# A Study on Impact of Customer Engagement Strategies on Customer Loyalty and Retention in Telecommunication Sector Analysis with Chi –Square Test

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**Abstract**

*Huge competitions, advancement in technology and reduced tariff have propelled the growth of mobile services in India. In the last five years, the industry has made tremendous growth in terms of subscriber base. Today, cell phones have become indispensable for people and moved beyond their fundamental role of communication. They have become a major source for gaming, getting information, shopping, banking, entertainment and much more for customer engagement strategies on customer loyalty and retention in Telecom sector Current. In this, we focused on structure of the Indian telecom industry, public and private sector, changes in market share, segments in telecommunication industry and wireless services.*

**Keywords:** Telecom Industry, Wireless, BSNL, VSNL, MTNL

## Introduction

### Structure of the Indian Telecom Industry

Currently, both public sector players as well as the private sector players are actively catering to the rapidly growing telecommunication needs in India. Private participation is permitted in all segments of the telecom industry, including ILD, DLD, basic cellular, internet, radio paging, et al.

### Public Sector

After the privatization of VSNL in 2002, only two premier PSUs, MTNL and BSNL operate in India and provide various telecom services. As noted earlier, MTNL operates in Delhi and Mumbai and BSNL provides services to the remaining country. In the post-liberalisation era, these PSUs not only have made significant progress but also have provided stiff competition to their private counterparts.

### Private Sector

Private operators have played a very crucial role in the growth of the telecommunication industry, primarily in the mobile services. With the liberalisation of the telecom industry, the private sector has been increasing its foothold in the telecom services space. After the introduction of NTP-99, the contribution of private players towards telecom services has witnessed rapid strides. While the private sector is instrumental in providing both fixed line as well as wireless services, it is mainly active in the wireless segment. The fixed lines account for only about 2% of private sector's total subscriber base. While some private players have a pan-India presence, there are many regional players that cater to only certain service areas.

### Change in Market Share

The subscriber base of the public as well as private players has grown rapidly post-liberalisation. The subscriber base of telecom industry grew from around 18.68 mn during FY98 to 429.72 mn during FY09 and a significant proportion of this growth has emanated from the private sector. The private players registered an absolute growth of around 339.30 mn in subscriber base during FY98-FY09. This could be largely attributed to rapid growth in mobile subscriber base of the private players. With the gradual opening up of the telecom industry, the private players have been able to garner strength and improve their hold on the telecom service provision.

Further, the introduction of the New Telecom Policy (NTP-99), which enabled migration in the license fee payment mechanism from a fixed regime to a revenue-sharing regime, provided a major boost to private sector players. Moreover, initiatives such as allotting third and fourth cellular licenses, shifting to a unified access licensing regime, execution of calling party pays (CPP) regime, making incoming calls free, also drew significant growth in the cellular subscriber base. Although the subscriber base of public entities has also expanded, it has grown at a much lower rate as compared with private players. During 1998-2008, the subscriber base of PSU operators grew by merely 71.72 mn. The public sector has witnessed sustained depletion in its share in the total subscriber base over the years, as it has been on a comparatively lower growth trajectory. The share of private sector in the total subscriber base has increased substantially from 4.7% in FY98 to 79.2% in FY09. Even though these figures signify the dominance of the private sector in terms of subscriber base, it is important to note that the prominence of private and public sector service providers varies in different segments of the telecommunication industry.

**Segments in the Telecommunication Industry**

Telecommunication services in India can be divided into two broad segments, wireline services and wireless services. While the wireline services include the fixed line telephony, wireless services comprise mobile, WLL (F) and WLL (M). Overall, the Indian telecom industry has made significant progress; however, the source of emergence of this growth in terms of wireless and wireline segments has undergone substantial change in the past few years. The wireline segment, which accounted for a major share of the telecom industry during beginning of the current decade, has witnessed a decline in its subscriber base in the last 2 years. The subscribe base of the wireline segment, which reached a peak of 41.54 mn during FY06, has witnessed a declining trend since then. The subscriber base of the wireline segment has declined to 37.96 mn in FY09 from its peak in FY06. On the other hand, the growth in subscriber base of the wireless segment has increased substantially over these years. The subscriber base of the wireless segment has increased from around 6.70 mn in FY02 to as much as 391.76 mn in FY09. Over these years, not only the number of wireless subscribers but also the pace of its growth has increased substantially.

1) Wireline services
2) Wireless service: GSM and CDMA
3) Internet services
4) Public Mobile Radio Trunked Services
5) Global Mobile Personal Communication by Satellite (GMPCS)
6) Very Small Aperture Terminals (VSAT)
7) Mobile Value Added Services

**Wire line Services**

The wireline segment includes basic wireline services rendered to households, commercial units and to service providers such as public call offices. While the incumbent PSUs have been the dominant players in wireline service, some private players have been gradually making their presence felt in this segment. As on March 31, 2008, 5 licensed private operator groups were providing wireline connections in addition to the incumbent BSNL and MTNL.

**Objectives of the Study**

1) To find out the factors of customer engagement strategies
2) To explore the responsible factors for retention in telecom sector
3) To assess and analyze the subscribers' satisfaction level on their MSPs
4) To find all the subscribers problem associated with their service providers

## Review of Literature

**Narinder K Chhiber (2008)** the mobile telecommunication technology is evolving rapidly in the world as more people demand mobile services with longer bandwidth and new innovative services like connectivity anywhere, anytime for feature like T.V., Multimedia, Interoperability and seamless connectivity with all types of protocols and standards, while the 3G 75 services are yet to fully come up. Serious discussion on 4G has started .WLAN hot spot have made inroads along with 3G to offer an alternative form of mobile access.

**Rohit Prasad & V.Sridhar (2007)** this is one of the first such attempts to analyse the tradeoffs between low market power and economics of scale for sustained growth of mobile services in the country. Our analysis of the data on mobile services in India indicates the existence of economies of scale in this sector. We also calculate the upper bound on the optimal number of operators in each license service area so that policies that make appropriate tradeoffs between competition and efficiency can be formulated.

**OECD (2007)** by increasing competition uptake can be mainly realized by then following incentives; (1) bundling of services, such as offering telephone line plus broadband access to internet ADSL at significantly reduced price, introducing triple play services on the subscriber line and promoting digital T.V. as a revenue source for the fixed line operator. These would however depend on the distance of the subscriber line from the local exchange and the quality of the copper line. Reducing cost for the second line would also be effective. This would lead to reduce prices for the consumer and reduce churn. (2) Increasing competition between broadband service providers. Reducing the monthly rates of increased speed internet access using ADSL. Increasing awareness of the benefits of ADSL to 81 the society. increasing the local content on the internet so to attract more users in attempt to find killer application that would attract user to indispensable ADSL experience.(6) adopting convergence between wireless or mobile and fixed services.

## Research Methodology

The validity of any research depends on the systematic method of collecting the data and analyzing them in a sequential order. Methodology represents the sampling design, data sources, Tools for data collection, construction of questionnaire, pilot study and study and the frame work of analysis.

### Sampling Design

The primary data was collected through the field survey in the study area. First – hand information pertaining to employee behaviors were collected from 175 respondents to identify their preference, satisfaction of mobile service providers.

### Data Source

The study used both primary data and secondary data. The focus of the study is to analysis the major attributes the performance appraisal in the organization

### Primary Data

The major source of the data used to carry out the analysis is primary data. Field survey method was employed to collect the primary data from 175 respondents through a well framed questionnaire. The respondents with varying background in various mobile users based on their demographic aspects like age, educational qualification, monthly income, experience were selected for the study.

### Secondary Data

The secondary data namely literature relating to the study was gathered from the national and international journal, newspaper, magazines, articles and various other records.

**Discussion and Informal Interview**

In order to identify that insight perception of employees towards performance appraisal several rounds of discussion were held with knowledgeable persons in the field of Human Resource and also with the Research Supervisor.

**Research Instrument**

Questionnaire containing both closed and open ended questions

**Sample Design**

**Population**

It covers various mobile service providers 175 respondents

**Sampling Size**

The research selected 175 samples from various mobile service providers at Coimbatore district.

**Sampling Technique**

Judgment sampling is one, which is selected according to someone's expert's personal judgment. Otherwise, it is called purposive sampling

**Interview schedule**

The interview has been used to collected the data information can be even when the respondents happen to be literature.

**Tabulation**

It is arrangement of classified data in a manner. It involves creating table for recording data. A master table is prepared with the help of the filled interview scheduled. These tables are of immense help to analyze by using the statistical tools.

**Scaling Techniques**

Questionnaire was framed on likert scale having 5 points and above.

**Tools for Data Collection**

Questionnaire was a main tool used to collect the pertinent data from the selected 175 respondents. The research problem and questionnaire were framed accordingly with the help of the Research Supervisor's comments and Research Experts. The questionnaire includes the information regarding the demographic profile of the respondents, respondents opinion of the customer mobile service providers, subscribers' preference, satisfaction were included in the questionnaire. The drafted questionnaire was circulated among various research experts for a critical view with regard to its content, format and the sequence. The questionnaire was redrafted in the light of their comments.

**Pilot Study**

The questionnaire was pre tested with a few samples among the selected sample respondents in the study areas. Taking into consideration the suggestions of the selected sample respondents, necessary modifications and changes were incorporated in the questionnaire after the pilot study.

**Frame work of analysis**

The following tools of analysis were used in the study. The statistical Package for Social Sciences (SPSS) was used to analyze the data and draw the inference.

**Table Shows Age Group of the Respondents**

| S.No | Age Wise Respondents | No. of Respondents | Percentage |
|---|---|---|---|
| 1 | 15- 25 years | 35 | 20 |
| 2 | 26-35 yrs | 72 | 41 |
| 3 | 36-45 yrs | 33 | 19 |
| 4 | 46 years and above | 35 | 20 |
| 5 | Above 50 yrs | 175 | 100 |

**Interpretation**

Majority of the respondents 41 % (72) of the respondents' age groups between 26 years to 35 years

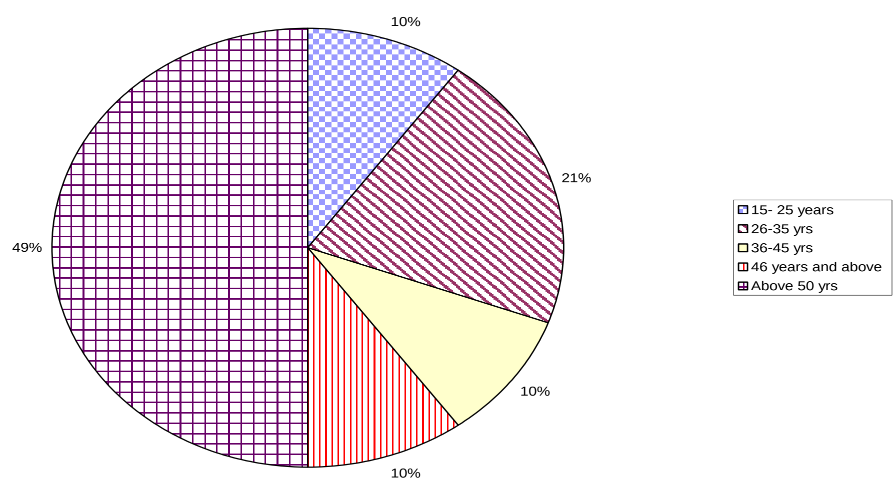


**Table Shows Which Types of Service Using by the Respondents**

| S.No | Types of Service | No. of Respondents | Percentage |
|---|---|---|---|
| 1 | Prepaid | 98 | 56 |
| 2 | Post paid | 51 | 29 |
| 3 | Both | 26 | 15 |
| | Total | 175 | 100 |

**Interpretation:**

The above table shows that 56% (98) of the respondents using Prepaid types of mobile service, 29% (51) of the respondents using Post Paid types of mobile service and 15 % (26) of the respondents using both service of the mobiles

Majority 56% (98) of the respondents using service of Airtel

**Suggestion**

The researcher finalized and suggestion as follows the mobile service provider takes necessary steps to simply and customer update, new tariff schemes such as.

1) Rural area networking should be developed
2) Call charges should be reduced, also the SMS cost
3) Students plan should be introduced
4) Roaming charges can be cut down
5) GPRS costs should be reduced
6) Since advertisement creates more awareness to the customers, the company should concentrate on advertisements more.
7) Numbers of respondents using postpaid connections are less, it should be increased. The company should take more initiative to attract post-paid users.
8) Majority of the users are youth, other age group customers should be increased

**Conclusion**

It is clear from this survey that competition is developing in the mobile and international calls mark etc, particularly to South Asian destinations such as India. However, there is still a need to in crease the consumer's awareness of the different alternative provider s and for the take up of new innovative services, which can assist in business growth. TRA supports all licensees in their educational and public awareness activities to improve the take up of services. TRA has also to address its own profile amongst consumers and explain how it can support consumer s in overcoming any issues they may have with suppliers. TRA has to remove the remaining barriers to allow competition and innovation across the broad range of telecommunications markets and support this vital sector to grow. A wider choice of telecommunication services and enabling consumers to easily switch providers will support the further development in terms of quality of service, innovation as well as competitive prices. Survey tables should be useful for all operators to some degree. Consider what you need to do to address findings. TRA to address market communications

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