

A COMPARATIVE STUDY OF PUBLIC AND PRIVATE
CELLULAR SERVICE PROVIDERS IN KARNATAKA
STATE - AN EMPIRICAL STUDY USING FACTOR
ANALYSIS

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Abstract:

In India telecom sector is one of the fastest growing domains compared to other sectors of development, which acts as the primary driver for many foreign and domestic telecom companies to invest in this sector. This sector has received substantial investments, both by private as well as government sector in the recent years. In this research paper, issues related to perception of consumers who buy cellular connection have been addressed with reference to various issues considering different attributes of various cellular operators in Karnataka state. The objective is to analyze and understand the major differences existing between the public and private cellular service providers with reference to preferences, choices and the various services offered by them. The suggestions and key findings may be used by the telecom companies to develop their marketing strategies.

Key words: Cellular services, Consumer, Preferences, Choice, Factor analysis

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Introduction:

There are lots of developments and changes happening around us. Most of the companies are looking for growth and market share; as a result they are targeting the emerging markets like Brazil, Russia, India and China (BRIC). With consideration to these countries and others, telecom and cellular industry is growing at a rapid pace, as the demand is increasing day by day. The cellular sector has witnessed significant growth in subscriber base both in rural and urban areas, over the last decade. With the increase in network coverage and competition being very tough, has resulted in decline of tariffs acting as catalysts for the growth in subscriber base. The strong growth in the industry can be attributed primarily to the country's large population, healthy economic growth, affordable handsets, convenience and most importantly low tariffs. This potential growth in subscriber base and advanced technology has attracted newer players in the industry, with the result that the intensity of competition has kept increasing day by day.

Major Players in Karnataka:

India is one among the fastest growing cellular markets in the world. India, the second largest mobile market in the world, is also among the fastest growing mobile markets globally. The total number of mobile subscribers in India (i.e., the subscriber base) has increased from 6.4 million in March 2002 to around 350 million in December 2008 to around 913.5 million as on July 2012, at a compounded annual growth rate (CAGR) of 50%, aided by a significant increase in network coverage and a continual decline in tariffs and handset

Sl. No.	Name of Company	Total Subscriber Figures	% Market Share	% Growth over previous month
1	Bharti Airtel	190,912,421	28.45%	0.67%
2	Vodafone	155,033,868	23.10%	0.22%
3	IDEA	124,968,107	18.62%	0.98%
4	BSNL	97,172,146	14.48%	0.0%
5	Aircel	60,969,974	9.08%	1.01%
6	Uninor	32,295,872	4.81%	0.92%

Table: Cellular customer base as on June 2013

prices (source: ICRA.com). The overall teledensity of India, as on August 2012 is 77.28% and teledensity of Karnataka is 96.31%. (source: TRAI)

The major cellular operators in Karnataka state is mentioned in the below table along with their customer base as on June 2013 (source: COAI)

Background:

Based on primary and secondary research on cellular service usage pattern, we identified variety of users seeking various services for their regular usage. Hence, drawing on our finding, we used factor analysis to identify the potential users seeking core services and augmented services.

Objectives:

The objective of the study is to:

- identify underlying factors which significantly influence customer preference for selecting services offered from both public and private cellular service providers.
- provide suggestions to cellular operators based on the key findings of the research.

Methodology:

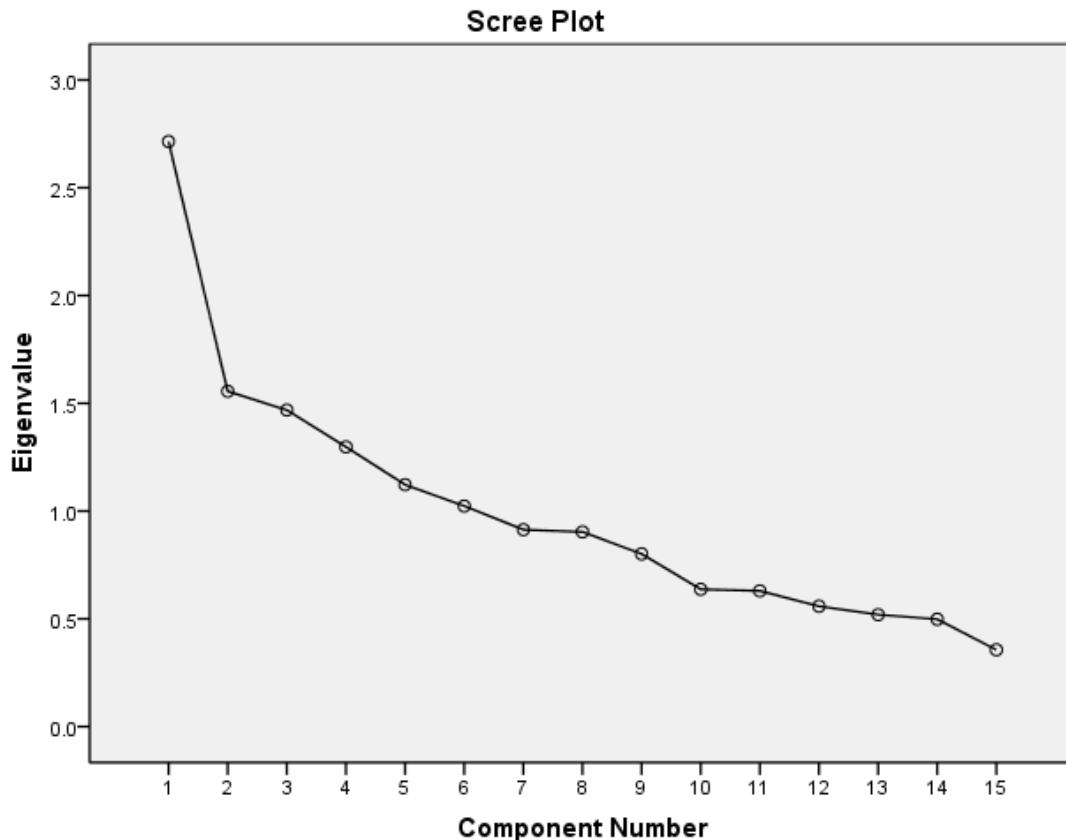
This study is done using both primary as well as secondary data. Secondary data related to industry was collected from articles, News papers, TRAI Reports, working papers and Annual Reports of the cellular service providers, various journals, magazines and reports for generating awareness on the topic and for satisfying objectives of the study. To collect primary data a field survey was conducted with the help of structured interview schedule. Various demographic variables were considered and the questionnaire was tested. The respondents being the adopters of mobile phones are selected following the *non-probabilistic convenience sampling* techniques as it is appropriate for exploratory studies

165 respondents were interviewed with the help of structured interview schedule. The interview was carried in Mysore district of Karnataka state comprising of rural and urban cellular mobile phone users. In order to arrive at results we made use *Statistical Package for the Social Sciences* (SPSS) package

Key Findings, Results and Discussion:

In order to understand the various factors affecting the choice of service provider's factor analysis was conducted. After conducting factor analysis we came up with six major components namely *relative advantage, facility seekers, brand conscious, rational buyer, influencers* and *opinion seekers*.

On seeing through screen plot graph of SPSS output, it is found that 'screen plot' starts from the 6th point onwards. So true numbers of factors are Component 1, Component 2, Component 3.... Component 6.



Factors affecting the choice of service providers

The choice of opting for service providers between public and private is majorly affected by the relative advantage. Value-added services (VAS), number of free calls/messages, low rental, low call charges, variety of tariff plans and attractive schemes would affect the consumers' choice in opting between public and private cellular service provider. The public service provider has to concentrate much on this relative advantage attributes which are emphasized by consumers.

Facility seeking has been regarded as the second most important component, where consumer opine that quality of overall service and easy availability of cellular connection provided by the private cellular services is far better compared to that of public cellular service provider, both in the case of rural and urban sector. The respondents feel proud in adopting private service providers having good brand image reveals about the brand consciousness. Rational buyer was the fourth significant component. They are the

consumers who don't go by peer's/people's opinion about the service providers quality of services offered and they feel advertisement/media influences them the most to go for opting private service providers. They are rational in purchases made.

The next component has been named as influencers, as this set/group of consumers buying habits can be easily influenced based on the opinion of their family and friends recommendations to make choice in opting public or private cellular service connections. An opinion seeker has been regarded as the least important component affecting the choice of service providers. Proper guidance and information provided by retail outlets affects or not affect the buying decision between private and public service provider

This can be further analyzed as follows:

- From *value-added service, free calls/messages, low rental and call charges, variety plans and attractive schemes* we can ascertain that component 1 represents *relative advantage*.
- From *quality of service and easy availability* we can ascertain that component 2 represents *facility seekers*.
- From *good brand image* we can ascertain that component 3 represents *brand conscious buyers*.
- From *don't go by people's opinions and advertisement/media influence* we can ascertain that component 4 represents *rational buyers*.
- From *friends/family recommends* we can ascertain that component 5 represents *influencers'*.
- From *proper guidance and information* we can ascertain that component 6 represents *opinion seekers*.

Conclusion:

In this paper we have made an attempt to compare the public and private cellular service providers. We have studied and understood about the preferences opted by the various cellular consumers irrespective of rural or urban sector. During the study it was revealed that BSNL is fading away from the minds of mobile and telephone users. Private cellular operators are proved to be the favourites of mobile users. Among private cellular operator Bharti Airtel is preferred and opted by majority of the consumers in Karnataka state.

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