

Telecom sector in India and Customer Relationship Management (CRM)

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Abstract: The Indian telecom sector has evolved over the last two decades significantly. Before the economic liberalization in the 1990's, it was the state run service providers **BSNL(Bharat Sanchar Nigam Limited) & MTNL (Mahanagar Telecom Nigam Limited)** who had absolute monopoly in this sector. Landlines used to dominate the Indian telecom space. Mobile phone users were very few and they were mostly from the ultra rich and the elite segment. Call charges were extremely high which kept the ordinary people outside the purview of the telecom service. It was the economic liberalization which opened the floodgates for private and foreign investments in the Indian economy in almost each and every sector and the telecom sector was also not untouched by it. It brought the private players into the telecom space and created a fierce competition which resulted in an ideal atmosphere for the diffusion of the telecom services among all classes and segments. It was the trigger for the subsequent telecom revolution in India which ultimately resulted in India becoming the 2nd largest telecom market in the world with more than a billion customers. Today it's the mobile phone which dominates the Indian telecom space and landline is fast becoming an extinct species. With one of the cheapest tariffs in the world along with the numerous value added services, mobile phones have virtually become an inseparable part of our lives. With the advent of smart phones and the introduction of 3G & 4G services in India, we are rapidly moving towards a second revolution in the Indian telecom space.

Key Words: CRM, Customer relation, Telecom industry, Information and communication technology.

Introduction:

Customer retention is the process of convincing existing customers of an organization to continue using the services of that organization without defecting to their competitors. The process of customer retention starts with the first contact with the customers and continues throughout the lifetime of the business. The ability of a service provider to retain their existing customers not only depends on the services offered by it but also on its continuous endeavor to serve them in an ever improving manner.

In any business, customer retention is the most vital but one of the most onerous task for any company. As we all know that the cost of retaining a customer is far lower than attracting a new one, it's important for every company in each and every sector to direct their attention and channelise their energy towards retaining their existing customers as well as acquiring new ones. Increasing complexity and uncertainty in the business environment along with intensifying global competition are forcing companies to serve their customers in an ever improving manner. Customer retention becomes even more difficult if there are large number of competitors in an industry and if the competition is fierce among the competitors. Customer attrition rates in some of the industry like banking and insurance are relatively lower on account of high exit barriers. Whereas attrition rate in industries like telecom is relatively on the higher side on account of relatively lower switching costs. Slowing down the customer churn even by one percentage point can add millions of dollars to any company's coffers irrespective of the industry it is in. An effective customer retention strategy is extremely crucial for the long term survival and growth of any company.

CRM has become a viable strategy to the diverse business problems emerging in the global business scenario. It recognizes the age old business philosophy of customer centric business policy. According to **D M Martin and A M Peel**, customer relationship management (CRM) is the strategic application of people, processes, and technology in an organization wide focus on improving the profitability of customer relationships. From a technology perspective, CRM represents the systems and infrastructures required for capturing, analyzing and sharing all facets of the customer's relationship with an enterprise. From a customer care perspective, it represents a process to measure and allocate organizational resources to those activities that have the greatest return and impact on profitable customer relationships.

Customers view telecom service as a commodity throughout the world. Service quality has become the most crucial aspect of customer retention and customer acquisition in this industry. Due to the presence of large

number of operators in the Indian telecom space, this sector has virtually become a buyers' market. Specially after the introduction of MNP (Mobile number portability) which allows customers to change their existing service providers without changing their mobile numbers, it has come as a big shot in the arm for subscribers who had to stick to the substandard services of their service providers in order to retain their mobile numbers before the introduction of this innovative scheme. The already fierce competition in the telecom space has become even tougher on account of this new policy.

Telecom sector in India at a glance:

i) Telephone subscribers (wireless and landline): 1052.33 million (February 2016)

ii) Land lines: 25.16 million (February 2016)

iii) Cell phones: 1027.17 million (February 2016)

iv) Monthly cell phone addition: 9 million (February 2016)

v) Teledensity: 82.9% (February 2016)

vi) Number of broadband (including wireless) subscribers: 145 m (February 2016)

vii) Telephone system: The size of the telecom market in India is the 2nd largest in the world. The country is divided into several zones, called circles. Government and several private operators run local and long distance telephone services. It was liberalized for private and foreign investments in the 1990s. Competition has caused prices to drop and call rates across India are one of the cheapest in the world. The rates are supposed to go down further with new measures to be taken by the government.

viii) Landlines: In India, landline service was initially introduced by BSNL/MTNL and after that several other private players such as Airtel, Reliance Communications, TataTeleservices introduced services. Landlines are facing stiff competition from mobile telephones. The competition has forced the landline services to become more efficient. The landline network quality has improved and landline connections are now usually available on demand, even in high density urban areas.

ix) Mobile cellular: The mobile telephone network has developed greatly since 2000. The number of mobile phone connections crossed fixedline connections in 2004. India primarily uses the following bandwidths for cellular connectivity: 2G networks operate in GSM 900 MHz & 1800 MHz and CDMA 1xRTT 800 MHz bands; 3G networks operate in HSPA 900 MHz & UMTS/HSPA 2100 MHz and CDMA EVDO 800 MHz bands while 4G networks operate in LTE 850/1800/2300 MHz bands. The dominant players are Airtel, Vodafone, Idea Cellular, Reliance Communications, Tata DoCoMo, Reliance, Aircel, and state run BSNL/MTNL. There are many smaller players like Videocon, MTS, Telenor India etc. with operations in only a few circles. International roaming agreements exist between most operators and many foreign carriers. The data reported by service providers indicates that rural India is emerging as the major growth driver.

ix) Dialing system: On landlines system, intra circle calls are considered local calls while inter circle are considered long distance calls. Government is now working to integrate the whole country into one telecom circle. For long distance calls, you dial the area code prefixed with a zero (e.g. for Bhubaneswar, you would dial 0674XXXXXXXX). For international calls, you would dial "00" or "+" and the country code+area code+number. The country code for India is 91.

x) Visitor Location Register(VLR): Out of the total 1009.32 million wireless subscribers, 907.07 million were found active in November, 2015. The proportion of VLR subscribers is 89.86% of the total wireless subscriber base as reported by the service providers.

x) Internet users: Number of Internet users in India is the 3rd largest in the world next only to China and the United States of America. Though the number of internet users is high, internet penetration is still much lower than most countries across the globe.

xi) Broadband subscribers: Broadband in India is defined as 512 kbit/s and above by the government regulator (New definition of Broadband notified on 18 July 2013). Total subscribers (wireline + wireless combined) were 131.49 million (November 2015).

xii) Internet service providers (ISPs) & hosts: 6,746,000(2012) source: CIA World FactBook

xiii) Country code (Toplevel domain): IN

Mobile network operators in India:

List of top mobile operators of India(as on 5th June, 2016)

Rank	Operator's Name	Technology	Subscribers in million	Ownership	Market Share
1	Airtel India	GSM, EDGE, HSPA+, TD-LTE	248.6	Bharti Enterprises (68%) SingTel (32%)	32.35%
2	Vodafone India	GSM, EDGE, HSPA+, LTE	196.7	Vodafone Group (100%)	25.59%
3	Idea Cellular	GSM, EDGE, HSPA+, LTE	174.6	Aditya Birla Group (100%)	22.72%
4	Reliance Communications	CDMA2000, EVDO, GSM, EDGE, HSPA+, WiMAX	106.81	Reliance ADAG (67%) Public (26%)	11.21%
5	Aircel	GSM, EDGE, HSDPA, TD-LTE	86.06	Maxis Communications (74%) Sindya Securities and Investments (26%)	8.47%
6	BSNL	GSM, EDGE, HSDPA, HSPA+, CDMA2000, EVDO, WiMAX	85.29	State-owned	8.19%
7	Tata Docomo	CDMA2000, EVDO, GSM, EDGE, HSDPA, HSPA+, WiMAX	60.89	Tata Teleservices (74%) NTT DoCoMo (26%)	6.28%
8	Telenor India	GSM, EDGE, NB-LTE	50.16	Telenor (100%)	4.91%
9	MTS India (acquired by Reliance Communications, subject to regulatory approvals)	CDMA2000, EVDO	8.13	Sistema (56.68%) Shyam Group (23.98%) Government of Russia (17.14%)	0.89%
10	MTNL	GSM, HSDPA, CDMA2000	3.6	State-owned	0.36%

Benefits of customer relationship management (CRM):

CRM is not only about improving customer service, but improving revenue by virtue of improving relationship with customers. The biggest reason of customer defection in any industry is the perception of poor and substandard services among customers. In the past, companies were rushing to implement costly services like Enterprise Resource Planning (ERP) to improve the process of interaction between businesses and customers. But improving interaction with customers with the help of information technology is far more difficult. CRM helps data to flow easily and conveniently within an organization. This results in better sales, increasing profit and above all happier customers. Increasing productivity, better follow up of customers, improved services and better organizational efficiency can give a company immediate gains and advantages.

Gathering sufficient knowledge about customers is crucial for any business because that leads towards greater profitability. Reaching the right customers with the right messages at the right time using the right medium is vital for success. If an organization build their strategies without properly analyzing the customers' buying pattern then that would result in utter failure and waste of valuable resources. So an effective CRM application which assists an organization to easily gather information about customer sales patterns not only helps to mitigate the cost of CRM application quickly but also becomes critical to achieve improved revenue and profit. Revenue increases by virtue of better sales through proper analysis of data and improved marketing via effective collection, analysis and usage of valuable customer information. On the other hand by virtue of reduced service time and costs and general improvement of productivity among staffs, overall improvement of profit takes place. Today's global economy is marred by cut throat competition on account of empowerment of consumers. Customers are fast becoming unforgiving towards below par services of companies. As a result companies are fast adopting CRM application to create a positive bond between themselves and their customers.

The size of an organization has nothing to do with services rendered to customers. Even though larger organization sometimes do get away with substandard and below par services on account of their sheer size and clout among consumers and intermediaries whereas small and medium enterprises suffer on account of that, in a world where options are becoming aplenty and the cost of switching dropping with every passing moment this

cannot go on indefinitely as a result of growing stiff competition. People love services which are friendly, prompt and according to their liking. It prompts them to keep coming back to the service provider year after year. CRM not only can provide timely and prompt services effectively, but it can also do so within a price which is affordable to most of the organizations. When a specific problem is solved and stored in the database, it can be used as a guideline for solutions of similar problems arising in the future without spending too much effort and time. It creates an automation which ultimately benefits both the organization and its consumers.

Telecom as a service in the Indian economy:

Service sector is the fastest growing sector in the Indian economy. As India moves from an agricultural driven economy to a service driven one, the prominence of service is going to become more and more vital. Today we are living in the age of information spurred by emergence of computer and telecommunication services. Higher per capita income, time constraint, technological advancements, growing competition, industrialization, better life expectancy, improvements of service qualities are some of the reasons for customer veering towards service sector which is fueling this massive growth in this sector.

The rapid changes and reforms in the market has increased the diversity of services offered on a subscription basis in different service sectors. Telecommunication service is one of the vital cog in the wheel of service sector where customer retention is one of the major and primary ingredient of growth and prosperity for service providers. With the advancement of technology and growing penetration of telecom services among the masses in India, acquiring subscribers from rivals and retaining their existing subscribers has become one of the vital concerns for service providers. Especially in the field of telecommunication services there is an oft repeated remark that once a customer is acquired by a telecom company, the long term relationship between the service provider and the customer is vital for increasing profitability and growth of the service provider in this sector and this is probably far more important in telecom than any other industry or sector.

In India, one of the sectors which has witnessed unbelievable amount of cut throat competition in the last few years is the telecom sector. Post liberalization, the private sector expressed their eagerness to enter the telecom sector as they realized the great potential and prospect of the large untapped market of India. Gradually **Bharti Airtel, Hutch(now Vodafone), Reliance Communications, Aircel, Tata Communications, Docomo, Uninor(now Telenor)** entered the Indian telecom space. Once FDI was allowed in this sector by the central government, foreign entities made beeline to make investments and form joint ventures in this sector. The acquisition of Hutch by the **Vodafone** group was one of the biggest deal in this sector. Making and receiving calls using mobile phones were extremely costly affair initially. Gradually because of increased competition, mobile call rates in India became one of the cheapest in the entire world with free incoming facility. Initially it was the voice service which accounted for the largest share of this market. Making & receiving calls and sending & receiving SMSes were the only services available. Subsequently service providers realized the urgent requirement of diverse and innovative services. Thus came the value added services (VAS). Through VAS, service providers tried to differentiate their offerings. Music, sports, astrology, breaking news, weather updates became a craze among the subscribers. The service providers realized that the tariffs in the voice segment has reached rock bottom and to improve their bottom line, they have to move towards these add on services. Later with the advent of smart phones, it became a mini computer in the hands of subscribers. Nowadays its the data segment which constitutes the fastest growing segment in the telecom services with voice being a distant second. Despite these rapid changes, one thing remained constant in this sector- competition. Not only competition has become even more cut throat, but service providers today have to think out of the box to retain their existing customers and gain new ones.

With the introduction of mobile number portability, customers have become even more unforgiving. Customer churn has become a real threat for the service providers. Today, the biggest problem which is plaguing this particular sector is the call drop menace. It has become a huge talking point for everybody. Subscribers are cursing the service providers for substandard services provided by them which according to them is resulting in this call drop problem, whereas the service providers are lashing out at the government for not making available adequate spectrum for offering services for the ever growing subscriber base. The government's argument is that despite in possession of adequate spectrum, the service providers are not optimizing their resources thus resulting in customer disgruntlement. Recently the government tried to penalize the service providers for every call drop which was vehemently opposed by the service providers. In this context, one thing is absolutely clear that the rapid increase in customer base within a short span of time along with introduction of 3G & 4G services has put enormous strain on the existing infrastructures of the service providers. Service providers have not been able to upgrade their existing infrastructure at the pace at which the subscriber growth has taken place. Recently India crossed a subscriber base of one billion in the telecom sector which is second only to China.

Amidst all these teething problems the telecom industry in India is grappling with, the service providers need to chalk out concrete plans to keep the customers happy as that's the only way service providers can recover the huge investments they are making to set up and upgrade infrastructures to cater to the vast subscriber base. One of the significant thing which is taking place in the telecom industry in the recent times is consolidation. Due to the fierce competition and falling margin, some of the service providers are trying to exit the sector by selling off their businesses. For instance, Aircel is in talks with Reliance Communications to sell their wireless business and the deal is set to go through soon. In the past, the Unitech group exited the telecom business where they had a JV with the Telenor group. According to experts, this is going to be the future trend in the coming years in this sector.

Customer retention has been described as an easier and more reliable method of superior performance, competitive advantage and a success factor for surviving in the highly competitive market of telecommunications. To improve customer retention, firms commission variety of activities and surveys. Keeping this in mind, customer retention is critical in the telecom market, since operators lose large number of their subscribers every year and have large customer acquisition expenditure. Needless to say, it is important for telecom operators to develop well-designed strategies to increase customer retention.

Conclusion:

The telecom sector is a highly competitive industrial sector as customers have various options which are extremely hard to differentiate from each other. Service providers who want to grow and increase profitability have to continue investing aggressively in infrastructure building and upgradation in order to improve quality of services to acquire new customers as well as to retain existing ones. It is extremely vital for companies to listen to their customer feedbacks constantly and address their issues promptly and on a timely basis. A company can gain huge competitive advantage by introducing quality assurance programs through which they can quickly identify and resolve problems before they become costly affairs. An ideal CRM program can help organizations contain customer churn by addressing disgruntled customers by reaching out to them to repair the relationship before they defect to their competitors.

The telecom industry has matured to a level where companies need to take immediate steps to shift their emphasis from only customer acquisition and growth to firmly on product enhancement and customer centric services. Unfortunately, telecom service providers have traditionally been decentralized and cannot afford to invest adequate time and resources required to shift their focus to a centralized servicing culture and infrastructure. Instead they should invest in technical innovations to build a customer centric culture while continue to invest in growth. A well developed CRM policy implementation along with support of the top management and best practices can give a company strategic advantage even in the most competitive market.

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