

CUSTOMER RETENTION MODEL IN TELECOM SERVICE INDUSTRY – AN EMPIRICAL STUDY

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ABSTRACT

In order to achieve profitability, the business model for the customer turnover problem relies on long-term client connections. As a result, in service industries like retail banking and telecommunications, reducing customer churn has become a major goal. One of the most effective tactics for increasing a customer's/market company's share is client retention. The convenience sample approach was used to gather data from 126 respondents for the study. The filled-out questionnaire was returned using Google Forms by the respondents. Data and VAS Usage are ranked 1, and Recharge Patterns are placed second, according to the findings.

Key Words : *Business, customer churn problem, service industries, Mobile phone and promotional plans.*

Introduction

India is the 2nd largest telecommunication market in the world, with a population of 1.16 billion (as of 2020) and a recent decade-long growth rate. Mobile phone penetration is predicted to reach an all-time high of 500 million new internet users, resulting in a slew of new commercial prospects. To entice the market, all mobile phone service providers are announcing new schemes and promotional offers, making competition in this area extremely fierce when compared to other industries. Customers commonly transfer over or do number portability as a result of the appealing offers and other subscriber's promotional plans. Customer attrition, often known as customer churn, refers to customers who transfer brands. Because client attrition is unavoidable in the telecom business due to low levels of loyalty, all mobile service providers must establish successful customer retention and CRM strategies rather than customer acquisition methods. All mobile service providers must be able to predict consumer behaviour, create a consumer factor model, and analyze CRM returns, (Buckinx2007). Furthermore, it will aid businesses in increasing their consumer acquisition rates and market competitiveness.

Customer Attrition Or Churn In Tele communication Industry

Customer churn, also known as attrition, is the loss of existing customers to a competitor or another

organisation. Because all consumers' call subscriptions, as well as the type of hardware and software they use, the telecommunication industry deals with a lot of analytical data. Customer turnover or attrition can be easily tracked, such as when customers quit using their sim card.

There are two main categories of customer attrition or churners are;

A. Voluntary

- a. Deliberate
- b. Incidental

B. Involuntary

Involuntary Attrition or Churners

These customers should be removed from the customer base because they use mobile phones for immoral actions, donot pay or renew their mobile subscriptions, and use mobile services infrequently (Dr.M.Suryakumar, Marketing Strategies and Customer Satisfaction of Cement Product in Theni District, 2018).

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Voluntary Attrition or Churners

These clients are tough to track down because they chose to support other mobile service providers on their own volition. Deliberate and incidental attrition are two types of voluntary attrition.

Incidental Attrition

This occurs when a customer's lifestyle changes their daily lives, such as when he or she is relocated to another place for personal or occupational reasons, or when their financial situation changes, or when a subscriber dies.

Deliberate Attrition

It occurs for a variety of causes, including client desire to upgrade to a more advanced technology, price dynamics, service quality considerations, social or psychological factors, and convenience. Attrition is a category in which all mobile service providers must concentrate and examine.

Customer attrition is a serious concern for large mobile service providers. As a result, predicting client attrition or churn is critical. When a churn prediction model is created, it can help telecom businesses estimate which customers are more likely to leave. As a result, certain critical and necessary activities must be performed to reduce client churn (Ahmad, Jafar&Aljoumaa, 2019). Information systems have become an essential component of every company's business operation (Srivastava & Bagga, 2014). Business intelligence's strategic influence is well acknowledged (Tripathi, Bagga & Aggarwal, 2020). In terms of boosting the strategic value of an organization's value chain, business intelligence tools can help with churn management in keeping with the firm's business strategy. The telecom business has a higher churn rate than other industries. With the aforementioned elements in mind, this research focuses on predicting customer attrition, assessing the most valued customers, and providing a viable customer loyalty and CRM strategy (Dr.M.Suryakumar, Marketing Strategies and Customer Satisfaction of Cement Product in Theni District, 2018).

Research Works Related To the Study

Hadden et al. (2007) focuses on the impact

of customer attrition in developed countries emphasising that the cost of client acquisition would be higher than the cost of customer retention, making customer attrition forecast critical.

Song et al. (2007)emphasise the need for a strong customer attrition model in order to maintain loyalty.

Rajeshkumar, Rajeshjit (2017) focuses on creative client retention tactics in the Indian telecom business. In addition, their research provided a theoretical framework for client retention techniques in the Indian telecom business.

Customer attrition and retention analysis are crucial elements of every mobile service company in India, according to Mamta, Meenu, and Vani (2015). Their research suggests data mining tools for determining client attrition rates and developing customer retention tactics.

Customer attrition is a hot concern in most mobile service organisations throughout the world, according to Hwang et al (2004), so all companies must establish strong retention tactics to avoid long-term profit loss. Furthermore, their research discussed the impact of pricing promotions in reducing customer attrition and increasing customer loyalty.

This research by FatihKayalp (2017) is a survey of the most commonly used Data mining approaches for analysing customer attrition models and improving customer loyalty.

In order to examine the tendency of probability of customer attrition or attrition, Ahmad, Vasista, Marwan (2021) uses a logistic regression model to predict client attrition or churn.

Intention of this Research

The intention of this Research is;

1. To analyze factors that enhances the customer retention.

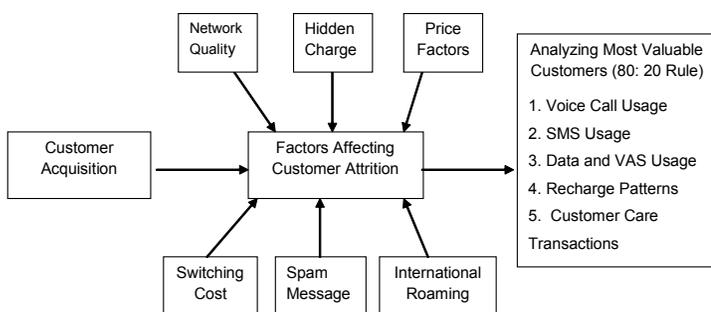
Analytical Framework of the study

The theoretical framework of study analyzes the following variables;

1. Factors affecting Customer Attrition in Tele communication Industry
2. Analyzing the Most Valuable customers
3. Customer Relationship strategy for Customer Retention

Customer Relationship strategy & Retention

Any mobile service provider's customer engagement strategy is a critical Endeavour that improves client retention and, as a result, increases long-term revenue and customer loyalty. Companies must establish client clusters in order to implement CRM strategy, and each cluster must have its own unique approach to increase customer loyalty.



Research Practices

Pilot Study

A standardized questionnaire was used in a pilot research with 50 Salem respondents to identify the key factors affecting customer turnover. The validity of the questionnaire was evaluated using the Cronbach alpha procedure. The reliability score for every item in the Annexure was found to be 0.824 overall.

Sampling

In this research, the sample size is fixed to 126 respondents which was designated by means of convenience sampling method. The completed survey was returned by the respondents using Google Forms.

Data Analysis

Both the primary as well as secondary data has been considered for the study. Analysis was done using GARRETT Ranking Method on the variables of factors which influences customer attrition

Data Analysis

Henry Garrett Ranking



Table 1
Table Value

Rank	Proportion Level	Table Value
1	$100(1-0.5)/5=10$	76
2	$100(2-0.5)/5=30$	61
3	$100(3-0.5)/5=50$	50
4	$100(4-0.5)/5=70$	40
5	$100(5-0.5)/5=90$	25

Table 2
Henry Garrett Ranking
To analyze factors enhances the customer retention

Details	1	2	3	4		Mean Score	Rank
Customer Care Transactions	76	61	50	40			
	26	16	42	42	126	53.19	4
Recharge Patterns	1976	976	2100	1680	6702		
	33	21	18	54	126	54.35	2
Data and VAS Usage	2508	1281	900	2160	6849		
	40	29	8	49	126	56.89	1
Voice Call Usage	3040	1769	400	1960	7169		
	24	18	55	29	126	54.22	3
	1824	1098	2750	1160	6832		

Results point out Data and VAS Usage is ranked to the first and Recharge Patterns is ranked second.

Conclusion

The elements that cause consumer attrition in the mobile subscription and consumer retention model are investigated in this study. In today's virtual world, a mobile phone is regarded as a smart device that can be used for both personal and business purposes. Previously, mobile phones were only used for communication; however, in today's digital age, mobile phone applications have a broader reach, including

information searching, connecting dots of communication online through effective apps, document storage, social chat, corporate communication, and lifestyle enhancement, among other things.

In today's rapidly expanding digital era, users must be able to communicate with the rest of the world, both in terms of voice and data access. Mobile service providers' service is a critical component of being connected successfully. Consumers have extremely distinct preferences when it comes to mobile service providers. Network quality, hidden charges, price factors, switching costs, spam messages, and international roaming facility are all variables that influence customer churn or attrition. Mobile service providers can assess the most important consumers based on the following parameters or behaviour: voice call usage, SMS usage, data and VAS usage, recharge trend, and customer care transactions in order to predict customer churn. As a result of this research, it is clear that in today's data revolution era, analyzing consumers' data usage and VAS subscriptions is an important indicator of their churn behaviour. As a result, mobile service companies can develop a robust customer relationship strategy (CRM) that includes the above factors or parameters as part of the dashboard to track consumer behaviour. To summarize the findings, customer retention is more important than client acquisition, hence mobile service providers should improve their customer interaction strategies.

Suggestions for Future Research

In order to process data and results, it will be crucial for future studies to incorporate samples from different markets with a diversified sample. Considering a greater number of variables can provide broader outlook of the research and better research outcome.

Few suggestions for future research can be

- ❖ Customer Retention model can be developed based on buying parameters.
- ❖ Customer influences, reference group and its impact on customer attrition etc.

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