

MOBILE NUMBER PORTABILITY AND CONSUMER BEHAVIOUR: A STUDY WITH REFERENCE TO BHARAT SANCHAR NIGAM LIMITED, INDIA

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Abstract: *The present study examines the consumer behavior towards Mobile Number Portability plans offered by BSNL, India. A multiple cross sectional descriptive research which was conducted across a gamut of respondents revealed that most consumers who had ported to BSNL services were happy with their services. They associated BSNL as a trusted brand, excellent network coverage provider, low tariff provider etc. However consumers were not happy with BSNL's 24 x 7 call center customer care service.*

Keywords: BSNL, Consumer, MNP, Service

JEL Codes: M30, M31, M39

Introduction

Bharat Sanchar Nigam Limited (abbreviated BSNL) is an Indian state owned Telecommunication company headquartered in New Delhi, India. It is the largest provider of fixed telephony and fourth largest mobile telephony provider in India, and is also a provider of broadband services. However, in recent years the company's revenue and market share plunged into heavy losses due to intense competition in Indian telecommunications sector mainly in the mobile sector.

BSNL, before year 2000, known as the Department of Telecommunication had been a near monopoly during the socialist period of the Indian economy. During this period, BSNL was the only telecom service provider in the country. After the liberalisation of Indian economy in 1991, BSNL faced stiff competition from the private to notch up better numbers in all areas, years after year. Bharat Sanchar Nigam Ltd. was incorporated on 15th September 2000. It took over the business of providing telecom services and network management from the erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from 1st October' 2000. It is one of the largest & leading public sector units providing comprehensive range of telecom services in India. Today, it has about 43.74 million line basic telephone capacity, 8.83 million WLL capacity, 90.60 million GSM capacity, 37,885 fixed exchanges, 68,162 GSM BTSs, 12,071 CDMA Towers, 197 Satellite Stations, 6,86,644 Rkm. of OFC, 50,430 Rkm. of microwave network connecting 623 districts, 7330 cities/towns & 5.8 lakhs villages. BSNL is the only service provider, making focused efforts & planned initiatives to bridge the rural-urban digital divide in Information & Communication Technology sector. In fact there is no telecom operator in the country to beat its reach with its wide network giving services in every nook & corner of the country & operates across India except New Delhi & Mumbai. Whether it is inaccessible areas of Siachen glacier or North-Eastern regions of the country, BSNL serves its customers with a wide bouquet of telecom services namely Wireline, CDMA mobile, GSM mobile, Internet, Broadband, Carrier service, MPLS-VPN, VSAT, VoIP, IN Services, FTTH,

etc. BSNL has set up a world class multi-gigabit, multi-protocol convergent IP infrastructure that provides convergent services like voice, data & video through the same Backbone & Broadband Access Network. At present there are 8.09 million broadband customers. The Company has vast experience in planning, installation, network integration & maintenance of switching & transmission networks & also has a world class ISO 9000 certified Telecom Training Institute.

Mobile number portability (MNP) enables mobile telephone users to retain their mobile telephone numbers when changing from one mobile operator to another.

In India, tele density touched more than 85% till beginning of 2014. Hence mobile number portability helps the operators to compete among themselves in a healthy way to get more customers. Before MNP, customers were not able to take any other operator because they will lose their number which is being used for a long time. Implementation of MNP will not only give wider choices to the Indian subscribers but will also compel service providers to offer innovative, affordable and competitive tariff plans for the benefit of the masses. Today BSNL competes with many other mobile operators throughout India. They are Aircel, Airtel, Idea, Loop Mobile, MTNL, MTS, Reliance Communications, Tata DoCoMo, Tata Indicom, Videocon, Virgin Mobile, Vodafone etc. After the implementation of Mobile Number Portability (MNP) in India, it gave all the telecom operators to increase its market share by attracting more customers from other operators.

Rationale of the study

Number Portability allows consumers and businesses to keep their existing telephone numbers when they switch operators. This gives subscribers the freedom to choose operators based on criteria like services, price, and customer service. Their freedom of movement is not influenced by the inconveniences and costs that come with changing numbers. It also makes it easier for operators to compete for customers, precisely because it eliminates a major barrier reluctance to change numbers. Number portability has been a huge success around the world, because it helps to level the playing field, giving all operators more opportunities to grow their subscriber bases and revenues. In India MNP was launched on 20th January 2011. As more than four years completes after MNP launch in India, many operators have gained and meanwhile others have lost their valuable customers.

BSNL the state owned telecom service provider is operating in 26 Circles throughout India except Delhi and Mumbai and is the number one Wire line and internet service provider in India, but in mobile segment it presently stands at fourth position. MNP launch was predicted boon for this company, but instead it lost many of its valuable customers to others operators when seen all India status.

But in Kerala state, India, it gained many customers due to MNP and presently BSNL Kerala circle have more than 12 lakhs net MNP additions. This study mainly deals in understanding the consumer behavior towards MNP with regard to BSNL services.

Literature review

Studies on Mobile Number Portability and its effects are conducted by various researchers and authors in many countries. Shin (2006) conducted a study on 684 U.S. cell phone subscribers to know the perceptions and behavior of subscribers and its effect of Mobile Number Portability. It was found that switching barriers such as switching cost and other hidden costs were perceived high by the subscribers. Studies conducted by Gans et al. (2001), Kufer et al. (2007) and Grzybowski (2005) describe costs and benefits of Mobile Number Portability for customers. Kufer et al. (2007) opined that socially efficient results can be attained due to MNO. Kufer et al. (2007) suggests that Mobile Number Portability

implementation means can ensure or threaten competition. Nakamura (2010) carried out research to estimate switching costs involved in changing mobile service provider in Japan. Nakamura found that government policy related to SIM locks does not exist in Japan. Mobile phone market in Japan is saturated. This type of policy can improve portability of cellphone handset. It can also reduce switching costs incurred by the cellphone users while changing network providers as market competition can be boosted up. Viard (2007) carried out to determine whether switching costs make markets more or less competitive by analyzing the case of toll free number portability. Findings show that portability had no significant effect on prices for toll services, which were always portable. The author estimated that portability lowered toll-free prices by approximately fourteen percent for the average customer and concluded that companies reduced their prices when switching costs declined.

Research methodology

Descriptive research is the most suitable method to be adopted to arrive accurate findings. Descriptive research will be helpful for fact-findings through surveys and enquiries. The present study used descriptive research. The primary data was collected in the form of a questionnaire. The data was collected from the customers using survey method either in person or via email. The data for the study focused on the opinions of retailers, direct selling agents and customers about BSNL and services offered by BSNL. The opinions were marked as frequency distributions. Secondary data was collected from books, journals, internet and company records.

Tools and technique of the analysis

- Descriptive statistics
- Chi-Square test of independence
- Analysis of variance

Sampling plan

Sampling may be defined as the selection of some part of an aggregate or totally on the basis of which a judgment or inferences about aggregate or totality is made. In other words it is the process of obtaining information about entire dealers by examining only a part of it. A total of 1554 responses were elicited using convenient sampling technique. Most of the responses were online.

Major findings and discussions

82% of the respondents were happy after having ported to BSNL. Only 12 % of the respondents wanted to port out of BSNL. Rural area was found to be the major area of MNP as BSNL was having good coverage in these rural areas where other private operators did not have. 82 % of customer responded that they got information about MNP through BSNL employees. Customers who ported to BSNL had billing issues with their early service providers. Some customers (38.9%) shared that private operators charged more from them than the existing tariff. Most of the customers (88%) pointed out the fact that they trusted BSNL in billing issues as they believed that BSNL being a government company will not cheat them. It was also found out that there was no significant difference in the various reasons in porting to BSNL as far as age group was considered. Network coverage and low tariff plans were the major reasons for porting to BSNL. It was also found out that customers were dissatisfied with the non-availability of BSNL recharge coupons. BSNL has to improve its retail network in order to tackle this. Commission rate should be adopted like the private

players so that retailers would be interested in associating with BSNL. 87% of the respondents were unhappy with the 24x 7 call center support of the BSNL.

Conclusions

In India the Tele density has touched 80% in the year 2014. But the number of active customers in the database of operators indicated actual Tele density being less than 80%. As per telecom regulatory authority of India report, in the month of September - October 2014, there was a net decrease in Tele density in India as some operators closed the connections of customers who were not using their connections for about six months. The best way for all the operators is to compete in the industry to get more connections through MNP. A clear cut strategy is required for BSNL to sustain the net achievement in growth of MNP connection.

As seen from the survey some of the customers change operators seeing the brand image of the firm. So it is time now for BSNL to have its brand image established. Till now BSNL has a brand image of being a government company, but in future it has to become a competitive and challenging company in the industry. Issuing of pamphlets and door to door marketing through employees is not the best strategy that a company likes BSNL as to do. It was seen in the MNP figures that these methods work only for some period of time. In addition to that these methods sometimes tarnish the image of the firm. BSNL has been a monopoly in the telecom field till 2000 as number of private operators was very less. These door to door campaigning by BSNL employees would make customers think that BSNL is going to sink in near future that is why they are looking for this type of marketing strategy.

Marketing through newspapers and television advertisements are important to make a good brand image of the firm. As many respondents pointed out the poor performance of customer call helpdesk of BSNL, BSNL management should think of posting adequate number of employees in these helpdesk to manage customer calls. Atleast 90% of customer calls should be attended to have good image for the call center.

Limitations of the study

This study was mainly based on survey method of research. Therefore, the limitations of survey method might have influenced the outcome of the research. Hence, not all the findings of the study could be generalized since the research variables and determining factors being investigated in the present study could have different dimensions in different context and settings.

Directions for future research

Now days competitions are becoming more tough due to more operators. A manager should ensure the overall and sustainable growth of the organization through effective implementation of various plans and strategies to increase the growth rate of net customer addition. It require continuous monitoring and research in the market. A team of specialized management professionals should analyze the market situation to determine the various satisfactory level of operation and position company's mobile tariff plans which will be more attractive to the customers.

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