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Customer Relationship Management (CRM) Practices in the Telecom Sector in Maharashtra State



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N. R. Jadhav

*Associate Professor,
Business Administration Department
Bharati Vidyapeeth Deemed University, Pune
Yashwantrao Mohite Institute of Management Karad*

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ABSTRACT

In order to succeed under the existing conditions, the telecom industry will have to perceive the needs of their customers and devise better means of fulfilling them. They will have to formulate marketing strategies in a way to not only to acquire new customers but also retain them for the lifetime. Customer Relationship Management has emerged as a popular business strategy in today's competitive environment. It is a discipline, which enables the telecom sector to identify and target their most profitable customers. It has been invented as a unique technique capable of remarkable changes in the total output of companies. Services are then provided in a timely manner using the channels that are preferred by the customers. Effective Customer Relationship Management focuses on the development of business strategies and aligns an organization to serve customers.



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AJ INTRODUCTION

Peter F. Drucker the great management guru defined the modern concept of business as "To create customers". This is perhaps the shortest definition of the modern business or the changing concept of business but definitely not the simplest of definitions, for the phrase, to create customers, though sounds simple but has great implications. Here the customer is not the buyer who is one of the two parties in the sales transaction as a 'One-off' case but a person whose loyalty towards the organization has to be ensured. Peter F. Drucker has also quoted that "There are only two functions which generate revenue. These are marketing and innovation rest are all costs". We are in the age where business organizations are convinced that they have to innovate or perish. Therefore innovations can be seen in all the areas of organizational functions and more prominently in the field of marketing wherein marketing has taken a 'customer-centric' approach. Hence marketing is now oriented towards the strong and lasting relationship with individual customers. The strategy and process of acquiring, retaining and developing the close profitable relationship are called Customer Relationship Management (CRM).

REVIEW OF LITERATURE

This section deals with the gist of the available literature related to CRM or Relationship Management in Telecommunication services or service sector written by both national and international authors and published in research journals, magazines, white papers, bulletins, books, etc.

1. Michael Hobmeier, Urs Briner (1999) in their research article titled "CRM in the Telecommunication Industry: the Case study of Swisscom" have highlighted that Customer Relationship Management (CRM) activities will never come to an end. Therefore, it is important to keep customer orientation in mind to enhance existing programs and to implement additional initiatives, too. The study was undertaken at Swisscom the Swiss Telecom Company has clearly established a linkage between improved performance (profitability and shareholder value) and CRM. But the study also reveals that success in CRM cannot be established without a focused plan. There was a need to be differentiated in a marketplace that was quickly becoming commoditized. The study shows how Swisscom fought and won, not using traditional price and promotional tools, but by understanding the

customer, redefining the processes that touch the customer and setting up technology that could let them stay ahead of the wave.

2. Yonggui Wang, and Po Lo Hing (2002), in the research article titled "Service Quality, Customer Satisfaction and Behavior Intentions: Evidence from China's Telecommunication Industry" have bring to light that service quality, customer satisfaction, and customer value are becoming the most important factors of business success for either manufacturers or service providers. The study shows how related studies undertaken earlier are fragmented especially with regard to customer value. This study focuses on service quality, customer satisfaction and customer value and their influences on customers' future behaviors in the telecommunication industry.

3. Rick Ferguson and Bill Brohaugh, (2008) in their research paper "Telecom's search for the Ultimate Customer Loyalty Platform", have presented an up-to date examination of the telecommunications industry and discovered how some of the major players engage their customers while trying to constantly diversify their service offerings. The paper reveals that companies with sound customer strategies use this as a differentiator in an increasingly competitive market and customer loyalty efforts can play a major part in attracting new customers and the retention of existing customers. As consumers' choices expand, the importance of a sound customer relationship strategy becomes more and more important for the success of the company. The authors suggest that Telecommunications service offerings can be complemented with loyalty marketing strategies.⁵⁵

4. Inger Roos, Margareta Friman, Bo Edvardsson, (2009) in their research article titled "Emotions and stability in telecom-customer relationships" have investigated whether or not emotions experienced in customer relationships –linked to actual behavior – could enhance understanding of their future development. A number of individual-level relationships between customers and telecom operators are investigated. The empirical data consist of 113 switching stories reported during 81 interviews with telecom customers. The most important research contribution made by this study is the identification of different emotions related to actual behavior. Less stable customers are pessimistic about the operators and show nervousness, while stable customers may have initially been depressed in their relationships, becoming more relaxed and optimistic over time. According to the findings of this study, it seems almost impossible to understand customer relationships without following customers on an individual level in both previous and current relationships.⁵⁸

B] NEED AND IMPORTANCE OF THE STUDY

Customer Relationship Management (CRM) has become a globally recognized business practice and yet it is still loosely defined and rarely well defined. CRM means many different things to different people. It is possible to develop a greater understanding of it by looking at its origin and principles that drove its development. It was in 1990's that relationship marketing emerged when the true value of retention and the use of lifetime value as a business case were recognized. The present-day shows many practitioners in the CRM marketplace who understand the key concepts of CRM. However, the feedback from the clients and what we see in the marketplace paints a slightly different picture. In terms of what the future holds can be summarized as follows:

- Customer will play a significant role in managing the relationship
- Service model will continue to change
- The Web will create globalization
- Technology will consolidate
- Do we have what it needs to get there?
- Can end to end customer processes be developed?
- Is the best use of customer knowledge being made?
- Need to be proactive instead of reactive
- Recognize customer individuality

C] STATEMENT OF THE PROBLEM

In a market-driven economy, the consumer has occupied the central position. A large number of activities are directed towards attracting the customers. All industries are paying special attention towards customer relationship and have changed their mode of operation of dealing with their customers. Customer Relationship Management (CRM) gained recognition in the mid-1990's, primarily driven by its perception as Information Technology (IT). However not enough attention has been given to the fundamental drivers of CRM success: Strategy,

metrics, and the organization. Hence this research study titled "**A Study of Customer Relationship Management Practices in Telecommunication Sectors in Maharashtra State**", which strives to explain how successful CRM works and why it is important to give customer utmost importance. It establishes a relationship and explains how a customer is important for the Telecommunication Sector.

D] OBJECTIVES OF THE STUDY

1. To determine the approach being adopted by the Telecommunication Sector in the research area for building the lifetime relationship with the customers.
2. To find out whether the different service organizations believe that their processes are customer-centric.

E] HYPOTHESIS OF THE STUDY

There is a significant difference in the customer centricity of the CRM processes implemented by different telecom companies.

F] RESEARCH METHODOLOGY

In view of the objectives and hypotheses presented earlier the methodology adopted for the present study is elaborated as under:

Survey Method: The survey method was adopted in order to elicit relevant information pertaining to the CRM practices implemented in the Telecommunication sector. To begin with, a pilot survey was conducted to clarify and finalize the key issues. After the pilot survey, the selected Telecommunication Sectors were visited and responses were collected. A well designed comprehensive questionnaire was the research instrument that was self-administered. A separate survey of the customers was also conducted. Information from the customers of these was also obtained with the help of a well-designed self-administered questionnaire.

F.1] SAMPLE DESIGN

This study pertains to the study of CRM practices in the Telecommunication Sector. The geographical scope of the study is the entire state of Maharashtra, the state was divided into following regions:

- a) Metropolitan area of the state i.e. Mumbai city
- b) Cosmopolitan area of the state i.e. Pune city
- c) Marathwada area i.e. Aurangabad city
- d) Vidarbha area i.e. Nagpur city

Using **Convenience Sampling Method**, five Telecommunication company's were selected for the study as shown in table 1.1 and using **Random Sampling Method** 250 customers from each selected company from all the five cities totaling to 1250 customers were selected for the study.

Table No. 1.1: Selection of Sample for Survey of telecommunication companies

Category	Total No. of companies	No. of companies Selected (Sample Size)	No. of Regions (Cities)	Sample size
Wireless(Cellular)	11	05	05	25
Wired(Landline)	04			

Total Number of concerned persons surveyed: 25

Table No. 1.2: Selection of Sample for Survey of Customers

Category	No. of companies Selected (Sample Size)	No. of Customers Selected	No. of Regions (Cities)
Wireless(Cellular)	05	50	05
Wired(Landline)			

Total Number of Customers surveyed: 1250

F.2] VALIDITY OF SAMPLE

1. The customer rating scale reliability was tested during the pilot survey of 100 customers using SPSS version 16.0 software. The results are: Cronbach alpha value = 0.8855, Correlation between 1st half and 2nd = 0.7758, Split-half reliability = 0.8739
2. Similarly for the management rating scale reliability was tested during the pilot survey of 10 managers/officers. The results are: Cronbach alpha value = 0.8930, Correlation between 1st half and 2nd = 0.9161, Split-half reliability = 0.9561

From the above results, it can be seen that the Cronbach alpha value is greater than 0.70. Hence the primary statistical data is reliable and valid for further analysis.

G] RESULTS AND DISCUSSIONS (TESTING OF HYPOTHESIS)

To achieve this hypothesis, the one way ANOVA test was applied and the results are presented in the following table.

Table: Results of ANOVA test between customers belonging to different telecommunication companies (Airtel, Idea, BSNL, Reliance and Tata Indicom) with respect to their customer centricity scores with respect to customer centricity scores

Source of variation	Degrees of freedom	Sum of squares	Mean sum of squares	F-value	P-value
Between communications	4	29354.40	7338.600	105.4572	0.0000*
Within communications	1245	86637.60	69.588		
Total	1249	115992.00			

*p<0.05

From the results of the above table, it can be seen that the customers belonging to different telecommunication companies (Airtel, Idea, BSNL, Reliance and Tata Indicom) differ significantly with respect to their customer centricity scores (F=105.4572, p<0.05) at 5% level of significance. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. It means that the customers belonging to telecommunications companies (Airtel, Idea, BSNL, Reliance and Tata Indicom) have different customer centricity scores.

If F is significant, to know the pairwise comparison of customers belonging to different telecommunication companies (Airtel, Idea, BSNL, Reliance and Tata Indicom) with respect to their customer centricity scores by applying the Tukey's multiple post hoc procedures and the results are presented in the following table.

Table: Pair-wise comparison of different telecommunication companies (Airtel, Idea, BSNL, Reliance and Tata Indicom) with respect to customer centricity scores by Tukey's multiple post hoc procedures

Communications	Airtel	Idea	BSNL	Reliance	Tata Indicom
Mean	42.9200	38.3600	37.8400	28.1600	35.3200
Airtel	1.0000				
Idea	0.0000*	1.0000			
BSNL	0.0000*	0.9572	1.0000		
Reliance	0.0000*	0.0000*	0.0000*	1.0000	
Tata Indicom	0.0000*	0.0005*	0.0066*	0.0000*	1.0000

*p<0.05

From the results of the above table, it can be seen that,

1. The customers belonging to Airtel and Idea Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to Airtel Telephone Company have higher customer centricity scores as compared to Idea Telephone Company.
2. The customers belonging to Airtel and BSNL Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to Airtel Telephone Company have higher customer centricity scores as compared to BSNL Telephone Company.
3. The customers belonging to Airtel and Reliance Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to Airtel Telephone Company have higher customer centricity scores as compared to Reliance Telephone Company.
4. The customers belonging to Airtel and Tata Indicom Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to Airtel Telephone Company have higher customer centricity scores as compared to Tata Indicom Telephone Company.
5. The customers belonging to Idea and Reliance Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the

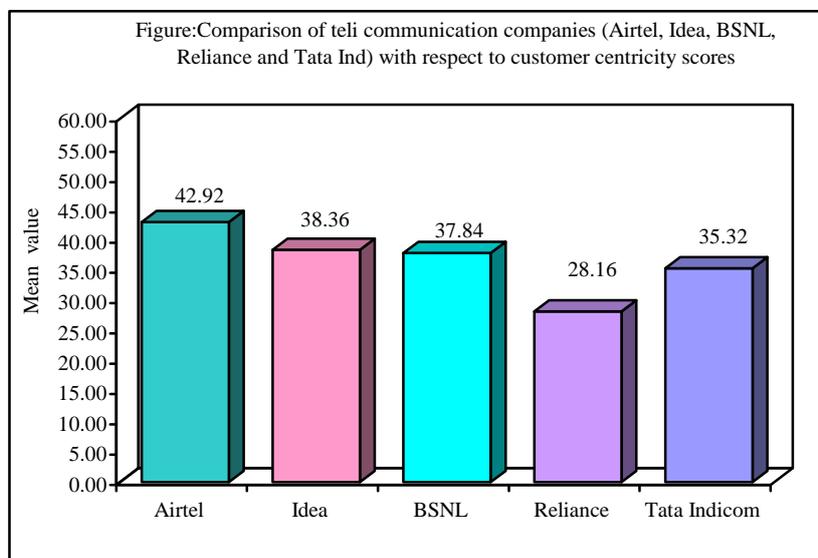
customers belonging to Idea Telephone Company have higher customer centricity scores as compared to Reliance Telephone Company.

6. The customers belonging to Idea and Tata Indicom Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to Idea Telephone Company have higher customer centricity scores as compared to Tata Indicom Telephone Company.

7. The customers belonging to BSNL and Reliance Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to BSNL Telephone Company have higher customer centricity scores as compared to Reliance Telephone Company.

8. The customers belonging to BSNL and Tata Indicom Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to BSNL Telephone Company have higher customer centricity scores as compared to Tata Indicom Telephone Company.

9. The customers belonging to Reliance and Tata Indicom Telephone Company differ significantly with respect to their customer centricity scores at 5% level of significance. It means that the customers belonging to Tata Indicom Telephone Company have higher customer centricity scores as compared to Reliance Telephone Company. The mean scores are also presented in the following figure.



H] CONCLUSION

The telecom sector is technologically ahead in implementing certain CRM technologies this is obviously so because of the high market demand for the service in the state. On the whole, it may be concluded that the selected service sectors have taken rapid strides in applying and adopting of technology which is comparable to organizations in the developed countries. The telecom companies have been suggested to develop churn prediction models by using tools like data mining.

I] SCOPE FOR FURTHER RESEARCH

Customer Relationship Management (CRM) being a relatively new discipline provides ample scope for further research studies. Some of the aspects of CRM that can be investigated are as follows:

- Development of metrics for measurement of CRM success at all levels of an organization.
- Development of a scale to measure the depth of relationship, stages of relationship development and underlying dimensions of the business relationship.
- Identifying the ideal timing (stage of the relationship) for undertaking cross-selling and up-selling.
- Each stage of the customer lifecycle also provides the opportunity for research.

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