

CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES IN TELECOM SECTOR: COMPARATIVE STUDY OF PUBLIC AND PRIVATE COMPANIES

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ABSTRACT

Telecom companies across the globe are facing tough times. Changing dynamics of business environment have been reshaping the strategic framework within which telecom companies have been operating. Higher attrition rate, price war, government regulations, increased customer choices, low switching costs have once again brought the customers at the centre stage of business strategies of telecom companies at both local and global level. This paper has analysed the CRM practices of Public and Private sector telecom companies operating in the Jammu and Kashmir state. The study has concluded that there is a significant difference between the CRM practices of BSNL and Airtel. Further the study revealed that CRM practices of Airtel were better than BSNL. In order to survive in the highly competitive business environment BSNL has to improve upon its CRM practices.

Keywords: Customer relationship Management, Business Environment, Public Sector Telecom Companies, Private Sector telecom Companies.

INTRODUCTION:

Relationship building is an activity which need a strategic outlook and cannot be executed by few in an organization; rather it is a holistic approach which needs the involvement of one and all in an organization. However, the success of CRM depends upon the level of push given by top management. The concept of CRM in the present understanding can be traced to 1960s. Since then the concept has been evolving. After 1990s CRM as gained much importance due to globalization and technology driven business environment and has become the center stage of all the marketing activities in any organization. Telecom companies across the globe are facing intense competition in attracting and retaining customers. Though the entire service industry is troubled with declining customer loyalty, the problem is extremely acute in case of telecom sector as the customers are switching from one company to another in short periods. Telecom companies are putting forward their best possible efforts to attract and retain maximum customers. In this backdrop, researcher attempts to study the kind of CRM practices that Telecom companies must pursue for higher customer satisfaction and loyalty. Indian telecom sector is of the fastest growing telecom market in the world India is presently the second largest telecom market in the world and has third largest internet users. In the last two decades, Indian Telecom sector particularly the mobile telephony has shown a tremendous growth helping billions of people stay connected. This growth has not brought in communication revolution across the country but has been emerged as backbone of modern India; a country which is economically developing at a much better pace vis-à-vis to its contemporaries across the globe. Mobile telephony has revolutionized the life style, economy, education, health care, finance and much more. the globe, Telecommunications has been recognized as the major driver of economic development. India being the fastest growing economy in the world has been at the forefront of effectively managing the telecom revolution for its economic development. Telecom Regulatory Authority of India is such one important initiative taken by the Indian Government for regulation Telecom operations for better connectivity and customer's satisfaction. At present India is a super hot market for telecom operators across the globe. Given market trends show the growth story of Indian Mobile Telephony in last decade. However, intense competition, market regulations and of course the price war coupled with local and global trends have been shaping the new dynamics of Indian telecom industry. In Jammu and Kashmir there are seven service providers providing mobile telephony services with total customer base of 11.27 million with an addition of 1.63 subscribers in the year 2016 at a rate of change of 16.93 percent. Jammu and Kashmir has 5.56 million rural and 5.52 million urban subscribers. Jammu and Kashmir has a total tale density of 90.01 with 61.21 rural and 163.93 urban tale densities. Jammu and Kashmir has 3.02 million internet subscribers with 1.03 million rural and 1.99 million urban subscribers, (2016).

REVIEW OF LITERATURE:

Woodcock (2000) defined CRM as 'finding the right customers (those with current and future net value, viable for establishing durable relationship), getting to know them (as individuals and as groups), growing their value (if appropriate and viable) and retaining their business in an efficient and effective way'. Bose (2002) stated that the core reason behind the existence of CRM is the difference in the preferences and purchasing habits of the customers. If at all, all customers are alike there would have been no need of CRM. Companies can exploit the customer differences to tailor products and series to maximize the value of their offerings. Bygstad (2002) emphasized that Companies should focus on the integration of people, processes and technology to gain long-term competitive advantage over competitors and in order to earn profit. Thompson (2001) defined CRM as a business strategy to manage customers for optimising long term benefits. He further stated that CRM requires customer centric approach to support various marketing related activities. However, the effectiveness of CRM depends upon leadership, strategy and culture. Therefore CRM being an important business

strategy needs a strong leadership supported by organizational culture for effective implementation and maximum benefits. Mohammed (2013) in his comparative study on CRM between Airtel and Zain concluded that ultimate objective of CRM in telecom sector is to provide a comprehensive system to manage customer relations across various touch points in order to maximize customer satisfaction and loyalty. In emerging markets like India, CRM provides a life line to the telecom companies to tap maximum market share by enabling organizations to build a strong relational base with their customers. Rajini & Sangamaheswary (2016) argued that telecom companies must enhance their trust worthiness by holding customers at heart, offering customised services and listening to their customers to make every interaction of their customers a lifelong experience. Aggressive customer centric strategies can only help the telecom companies to survive and retain their market share. In the highly dynamic business environment, companies with customer focused strategies can only win the battle for customers. Knowledge about the choices and preferences of the customers help telecom companies to improve quality of services, better network coverage, relationship development, price perception, brand image, trust and customer expectations. This not only helps in maximising customer satisfaction but also leads to increased loyalty. Payne and Frow (2005) designed a conceptual framework of CRM that helping boarding the importance of CRM in creating customer value and hence shareholders value. They emphasised cross functional and process oriented approach for implanting CRM at strategic level. They disused that CRM is to an effective and efficient means of initiating, growing and retaining profitable customers y building and maintaining long-term relationship with them. Mera (2013) studied the role of service quality in customer relationship management in Indian telecom sector. Her study is based on convenient sampling method based on 262 respondents. In her study she concluded that service quality is positively related to CRM and has significant positive impact on customer loyalty. Agbaje (2014) in his study on Customer Relationship management and customer loyalty in the telecommunication industry of Nigeria fond that CRM has significant positive impact on customers' loyalty. He used survey method to collect data from 200 respondents of four telecom companies operating in Nigeria .their finding indicated that with CRM all the four selected companies have high rate of customer retention leading to customer loyalty. Arora(2016) in her study on selected telecom companies in NCR concluded that due to changing dynamics of telecom market India the level of customers expectations is on a high. Customers not only have luxury of choices but also enjoy a high stake in pricing decisions. In order to meet the expectations of the customers, telecom companies have to come with CRM centric strategies to offer customised services yielding higher satisfaction and increased loyalty. Grönroos (2004)defined service as, "A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems" .Service quality is considered as key to success in highly competitive markets. Services are different from tangible products. The uniqueness of service is based on its intangible and heterogeneous nature. The service quality is based on the perception of consumer during the interaction with the service provider. However, Naudé and Buttle (2000) suggested three dimension of relationship quality namely, satisfaction, trust and commitment. According to them apart from trust and satisfaction, commitment of the organization to keep their customer well informed and creating among them a sense of long term relation is very important to enhance the quality of relationships. Gupta and verma (2004) in their study tried to find out relationship between price perception and the quality of the product. They found hat in case of durable product highly priced product are perceived to of higher quality. In aces of semi durable product, the market must go for market segmentation while deciding pricing policy. However in case of non-durable product the pricing policy should be based on the brand image of the product. In case of low pricing the perception of the customers might be destroyers it may create an inferior quality image with the customers. Monica et.al(2005) examined the role of trust in relationship development . Companies must

train their employees to narrow the gap between the company and the client . this helps in trust building. Arora and Agerwal (2013) studied that there is significant impact of brand image on customers' loyalty. They stated it is not the core product but the experience derived from the brand is mainly responsible for customer loyalty. Ueltschy et.al. (2007) revealed in their study while comparing US and Japan that high performance will lead towards high expectations which results in to high customer satisfaction . With each new experience, the expectational level of the customers increases. From the review of literate the researchers concluded that CRM has six critical elements i.e. Quality of services, Trust, Relationship development, Price perception, Brand Image and customer Expectations. These elements have huge impact on the performance of any organization.

OBJECTIVES:

- a. To make a comparative analysis of CRM practices of Public and Private Sector Telecom companies under study.
- b. To suggest strategies for effective implementation of Customer Relationship Management Practices in Telecom Industry

HYPOTHESIS:

H03: There is no significant difference in CRM practices of Public and Private Telecom Companies.

RESEARCH METHODOLOGY:

This study has been conducted in the state of Jammu and Kashmir. A total of 800 customers were selected; 400 each of the Public sector company (BSNL) and the Private sector Company (Airtel) through random sampling technique. However, only 779 responses were found usable including 390 of BSNL and 389 of Airtel respectively. The study was conducted in three districts of Jammu and Kashmir – Srinagar, Jammu and Leh. A self administered close ended questionnaire based on likert scale with 70 items consisting of three sections was used to generate the responses of the customers. The value of Cronbach's Alpha coefficient (α) was .96 that indicated the reliability and validity the research instrument.

DATA ANALYSIS AND DISCUSSION:

From the above table 7.2.1, it is clear that there is significant difference between BSNL and Airtel in terms of quality of services as $p < .01$ at .05 level of significance. Table 7.1.1 indicates the mean value and standard deviation obtained by BSNL and Airtel on the dimensions quality of services of CRM in telecom industry. It is observed from the table 7.1.1 that the mean of quality of services of Airtel is higher than BSNL, which indicates that the quality of services of Airtel is better as compared to BSNL.

Table 7.1.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
Quality of services	public sector (BSNL)	390	3.2685	.91170	.04617
	private sector (Airtel)	389	3.7059	.70702	.03585

Table 7.2.1: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Quality of services	Equal variances assumed	21.110	.000	7.481	777	.000	-.43742	.05847	-.55220	-.32265
	Equal variances not assumed			7.484	732.520	.000	-.43742	.05845	-.55217	-.32267

From the Table 7.2.2, it is clear that there exists a significant difference Between BSNL and Airtel as for as the Trust dimension of CRM is concerned ($p < .05$) Table 7.2.1 indicates the total mean of Trust Obtained by BSNL and Airtel on the dimension of trust. It is clear from the table that the total mean of Trust of Airtel is higher than the total mean of Trust of BSNL. This shows that trust perception of Airtel if higher as compared to BSNL.

Table 7.2.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
Trust	public sector (BSNL)	390	2.2862	1.11025	.05622
	private sector (Airtel)	389	3.7373	.71130	.03606

Table 7.2.2: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Trust	Equal variances assumed	100.621	.000	-21.714	777	.000	-1.45112	.06683	-1.58231	-1.31993
	Equal variances not assumed			-21.726	662.544	.000	-1.45112	.06679	-1.58227	-1.31997

Table 7.3.2 depicts that the value of $p < .05$ at .05 level of significance, which clearly shows that there is a significant difference in the relationship development perception of BSNL and Airtel. From the table 7.3.1 it evident that total mean of Relationship development dimension of CRM

of Airtel is higher than that of BSNL. This clearly shows that Relationship development practices of Airtel are better than BSNL.

Table 7.3.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
Relationship development	public sector (BSNL)	390	2.8619	1.08238	.05481
	private sector (Airtel)	389	3.7490	.80498	.04081

Table 7.3.2: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Relationship Development	Equal variances assumed	62.995	.000	-12.978	777	.000	-.88718	.06836	1.02137	-.75298
	Equal variances not assumed			-12.983	718.526	.000	-.88718	.06834	1.02134	-.75302

It is evident from the below table 7.4.2, that there is a significant difference in the price fairness perception of BSNL and Airtel ($p < .05$, 0.05 level of significance). From the table 7.4.1, it is clear that the total mean of price fairness of Airtel is higher than BSNL. It shows that Airtel has better pricing perception than BSNL.

Table 7.4.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
Price Fairness	public sector (BSNL)	390	2.0067	.98592	.04992
	private sector (Airtel)	389	3.4479	.89467	.04536

Table 7.4.2: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Price Fairness	Equal variances assumed	3.301	.070	-21.363	777	.000	-1.44121	.06746	1.57364	1.30878
	Equal variances not assumed			-21.366	770.158	.000	-1.44121	.06745	1.57363	1.30880

Further from the table 7.5.2, it is clear that there is significant difference between the Brand Image of BSNL and Airtel. $P < .05$ at .05 level of significance indicates that Brand image of BSNL is significantly different from Airtel. Table 7.5.1, reveals that the total means of Brand Image of Airtel is higher than that of BSNL. This shows that the brand Image Airtel is better as compared to BSNL.

Table 7.5.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
Brand Image	public sector (BSNL)	390	3.0526	1.29220	.06543
	private sector (Airtel)	389	4.0141	.60506	.03068

.Table 7.5.2: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Brand Image	Equal variances assumed	265.427	.000	-13.295	777	.000	-.96157	.07233	-1.10355	-.81959
	Equal variances not assumed			-13.306	552.067	.000	-.96157	.07227	-1.10353	-.81962

Further table 7.6.2, shows that there is a significant difference between customer expectation of BSNL and Airtel as $p < .05$ at .05 level of significance. From the table 7.6.1, it is clear that customer expectations are high in case of Airtel then BSNL as the total mean of customer expectations in case of Airtel is higher than BSNL.

Table 7.6.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
Customer Expectations	public sector (BSNL)	390	2.5174	1.16379	.05893
	private sector (Airtel)	389	4.0075	.81527	.04134

Table 7.6.2: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Customer Expectations	Equal variances assumed	58.719	.000	-20.691	777	.000	-1.49002	.07201	-1.63138	-1.34865

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Equal variances not assumed				-20.700	696.829	.000	-1.49002	.07198	-1.63135	-1.34869

It is evident from the table 7.7.1, that there is significant difference in CRM practices of BSNL and Airtel. Since $p < .05$ at .05 level of significance, table 7.7.2 shows that the total mean of CRM of practices of Airtel is higher as compared to BSNL, yielding the fact that CRM practices of Airtel are better as compared to BSNL.

Table 7.7.1: Group Statistics

	type of company	N	Mean	Std. Deviation	Std. Error Mean
CRM	public sector (BSNL)	390	2.7973	.71872	.03639
	private sector (Airtel)	389	3.8428	.53086	.02692

Table 7.7.2: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
CRM	Equal variances assumed	25.815	.000	-23.088	777	.000	-1.04546	.04528	1.13435	-.95657
	Equal variances not assumed			-23.096	716.118	.000	-1.04546	.04527	1.13433	-.95659

Table 8.1: ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Quality of services	Between Groups	37.263	1	37.263	55.972	.000
	Within Groups	517.286	777	.666		
	Total	554.549	778			
Trust	Between Groups	410.095	1	410.095	471.495	.000
	Within Groups	675.815	777	.870		
	Total	1085.909	778			

		Sum of Squares	df	Mean Square	F	Sig.
Relationship Development	Between Groups	153.284	1	153.284	168.425	.000
	Within Groups	707.151	777	.910		
	Total	860.435	778			
Price Fairness	Between Groups	404.513	1	404.513	456.381	.000
	Within Groups	688.694	777	.886		
	Total	1093.207	778			
Brand Image	Between Groups	180.071	1	180.071	176.751	.000
	Within Groups	791.595	777	1.019		
	Total	971.665	778			
Customer expectations	Between Groups	432.375	1	432.375	428.105	.000
	Within Groups	784.750	777	1.010		
	Total	1217.125	778			

At .05 % level of significance

Table 8.1 reveals that there exists a significant difference in the perception BSNL and Airtel with regard to CRM element i.e. Quality of services, Trust, Relationship Development, Price fairness, Brand Image and Customer expectations. For all elements $p < .05$ at .05 level of significance, yielding the fact that both the service providers significantly differ in terms of CRM practices.

Table 8.2: Mean Table

CRM constructs	BSNL(Mean)	Airtel (Mean)
Quality of services	3.2685	3.7059
Trust	2.2862	3.7373
Relationship Development	2.8619	3.7490
Price fairness	2.0067	3.4479
Brand Image	3.0526	4.0141
Customer expectation	2.5174	4.0075

Table 5.5.12 reveals that quality of service of Airtel was better as compared to BSNL. Respondents have trust on the services of Airtel whereas the majority of the respondents of BSNL were lacking trust in their service provider. Majority of the customers of Airtel agree that Pricing strategies of their service provider were fair, however BSNL respondents were of the opinion that pricing strategies of BSNL were not fair. Table reveals that Airtel enjoyed strong Brand Image among its subscribers whereas in case of BSNL was slightly low. Airtel Customers were having huge expectations from the service provider but the exceptional level of BSNL customers was low.

CONCLUSION AND RECOMMENDATIONS:

From the above discussion it is clear that there is significant difference in the CRM of Practices of BSNL and Airtel. It was observed that Quality of services of Airtel was better than BSNL. Therefore BSNL has to improve its quality of services. Further the study revealed that Trust perception of Airtel was higher than BSNL. Relation Development and Price fairness was better in case of Airtel. Brand Image of Airtel was better as compared to BSNL. Further the

expectational level of Customers of Airtel was higher than that of BSNL. The researchers recommend that:

1. Companies must improve their quality of services; particularly BSNL in order to retain its market share must improve the quality of services to build a better perception among the customers.
2. Trust, Relationship Development, Price Fairness and customer Expectations are the critical Element of CRM where BSNL is lagging behind Airtel. Therefore it is the high time for BSNL to initiative a strategic framework for improving trust , developing and maintain relationships, change price perception and come up to the expectations of its customers for long term sustainable development.

This research is limited to the study area and cannot be generalise. Further new dimensions of CRM can be added to have a deep analysis of CRM practices across various other industries as well.

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