An Economic Analysis of Telecommunication industry in Coimbatore: A Special Reference with Vodafone

Indian Mobile Telephony Industry

India is one of the world's largest telecom market, with enormous growth potential due to its high population and development potential. Telecommunication Regulatory Authority of India (TRAI) regulates telecommunication services and tariffs in India. Indian telecommunication industry achieved the distinction of having the world's lowest call rates, the fastest sale of mobile phones, the world's cheapest handset and most affordable color phone.

Indian mobile telephony subscriber base is growing at a faster rate than any other field. Technologies of mobile phone communications and Internet set the milestones of further technological progress in current decades. The most recent initiatives aim at convergence of voice and data from multiple sources both web based and real time video streams in mobile handsets and calling cards have virtual presence possible almost everywhere.

The top ten mobile phone service providers (MPSP) in India as on July 2016 are Airtel, Vodafone. Idea, Reliance, BSNL, Aircel, Tata DoCoMo, Uninor, MTS and Videocon. These services providers' growth is based on their innovative new products and services. Price, traditional services, network quality and coverage, Internet and broadband services, roaming charges and various tariff plans are the factors considered for competition among the Indian players. Value Added Services (VAS) are one of the important criteria in the telecommunication industry. VAS includes entertainment, information, utility, communication & social and enterprise.

Vodafone India

UK's Vodafone group acquired a 52% stake in Hutchison Essar, India's fourth largest MPSP. Vodafone India is the only fully owned foreign direct investment company, standing third in the world market and second in Indian market after Airtel. Headquartered in Mumbai, Vodafone has more than 200 million customers with more than 25% of Indian market share. Vodafone gives numerous packages and add-ons for the customers delight. The popularity of Vodafone's advertisements has surely helped increase its market share and sale. There are nine million Vodafone subscribers in Tamil Nadu.

Nature of the Study

The primary concern of the players is to retain the customers than expanding their horizon with new customers. The promotional methods adopted by the MPSPs have significant impact on the growth of their market share. So, it is important to ascertain the preference of various promotional methods adopted by the MPSPs to reach their customers and help the MPSPs understand the customers' expectations to work towards achieving their objectives.

The top ten MPSPs were considered for the study. This study was done on both Vodafone customers and retailers with the perspective of understanding their preference on various MPSPs, promotional methods and based on VAS and the variations if any.

Objectives

- To ascertain the preference on various MPSPs
- To determine the preference on various promotional methods
- To determine the preference on MPSPs based on VAS and
- To identify the variations on preference between customers and retailers

Research Methodology

Research Design :	Descriptive Research
Sampling Frame :	Vodafone Customers and Vodafone Mini Stores in Coimbatore City
Sampling Method:	Convenience Sampling under Non Probabilistic Sampling
Sample Size:	Vodafone Customers 1000 and Vodafone Mini Stores 29
Data Collection :	Primary data through questionnaire survey and secondary data from official telecommunication websites
No. of Respondents:	Vodafone Customers 664 and Vodafone Mini Stores 19, in total 683
Analysis Tools:	Percentage Analysis and Garrett's Ranking Analysis

The respondents were asked to assign ranks, 1 to the most preferred, 2 to the second preferred and so on, to various MPSPs, promotional methods and with respect to VAS in their order of preference. Based upon the ranks assigned by the respondents, the order of preference influencing the respondents was identified.

Analysis and Interpretation

Background of the Respondents

Table 1. Background of the Respondents

No.	Variable	Response	Customers	Retailers
1	Age Group	15-20 years	8%	11%
		21-25 years	89%	32%
		26-30 years	3%	42%
		31-35 years	0%	16%
2	Gender	Male	57%	100%
		Female	43%	0%
3	Marital Status	Married	0%	37%
		Unmarried	100%	63%
4	Annual Income	<Rs.2 Lakhs	62%	42%
		Rs.2-3.5 Lakhs	29%	32%
		Rs. 3.5-5 Lakhs	3%	26%
		>Rs. 5 Lakhs	6%	0%
5	Education	School	0%	63%
		Under Graduate	24%	26%
		Post Graduate	76%	11%
6	Family Size	<2 members	3%	68%
		2-4 members	72%	32%
		5-7 members	22%	0%
		>7 members	3%	0%
7	Occupation	Own Business	66%	
		Employed	34%	
8	Mobile Network in Use	Only Vodafone	58%	-
		Vodafone & Others	42%	

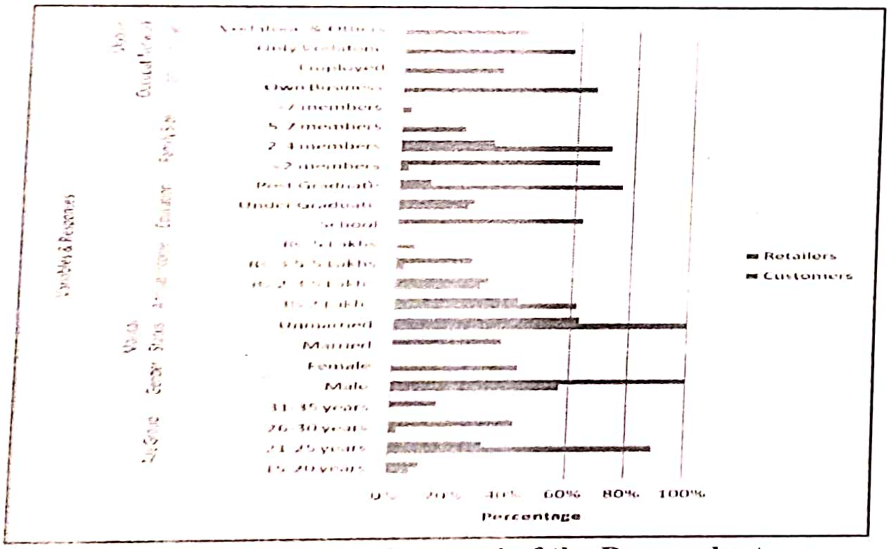

Figure 1. Background of the Respondents

Interpretation

From the above table it is inferred that,

i. 89 percent of customers and 32 percent of retailers were in the age group of 21-25 years and 42 percent of retailers were in 26-30 years,

ii. 57 percent of customers and 100 percent of retailers were male,

iii. 100 percent of customers and 67 percent of retailers were unmarried,

iv. 62 percent of customers and 42 percent of retailers earned less than Rs. two lakhs per annum; 29 percent of customers and 32 percent of retailers earned Rs.2 - 3.5 lakhs per annum and 26 percent of retailers earned Rs.3.5 - 5 lakhs per annum,

v. 63 percent of retailers were schooled; 24 percent of customers and 26 percent of retailers were under graduates and 76 percent of customers were post graduates,

vi. 68 percent of retailers were with less than two members in their family; 72 percent of customers and 32 percent of retailers were with 2-4 members and 22 percent of customers were with 5-7 members in their family.

vii. 66 percent of customers had their own business and 34 percent were employed and

viii. 58 percent of customers used only Vodafone and 42 percent used Vodafone and other MPSP.

Preference of the Respondents

Garrett's Ranking Analysis

Garrett's ranking analysis is used to find out the position of significant factors which influence the respondents. With the help of Garrett's Ranking Conversion Table, the percentage position estimated is converted into scores. Then for each factor, the scores are added and total value and mean value of scores are calculated. The factor having highest mean value is considered to be the most important factor.

The Garrett's ranking analysis was done pertaining to Vodafone customers and retailers with respect to their preferences on MPSPs, promotional methods and based on VAS. The percentage positions for each factor were calculated. The percentage position thus obtained for all the factors were converted into score values using Garrett's Ranking Conversion Table.

6.2.1 *Preference on Various MPSPs and based on VAS*

Table 2. Preference on Various MPSPs and based on VAS

MPSPs	Scale Value	Preference on Various MPSPs						Preference based on VAS					
		Customers			Retailers			Customers			Retailers		
		Total Score	Mean Score	Rank	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank	Total Score	Mean Score	Rank
Airtel	83	45873	69.09	II	1199	63.10	II	48869	73.59	I	1237	65.11	I
Aircel	72	41373	62.31	III	1088	57.26	III	44380	66.84	II	1154	60.74	II
Vodafone	65	49804	75.01	I	1209	63.63	I	44148	66.49	III	1125	59.21	III
Idea	59	37322	56.21	V	998	52.53	V	35209	50.03	VI	946	49.79	VI
BSNL	55	30862	46.48	VII	949	49.95	VII	36645	55.19	V	996	52.42	V
Tata DoCoMo	50	41341	62.26	IV	1030	54.74	IV	38311	57.70	IV	1046	55.05	IV
Uninor	45	26158	39.40	VIII	744	39.15	VIII	22816	34.36	X	763	40.15	X
Reliance	41	32818	49.42	VI	967	50.89	VI	30991	46.67	VII	897	47.21	VII
MTS	35	24307	36.61	IX	729	38.37	IX	24366	36.70	VIII	821	43.21	VIII
Videocon	28	23038	34.70	X	701	36.89	X	24346	36.67	IX	806	42.42	IX

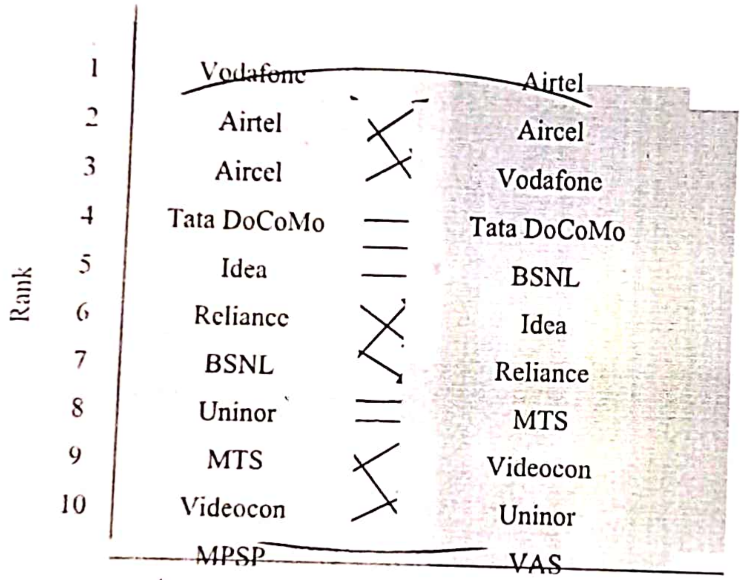

Figure 2. Preference on Various MPSPs and based on VAS

Interpretation

From the Table 2, it is inferred that, among the ten MPSPs, Vodafone is the most preferred by both its customers and retailers, followed by Airtel. Vodafone leads the list with a minute difference from retailers' perspective. Next to Airtel is Aircel. The least preferred MPSP is Videocon. Though Vodafone has the highest preference among the customers, it has a close competition with Airtel based on retailer's perspective.

It is also inferred that, Airtel stands first in the minds of both customers and retailers providing VAS. Aircel and Vodafone bag second and third place with a very minute difference in the mean score. The customers' view based on VAS will be critical, because it will directly influence the sales in the retail outlet. Hence VAS are seen with utmost care by MPSPs.

Airtel stands first in providing VAS, though it is the second most preferred MPSP. Aircel stands second, though it is the third. Vodafone stands third though it is the first. Tata DoCoMo stands fourth in both. BSNL stands fifth, though it is seventh. Idea stands sixth, though it is fifth. Reliance stands seventh, though it is sixth. MTS stands eighth, though it is the ninth. Videocon stands ninth, though it is tenth. Uninor stands tenth in providing VAS, though it is the ninth preferred MPSP.

Figure 2 shows that there are three groups of MPSPs with tough competition amongst themselves. They are Vodafone, Airtel & Aircel, Idea, Reliance & BSNL and Uninor, MTS & Videocon.

Preference on Various Promotional Methods

Table 3. Preference on Various Promotional Methods

S. No.	Promotional Methods	Scale Value	Customers			Retailers		
			Total Score	Mean Score	Rank	Total Score	Mean Score	Rank
1	Television	80	51868	78.12	I	1199	63.00	I
2	News Paper	67	31204	46.99	V	794	41.78	VI
3	Radio	60	27689	41.70	VII	632	33.26	VIII
4	Hoarding	53	28685	43.20	VI	1109	58.36	II
5	Printed Advertisement	47	32480	48.92	IV	929	48.89	IV
6	Point of Display	40	33623	50.64	III	958	50.42	III
7	Internet	33	34747	52.33	II	901	47.42	V
8	Personal Mail	20	25395	38.25	VIII	740	38.94	VII

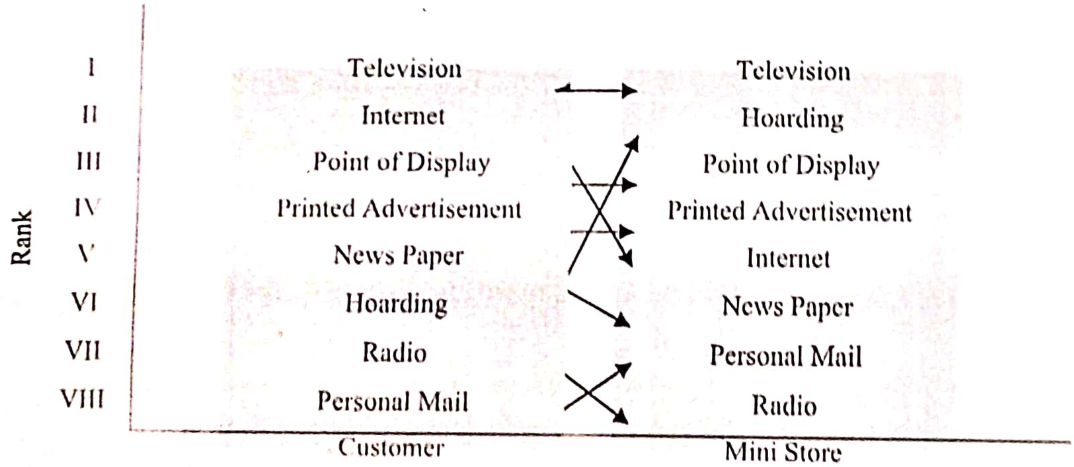

Figure 3. Preference on Various Promotional Methods

Interpretation

From the Table 3, it is understood that, Television is the most preferred promotional media with respect to both customers and retailers. Internet stands second in customers' view and fifth in retailers' view. Hoarding stands second in retailer's view and sixth in customers view. Newspaper stands fifth in customers' view and sixth in retailers view. There is no difference of opinion between customers and retailers in preferring the Point of Display and Printed Advertisement.

Personal Mails and Radio are found to be the least preferred promotional media in both customers' and retailers view. This may be because of general mail reaching the customers, irrespective of their needs and expectations. Sometimes, the mails are even treated as disturbance to their personal grounds, when it is not to the interest of the customers. The mails will enable the retailers to negotiate with their customers and keep in constant touch with them.

Findings

Background of the Respondents

Majority (89%) of the customers was in the age group of 21-25 years and majority (42%) of the retailers was in the age group of 26-30 years. Majority (57%) of the customers and all the retailers were male. All the customers and majority (67%) of the retailers were unmarried. Majority (62%) of the customers and retailers (42%) earned less than Rs. two lakhs per annum. Majority (67%) of the customers was post graduates and majority (63%) of the retailers was schooled. Majority (72%) of the customers was with 2-4 members and majority (68%) of retailers was with less than two members in their family. Majority (66%) of the customers had own business and (58%) had only Vodafone connection.

Preference of the Respondents

1. Both customers and retailers preferred Vodafone as the most preferred MPSP followed by Airtel among the top ten MPSPs in the market.

2. Both customers and retailers expressed that Television was the most preferred promotional medium of MPSPs to reach their customers. The television was followed by Internet for customers and hoarding for retailers. It showed interest of Internet among the customers and business interest in the minds of retailers.

3. There was major difference in preferring the promotional methods with respect to customers and retailers because of the difference in their roles and needs. It was found that all the promotional methods were not equally effective. They had their own advantages and disadvantages.

4. Though Vodafone was the most preferred MPSP, on the basis of VAS, the customers and retailers ranked Airtel as the highly preferred, followed by Aircel. Vodafone stood third though it was the first with respect to VAS.

Suggestions

The changing scenario in the market showed that Vodafone has to change its outlook to reach more number of customers. It has to overcome the shortcomings in the promotional strategies. The advertisements should have a holistic view and also include factors like style, credibility, personalization and product involvement. Vodafone, in spite of being the most preferred brand, has to concentrate and pay maximum effort on its VAS on par with its competitors to make its customer happy and retain them.

When looked at in depth, the profile of the respondents like age, gender, occupation and education influences the perception of the advertisements greatly. Hence profile of the respondents can be considered in making an effective advertisement and providing VAS.

Conclusion

The study titled 'The Preference on Mobile Phone Service Providers with focus on Vodafone' was done in Coimbatore with the objectives of understanding the preference on various MPSPs, promotional methods and based on VAS. Based upon the ranks assigned by the respondents, the orders of preference influencing them were identified. There was major difference in preferring the promotional methods with respect to customers and retailers, because of the difference in their roles and needs. The changing scenario in the market showed that Vodafone has to change its outlook to reach more number of customers. It has to overcome the shortcomings in the promotional strategies.

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