

ANTECEDENTS OF SWITCHING BEHAVIOUR IN TELECOM SERVICES

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ABSTRACT: The paper proposes a model for explaining factors that influence consumer intentions to switch back (unswitch) in the mobile telecommunication industry context. The proposed model was tested using data of 150 subscribers of mobile telecommunication companies. The sampling units were the students of three colleges. Multiple regression analysis was used to test if Switching cost, Attractiveness of alternatives, Relative advantage, Successful service recovery, Service quality and Satisfaction significantly predicted participants' intention to switch. All directions have been proved. Results show service recovery and satisfaction are two variables that have significant negative impact on intention to switch.

Key Words: Mobile Service Provider, Mobile number portability, Switching behavior, Attractiveness of alternatives, Switching Cost, Service Quality

INTRODUCTION

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. In India, Bharti Airtel Limited (Airtel), the largest provider of mobile telephony and second largest provider of fixed telephony, has a strong, highly valued business analyst staff, that are responsible for developing win-back strategies to attract lost customers. Moreover, there were some significant decrease in subscriber base in March 2013 as some firms lost customers to others (Cellular news, 4th July 2013). This trend has set press on the telecom firms to, not only win new customers and retain existing ones, but also to attract lost customers. This study, therefore, examines determinants of consumer switching intention in the Telecommunication industry.

REVIEW OF LITERATURE

Switching Behaviour

According to Nimako (2012a), "Consumer switching behaviour is the process by which a consumer abandons his/her relationship with a current service/product provider and replaces it with a competitor partially or entirely for a given time period." (p. 68). This comprehensive definition suggests several dimensions and typologies of the CSB phenomenon, notably, the fact that switching is a process and could be partial or total. In many research contexts, the idea of switching represents a complete or total switch from one service provider to another (Nimako, 2012a). The mobile telecom service industry represents one of the contexts where both partial and total switching situation are possible. Previous research in different service contexts indicates that consumer switching intention is influenced by determinants such as high prices, low satisfaction, poor service quality, low perceived value, unethical behaviour of service provider, poor corporate reputation, critical incidence, ineffective complaint handling, among others (Bansal, Taylor & James, 2005; Bansal, Irving & Taylor, 2004; Bansal, Taylor, & James, 2005; Gerrard & Cunningham, 2004; Chiu, Hsieh, Roane, Tseng, Hsieh, 2011; Omotayo and Abiodun, 2010).

Attractiveness of alternatives

Perceived attraction refers to the degree to which consumers are attracted by the offers of former service provider's (now the competitor) to unswitch. These attractive offers may be in the form of promising switchers higher service quality, network quality, value and satisfaction. In the switching behaviour literature, competitor attraction has been found to influence switching intentions (Bansal, Taylor, & James 2005). As consumers compare values among firms depending on available information, they are motivated by perceived usefulness, value and service quality a firm promises them (Bansal, Taylor and James 2005; Keaveney, 1995). It follows that where a firm promises higher value and service quality to consumers than competitors do, they could attract switchers to switch back.

Thus, consumers may be willing to unswitch if they perceive that conditions (e.g., service quality and customer value) at the previous service provider have improved significantly and will be to their advantage. Additionally, in the telecom industry, the effect of perceived attractiveness of improved service quality on unswitching intention will be facilitated and moderated by MNP-induced switching-efficacy. This is because the effect of MNP is to reduce switching costs that act as barriers to switching in telecommunication industry (Barroso & Picón 2012; Omotayo and Abiodun, 2010)

Switching Cost

Kotler (1997) reported that switching costs are identified as playing a key role in the process of creating strong customer loyalty. He points out that there are two primary ways to retain loyal customers: increasing the level of customer satisfaction and raising switching costs. Aydin *et al.* (2005) noted that perceived switching cost had a moderate effect on the relationship between the customer satisfaction and loyalty, and trust and loyalty. The effect of customer satisfaction on loyalty in customers is less, when the switching cost is perceived to be high rather than low.

Harvinder Singh (2005) in his study, "Mobile Telephony Need to Knock Multiple Doors" concluded that, Mobile telephony in India has been tremendous growth in terms of subscriber base, tele-density, and usage, in the past six years, but it has not translated into a high Average Revenue per User (ARPU). A gradual but steady shift of mobile service providers towards value added services will help in achieving a higher level of differentiation among service providers. It will also generate an alternative stream of revenue and dependence on voice-call revenue will come down.

Smruti Bulsari (2006) in his study "National Telecom Policy (NTP) 1994 and Structural Change in Telecommunication sector of Gujarat" concluded that, there has been a significant development in the telecommunication sector in the past decade. The reforms in the telecommunications sector its beginning with the liberalization policy in general and the NTP 1994. This policy was revised after having identified the lacunae and it is being revised continuously in tune with the changes in technology and value added services with basic telephony. Since the introduction of the NTP 1994, a significant growth in the telecommunications sector of Gujarat and the growth rate is estimated to be 9.6%.

Kalpana and Chinnadurai (2006) in their study titled "Promotional Strategies of Cellular Services: A Customer Perspective" analyzed that the increasing competition and changing taste and preferences of the customer's all over the world are forcing companies to change their targeting strategies. The study revealed the customer attitude and their satisfaction towards the cellular services in Coimbatore city. It was found that advertisement play a dominant role in influencing the customers but most of the customers are of opinion that promotional strategies of cellular companies are more sale oriented rather than customer oriented.

Fernandez (2007) in their study titled "Understanding Dynamics in an Evolving Industry: Case of Mobile VAS in India" analyzed that Mobile Value Added Services (VAS) is a rising star in the fast growing wireless business. In the paper, attempt is made at understanding the strategic dynamics of

the evolving environment within which the Indian players are operating, the challenges and structure of the same. Our literature and industry review indicates that - while the value chain of industry is complicated yet one can observe the bipolar nature of bargaining powers between mobile network operators and content aggregators.

Debnath (2008) in his study, he explained that the prime focus of the service providers is to create a loyal customer base by benchmarking their performances and retaining existing customers in order to benefit from their loyalty. With the commencement of the economic liberalization in 1991, and with a view to expand and improve telecom infrastructure through the participation of the private sector, the Government of India permitted foreign companies holding 51 percent equity stake in joint ventures to manufacture telecom equipment in India. The Indian Government has announced a new policy, which allows private firms to provide basic telephone services. There had been a monopoly of the state-owned department of telecommunications. However, several companies are expected to benefit from the policy change.

Kumar (2009) in their study titled "Customer Satisfaction and Discontentment vis-a-vis BSNL Landline Service: A Study" analyzed that at present, services marketing plays a major role in the national economy. In the service sector, telecom industry is the most active and attractive. Though the telecom industry is growing rapidly, India's telecom density is less than the world's average telecom density as most of India's market is yet to be covered. This attracts private operators to enter into the Indian telecom industry, which makes the Bharat Sanchar Nigam Limited (BSNL) more alert to run its business and survive in the market.

Seth et al (2010) in their study titled "Managing the Customer Perceived Service Quality for Cellular Mobile Telephone: an Empirical Investigation" analyzed that there is relative importance of service quality attributes and showed that responsiveness is the most importance dimension followed by reliability, customer perceived network quality, assurance, convenience, empathy and tangibles. This would enable the service providers to focus their resources in the areas of importance. The research resulted in the development of a reliable and valid instrument for assessing customer perceived service quality for cellular mobile services.

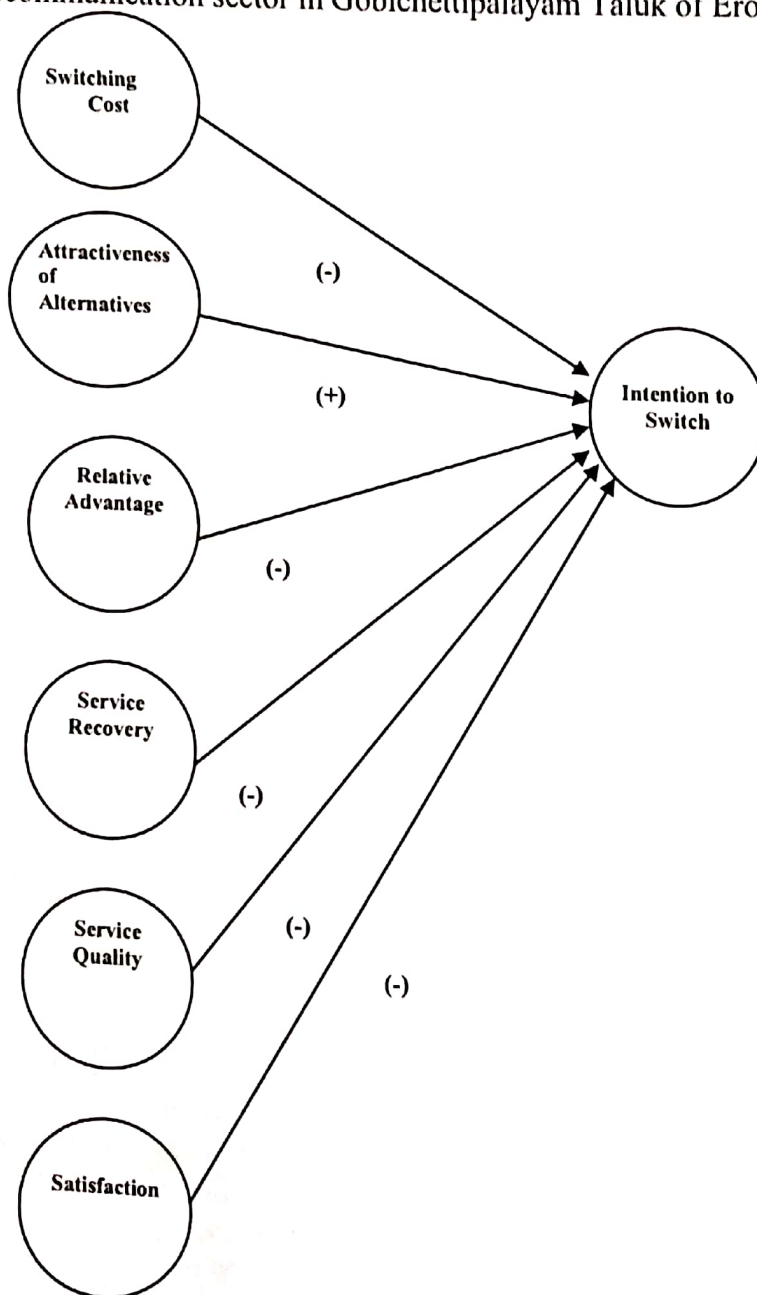
Jessy John (2011) in his study "An analysis on the customer loyalty in telecom sector: Special reference to Bharath Sanchar Nigam limited, India" concluded that, The purpose of this paper was to investigate the factors that influence customer loyalty of BSNL customers. Trustworthiness, relationship, image, value added services and inconvenience in switching phone number were found to be the key factors that influenced the loyalty of the BSNL customers. Sivarthina Mohan. R and Aranganathan, P (2011) in their study "Conceptual framework of Mobile Marketing : Spamming the consumer around the world" found that, Mobile phones can also be an extremely cost effective communication channel as well as an efficient way of delivering a marketing message. Promotion through mobiles has emerged as an integral part of any brand's marketing campaign today. It has become an important engagement tool for brands and aims to fulfill the gap that traditional media has been unable to bridge. With the increasing popularity of the Mobile Internet, this form of marketing is soon on the edge to achieve a significant reach. It is also widely believed that the success of mobile advertising will directly depend upon the penetration and the success of Mobile Internet.

Mallikarjuna .V, Krishna Mohan .G and Pradeep Kumar .D (2013) in their study "Customer switching in mobile industry - an analysis of pre-paid mobile customers in AP circle of India" found that, Switching is quite high in the pre-paid customer segment due to low switching costs and competitive tariff plans. With entry barriers easing and mobile number portability around the corner, there is a high probability for switching especially in the prepaid segment. As network coverage, tariff plans, service play a vital role in retaining customers; the mobile operators should employ a number of strategies to manage the challenges. New levels of customer interaction at various stages are necessary to ensure customer intimacy and loyalty.

Md. Abdullah Al Jamil et., al. (2105) in their study seeked to explore the reasons that influence the brand switching behavior of the consumers in the mobile telecommunication sector of Bangladesh. The empirical results reveal that tariff package, internet facility and promotional activity have significant influence on consumers' brand switching behavior. The study shows call charges and tariff plan plays the most important role in switching the service providers and it was followed by network coverage, quality, internet package, advertising, promotion, value added services and customer care services. Thus, telecommunication operators should provide more focus on consumers' choice criteria for reducing switching rate.

CONCEPTUAL FRAMEWORK OF THE STUDY

The conceptual model of this paper emphasizes on the following variables like Switching cost, Attractiveness of alternatives, Relative advantage, Successful service recovery, Service quality and Satisfaction that would possibly affect the brand switching behavior of consumers' towards the mobile telecommunication sector in Gobichettipalayam Taluk of Erode Dt.



Hypothesis

- H₁ : Switching cost has a positive impact on intention to switch present mobile service provider.
H₂ : Attractiveness of alternatives has a positive impact on intention to switch present mobile service provider.
H₃ : Switching cost has a positive impact on intention to switch present mobile service provider.
H₄ : Relative advantage of present MSP has a negative impact on intention to switch present mobile service provider.
H₅ : Successful service recovery by present MSP has a negative impact on intention to switch present mobile service provider.
H₆ : Service quality of present MSP has a negative impact on intention to switch present mobile service provider.
H₇ : Satisfaction with present MSP has a positive impact on intention to switch present mobile service provider.

METHODOLOGY OF THE STUDY

A conclusive research design has been used to test the hypotheses, proposed for examining the influence of attributes to the brand switching behavior of consumers in the telecommunication sector of Gobichettipalyam. The study is characterized as a descriptive study.

Sources of Data: The study has based on both primary and secondary sources of data. Secondary research was conducted first. Most of the data required for the study were collected from primary source through structured questionnaire and personal interview. The secondary data were collected from different international and local publications; include internet articles, publications of similar studies and newspaper articles.

Measurement & Scaling: The survey was conducted through using non-comparative scaling techniques. A seven-point Likert scale statements were used to measure the variables where 1 stands for strongly disagree and 7 stand for strongly agree effect on the statements (Luthans, 2002).

Questionnaire Design: The questionnaire includes two sections. The first part was intended to understand the demographic information of respondents using nominal scale. The second part represents the opinion of respondents regarding the switching behavior by using scales.

Sampling Design: The total sample size is 150 and the respondents were the college students of three colleges namely P. K. R Arts college for Women, Gobi Arts and Science college and Saradha arts college. Convenience sampling technique was adopted for selecting the sample and it is one of the non-probability sampling procedures.

Data Analysis Techniques: Data on demographic variables- gender, age and academic qualifications were processed and analyzed through descriptive analysis. The opinion of the respondents regarding the switching behavior was analyzed using the Statistical Package for Social Sciences (SPSS) version 16.0. The associative and predictive analyses were used to present the result in a manner that meets the purpose of the study.

Multiple regression analysis has been employed to examine the associative relationships between the metric dependent variable and the seven independent variables. The following regression equation has been fitted to estimate the influence on brand switching behavior of consumers towards the mobile telecommunication sector

RESULTS:**Table No 1: Demographic profile of respondents to the survey (n = 150)**

Characteristics		Frequency	Percentage
Age	< 25	0	0
	26-31	0	0
	>31	150	100
Education	Illiterate	0	0
	School Level	0	0
	Graduate	150	100
	Others	0	0
Employment	Private	0	0
	Public	0	0
	Self employed	0	0
	Student	150	100
	Others	0	0
Income group	Upto 1.5 lakhs	0	0
	1.5-3.0 Lakhs	0	0
	3.0-5.0 lakhs	0	0
	5.0- and above	0	0
	No income	150	100

Table No 2: Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Intention to Switch	4.3933	1.14045	150
Switching Cost	5.7960	.90974	150
Attractiveness of alternatives	4.0050	1.38407	150
Relative advantage	5.8150	1.23682	150
Service Recovery	5.4800	1.57570	150
Satisfaction	5.4089	1.46200	150
Service Quality	4.4333	.81718	150

From the above table it is clear that the most influential factor for Intention to Switch to another Mobile Service Provider are Relative advantage of present Mobile Service Provider (M=5.8150), Switching cost (M=5.7960), High service recovery (M=5.4800) and Satisfaction with present Mobile Service Provider (M=5.4089) respectively.

Table No. 3 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.375 ^a	.140	.104	1.07940

Predictors: (Constant), Switching Cost, Attractiveness of alternatives, Relative advantage, Service Recovery, Satisfaction and Service Quality

Table No. 4: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	27.185	7	4.531	3.889	.001 ^a
Residual	166.609	143	1.165		
Total	193.793	150			

Predictors: (Constant), Switching Cost, Attractiveness of alternatives, Relative advantage, Service Recovery, Satisfaction and Service Quality
Dependent Variable: Intention to switch

Table No. 5: Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.198	.846		7.328	.000
	Switching Cost	-.043	.107	-.034	-.402	.688
	Attractiveness of alternatives	.019	.065	.023	.292	.771
	Relative advantage	-.075	.083	-.082	-.902	.368
	Service Recovery	-.163	.067	-.226	-2.444	.016
	Satisfaction	-.155	.070	-.199	-2.231	.027
	Service Quality	.122	.123	.088	.994	.322
a. Dependent Variable: Intention to switch						

1. Dependent Variable : Intention to switch (Y)
2. Independent Variable : Switching Cost (X₁)
Attractiveness of alternatives(X₂)
Relative advantage (X₃)
Service Recovery (X₄)
Service Quality (X₅)
Customer satisfaction(X₆)

3. Multiple R Value :0.375

4. R square Value :0.140

5. Adjusted R² :0.104

6. F Value :3.889

7. P Value :0.001(< 0.05)

Multiple Regression Equation $Y = 6.198 - 0.043X_1 + 0.019 X_2 - 0.075 X_3 - 0.163 X_4 + 0.122 X_5 - 0.155 X_6$

RESULTS AND DISCUSSION

Multiple regression Analysis

Multiple regression analysis was used to test if Switching cost, Attractiveness of alternatives, Relative advantage, Successful service recovery, Service quality and Satisfaction significantly predicted participants' intention to switch.

The results of the regression indicated the six predictors explained 14.0% of the variance ($R^2=.14$, $F(6,143)=3.889.56$, $p<.01$) of the dependent variable (intention to switch).

The result of regression analysis is presented in the above table indicating that the six predictors explained 14 % of the total variability. The ANOVA table shows the significance of the combined effect of Explanatory variables in the regression model. The contribution of each explanatory variable requires individual coefficient values. Model was found to be significant at $P<0.01<0.5$.

All directions have been proved. Results show service recovery and satisfaction are two variables that have significant negative impact on intention to switch.

CONCLUSION

It is concluded that those who are satisfied with the present Mobile Service Provider will not switch to another. Though Mobile number portability option is with the user, the user doesn't want to change his MSP. This shows that the services provided by their current Mobile Service Provider are very good. Mobile number portability which entered the Telecom market around six years back but it doesn't have much impact on the students community. This may be due to the reason that they are not much aware of Mobile number portability and the Mobile number portability need effective, aggressive promotion in the rural areas.

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