Factors Affecting Brand Switching in Telecommunication
A Case Study of Sahiwal District, Pakistan

Rashid Saeed, Rab Nawaz Lodhi, Muhammad Saad Saeed, Zeeshan Fareed, Amna Sami, Fareha Dustgeer, Zahid Mahmood and Moeed Ahmad

Department of Management Sciences, COMSATS Institute of Information Technology Sahiwal, Pakistan
COMSATS Institute of Information Technology Sahiwal, Pakistan
Bahria University Islamabad, Pakistan
Department of Business Administration, Bahauddin Zakarya University, Sahiwal Campus, Pakistan

Submitted: Oct 13, 2013; Accepted: Nov 16, 2013; Published: Nov 23, 2013

Abstract: The aim of the study is to check the factors behind brand switching in Telecom industry of Pakistan. The study is conducted in Sahiwal city. 150 respondents were selected on the basis of convenient sampling. Questionnaire is used to get the response from respondents. After analysis of data we infer that Inconvenience and price of Call, SMS, GPRS is the reason behind brand switching but service failure is not that much affect brand switching. Mobile service providers can control this factor to make mobile subscribers loyal and to retain them on their network.

Keywords: Brand Switching · Price · Telecommunication · Sahiwal · Customer Satisfaction · Customer Service · Switching Behavior · Network Coverage · Network Service · Mobile Number Portability (MNP)

INTRODUCTION

This study is conducted to understand the customers switching behavior in telecommunication industry of Pakistan. To understand the reason behind customer switching from one network to another is very vital to make customer loyal in future. Switching from one network to another with the same number is called mobile number portability (MNP). When the mobile subscriber port their number from one network to another to enjoy low call rates or best signal quality then they have to pay switching cost. It can be some call or SMS or GPRS buckets that can influence a customer to change his/her network. Customer will only satisfy when the service provider company will fulfill their need and demand, if it happens then customers loyalty level will be boost up.

Telecommunication industry of Pakistan is having five main players Mobilink, Warid, Ufone, Telenor and Zong. Every mobile user has past experience from his service provider, word of mouth and also expected quality of the services in the future is called perceived quality. Very mobile user expects the best service from his services provider. Now companies are more conscious about their signal quality and voice clarity to fulfill the expectations of the customers [1]. But still there is a gap between service quality and expectation of users. The more customer will be loyal according to the less gap will be there between expectation and given value [2].

Everyone is doing business in this world for the benefits and get interest from their business. If a company do their best job and there is no gap between customer demand and supply then company don’t have a need to put extra effort in their job [3].

Mobile service providers have to charge high cost for switching networks as a barrier and remain customer loyal with the company [4]. According to human nature everyone wants to get benefits, mobile user also look for their interest that is in term of values. If the barriers are
not greater than the values which customer will get from another network then automatically customer will switch his/her network for a little bit of benefit [5].

People always pay for their satisfaction. The more customers will satisfy the more amounts they will pay. Companies should use low pricing policy to increase their customers and profit margin through this policy. Company should also reduce the connection charges. If after sale services will be good then customer will repurchase the product of the same company.

Objective of Study: The objectives of this study are following:
- The reason behind brand switching (MNP).
- To retain customer loyal with the existing brand they are using.

Literature Review: There are two types of customers while porting out number to another company; they are active and passive customers. Active customers are those who are well aware of new packages and offers their chances of switching are very high and passive customers are those who are not well aware of new packages, company tell them through advertising.

Some people who are more conscious about their decision they took wrong decision and when they are unconscious about their decisions they took best decisions Dijksterhuis [6] an older. Price (IV) always attracts the customer which is main reason to switch between brands. The brand is selected because of price because low price is everything for the people of Pakistan. Middle class people don’t afford high price networks.

In one research a researcher explained in his studies the switching behavior of a customer damages the market share and brand image and profitability of the company. He pointed out some reasons for switching price, inconvenience and core service failure, employee responses to the service failure, attraction by competitors, involuntary switching and seldom mentioned incident [7].

In our research we will take four variables one dependent and three independent. The dependent variable is customer switching behavior (DV). Independent variables are Price, Inconvenience and service failure.

In order to know about consumer switching behavior we should know that how the mobile subscribers actually take service quality, inconvenience and service failure. Gerpott et al. [2]; Lee et al. [5] describe in their studies service quality, best relationship with customer, low pricing, bundle offers, wishes on events, are the components which make customer loyal and beneficial for the company for the long time period. To know about an ideal service provider in their studies they calculated service quality through these measures they chose convenience sampling and measures on the bases of qualitative data.

Jeong and Park [3] have studied how a subscriber switch the brand after knowing about the mobile number portability (MNP) and before introduction of MNP services people didn’t have the facility to change network with the same number.

Young and Choi [9] studied about how a customer evaluate a brand, what a customer want from a network company in term of call and SMS packages, voice clarity, signal strength, internet packages and value added services.

Research Gap: Researcher elaborated in their studies that how factors influence the customers satisfaction and switching behavior in cellular services of Pakistan. They used the method of Qualitative research. But this study is based on quantitative research. This type of study is never conducted by any researcher in Sahiwal. No one used these three independent variables as quantitative approach to know about the reason behind mobile subscribers’ number porting out behavior.

Significance of the Study: This study is to know about the reason behind brand switching in telecom industry. This study will help telecommunication service providers to improve their customer loyalty and reduce the number of subscribers to switch to another network in Sahiwal. They can modify their packages to retain the customers on their own network. This can increase their profitability.

Theoretical Framework
Graphical Model: Diagram is given below:

Identification of Independent and Dependent Variables
Customer Switching Behavior (DV): It’s very difficult to understand the human behavior and especially in mobile services. All companies are providing a lot of packages ultimately one package of a company convince the customer to switch the brand. So in these days when your competitors are providing a lot of packages and you retain your customer, make them loyal with your company.

Price (IV): Customer always prefer low price and they keep in mind their family is using which network in choosing a network. Because in same network call rates are low and they can get call through ghanta package.
Company gives free internet bundle, free minutes free SMS on for the same networks. Price is also a very important factor that can force customer to switch their network.

**Inconvenience (IV):** when we call to customer care center in how much time they response. If activation time for a package is high and customer has to wait a while to get the package then customer will not satisfy because everyone want quick response from company.

**Service Failure (IV):** Signal quality is very important because if there will be a distortion in voice then customer will switch to other network for clear voice. Technical problem can enforce a customer to switch the brand, suppose in load shedding signal dropped and customer is disconnected from his/her relatives then I will be bad for customer.

**Development of Hypothesis:** Studies showed that how brand switching is effected by other factors. They showed in their studies that Price has positive relation with customer switching behavior in their studies.

\[ H1: \text{There is a relationship between brand switching and price.} \]

Studies showed that how brand switching is effected by Inconvenience. He used qualitative method to analyze. He showed the negative results of brand switching and inconvenience.

\[ H2: \text{There is a relationship between brand switching and inconvenience.} \]

Studies showed that how brand switching behavior is affected by service failure. He showed positive relation of brand switching behavior and service failure in his studies.

\[ H3: \text{There is a relationship between brand switching and service failure.} \]

**Methodology**

**Data Collection Method:** Past studies showed the “Factors influencing the customer satisfaction and switching behavior in cellular services of Pakistan”. They used qualitative approach and claim that this type of data is clearer than quantitative. But this study will check the effects of brand switching in telecom industry of Pakistan by using quantitative approach.

We made the questionnaire ourselves. Questionnaire is based on four variables containing our three independent variables and one dependent variable. Questionnaire is based on two parts; one is about respondent’s demographic information like gender, age, qualification, network they are using and duration of using that network. Second is based on variables. Four questions were made to test every variable dependent and independent so in second section there were sixteen questions. We used likert scale to get the response of respondents. It helps us to get better results.

Questionnaire is created by our self and not adopted so reliability test is very important to test the questionnaire. To check the reliability we used fifteen questionnaire and use Cronbatch Alpha tool to test the reliability of the questions. The result of Cronbatch Alpha is .72 that shows all the questions are reliable and check the same results. Sample of 15 questionnaires is used to check the reliability of instrument of measures.

This study is conducted on brand switching in telecom industry and my interest area is Sahiwal so I take the sample of 150 peoples from Sahiwal. We used to collect data from students and different business men and employees.

**Data Analysis Methods:** We used Statistical Package for Social Sciences (SPSS) version 16.0 for data analysis. Descriptive and inferential type of statistics used to measure the results. To measure the demographic information SPPS software were used. We measured mean as well as standard deviation. In our study we used one dependent and three independent variables so multiple regression model is applied to understand the relationship between the following variables.

\[ Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + e \]

\[ BS = B_0 + B_1P_1 + B_2I_2 + B_3SF_3 + e \]
Equation is formed by using one dependent variable that is Brand Switching and three independent variables Price, Inconvenience and Service failure.

**Empirical Results and Analysis**

**Demographic Variables:** The table showed that 59 male and 91 female out of total 150 respondents. 39.3% were male and 60.7% were female respondents. The demographics showed that 13 respondents were below the age of 20 years that is 8.7% of total. The demographics showed that 104 respondents were between the ages of 20 to 24 year that is 69.3% of total. The demographics showed that 33 respondents were between the ages of 25 to 28 year that is 22% of the total so the total respondents were 150. After applying frequency test of SPSS the test showed the qualification of the respondents. Nine respondents have completed matriculation that is 6% of total respondents. Fifty six respondents have done intermediate that is 37.3% of the total. Fifty respondents have done graduation that is 33.3% of the total. Thirty five respondents have done Masters that is 23.3% of total. Demographics showed that 26 respondents that is 17.3% of total respondents use mobilink,41 respondents use Ufone that is 27.3% of total,26 respondents use Telenor that is 17.3% of total, 31 respondent use Warid which is 20.7% of total 26 respondent use Zong that is 17.3% of total. Table also showed that 1 respondent is committed to his network below 1 year. 54 respondents were committed to a network from previous 2 years. 72 respondent were using their network from previous 3 years.23 respondents were using their network for more than 3 years.

**Descriptive Statistics:** We applied descriptive statistics test on SPSS that shows that respondents agree with the mean of 3.98 which describes that respondent are agreed with that they will switch to other network due to per minute call rate, due to hourly call rate, due to GPRS rate and due to SMS rates.

Respondents agreed with a mean of 3.93 that they will switch to other network due to late response of operator, late activation of package, due to no update of package activation and due to late delivery of text message.

We applied descriptive statistics test on SPSS that shows that Respondents agreed with a mean of 3.90 that they will switch to other network due to signal dropping, due to distortion in call, due to wrong connectivity of calls and low speed of GPRS. We applied descriptive statistics test on SPSS that shows that respondents agreed with a mean of 4.09 that they will switch to other network if they will have the option to retain the same number with another network. They will switch to other network if their family members use other network. They will also switch if someone close to user is in favor of other network. They will switch to other network if they will face poor services.

**Hypothesis Testing:** We applied correlation test on our data to analyze the data and relationship between independent and dependent variables. This table shows that Price (IV) have weak positive relationship with our dependent variable Brand switching which have value of 0.12. Our second independent variable Inconvenience has moderate positive relationship with dependent variable Brand Switching. Third independent variable Service Failure has weak negative relationship with our dependent variable Brand Switching having value of -0.059. When we applied multiple regression on the SPSS software model summary table shows the R square results .45 which means our three independent variables 45% explained our dependent variable.

<table>
<thead>
<tr>
<th></th>
<th>Price</th>
<th>Inconvenience</th>
<th>Service Failure</th>
<th>Brand Switching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.002</td>
<td>.011</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.982</td>
<td>.897</td>
<td>.150</td>
<td>.150</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Inconvenience</td>
<td>Pearson Correlation</td>
<td>.002</td>
<td>1</td>
<td>-.093</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.982</td>
<td>.259</td>
<td>1</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Service Failure</td>
<td>Pearson Correlation</td>
<td>.011</td>
<td>-.093</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.897</td>
<td>.259</td>
<td>1</td>
<td>.470</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Brand Switching</td>
<td>Pearson Correlation</td>
<td>.126</td>
<td>.505**</td>
<td>-.059</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.125</td>
<td>.000</td>
<td>.470</td>
<td>.150</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

670
Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>1.964</td>
</tr>
<tr>
<td></td>
<td>Price</td>
<td>.113</td>
</tr>
<tr>
<td></td>
<td>Inconvenience</td>
<td>.440</td>
</tr>
<tr>
<td></td>
<td>Service Failure</td>
<td>-.013</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Brand Switching

After applying multiple regressions on SPSS we get the table of coefficients that shows the value of our first independent variable Price’s beta value 0.125 that means that brand switching is dependent on price 12.5%. Price has 0.07<0.1 significant value so our null hypothesis (There is no relationship between price and brand switching) is rejected and H1 is accepted.

Our second independent variable Inconvenience’s beta value is 0.504 that shows that brand switching is 50.4% dependent on Inconvenience. Significant value of Inconvenience is 0.00<0.01 that means our null hypothesis (There is no relationship between Brand switching and Inconvenience) and H2 is accepted.

Our third independent variable Service Failure’s beta value is -0.014 that shows that brand switching is dependent on service failure 14% and service failure having significant value of 0.844>0.1 that means our null hypothesis is accepted and H3 is rejected.

CONCLUSION

This study is conducted to know the reason behind brand switching in Telecommunication industry of Pakistan in Sahiwal city. Data was collected through questionnaires and quantitative approach used to analyze the data. Due to time constraint we used sample of 150 mobile subscribers to evaluate and respondent were selected on the convenience sampling method. We used multiple regression and correlation to test hypothesis.

So according to the results of this study people of Sahiwal switch their network if they will get lower price on other network. People of Pakistan will switch their network if they feel inconvenience on the existing network. If they will face any service failure in their existing network they will not switch their network.

Limitation of the Study: The area of this study is Sahiwal northern Punjab Pakistan and population was the mobile subscriber of the Sahiwal city. This study covers only 150 subscribers to get the conclusion. The size of sample was very small due to time constraint if we will take larger sample than the result will be more significant.

REFERENCES