CHAPTER – I

INTRODUCTION AND RESEARCH
METHODOLOGY

CHAPTER 1: INTRODUCTION

Today, communication stands as one of the important priceless gift to human beings. It acts as a repository of wisdom, a propeller for advancement of knowledge and a telescope to view the vision of future. The target of 250 million phones in total (mobile plus fixed) is also close in sight. At the end of August, India had 241.02 million telephone subscribers, against 232.87 million at the end of July. The country's teledensity improved slightly to 21.20% by August-end, against 20.52% by July-end,

The first phone was developed by Alexander Graham Bell out of a wooden stand, a funnel, a cup of acid and some copper wire. The concept of wireless telephone evolved in mid-1940. Originally termed 'Cell phones' popularly nicknamed 'mobile' stands no exception to what we call as, modern mode of communication in today's wire less world. Ever since its inception in1979, where the first cellular operation was commercialized at Tokyo there's no looking back.

India's telecommunication sector is witnessing an explosive growth, as falling tariffs and rising incomes are bringing mobile phones within the reach of millions of new customers. Mobile industry players are eyeing rural India as their new area of opportunity. The companies are getting a boost with the fact that the mobile users are expected to cross 230 Million by 2007 end and 500 Million by 2010 with an addition of about 5 to 6 Million subscribers every month. Cellular service providers seem to be answering the call of the wild as they are entering the so far ignored rural market. Although a huge market in the urban segment remains tapped, most of the cellular operators have turned towards rural India to broaden

their base and reach. So the real growth is expected from this geography in near future.

India's wireless market, the fastest growing in the world, crossed another milestone, with the subscriber base crossing the 200-million mark in August-2007. The country added 8.31 million wireless subscribers, including GSM, CDMA and wireless in local loop (fixed) or WLL (F), in August to touch 201.29 million users, according to figures released by the Telecom Regulatory Authority of India (Trai).

India has thus met its 200-million mobile subscriber target four months ahead of schedule — the government had set the target for 2007-end — and just over a year after crossing the 100-million mark in May 2006.

The above relevant facts highlights the aggressive 'strategies' adopted by Indian mobile services companies. Strategies have its origin from Greek word 'stratrgeos' meaning "art of the general". With liberalization, privitisation, globalization policies at its peak mobile companies are adopting varied marketing strategies to gain a competitive edge and ensure maximum satisfaction to their customer's.

Maharashtra rated among 'A-circle' in the telecom sector all over India has 1-public, BSNL & 6-private cellular service providers viz. Idea, Airtel, Reliance, Tata telecom, Virgin &Vodafone operating in its area.

The same number of mobile services operators functioning actively in sangli district. The numbers of cell phone users have grown ever since from 27.91 million mobile subscribers in 2005 to over 200 million in 2007 making landlines or telephones nearly obsolete.

This remarkable feat, as projected by TRAI gives a growing trend of the mobile services companies in India.

❖ **Wireless subscribers crosses 200 million mark**
❖ **Teledensity reaches 21.20%.**

New Delhi, 21st September, 2007- The total number of telephone subscribers has reached 241.02 million at the end of August 2007 as compared to 232.87 million in July 2007. The overall teledensity has increased to 21.20% in August 2007 as compared to 20.52% in July 2007.

In the wireless segment, 8.31 million subscribers have been added in August 2007 while 8.06 million subscribers were added in July 2007. The total wireless subscribers (GSM, CDMA & WLL(F)) base reaches 201.29 million at the end of August 2007. Circle-wise wireless subscriber base of service providers is given at Annexure-I.

The wireline segment subscriber base stood at 39.73 million with a decrease of 0.16 million at the end of August 2007. Circle-wise wireline subscriber base of service providers is given at Annexure-II.

(Subscribers in Million)

	FY 2006-07			FY 2007-08				
	March 2006	Aug 2006	Additions (Apr.-Aug 2006	March 2007	July 2007	Aug 2007	Adds. during Aug 2007	Additions during Apr-Aug 2007
Wireless*	98.78	123.44	24.66	165.11	192.98	201.29	8.31	36.18
Wireline*	41.54	40.87	-0.67	40.75	39.89	39.73	-0.16	-1.02
Total*	140.32	164.31	23.99	205.86	232.87	241.02	8.15	35.16

* The present data is tentative and likely to be adjusted on the basis of quarterly reports received from Telecom Service ▮▮▮▮▮

1.1: <u>Statement of the problem:</u>

The demand for cell phones in India is growing at rapid pace however, one cannot ignore the fact that every coin has two sides; on the weaker side the ever growing demand is also posing threats to consumers through faulty services, unsolicited calls, exorbitant bills, terrorism etc.

The service providers and Govt. of India are jointly coordinating efforts to provide maximum benefits to the consumer and to also curb terror related activities. However much needs to be done to foresee India as the leader in mobile industry.

1.2: Title of the research:

Marketing Strategies Adopted By Cell-Phone Industry In Sangli District

1.3: Objective of the Study:

1. To compare services of mobile service companies with special reference to customer satisfaction.
2. To study the marketing strategies adopted by both public & private mobile companies in Sangli district.
3. To study the present strategies & challenges for the future.
4. To recommend suitable suggestions to the mobile companies for improving their efficiency & services.

1.4: NEED OF STUDY

From the prior studies discussed in next chapter, the researcher confirms that marketing strategies adopted by cellular services providers in Sangli district is still immature and exhibits an important research potential. The impact of several factors such as Cellphone usage, schemes and attractive pricing has been widely studied while other important factors have been ignored. For example factors related to the medium characteristics (network availability, reliability, connectivity, coverage of services) have not been fully investigated in prior studies.

. In addition, factors related to consumer services like customised services, word of mouth, dealers-retailers satisfaction was not explored .In terms of adoption, researcher found that consumer services and medium characteristics are the key categories that most prior research explored.

1.5: RESEARCH OBJECTIVES:

Marketing strategies adopted by cellular services providers is fundamentally changing the way consumers buy services and schemes of cellular operators. This is the first study to have been conducted to investigate the marketing strategies adopted by cellular services providers in Sangli district, Maharashtra. A study on how cellular services adopt market strategies to increase their cellular subscribers in Sangli district which is highly price conscious, ever-changing, therefore becomes necessary. What factors affect cellular subscriber's base in Sangli district? Also, what factors can explain the differences in customers being loyal, their present & future expectations regarding cellular services providers is investigated in this paper.

1.6: **HYPOTHESIS OF THE STUDY:**

1. The marketing strategies adopted by both public & private companies are attracting large number of customers to go mobile.

2. The mobile subscriber base in around Sangli district is growing at an alarming rate, forcing consumers to experiment with different service providers.

3. The aggressive marketing strategies adopted by mobile service providers do not stand as per their actual plans marketed.

4. Heavy competition between mobile service companies are forcing them to provide same facilities having same strategies with slight modifications.

1.6.1: Research Methodology:

Methodology is an essential aspect of a research or investigation. It enables the investigator to look at the problem in a systematic, meaningful and orderly way. Methodology comprises the source of data and the various designs and techniques used for analyzing the data. The methodology to conduct the study was composed of different tasks as follows:

Empirical research is based on stratified random sample survey, a series of structured interviews and a few group discussions. The sample size of 250 for the survey was drawn by considering the geographical area of Sangli district with 8 talukas. In the geographical distribution of district, the Miraj division comprises of Miraj, Tasgaon, Jath, Kavathe Mahankal talukas with its head quarters at Miraj. The Islampur division comprises of Walwa and Shirala talukas with its head quarters at Islampur. The other

division is Khanapur which comprises of Khanapur and Atpadi Taluka. The district head quarters Sangli is situated at a distance of 242 kms. from Pune and 435 kms.from Mumbai. The length of the survey questionnaire was kept optimum. The information collected through the survey was supplemented by dividing the sample size of 250.

1.6.2: Sources of Data and Sample profile:-

Sr. no.	No. of respondents							
	Connections	BSNL	IDEA	AIRTEL	Tata Indicom	Vodafone	Reliance	Virgin	Total
1	Pre-paid	20	18	23	9	5	9	6	90
2	Post-paid	15	13	19	2	4	6	1	60
	Total	35	31	42	11	9	15	7	150
3	Retailers/Dealers including all cellular service providers								100
	Total Respondents (1+2+3)								250

1.6.3: Sample Design:

Stratified random sampling is adopted keeping the target segment in mind.

1.6.4: Data Collection Period:

The period of data collected is limited to three years during 2007-2009.

1.6.5: Data Collection Method:

A structured questionnaire consisting of 68 questions only relating to various key issues of the respondent is prepared and the requisite information is collected by getting filled it from the 250 respondents.

1.6.6: Tools and Techniques Used:

Weighted Average, Chi-square test.

1.6.7: DATA ANALYSIS

Post Data Reduction, the data was further used for analyzing the impact of various factors on each other as well the correlation amongst them using SPSS. The factors as well as their correlation were studied with the help of the following techniques:

Weighted Average:

The weighted mean is similar to an arithmetic mean (the most common type of average), where instead of each of the data points contributing equally to the final average, some data points contribute more than others. The term weighted average usually refers to a weighted arithmetic mean, but weighted versions of other means can also be calculated, such as the weighted geometric mean and the weighted harmonic mean.

Cross-Tabs with Chi-Square:

The factors were grouped into different pairs based on the responses from the questionnaire. These were studied using Chi-Square as that would help us to know the interdependency between them. Chi-square in general studies causal relationship and thus the hypotheses were created for each of them was done at 95% significance level. By conducting the test and interpreting the results through the p-value, we can either accept or not accept the null hypothesis.

1.6.8: Place of Study:

The sample size of 250 for the survey was drawn by considering the geographical area of Sangli district with 8 talukas. In the geographical distribution of district, the Miraj division comprises of Miraj, Tasgaon, Jath, Kavathe Mahankal talukas with its head quarters at Miraj. The

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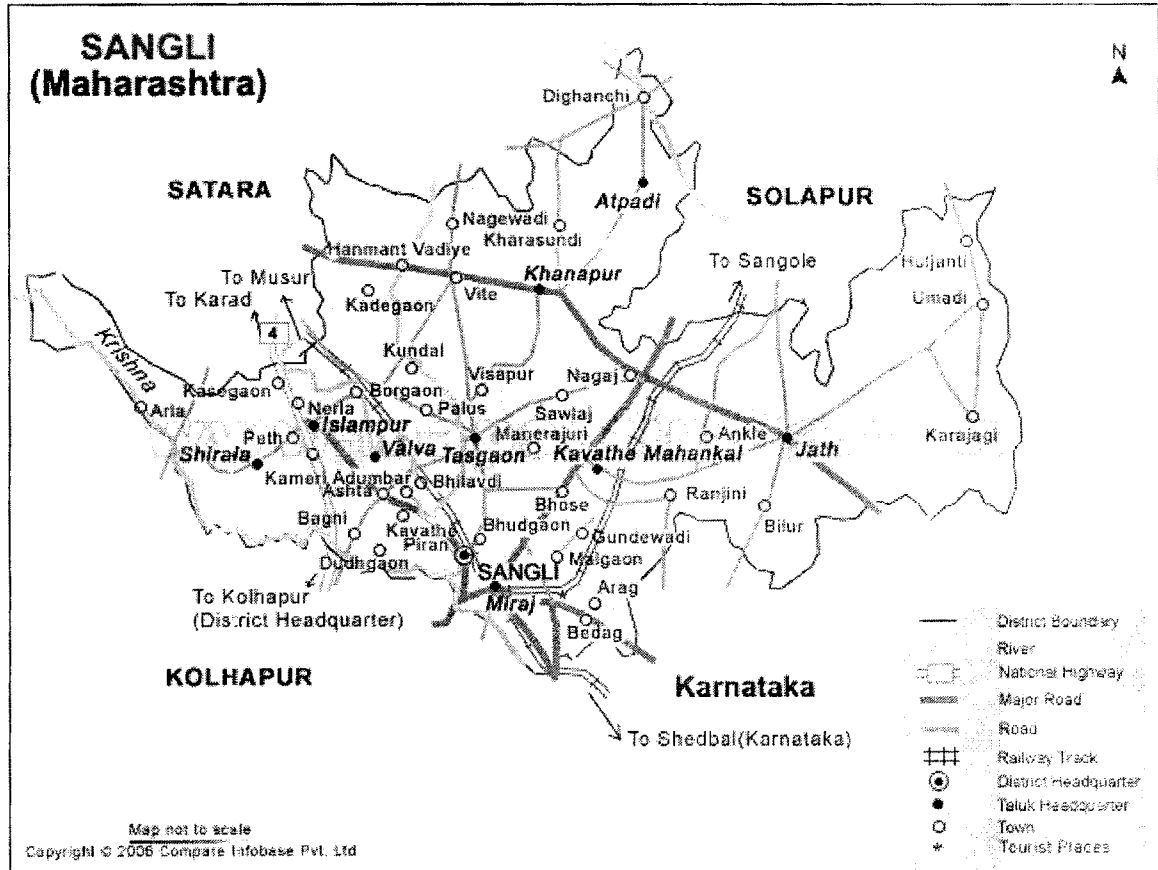
1.6.9: Basic Assumptions:

The subscribers considered as respondents should be currently using a mobile handset through the cellular service providers considered for study.

1.7: Collection of data

The data to be represented would be presented through random sampling, case study method.

1.7.1: Primary data

The primary data may be collected through observation, questionnaire & interviews, discussions with concerned offices & customers.

1.7.2: Secondary data

Secondary data includes study of annual reports, magazines, websites, Digital media & other published form.

1.7.3: Limitations:

1. The scope of area of the study is limited to Sangli district only.
2. The strategies adopted by both public & private companies are likely to alter during the course of research.

1.7.4: Time period:

The research to be conducted will be based for a period of 3 years.

1.7.5: Chapter Scheme:

1. Introduction
2. Review of literature
3. Marketing strategies adopted by cellular companies in Sangli district.
4. Data Analysis
5. Findings and Suggestions