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Demographic Trends in Indian Telecom sector - A study from the perspective of Customers of Select Telecom service providers in Mysore City

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ABSTRACT

The phenomenal growth of the Indian telecom industry during the past few years has been backed by a confluence of factors such as progressive regulatory regime, favorable demographic features and conducive business environment. Besides the low tariff levels, connectivity, signal strength, various data service and a host of innovative value-added services are likely to determine the performance of the telecom players in future. Improved service quality, faster roll out of services in rural and remote areas, significant reduction in initial set up cost, increased consideration in infrastructure sharing, introduction of newer technologies such as 3G and WiMax, the acceptance of value-added services will all lead to increased acceptance of telecom services driving the future growth of telecom industry .On the road of globalization, India is far ahead when compared to its neighboring countries. To a certain extent the credit goes to one of the most upcoming infrastructure sectors-Telecommunication. The paper highlights the demographic trend along with the changes in traditional values and lifestyle of an individual. An important socio-demographic factor of mobile phone consumers, i.e., age is analyzed here for Mysore state. On the basis of the same, conclusions are drawn to make the benchmark for attaining the global communication scenario.

Keywords : demographic features, conducive business environment, Telecommunication sector.

Introduction

Telecommunication services in simple words, is a communication over distance by cable and is no more bound by wires. In less than a decade, there are over half a dozen service providers available in the market. However, early imposition of monopoly structures on the telecommunication industry was not only due to government's strategic interest in it, but also due to a certain view of public interest-a view which relies on the development process. In the post-liberalization era, there has been a surge in telephone connections in India. The telecommunication sector has been struggling in the name of security. A basic reason for the improvement in telecommunication quality is that the national government realized that a reliable telecommunication infrastructure is essential for socio-economic development. The economic reforms initiated in the 1990s, through an invitation to the private service providers, resulted in the growth of the industry.

India is today one of the largest telecom markets in the world, with an addition of more than 18 million subscribers every month. Telecom sector has continued to emerge as the prime engine of economic growth, contributing to nearly 2% of the Indian GDP. Indian telecommunication sector has undergone a major transformation through significant policy reforms, particularly under NTP 1999. Driven by various policy initiatives, the Indian telecom sector has achieved a phenomenal growth during the last few years and is poised to take a big leap in the future.

The history of telephone services in India found its beginning when a 50-line manual telephone exchange was commissioned in Kolkata in the year 1882 in less than five years after Alexander Graham Bell invented the telephone. Today India has the world's second-largest mobile phone users with over 903 million as of January 2012. In recent years, the Telecom sector has been delivering strong returns on investments and steady subscriber additions. This growth has been built on wireless revolution. The industry is expected to reach a size of 344,921 Crore by 2012 at a growth rate of over 26 per cent, and generate employment opportunities for about 10 million people during the same period.

The Indian telecom industry has been a torchbearer on the possibilities that the Indian market presents to the firms willing to invest in addressing the needs of the customers. The Indian telecom industry has proved to the world that a country with legacy infrastructure can and will jump technology curves.

Literature Review:

Muller (1990) in his a research focuses that the success of the mobile commerce can be attributed to the personal nature of wireless devices. Adding to this are its unique features of voice and data transmission and distinct features like localization, feasibility and convenience. The sustained growth of the mobile commerce around the world has been more because of the transfer of technology according to the needs of local geography.

According to Wellenius and Stern (2001) information is regarded today as a fundamental factor of production, alongside capital and labor. The information economy accounted for one-third to one-half of gross domestic product (GDP) and of employment in Organization for Economic Cooperation and Development (OECD) countries in the 1980s and is expected to reach 60 percent for the European Community in the year 2000. Information also accounts for a substantial proportion of GDP in the newly industrialized economies and the modern sectors of developing countries.

World Telecommunication Development Report (2002) explains that network expression in India was accompanied by an increase in productivity of telecom staff measured in terms of ratio of number of main lines in operation to total number of staff.

According to Mather (2005) the challenge, of course, is that a competitor can show up in one of your established markets with new technology, better people, a better network of companies for support and a better management style and steal huge chunks of your business before you can respond. Staying at the forefront of all these issues will be the only way to stay successful.

Objectives of the study:
- To know the demographic trends of the mobile users.
- To understand the changing preference of mobile users.

Scope of the Study:
The study focuses on customers of BSNL, Airtel, Vodafone and Idea. This study also attempts to analyze the growth of Indian telecom industry since liberalization in terms of market penetration and service quality. Demographic variables such as age, gender, occupation, income, usage and are analyzed from the view points of the customers.

Methodology of the study:
Research Design: Descriptive method is used for the purpose of conducting research. Data is gathered from customers of BSNL and from selected private telecom companies on the basis of convenience sampling method for the purpose of the study.

Source of the data: The proposed research requires both primary and secondary data.

Primary data: Primary data is collected through the structured questionnaire. The primary data was collected from collected from the customers of select telecom companies.

Secondary data: The secondary data is extracted from among different published sources such as TRAI manuals and reports, magazines, voice & data magazine, research articles, cellular operators associations, research articles, books and selected websites.

Sampling Design: Around 250 sample respondents are selected from the population for the purpose of the study. The composition of the respondents includes telecom buyers from BSNL and from selected private telecom companies drawn from Mysore city.

Scope of the Study:
The study focuses on knowing the demographic trends taking place in the Indian telecom sectors like BSNL, Airtel, Vodafone and Idea. This study also attempts to analyze the growth of Indian telecom industry since liberalization in terms of market penetration and service quality. Demographic variables such as age, gender, occupation, income, usage are analyzed from the view points of the customers. The present study is confined to Mysore city.

Demography of the Respondents:
For the purpose of collecting primary data for the study a structured questionnaire was administered to 250 customers. The following is the demographic profile of the respondents.

Table no-1: Demography of the Respondents.

Particular	Sub-Category	Frequency	Percentage
Gender	Male	106	42.4
	Female	144	57.6
	Total	250	100%
Income	Less than 5000	111	44.4
	5000-10000	53	21.2
	10000-15000	48	19.2
	15000-20000	25	10.0
	20000 and above	13	5.2
	Total	250	100%
Qualification	Post graduate	64	25.6
	Graduate	130	52.0
	College Education	51	20.4
	School Level	5	2.0
	Total	250	100%
Occupation	Govt. Employees	44	17.6
	Private Employees	65	26.0
	Student	89	35.6
	Housewife	21	8.4
	Searching for job/ Not working	18	7.2
	Retired	9	3.6
	Business	4	1.6
	Total	250	100%

Source: Field survey
The above table shows that out of 250 customers who have responded for the questionnaire there are 106 male and 144 female respondents who belong to different income levels. Out of 250 respondents 111 are below Rs.5, 000 income per month, 53 respondents are in the income group of Rs.5, 000 -Rs10, 000, 48 respondents in the range of Rs.10, 000-Rs.15,000, 25 respondents in the group Rs15, 000-Rs.20,000 and small portion of the respondents that is 13 are in the income category of Rs. 20,000 and more per month. Further, the respondents are of different levels of education. There are 64 postgraduates, 130 graduates, 56 school level educated and non graduates. The respondents includes 109 employees out of which 44 are government employees and 65 private employees , 89 students , 21 housewives and 18 youngsters who are searching for jobs, 9 retired persons and 4 business man. Thus respondents made up of people from different income, education, gender and occupational background.

The respondents for the study are also grouped into the users of mobile phone and landline services. The following table provides details of landline and mobile phone services of different telecom companies used by the respondents for the study.

Particular	Sub-Category	Frequency	Percentage
Current Landline	No landline	159	63.6
	BSNL	74	29.6
	Airtel	14	5.6
	Reliance	1	0.4
	Tata Indicom	2	0.8
	Total	250	100%
Current Mobile	BSNL	29	11.6
	Airtel	82	32.8
	Vodafone	64	25.6
	Spics/Idea	75	30.0
	Total	250	100%

TableNo-2: Respondents using Landlines and Mobile Phone services:

Source: Field survey
The total respondents for the study include 250 customers of mobile phone services and 91 respondents using both landline and mobile phone services. This indicates that out of 250, 159 respondents are not having landline connections. The majority of the landline belongs to BSNL and the majority of mobile phone users are the customers of Airtel.

Purpose of the phone:
For the purpose of identifying the reasons for which mobile phones are used by the respondents an attempt is made to analyze the usage of phone. The following table reveals the different purposes for which the phones are used.

Table no- 3: Purpose of the Phone.

		Yes	NO	Total
Voice calls	F	250	0	250
	%	100	0	100

SMS	F	221	29	250
	%	88.4	11.6	100
MMS	F	54	196	250
	%	21.6	78.4	100
Voicemail	F	32	218	250
	%	12.8	87.2	100
Internet	F	48	202	250
	%	19.2	80.	100
Alerts	F	31	219	250
	%	12.4	87.6	100
Caller tunes	F	30	220	250
	%	12.0	88	100
Music/movie download	F	43	207	250
	%	17.2	82.8	100
Participating in quizzes	F	25	225	250
	%	10	90	100
Wake up calls	F	37	213	250
	%	14.8	85.2	100

Source: Field survey

The above table reveals that mobile phones are used for more than one purpose by the respondents. although all are using the phones for voice calls, the only a small portion of the respondents namely 10% and 90 out of 250 respondents use the phones for participating in quizzes where as a large number that is 221 uses for SMS, 54 for MMS, 48 for internet and 43 for downloading music and movies which is a clear indication that the majority of the respondents are using phones for communication purpose.

The total respondents for the study also include those who are using the services of the same telecom company for a long time and those who have changed frequently. Out of 250 customers who have given the response 83 customers have the habit of changing the service providers and 167 are using the services of the same telecom companies for a long time.

In order to identify the factors that influence the customer's loyalty towards a particular telecom service provider, respondents who have changed from one service provider to another were asked to indicate their reasons for the change. The following table reveals the reason for the change of service provider.

Table no-4: Reasons for changing the service provider.

Reasons for changing the services		High call tariff	Better service from competitors	Low talk time on recharge	Changes in usage pattern	Poor network coverage	Frequent network disruption	Network congestion	Non availability of recharge coupons	Impolite response from call center executive
SD	F	5	3	4	8	10	9	5	10	10
	%	6	3.6	4.8	9.6	11.6	10.8	6	12	12
SWD	F	5	4	2	8	11	9	15	16	8
	%	6	4.8	2.4	9.6	13.3	10.8	18.1	19.3	9.6
N	F	15	14	24	21	19	21	23	27	19
	%	18.1	16.9	28.9	25.3	22.9	25.3	27.7	32.5	22.9
SWA	F	31	36	30	22	21	25	21	12	24
	%	37.3	43.4	36.1	26.5	25.3	30.1	25.3	14.5	28.9
SA	F	27	26	23	24	22	19	19	18	22
	%	32.5	31.3	27.7	28.9	26.5	22.9	22.9	21.7	26.5
Total	F	83	83	83	83	83	83	83	83	83
	%	100	100	100	100	100	100	100	100	100

Source: Field survey

From the above table, it is evident that the most prominent reasons for changing the service provider are better service promises by the competitors followed by low talk time on recharge and high call tariff which are the cost component of the user's decisions. Only a small proportion of the respondents agree with the point that the reason for change is non availability of the recharge coupons. However, frequent network disruption, network congestion, poor network coverage are responsible for the changes. A considerable part of the respondents who have changed their service provider are due to the changes in their usage pattern.

Occupation Vs service providers

Mobile phone usage and the occupation of the customers are interrelated. Therefore an attempt is made to group the respondents on the basis of their occupation and the brand of the mobile services they are using. The following table provides information on occupation and the brand used.

Table no 5: Occupation Vs service providers

Occupation		BSNL	Airtel	Vodafone	Idea	Total
Govt.	F	12	13	11	8	44
	%	41.4%	15.9%	17.2%	10.7%	17.6%
Private	F	6	25	14	20	65
	%	20.7%	30.5%	21.9%	26.7%	26.0%
Student	F	5	24	28	32	89
	%	17.2%	29.3%	43.8%	42.7%	35.6%
House wife	F	4	6	5	6	21
	%	13.8%	7.3%	7.8%	8.0%	8.4%
Not working	F	0	9	2	7	18
	%	.0%	11.0%	3.1%	9.3%	7.2%
Retired	F	1	4	3	1	9
	%	3.4%	4.9%	4.7%	1.3%	3.6%
Business	F	1	1	1	1	4
	%	3.4%	1.2%	1.6%	1.3%	1.6%
Total	F	29	82	64	75	250

Source: Field survey

The above table highlights the fact that, out of 250 respondents 82 respondents are using Airtel services which includes 13 govt. employees , 25 private employees , 24 students. Whereas Idea is in the second place with 75 respondents consisting of 32 students, 20 private employees and 8 govt. employees. Vodafone is in the third place with 64 respondents comprising 28 students, 14 private employees and 11 govt. employees. BSNL is in the fourth place with 29 respondents made up of 12 govt. employees, 6 private employees and 5 students. Therefore it can be inferred that Airtel is the most preferred brand among all professions.

Qualification Vs Service providers:
Table no 6: Qualification Vs Service providers

Qualification		BSNL	Airtel	Vodafone	Idea	Total
Post graduate	F	9	21	15	19	64
	%	31.0%	25.6%	23.4%	25.3%	25.6%
Graduate	F	10	49	34	37	130
	%	34.5%	59.8%	53.1%	49.3%	52.0%
College level	F	8	10	14	19	51
	%	27.6%	12.2%	21.9%	25.3%	20.4%
School level	F	2	2	1	0	5
	%	6.9%	2.4%	1.6%	.0%	2.0%
Total	F	29	82	64	75	250

Source: Field survey
From the above table, it can be noted that respondents using Airtel services includes a greater percentage of graduates and postgraduates followed by Vodafone and Idea. Whereas respondents using BSNL services includes 34.5% graduates, 31% postgraduates, 27.6% college level and the remaining 6.9% school level.

Income vs. Service Providers
Respondents are grouped on the basis of their level of monthly income in order to identify the relationship between income and brand preference. The following table highlights the respondent's income and brand of their service provider.

Income		BSNL	Airtel	Vodafone	Idea	Total
Less than 5000	F	7	30	34	40	111
	%	24.1%	36.6%	53.1%	53.3%	44.4%
5000-10000	F	7	17	12	17	53
	%	24.1%	20.7%	18.8%	22.7%	21.2%
10000-15000	F	12	18	7	11	48
	%	41.4%	22.0%	10.9%	14.7%	19.2%
15000-20000	F	2	11	8	4	25
	%	6.9%	13.4%	12.5%	5.3%	10.0%
20000 and above	F	1	6	3	3	13
	%	3.4%	7.3%	4.7%	4.0%	5.2%
Total	F	29	82	64	75	250

Table no.7: Income vs. Service Providers

Source: Field survey
Out of 250 respondents, 40 of them are in the income group less than Rs.5, 000 are using Idea, where as 34 and 30 of this category are using Vodafone and Airtel respectively.

In the income category, of Rs.5,000-10,000 per month out of 53 respondents 17 each are using Idea and Airtel, 12 are using Vodafone, 7 are using BSNL . This is an indication that Idea is the most preferred brand among the low income group and Airtel is preferred by middle and higher income group.

Table no: 8: Gender Vs Service providers

Gender		BSNL	Airtel	Vodafone	Idea	Total
Male	F	14	34	26	32	106
	%	48.3%	41.5%	40.6%	42.7%	42.4%
Female	F	15	48	38	43	144
	%	51.7%	58.5%	59.4%	57.3%	57.6%
Total	F	29	82	64	75	250

Source: Field survey
Out of 250 customers who have responded for the study, there are 106 male and 144 female. Among the male respondents 34 of them are using Airtel, 32 are using Idea and 26 of them Vodafone and 14 are using BSNL. Out of the total female respondents 48 are using Airtel, 43 are using Idea, and 38 are using Vodafone and 15 BSNL.

The growth of India as a knowledge based economy will not be possible without the growth and expansion of the Indian telecommunications and IT sectors. This symbiotic relationship is not lost on the government which has attempted to back the telecommunications sector by fostering an encouraging regulatory scenario. This has not only helped the telecommunications sector to evolve in a dynamic manner but has enabled it to attract foreign investments.

Conclusion
Assorted demographics and technological advancements have paved the way to the tough competitions where everyone in the market are aiming for the same portion .Till the entry of the private companies it was a cake walk for the BSNL , never ever thought that it need to focus on the important stakeholder of the business that is customers. The employee's strength of the BSNL is next to Indian railways which accounts for more than three lakhs employee which other players cannot even think of. Under utilization of this human resources have led to many problems of BSNL finally all the problems resulted in pushing it down and recording negative growth. Delayed decision of launching service at BSNL is the cause for losing the market share and the same opportunity is encashed by the private telecom companies. At last all the players have realized that it is not TRAI alone that can control the market, the customers interest is continue to be relevant in force need to analyzed and redefined.

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