

Factors Influencing the Behavior of the Mobile Phone users to Switch their Service Providers in Andhra Pradesh

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Abstract

Consumer Behavior is a study of how individuals make decisions to spend their available resources like time, money and effort on consumption related items what they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service for satisfying their needs. From a marketing point of view, the consumer behavior is, the psychology of how consumers think, feel, reason and select between different alternatives like brands, products. The consumer switching behavior is there in between both, companies and customers, because the consumer switching behavior restricts both parties to make long term relationships and even it breaks the pre-developed long term relationships. Similarly the consumer switching behavior is basically the behavior of consumers in shifting their attitude from one brand (product) to another brand (product). Due to this dramatic growth, the cellular industry all over the world has been witnessing fall in the costs of cellular services, very high growth rates in subscriber base, and increasing competition and deregulation.

Index terms— consumer, buying behavior, tele-communication, cellular services etc.

1 Introduction

The consumer behavior study is basically the psychology of consumers, like when, how, why and people buy and use the products for satisfying their needs. From a marketing point of view, the consumer behavior is, "the psychology of how consumers think, feel, reason and select between different alternatives like brands, products". The companies are always trying to build mutual relationships with their customers through delivering better value and fulfilling their commitments, but due to competitive business environment, it's becoming difficult for marketers to do so. The consumer switching behavior is there in between both, companies and customers, because the consumer switching behavior restricts both parties to make long term relationships and even it breaks the pre-developed long term relationships. Similarly the consumer switching behavior is basically the behavior of consumers in shifting their attitude from one brand (product) to another brand (product). Due to this dramatic growth, the cellular industry all over the world has been witnessing fall in the costs of cellular services, very high growth rates in subscriber base, and increasing competition and deregulation. For developing countries in particular, cellular services are becoming a very significant proportion of the overall telecom infrastructure. The increasing competition in cellular service industry may be for the purpose of attracting consumers towards the firms because consumers are the main source of profitability of the firm.

The service providers are offering most sophisticated mobile services with an expanding number of value added services such as Short Message Service (SMS), Wireless Application Protocol (WAP), subscription services (SS), General Packet Radio Services, and Third Generation services, which will help to attract consumers and the influence their buying behavior. This value added services are increasing the level of consumers' expectations from service provider and if the service provider is unable to meet these expectations then, the consumers considers switching to competitors services. The switching behavior of the consumers will significantly affect the revenues, service continuity, and market share of the firm (Oyeniyi and Abiodun, 2013). Therefore, in order to

prevent consumers from switching to competitors, the service providers are forced to add new schemes, offers, technological advancements, and benefits with the services.

Cellular services have become the main source of growth in telecommunication sector in India. The flexibility offered in communications and falling tariffs are playing a significant role in popularizing mobile communications. In the last decade, the mobile revolution has played a significant role in the growth and development of Indian economy. As the number of cellular service providers are continuously increasing, it is expected that the Indian telecom industry will grow at a compound annual growth rate (CAGR) of 15.8 percent between 2010 and 2014 and will touch revenues of \$92 billion (377,683 crore INR) (telecomleads.com). The Indian cellular consumer market is expected to double its subscription base by 2017 when compared to present subscriptions.

The earnings and profitability of the company will be highly affected, if it loses even a single consumer, as it can cost five times more to acquire new customer than to retain an old customer. Therefore, in order to retain the old consumers and reduce the rate of consumers from switching to competing service providers, it is very important to study the factors that influence consumer behaviour in terms of switching between the cellular service providers.

Telecommunication industry is characterized by high growth. Due to intense competition in telecommunication industry customers frequently switch from one service provider to another. It has become very important for service providers to investigate the switching behavior of customers.

2 II.

3 Review of Literature

The factors that influence switching behaviour and decisions of consumers in terms of cellular service providers. The literature review firstly explains impact of marketing in relation to cellular service industry, and then the main concept of this study has been discussed i.e. consumer switching behaviour including the major factors that determine consumers' switching behaviour (switching determinants) in cellular services such as service quality, price, switching costs, change in technology, advertising, social influences and involuntary switching. Lastly, the hypothesis has been developed on the basis of the literature.

According to Kotler, et al. (2009:6), "marketing is a customer focus that permeates organisational functions and processes, and is geared towards marketing promises through value proposition, enabling the fulfillment of individual expectations created by such promises and fulfilling such expectations through support to customers' value generating processes, thereby supporting value creation in the firm's as well as its customers' and other stakeholders' processes".

Today, Marketing must not be understood in the old sense of making a sale - "telling and selling", but in the new sense of satisfying customer needs (Kotler and Armstrong, 2008:7). This implies that, if the companies want to gain long-term benefits from its customers, they have to understand marketing in the new sense of satisfying customer needs. If the companies are able to satisfy the needs and expectations of its customers, then customers will repurchase the products or services of a particular company i.e. they exhibit loyalty towards the company, regardless of competitors' efforts to distract customer attention towards them.

Muddie and Pirrie (2006), identified four basic characteristics of services i.e. intangibility, inseparability (simultaneous production and consumption), variability (heterogeneity) and perishability. He also argued that marketing activity is normally structured around the '4Ps' i.e. product, price, promotion and place; but the distinctive characteristics of services requires 3 more Ps in addition i.e. people, physical evidence and process. Schiffman, et al. (2008) stated that, consumer behaviour is a root of marketing concept. Therefore, the concept of consumer behaviour in terms of switching in cellular service industry has been discussed below because it may be significantly important for the cellular service providers to understand the grounds in which consumers' exhibit switching behaviour in order to gain understanding on consumers' needs and expectations, and the ways for satisfying them. It can enable cellular service providers to reduce the risk of customers switching from one cellular service provider to another, as the success or failure of the company may depend on its consumers.

4 a) Consumer switching behaviour

i. Consumer behaviour According to Loudon and Betta (2013), consumers are those individuals who purchase goods or services for the individual or household consumption purpose. They define consumer behaviour as "the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services". Similarly, Hoyer and Macinnis (2012), defines consumer behaviour as "the totality of consumers' decisions with respect to the acquisition, consumption and disposition of goods, services, activities, experiences, people and ideas by decision-making over time".

ii. Switching behaviour Switching in the context of consumer behaviour is referred to the times when consumer chooses a competing choice rather than the previously purchased choice on the next purchase occasion (Babin and Harris, 2011). Switching behaviour reflects the decision that a consumer makes to stop purchasing a particular service or patronising the service firm completely (Boote, 1998).

According to Brown and Chen (2001), some studies suggest that customer satisfaction is an important antecedent of loyalty. Customer loyalty is influenced by customer satisfaction and a loyal customer base is the real asset for a company.

Customer loyalty has a powerful impact on organisation's performance and most of the companies consider it as a source of competitive advantage. It increases revenue, reduces customer acquisition costs, and lowers the costs of serving repeat purchasers, which leads to greater profitability. Hence, cellular service providers have to satisfy its consumers in every aspect relating to their services and because if they fail to satisfy its consumers, then consumer loyalty may be lost and they may consider switching their service provider which in turn may bear losses for the firm. The impact of consumer switching or defection on the firm is discussed below.

iii. Switching determinants According to Lee and Murphy (2005), there are several factors that determine consumers to stay with their current service providers or to switch. Some of the important factors which determine switching are:

? Price is rated as the most important reason for switching. ? Brand trust leads to commitment towards brand, which then reduces the consumers' behaviour to switch the service provider. customer defection because consumer behaviour not often depends on the current service provider and its service but also on its competitors. For example, when a mobile phone customer's basic criterion of buying is price, and then they compare the price system of their current service provider and other provider (Bhrun and Georgi, 2006). Some of the important factors that determine consumer switching behaviour in cellular service industry have been discussed below to gain the knowledge about underlying facts of those factors for the purpose of achieving the objectives of this research.

5 III.

6 Objectives of the Study

The research is designed to address the following aims and objectives. The broad aim of the research is to explore and examine the factors that determine the consumers switching behavior of young adults (aged 18-35 years) in cellular service providers. The objectives of the research are as follows.

? To investigate the factors that influence consumers to switch the cellular service providers. ? To critically evaluate the most and the least significant factors that influence consumers switching behavior in cellular services? ? To investigate the likeliness of consumers to switch from current cellular service provider to another.

IV.

7 Hypotheses of the Study

For the convenience of the study the following hypothesis are developed which are to be test.

8 H1:

Tariff package has significant effect on consumers' switching behavior in terms of switching cellular service provider. H2: Network coverage has significant influence on consumers' switching behavior in terms of switching cellular service provider. H3: Price has a direct and significant influence on consumers' switching behavior in terms of switching cellular service provider. H4: Promotional activity has significant influence on consumers' switching behavior in terms of switching cellular service provider. H5: Customer service quality has a direct and significant influence on consumers' switching behavior in terms of switching cellular service provider.

V.

9 Research Methodology

The present study is based on descriptive research design as we wish to know the reasons why consumers are switching in the telecommunication industry. Survey research method is adopted to gather data on the variables determined. The target population was 100 consumers using different mobile networks. A random sample of 93 consumers were selected by stratified random sampling technique keeping in the view the probability proportion.

10 The study

The study will be exploratory in nature with survey method being used to complete the study.

11 Sampling unit

Customer on the basis of age, gender, income, occupation, education in Vijayawada. Sampling size 100 Respondents in Vijayawada.

12 Tools used for data analysis

Stratified Random Sampling & Appropriate statistical tool to be applied to interpret data like Test of significance, Chi square test.

13 Tools used for data collection

A structured questionnaire was personally administered to collect data on the sampled respondents. Questionnaire consists of two main parts having a total of 32 items related to name of the respondent, gender, age and occupation, educational background covering both dependent and exploratory variables of consumer switching behavior. Likert type scale was used to measure the items. Of the 100 questionnaires administered 93 valid filled questionnaires were retained. As the basic objective of the study is to identify the factors effecting consumer switching behavior.

14 Data Analysis

Data analysis is the process of identifying trends, patterns and insights in the data. Generally data analysis is of three types:

? Descriptive data analysis which describes and summarizes the data. ? Explorative data analysis or graphing of the data.

? Inferential data analysis which makes generalizations about the populations based on the information from sample data.

15 VI.

16 Data Analysis & Interpretation

First we shall start with description of the sample which is given below: Null Hypothesis: The relationship between gender of the respondents and their switching behaviour of their mobile connection is not significant.

As the calculated Chi-Square value (3.505) is less than the table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the relationship between the gender and switching behaviour of the mobile phone users is not significant. Null Hypothesis: The relationship between the age group of the respondents and their switching behaviour of the mobile phone users is not significant.

As the calculated Chi-Square value (10.725) is less than the table value (15.507) at 5% level of significance for 8 degrees of freedom, the null hypothesis is accepted and it could be concluded that the relationship between the age and switching behaviour of the mobile phone users is not significant.

17 Correlation Analysis

In order to test whether and how strongly the pair of variables (dependent and independent variables) are related, correlation analysis has been carried out using SPSS 19. The independent variables are service quality, price, switching costs, change in technology, advertising, social influence, and involuntary switching, and the dependent variable is switching behavior. In correlation analysis, if the value falls in between 0.1 and 0.5, it means that there is a weak correlation between the variables and if the value falls in between 0.5 to 1, then it indicates that there is strong relationship between the variables. The correlations between the switching determinants and the switching behavior have been shown in the following table. H3: The third hypothesis tested the relationship between price and switching behavior was not significant at 0.01 level. Hence the correlation coefficient was ' $r=0.174$ ', which shows that the price has no significant influence on consumers' switching behavior in terms of switching cellular service provider. The result did not support the null hypothesis. H4: The correlation represents the association between advertisements and switching behavior of consumers, which was not significant at 0.01 level with the correlation coefficient ' $r=0.177$ ', the analysis indicates the advertisements has no significant influence on switching behavior in terms of switching cellular service provider. The result did not support the null hypothesis. H5: The correlation represents the association between service quality and switching behavior of consumers, which was not significant at 0.01 level with the correlation coefficient ' $r=0.184$ ', the analysis indicates the service quality has no significant influence on switching behavior in terms of switching cellular service provider. The result did not support the null hypothesis. All the above statistical tests and hypotheses tests have satisfied the objective one of this study i.e. to investigate the factors that influences the consumers to switch their cellular service providers and it was found that these factors are statistically significant. This shows that all the research questions have been answered and the objectives of this research have been satisfied and in turn the main aim of this research has been successfully achieved VII.

18 Findings

After collecting information from the data i.e. primary and the secondary data, the next step is to analyse the data. In this chapter, firstly the findings from the collected will be drawn and explained in terms of tables and graphs representing frequency and percentage of respondents by using SPSS for the purpose of bringing the ease in representation 1. Customers especially in the age group (18-24) are likely to switch from the current cellular service provider to another. 2. Consumers are disagree that the customer service provided by the current cellular service provider is not good. 3. Consumers disagree that the network coverage of the current cellular service provider is not good. 4. Consumers disagree that the call quality provided by the current cellular service provider is good.

5. Consumers disagree that the call rates offered by the current cellular service provider are high. 6. Consumers disagree that the advertisements of the competitors are encouraging them to switch the cellular service provider. 7. Consumers are agree that the customer care service of previous operator was poor.

19 Suggestions

? This research was carried out only on consumers with specific age group between 18-39 years. It can be suggested, similar study can be conducted on consumers with other age groups as well. ? This study empirically examined seven factors that may influence consumers’ switching behaviour in cellular services. However, there may be some other factors that can have an impact on consumers’ switching behaviour but were not examined in this study. Further empirical research is required to examine the other factors that can impact or influence consumers’ switching decisions. ? Service providers should create trustworthy and rational appeal in their advertisements. They should introduce innovative promotional strategies and connect consumers with the promotional activities. ? Improving the performance of customer services by establishing more customer care centers, and to educate the customers regarding the essential features of mobile phones and its services. ? Finally providing the services that are expected by the consumers as early as possible.

20 Conclusion

Conclusively, the study has explored some of the major factors that are influencing the consumers’ behaviour to switch their cellular services providers, through an exploratory investigation. However there may be some other factors that have impact on consumers’ switching behaviour but only the factors which are most important and relevant to cellular services were examined. The results of this study have proved that all the seven factors are significantly influencing the switching behaviour of consumers. An understanding of these influencing factors allows managers to direct efforts and resources in the most effective and efficient way to prevent consumers’ switching behaviour, and reduce business losses in the long run that results from consumers’ switching behaviour. The results have disclosed that amongst all factors, price was the most influential factor that influences the behaviour of young adults in Vijayawada to switch from their current cellular service provider to another. The cellular service providers should pay attention to all factors and especially towards the price of the services, because the consumers’ switching intentions were found to be most significantly influenced by the price, followed by service quality, change in technology, social influence, switching costs, advertising, and involuntary switching which is least important. The unfavorable price perceptions are the principally affecting consumers to switch loyalties to competing service provider. Favorable price for the cellular services is very important in order to gain loyalty, market share, and corporate image of the firm. As it has been acknowledged that majority of respondents are likely to switch from their current cellular service provider i.e. around 53 percent. Hence, the cellular service provider can make use of the information provided in this research to gain loyalty by meeting their expectations and satisfying needs and desires because, if the service providers are unable to meet the expectations then consumers will take their business to somewhere else.

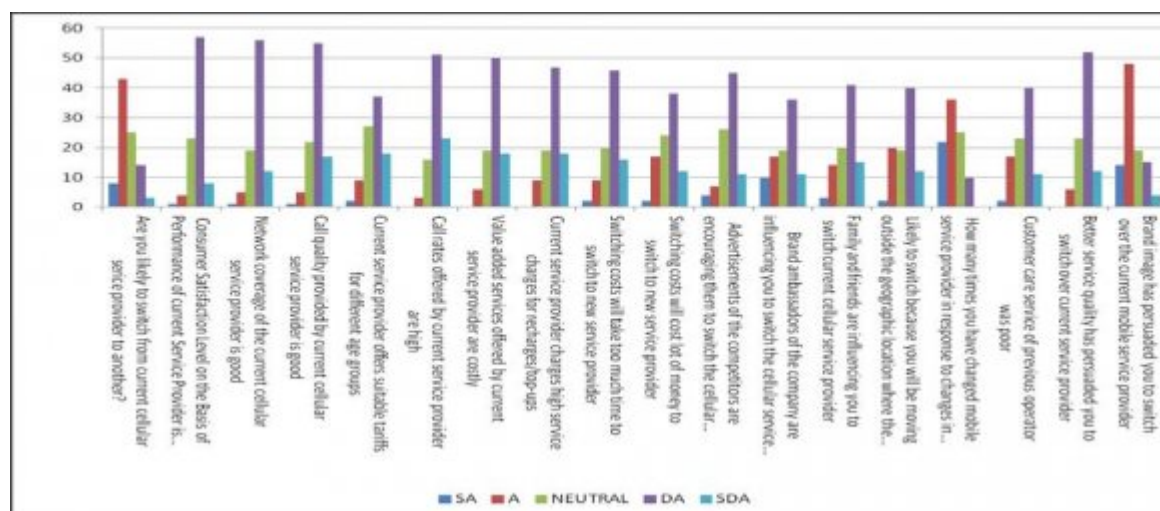


Figure 1:

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No of Respondents	% of Total
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Figure 2: Table 1 :

2

SA	A	NEUTRAL	DA	SDA
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Figure 3: Table 2 :

Age of the respondent * Switching Behaviour Cross tabulation

	18-24
Age of the	25-29
respondent	30-35
Total	
28 Year	

Pearson Chi-Square

Volume XVI Issue V Version I () Global Journal of Man- agement and Business Re- search	<p>Likelihood Ratio Fisher's Exact Test Linear-by-Linear Association N of Valid Cases a. 8 cells (53</p> <p>2.</p>
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Age of the respondent * Switching Behaviour

Figure 4:

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