT). Similarly, authors have studied the habit, hedonic motivation, customer satisfaction, customer experience, marketing mix factors relationship by empirical testing.

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 center 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.

Sulaimon Olanrewaju Adebiyi, et. al., (2016) are discussed the relevant drivers of customers` churn and retention in the growing Nigerian mobile telecommunication industry. Considering this issue, the logistic regression models have been used as the evaluating method. The results showed that the coefficients of mobile number portability (MNP) services and dubious promotions are positive and significant. Furthermore, low coverage and unwanted calls and SMS are positive and significant. This implies that the better the availability of MNP services, the greater the likelihood of customers' churn. The study concluded that an increase in the quality of calls provided by mobile telecom firms would increase the likelihood of customers' loyalty by

retention.

Vinod Sharma and Jayant Sonwalkar (2016) are focused on developing a theoretical framework for consumer retention strategies for telecom service industry in India. The study conducted to develop a theoretical framework for consumer retention strategies which can be measured via three constructs; consumer satisfaction, consumer loyalty and switching barriers (customer relationship management, alternative attractiveness & switching cost).

Objectives:

1.   To study the demographic information of the cellular service users

2.   To study the retention strategies of cellular service providers to retain the customers

Hypotheses:

Ho: There is no significant relationship between Customer satisfaction and customerretention

H1: There is a significant relationship between Customer satisfaction and customer retention

Research Methodology:

The study is descriptive in nature and depends on primary data source. Primary data relating to "Customer Retention Strategies of Cellular Service Industry in India" collected from a sample of 600 customers at random. The questionnaire used for this research had twoparts. The first part of the questionnaire included data pertaining to personal information of selected customers. The second part of the questionnaire consisted of statements relating to customers retention strategies 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. For analysis of data Kaiser-Meyer-Olkin and Bartlett's Sphericity Test **have** been used with the help of spss software.

Scope of the Study

The present study is aimed at understanding the Customer Retention Strategies of Cellular Service Industry in India with reference to cellular service providers. This study also attempts to analyze the demographic profile 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.

Analysis and Interpretation
Table1: Demographic Profile 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**
	IndividualPost Paid	27	6	30	**63**
	Family pack	30	7	17	**54**
	Provided by corporate	2	0	3	**5**
Current Cellular Service Availed	Jio	28	5	45	**190**
	Airtel	168	36	122	**326**
	Vodafone Idea	19	4	28	**51**
	BSNL	10	8	15	**33**
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 1 shows that out of 600 customers who have responded for the research questionnaire consist 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' and 25 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, 190 are using Jio, 326 are using Airtel, 51 are using Vodafone Idea. 33 are using BSNL. 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.

Customer Retention Strategies with respect to Branding and Loyalty KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.892
Bartlett's Test of Sphericity	Approx. Chi-Square	2779.367
	Df	78
	Sig.	.000

KMO and Bartlett's Test

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 thirteen variables are statistically significant (Chi-square value 2779.367*) and collectively meet the necessary threshold of sampling adequacy with KMO value of 0.892. The two measures, tested above, indicate the set of variables which used in the factor analysis, is appropriate on measures taken to retain branding and loyalty.

Figure 1: Customer Retention Strategies with respect to Branding and Loyalty
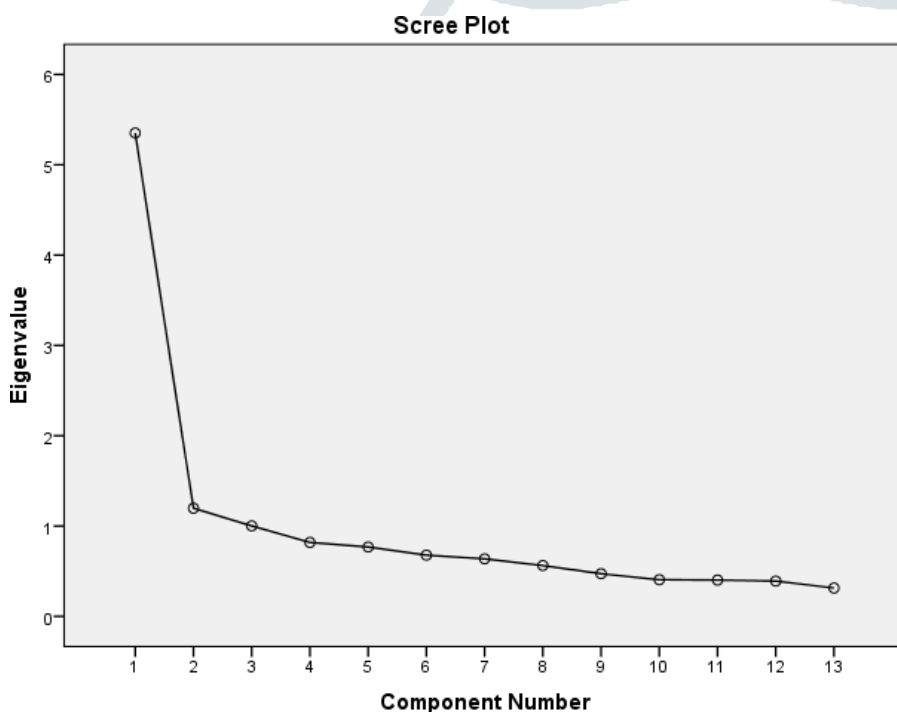
This is a plot between the eigen values and the number of factors. In principle, eigen value is greater than one will be used in selecting number of component or factors to be considered. In this analysis, figure 1 depicts Scree plot which clearly identified three components or factors with eigen values more than one indicating maximum number of factors to extract.

Table 2: VARIMAX- Rotated Component Analysis to retain the customers with respect to branding and loyalty

Factors	Rotated Component Factors			Communalities
	1	2	3	
Trust the brand	.215	.049	**.849**	.770
Value Delivery	.576	.114	.498	.593
Customer Loyalty	.574	.099	.506	.594
Competitive Environment	**.817**	.132	.125	.700

Extraordinary Consumer Services	**.717**	.314	.095	.622
Value Added Services with extra benefits	.542	.492	.128	.552
Customer Relationship Management	.274	**.602**	.343	.555
Service Integrity	.090	**.751**	.159	.597
Measure Lifetime Value	.141	**.676**	.198	.516
Personal Approach	.386	**.675**	-.046	.606
Consistency Build Trust	.031	.390	**.706**	.652
Special Offers and Discounts	.482	.335	.298	.434
Number of subscribers on the network	.356	.284	.391	.360
				Total
Eigen values	**2.794**	**2.568**	**2.190**	**7.552**
Percentage of Trace	**21.491**	**19.751**	**16.844**	**58.087**
Extraction Method: Principal Component Analysis. Rotation Method: Varimaxwith Kaiser Normalization.				

The VARIMAX rotated component analysis factor matrix is shown in Table 2. As we see, the total amount of variance extracted is 58.08 per cent. In the VARIMAX rotated factor solution, the first factor accounts for 21.49 per cent of the variance, while the second showed with 19.75 per cent and third showed with 16.84 percent. It is noted that in the rotated factor solution, competitive environment (0.817) and extraordinary customer services (0.717) load significantly on factor 1; whereas, service integrity (0.751), measure lifetime value (0.676), personal approach (0.675) and customer relationship management (0.602) loaded significantly on factor 2 and trust the brand (0.849)and consistency build trust (0.706) 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 58.08, which is near 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 competitive environment (0.817) extraordinary customer services (0.717), service integrity (0.751), measure lifetime value (0.676), personal approach (0.675), customer relationship management (0.602), trust the brand (0.849) and consistency build trust (0.706) are considered to be important attributes of retain the customers.

KMO and Bartlett's Test with respect to Services andSatisfaction

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.888
Bartlett's Test of Sphericity	Approx. Chi-Square	2490.102
	Df	78
	Sig.	.000

KMO and Bartlett's Test
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 thirteen variables are statistically significant (Chi-square value 2490.102*) and collectively meet the necessary threshold of sampling adequacy with KMO value of 0.888. The two measures, tested above, indicate the set of variables which used in the factor analysis, is appropriate on measures taken to retain services and satisfaction.

Figure 2 : Customer Retention Strategies with respect to Services and Satisfaction
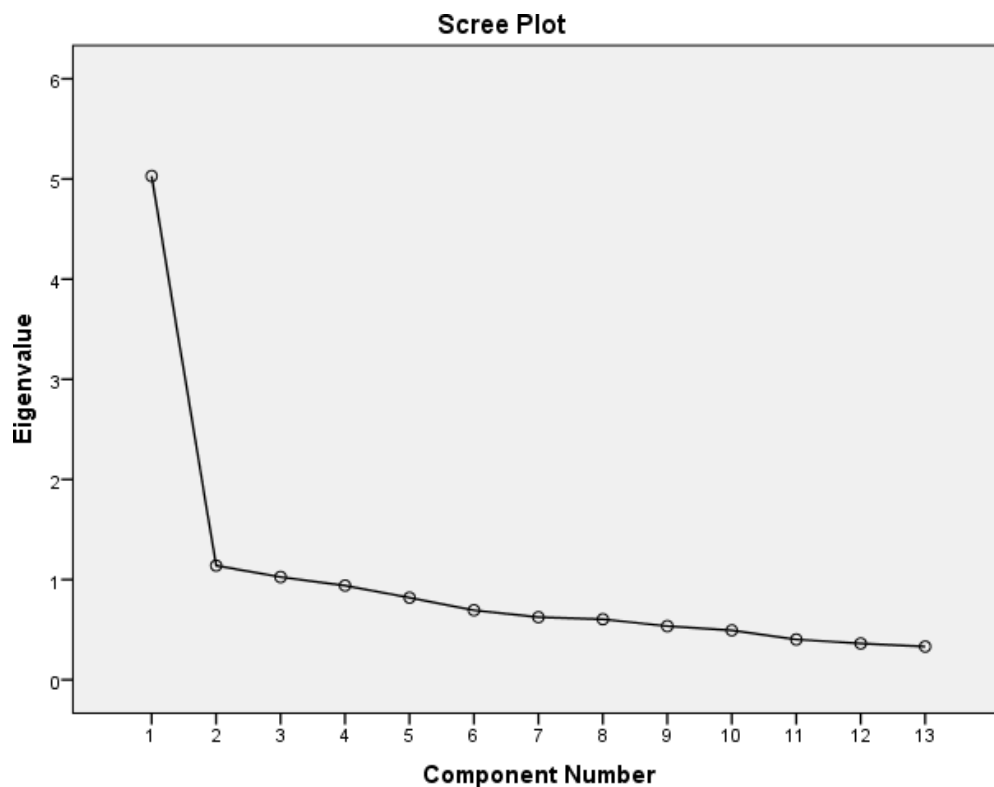
Scree Plot

This is a plot between the eigen values and the number of factors. In principle, eigen valueis greater than one will be used in selecting number of component or factors to be considered. In this analysis, figure 2 depicts Scree plot which clearly identified three components or factors with eigen values more than one indicating maximum number of factors to extract.

Table 3 : VARIMAX- Rotated Component Analysis to retain the customers withrespect to services and satisfaction

Factors	Rotated Component Factors			Communalities
	1	2	3	
Service Reliability	**.792**	.085	.112	.647
Customer Satisfaction	**.651**	.316	-.005	.523
Reward and Royalty	**.603**	.437	.083	.561
Price Fairness	**.696**	.413	-.007	.655
Brand Attitude	**.671**	.086	.163	.484
Credit limit can be easily increased	.278	**.717**	.031	.593
Discount on usage	.307	**.694**	.016	.577
Sending wishes on special occasions like birthday, wedding anniversary, festivals etc.,	.355	-.098	**.704**	.631
Effective Complaint Management	.548	.250	.437	.553
Tariff	.509	.218	.357	.434
Satisfied with the billing plan of service provider	.276	.554	.392	.537

Other brands do not provide as many services provided by current service provider	.049	**.637**	.345	.528
Switching costs are high	-.101	.279	**.619**	.472
				Total
Eigen values	**3.294**	**2.383**	**1.517**	**7.194**
Percentage of Trace	**25.337**	**18.334**	**11.669**	**55.340**
Extraction Method: Principal Component Analysis. Rotation Method: Varimaxwith Kaiser Normalization.				

The VARIMAX rotated component analysis factor matrix is shown in Table 3. As we see, the total amount of variance extracted is 55.34 per cent. In the VARIMAX rotated factor solution, the first factor accounts for 25.33 per cent of the variance, while the second showed with 18.33 per cent and third showed with 11.66 percent. It is noted that in the rotated factor solution, service reliability (0.792), price fairness (0.696), brand attitude (0.671), customer satisfaction(0.651) and reward and royalty (0.603) load significantly on factor 1; whereas, increases of credit limit (0.717), discount on usage (0.694), and more services by the current service provider(0.637) loaded significantly on factor 2 and wishes on special occasions (0.704)and switching costs are high (0.619) 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 55.34, which is near 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 service reliability (0.792), price fairness (0.696), brand attitude (0.671), customer satisfaction(0.651), reward and royalty (0.603) increases of credit limit (0.717), discount on usage (0.694), more services by the current service provider (0.637), wishes on special occasions (0.704) and switching costs are high (0.619) are considered to be important attributes of retain the customers.

CONCLUSION

Therefore, after all the above important discussions it can be conclusive that customer satisfaction refers to the assessment of all interactions with product or service froma cellular service provider, relative to expectations. It seems logical that a highly satisfied customer would be a retained customer. In this research study the effort is made to analyze the impact of customer satisfaction in cellular service industry on customer retention. It is found and concluded that the customer satisfaction in cellular service industry has positive significant impact on customer retention. Therefore, it is suggested that cellular service industry operators should strengthen their efforts to satisfy the customer and satisfied customers would lead to retained customers.

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