CHAPTER 6

SUMMARY& CONCLUSIONS

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SUMMARY, CONCLUSION, SUGGESTIONS AND RECOMMENDATIONS

The present research was undertaken to study the marketing organization structure and strategies of cellular operators in Gujarat keeping in mind the following objectives:

1) To Study the role of government in framing rules and objectives for cellular operators with reference to the liberty of business,
2) To study product life cycle of cellular phone vis-à-vis wire line telecommunication,
3) To study parallel market for cellular instruments,
4) To study whether marketing strategy and frequent changes in it has impact on unstable market share of cellular operators,
5) To study the impact of differences in rates for call from when it was introduced and now,
6) To study the awareness of negative externalities if at all and
7) To study the effects on present users and market if additional operator enter the market.

The study was carried out in three cities of Gujarat viz. Vadodara, Ahmedabad and Surat. For the purpose of an in depth analysis of marketing organization structure and strategies adopted by cellular operators all the four cellular operators that are functioning in the state of Gujarat viz. Hutch, Idea, Bharti Cellular and BSNL were selected. The research data were generated based on personal interviews of cellular phone users randomly selected from the three cities. A total of 477 cellular phone users were interviewed.

The secondary data were collected from various journals, periodicals, government publications, electronic media, etc.

1.0 PERSONAL PROFILE

A majority of the respondents were from Ahmedabad (40%), followed by Vadodara (37.3%) and Surat (22.6%). More number of males (87.8%) formed a part of this study than females (12.2%). Mean age of the respondents was 28.6. As regards education, more than one third (37.9%) of the respondents were graduates/double graduates and 10.5% of the respondents were postgraduates, the rest were undergraduates (26.2%) or had education below class 12 (22.0%). This indicates that education does not have much of a bearing on possessing a cellular phone.

Up till the last decade, telephones were synonymous with the rich and the affording. Moreover the policy makers also considered it as luxury service not essential to economic growth. This is no longer true nowadays as evident from the present study, one third of the respondents were from low-income group (monthly income < Rs. 5000/-), 35% of the respondents belonged to the lower middle income group i.e., between Rs.5001-10000, and less than one fifth of the respondents were in the middle income category i.e., between Rs.10001-20,000/- per month (15.1%) and Rs.20,000/- and above per month were negligible (2.5%). As regards occupation, 52.8% were into service, 21.4% were self-employed or having their own business, less than a fifth were students (16.6%), followed by professionals (6.3%) housewives (1.5%) and retired persons (0.4%).

2.1 Mode of telecommunication used

The respondents of the current research were queried regarding the mode of telecommunication that they used. Cellular service users were maximum (87.2%), followed by landline (57%), WLL-mobile (23.3%) and

WLL-fixed (9.9%). It can be concluded that cellular services are fast becoming dominant technology for voice communications taking over the conventional wire line telecommunication.

Also the hypothesis (H1) formulated, **"Removal of monopoly in telecommunication sector and entry of private players has lead to change in the market situation"** is accepted and the null hypothesis (Ho) is rejected.

2.2 General information regarding handset used by the respondents

Different brands of handsets are flooding the market. Almost every other day handset manufacturers are launching different models with specialized features with cost ranging from economy to some very expensive models.

In the present study, a majority of the respondents (80%) used Nokia. The major impediment in the mobile industry is affordability of handsets. The respondents had spent on an average Rs. 4955/- on their handsets. t-test for equality of means was carried out (t value-.253), which was statistically insignificant.

When cost of handsets was compared with income of the respondents, it was revealed that the respondents earning between Rs. 10,001/- to Rs.20,000/- and more than Rs.20,000/- had purchased a costlier instrument.

In order to escape from paying tax on the purchase of handset, the parallel market or the grey market for cellular instruments exists. Also, second hand handsets are available for a lower price. Both these options come without a bill and warranty. In the present study, handsets were purchased from a licensed dealer by a majority of the respondents (73.4%) as against a very small percentage of purchase (7.3%) from the grey market. Less than one fifth (18.9%) of the respondents stated having purchased second hand handsets. The difference was found to be highly significant, statistically.

Comparisons with income level, revealed a different picture. More number of respondents (33.5%) with a monthly income of less than Rs. 5000/- had purchased second hand handsets compared to respondents with a better income level. The difference was highly significant, statistically as well. However, income did not have much impact on purchase of handsets from the grey market.

Thus, in addition to making mobile phones affordable, and to ensure that every segment of the population has mobile, service providers and handset vendors would have to come up with second hand phone options at very low prices with warranty.

2.3 General information regarding cellular services used by the respondents

Cellular technology came to Gujarat soon after introduction of new telecom policy. Initially, only two operators were given the license to operate in Gujarat, viz. Hutch and Idea. Other providers entered later, increasing from 2 to 4. The respondents of the study were asked about their knowledge regarding the cellular operators in the market (Table 2.3a). Maximum awareness was about Fascel (87.0%) while two thirds of the respondents were aware of Idea, Bharti and BSNL. A similar trend was observed when respondents were queried about the cellular services that they were using currently. Little over half (53.7%) of the respondents were using Fascel, followed by similar number of users for Idea (16.6%) and Bharti Cellular (16.4%) and the least number of users were for BSNL, i.e. 13%. It can be concluded that Fascel was clearly the most popular service provider.

2.4 Information regarding the product used

As per the latest TRAI report, 75% of the mobile owners use the prepaid system and the rest are in the post paid segment. In the present study, the pre paid card users were two thirds (66.2%) and the rest (33.8%) were post-paid card users. Reasons stated for using pre paid services were more economical as expenses could be kept in check and there were better schemes available besides other reasons such as billing convenience etc.

Respondents using post paid connection by and large felt that there were better schemes available (21.7%), 14% respondents used it under company's scheme, 8.3% respondents used it as frequent re charging was not required and 6.4% felt that bills were generated. Thus, the peculiarities of both the services are liked by the customers and they select a particular service that suits their needs.

2.5 Information regarding the cellular services used

The respondents in the present study were probed regarding the period since they were using the current cellular services. It was revealed that majority of the respondents were using the service since last one year. The percent decreased with the increase in number of years. On inquiring about the period since the respondents were using cellular phone, less than one fifth of them were using since 6 months, followed by about a third using it since 7 to 12 months, 29% using since 1 to 2 years and about one fifth using since 2-5 years.

Retaining customers is very important for any service provider. With many attractive schemes and sometimes dissatisfaction with the provider, it is a common practice to change ones subscriber. When the respondents of the present study were queried as to whether they were with the same subscriber or had changed, it was brought to the fore that slightly less than two thirds of the respondents (61.2%) had always used the same provider while the remaining (38.8%) had changed.

Reasons for changing the operator were problems with the coverage (48.6%) followed by poor schemes (36.8%), billing problems (27.0%), poor quality of service (25.9%) and pricing (20.0%).

Thus, it is not always the pricing that helps in retaining a customer as much as it is other services that need to be tightened.

2.6 Information regarding cellular provider used

There are several factors instrumental in customers selecting a particular provider. The respondents in the current study revealed that network (73.4%) followed by pricing (60%) and Scheme (48.2%) were the main deciding factors for choice of services. Major influencers in the decision were friends (49.7%).

Respondents were asked to rank the cellular service they used individually and by the prices they offered. Hutch was ranked 1 in both the aspects by a majority of its users. Whereas BSNL was ranked 4^{th} by maximum of its users individually and by the prices they offered, Idea was ranked 4^{th} by maximum of its users.

3.0 INFORMATION REGARDING CELLULAR SERVICES

(A) Sales / Pre-sales

The services that a provider provides to his customer at the outset of taking a connection as well as post sale services adds to his credibility. In the present study, on inquiring about the availability of dealers, a majority of the respondents (91.8%) answered in affirmative. Also, the time taken to obtain a pre/post paid connection was 1-2 hours as reported by a maximum of respondents.

A majority of the respondents of the study could find it easy to understand the offers and schemes and the sources that they learnt from about these schemes and offers were mainly from friends (52.2%) followed by operator (51.8%). One third of the respondents reported to have learnt from advertisements and 24% had learnt from relatives.

The ease of understanding of promotional schemes that their provider had launched was investigated. Although majority of the respondents felt it was easy to understand, there were more than one fifth of the respondents who could not say for sure in case of Fascel (22.7%), Bharti (21.8%) and BSNL (25.8%).

On inquiring whether the respondents were satisfied with the tariff and taxes collected, it was revealed that majority of the respondents were not satisfied.

Telecommunication in today's world has become highly competitive with so many providers in the market. Thus, well-defined services, good schemes act as a benchmark of sorts for attracting customers. Peer effect also seems to be quite a decisive factor in selecting a provider. Satisfaction of one customer may lead to a snowball effect in making more customers.

(B) Network Availability, Performance and Reliability

Network availability and coverage are basic services that are expected out of any provider. About 50% of the respondents were happy with the type of coverage that was provided by their cellular operators i.e. Fascel (57.8%), Idea (55.7%), Bharti Cellular (59%) and BSNL (50%). As compared to Idea (27.8%), Bharti (25.6%) and BSNL (25.8%), Fascel (15.6%) had minimum respondents with complaints of coverage.

As regards network related problems, it was revealed there were problems faced in making calls. Maximum respondents with Idea faced this problem always as compared to others. The same was reported in receiving calls, coverage and signal availability and voice drops. In case of problems with voice quality and in using SMS, respondents with Idea and BSNL were maximum. A majority of respondents with Fascel never experienced these problems.

Thus, there was better satisfaction with Fascel in terms of network availability.

(C) Customer Care

Customer care has become an integral part of services of a cellular provider today. More than half of the respondents using Fascel (51.6%) and Idea (55.7%) and more than one third of the respondents using Bharti Cellular (35.9%) and BSNL (41.9%) confirmed easy accessibility of a customer care agent always. Out of the four providers, respondents with Idea had the best of agent accessibility.

The variables were analyzed city wise wherein some variation was noticed. In case of Surat, the agent was always accessible in case of only 30.6% of the respondents as compared to more than 50% of the respondents from Vadodara and Ahmedabad.

Along with easy accessibility of customer care agent, it is important that the agent responds appropriately. As it could be gauged from the responses, respondents with Fascel (56.3%) and Idea (54.4%) had better satisfaction on this aspect as compared to Bharti Cellular (37.2%) and

BSNL (30.6%). The difference was highly significant statistically at $p < 0.001$.

City wise analysis showed a similar trend with Surat showing minimum percent of respondents (34.3%) reporting the customer care agent responding appropriately as against Vadodara (56.5%) and Ahmedabad (51.7%).

(D) Billing

Billing related information was elicited from the respondents. Respondents who were using a post-paid connection were by and large satisfied with the information that was clear and complete in their bill.

Half of the prepaid card users always wanted a statement of calls made, about 13% preferred to have it sometimes while about 9% did not ever want it.

Satisfaction with respect to billing was gauged by probing whether the billing was accurate, whether the process of handling billing related complaints was alright and whether the billing related disputes were settled or not. Almost similar percent of respondents reported that they were always (15.5%) and sometimes (14.5%) satisfied with accurate billing. A small percent (6.1%) were never satisfied. With respect to satisfaction with handling of billing complaints, 11% respondents were always satisfied as compared to 13.2% respondents who were sometimes satisfied and 9.2% respondents were never satisfied.

Thirteen percent respondents were always satisfied with settlement of billing disputes by their operator, followed by 9.4% of the respondents who were sometimes satisfied while 10.5% were never satisfied.

Billing related problems faced by the respondents were investigated. The problem of double charges was never faced by about one fifth of the respondents, followed by 13% respondents who had faced this problem sometimes and a negligible percent of respondents (3.6%) always faced this problem.

The problem of delayed bills was never faced by 23% respondents. 10.3% respondents had faced this problem sometimes and a miniscule percent (1.5%) reported to have faced it always.

The problem of payments made but not reflected, wrong address and delay in refunds was also not faced by most of the respondents.

Thus, it can be concluded that the billing related problems were not very major.

(E) Value Added Services

The key to differentiate one's service is by offering unique services, which appeal to core needs and values of customers. These services are offered by operators at a cost.

There are several value added services provided these days and its knowledge and source of knowledge was tried to find out from the respondents of the present study.

In case of respondents with all four different providers, more than 90% of them were aware about Short message service and availed it as well. The main source of information was friends followed by operator and relative.

When the respondents were queried about their knowledge about roaming, voice mail, video clips, multimedia, paid services and surf the web, a majority of them reported to be aware of the same but did not avail it. The source of information was friends in majority of cases, followed by the operator and relative.

In case of ring tones, contrary to the above, maximum respondents were aware of the same and availed it also.

It can be concluded that although there is adequate information about value added services, there are not many takers of the same as it comes with a price. Also, availing the services again depends on the need and utility of a customer.

Respondents were asked to rate the value added services provided by their respective subscribers. Rating was obtained for services such as SMS, roaming, surf the web, multimedia, etc., on a 1-5 scale. Highly satisfied was given the rating as 1 followed by satisfied, neither satisfied nor dissatisfied, satisfied and highly dissatisfied, rated in ascending order.

Maximum subscribers to Idea (43.0%) rated SMS as highly satisfying Where as satisfactory rating was given by a majority of the respondents in case of all operators, viz. Fascel (55.9%), Idea (46.8%), Bharti Cellular (64.1%) and BSNL (56.5%).

In case of roaming, as majority of the respondents were pre paid card users, maximum rating was given to NA followed by satisfactory rating given to all operators for this service by most of the respondents (Fascel, 23.4%; Idea, 17.7%; Bharti Cellular, 25.6%; and BSNL, 21.0%). On comparison within operators, Idea was rated highly satisfactory by a majority (10.1%) of respondents.

Clip services were rated between satisfied to neither satisfied nor dissatisfied by most of the respondents. A similar trend as above was observed for this service as well. Highly satisfactory rating was given to Idea again for this service by maximum respondents (12.7%), within operators.

In case of paid services, following a similar trend, besides NA being rated the maximum, satisfactory rating was given by maximum respondents subscribing to Fascel (19.5%), Idea (11.4%), Bharti Cellular (20.5%) and BSNL (22.6%).

Maximum respondents rated surf the web as NA, followed by satisfactory, highly satisfied and dissatisfied rating given to various providers.

(F) Short Message Services

Short Message Service is the one of the largest utility of cellular phone users besides making and receiving phone calls. In the present study, respondents were queried regarding the number of times they use SMS service in a day. More than one third of the respondents (36.5%) used this service 1 to 3 times a day, about one fifth (17.6%) used it 4 to 6 times a day, there were 13.4% respondents who used this service 7 to 10 times a day and there were 8% respondents who used this service even 11 to 20 times and 20 to 50 times a day as well. There were 5% respondents who reported using SMS for more than 50 times in a day

Information was sought regarding the types of difficulties that they faced in sending SMSs.

- Delayed delivery

  A majority of the respondents subscribing to Fascel (55.9%), Idea (55.7%), Bharti Cellular (60.3%) and BSNL (38.7%) never faced the problem of delayed delivery. Out of the respondents facing this problem always or sometimes, BSNL users were more (21% and 38.7%) respectively as compared to other providers. The difference was significant at $p < 0.01$.

- Poor inter network delivery

  Minimum poor inter network delivery problem was faced by respondents using Fascel (48.8%) and Bharti Cellular (35.4%) followed by BSNL (33.9%) and Idea (35.4%). Compared to other providers, more number of respondents using Idea (35.4%) faced the problem of inter- network delivery always. Pearson's chi-square was not significant.

- Getting delivered

  On comparing the four operators, maximum respondents using Fascel (48.8%) had never faced this problem. Pearson's chi-square was not significant.

- Busy Network

  Most of the respondents had busy network problem sometimes, with respondents using BSNL forming a majority (51.6%). Comparatively, greater percentage of respondents using Idea (31.6%) faced this problem always. Pearson's chi-square was not significant.

- Poor Network Delivery

  It is evident from the table below, that maximum respondents using Fascel (50.8%) had never faced the problem of poor network delivery followed by Bharti Cellular (46.2%), Idea (40.5%) and BSNL (40.3%). As compared to others, maximum respondents using Idea (22.8%) faced this problem always. Pearson's chi-square was not significant.

Thus, more difficulties were faced by Idea and BSNL as compared to Hutch and Bharti in using SMS.

It can be concluded that cellular operators have a basket of services and each operator is trying in his own way to win and retain customers. There is ease of access of the provider, good network availability and a range of value added services are being offered. Thus, the hypothesis (H2) formulated, **"The changing market situation has lead to changes in the strategies adopted by cellular operators"** is accepted and the null hypothesis is rejected.

4.0 OVERALL CUSTOMER SATISFACTION

In order to ascertain the overall customer satisfaction, respondents were asked to rate several aspects of cellular services, such as presales/sales, network availability, performance and reliability, etc. The rating scale was 1 to 5 with 1 being Excellent followed by Good, Average, Below Average and Poor. The responses were analyzed vis-à-vis the service provider.

In case of presales/sales services, a majority of the respondents rated this service as Good in case of all four providers, Fascel (60.2%), Idea (50.6%), Bharti Cellular (47.4%) and BSNL (38.7%). Maximum users of Bharti Cellular rated it as Average (29.5%) and BSNL as below average (11.3%). The difference was highly significant statistically.

In case of network availability, performance and reliability, customer care and value added services, the maximum rating given was good, followed by average and excellent. Negligible percent rated these services as below average and poor.

The respondents were probed regarding the most popular service provided by their operator.

Short Messaging Service – A majority of the respondents reported to always like the Short Messaging service provided by their operator. More than one third of the respondents liked this service sometimes. The difference was however not statistically significant.

Services such as Multimedia, Video Clip, Surf the web, Track of business needs was Not Applicable for most of the respondents. Those respondents, who had this feature, preferred it only sometimes. Pearson's chi-square was not significant.

Regarding coverage, almost equal percent of respondents liked the service of coverage always and sometimes given by their service provider. Less than 50% of the respondents revealed to be always happy with the service of voice clarity. The rest were happy but sometimes. A negligible percent also reported to never like this service of their provider. Pearson's chi-square was not significant.

A majority of the respondents were only sometimes happy with the customer care service of their provider. Respondents equally always and sometimes liked the paid services offered by their cellular operators. Statistical significance was not observed. Pertaining to billing accurately, again an equal number of respondents with different providers liked this service always, and sometimes. Small number of them never liked it. However, the difference was insignificant statistically.

Maximum users of Fascel (50%) felt that prompt solution to problems was brought about sometimes as against about one third who found it useful always. A small percent (4.3%) never felt this service to be useful. A similar trend was observed in case of all the three remaining users.

For majority of the respondents with all four users, the service of roaming was not applicable. In case of the remaining respondents about equal number (one fifth) of them found it useful always and sometimes. The difference in responses between providers was not significant statistically.

It can be inferred that the services such as multimedia, video clip, surf the web, were not very popular or in use by the study respondents. This may not have a direct bearing on the services per say but the utility of these services may not be there with the present set of respondents.

In the present study, respondent's perception of cellular technology related to mobile services was tried to explore. Thus, it can be concluded that majority of the respondents agreed to the fact that cellular technology was important and need of the hour, it added to ones convenience, provided safety and security and also enhanced status in the society, it was good value for money and helpful in keeping pace with modern advancement. As for the technology being complicated and confusing, majority disagreed.

The respondents were asked to rank the services by the maximum usage. Maximum respondents (45.3%) ranked receiving calls as 1. As per keeping in touch with the family, Rank 2 was given by 38% respondents, not many respondents used the cell phone for arranging business. Maximum percent (47.9%) ranked it 4^{th} and socializing with friends was given rank 3 by maximum respondents (41.3%).

This supports the previous low ranking and importance given to certain value added services since the respondents of the present study use the mobile phone more for making calls.

Multiple operators in the market indicate more competition, in which the consumer benefits most of the time. On being queried whether they get better value for money due to presence of multiple operators in the market, majority of the respondents (57%) replied in affirmative as against less than a fifth (17.2%) who did not agree with this.

Thus, the hypothesis," **New telecom policy has led to emergence of keen competition leading to lowering of tariffs, consumer satisfaction, better services and sound infrastructure"** is accepted.

The possibility of respondents switching over from current cellular operator to another one was explored. One fifth of the respondents belonging to Hutch and Idea, 22.6% respondents belonging to BSNL and 14.1% with Bharti Cellular were confident that they would not switch from their current operator.

Out of the respondents reporting fair chances of a switch over, 15.2 % were with Idea, 11.3% with BSNL, 7.7% chances with Bharti cellular and 6.6% with Fascel. Respondents contemplating a switch over maybe, 61.5% were subscribers of Bharti Cellular, 53.9% were subscribers of Fascel, 46.8% with BSNL and 38% with Idea. The remaining were not sure whether they would switch over or not.

Out of the respondents who reported fair chances of a switch over, wanted to switch over due to poor schemes and coverage problem (66.7%), followed by poor service quality (38.1%) and billing problem (23.8%) and pricing (23.8%). In case of respondents who maybe wanted to switch, a similar trend in reasons was observed. A majority wanted a switch over due to coverage problem (47.2%), followed by about a third of them wanting a switch over for poor schemes and poor service quality, pricing (28.9%) and billing problem (21.5%). Thus, along with expansion of network and coverage, service orientedness requires to be strengthened. Pricing also has a bearing.

5.0 GOVERNMENT POLICY, ETHICS, HEALTH

In India, the private sector has made a slow but steady advent in the strictly government owned areas so far such as banks, investments, insurance, aviation, telecommunication, etc. In the present study, the respondents were queried whether they found the Government owned landline service to be more reliable than cellular service, 50% of them answered in affirmative as against about one fifth who did not agree and the remaining 29% respondents were not sure.

When the respondents were asked whether the private sector was equipped to provide better services without Government intervention, 46% respondents were positive, 25% were negative and 29% were unsure. These responses indicate that in case of services, people have more expectations from the private sector where they do not wish Government's intervention but on the other hand they have more faith in the Government controlled services.

As for privacy getting compromised on using a cellular phone, 45% respondents replied in affirmative, while 28.5% said no and 26.6 percent couldn't say for sure Although the impact on health of cellular phone users is not completely established, there is growing evidence that supports potential danger of cellular phones. On investigating the perception of respondents of the present study about this aspect, it was revealed that

53% respondents agreed with this as against 16.6% who did not agree while 29.8% were not sure. Education had little bearing on this, as there was not much of a difference between responses given by the respondents who were not graduates and those who were graduates and above.

Those respondents who answered in affirmative were further asked as to on what did they base their opinion on. A majority (72.7%) of them had based their opinion on information research, 45% reported having heard about this from friends while about one fifth had personal experience / knowledge about it.

The respondent's awareness on specific side effects of using a cellular phone were tried to gauge. Little less than one fifth (16.8%) did not think there were any side effects. There were a majority (68.3%) who did not answer this question. Other very negligible percent of respondents thought that cellular phone use lead to health problems such as heart related, brain related, fertility related and mental stress. Few respondents (5.2%) also thought that it disturbed the personal life.

Although still more evidence based research needs to be done to establish impact of cellular phones on the health of its users, **the social cost of the advancement in technology has definitely increased** which is the final hypothesis that has been framed for this research study and it is accepted.

Suggestions to improve the existing services were also sought. Suggestion to have more service stations was given by 16.2% of the respondents followed by better schemes given by 10% of the respondents, 4.5% respondents suggested free SMS. Other suggestions were less service tax, low prepaid charges, lower outgoing charges, etc.

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