
An Analysis of the Changing Consumer Behaviour towards Different Brands with Special Reference to Telecommunication Industry

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ABSTRACT

India has a huge number of telecommunication users compared to other nations. The telecom industry is facing severe competition which has led to just three major players in this sector. This turbulent competition began after JIO started offering free services which compelled the others to either shut their services or merge. In this paper, the researcher has tried to find the major factors that caused switching from a previous provider to a new provider in this Industry. The paper intends to study the factors responsible for brand switching behavior. This study will help understand the drivers of brand switching in this sector

Keywords: brand switching, price, network, promotion

INTRODUCTION

Telecommunication services is an integral part of our daily lives. Whether work or entertainment, data and network plays a very important role in lives of people. The era has come where a mobile handset is almost owned by everybody and for most people it's impossible to survive without network and connection of mobile services from the young kids to the older generation. This is one sector where switching is not as easy as switching a shampoo or an FMCG product. However still people switch for better facilities and one such big wave of switching happened after JIO entered the market with free services in India.

This caused major prominent long time players to merge or shut as they couldn't face the intense competition from the new entrant that came with a very low price strategy and captured almost the entire market.

Brand switching is basically when the consumers switch from one product to the other or one provider to the other in case of services. Apart from switching it's also important to retain consumers as it is rightly said that one consumer retained is one consumer gained. It's important to make consumers loyal to a brand which is possible only if the services given delight the consumers and give them way beyond what they expect.

Hence the Objectives for the Study Are –

1. To find the factors that have driven the consumer to switch their telecommunication brand.
2. To find is there is any relation between gender of a consumer and his reason to switch.

SCOPE OF THE STUDY

1. This study intends to understand the reasons why a consumer has switched his telecommunication brand.
2. It also tries to find if there is any relation between gender and the reason for switching.
3. The study is conducted in Mumbai Region
4. The study can be of use to telecom industries to devise strategies to retain consumers or poach consumers from the competitors.

Limitations of the Study

1. The study is restricted to Mumbai Region.
2. The findings are based on the sample under study
3. The study is limited to the behavior post entry of Reliance JIO

LITERATURE REVIEW

David Mazursky & Hebrew University Priscilla LaBarbera New York University, 1987 "When consumers switch brands" indicated a considerable difference among experienced consumers' cognitive processes with respect to whether switching behavior is attributed to extrinsic motives (price, discount, coupon). It also speaks about intrinsic incentives which is a desire to try a new brand. In case of extrinsic incentives, the consumers are excited to switch even though they have higher level of satisfaction with the earlier brand, as compared to switching caused by intrinsic motives.

Kamat, Dinesh 2013 “” critical evaluation of customer satisfaction Pune” observed the reason for choosing a service provider differs across the demographic segment. The results from this study clearly explained some interesting and important consumer behavior and attitude of respondents. It was seen that majority of respondents preferred their current service provider because of high-quality ‘network coverage’. The analysis supported the claim of different aspects influences in selecting service provider. This research showed that consumers always prefer a service provider having good network coverage, economical and quality of service followed by value- added services.

Ching-chow Yang (2003) “Establishment and applications of integrated model of service quality measurement, stated that customer satisfaction measurement in this study explains the strength and the area of improvement in the quality of product. Continuous improvement is one of the key secrets for a firm to practice to ensure best quality for its products. Through the constant improvement in performance, the enterprise can enhance customer satisfaction and upraise profits.

M. Satish, K.J Naveen, V. Jeevananthan, (2011), A Study on Consumer Switching Behavior in Cellular Service Provider: A Study with reference to Chennai recognized the factors that influence the consumers to switch the service providers. It is stated that is a relation between switching the service provider and the factors like customer service, frequent network trouble, soaring high call rates of the providers.

RESEARCH METHODOLOGY

The sampling technique used in this research is convenience sampling. There were 300 responses taken out of which the study was conducted only on those who switched their providers.162 respondents said that they had switched the provider.

The Data analysis done was of **descriptive and inferential type**. The researcher constructed the entire tool for the study which questions on what drove the consumer to switch his provider for which exploratory factor analysis was applied on the data of 162 responses to extract the major drivers that caused switching tendency.

Descriptive Analysis

The description of the sample is as follows –

Table 1: Scheme of Telecom Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BOTH PREPAID AND POSTPAID IN TWO DIFFERENT NUMBERS	1	.6	.6	.6
	Post Paid	36	22.2	22.2	22.8
	Prepaid	124	76.5	76.5	99.4
	WIFI CALLING	1	.6	.6	100.0
	Total	162	100.0	100.0	

Table 2: Switching pattern

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	More than Thrice	9	5.6	5.6	5.6
	Once	99	61.1	61.1	66.7
	Thrice	10	6.2	6.2	72.8
	Twice	44	27.2	27.2	100.0
	Total	162	100.0	100.0	

Table -3 Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Government employee	7	4.3	4.3	4.3
	housewife	10	6.2	6.2	10.5
	Private employee	43	26.5	26.5	37.0
	Retired	1	.6	.6	37.7
	Self employed	22	13.6	13.6	51.2
	student	79	48.8	48.8	100.0
	Total	162	100.0	100.0	

Table 4: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	40	24.7	24.7	24.7
	Unmarried	122	75.3	75.3	100.0
	Total	162	100.0	100.0	

Table 5: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.0	95	58.6	58.6	58.6
	2.0	67	41.4	41.4	100.0
	Total	162	100.0	100.0	

Inferential Analysis

Factor analysis was applied on all the variables that were likely to have caused switching of the provider with the intention to extract the major factors that caused switching.

H1- The correlation matrix is identity matrix

H0- The correlation matrix is not identity matrix

Table 6

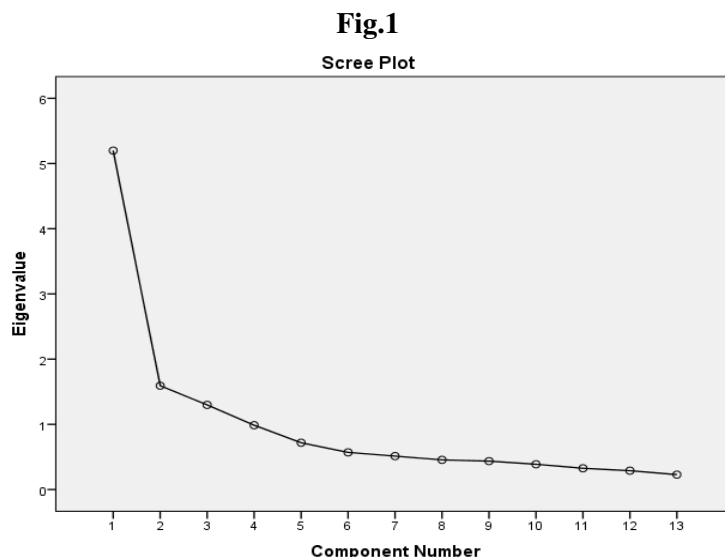
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.857
Bartlett's Test of Sphericity	Approx. Chi-Square	872.674
	df	78
	Sig.	.000

The KMO Bartlett's indicates that the sample size is adequate and the model is fit

Mean values of all the variables

Table 7

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
price	4.123	1.0140	162
free data	4.123	1.1077	162
problem of calldrop	3.957	1.0476	162
faster internet speed	4.617	.8124	162
better offers	4.191	1.0663	162
value added services	3.685	1.2334	162
better customer support	3.975	1.1526	162
better callconnection	4.389	.9859	162
more roaming service	3.981	1.1873	162
peer pressure	3.031	1.3441	162
brand image	3.519	1.2719	162
previous provider shut	2.698	1.5883	162
network	4.259	1.3493	162



The above scree Plot indicates three factors extracted where the Eigen values are >1

Extraction Method: Principal Component Analysis.

Table 8

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.198	39.987	39.987	5.198	39.987	39.987	3.461	26.626	26.626
2	1.593	12.253	52.240	1.593	12.253	52.240	2.471	19.009	45.636
3	1.298	9.984	62.224	1.298	9.984	62.224	2.156	16.588	62.224
4	.987	7.589	69.813						
5	.718	5.524	75.337						
6	.570	4.387	79.724						
7	.513	3.944	83.668						
8	.455	3.501	87.169						
9	.436	3.357	90.526						
10	.388	2.982	93.508						
11	.326	2.508	96.016						
12	.289	2.223	98.239						
13	.229	1.761	100.000						

Extraction Method: Principal Component Analysis.

All the factors explain up to 62 % of the variance and as you can see in the table 3 factors were extracted which had Eigen Value more than 1.

Table 9

Component Matrix^a

	Component		
	1	2	3
value added services	.774		
more roaming service	.774	-.315	
better customer support	.762		
brand image	.728		-.391
better offers	.689		.305
faster internet speed	.671		
free data	.646	.426	.303
better callconnection	.616	-.610	

peer pressure	.590	.443	-.386
problem of calldrop	.572	-.407	
price	.546	.541	.392
previous provider shut	.436		-.582
network			.463
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Table 10

Rotated Component Matrix ^a			
	Component		
	1	2	3
better callconnection	.865		
more roaming service	.770		
better customer support	.717		.308
problem of calldrop	.699		
faster internet speed	.692	.360	
value added services	.540	.405	.381
price		.848	
free data		.777	
better offers	.342	.697	
network		.343	-.318
previous provider shut			.764
peer pressure		.344	.752
brand image	.413		.692
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 4 iterations.			

Three factors were extracted which were as follows –

1. Quality of Service

2. Value for Money

3. Brand Image and word of mouth

H2- There is a significant difference between gender of a consumer and switching due to factor X where X is

a.1. (Price),a.2.(faster internet)a.3. (speed) a.4.(better offer)a.5.(value added service) a.6.(better customer support) a.7(better call connection) a.8(peer pressure), a.9.(more roaming service) a.10 problem of call drop, a.11.(free data)a.12. (network)

H0- There is no significant difference between gender of a consumer and switching due to factor X where X is

a.1. (Price),a.2.(faster internet)a.3. (speed) a.4.(better offer)a.5.(value added service) a.6.(better customer support) a.7(better call connection) a.8(peer pressure), a.9.(more roaming service) a.10 problem of call drop, a.11.(free data)a.12. (network)

Table11

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	95% Confidence Interval of the Difference	
									Lower	Upper
price	Equal variances assumed	1.048	.308	.043	160	.966	.0069	.1623	-.3136	.3274

	Equal variances not assumed			.041	127.812	.967	.0069	.1667	-.3229	.3368
faster internet speed	Equal variances assumed	3.211	.075	-1.109	160	.269	-.1436	.1295	-.3994	.1122
	Equal variances not assumed			-1.122	148.002	.264	-.1436	.1280	-.3965	.1093
better offers	Equal variances assumed	.916	.340	-1.075	160	.284	-.1827	.1700	-.5185	.1531
	Equal variances not assumed			-1.099	152.268	.274	-.1827	.1663	-.5113	.1459
value added services	Equal variances assumed	5.292	.023	-1.703	160	.090	-.3332	.1956	-.7196	.0531
	Equal variances not assumed			-1.752	154.385	.082	-.3332	.1902	-.7090	.0426
better customer support	Equal variances assumed	8.379	.004	-1.480	160	.141	-.2712	.1832	-.6330	.0907
	Equal variances not assumed			-1.531	156.254	.128	-.2712	.1771	-.6210	.0787
better callconnection	Equal variances assumed	4.619	.033	-2.117	160	.036	-.3295	.1556	-.6368	-.0221
	Equal variances not assumed			-2.193	156.684	.030	-.3295	.1502	-.6261	-.0328
peer pressure	Equal variances assumed	2.226	.138	.957	160	.340	.2053	.2145	-.2182	.6289
	Equal variances not assumed			.974	150.401	.331	.2053	.2108	-.2111	.6218
more roaming service	Equal variances assumed	5.843	.017	-2.776	160	.006	-.5152	.1856	-.8817	-.1486
	Equal variances not assumed			-2.892	158.025	.004	-.5152	.1781	-.8670	-.1633
brand image	Equal variances assumed	.137	.712	.218	160	.828	.0443	.2035	-.3576	.4462
	Equal variances not assumed			.216	137.023	.830	.0443	.2056	-.3622	.4508
problem of calldrop	Equal variances assumed	.093	.761	.320	160	.750	.0536	.1676	-.2774	.3846

	Equal variances not assumed			.317	138.290	.752	.0536	.1689	-.2804	.3875
free data	Equal variances assumed	.493	.483	.039	160	.969	.0069	.1773	-.3432	.3570
	Equal variances not assumed			.039	144.459	.969	.0069	.1765	-.3419	.3557
network	Equal variances assumed	8.039	.005	-1.379	160	.170	-.2960	.2147	-.7199	.1279
	Equal variances not assumed			-1.443	158.879	.151	-.2960	.2051	-.7011	.1091

Table 12

Group Statistics					
	@2Gender	N	Mean	Std. Deviation	Std. Error Mean
price	1	95	4.126	.9480	.0973
	2	67	4.119	1.1081	.1354
faster internet speed	1	95	4.558	.8343	.0856
	2	67	4.701	.7788	.0951
better offers	1	95	4.116	1.1191	.1148
	2	67	4.299	.9850	.1203
value added services	1	95	3.547	1.3028	.1337
	2	67	3.881	1.1081	.1354
better customer support	1	95	3.863	1.2344	.1266
	2	67	4.134	1.0135	.1238
better callconnection	1	95	4.253	1.0515	.1079
	2	67	4.582	.8555	.1045
peer pressure	1	95	3.116	1.3980	.1434
	2	67	2.910	1.2641	.1544
more roaming service	1	95	3.768	1.2670	.1300
	2	67	4.284	.9971	.1218
brand image	1	95	3.537	1.2447	.1277
	2	67	3.493	1.3186	.1611
problem of calldrop	1	95	3.979	1.0312	.1058
	2	67	3.925	1.0775	.1316
free data	1	95	4.126	1.1227	.1152
	2	67	4.119	1.0944	.1337
network	1	95	4.137	1.4776	.1516
	2	67	4.433	1.1312	.1382

The above test results state alternate hypothesis is accepted for value added services, better call connection, better customer support and more roaming services and network as the P value is ≤ 0.05 where its seen with this sample that females have switched due to the above factors compared to male.

FINDINGS AND MANAGERIAL IMPLICATIONS –

One customer retained is one customer gained. In this era of competition where consumer enjoys ultimate benefit out of the competition, it's important to implement adequate strategies to avoid brand switching and retain the consumer and ultimately make the consumer loyal to the brand. On this study the Exploratory factor analysis gave results stating that three factors are most important which drove the consumers to change their provider –Value for money, Brand image and word of mouth, Quality of service. The providers must ensure that they delight the consumers with their service on aspects like calling, service, customer care which will in turn develop a good brand image that will cause a favorable word of mouth promoting the brand and inducing the customers to switch. Also as in the telecommunication sector switching is not as easy as switching an FMCG

product extreme value for money strategies can induce the customers to switch as customers are constantly looking out for value. Hence whether a telecommunication provider wants to retain consumers or is looking at poaching consumers of the competitor it's important to give value for money, amazing services and create a distinct and positive brand image by either providing free services or positioning very well in the minds of consumers.

Also the retention strategies should be more female centric as it's clearly seen that females have switched more due to service parameters. Hence the companies can look at strategies to retain female consumers by special offers during specific days like mother's day, woman's day related to female such that they could build brand loyalty among the female consumers.

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