

FACTORS OF BRAND SWITCHING OF THE TELECOMMUNICATION INDUSTRY IN BARISAL CITY

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Abstract

Brand switching tendency among customer is prevailing in the fastest growing telecommunication industry in Bangladesh. In this study we tried to identify the reasons behind brand switching. Our study is confined in Barisal City Corporation from April 2015 to May 2015. We investigated that call rate, network coverage, customer service quality, value added service, internet facility and promotional offers are probable factors that responsible for brand switching. The research concluded that all the factors except call rate and network coverage are responsible for telecommunication brand switching.

Introduction

Telecommunication Industry is one of the fastest growing industries in the world. Continuous technological development and new innovations in the services make the telecommunication industry more competitive. Companies always want to give their best services to satisfy their customers. Existing customers are more profitable than acquisition of new customers. For this reason, companies offer a number of services to retain their profitable customers. At present competitive environment, customers get more opportunities to switch their brands for expected services at reasonable price. There are a number of factors that influence customers' satisfaction level and brand loyalty. To make customers satisfied and to offer multiple tariff plans, companies need to know the factors that affect customers' brand loyalty and make them to think brand switching. To know the consumer insight we have done the study that will give a clear guideline to cell phone operators. We have identified different factors and reasons of brand switching. The basic objective of this article is to find out the factors that influence customers' decision for switching their mobile operators in Barisal city. This research evaluates different factors that are influencing customers' decision of switching over one mobile operator to another.

Customers are the most important player in the market. Companies are trying their best to capture market share of each other. Gender difference is an issue for cell phone using rate. Brand switching is a process in which customers tend to end relationship with a particular company and start relationship with a new one. A service oriented industry like telecommunication industry the competition is huge (Afzalet *al.*, 2013). Due to this high competition in the telecommunication industry customers have lots of options to switch from one brand to another. All the efforts of companies are directed towards the customers so that they can reduce the churn rate. For the brand switching behavior of customers, companies introduce innovative services and promotions very often. In spite of that customers change their brand preferences frequently (Arshadet *al.*, 2012). There

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are number of factors those are behind the brand switching decision of the customers. In some previous researches, researchers identified some factors that somehow influence the brand loyalty of the customers creating brand switching. Brand switching has been defined by many researchers in different ways. Brand switching is the process where customers switch their current brand to another brand in search of getting better services (Afzalet *al.*, 2013). Switching is the termination of relationship between the customers and service providers (Mouri,2005). Brand switching works as the exit of customers from company (Boohene and Agyapong,2011).) Customers can switch their brands either for a long term basis or for a temporary basis (Oyeniya and Abiodun, 2009). They can decide about ceasing relationship with service providers because of many reasons. From these definitions we can say that brand switching happens when customers stop buying a particular product and start buying another on a temporary or permanent basis. Brand Switching in telecommunication industry is affected by some factors such as Call Rate, Network Coverage; value added service, Customer service, internet facility and promotional offers (Sathish et al., 2011). Some researchers divided these factors into two sections- Push factors and Pull factors (Arshadet *al.*, 2012). In push factors they included Call rate and some situational events like bill shock and under utilization of plans. On the other hand in Pull factors Network Coverage, Customer service, internet facility and promotional offers are included. From the discussion of different factors we can identify different factors that are behind the brand switching behavior in telecommunication industry.

Hypothesis 1:

H_0 = There is no difference in male and female in making brand switching decision

H_1 = There is difference in male and female in making brand switching decision

In every market including the telecommunication market price is the main factor that encourages brand switching. In a research about customer switching intention in mobile service, has described three variables related to price which can affect switching behavior of customers (Shin and Kim, 2007). 1) Pricing structure, 2) Pricing scheme, 3) Additional fees. In telecom industry call rate means the pricing structure of service using rate. Price scheme is basically the availability of a variety of price lists. Additional fee is basically the fee of additional services such as activation charges, termination charges and charges of value added services. Change in demand in response to change in prices is called price sensitivity of demand. In a research some authors discussed factors that determine customer satisfaction and their findings imply that price is the most important factor that persuades customers to change their commitments to other mobile service providers (Kabiret *al.*, 2009). It is not necessary that call price always hamper the brand loyalty in telecommunication industry (Sahay and Sharma,2010).

Hypothesis 2:

H_0 = all call rate has no significant relationship with brand switching.

H_1 = all call rate has significant relationship with brand switching.

In definition network coverage means the geographical area, in which a wireless network provider offers cellular service for mobile phone users. Coverage is usually expressed as a percentage of the resident population who could use cell phones outside their own homes (Boohene and Agyapong, 2011). The network coverage is the more important in telecommunication industry than call rate (Siddiqui and Javed, 2012). They discussed that even if a customer stays with a company for a short period because of low call rate but they will not stay with the brand as the regular network failure that destroy their motivations to stay loyal with their brands. Network coverage is also defined as the ability to connect with one phone to another anytime at anyplace (Kabiret *al.*, 2009).

Hypothesis 3:

H_0 = Network Coverage has no significant relationship with brand switching.

H_1 = Network Coverage has significant relationship with brand switching.

Customer service generally refers to the services given by the telecom companies to the customers when they face any difficulties in receiving the service. Effective customer service is one of the major determiners of customer loyalty in telecommunication industry (Khurshid, 2013). Low cost of customer service, well-mannered customer managers, time, problem solving efficiency of customer managers and the location of customer service point are some of the factors that reflect effective customer service. Absence of these factors creates dissatisfaction among the customers thus increasing the brand switching tendency.

Hypothesis 4:

H_0 = Customer service has no significant relationship with brand switching.

H_1 = Customer service has significant relationship with brand switching.

Previously internet facility was considered as one of the value added services that telecom companies served (Gommanset *al.*, 2001). Regular development of science and technology made the internet facility closer to the customers. Customers now even choose their mobile operators basing on internet speed (Chen and Hitt, 2005).

Hypothesis 5:

H_0 = Internet has no significant relationship with brand switching.

H_1 = Internet has significant relationship with brand switching.

Promotional offers are designed to attract new customers and retain existing customers as well. Promotional offers play an important role in persuading non loyal customers to be loyal to the company (Ramos and Franco, 2005). They added that promotional tools also encourage loyal customers to spend more on company's product. Promotional offers include different packages of usage, offers, advertisements etc. It plays a significant rate to make customers of competitor's brands to switch (Srinivasanet *al.*, 2005). It means advertisement plays its primary part in retaining customers with attracting new one.

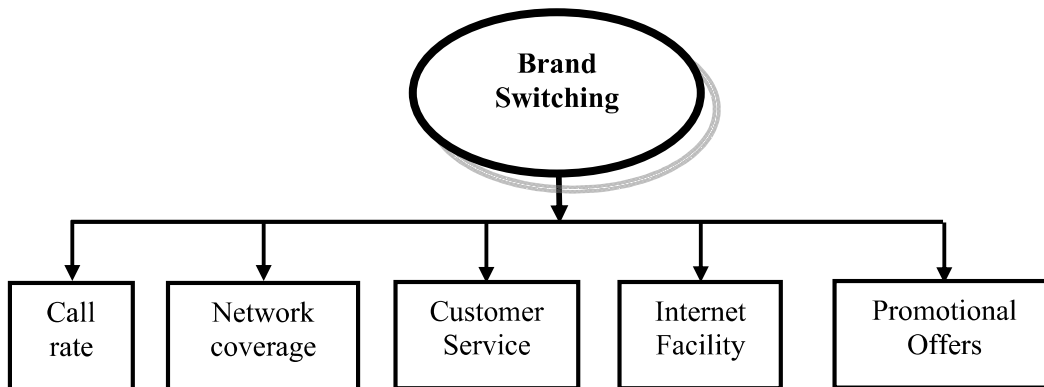
Hypothesis 6:

H_0 = Promotional Offers has no significant relationship with brand switching.

H_1 = Promotional Offers has significant relationship with brand switching.

Methodology***Theoretical Framework***

From the early researches and reports done by the researchers and authors it can be concluded that there are some independent variables that are working behind the intention of customer's brand switching. Here, the factors cause the moderating factor of brand switching that is customer dissatisfaction which leads to ultimate brand switching decision. If the total process is viewed in a framework, it may look like the following –

***Research Method***

It's an exploratory research. The main agenda of this research is to find out the determinant factors of brand switching behavior in the telecommunication industry in Barisal City. Here, different factors (Call rate, network coverage, customer service quality, value added service, internet facility and promotional offers) are considered as the independent variables and the brand switching is considered as the dependent variable.

Data Collection Method

Both primary and secondary data were used for the research. Primary data have been collected from the customers who recently switch their mobile operator. Secondary data have been collected from different websites and publications.

Sampling and Data Collection Technique

- The sample size of this research is 150 respondents who have recently switched their mobile operator. Sample size and sampling method was determined by convenient sample method technique.
- In order to get required data for the research, convenient sampling method has been followed.

- Close ended and Likert scale based questionnaire has been administered to the respondents to get information needed. The questionnaire has been filled individually from every respondent in the sample.

Statistical Tool

Multiple regression was used for analyzing the data and SPSS 20 software done the technical part. Regression analysis has been followed as it shows the relationship among variables.

Findings

Regression Analysis

Table 1: Regression Statistics

Variable	Standardize Coefficient	Sig.
	Beta	
Call rate	-0.130	0.150
Network coverage	0.055	0.523
Customer service	0.425	0.000
Internet Facility	-0.232	0.014
Promotional Offers	0.386	0.000
F	27.444	0.000
R Square	0.535	

Table 1 shows that the independent variables explains 53.5 percent(R square=0.535) variation of independent variable. This table also indicates that Customer service, Internet facility and promotional offers are statistically significant in brand switching decision of customers in telecommunication industry. This model also shows that customer service, value added service, Internet facility and promotional offers are the strongest determinants behind the brand switching decision of customers in telecommunication industry. The F-value is found to be significant at 5% significance level (sig. F=.000). This concludes that the regression model used in this study is adequate or in other words, the model was fit.

4.2 Independent Samples T-test

Hypothesis 1:

H_0 = There is no difference in male and female in making brand switching decision.

H_1 = There is difference in male and female in making brand switching decision.

Table 2: Descriptive Statistics on Brand Switching

Brand Switching	Gender	Number	Percentage	Mean	Std. Deviation
	Male	76	50.7%	3.0763	.71849
	Female	74	49.3%	3.0351	.42698

The mean value for male on Brand Switching is 3.076, and for female it is 3.035. The mean value for male is higher than female, indicating those males are more prone to brand switching than females. The standard deviation for male is 0.718, and for female the value is 0.426.

Hypothesis 2:

H_0 = Call Rate has no significant relationship with brand switching.

H_1 = Call Rate has significant relationship with brand switching

Table 3: Correlation with Call rate

Variable	Standardized Coefficients	Sig.
	Beta	
Call rate	-.130	.15

Decision:

Since we found that $p = .150$ so Call rate of mobile operator is statistically significant behind the customers' decision of brand switching but they are negatively related as the beta value is $-.130$. Although this amount is so low but here, the p value is $.150$ that is $> .05$ so H_0 is accepted. So, H_0 is accepted thus H_1 rejected. That means, call rate has no significant relationship with brand switching.

Hypothesis 3:

H_0 = Network Coverage has no significant relationship with brand switching.

H_1 =Network Coverage has significant relationship with brand switching

Table 4: Correlation with Network Coverage

Variable	Standardized Coefficients	Sig.
	Beta	
Network Coverage	.055	.523

Decision:

Since we found that the p value is $.523$ Networks Coverage is statistically significant in brand switching decision of customers in telecommunication industry. As we found that the p value is $.523$, which is greater than $.05$ so H_0 is accepted. Thus H_1 rejected. That means Network Coverage has no significant relationship with brand switching.

Hypothesis 4:

H_0 = Customer service has no significant relationship with brand switching.

H_1 = Customer service has significant relationship with brand switching.

Table 5: Correlation with Customer Service

Variable	Standardized Coefficients	Sig.
	Beta	
Customer service	.425	.000

Decision:

Since we found that the p value is .000. Customer Service is not statistically significant in brand switching decision of customers in telecommunication industry. As we found that the p value is .000, which is lower than .05, so H_0 is rejected and H_1 accepted. That means customer service has significant relationship with brand switching.

Hypothesis 5:

H_0 = Internet facility has no significant relationship with brand switching.

H_1 = Internet facility has significant relationship with brand switching.

Table 6: Correlation with Internet Facility

Variable	Standardized Coefficients	Sig.
	Beta	
Internet Facility	-0.232	0.014

Decision:

Since we found that the p value is .014. Internet Facility is not statistically significant in brand switching decision of customers in telecommunication industry. As we found that the p value is .014, which is lower than .05, so H_0 is rejected and H_1 accepted. That means Internet Facility has significant relationship with brand switching.

Hypothesis 6:

H_0 = Promotional Offers has no significant relationship with brand switching.

H_1 = Promotional Offers has significant relationship with brand switching.

Table 7: Correlation with Promotional Offers

Variable	Standardized Coefficients	Sig.
	Beta	
Promotional Offers	0.386	0.000

Decision:

Since we found that the p value is .000. Promotional offers are not statistically significant in brand switching decision of customers in telecommunication industry. As we found that the p value is .000, which is lower than .05. So, H_0 is rejected and H_1 accepted. That means Promotional offers has significant relationship with brand switching.

Discussion

This research has aimed to find out the important factors which are working behind the brand switching decision of customers. Five variables have been chosen which might influence the brand switching decision of customers. These are the variables that are identified by different authors in their research. All of those five variables are discussed with the mobile subscribers to know the exact thing about their brand switching. Some major findings are found from the report. Call Rate and Network Coverage showed no significant relationship with Brand Switching. Customer Service, Internet Facility and Promotional Offers showed significant relationship with brand switching. That means when a customer is going to switch his/her brand in telecommunication industry, they think about the customer service, value added service, Internet facility and promotional offers. For this result there are some reasons. First, today's customers are not confined in regular service; they want something more and new from the operators. Second, the call rate of different operators is almost same that is why it doesn't bother the customer for switching their brand. Though network coverage is a very important variable in brand switching but in this report it was found that this variable is not significant in brand switching because network coverage of different operators is almost close except in rural areas.

Conclusion

From this study operators can be benefited by focusing on the important factors. Call rate and Network Coverage have no significant relationship with Brand Switching, on the contrary Customer service, Internet Facility and Promotional offers have significant relationship with brand switching. This research has been developed by the collected data from the people of Barisal city. So it may not reflect the actual scenario of customers' brand switching behavior. Since, majority of the surveyed respondents were students, there is a possibility of biasness in the results obtained during the analysis. And for preparing the report the minimum sample size is taken so it may not provide the accurate result. And as the convenience sampling method is applied to get the sample size there may be some biasness in the response of the respondents thus it may compromise the accuracy of the report. But it is a good pathway for further research nationwide and describe more keenly in a particular aspect.

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