Customer preference for telecom brands at point of purchase: a comparative analys...

Business

Customer Preference for Telecom Brands at Point of Purchase: A Comparative Analysis Submitted in partial fulfilment for the degree of Master of Business Administration Under the guidance of (May, 2009) [pic] Submitted by MBA (2nd Year) DEPARTMENT OF MANAGEMENT STUDIES INDIAN INSTITUTE OF TECHNOLOGY – DELHI NEW DELHI CertificateThis is to certify that the major project titled ‘ Customer Preference for Telecom Brands at Point of Purchase: A Comparative Analysis is a bonafide record of work carried out by under my guidance and supervision in partial fulfilment for the degree of Masters of Business Administration at Department of management studies, IIT-Delhi. Acknowledgement I wish to extend my deepest gratitude to my project guide, Dr. Mahim Sagar, Department of Management Studies, IIT-Delhi who not only gave me the idea of conducting this research, but also motivated me throughout the course of this research. I am highly indebted to him for his valuable guidance and constructive inputs given throughout the course of this project.

Despite his exceptionally busy schedule he spared his invaluable time and efforts. The present shape of the project would not have been possible without his guidance and patience. Table of Contents Certificate2 Acknowledgement3 List of Figures5 List of Tables6 Abstract7 Chapter 19 Introduction9 Chapter 213 Literature Review13 Chapter 316 Research Methodology16 3. 1 Introduction16 3. 2 Research Methodology16 3. 3 Research Gap16 3.

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VAS as a reason of customer preference Fig 19 : Cluster Analysis Dendograph List of Tables Table 1: Differentiators between top telecom providers Table 2: Reserve price for spectrum allocation Table 3: Rollout obligation after spectrum allocation. Table 4: Average Rating for Customer Preferences Table 5 : Final Rating for reasons of customer preferences Table 6: Top five factors of customer preference Table 7: Rating of factors of customer preference for Airtel customers Table 8: Rating of factors of customer preference for Idea customersTable 9: Rating of factors of customer preference for MTNL customers Table 10: Rating of factors of customer preference for Reliance customers Table 11: Rating of factors of customer preference for Tata Indicom customers Table 12: Rating of factors of customer preference for Vodafone customers Table 13: Average rating for the 4 clusters identified in cluster analysis Table 14: Top 5 factors of customer preference.

Abstract The telecom penetration in India is one of the lowest in the developing world. The Govt. of India has estimated the subscriber base to reach 500 million by 2010. According to the CRISIL Annual Telecom review wireless subscriber base is expected to touch 638 million by March 2013 which translates into a teledensity of 53%. Rural India will contribute to 65% of the new additions in 2012-2013 which is a significant increase from 30% in 2007-8. With the availability of mobile number portability from this year it is imperative to understand the reasons why a customer chooses a particular telecom brand.

The purpose of this paper is to identify the prominent reasons of why a customer chooses a particular telecom service provider, and then to identify dominant reason of choosing a particular brand. This study examines the reasons for customer preference towards telecom brands through a questionnaire and analysis the data through cluster analysis. The findings of the survey reveals that celebrity endorsements and the advertisements are not the motivating factors for buying a telecom brand. Also the presence of a point of sale of SIM cards nearby is extremely important for customers. The cluster analysis has divided the customers into 4 cluster groups with distinct demographic, economical and preference traits. Chapter 1 IntroductionIndia is a country with a population of almost 1.

1 billion and a telecom penetration of about 30%. Due to rapid urbanization, relatively young population and a middle class population of 300 million, telecom companies are bound to increase their subscriber base. [pic] Fig 1: Classification of telecom regions in India (AIRTEL Annual Report 2008) One interesting fact about the telecom customers in India is that 90% of the subscribers have pre-paid connections. This is one of the highest percentages of pre paid customers in the world. However Indians like to talk a lot and this is reflected in the usage per subscriber per minute which stands at 455 minutes which is also one of the highest in the world. The talk time rate per minute is very low at 1.

4cents per minute which translates to a very low ARPU (Average Revenue per User) of $7. 6. The subscriber trends for the telecom market in India for the various telecom service providers are displayed in the diagram below.

[pic] Fig 2: Subscriber Trends in India (AIRTEL Annual Report 2008) The customer market share as of July 2008 is given in the diagram given below. [pic]Fig 3: Customer Market Share distribution (AIRTEL Annual Report 2008) The HHI index (Herfindahl-Hirschman Index) is very high which indicates that India is a very competitive market compared to other countries.

The Herfindahl-Hirschman Index or HHI, is a measure of the size of firms in relation to the industry and an indicator of the amount of competition among them.]. It is defined as the sum of the squares of the market shares of the 50 largest firms (or summed over all the firms if there are fewer than 50]within the industry, where the market shares are expressed as percentages. Two factors will usher in revolutionary changes in the Telecom industry in the near future. 1.

Allocation of 3G spectrum to telecom companies which will usher in a plethora of Values Added Services (VAS) like internet, games, news, m commerce and video streaming made possible on mobile phones. Currently VAS contributes to only 9% of revenues of the market leader Airtel. But if we look at markets like Japan the VAS contributes to a lot of revenues of Mobile companies 2. Number portability will allow a customer to retain his old mobile no. ven if he changes his service provider of shifts from one city to another. This effectively means that whichever telecom service provider launches a better plan they can attract more customers quickly.

The customers could not switch their service providers frequently earlier as the mobile no. also had to be changed. This was inconvenient as the no. was

shared with all their friends and relatives. Thus number portability will usher in cut throat competition in the telecom market.

It is important therefore to understand the mind of the customer because the customer churn will increase a lot in the time to come. Hence the initiative to identify the prominent and dominant reasons of the customer in choosing a particular telecom service provider. Chapter 2 Literature Review The customer preference and relationship with telecom companies has been discussed in detail (Inger Roos and Margareta Friman 2008). Emotion of a customer is an imperative factor in determining a telecom brand. Customers of Swedish telecommunications services were interviewed about their switching processes. The ultimate focus is on self-reported emotions embedded in the switching process.

The main finding was that the identified emotions were located in the trigger part of the relationship, and was expressed by the respondents during the switching process in form of annoyance, anxiety, disappointment, dissatisfaction, distress, depression, rage, stress and tension. The telecom services provided by the different companies are not at the same level and this has been dealt with in detail (Roma Mitra Debnath & Ravi Shankar 2008) as telecom companies try to have a loyal customer base and improve their services with respect to their competitors. The customer satisfaction is of paramount importance in an industry like telecom (Peter J. Danaher & Rodger W. Gallagher 1997) as if a customer is not satisfied with the service he or she may change and ensure bad publicity of the telecom operator through word of mouth.

This interest in improving customer satisfaction is not without reason, with the realization that high service quality results in higher customer retention and increased market managers want to find out how to direct a quality improvement rogramme with the aim of increasing customer satisfaction, given the implied benefits of such an increase. Most managers can probably go some way towards identifying service factors which have an influence on overall customer satisfaction. Two approaches have been taken to finding the key factors which management can focus on to improve their overall customer satisfaction. The first is " gap analysis", which measures the gap between customers' expectations and perceptions of the service as an indication of service quality. The second approach uses linear regression to determine the relative importance of service attributes in driving overall customer satisfaction However telecom companies have come up with lot of ways to ensure brand loyalty (Anders Gustafsson, Inger Roos & Bo Edvardsson 2004) and results have shown that customers who were members of loyalty clubs had higher customer satisfaction and loyalty. The telecom industry being a service industry customer is the king and should be first on the minds of all telecom service providers.

(Peter Donovan and Timothy Samlr 1994). The customer segmentation exercise is extremely important as we get to know what the specific needs of customers in different markets are and what the quality of business relationship with key customers is. Apart from this the role that the telecom operator plays in the role of the customer is also important. This detailed analysis groups all customers according to their current and future needs and expectations. Involving the customer, marketing functions and

product/service development groups is essential to the success of this step, during which the key attributes of relationship, product and service needs should be assessed. In addition, the success criteria, communication activities and appropriate feedback methods should be identified for each segment.

Many companies make the mistake of measuring their performance first without checking the alignment of what they offer against what their customers need. Customer Experience Telecom is of paramount importance and it has been discussed in detail in (Jupiter Vendor Research, Customers Experience in Telecom 2007) . The study elaborates on the high stakes on customer service. A survey undertaken by them shows that 56% of the customer will recommend the telecom service provider to their friends , co workers and relatives if they are pleased with the customer service. This kind of viral or word of mouth publicity coupled with excellent customer service will help the telecom operators a long way to establish their superiority over their competitors.

The customer preferences should be always kept in mind as shown in a study (Customer Value Challenge, Boston Consulting Group 2009). Telecom operators spend almost 300 Euros to acquire a new customer. The customer churn will become a big issue once the telecom no portability comes into existence in India and hence the telecom service providers should always have the pulse of the customer in order to minimise the churn rate. It was observed that there has been no work done in determining the factors for customer preference for telecom service providers at the point of purchase.

Chapter 3 Research Methodology 3. 1 Introduction In this chapter the “ Research Protocol” is presented.

The chapter begins with a brief discussion regarding methodology, followed by the research gap, the problem definition, and the research objectives. Then a description of methodology, questionnaire design method and the usage of cluster analysis is defined. 3. 2 Research Methodology The research strategy, or method, can be seen as the mental bridge between a problem raised and the empirical field of interest. The method chosen shall be suitable for dealing with the problem addressed, but it can also be argued that the problem of interest (the research question) directs the choice of method 3.

3 Research Gap A customer has a lot of reasons for choosing to buy a particular telecom brand. However the different parameters which a customer chooses to buy a brand and how these parameters vary for different people and have to be researched. It will be very useful to understand the mindset of the customer as to what motivates a customer to buy a brand. The motivation will definitely vary from customer to customer and this variation will also be of extreme importance to understand customer behaviour. 3.

4 Problem Definition “ Customer Preference for Telecom Brands at Point of Purchase: A Comparative Analysis” 3. 5 Research Objectives The research objectives was broken into 2 partsResearch Objective 1 To identify the factors that influence customer behaviour at the point of purchase and to find the dominant factors among the list of identified factors. Research

Objective 2 To identify homogenous customer groups who have the same dominant factors to prefer a particular telecom brand. 3. 6 Methodology for Research Objective 1 The first step was to read as many Telecom related reports to do the secondary research for the topic. Next we spoke to industry experts in the field of marketing, business excellence and application services.

Through the extensive discussion with the industry experts and the list of factors were identified and finalised. 3. 7 Designing the Questionnaire The questionnaire was divided into two parts. The first Part consisted of general questions about the respondent’s personnel information like, name, age, marital status, educational details, and professional details, annual family income average monthly mobile bill and the current telecom service provider. In the Second Part there were questions on the factors identified for customer preference of telecom customers.

The methodology is given in the diagram below [pic] Fig 4: Methodology followed for identification of factors of customer preference The list of identified factors are explained below 3. 8 Major reasons identified for a customer to choose a brand Tariff • Customer service • Reliability of billing • Network Quality • Influence of sales representative • Presence of PoS nearby • Celebrity endorsements • Advertisements recall • Peer Pressure • VAS services Each of these points has been explained below. Tariff Tariff is an important function in determining the customer choice of a telecom service provider. In times of recession like this customers will be extremely cost

conscious and try to look for low tariffs. All over the world telecom service providers are getting affected by this.

In fact Sprint the 3rd largest telecom service company in USA is now looking at tariff reduction schemes after a new marketing campaign and an improved customer service did not help it to increase the market share. Mobile-phone users are becoming more price sensitive, a trend that started primarily among savvy young consumers looking for the cheapest basic service package and spread rapidly to other segments, our research in several markets shows. Such customers don’t want the large variety of products and services, such as access to news and weather bulletins that are included by default in some standard contracts. Nor will they foot the bill for expensive retail outlets and advertising campaigns. So incumbent mobile-service providers around the world are now seeing a new breed of low-cost competitor courting these evolving segments with “ no-frills” offerings.

India is witnessing such a price war with Reliance launching its GSM offering at extremely cheap prices and giving extra and free talk time with all its recharge coupons compared to its competitors. Traditionally also the telecom charges have come down in India since the Mobile communication was launched in India. According to CRISIL research this has been the primary growth driver for mobile penetration in India. The mobile Tariff’s have dropped from Rs. 14 per minute in 1998-99 to Rs.

1. 00 in 2008-9. Pricing structure for long distance plan is also extremely important. Bharti launched a one India plan with rental of Rs. 299 per month and calls to all GSM/CDMA phones all over india at Rs.

1 . Local land line rates were also Re. per min. [pic] Fig 6 : Declining Mobile Tariff Thus the present customer will be extremely price conscious when deciding which service provider to choose when selecting a mobile connection. Quality of service One interesting example of a sophisticated use of CRM data is offered by the case of the " Price Plan Review" adopted by Vodafone Omnitel in Italy. This program is based on a continuous profiling activity done by Vodafone Omnitel, which continually tracks its best customers and their phone and data consumption behaviour.

Moreover, Vodafone has created software that enables it to " alert" them when another tariff profile (an existing or new one) is more convenient, before the customer himself or the competition can discover it. In many cases, the firm thereby loses margins in the short run but gains value and customer equity in the long run. The results of this program, as reported by Vodafone, are very positive. The churn rate has definitely decreased, the ARPU (Average Revenue per User) and the amount of traffic increased. Reliability Reliability is a important function in choosing a telecom service provider.

This is important especially in areas like billing and continuity of service. British Telecom was on of the first to implement excellent billing processes. This made the customer aware of the amount he spent under different heads. Thus the customer is better aware of how to spend his telecom spend more efficiently and effectively. Vas services With the advent of 3G spectrum in India Value added services will play a big role in defining customer preferences.

The vast amount of information and entertainment available to customers in their hand sets will be immense. Also M commerce is bound to grow in a big way. The 3G Spectrum policy was stated by the Department of Telecommunications on August 1 2008 as to improve the Quality of Service (QoS) and differentiate the product portfolio of telecom operators. The reserve price for the spectrum in the respective areas is given in the table below. [pic] Table 2: Reserve price for spectrum allocation The roll out obligation after the spectrum allocation is given in the chart below [pic] Table 3: Rollout obligation after spectrum allocation.

The 3G spectrum allocation provides twin benefits to the telecom service providers as . The telecom service providers can increase the ARPU of the existing customers by offering additional VAS like video calling , gaming and high speed internet access. 2. Mobile number portability is slated to be implemented at the same time as the 3G spectrum allocation and hence telecom service providers can poach high value customers from other telecom providers with better VAS and quality of service. Japan which is a pioneer in mobile technologies has a seen a tremendous jump in the amount of utility bills paid by mobile phone applications.

Mobile phones are also being used as credit cards in Japan. Asian Internet users are more concerned than their Western counterparts about on-line security, and this fear has slowed the acceptance of electronic commerce in some parts of Asia. One way around on-line security concerns would be to permit consumers to pay for purchases through their mobile-telephone bills, a method that is viewed as more secure than releasing credit card numbers

over the World Wide Web and could therefore stimulate rapid growth in on-line transactions. To find out more about the potential for wireless data business in Asia, Mckinseyrecently undertook detailed interviews with 100 mobile-phone users. This research suggests that most Asian consumers likely to use wireless data services would prefer to pay for purchased goods either through their mobile-phone bills or by cash on delivery.

Wireless data services are catching on in Asia. Japan's leading mobile operator, NTT DoCoMo, paved the way with its highly successful i-Mode service, which by February 2000a€" only a year after its launcha€" had attracted more than 4. 25 million subscribers. Over the same period, and partly as a result of i-Mode's success, DoCoMo's market capitalization rose to $312 billion, from $76 billion. pic] Fig 7: Ratio of mobile phones with internet access across the world The above diagram shows the ratio of mobile phones with internet access.

Japan being the pioneer in all telecom innovations , this feature in set to be replicated in other countries as well. Thus the launch of 3G services will only boost the demand for multimedia features on mobiles and will be an important feature in choosing a service provider. Closed user groups The closed user groups' concept is not new to India. The origin of this is the role of customer clubs in foreign countries. The customers of a telecom provider were made to join a customer club where loyal customers were awarded loyalty gifts like extra talk time , free messages etc.

The concept of closed user groups came from this customer clubs. Over the period of time these clubs have become important customer retention

techniques as the customer will be at a loss if he/she joins a rival network. Also to target first time mobile users like students just entering collage or professionals joining an organization in a new city the telecom service providers offer schemes in which a minimum no. ay 20 users can form a group and the tariff charged to calls/messages within this group is extremely low. Celebrity endorsement Celebrities have always had a big impact on Indian consumers , be it actress who endorse cosmetics or cricketers who endorse cola drinks. Telecom service providers have not been aloof from this concept.

The question here is do these celebrities actually influence a customer’s mind or they just aid the customers in brand recall. Given below are some of the Celebrities used by different telecom service providers. . Airtel: Airtel has used the maximum no of celebrities in its advertisements. Sachin Tendulkar was one of the first Brand Ambassador and his picture was used on every SIM card packet and outdoor bill boards in prominent locations.

Later Shah Rukh Khan was also roped in to endorse AIRTEL. Saif Ali Khan , Kareena Kapoor , Madhavan and Vidya Balan are some of the other celebrity endorsers. Incidentally A. R. Rehman composed the music for almost all AIRTEL advertisements including the EXPRESS YOURSELF commercial. Currently A.

R. Rehman is also a brand Ambassador for Airtel. 2. Vodafone: Earlier HUTCH Vodafone has used the almost negligible no of celebrities in its advertisements. The most probable reason is that its commercials were

centred around Cheeka the pug which used to symbolise the network of HUTCH .

The tagline was centred around the theme that wherever you go , our network will follow you. 3. Reliance: Reliance has used celebrities in its past advertisement campaigns. Virendar Sehwag, Paresh Rawal Amitabh Bacchan and Mahendra Singh Dhoni being the most prominent endorsers. 4.

Idea Cellular: Abhishek Bacchan and south Indian actress Shriya Sharan is the brand ambassador for this brand currently and all its advertisements feature him prominently. However earlier campaigns were devoid of any endorsers. 5. Tata Indicom: Ajay Devagan & Kajol have been the brand ambassadors for Tata Indicom for a long time . Sania Mirza was introduced as a brand ambassador in 2005. The Pathan brothers Yusuf and Irfan Pathan currently endorse Tata Indicom 6.

BSNL: Priety Zinta used to endorse BSNL earlier and the role has been given to Dipika Padukone now. 7. Spice: Katrina kaif has been roped in to endorse SPICE recently. Influence of sales representative A sales representative can play a very dominant role in influencing a customers decision. The sales representative can contact a customer in many ways.

1. By calling the customer on his/her phone and persuade the customer to switch to a new service provider through special schemes. 2. By setting up stalls in prominent locations like a shopping mall , near IT parks or collages. 3. By influencing customers who visit the PoS to enquire about the service provider.

The sales representative had a role play when a customer chooses a new service provider. Presence of Pos nearby The point of sale is important as the proximity will ensure that the customer enquire about a telecom service provider’s tariff plan etc. Also in case the connection is a post paid then the proximity of a PoS/Payment shop means the customer does not have to travel a lot or waste time to pay the monthly bill of the mobile phone. The same cannot be said in case of pre paid customers as the recharge coupons are available in almost all the places including grocery stores. However the presence of a PoS near by can have a little influence on the customers mind. 3.

Methodology for Research Objective 2 First of all the data simplification was done. Since the entire data was into homogenous scales of 1-5 there was no need to standardize the data . The entire exercise was to find homogenous customer groups cluster analysis was the best technique found. Outliers could be present and since the data was standardized they could be detected. There were no assumptions taken during the initial cluster analysis and hierarchical cluster analysis was followed.

The cluster had to be analysed after identifying the no of clusters and then results were analysed . pic] [pic] Fig 5: Methodology for cluster analysis 3. 10 Cluster Analysis Cluster analysis is concerned with forming groups of similar objects based on several measurements of different kinds made on the objects. The key idea is to identify classifications of the objects that would be useful for the aims of the analysis. This idea has been applied in many areas including astronomy, archaeology, medicine, chemistry, education,

psychology, linguistics and sociology. For example, biological sciences have made extensive use of classes and sub-classes to organize species.

A spectacular success of the clustering idea in chemistry was Mendeleev’s periodic table of the elements. In marketing and political forecasting, clustering of neighbourhoods using US postal Zip codes has been used successfully to group neighbourhoods by lifestyles. Typically, the basic data used to form clusters is a table of measurements on several variables where each column represents a variable and a row represents an object often referred to in statistics as a case. Thus the set of rows are to be grouped so that similar cases are in the same group. The number of groups may be specified or has to be determined from the data.

The cluster analysis was applied on the data gathered from the questionnaire using SPSS 14. 0 . The entire sample was divided into 4 distinct clusters as shown in the Fig 19. Chapter 4 Collection of Data 4. 1 Techniques used for the collection of Data There are two groups of techniques to collect data available to the researcher these two are: Secondary data & Primary data. Secondary data is data that has already been collected by someone else for primarily another purpose, whereas primary data is collected directly by the researcher for a specific purpose; (Wiederheim, 1991).

None of the methods of data collection gives 100 percent accurate and reliable information. The quality of the collected data is, however, a very important factor to consider. Several methods can be used to collect primary data, the choice of method depends on the purpose of the study, the

resources available, and the skill of the researcher in this study Collection of primary data can be conducted in three ways-Observations Interviews Observation is carried out by watching and listening to an interaction or phenomenon as it takes place. An interview is referred to as any person-to-person interaction between two or more individuals with a specific purpose in mind. A questionnaire is a written list of questions. When using a questionnaire, the respondent reads the questions, interprets what is expected, and then writes down the answers.

Questionnaires were used in the investigation. The reason for this was to convert peoples' perceptions of brands into numbers, and investigate a large number of respondents. The disadvantage with questionnaires is, however, that they often involve a low response rate. The questionnaire was filled by respondents in Delhi. The questionnaire was also filled by respondents in Bangalore and Chennai by an online survey. 4.

2 Collection of Data Sample Selection: Sampling occurs when a number of sampling units is drawn from a population and examined in some detail. There are two basic methods of sampling, probability and non-probability sampling. With probability sampling, also known as random sampling, each unit of the population has a known chance of being included in the sample. From this follows that probability sampling allows the legitimate se of the mathematics of probability. Another problem may be that calls to obtain randomly selected informants may be widely scattered, causing near impossibility to do research on the fifteen brands and that with sample

reduction of forty With non-probability sampling, individual units in the population do not have the same chance of selection.

Non-probability sampling occurs when selection of the sample is dependent on human judgment, and not on the rigorous application of probability theory. Non-probability sampling is a type of stratified sample, sometimes referred to as Judgment or purposive sampling or expert choice. It occurs when selection of the sample is dependent on the human judgment, and not on the rigorous application of probability theory. Here in the study for the generation of Customer Preference of Telecom Brands at the point of purchase, non-probability sampling was used. There are three types of no probability samples. These are Convenience sample, Judgment sample, and Quota sample.

A judgment (or purposive) sample is selected on the basis on expert judgment as to what particular sampling units would be most useful to the study. A quota sample seeks to replicate the distribution of the population on the basis of defined control characteristics such as age, gender, social class, income e. t. c. A Judgment sample is selected on the basis of the Judgment of the researcher and those consumers are involved who are very well aware of the brands in the research.

The sample had 75 respondents. However some of the responses were later filtered out as the respondents were not aware of the factors and the brands in question. The sample we analysed had 28 respondents who were working , 36 respondents were students and 3 were self employed. The age bracket is shown in the table below |[pic] | Table X : Classification of

respondents by age To have the diverse opinion the sample was judgmentally sampled in following categories of respondents: [pic] The remaining respondents did not agree to give the salary figures 4. 3 Sample Size The size of the sample depends, on the basic characteristics of the population, the type of information required from the survey and the cost involved.

The sample is from the 3 cities of Delhi , Bangalore and Chennai. The sample size was 75 respondents and sample was collected in person and through online surveys . Later on as discussed the sample was reduced so as to arrive to a consumer population who is very well aware about the telecom brands and the respective factors in question. Chapter 5 Data Analysis 5. 1 Survey Rating The data was collected through an online and general survey where the participants were asked to rate the reasons for choosing a telecom brand from a scale of 1(Strongly Agree) to 5(Strongly Disagree).

Thus if a particular factor has an average rating of 1. 33 across the sample implies it is a very dominant reason for purchase. 5. 2 Survey Results The result of the survey is given in the table below with the average rating calculated for each of the identified factors. | Factor Average Rating | | Tariff 2.

70 | | Customer service 2. 1 | | Reliability of billing 2. 21 | | Network Quality 2. 28 | | Influence of sales representative 3. 07 | | Presence of PoS nearby 2.

43 | | Celebrity endorsements 4. 8 | | Advertisements recall 3. 60 | | Peer Pressure 3. 22 | | VAS services 3. 84 | Table 4: Average Rating for Customer

Preferences The table shows that the dominant reasons of a customer choosing a telecom brand is Tariff , customer service, reliability of billing , network quality and presence of point of sale nearby. The whole survey response can be seen in the form of pie charts for all the factors listed above 5.

3 Survey Findings [pic] Fig 8 : Low tariff as a reason of customer preference [pic] Fig 9 : Quality of Customer Service as a reason of customer preference [pic] Fig 10 : Network Quality as a reason of customer preference [pic] Fig 11 : Realiablity of Billing Services as a reason of customer preference [pic] Fig 12 : Sales Representative as a reason of customer preference [pic] Fig 13 : Point of Sale nearby as a reason of customer preference [pic]Fig 14 : Brand Loyalty as a reason of customer preference [pic] Fig 15 : Celebrity Endorsements as a reason of customer preference [pic] Fig 16 : Addvertisement as a reason of customer preference [pic] Fig 17 : Peer Influence as a reason of customer preference [pic] Fig 18 : VAS as a reason of customer preference The average rating for each of the parameters is given in the table below. | Attribute Average Rating | | Tariff 2. 0 | | Customer service 2. 31 | | Reliability of billing 2. 21 | | Network Quality 2.

28 | | Influence of sales representative 3. 07 | | Presence of PoS nearby 2. 3 | | Celebrity endorsements 4. 18 | | Advertisements recall 3. 60 | | Peer Pressure 3.

22 | | VAS 3. 84 | Table 5 : Final Rating for reasons of customer preferences 5. 4 Top 5 parameters for customer preferences Reliability of billing services | | Network Quality | | Customer Service | | Presence of Point of Sale Nearby |

| Low Tariff | Table 6: Top five factors of customer preference 5. 5 The Rating for each telecom subscriber Airtel Average Rating | | Tariff 2. 66 | | Customer service 1.

75 | | Reliability of billing 1. 75 | | Network Quality 2. 25 | | Influence of sales representative 2. 6 | | Presence of PoS nearby 2. 67 | | Celebrity endorsements 4.

08 | | Advertisements recall 3. 75 | | Peer Pressure 3. 5 | | VAS 3. 75 | Table 7: Rating of factors of customer preference for Airtel customers Airtel users have rated Customer Service and Reliability of billing service were the top reasons for preference of Airtel brand. | | | Tariff 3.

15 | | Customer service 2. 77 | | Reliability of billing 2. 31 | | Network Quality 2. 8 | | Influence of sales representative 2. 69 | | Presence of PoS nearby 2.

08 | | Celebrity endorsements 3. 69 | | Advertisements recall 3. 31 | | Peer Pressure 2. 9 | | VAS 3. 38 | Table 8: Rating of factors of customer preference for Idea customers Idea users on the other hand have stated the presence of a point of sale and reliability of billing as the top reasons for choosing Idea. The presence of an Idea retail outlet near the place of the survey substantiates the fact that customers consider a telecom service provider if a point of sale is present nearby.

MTNL Average Rating | | Tariff 2 | | Customer service 2. 15 | | Reliability of billing 2. 43 | | Network Quality 1. 85 | | Influence of sales representative 4 | | Presence of PoS nearby . 28 | | Celebrity endorsements 4. 85 | | Advertisements recall 4.

42 | | Peer Pressure 4. 57 | | VAS 4. 42 | MTNL customers on the other hand have voted for network quality and low tariff as their reason for choosing MTNL. Table 9: Rating of factors of customer preference for MTNL customers | | Tariff 2. 33 | | Customer service 3 | | Reliability of billing 2.

33 | | Network Quality 2. 67 | | Influence of sales representative 2. 3 | | Presence of PoS nearby 2 | | Celebrity endorsements 4. 67 | | Advertisements recall 3. 33 | | Peer Pressure 3. 5 | | VAS 4.

7 | | | | Tariff 2. 2 | | Customer service 3. 2 | | Reliability of billing 2. 6 | | Network Quality 2 | | Influence of sales representative 3 | | Presence ofPoS nearby 3. 4 | | Celebrity endorsements 3.

8 | | Advertisements recall 3. 6 | | Peer Pressure 2. 8 | | VAS 3. 2 | Table 11: Rating of factors of customer preference for Tata Indicom customers Tata Indicom customers say network quality and low tariff as their reason to prefer Tata Indicom. | Vodafone Average Rating | | Tariff 2. 79 | | Customer service 2.

24 | | Reliability of billing 2. 28 | | Network Quality 2. 7 | | Influence of sales representative 3. 24 | | Presence of PoS nearby 2. 62 | | Celebrity endorsements 4.

17 | | Advertisements recall 3. 51 | | Peer Pressure 2. 6 | | VAS 3. 75 | Table 12: Rating of factors of customer preference for Vodafone customers Customer service followed by reliable billing is the reasons for Vodafone customers to choose Vodafone. 5.

6 Dendrogram ? * * H I E R A R C H I C A L C L U S T E R A N A L Y S I S * * * * * * Dendrogram using Complete Linkage Rescaled Distance Cluster Combine C A S E 0 5 10 15 20 25 Label Num +———+———+———+———+———+ 4 ?? 66 ???? 11 ?? ? 56 ?? ??? 53 ???? ? 31 ???? ??? 44 ?? ? ? 60 ?????? ????? 25 ?? ? ? 27 ???? ? ? 58 ?? ????? ??????? 2 ???? ? ? 37 ?? ? ? 15 ???? ? ? 20 ?? ????????? ? 13 ???? ????????? 23 ???? ? ? 40 ?? ????????? ? ? 21 ?? ? ? ? ? 65 ???? ? ? ? 28 ?? ??????? ? 8 ???? ? ? 67 ?? ? ? ? 50 ?? ????????? ?????????????? 63 ?? ? ? ? 49 ???? ? ? 14 ?? ? ? 17 ???????? ? ? 24 ?? ???????? ? ? 5 ???? ? ? ? ? 39 ?? ????? ? ? ? 42 ???? ? ? ? 43 ?? ??????????? ? 4 ?? ? ??????????? 41 ???????????? ? ? ? 10 ?? ? ? ? ? 30 ?? ????? ? ? 32 ???? ? ? ? 1 ?? ????????? ? ? 3 ???? ? ? 19 ???????? ? ? 29 ?? ??????????? ? ? ? * * * * * * H I E R A R C H I C A L C L U S T E R A N A L Y S I S * * * * * *C A S E 0 5 10 15 20 25 Label Num +———+———+———+———+———+ 36 ???????? ? ? ? 38 ???????? ? ? ? 46 ?? ? ?????????????????????? ? 51 ???? ??????????? ? 61 ?? ? ? ? ? 45 ???????? ? ? 7 ???? ? ? 34 ?????????? ? ? 35 ?? ? ? ? 59 ?? ? ? ? 62 ???? ????????? 47 ?? ??? ? ? 26 ???? ? ? ? 54 ?? ????? ? 18 ???? ? ? 55 ?? ??? ? 9 ???? ? 52 ?????????????????????? ? 57 ???????? ? ? 12 ???????? ?????????????????????????????? 22 ???? ??????? ? 6 ???????? ????????? 16 ???????? ? 33 ???? ??????? 48 ???????? ? ? * * * * * * H I E R A R C H I C A L C L U S T E R A N A L Y S I S Fig 19 : Cluster Analysis Dendograph Chapter 6 ConclusionThe result for the cluster analysis is given in the table. The average ratings for each of the cluster is given below | Factors | | Network Quality | | Customer Service | | Presence of Point of Sale Nearby | | Low Tariff | Table 14: Top 5 factors of customer preference. The most visible aspects of telecom brands ie the bill boards, TV advertisements

and celebrity endorsements do not compel or urge a customer to but a particular brand. These are just used to have top of the mind recall. Hence advertisements and celebrity endorsements do not figure in the top 5 factors a customer chooses to buy a telecom brand. Value added services are generally used to keep a telecom customer loyal to a particular brand and is not a motivating factor for a customer chooses a brand based on VAS services provided.

Presence of a point of sale nearby is extremely important at there is an Idea PoS near the places where the survey was taken and Idea customers have rated it as the top factor for choosing Idea. Cluster 1 with the average bill of Rs. 685 is also the cluster with the highest average age of 29 years. This cluster has chosen the presence of a point of sale nearby and network quality as the major reason for choosing their particular brands. This highlights the importance of having a point of sale nearby is as important as good customer service or reliable billing service.

Cluster 2 with an average age of 24. 4 years is the lowest average age among the clusters. The average bill of this group is the highest at Rs. 1180. 7.

The dominant factors in this group are presence of a Point of sale nearby and network quality. Cluster 3 with an average age of 27. 9 years and the average mobile bill is Rs. 602. 5.

The dominant factor in this cluster is reliability of billing and network quality. Cluster 4 The average age of this group is 25. 75 years and the monthly

mobile bill is Rs. 05 has one of the lowest monthly bills. The dominant factors in this group are reliability of billing services, presence of Point of sale nearby and influence of sales representative.

Annexure 1 Questionnaire 1. Name: _____ 2. Age _____ 3. Marital Status __ Single __ Married 4. Educational Details __ Under Graduate __ Graduate __ Post Graduate __Others 5.

Professional Details __ Student __Working __Self Employed __House Wife __ Dependant 6. Annual Family Income(X) __X