MOBILE NUMBER PORTABILITY: CHALLENGES AND OPPORTUNITIES In india

Md Ashfaq Siddiqui
Asst. Prof.
Infinity Management and engineering college
Sagar

Abstract

This paper gives insight to cellphone network providers on how to meet the challenge of possibility of losing existing customers' due to Mobile Number Portability (MNP) feature launched by Government of India recently.

The survey conducted reveals customers' reasons and preferences for shifting to the other network provider, their satisfaction level with the current mobile service provider(s), and their suggestions for improving services to hold in the existing customers.

Suggestions are made as to what the cellphone network providing companies should do in order to take maximum benefit of Mobile Number Portability by offering benefits to their existing customers

Key terms: Mobile Number Portability, Switching Costs, Donor Operator, Recipient Operator

1. Introduction

The telecommunication services in India have witnessed the phenomenal change over the last few years. The craze for mobile services in India is increasing substantially. Keeping the high consumers demand in to consideration, many big players like Reliance, Airtel, Aircel, Vodafone, BSNL, Tata Indicom, Virgin Mobile etc. has launched their services in the market. Information technology has brought tremendous change in day-to-day activities of common man to entrepreneurs. Number of mobile subscriber went up from 10.4 million at the end of 2002 to 545.05 million in Feb 2010. Mobile as a medium is growing fast with its easy accessibility and reach. It is not just telecom centric.

From a communication tool, it has emerged as a device for all purposes. In many countries, mobile phones now outnumber land-line telephones, with most adults and many children now owning mobile phones. The mobile phone itself has also become a totemic and fashion object, with users decorating, customizing, and accessorizing their mobile phones to reflect their personality. In the rationale of modern marketing, the firm's existence is dependent on customer's satisfaction. Therefore, the knowledge of "what the customer thinks" and "what consequently would contribute to his satisfaction" is at the requirement of the marketer. The present study aims to identify the Factors affecting Mobile Phone Users' Behaviour. It also intends to know the consumer's satisfaction with the different services and its future impact on socio economic changes.

After becoming the second most populated country in the world, India is set to achieve another record of having half a billion wireless connections, thus becoming the second largest group of mobile phone users after China. In fewer than twenty years ago, mobile phones were considered to be rare and expensive pieces of equipment used by businesses to a pervasive low-cost personal item but now it has become a common household item. Building trust and adapting to the individual and local needs of the community are critical success factors for the diffusion and success of cutting-edge information and communication technology. With the introduction of private sector telecom service provider in the state the competition in the telecom industry has increased significantly.

Total Telephone Subscribers

- The number of telephone subscribers in India increased to 806.13 Million at the end of January 2011 from 787.28 Million in December 2010, thereby registering a growth rate of 2.39%. The share of Urban Subscriber has declined to 66.79% from 67% where as share of Rural Subscribers has increased from 33% to 33.21%. With this, the overall Tele-density in India reaches 67.67%.
- Subscription in Urban Areas grew from 527.50 million in December 2010 to 538.38 million at the end of January 2011. Rural subscription increased from 259.78 million to 267.74 million. The growth of Rural Subscription (3.07%) is higher than the Urban Subscription (2.06%). The overall Urban teledensity has increased from 147.88 to 150.67 and Rural teledensity increased from 31.05 to 32.11.

Wireless Segment (GSM, CDMA & FWP)

- Total Wireless subscriber base increased from 752.19 Million in December 2010 to 771.18 Million at the end of January 2011 registering a growth of 2.52%. The share of Urban Subscriber has declined to 66.42% from 66.65% where as share of Rural Subscribers has increased from 33.35% to 33.58%. The overall wireless Tele-density in India reaches 64.74.
- Wireless subscription in Urban Areas increased from 501.30 million in December 2010 to 512.26 million at the end of January 2011. Rural subscription increased from 250.89 million to 258.93. This shows higher growth in Rural Subscription (3.20%) than Urban Subscription (2.19%).
- Private operators hold 87.78% of the wireless market share where as BSNL and MTNL, two PSU operators hold only 12.22% market share.

Table 1.1: Highlights of Telecom Subscription Data as on 31st January 2011

- Active wireless subscribers in VLR in Jan- 2011 is 548.66 Million
- Broadband subscription reaches to 11.21 Million in Jan-2011 from 10.71 Million in Dec-2010

Concept of Number Portability

The decision to introduce Mobile Number Portability (MNP) was taken in 2007, and later TRAI's suggestions were taken into consideration. The Indian Union IT & Communications Minister A. Raja said in a statement that the government of India aims at bringing mobile number portability in the market in major Indian cities by August 2009 and in the remaining cities by the end of this year.

Mobile number portability has been a topic of discussion in the Indian telecom circles for a long time. Mobile service providers in India were opposed to the introduction of portability of numbers, as it gave the unsatisfied customers an ability to easily switch to another service provider without changing their numbers. Obviously, this feature puts greater power in the hands of the mobile consumers. With this mobile number portability system in place high charges or bad service would not be easily forgiven.

Mobile number portability enables the customers to retain their old numbers while shifting from one operator to another. This process would involve a break in service when a number is detached from one provider and added to another. TRAI has said that this period should be at the most two hours. Initially, mobile number portability would work only within a city, going outside the city circle means getting a new number, but this may change in the future.

Mobile number portability will work for both pre-paid and post paid mobile phone connections. In case of pre-paid customers, the balance in the existing pre-paid card would be exhausted, or would be lost. A credit transfer to another provider does not come within the purview of mobile number portability.

The Department of Telecommunications (DoT) shall select through a bidding process that is already underway, a few centralized operators to act as Mobile Number Portability Clearing House Administrator (MCHAs) who shall setup Number Portability Database (NPDB), administer and implement the MNP service. The Number Portability Database will have the mobile numbers of all mobile users. All mobile service providers will then link their networks with that of the MCHAs and NPDB.

2. Literature Review

2.1 Mobile Phone Usage

Aggarwal Vir Bala, and Professor, Kumar Anil, from the Department of Mass Communication, HPU, Shimla, has studied on the mobile usage behaviour of students of Himachal Pradesh University. The study indicates that mobile phone has converted the whole world in to a global village. Their study reveals that among the different mobile service providers, the government is a better and preferred service provider.

Jha (2008), in his study analyzed that it is the youth which is the real growth driver of the telecom industry in India. Considering this fact, the paper is an attempt to give a snapshot of how frequently young people use their mobile phones for several embodied functions of the cell phones. Data was collected from a sample of 208 mobile phone owners, aged between 20 and 29. The study sheds light on how gender, monthly voucher amount and years of owning mobile phones influence the usage pattern of this device. Findings of the study would be helpful for the telecom service providers and handset manufacturers to formulate a marketing strategy for different market segments.

Bhatt (2008), in his study titled "A Study of Mobile Phone Usage Among the Post Graduate Students" analyzed that it is important for mobile carriers, service providers, content developers, equipment manufacturers, as well as for parents and young people alike that the key characteristics of mobile technology is well understood so that the risks associated with its potentially damaging or disruptive aspects can be mitigated. This paper has tried to compare the usage difference by gender with respect to the difference manufacturing and service provider companies.

2.2 Customer Satisfaction and Customer Loyalty

Debnath (2008) This study explain that the prime focus of the service providers is to create a loyal customer base by benchmarking their performances and retaining existing customers in order to benefit from their loyalty. With the commencement of the economic liberalization in 1991, and with a view to expand and improve telecom infrastructure through the participation of the private sector, the Government of India permitted foreign companies holding 51 percent equity stake in joint ventures to manufacture telecom equipment in India. The Indian Government has announced a new policy, which allows private firms to provide basic telephone services. There had been a monopoly of the state-owned department of telecommunications. However, several companies are expected to benefit from the policy change.

2.3 Factors Affecting the Brand Decision

In a recent paper, Liu (2002) studied factors affecting the brand decision in the mobile phone industry in Asia. It was found that the choice of a cellular phone is characterized by two distinct attitudes to brands:

- Attitudes towards the mobile phone brand
- Attitudes towards the network

While price and regularity of service were found to dominate choices between network providers, choices between mobile phone brands were affected by new technology features such as memory capacity and SMS-options, more than size. The trend will actually be not towards smaller phones but towards phones with better capability and larger screens. In another study, Riquelme (2001) conducted an experiment with 94 consumers to identify the amount of self- knowledge consumers have when choosing between mobile phone brands. The study was build upon six key attributes (telephone features, connection fee, access cost, mobile-to- mobile phone rates, call rates and free calls) related to mobile phone purchasing respondents had to importance rate.

2.4 Influence of Reference Group

Jiaqin Yang, Xihao He, Huei Lee in their study on title" Social reference group influence on mobile phone purchasing behaviour: a cross-nation comparative study" highlights that a comparative study investigating the influence of different reference group on consumer purchasing behaviour between the mobile phone users of USA and China. The study reveals that among the three reference group influence examined, only the utilitarian influence has resulted in statistically significant difference between China and US mobile phone buyers, and another two reference group influences, informational and value-expressive, have relative insignificant impacts. Based on the results of this study, managerial insights and practical implications for marketing strategies in the mobile phone market are recommended accordingly.

Consumer behaviour research on consumers' social and interpersonal environment has indicated that the mobile phone consumer's final purchasing decision will also be influenced by reference groups (such as friends, family, work associates and etc.) on whether to buy a specific product and which brand or model to choose among competing alternatives (Moschis, 1976).

2.5 Value Added Services (VAS)

Fernandez (2007) in their study titled "Understanding Dynamics in an Evolving Industry: Case of Mobile VAS in India" analyzed that Mobile Value Added Services (VAS) is a rising star in the fast growing wireless business. In the paper, attempt is made at understanding the strategic dynamics of the evolving environment within which the Indian players are operating, the challenges and structure of the same. Our literature and industry review indicates that - while the value chain of industry is complicated yet one can observe the bipolar nature of bargaining powers between mobile network operators and content aggregators.

Need For the Study

The advent of the number portability has already started giving sleep less nights to the strategists of the Telecom companies. As it is the sector extremely competitive, and with the new number portability concept in place things might get too hot under the collar for some telecom companies.

3. Objective of the Study

The main objective of the study is:

To gauge the possible Impact of Number Portability System's Implementation and to determine the possible ways to mitigate the impact.

4. Research Methodology

Type of Research: Descriptive

Data and Sources of Data: For this study a questionnaire was modeled and data regarding the opinion of the customer regarding the telecom companies was gathered from people belonging to various North Indian cities as Allahabad, Aligarh, Delhi, Jaipur, Alvar, Lucknow, Ghaziabad, Patna, NOIDA, Quota and Varanasi. The data consisted of personal details, demographic details, usage characteristics (as usage of services, number of calls made and amount spent on telecommunication etc). After this the assimilated data was processed using the SPSS software

Sample selected for the study: The Questionnaire was circulated to 210 customers of different mobile service users. The sample respondents are selected on the basis of convenient sampling method.

Framework of Analysis: SPSS Descriptive Analysis.

5. Data Analysis and Interpretation

After analyzing the choice of the telecom service provider as per age, gender and occupation etc. we move on to the revenue derived from various segments:

- Age VS Monthly Spending: It can be observed here that major chunk of revenue is derived from the 25 to 50 years age group; hence efforts must be made in order to retain this segment. The results are obvious as it is the people in the age group of 25 to 50 years who are both fiscally independent as well as heavily dependant on mobile communication.

Figure 1: Age VS Monthly Spending

- Job VS Monthly Spending: From the following graph it can be inferred that private sector employees as well as self employed people are the major revenue generators hence all care must be taken in order to retain them.

Figure 2: Job VS Monthly Spending

- Gender VS Monthly Spending: Its clearly evident from the graph that both men and women are equal spenders, hence gender based marketing must be avoided, as both are equal sources of revenue.

Figure 3: Gender VS Monthly Spending

- Prepaid/Postpaid VS Monthly Spending: For this we need to analyze two major facts a) The mobile spending by postpaid users is more than prepaid users, and b) The number of prepaid connections is several times greater in number than postpaid connections, thus net result is that prepaid forms a greater chunk of revenue, hence its customers must be retained at all costs.

Figure 4: Prepaid/Postpaid VS Monthly Spending

Figure 5: Distribution Of Telecom Consumers As
Prepaid/Postpaid

6. Results and Conclusion

- The Mobile Number Portability (MNP) is about to shake the foundations of many of the established telecom players in India.
- With the induction of MNP a new order shall be created that shall be highly competitive for the telecom companies and all the more beneficial for the consumers, mistakes shall not be forgiven and laxity shall come at a heavy price.
- The telecom companies must look out for enhancing and optimizing their performance in terms of services as these are the top most visual indicator for any potential customer.
- Cost structure will have to be optimized so as to keep up with the competition and only lean organizations shall be able to withstand the onslaught.
- Segments of customers especially students, private company employees and self employed people should be taken special care of as these are a major source of revenue.
- Companies like BSNL and MTNL must try to improve their customer relations in order to sustain their customer bases.
- Private companies like Vodafone, Idea and Aircel etc… must be prepared for sudden increase in customer base as bad service may lead to dissatisfaction and ultimately these may even lose their existing customers.
- Although the telecom sector was pretty much immune to the current recession that swept across the globe, it is yet to be seen what actual caliber the management of Indian Telecom Companies hole. Their true metal shall be tested in the forth coming onslaught from which they shall either swirl into an Apocalypse or shall succeed in their Conquest over MNP.

References

Aggarwal Vir Bala, and Professor, Kumar Anil, "A Study of Mobile Usage Behaviour of Students of Himachal Pradesh University"

Bhatt, Andre, "A Study of Mobile Phone Usage Among the Post Graduate Students", 2008

Debnath, Roma Mitra, "Benchmarking telecommunication service in India", 2008

Kumar, Kaliyamoorthy, "Influence of Demographic Variables on Marketing Strategies in the Competitive Scenario", 2007

Liu, C.M. "The effects of promotional activities on brand decision in the cellular telephone industry, The Journal of Product & Brand Management, 11(1), 2002, 42-51.

Riquelme, H., "Do consumers know what they want?", Journal of Consumer Marketing, 18(5), 2001, 437-448.

Yang, J., He, X. and Lee, H., 'Social reference group influence on mobile phone purchasing behaviour: a cross-nation comparative study', Int. J. Mobile Communications, Vol. 5, No. 3, 2007, pp.319-338.

Fernandez, Fronnie, "Understanding Dynamics in an

Evolving Industry: Case of Mobile VAS in India", 2007
M J Etzel, B J Walker, William J Stanton, "Fundamentals of Marketing Management", TMH, 13th Edition, 2005.
Vatsal Goyal, "The Indian Telecom Industry", IIM Calutta, 2007.
Rust, R. T. and Oliver, R. L., "Service Quality: Insight and Managerial Implications from the Frontier", Service Quality: New Directions in Theory and Practice, Sage Publications, London, 1994.
Wang, Yonggui and Lo, Hing-Po, "Service Quality, Customer Satisfaction and Behavior Intentions: Evidence from China's Telecommunication Industry", Info, Vol. 4 (6), 2002, 50-60.
Robins, Fread, "The marketing of 3G", vol 21, no 6, 2008
Dr. M. Chinnadurai, Dr.Mrs. Kalpana, ? Promotional strategies of cellular Services: A customer perspective, "Indian Journal of Marketing", May 2006, p. 29

Table 1.1: Highlights of Telecom Subscription Data as on 31st January 2011

Particulars	Wireless	Wireline	Total= Wirless+Wireline
Total Subscriber	**771.18**	**34.94**	**806.13**
Total Net Addition	18.99	-0.15	18.85
% of Monthly Growth	2.52%	-0.41%	2.39%
Urban Subscriber	**512.26**	**26.13**	**538.38**
Urban Subscribers Net Addition	10.96	-0.08	10.88
% of Monthly Growth	2.19%	-0.30%	2.06%
Rural Subscriber	**258.93**	**8.82**	**267.74**
Rural Subscribers Net Addition	8.03	-0.07	7.97
% of Monthly Growth	3.20%	-0.75%	3.07%
Teledensity	**64.74**	**2.93**	**67.67**
Urban Teledensity	143.36	7.31	150.67
Rural Teledensity	31.05	1.06	32.11
Share of Urban Subscriber	66.42%	74.77%	66.79%
Share of Rural Subscriber	33.58%	25.23%	33.21%

Figure 1: Age VS Monthly Spending