

Consumer Brand Preference and Switching Behavior in Cellular Service Industry – Madurai District

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Abstract

The fastest growing service industry in India is the cellular service industry which made has far-reaching changes in the global recognition of the overall economic development of the nation. The present researches were conducted to understand the brand preference and switching behavior of customers in Madurai district. A sample of 110 cellular service users was interviewed through structured interview schedule by considering the variables on the demographic profile, brand preference towards the services offered by the cellular operators, and factor affecting the switching behavior of the customers. The tools used for analysis is “regression analysis”. The study inferred that brand preference has attracted customers on their network coverage, offers, and availability wherein the demographic profile of age and occupation of the respondents has also influenced in brand preference. Where it comes to switching behavior only the service patterns of the cellular service providers on offers and availability has influenced more.

Key Words: Brand Preference, Switching behavior, Cellular service industry, Regression analysis

Introduction

The Indian telecom industry has experienced huge changes since its liberalization in the 1990's. India's subscriber base has rushed forward over the years to a size that's more than triple. India is the second biggest in the total number of cellular service utilizations.

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The number of telephone subscribers in India increased from 1,002.05 million at the end of May-15 to 1,006.96 million at the end of June- 15. This shows a monthly growth rate of 0.49 % - TRAI (2015) [13]. The cellular service industry has enhanced the affordability of cellular service at affordable rates and tariffs to the customers’.

As there are more options for selecting the cellular operators, the customers now have the choice to choose their preferred operator and switch from one operator to another. This has made the cellular sector more competitive than any other service sector in India. The aim of this study is to understand the brand preference and switching behavior of consumer in selecting the cellular operator in Madurai District.

Highlights of Telecom Subscription Data as on 30th June, 2015

Particulars	Wireless	Wireline	Total (Wireless+ Wireline)
Total Telephone Subscribers (Million)	980.81	26.15	1006.96
Net Addition in June, 2015 (Million)	5.02	-0.12	4.91
Monthly Growth Rate	0.51%	-0.44%	0.49%
Urban Telephone Subscribers (Million)	562.95	21.25	584.21
Net Addition in June, 2015 (Million)	4.12	-0.07	4.05
Monthly Growth Rate	0.74%	-0.32%	0.70%
Rural Telephone Subscribers (Million)	417.85	4.90	422.75
Net Addition in June, 2015 (Million)	0.90	-0.05	0.85
Monthly Growth Rate	0.22%	-0.97%	0.20%
Overall Tele-density*	77.90	2.08	79.98
Urban Tele-density*	144.25	5.45	149.70
Rural Tele-density*	48.10	0.56	48.66
Share of Urban Subscribers	57.40%	81.27%	58.02%
Share of Rural Subscribers	42.60%	18.73%	41.98%
Broadband Subscribers (Million)	93.15	15.70	108.85

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Brand does not exist for the sake of identification and differentiation. They exist because for-and-of customers - Harsh V Verma (2002) [1]. Brand preference is a unique term and it is fundamentally framed with more than one part. The Indian telecommunication sector has an overdose of brand service providers. The foremost step of customer's brand preference is to understand the customer choice. Even if the services are same the component of branding is differentiated in introducing them - Ramulu Bhukya (2013) [8]. To make the product different from another product branding has the greater advantage in an organization which is obvious. If the cellular industry identifies the brand preference of the customers, then it would be simple for the industry to build a long term relationship.

The customer's faces huge options to actually reach their satisfaction in choosing the brand - Harsh V Varma (2002) [1]. They also have to be attracted and they should experience the strength of service offered by the cellular operator. The most difficult job for the present day for network providers is to hold their customers. The service provider has to hold the existing consumer than attracting new ones. Consumer behavior is a process where they select utilize and discard the products, services, knowledge, or thoughts to fulfill their needs. Switching behavior of customers can be expressed as the process of being loyal to the current service provider and switching to another service provider, due to dissatisfaction or any other problem. Even if the customers are loyal to a particular brand, if the brand does not satisfy the customers' needs, the consumer switches to a competitor brand - Kumaresh (2012) [6]. The Switching behavior has to be considered as a prime factor for the growth of the cellular. The reasons may differ from one customer to another on their switching of service but the operators have to attract more customers than targeting on the new customer to existing one.

Literature Review

Brand Preference and Switching Behavior

The cellular service provider should mainly focus on the network coverage to retain their customer and also to increase their market shares concludes Debarati and Ishita (2010) [2].

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Mobile phone service providers have to recognize the changing preferences and the behavior of customer's curiosity in order to serve them better and satisfy them. As there is heavy competition in the cellular industry it is important for a cellular service provider to keep an eye on customer's preference and behavior to capture the market concludes Rajpurohit and Vasita (2011) [3]

The choice of a mobile operator brand was more dependent on its key attribute of network coverage than any other attributes concludes Anthony and Francis (2011) [4].

As there are more options in selecting the cellular service operator's unsatisfied customers tend to switch easily concludes Krishnamurthy and Varalakshmi (2011)[5].

Most of the respondents in this study stated that there are poor network coverage and no promotion and offers as their major problem is their past service providers concludes Kumaresh and Sekar (2012) [6].

The cellular operator has to give importance to network coverage and tariff plans with excellent customer service providing with good promotional offers to satisfy the customers which will constitute brand loyalty which leads to brand preference concludes Ramulu and Sapna (2013) [8]

If there is high brand loyalty then there will be fewer customers on brand switching also the cellular industry have to create appropriate strategies to focus on the needs, wants and expectations of the customers suggests Sarwat Afzal (2013)[7]

Value added services and pricing strategies are the major two influencing factors for the consumer behavior while switching the brands in the telecommunication industry concludes Khushboo, Nidhi and Swaranajeet (2014) [9]

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Awareness of services should be needed for all age group. The intention of switching behavior of customers from one service provider to another are very low concludes Sana (2014) [10].

Network coverage has much impact on switching intention because all the cellular companies are not providing the almost same level of network coverage concludes Zahra Zahid (2015) [11].

Companies can recognize the available strategies and tools for retaining the customer suggests Zeeshan (2015) [12].

Objectives of the Study

- To evaluate the brand preference and switching behavior from different possible demographics.
- To know the brand preference towards the services offered by the cellular operator.
- To find the factors influencing the switching behavior of the customers.

Hypotheses

H0: There is no significant association between age and brand preference.

H1: There is a significant association between age and brand preference.

H0: There is no significant association between occupation and brand preference.

H1: There is a significant association between occupation and brand preference.

Research Methodology

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Research Design	Descriptive Research
Data Collection	Primary Data: A personally designed structured questionnaires were used for data collection. Secondary Data: Literature reviews, books, and articles.
Sampling	Convenience sampling techniques were used.
Tools for Data Analysis	Regression analysis and Test of Association
Number of Samples	105

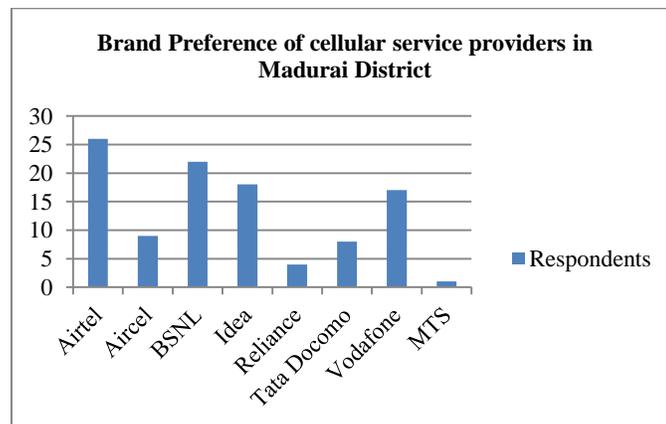
Data Analysis

The Data Output has been inferred through APA Format.

Brand Preference on Cellular Service Providers in Madurai District

Figure I

Showing the brand preference of cellular service providers in Madurai District



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From Figure I we can get a clear picture of the brand preference of customers in Madurai district. Where Airtel stands first preference with 26 respondents and BSNL in second with 22 respondents followed by Idea with 18 respondents and Vodafone at fourth place with 17 respondents followed by Tata DoCoMo is preferred by 8 respondents and Reliance with 4 respondents and last comes the MTS operator.

Test of association between brand preference and age group

Since more than 20% of the expected counts are less than 5, the likelihood ratio is used instead of chi-square.

TABLE I

Test of Association between Brand Preference and Age Group

Variable	n	Brand preference Variable				Likelihood ratio	Sig.
		Network coverage	Offers	Customer care Service	Availability		
AGE						26.396	P<.000
Below 20	54	30	8	6	10		
21-30	28	9	5	8	6		
Above 30	23	2	2	5	14		
Total	105	41	15	19	30		

Inference: Table I to investigate whether age and the reasons for brand preference are associated or not, a chi-square statistic was used. Since more than 20% of the expected counts are less than 5, The likelihood ratio is considered instead of chi-square. Likelihood ratio = 26.396, DF=6, N=105, $p < .001$. So the null hypothesis is rejected in favor of the alternative hypothesis. Hence, there is a significant association between age group and brand preference of the respondents. From the above table, it can be inferred that cellular service users aged below 20 are more likely than expected to prefer the brand due to *Network coverage and offer* than the other groups. Cellular service operator users aged between 21 to 30 are more likely than expected to prefer the brand due to *customer care service* than the other groups. Cellular service users aged above 40 are more likely than expected to prefer the brand due to *availability* than the other groups.

Test of Association between Brand Preference and Occupation

TABLE II

Test of Association between Brand Preference and occupation

Variable	n	Brand preference Variable				Chi-square	Sig.
		Offers	Availability	Network Coverage	Customer Care Service		
OCCUPATIO N						18.991	P< .01
Student	38	20	7	5	6		
Government Employee	45	16	11	13	5		
Private Employee	22	13	3	2	4		
Total	105	49	21	20	15		

Inference: Table II to investigate whether occupation and the reasons for brand preference are associated or not, a chi-square statistic was used. Since more than 20% of the expected counts

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are less than 5, the likelihood ratio is considered instead of chi-square. Likelihood ratio = 18.991, DF=6, N=105, $p < .001$. So the null hypothesis is rejected in favor of the alternative hypothesis. Hence, there is a significant association between occupation and brand preference of the respondents. From the above table, it can be inferred that *students and private employers* are more likely than expected to prefer the brand due to *offers* than the other groups. *Government employers* are more likely and expected to prefer *network coverage* than the other groups.

Regression Analysis

Simultaneous multiple regression analysis summaries for Brand Preference on the pattern of service offered by the cellular industry. Where N=105

Coefficients

Test of Association between Brand Preference with Dependent Variable and Independent Variable

Table showing brand preference as the dependent variable and network coverage offer availability and customer care service as the independent variable.

TABLE III

Test of Association between Brand Preference with dependent variable and independent variable

Variables	Unstandardized Coefficients B	Standard error	Standardized Coefficients Beta
Constant	-1.254	0.228	
Offers	0.335	0.101	0.260**
Availability	0.351	0.137	0.249*
Network Coverage	0.414	0.107	0.310**
Customer care Service	0.056	0.113	0.041

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Note $R^2=0.789$; $F(4,100)=93.67$, $p < 0.001$, $p < 0.001$ * $p < 0.05$ ** $p < 0.01$

Inference: TABLE III showing the multiple regressions were conducted to determine the best linear combination of Offers, Availability, Network coverage and Customer care service for predicting Brand preference scores. This combination of variables significantly predicted Brand preference, $F(4,100)=93.67$, $p < 0.001$, with all variables except Customer care service significantly contributing to the prediction. So the null hypothesis is rejected in favor of the alternative hypothesis. Hence independent variables significantly influence the dependent variable Brand preference. The beta weights, presented in Table 3, suggest that Network coverage contributes most for predicting Brand preference, which is followed by Offers and Availability. The adjusted R^2 value was 0.789. This indicates that 78% of the variance in Brand preference was explained by the model. According to Cohen (1988), this is a large effect. The unstandardized coefficients indicate the increase independent variable for a one-unit increase in the independent variable. The regression model, constructed with unstandardized coefficients is given below.

Brand preference = $-1.254 + 0.335$ (offers) + 0.351 (Availability) + 0.414 (Network Coverage)

Test of Association between Switching Behavior with Dependent Variable and Independent Variable

Table showing switching behavior as the dependent variable and network coverage offer availability and customer care service as the independent variable.

TABLE IV

Test of Association between switching behavior with dependent variable and independent variable

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Variables	Unstandardized Coefficients B	Standard error	Standardized Coefficients Beta
Constant	-1.013	0.248	
Availability	0.297	0.107	0.231**
Network Coverage	0.312	0.122	0.220*
Offers	0.368	0.095	0.276**
Customer care service	0.053	0.100	0.036

Note $R^2=0.742$; $F(4,100)=89.45$, $p<0.001$, $p<0.001$ * $p<0.05$ ** $p<0.01$

Inference: TABLE IV showing the multiple regressions were conducted to determine the best linear combination of Availability, Network coverage, Offers, and Customer care service for predicting switching behavior scores. This combination of variables significantly predicted switching behavior, $F(4,100)=89.45$, $p<0.001$, with all variables except Customer care service significantly contributing to the prediction. So the null hypothesis is rejected in favor of the alternative hypothesis. Hence independent variables significantly influence the dependent variable switching behavior. The beta weights, presented in Table 4, suggest that offers contribute most for predicting switching behavior which is followed by network coverage and availability. The adjusted R^2 value was 0.742. This indicates that 74% of the variance in switching behavior was explained by the model. According to Cohen (1988), this is a large effect. The unstandardized coefficients indicate the increase independent variable for a one-unit increase in the independent variable. The regression model, constructed with unstandardized coefficients is given below.

Switching behavior = $-1.1.013 + 0.297$ (Availability) + 0.312 (Network coverage) + 0.368 (offer)

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Conclusion

It is inferred from the study that customers have plenty of decisions in choosing their brand and services cellular service providers as there are more than six operators in Madurai district. The study was conducted to know the various factors in finding the brand preference on network coverage, availability, offers, and customer care service.

Findings on Brand Preference with Age of the Respondents

Network coverage and offers are mostly preferred by the by age group below 20 years of respondents and age group of 21-30 of respondents. Availability is the mostly preferred by age group above 30. Yet at the same time, customer care service is less preferred by the respondents.

Findings on Brand Preference with Age of the Respondents

When occupation influence brand preference on services offered by the cellular operator, students, and private employees prefer their brand for the offer. Network coverage was preferred by government employees. When it comes to occupation customer care service has less influence with brand preference.

The Cellular service providers have to improve their customer care service for making their customers reaches and satisfy the services offered by them as there is heavy competition in the cellular service industry. It is also clear from the study that age and occupation play a significant role in selecting a cellular service provider. As brand preference exists in the minds of the customers and prospect.

Findings on brand Preference and Switching Behavior

Network coverage, offers, and availability are the major services for brand preference of the customers. When it comes to switching behavior customers switch from one service to another because of offer and availability provided by the service providers. It is with the belief

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that the service providers can retain their customers by providing them with their preferred services and support customers to stay with their current service provider.

But the cellular service provider face challenges in improving their service better day by day by providing the customers with more offers and services. At the same time, the customers are choosier in selecting their desired services and operator that satisfy their needs because uniformity in service and offers cannot be provided by the cellular operator. Nowadays customers are very much flexible in selecting their cellular operators as the operators provide the customers with low call rates, more offers, and affordability in services which make the customers choose two operators at the same time. The customers experience the services through two operators at the same time are satisfied with the brand preference and switching behavior.

We have a couple of restriction in the study but to get the right inference we can target more respondents to infer the exact information on brand preference and switching behavior. As the study can be extended to other services offered by the cellular industry with consideration of more respondents.

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