

A study to find brand switching behaviour in Telecommunication among young adults in Mumbai Region.

Ms. Nikisha Kukreja, Dr. Parag Ajagaonkar

University of Mumbai

Abstract

This research is conducted to find out Brand switching behaviour in younger generation.

India has a huge number of telecommunication users compared to other nations .

Telecommunication industry faced a lot of competition after the entry of JIO when it started offering free data. Some telecommunication operators merged while some exited the industry as they couldn't compete with JIO which adopted the loss leader strategy by giving free data. In this paper, the researcher has tried to find the major factors for switching in this Industry. The paper intends to study the factors responsible for brand switching behaviour. Once the major factors are extracted which cause brand switching, the strategies to avoid or induce brand switching in this sector can be formulated .

Keywords: brand, switching, Price, Promotion

Title - A Study of find out brand switching behaviour among young Adults in Mumbai Region

1. Introduction:

Customers play a very important role in any company. Days are gone when customer was required to be satisfied, today marketers need to go beyond satisfaction that is delight the customer, give him beyond what he expects from the company or the product. Market conditions have become very competitive and companies are trying to capture each other's share by various competitive strategies and tactics.

Similarly the telecommunication services in India also has a huge level of competition where customers are likely to switch brands due to better and unexpected service and price offers from the competing operators. This research on the topic "A study to find brand switching behaviour among young adults in Mumbai Region" is going to investigate brand switching phenomenon in perspective of telecommunication services. In this particular chapter background of study has been explained

2. Research Gap :

- i. Although this study has been done many a times previously, but due to a new entrant JIO that has come with a completely new model of selling data instead of voice,
- ii. The dynamics of the telecom industry have undergone drastic change.

- iii. This study will help learning the consumer reactions to this change which can be of immense use for upcoming telecommunication industry
- iv. This research is conducted post entry of Jio into telecommunication which caused industries to merge or shut thereby causing brand switching due to various reasons.
- v. This research is conducted to study the underlying factors that cause brand switching

3. Objective and scope of this research

- i. This research aims to understand customers brand switching behaviour minutely .
- ii. The results can be of immense use to companies to formulate their marketing strategies in the areas of marketing once the reasons for brand switching and consumer behaviour is accurately known.
- iii. It can help companies know what strategies of competitors induce the consumer to switch and thereby companies can formulate better strategies.
- iv. It will help in understanding behaviour of consumers with respect to their gender, whether the buying and switching behaviour is same or if its differs due to gender and other demographic factors.

About Brand Switching

Brand switching is a phenomenon when a customer changes preference of buying one brand to another brand. It is a consumer's decision to obtain a product brand unlike from that was usually purchased. Brand switching is influenced by price promotions, in-store displays and advertisements, superior availability, perceived improvements or innovations in competitive brands, desire for new products, number of available brands, perceived risk with existing brand, changes in quality, or level of satisfaction with the most recent purchase. Brand switching is most common with products which do not vary much in quality like as bottled water, dairy products, or paper towels. A consumer may switch brands for various reasons like curiosity to try a new brand, declining brand image, declining services, competition, better price. Usually price promotions encourage brand switching. With more and more products being launched, brand switching becomes a common phenomenon as competing brands come up with better offers, discounts, price ranges, product benefits. Thus marketing mix can be one of the reasons why customers switch brands. A well made marketing mix can help in retaining customers for a long period of time and make them brand loyalists and create brand evangelism. Consumers have different perceptions, attitudes, and behaviours towards different brands which induce them to retain a brand or switch to another brand. Brand switching occurs when customers switch their loyalties from one product to the other one. Customers' shift from one product to another product of similar nature is called brand switching behaviour of customers. Brand switching can also be a

result from advertising, brand building and firm beliefs about any brand. However advertising effects can be negated customers experiences the brand when he uses the brand himself.

Brand switching is evident in all product and service categories-

Brand switching can be of two types –

- Temporary Brand Switching
- Permanent Brand Switching

When a shampoo is not available at a shop customer can shift to another shampoo”, this is temporary brand switching. It can be long lasting if customers change to particular brand permanently. Permanent brand switching is very difficult to change. Brand switching is basically a process by which customers choose to switch from a product or brand of routine use to another product or brand of similar nature. Many customers in the past switched from the brand Garnier.

Brand switching can also be –

- Aggressive Brand Switching
- Defensive Brand Switching

When customers are induced and influenced by advertisement , promotions, price cuts to acquire a brand different from the brand purchased ,its called as aggressive brand switching . JIO advertised aggressively and provided offers which no other brand could offers .On the other hand defensive brand switching is a type of switching in which promotions of company encourage customers to buy the brand they purchased. Defensive brand switching is a strategy of companies in order to induce loyalty in customers (Ludi, 2004) which is very important to reduce the switching tendency of the customer. Vodaphone tried to retain its loyalists inspite of JIO’s aggressive marketing policy

The various strategies to attract consumers are

Market growth strategy , where the overall consumers of that category are increased

Market penetration strategy where the same consumer is induced to buy more of the product or service

Steal – Share strategy where the consumers of the competitors are made to switch by using heavy promotion strategies like different tactics, strategies in advertisement in order to attract customers of competitors, Promotions, Public relations, offers, discounts, better product performance may also induce customers to switch brands..Brand image induces customers to switch brands or Aggressive pricing strategies persuade customers to switch brands which work specially in a country like India where consumers are highly price sensitive.

A number of other factors induce switching of brands in customers. If companies do not meet needs and wants of customers, customers can switch to competitors’ brands. Market has become very competitive and all the companies strive for grabbing market share. In order to build market share companies attract customers by providing different incentives like low price, high quality, discounts or promotions and offers. In today’s competitive market success of companies depends on how many times the product will be purchased or how long the service will be used.

Companies must manage switching behaviour of customers or their success can be at risk.

Competitive prices are generally helpful in inducing brand switching. A number of costs are also linked with the switching behaviour of customers. Companies that have lower switching cost exhibit higher rate of brand switching. Switching cost is basically the cost associated with switching from one product to another one. Some industries have number of customers switching brands while some industries do not have many consumers switching brands.

Telecommunication industry is one of the industries which has high rates of brand switching which is mainly due to intense and cut throat competition in telecommunication industry. A

number of companies are operating in telecommunication industry across the world. Customers of mobile service provider companies often switch towards brands which provide additional benefits to them. Indian consumers are more price sensitive in nature hence any company whether product or service tends to gain customers by reducing the price or giving more at the same price.

About the Indian Telecommunication Services Industry

Telecommunication Services is one of the key services in the Indian Industry and economy. This sector has grown over the years exponentially and is expected to grow further in future.

[India's](#) telecommunication network is the second largest in the world by number of telephone users with 1.053 billion subscribers as on 31 August 2016. It has one of the lowest call tariffs in the world. India is the world's second-largest in Internet user-base. As on 31 March 2016, there were 342.65 million internet subscribers in the country.

India's telephone subscriber base has grown at annual growth rate of 19.96 per cent, reaching 1058.86 million in the same year.

In March 2016, total telephone subscription was 1,058.86 million and total density was 83.36 percent. The Indian telecom sector is expected to produce four million direct and indirect jobs over the next five years according to estimates by *Randstad* India. The employment opportunities are expected to be created due to combination of government's efforts to increase penetration in rural areas and the rapid increase in smart phone sales and rising internet usage.

International Data Corporation (IDC) predicts that India will overtake US as the second-largest Smartphone market globally by 2017.

The challenge is to develop strategies to retain customers, as competition is very high and aggressive in this sector.

The major telecommunication operators in India in 2017 were

1. Airtel
2. Vodafone India
3. Idea Cellular
4. Jio
5. R.Com
6. BSNL
7. Aircel
8. Tata Docomo
9. Telenor
10. MTS India
11. MTNL

Changes in Telecommunication services Sector

According to TRAI data, in the month of November 2016, JIO was leading in mobile broadband segment followed by Idea with net addition of 2.52 million new customers. Bharti Airtel and Vodafone also added 1.08 million and 890,794 subscribers, respectively. Mobile internet usage is expected to grow to over 500 million customers by the end of 2017 and many customers are expected to use JIO. Reliance Jio has become the primary data connection on most of the mobile devices in India. RJio had 6.40% market share in the wireless subscriber

market behind Reliance communications (7.68%), Aircel (8.06%), BSNL (8.59%), Idea (16.90%), Vodafone (18.16%) and Bharti Airtel (23.58%)(as per Telecom Regulatory Authority of India (TRAI) data released on February 17.) RJio's net additions in December was the highest among all other networks adding 20,281,930 (over two crore) subscribers to its wireless base.

The entry of telecommunication player Reliance JIO has further impacted consolidation in the telecommunication Industry. The following mergers have taken place or are in talks of consolidation

- Idea cellular and Vodafone merger
- R.Com is in talks with Tata and R.Com has already consolidate its operations with Aircel and MTS.

Such consolidation resulted in brand switching in this service sector
The study will be helpful in understanding the parameters on which the consumers switched brands or remain loyalists to their existing service provider.

II. Literature Review

In this Chapter an attempt has been made to study brand switching behaviour in telecommunication services. I intend to understand the basic concepts of Customer satisfaction and brand switching, analyse prior research work in brand switching and Customer Satisfaction in Telecommunication Services Industry, understand various Customer Satisfaction Models, concepts on brand building, brand switching, brand loyalty, factors due to which consumers switch brand and various Methods of Measurement of Customer Satisfaction. For this, various books, research Journals and websites, newspapers have been referred. The detailed list is further elaborated in the Bibliography. Through this Literature Survey attempt is made to find out which are the important parameters of Customer Satisfaction, reasons for brand switching and reasons for brand loyalty in Telecommunication services in Mumbai City.

Recent changes in the telecommunication services with respect to offers, schemes by operators have been studied thoroughly to understand the impact which can be caused on consumers switching behaviour.

The consolidation in the telecommunication Industry due to entry of Jio is expected to result in Brand switching in this sector, hence lot of articles related to the same have been referred to understand the changes in the operations of other telecommunication operators.

1. David Mazursky & Hebrew University Priscilla LaBarbera New York University,1987 "When consumers switch brands" indicated a considerable difference among experienced consumers' cognitive processes with respect to whether switching behaviour is attributed to extrinsic motives (price,discount, coupon) or intrinsic incentives that is wish to try a new brand. If extrinsic incentives are the reason of switching, consumers are enthusiastic to switch even though they have higher level of satisfaction with the earlier brand, as compared to switching caused by intrinsic motives. With regards to consumers with limited consecutive purchase experience, no major difference was found between consumers' personality prior to switching behaviour.

2. Kamat, Dinesh 2013 “” critical evaluation of customer satisfaction pune” observed The reason for choosing a service provider differs across the demographic segment. The results from this study revealed some interesting and important consumer behaviour and attitude of respondents. Majority of respondents preferred their current service provider because of high-quality ‘network coverage’. The analysis supported the claim of different aspects influences in selecting service provider. Consumers always prefer a service provider having good network coverage, economical and quality of service followed by value- added services. This summary is a result of data analysis.
3. Ching-chow Yang (2003)[66] stated that customer satisfaction measurement shows the strength and the area of improvement in the quality of product. Continuous improvement is considered one of the significant activities for a firm to practice to ensure best quality for its products. Through the constant improvement in performance, the enterprise can augment customer satisfaction and elevate profits.
4. M. Satish, K.J Naveen, V. Jeevananthan, (2011) recognized the factors that influence the consumers to switch the service providers. They concluded that there is a relation between switching the service provider and the factors like customer service, frequent network trouble, soaring high call rates.
5. Xuan Zhang (2009) studied the impact of relationship marketing tactics on customer satisfaction and trust, which in turn increase customer loyalty, by focusing on Swedish mobile telecommunication sector. An analytical model is developed as a guideline to examine the relationships between relationship marketing tactics, relationship quality (trust and satisfaction) and customer loyalty.

Hypothesis

H1- Price related offers have an impact on brand switching in Telecommunications

H0- Price related offers have no impact on brand switching in telecommunications

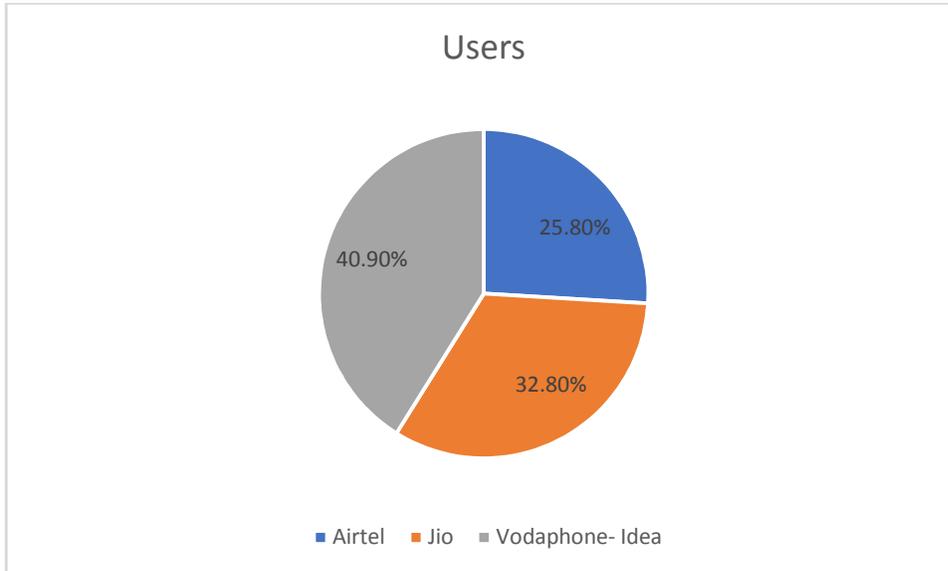
H2- Service Quality has an impact on brand switching in telecommunication

H0 – Service quality has no impact on brand switching in telecommunications

Research methodology

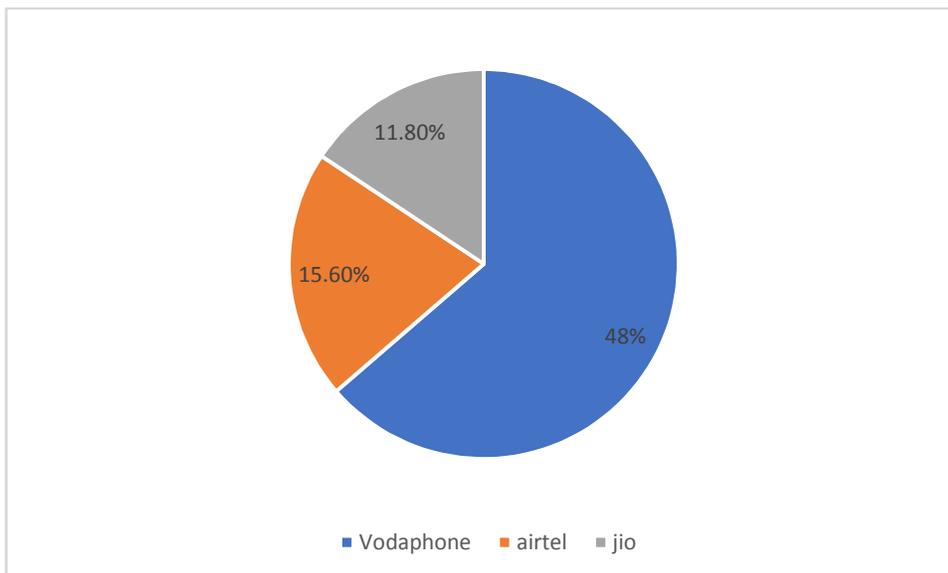
- i. **Sample Size – The number of respondents were 186**
- ii. **Area – The respondents were young adults from Mumbai and Mumbai Suburbs**
- iii. **Age group of respondents 18 years -30years**
- iv. **Gender -Male/Female**
- v. **Sampling Method -Sampling Random Sampling method was used to collect data from the respondents.**
- vi. **Data Testing Software – The collected data was test using SPSS.**
- vii. **Statistical methods –
Factor Analysis was used to find out the underlying factors which caused brand switching in young adults.**

Data tabulation and interpretation

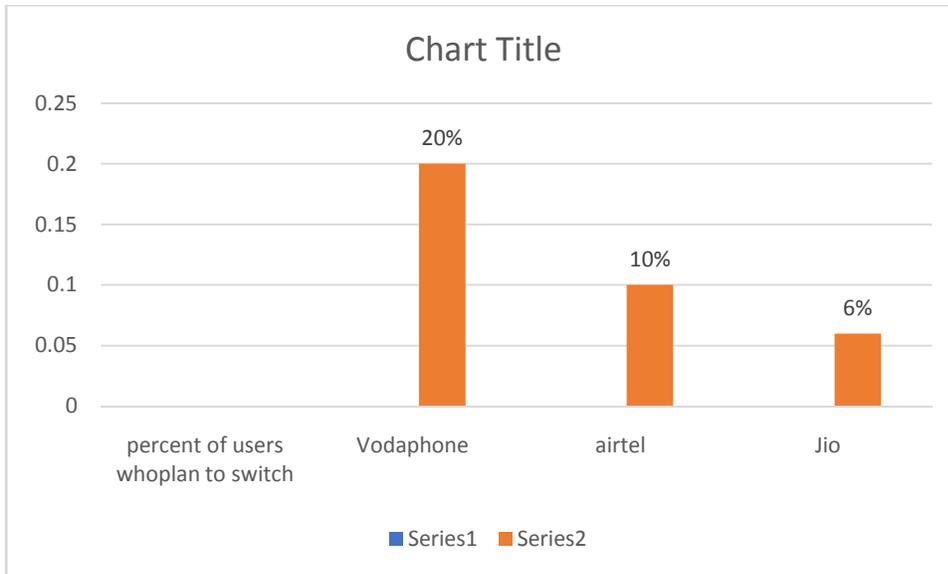


Analysis- Vodaphone Idea users are 40.9% currently, JIO Users are 32.8 %currently, Airtel users are 25.8% .Vodaphone – Idea has the highest consumer satisfaction

Telecom operators from which users have switched.



Analysis- In spite of maximum Vodaphone users, 48% have switched from Vodaphone to Jio or Airtel which indicates a trend in shift from Vodaphone service provider .



Analysis -20 percent of Vodaphone users plan to switch in future which is much more compared to JIO and Airtel .

Brand switching pattern

Switching trends	Frequency	Percent	Valid Percent	Cumulative Percent
	1	.5	.5	.5
3-4 times	16	8.6	8.6	9.1
more than 4 times	4	2.2	2.2	11.3
Valid Never Switched	48	25.8	25.8	37.1
one time	85	45.7	45.7	82.8
two times	32	17.2	17.2	100.0
Total	186	100.0	100.0	

Analysis-It is understood that 25.8 percent have never switched their brands. Only 2.2 percent have switched more than four times. 8.6 percent have switched three to four times.

It is understood that brand switching is low and not very common in telecommunication unless a major change happens in the industry like the case of JIO.

Testing of Hypothesis

Hypothesis testing is done using factor analysis on SPSS on find the factors causing brand switching .

KMO and Barletts test was applied on the data to find the authenticity of the factor Analysis Model.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.845
Bartlett's Test of Sphericity	Approx. Chi-Square	1251.578
	df	28
	Sig.	.000

KMO – Meyer – Olkin measure of sampling Adequacy stated was .845 which indicated that the model created is good and the sample adequacy is good.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
	1	4.857	60.712	60.712	4.857	60.712	60.712	3.277	40.965
2	1.696	21.196	81.908	1.696	21.196	81.908	3.275	40.943	81.908
3	.404	5.048	86.956						
4	.307	3.833	90.788						
5	.255	3.184	93.972						
6	.189	2.365	96.337						
7	.176	2.200	98.538						
8	.117	1.462	100.000						

Extraction Method: Principal Component Analysis.

As per the above table of variance , looking at the Eigen Values Out of the EIGHT variables only two factors have been extracted where Eigen Value is above 1. 82% of variance is explained.

Rotated Component Matrix^a		
	Component	
	1	2
switched due to call drop	.115	.701
switched due to network issues	.100	.891
switched due to pricing issue	.831	.168
switched due to poor customer care support	.434	.636
switched due to slow internet speed	.336	.781
switched due to lack of attractive offers	.705	.372
switched due to competitors better vaue	.775	.389
switched as JIO offered free services	.808	.045
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Factor analysis was applied on the data collected and the rotation method Varimax was used with Kaizer Normalization which suggested that out of all the factors the major two indicators were price and quality. Eight major variables were tested out of which two factors were indicated by factor analysis.

After the grouping of factors loading , considering the correlation values

Factors indicating Price were

1. free services
2. better value
3. attractive offers
4. pricing issues

Factors indicating quality were quality including service quality were

1. call drop
2. network
3. customer care
4. internet speed

Hence Nine factors were reduced to two factors in this case, the two factors interpreted were quality as a factor considered while switching and price as a factor considered while switching.

Hypothesis testing Results and Findings

The factor analysis results found that the two factors extracted were Price based and Quality based hence the alternate hypothesis **H1- Price related variables have an impact on brand switching in Telecommunications is accepted and H2- Service Quality has an impact on brand switching in telecommunication is accepted . The Null Hypothesis is rejected**

Explanation

There are two types of switching behaviour in customers

1. Switching due to Price factors like free services, better value, attractive offers, other pricing issues
2. Switching due to quality factors like call drop, network, customer care, internet speed

As per KMO – Meyer – Olkin measure of sampling Adequacy stated was .0.845 which indicated that the model created for brand switching is good.

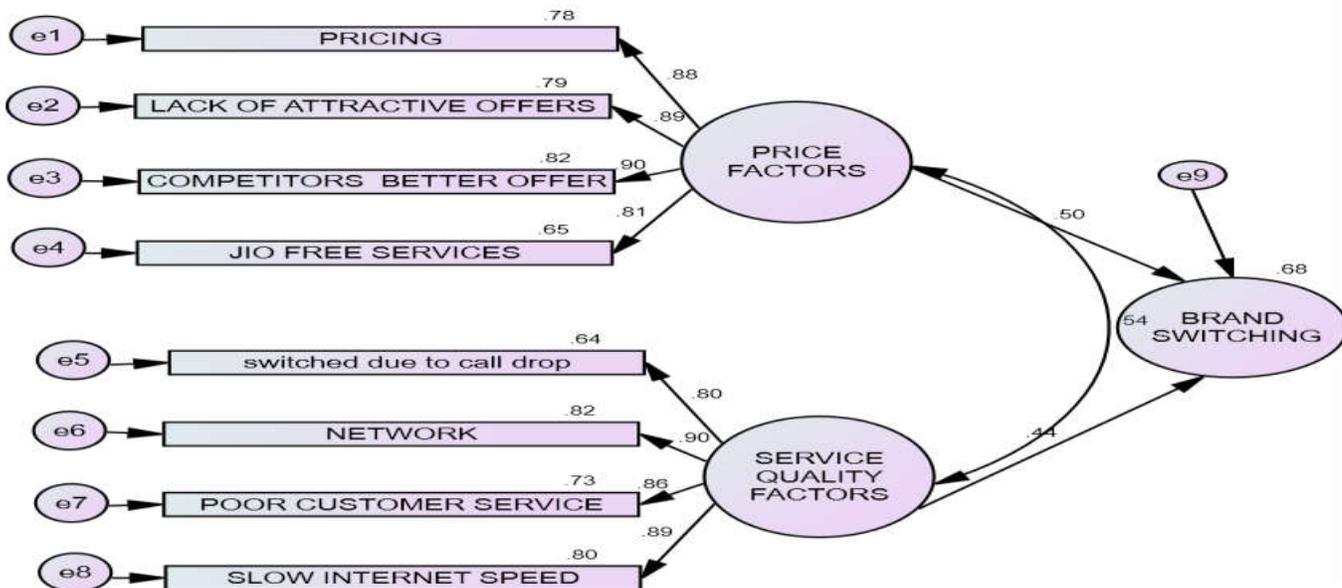
The variance explained in the model is 82%

The above confirmatory analysis was performed by using AMOS software and the model was created to show that the four variables relate to switching due to price and the other four variables relate to brand switching due to service quality. Ultimately all the variables lead to brand switching in telecommunication.

AMOS Model fit

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	18	83.059	19	.000	4.372
Saturated model	36	.000	0		
Independence model	8	1275.713	28	.000	45.561



Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.935	.904	.949	.924	.949
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

The above output of NFI,RFI,IFI,TLI,CFI are above the acceptable .0.90.The CMIN/DF is also 4.372 which is greater than2 which is acceptable. hence the model can be accepted.

Suggestions and recommendations

In the Telecommunication service sector, it is not very common to switch , however consumers are forced to switch if the current service provider has network issues or poor customer services. If the company concentrates on efficient network and service, the consumer may not opt to switch .

However if the competitor is offering heavy price offers, consumers are lured to switch the brand for which the company would have to also follow the competitors strategy with respect to price offers to retain the consumers.

With very few players in the market , the company in this sector will have to concentrate on both the aspects of Price and Quality simultaneous or the consumer would switch .In the sample taken in this research it shows a trend of Vodaphone – idea users who have switched or are planning to switch .

To retain the consumers ,both the important factors of Price and Quality will have to be improved.

Limitations of this Research

The study is restricted to Mumbai region only

This study has been conducted to understand switching behaviour with respect to the data collected from the sample chosen.

The study is limited to behaviour post entry of JIO Telecommunication provider.

Scope for Future Research

This Research found out the switching pattern post the entry of JIO in the market. Further research can be conducted in this area to find out consumer satisfaction post switching .

Also a study can be done to understand the satisfaction /switching behaviour after the launch of JIO fibre.

This study has tried to explore the factors that cause brand switching ,further research can be done to find out factors with respect to various income level,usage, occupation and gender and their impact on switching in telecommunications.

Also a further confirmatory analysis with SEM can be done to verify the variables and the factors created by the study.

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