

WHY DISSATISFIED MOBILE CONSUMERS DON'T SWITCH? A STUDY IN THE INDIAN TELECOM INDUSTRY

TAMANNA BAVISHI & MRINMOY K SARMA

Department of Business Administration, Tezpur University, Napaam, Tezpur, Assam, India

ABSTRACT

This paper develops a basic understanding of Repurchase Intention in the Indian Telecom Industry from the consumer theory literature. The paper describes how the Indian Telecom industry is suitable for conducting a study on dissatisfaction and also examines the context in which the consumers who are not happy with the services opt not to switch. However, Loyalty is not a part of this study. A well structured questionnaire has been used carried out an extensive survey through six metro cities of India, covering a total sample size of 5000. The study should be able to prove valuable to academic researchers as well as Telecom service providers.

KEYWORDS: Dissatisfaction, Repurchase Intention, Indian Telecom Industry, Service Recovery

INTRODUCTION AND EXTANT LITERATURE SURVEY

Satisfaction or dissatisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. (Lovelock et al, 2001) It is seen as a key performance indicator within business. The state of satisfaction depends on both psychological and physical variables. Ndubisi & Ling (2005) have found that the level of dissatisfaction can also vary depending on other factors the customer gives importance to, such as other products against which the customer can compare the organization's products/services. Dissatisfaction is linked to negative disconfirmation where the perceived performance falls short of expectations (Tronvoll, 2007) Previous research studies have found the reasons given for dissatisfaction included: failure of core service, unfair price increases, lack of flexibility in negotiations and contract, inability to deal with the organizational professionally, inadequate customer service, failure to deliver promises, disorganized insufficient training provided to customers, service provider's inability to help customers overcome problems in the industry, mismatch in organizational cultures of the parties involved, rude service personnel, poor responsiveness, lack of consistency in the quality of core service, not communicating to customers if there is a delay in provision of results, not understanding customer expectations, and not being accountable for perceived problems caused by the service provider. (Volkov et al, 2002, Yanamandram & White, 2006, Oh, 2006) McCole (2004), Mattila & Wirtz (2004) have revealed that dissatisfaction can be expressed in different ways out of which the most prominent one is complaining as it is the most tangible.

Complaints are of value to all organizations but they are of greatest importance to those organizations which provide services that are highly variable as compared to organization that provides a relatively standard product (Dolinsky, 1994). Murthy (2001) defined complaints as "... an expression of dissatisfaction with a product or service either orally or in writing from an internal or external customer." Tronvoll (2007) says that complaints are a multiple set of behavior and non behavior responses triggered by an unsatisfactory purchase episode.

They are significant issues crucial to the survival of any business (Phau & Baird, 2008). Customer complaints are considered as consumer initiated market information. Hsu & Chiu (2008) viewed complaints as valuable suggestions for the improvement of service quality but when complaints are merely criticism, the false accusations can cause damage to the reputation of the business.

Singh & Widing (1991) proposed a definition that consumer complaining behavior includes all potential behavioral responses that a consumer utilizes to deal with his/her satisfaction. It is actually the response following consumer dissatisfaction. Consumer complaining behavior is a process which consists of a set of all possible responses to perceived dissatisfaction around a purchase episode, during consumption or during the possession of the goods. It is not an instant response but influenced by situational factors, product and personal variables. Volkov et al. (2002), Leighton & Bent (1997) have found the consumer complaining behavior though unrelated to dissatisfaction but is often triggered by the intensity of it.

When consumers are dissatisfied with an organization's product/service they tend to complain (Dolinsky, 1994). Their degree of dissatisfaction will reflect in the incidence of their complaints and the importance they attach to their complaints. Yanamandram & White (2006) have found that dissatisfied consumers may remain loyal because of high switching costs. On the other hand, Bennett (1997) and Oh (2006) have found that aggressive consumers do not exit relationships so easily. When consumers complain and they feel that their complaints are likely to be resolved by the organization they stay rather than switch.

Ndubisi & Ling (2005) have found that dissatisfied consumers who do not complain are more likely to switch than those who complain. Volkov et al. (2002) have found that complaining occurs when exiting would not yield appropriate results in the opinion of the consumers. For consumers who complain, exit or switching is the last resort after the complaint has failed. So they will choose to stay after the complaint is resolved Nyer (2000) has found that complaints influence purchase behavior. Park (2005) added a lot of information can be extracted from consumer complaints. Reynolds & Harris (2005) found that serious problems and a bad experience that the customer could not tolerate induce actions that led to complaining. Hsu & Chiu (2008) have found that service recovery would lead to consumer retention.

This is because service recovery includes all the actions taken by a company to get a dissatisfied consumer back to the state of satisfaction (Leighton & Brent, 1997; Yanamandram & White, 2006). Service recovery is regarded a part of quality management to maintain relationships with customers. Proper service recovery would maximize customer retention. Gronroos (1990) has recognized service recovery as a significant determinant of customer loyalty.

It has been linked to repeat patronage as customers who were satisfied with the compensations would be likely to repurchase (Hsu & Chiu, 2008). Tronvoll (2007) and Bennett (1997) have found that not all dissatisfied consumers complain and there are other ways to show displeasure like Negative Word of mouth, switching etc. McCole (2004) has found the following reasons for switching: Pricing, Inconvenience, Core Service failure, service encounter failures, responses to service failure, competition, ethical problems and involuntary switching.

STATEMENT OF THE PROBLEM

In the literature, customer exit, switching and defection have been used interchangeably. Ndubisi & Ling (2005) have defined defection as the customers forsaking one product or service for another. It is an active and destructive

response to dissatisfaction, exhibited by a break of the relationship with the object (brand, product, retailer, supplier etc). For consumers who complain, exit or switching is the last resort after the complaint has failed. So they will choose to stay after the complaint is resolved.

Oh (2006) revealed that difficulty in complaining caused the consumers to have exit intentions and to do negative Word of Mouth. In fact people who avoid complaining or feel bad after complaining often stop buying the products or services or using the supplier. When "avoidable breakdown" occurs, the customer in question is likely to engage in switching behavior.

In this context from various studies it has been found that an effort has been to link complaints with other factors, these are:

- **Switching Costs:** (Burnham et al., 2003; Colgate and Lang, 2001; Fornell, 1992; Grace and O'Cass, 2003; Grønhaug and Gilly, 1991; Jones et al., 2000; Jones et al., 2002; Kim et al., 2004; Lee and Cunningham, 2001; Panther and Farquhar, 2004; Patterson, 2004; Patterson and Smith, 2003; Sharma and Patterson, 2000);
- **Interpersonal Relationships:** (Colgate and Danaher, 2000; Colgate and Lang, 2001; Gwinner et al., 1998; Jones et al., 2000; Kim et al., 2004; Patterson, 2004; Patterson and Smith, 2003);
- **Availability and Attractiveness of Alternatives:** (Bendapudi and Berry, 1997; Colgate and Lang, 2001; Grace and O'Cass, 2003; Jones et al., 2000; Kim et al., 2004; Panther and Farquhar, 2004; Patterson and Smith, 2003; Sharma and Patterson, 2000);
- **Service Recovery:** (Blodgett et al., 1997; Hess et al., 2003; Smith et al., 1999; Smith and Bolton, 1998; Spreng et al., 1995; Tax et al., 1998)

Colgate & Lang (2001); Yanamandram & White (2006) in their study on B-to-B customers and Chebat et al. (2010) in their study on insurance and banking sector have suggested the following reasons as to why dissatisfied consumers stay back- hassle to change service providers, emotional attachment to the company, they have been traditionally associated with the company, and the perception that all companies are the same. Thus it seems that this area is relatively under-researched area. It will be interesting to study why and under what circumstances must dissatisfied customers stay back even when they have voiced their displeasure. This might have general practical implications with the service provider while formulating and implementing retention strategies.

The Indian telecommunications industry is one of the fastest growing in the world. The industry has witnessed consistent growth during the last year on the back of rollout of newer circles by operators, successful auction of third-generation (3G) and broadband wireless access (BWA) spectrum, network rollout in semi-rural areas and increased focus on the value added services (VAS) market.

According to the data released by Telecom Regulatory Authority of India (TRAI), the number of Cellular subscribers in the country has reached 904.51 million (As on 31st March, 2014) and the overall teledensity (telephones per 100 people) has touched 73. The wireless subscriber base has increased to 771.18 million at the end of January 2011 from 752.19 million in December 2010.

With the introduction of MNP (Mobile Number Portability) which facilitates customers to switch from one service provider to another without changing their number, all the exit barriers have broken down and it is an open arena for all the service providers now to gain new customers as well as to retain the old ones. According to TRAI, the number of unhappy customers who had applied for number portability crossed 117.01 millions as on 31st march 2014.

OBJECTIVES

The following objectives are proposed to be fulfilled through this study:

- To find out the reasons why some dissatisfied telecom service buyers stay with the service provider.
- To study the characteristics of dissatisfied consumers who stay back.
- To carry out a comparative study on repurchase intention between the dissatisfied customers of public and private Telecom operators.

SCOPE OF THE STUDY

The proposed study will consider only the dissatisfied consumers of the GSM Mobile Service providers and study their repurchase evidence. It will consider various service recovery options used by the organizations to solve the situation of dissatisfaction and whether these strategies have led to loyalty. The study will consider only those consumers who have not switched to another service provider. The research will also take into account the different behavior exhibited by urban consumers towards the mobile service providers.

Geographically, this study will be limited to the top 6 Indian Cities namely, New Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad.

PERCEIVED LIMITATIONS

The following limitations are there in the proposed study-

- The study will consider loyalty as being a factor for repurchase intention and not as an independent factor.
- The proposed research will take into consideration those customers who are dissatisfied with the services and have complained and not used any other method to show their displeasure.
- The study will not measure “satisfaction” or “dissatisfaction” with regards to the services provided by the telecom sector.
- The area under study will be the cities categorized as “A” under Census 2011 only.
- The study will consider only mobile customers and not landline customers of Service Providers.

METHODOLOGY

Research Design

A survey will be conducted which will cover the following details:

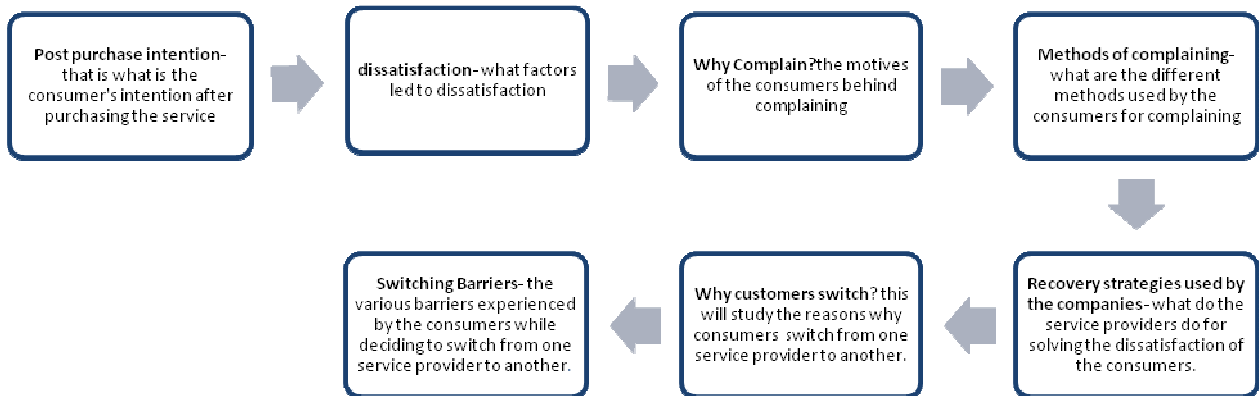


Figure 1

For achieving **Objective 2** the following variables will be used:

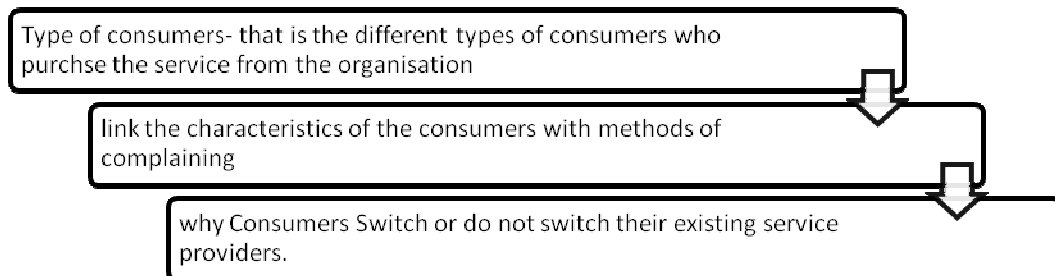


Figure 2

- **Element:** GSM Telecom Consumers.
- **Extent:** For the purpose of the research a pan India survey will be undertaken as this will help in presenting a clear picture about the situation. The top 6 “A” Class cities of India, will be selected for this study. Namely,
 - New Delhi
 - Mumbai
 - Kolkata
 - Chennai
 - Bangalore
 - Hyderabad
- **Sampling Technique:** The sampling technique that will used for the proposed study will be Quota Sampling where samples will be selected from each of the specified cities in proportion to number of GSM customers of the cities selected.
- **Sample Size:** The sample size for the proposed study will be 5000 respondents to be able to represent the cities and to reach a conclusive analysis. Based on quota sampling, the total population for each city was derived which was multiplied by the urban teledensity and finally the proportionate sample size was derived for each city. The number of samples so arrived at are as follows:

- Mumbai-1699
 - New Delhi-1499
 - Bangalore-705
 - Chennai-390
 - Kolkata-373
 - Hyderabad-334
- **Instrument:** Data will be collected through a structured and well defined questionnaire which will help in fulfilling all the three objectives of the research. Before administering the questionnaire, a set of questions will be asked to the respondents to ascertain if they are satisfied or dissatisfied with the services and then the survey will be carried out.
 - **Statistical Tools:** Tools like Pearson's Correlation Co-efficient, Chi-Square Test, and ANOVA will be used to analyze the data collected through the survey and reach conclusions.

CONCLUSIONS

The proposed research will help in creating exit barriers more meaningfully for telephone service providers after the advent of MNP in the Indian market. It is well recognized that service companies spend lot of resources in creating effective retention strategies, the base of which is always the fortification of exit barriers. Thus, this study will not only give fillip to the gap that has been noticed and explained above but also will be very helpful for the telecom service providers.

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APPENDICES

Annexure

Table 1: Calculation of Sample Size

Cities	Population		
New Delhi	18000000	$1800000/100*119.73 = 21551400$	$21551400/71900264*5000=1499$
Mumbai	20400000	$20400000/100*119.73=24424920$	$24424920/71900264*5000=1699$
Hyderabad	4010238	$4010238/100*119.73= 4801458$	$4801458/71900264*5000=334$
Chennai	4681097	$4681087/100*119.73=5604665$	$5604665/71900264*5000=390$
Bangalore	8474000	$8474000/100*119.73=10145920$	$10145920/71900264*5000=705$
Kolkata	4486679	$4486679/100*119.73=5371901$	$5371901/71900264*5000=373$
Total		71900264	5000

Note:

- Population (according to Census 2011)
- Teledensity (urban) is 119.73
- The proportion of sample across different cities is taken on considering the percentage of GSM users which is 81.02% in the urban areas.

