

# Factors influencing consumer brand switching behavior in telecommunication industry: an empirical study

N. Srividya<sup>1</sup>, Dr. B. Akila<sup>2</sup>

<sup>1</sup>Research scholar, Department of Commerce, College of science and humanities, SRM Institute of Science and Technology, Kattankulathur, Chengalpattu – 603203, India

<sup>2</sup>Assistant Professor, Department of Commerce, College of science and humanities, SRM Institute of Science and Technology, Kattankulathur, Chengalpattu – 603203, India

## Abstract

India has emerged as the fastest-growing mobile phone market in the world. The mobile phone was hyped as a revolutionary gadget in the twenty-first century. With the advent of advanced technologies like GSM, CDMA, WLL, 4G, and 5G technology and a growing number of service providers, the competition has increased substantially. Day by day, both the public and private players are putting in their resources and efforts to improve their services to give the maximum to their customers. Hyper competition in the telecommunication industry, availability of a number of subscriber options for consumers, and diverse tariff rates offered by each player influence consumers to switch services providers. This study focuses on identifying factors behind consumer brand-switching behavior in the telecommunication industry. On the basis of questionnaires administered to consumers in the telecommunication industry, the study reveals that by providing value-added services and effective pricing strategies; telecom service providers can control consumer brand-switching behavior and can retain customers.

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

## INTRODUCTION

India has the second-largest telecom network in the world. In India, the total subscriber base stood at 1,209.45 million in July 2022. Telecom penetration, also known as teledensity, has grown rapidly over the last few years. Tele-density increased from 18.23% in FY19 to 88.17% in FY22. In July 2022, teledensity stood at 88.51%. Indian telecom industry underwent a high pace of market liberalization and growth since the 1990s and now has become the world's most competitive and fastest-growing telecom market.

Telecommunication has supported the socioeconomic development of India and has played a significant role to narrow down the rural-urban digital divide to some extent. It also has helped to increase the transparency of governance with the introduction of e-governance in India. The government has pragmatically used modern telecommunication facilities to deliver mass education programs for the rural folk of India.

Customers are very important players in the market. The success of organizations depends on the satisfaction level of customers. Originations look forward for achieving long term success in the market.

Long-term success can be achieved if companies go side by side with all of their stakeholders. In all stakeholders, customers have most important place (Ahmed et al., 2010).

Customers have different perceptions, attitudes, and behaviors towards different brands. Customers often switch over from one brand to the other depending upon various factors. Brand switching occurs when customers switch their loyalties from one product to the other one. Customers shift from one product to another product of similar nature is called brand switching behavior of customers.

Telecommunication industry has becoming very competitive day by day and customers are being exposed to a number of choices. This research evaluates the factors that influence customers to switch over other mobile service providers. Factors specific to brand switching in telecommunication market are evaluated. This research is significant for the researcher as well as for the mobile service providers. Companies can apply recommendations of this research in order to enhance customer loyalty and to stop customers to switch over other brands.

## **LITERATURE REVIEW**

Richard Lee, and Jamie Murphy (2005), explored determinants that cause mobile phone customers to transit from being loyal to the switcher. They concluded that there are different factors that affect the Customers switching 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.

Kuusik (2007) used the LOGIT method for the 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.

Xuan Zhang (2009) investigated the impact of relationship marketing tactics on customer satisfaction and trust, which in turn increase customer loyalty, by focusing on the 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.

Joseph and Joachim (2009) discussed switching costs and their 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.

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 was 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 customer satisfaction and loyalty.

Muzammil, Sehrish, and Adnan (2010) targeted various subscribers of the telecom sector in Pakistan to identify the factors affecting customer satisfaction. The results showed that both factors have significantly

contributed to customer satisfaction but comparatively price fairness had a larger impact on customer satisfaction than customer services. Douglas

M. Satish, K.J Naveen, and V. Jeevananthan, (2011) identified the factors that influence consumers to switch service providers. They concluded that there is a relation between switching the service provider and the factors like poor network coverage, frequent network The problem, High call rates, and influence from family and friends.

Kumaravel, kandasamy (2011) concluded that the idea of cellular, Bharti Airtel, and Vodafone emerged as the most preferred mobile service operators in terms of Mobile Number Portability in the 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 the new service provider, and full talk time on recharge are some of the reasons for switching from one operator to another.

### **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 students Pursuing graduation.

### **HYPOTHESES**

Ho1: There is no correlation among nineteen variables in the population under study.

Ho2: There is no significant difference in value added services among male and female students.

Ho3: 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, the purposive sampling method has been used. The Questionnaire has been administered on 100 respondents (50 male and 50 Female students) who are pursuing graduation from Chennai 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 a high level of dissatisfaction and 5 indicated a 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**

**Table 1 Result of KMO and Bartlett’s test of sphericity**

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

As indicated in table 1, the generated score of KMO was 0.936, reasonably supporting the appropriateness of using factor analysis. Bartlett’s test of sphericity was highly significant ( $p < 0.01$ ), rejecting the null hypothesis that the 19 variables are uncorrelated in the population.

The factor analysis generated two factors explaining 61.605 percent (Table 2) of the variability in the original data.

**Result of Factor Analysis**

**Table 2 factor table**

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	55.57%	61.61%

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 Ho2 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

**Table 3**

	Levene’s test for equality of means		t-test for equality of means						
	F	Sig.	t	df	Sig.(t wo-tailed)	Mean difference	Std. error	95% confidence interval of difference	
								Lower	Upper
VAR00001 Equal variances assumed	1.891	0.172	-22.426	98	0.000	-16.2	0.72	-17.63	-14.7
Equal variances not assumed			-22.43	92.249	0.000	-16.2	0.72	-17.63	-14.7

**2. Result for Pricing Strategies**

Table 4 depicts that the p-value is .000; therefore null Hypothesis Ho3 is rejected at a 5 percent level of significance in pricing strategies among male and female students. It implies that there is a significant difference between males and females in pricing strategies in the telecommunication industry. The mean value of factor 2 (pricing strategies) in males is 2.15 while in the case of females is 3.47. It implies that pricing strategies affect females more than males.

**Table 4**

	Levene's test for equality of means		t-test for equality of means						
	F	Sig.	t	df	Sig.(t wo-tailed)	Mean difference	Std. error	95% confidence interval of difference	
								Lower	Upper
VAR00002 Equal variances assumed	25.332	0.000	-15.043	98	0.000	-13.2	0.87	-14.94	-11.45
Equal variances not assumed			-15.043	65.346	0.000	-13.2	0.87	-14.94	-11.45

**CONCLUSION**

The present paper identifies factors affecting 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 the telecommunication industry, the study reveals that Value added services and Pricing strategies are the two important factors that influence consumer behavior when switching the brands in the telecom sector. So by providing the best value, establishing a good relationship with customers through efficient customer services, enhancing brand loyalty, and simply keeping the price fairness of services compatible telecom service providers can control consumer brand switching behavior and can retain the customers while establishing long-term profitable relationships with customers.

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