

Preference of Mobile Service Providers Important Factors and their Impact on Customer Satisfaction

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Abstract

The Indian telecom sector is growing at a fast pace and has changed the market dynamics in a revolutionary way. Over the past few months, there has been competition among mobile service providers like Reliance Jio, Bharti Airtel, Idea Cellular and Vodafone in providing attractive offers to delight customers. Each of the major players is trying to differentiate themselves from the other by connecting with the customers at different levels. The primary objective of this study is to analyze factors affecting the preference of mobile service providers and their effect on overall customer satisfaction. The study used exploratory and conclusive research design. The data were collected from the existing users of mobile service of various telecom service providers. In the present study brand image, promotion, value for money and trust were found to be the most important factors associated with the choice of mobile service operators. But when these factors were assessed in terms of overall customer satisfaction, it was found that promotion is the most important factor followed by brand image, value for money and trust because promotion is more influential in customer's decision making.

Keywords: Mobile telecom service provider; customer satisfaction; brand image; promotion; value for money.

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1. Introduction

The Indian telecom sector is growing in a fast pace and has changed the market dynamics in a revolutionary way. India's telecom total subscriber including mobile and landline has, touched the 1194.58 million figure at the end of March 2017, with a monthly growth rate of 0.51% per cent over (TRAI, 2017). The inclusion of 6.03 million mobile subscribers during March 2017 boosted market growth. The availability of cheap mobile phones along with attractive offers on tariffs and freebies has contributed to this growth (PTI, 2017).

Over the past few months, there has been competition among mobile service providers like Reliance Jio, Bharti Airtel, Idea Cellular and Vodafone in providing attractive offers to delight customers (PTI, 2017). Around 14 operators are functioning in every circle. As on 31st March, 2017, the market share of private service providers was 91.06% per cent of the wireless subscribers whereas two major public sectors undertaking BSNL and MTNL had it only 8.94% per cent. Airtel India remained the market leader in India with a total market share of 23.39% per cent followed by Vodafone and Idea with 17.87% per cent and 16.70% per cent respectively. Each of the major players is trying to differentiate from others by connecting with the customers at different levels and by adopting different promotional campaigns to lure the customers. As the major consumers of the Indian market are younger people, almost all telecom companies are targeting them. Promotional tools such as celebrity endorsements, special season and festival discounts, low rates or free internet and talk time and innovative advertisement campaigns to attract the target market and capture the market share. The primary objective of this study is to analyze factors affecting the preference of mobile service providers and their effect on overall customer satisfaction.

2. Literature Review

McBurney et. al. (2002) forecasted market demand for new telecommunication services and suggested that the marketer need to consider the fifth 'P' in addition to four 'Ps' of marketing as a marketing mix. This fifth 'P' is named as 'Permission'. The argument is supported by the fact that there are specific laws related to telecommunications services and all companies in the telecom sector have to follow these laws. Kokil & Sharma (2006) compared the strategic flexibility of two companies Airtel and Bharat Sanchar Nigam Limited (BSNL). Despite having low tariff plans, the customer satisfaction and market share of BSNL is low due to non-availability of goods and services. In comparison to BSNL, market flexibility of Aitel was higher. Thus the authors concluded that Airtel with flexibility in their approach was able to defeat competition by providing services

at a low cost. They found rapid deployment, competition, technological advancement, and price reduction as four important factors contributing to the progress of mobile telecommunication services in India. The traditional factors such as income, population, and fixed line penetration were found to be insignificant for the growth. Lohana (2012) in his study to assesses the customer satisfaction towards marketing strategies of mobile service operators, observed that lack of clarity about their requirements and confusion regarding the varied tariff plans of service providers were reasons that contributed to the dilemma of decision making. The author suggested effective advertisements as a means to convey product knowledge among the area. Almossawi (2012) investigated the important factors for the satisfaction of consumers in the telecom industry in Bahrain. He found offers, rents, and charges related to payments and savings as the most significant factors in assessing customer satisfaction. This will lead to either retention or switching to another service provider. Conversely, factors such as customer service, friendly employees, and easy to use websites were found least important in contributing towards satisfaction. The author found a significant positive association between retention and satisfaction contrary to a low association between satisfaction and or retention. Gautam (2013) in his study on the promotion strategies practiced by Reliance Communications in Western (UP) region of India concluded that the promotion of the products significantly impacts the sales. Goswami & Vandana (2013) investigated the sales promotion activities of telecommunication companies like Airtel, Reliance, Vodafone, BSNL and Idea cellular in reference to Agra City. The study concluded that the sales promotion activities had a direct impact on brand loyalty and customer behavior by motivating a customer to instantly buy or switch from one brand or product. Dixit & Neha (2014) investigated the various marketing strategies of Idea Cellular like low-cost strategies, non-pricing factors, integrated marketing communication, customer relationship management, product distribution etc. Kulkarni et. al. (2014) explored the popular marketing campaigns and services offered by mobile service providers which were based on principles and practices of anthropology. Examples of such strategies included unlimited calling to some numbers of friends and family, lower rates of call and SMS between a set of numbers, free social networking apps, etc. Abedin & Ferdous (2015) examined the impact of promotional activities on customer's perceptions for Airtel Bangladesh limited, concluded that the main goal of Airtel was to provide customer satisfaction and the company considered it as one of the important marketing tools in customer retention. As Airtel was preferred by many students and people with low income due to the low-cost services, it was suggested that Airtel should focus on developing the network coverage for catering to these customers in a more effective way. Chuah et al. (2018) explored dedication-constraint-temptation (DCT) model and tested the CBBE model for

finding the factors that can influence customer loyalty towards the mobile service providers. Structural equation modeling was used to test the model. The results showed that alternative attractiveness had a mediating role in the relationship between CBBE and customer loyalty. The author also found the indirect effect of switching behavior on customer loyalty but this effect only exists in a longer established relationship. Gazley & Hamish (2018) examined the effect of consumer ethnocentrism of outsourcing and off shoring on brand loyalty. The effect was investigated through an experimental research design where a series of service recovery scenario was created. The authors found a significant effect of outsourcing recovery in an offshore location, but the outsourcing recovery within the home country has no significant effect on customer loyalty.

3. Materials and Methods

In this study exploratory and conclusive research design is used. The data were collected from the existing users of various mobile telecom service providers. Random sampling technique was used in identifying the samples respondents residing in Jalandhar, Phagwara, Deepnagar and other nearby areas of Jalandhar. The samples were chosen from these places because most of the people residing in these places originally belong to different states of India; hence they represent a diversified customer base. The sample size of 250 respondents has been taken. The primary and secondary data sources have been used for data collection. The secondary data has been obtained from various journals and website of TRAI. For a collection of primary data, a structured questionnaire was prepared on the basis of variables identified through literature review and they have been categorized into different factors on the basis of exploratory factor analysis. Confirmatory factor analysis was also applied to check the construct validity. Multiple regression analysis was used to find out the impact of various factors on overall customer satisfaction; taken as the total of the responses on different statements of satisfaction measured on Likert scales.

4. Results and Discussion

The demographic characteristics of respondents are presented below in table 1.

Table 1 clearly depicts that most of the people are male employed in the age category of 20-30 years. The second category was students.

The data related to the subscription of mobile service is presented in the following table. It shows that the majority of customers are using the services of three

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Table 1: Demographic Characteristics of Respondents

Age group (in years)	Frequency	Per cent
< 20	25	10
20 – 30	161	64.4
30 – 40	48	19.2
> 40	16	6.4
Gender	Frequency	Per cent
Male	178	71.2
Female	72	28.8
Employment Status	Frequency	Per cent
Employed	132	52.8
Student	77	30.8
Housewife	17	6.8
Other	24	9.6
Total	250	100.0

Source: Primary Data.

operators dominantly i.e. Airtel, Vodafone, and Idea. Jio has also come up with a good number of subscriber base (12%) in the present study.

Table 2: Mobile Service Subscription Details of Sample

Mobile Service Provider	Frequency	Per cent
Airtel	75	30
Vodafone	61	24.4
Idea	52	20.8
Jio	30	12
BSNL	21	8.4
Reliance	7	2.8
Docomo	4	1.6
Total	250	100

Source: Primary Data.

To explore the important factors for the preference of mobile service provider, exploratory factor analysis has been applied. Initially, the appropriateness of 16 items, for the choice of the mobile service provider, was examined. For these two criteria were used.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.944
Bartlett's Test of Sphericity	Approx. Chi-Square	1787.763
	Degree of Freedom	120
	Significance	0.000

Source: KMO and Bartlett's Test, SPSS 21.

As mentioned in table 3, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.944, which was above the commonly recommended value of 0.6, and secondly, Bartlett's test of sphericity was significant ($\chi^2(120) = 1787.763, p < .001$). Given these overall indicators, the use of factor analysis for the dataset was appropriate.

Sixteen questions relating to the choice of mobile service provider were analyzed using factor analysis where principal component analysis with Varimax (orthogonal) rotation was used. The results are mentioned in table 4.

Table 4: Preference of Mobile Service Provider - Factor Analysis

	Factor Loadings			
	Factor 1 Brand Image	Factor 2 Promotion	Factor 3 Value for Money	Factor 4 Trust
My preferred brand has regard and respect	.707			
My preferred brand is distinctive from others	.685			
My preferred brand is well-known	.671			
Attractive tariff plan is a unique quality	.646			
Always makes the difference relevant from other operators	.641			
The advertisements stimulate repeat association		.730		
My service provider is ethical in offers and prices		.701		

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The advertising messages are highly informative.	.696			
Give attractive offers in comparison to competitor	.575			
Gives regular advice about suitable tariff plans	.514			
The price offered is better than competitors		.699		
Gives flexibility in switching from one tariff to another		.615		
Delivers the real value for money		.604		
There are no hidden charges.			.697	
The advertisements create trust			.575	
The advertisements convince me that my selection is right			.533	
Eigenvalue	3.282	2.729	2.523	1.870
% of Total Variance	20.515	17.057	15.770	11.686
Total Variance				65.029

Source: Factor Analyses, SPSS 21.

The analysis provided four factors which explain a total of 65.029% per cent of the variance for all the variables. Factor one was labeled as a brand image which contains the following items: regard and respect towards the brand, distinctiveness of the brand, popularity of the brand, and attractive variety in tariff plans and uniqueness of the brand. This variance explained by the first factor is 20.515% per cent. The second factor was considered as promotion which contains the following items: advertisements, ethical practices, informative advertisement message, attractive offers and advice about the plans. The variance explained by this factor was 17.057% per cent. The third factor was labeled as value for money which contains the following items: better price, switching flexibility, and value for money. The variance explained by this factor was 15.770% per cent. The fourth factor was labeled as a trust which contains the following items: Transparency in charging, trust towards the brand and convincing advertisement. The variance explained by this factor was 11.686% per cent.

Some authors also conducted a similar kind of research to explore the factors responsible for the choice of mobile service providers, but all these studies, most of them considered different factors were considered by different authors. Rahman, Haque, & Ahmad(2010) applied exploratory factor analysis and found that price or call rate, service quality, service availability and promotion are the

important factors. Although they recommended further research to gather more information regarding the brand image, corporate image, and customers' satisfaction dimensions which has been studied in the present research. Similarly, Keelson (2012) also found that reliability and cost savings were the most important factors for changing phone servers. He also found the influence of reference group, social reputation and regular connection with others as also significant factors. On the other hand, Alshurideh (2016) identified two factors for consumer's choice of mobile service providers. These two factors were broadly classified as contract factors and company factors. He concluded that switching cost was the most significant variable in influencing the choice of contract significantly.

Before conducting the further analysis, reliability and validity of the constructs must be calculated. The reliability coefficient, Cronbach's α is an indicator of the reliability of a scale. A value of 0.70 or greater is considered as a good indicator of scale reliability. The reliability of the constructs is given below in table 5.

Table 5: Reliability Statistics

Constructs	Cronbach's Alpha	No. of Items
Brand Image	0.848	5
Promotion	0.840	5
Value for Money	0.767	3
Trust	0.732	3
Customer Satisfaction	0.888	6

Source: Reliability Statistics, SPSS 21.

The reliability scores for all the constructs were found to be above 0.7 which shows that all constructs are reliable. Confirmatory Factor Analysis (CFA) was conducted for all four constructs to find whether the 16 statements used for the constructs were assigned properly.

The various criteria used in this research to judge the model fit are Normed Fit Index (NFI), Comparative Fit Index (CFI) and Root-Mean-Square Error of Approximation (RMSEA). The results of model fit are mentioned in table 6.

Table 6: Results of Model Fit

Model	NFI	CFI	RMSEA
Default model	0.920	0.966	0.051

Source: Model Fit Indices, IBM SPSS AMOS.

Generally, a value greater than 0.90 for the NFI and CFI would be considered as a good fit of the model to the data. For the RMSEA, values less than 0.06, is a good fit of the model to the data. In the result presented in table 6, the values of NFI, CFI, and RMSEA are representing good fit of the model. To check the convergent validity, Composite Reliability and Average Variance Extracted were calculated, the values of which are given below in table 7.

Table 7: Convergent Validity of the Constructs

Constructs	Composite Reliability	Average Variance Extracted
Brand Image	0.847	0.525
Trust	0.743	0.491
Promotion	0.850	0.533
Value for Money	0.767	0.523

Source: Convergent Validity, IBM SPSS AMOS.

A CR value of greater than 0.7 and AVE value greater than 0.5, is considered as providing good convergent validity. For the entire four construct CR value is greater than 0.7 and AVE is greater than 0.5 except for Trust AVE value is less than 0.5 but it is much closer to 0.5 and can be considered. Hence all construct has good convergent validity.

Multiple regression was conducted to see if the brand image, promotion, the value of money and trust predicted the overall satisfaction of telecom service providers.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.666 ^a	0.443	0.434	2.85036

a. Predictors: (Constant), brand image, promotion, the value of money and trust

Source: Regression Results, SPSS 21.

Using the enter method, it was found that brand image, promotion, value of money and trust describe a significant amount of the variance in the value of overall satisfaction ($F(4, 230) = 45.779, p < .001, R^2 = 0.44, R^2_{Adjusted} = 0.43$) as shown in table 8 and 9.

Table 9: ANOVA^a

Model		Sum of		Mean Square	F	Significance
		Squares	DF			
1	Regression	1487.752	4	371.938	45.779	.000 ^b
	Residual	1868.648	230	8.125		
	Total	3356.400	234			

a. Dependent Variable: Overall_Satisfaction

b. Predictors: (Constant), brand image, promotion, the value of money and trust

Source: Regression Results, SPSS 21.

As can be seen in table 10, that brand image, promotion, the value of money and trust have significant positive regression coefficients. This shows that customers having higher scores on these variables will have higher overall satisfaction, after controlling for the other variables in the model.

Table 10: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Significance
		B	Std. Error	Beta		
1	(Constant)	22.610	0.186		121.591	0.000
	Brand Image	1.372	0.186	0.363	7.386	0.000
	Promotion	1.440	0.186	0.381	7.747	0.000
	Value for money	1.117	0.186	0.295	5.993	0.000
	Trust	1.055	0.187	0.277	5.631	0.000

a. Dependent Variable: Overall Satisfaction

Source: Regression Results, SPSS 21.

The promotion is found to be most important in overall customer satisfaction followed by brand image, value for money and trust. It also shows that customers are sacrificing price for getting better services and hence the brand image of the company in providing quality services is most important. On the other hand, Abedin & Ferdous (2015) found that low cost was the main reason for considering the services of Airtel Bangladesh but the main goal of the company was to satisfy customers on the basis of services it provides to them.

5. Conclusion

This study was conducted to explore the factors that affect the consumer's choice of mobile service operators. Generally, a consumer's choice is dependent on several factors that may include service quality, promotion, consumer's perception, price, brand image, corporate image, network availability, etc. and mobile service providers have to consider these factors in planning and implementing the strategy. Hence competition becomes more complex and intense now a day. Almost all service providers are competing for increasing customer base as well as for retaining the old customers. In the present study brand image, promotion, value for money and trust were found to be the most important factors for the choice of mobile service providers. But when these factors were assessed in terms of overall customer satisfaction, it was found that promotion is most important factor followed by brand image, value for money and trust because promotion is more influential in customer's decision making. Although practically many customers still base their decision on the basis of price, majority of them considers the other aspects as well. The findings can be of great help to mobile service providers in framing their marketing specifically promotional strategies by keeping the above factors in mind. Therefore, it is recommended that service providers should enhance promotion and brand image to compete in this highly competitive market. The study was conducted in limited cities of Punjab state of India which further can be extended to cover the consumers of more geographical areas. Also, the prepaid customers of mobile service have been considered in the study, hence a comparative study considering postpaid customers can also be performed. This study, as well as other studies which were conducted on the same topic, identified different factors; hence a comprehensive study considering all factors can be performed to understand the overall understanding of consumer behavior. Also, the demographic variables can be considered for a comprehensive analysis of the subject.

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