

CHAPTER I

INTRODUCTION

1.1 Background of the Study

1.1.1 Overview of Telecommunication Industry in Nepal

Today, the world is witnessing an era of tremendous change marked by globalization, technological advancements, telecommunicating and e-commerce that are shrinking the global boundaries and accelerating the pace of socio-economic activities. We should thank telecommunication, in particular, because it has allowed a virtual world to emerge-one in which time and distance no longer stands as barriers to do business or communicating, thus allowing for quicker reaction time and exchange of information. The telecommunication system has been a fastest growing medium of communication rejuvenating global interface interactions. Currently telecommunication sector is experiencing phenomenal global change with the liberalization and privatization of the sector, which in turn, widens a fierce competition. The system has opened an ocean of opportunities for the potential consumers to enjoy versatile choices among the service providers. Now days, due to breathtaking competition, the telecommunication service providers tend to offer innovative services as well as competitive prices just to attract handful magnitude of customers.

The Nepalese economy is predominately agriculture and remittance based economy. However the country is gradually shifting towards more socio-economic activities in its effort to derive the best it can get by participating itself to worldwide globalization. In response, more of diverse economic activities are booming significantly within the country with each passing year. In this realm, easy access to and development of infrastructure, services and means of telecommunication is pivotal for swift transition of Nepal to a prosperous country, thus highlighting its inevitable significance.

The history of Nepalese Telecommunication dates back to a century ago with establishment of first telephone lines in Kathmandu in 1913 A.D. A year later, Open wire Trunk Link from Kathmandu to Raxaul (India) was installed. The first telephone

exchange was established in Kathmandu in 1960. Since 1960 to 2004, the state-owned Nepal Telecommunications Corporation (NTC), also now known as Nepal Telecom, or Nepal Doorsanchar Company Limited (NDCL) had been the monopoly telecom carrier. Now, other competing telecom service providers are United Telecom Limited (UTL), Ncell and SmartCell.

There are two kinds of telecommunication services prevalent in Nepal viz.: Fixed Services Provider (FSPs) and Cellular Services. FSPs consists of basic services, domestic long distance and international long distance. Relative to mobile telecom service, the Fixed line Services is growing more sluggishly. NTC and UTL are only the providers of Fixed-Line Services. NTC provides PSTN and Wireless Local Loop (WLL) services but UTL provides only WLL services.

Cellular Services can be further divided into two categories Global System for Mobile Communications (GSM) and Code Division Multiple Access (CDMA). NTC and Ncell are licensed to provide GSM telephone services. The two GSM based mobile operators are currently operating their services in Nepal. The mobile customer base is growing basically due to prepaid mobile scheme, which has reached 16,379,056 at the end of 2012 (NTA MIS report, 2012). Contrary to the previous quarter, the number of postpaid subscribers of NTL has increased to 6,642,455 and of Ncell to 8,912,643. The number of internet services users such as GPRS, EDGE and WCDMA through GSM services providers viz. NTL is 2,263,080 and Ncell is 2,861,777 according to NTA MIS report of December, 2012. The report also shows that the mobile penetration has increased remarkably reaching 61.82 by December 2012 from 53.39 as of April 2012.

The significant rise in the uses and demand of telecommunication services has sparked a cut-throat competition among the telecommunication services providers in Nepal. This has led them to come up with different customer retention strategies in their favor. Today's competitive environment maximizes customer retention probability so as to sustain the company's protection against inroads competition. Customer retention is needed to achieve this goal. Ramakrishnan, (2006) defines customer retention as the marketing goal of preventing customers from going to the competitor. Customer retention is a key factor in determining the success of businesses today. Competitors are always on the lookout to steal customers through better deals.

Customer retention has a direct impact on long term customer lifetime value, which is a more profitable avenue for firms that seek to pursue growth and sustainability or those that seek to protect themselves from market shrinkage resulting from a contracting economy. In support of this argument Lombard (2009) notes that today the pressure on companies to retain customers is fuelled by the market where customer acquisition is slow. Customer retention is important when loyalty is decreasing and sales cycles are aggravating the business environment. Under these circumstances, losing an important customer to a competitor would impact significantly on the organization's profitability and growth. Telecommunication companies in Nepal are found to be engaged in various customer retention strategies of their own. In this regard, a brief organizational introduction of our organization of Study: Nepal Telecom and Ncell Pvt. Ltd. is to made.

1.1.2 Ncell Pvt. Ltd.

Ncell Private Ltd. stands as a privately owned GSM mobile operator in Nepal. It is the first private company to operate GSM services in telecommunications sector of Nepal with the brand name "MERO MOBILE," which was re-branded as Ncell in 12 March 2010. "N" stands for Nepal. It broke the monopoly held by the then state-owned, now public telecommunication company, Nepal Telecom by building a new arena in cellular telephony services. The company is now owned in 80% by Swedish/Finnish TeliaSonera Holdings. Ncell is the largest ISP in Nepal with a subscriber base of more than 1.9 million users. It had 8,912,643 GSM mobile subscribers and GPRS subscribers of 2,861,777 at the end of 2012 (NTA MIS reports, 2012).

Ncell Private Limited was previously known as *Spice Nepal Private Ltd.*, established in the year 2004 with the license issued by Nepal Telecommunication Authority to operate GSM mobile services, both Post-Paid and Pre-Paid in the country, and commercially launched its services on September 17, 2005 in Kathmandu and its vicinity. Today, 75 out of the 75 districts of Nepal are covered with Ncell.

Ncell has extensive coverage throughout the nation. Ncell covers 90% of the total population with its network and it is still expanding. Its 3G coverage is available in 20 major cities of Nepal. It is gradually expanding its network coverage in various urban, semi-urban and rural areas of the country. In many places, Ncell has been providing

services to the subscribers by installing and using satellite equipments and network. Ncell has tied up with an array of operators in more than 125 countries, including 425 operators around the world at present and gradually extending roaming partners day by day for the convenience of its subscribers.

A company that started its service with basic services like Voice call & SMS service at the launching phase, has one by one, introduced services like BlackBerry, 3G, Ncell Connect-browsing internet through a data card, EDGE/GPRS, Call Waiting, Call Forwarding, Conference Call, Voice Mail, Missed Calls Notification, SMS to e-mail, e-mail to SMS, Mobile Internet (GPRS/EGDE), Multimedia Messaging Services (MMS), Personalized Ring Back Tones (PRBT) and different types of Value added Services, Ncell has always planned and adopted new technologies and services available in the international market and provided them among its subscribers.

Most of the services were introduced for the first time in the Nepalese Telecommunication market, which has re-defined Ncell as the most innovative, modern, accessible and popular brand in Nepal with more than 10 million subscribers within the country.

1.1.3 Nepal Telecommunication Corporations

Known as Telecommunication Department at the time of establishment, its name was changed Telecommunications Development Board in 1969. After the enactment of Communications Corporation Act 1971, it was formally established as fully state-owned corporation called Nepal Telecommunication Corporation in 1975. On April 14, 2004, Nepal Telecommunication Corporation was transformed to a public limited company. Nepal Telecom has sold 3.97% of its shares to General Public, 4.50% to its own employees and 0.03% to Nagarik Lagaani Kosh, with a major share of 91.05% with Government of Nepal in 2008.

Nepal Doorsanchar Company Ltd. popularly known as Nepal Telecom is the second largest telecommunication service provider in Nepal with GSM service subscribers of 6,642,455 out of 8,220,520 total subscribers according to NTA MIS reports of 2012. The company was a monopoly until 2003, when the first private sector operator UTL started providing basic telephony services. The central office of Nepal Telecom is

located at Bhadrakali Plaza, Kathmandu. It has branches, exchanges and other offices in 184 locations within the country.

It is the sole provider of fixed line, ISDN and leased-line services in Nepal. Following the entry of Ncell into Nepal's telecommunications industry in 2005, it is no longer the only provider of GSM mobile service. With around 7,000 employees, it is one of the largest corporations of Nepal. It has a total of 262 telephone exchanges in various part of the country serving 603,291 PSTN lines, more than five million GSM cellular phones and more than a million CDMA phone line as of July 2011. According to recent data, there are about seven million users of Nepal Telecom including all those of fixed landline, GSM mobile, CDMA and internet service.

1.2 Statement of the Problem

The extensive use of this cellular service by Nepalese citizen over such far-flung coverage is also a result of different kinds of ceaseless, ever-innovative services offerings and lucrative sales promotion and marketing strategies by the telecommunication companies in Nepalese market. In return, this has made Nepalese customers full of options, almost tailored to their requirements, to choose among regardless of their profession or social status.

Existing literature on the customer retention strategies employed within the service sector worldwide indicates that different service industries adopt different customer retention strategies. In the banking industry, for instance in New Zealand, there has been a revaluation of customer retention strategies in order to limit defection through enhancement of professionalism. Research in New Zealand showed that younger customers have a higher tendency of switching banks in search of greater convenience. In the case of the USA the customer retention strategies that were adopted by banks have led to new technological innovations, including the provision of online banking services. Research in the South African fast foods industry has shown similar results. In the South African fast foods industry, customer retention has tended to focus on the evaluation of customer- management relationships as the major strategy for retaining customers.

Now, since this research is aimed at studying the impact of different customer retention strategies on customer, research of this particular nature has not been done in most developing countries like ours. It is for this reason that the responses to such strategies from the viewpoint of consumers haven't been known. At one hand, the impact on consumers after the launch of various customer retention strategies have been untraced, unnoticed or have not been recorded and in the other hand, the GSM mobile service providers are unaware of the effectiveness of those strategies aimed at customer retention. Hence appraisal or evaluation of impact made on consumers by these strategies being implemented for customer retention is necessary for the sake of customer retention itself. Otherwise, it may lead either to continuation of prevalent customer retention strategies that do not coincide with the customer expectations and needs by the service providers or gradual customer defection or switching over to other service providers.

Thus, this study attempts to solve the following problems confronted:-

-) What are the customer retention strategies that are being developed by the GSM mobile Service provider: Nepal Telecom & Ncell in Nepal?
-) How effective are the strategies implemented by these service providers?
-) What are the benefits and setbacks associated with different customer retention strategies?
-) What are the impacts of these benefits and setbacks on the Nepalese GSM mobile service providers, and
-) What would be the best strategies that shall work for the GSM mobile operators in Nepal?

1.3 Objectives of the Study

Since our main purpose is to identify and assess the impact of customer retention strategies adopted by Ncell & Nepal Telecom, this study carries in its womb the following specific objectives:

-) To identify the various strategies that are developed by the GSM service providers viz.: Nepal Telecom & Ncell in Nepal, regarding the customer retention,
-) To make an assessment of the effectiveness of the strategies implemented by these service providers.

-) To explore the benefits and setbacks associated with different customer retention strategies
-) To determine the impacts of these benefits and setbacks on the Nepalese GSM service providers, and
-) To recommend the best strategies that work for the GSM mobile operators in Nepal

1.4 Significance of the Study

The research on this topic upholds the following significances of high consideration as listed below:-

- In particular the Nepalese GSM mobile service companies can take this research report findings as reference for the appraisal of their customer retention strategies and be benefitted by this study.
- This study shall reveal the subscribers', particularly of Pokhara municipality, preferences and attitudes towards the services provided by their mobile service network.
- This study will be helpful in understanding the factors to be considered while setting effective customer retention strategies.
- The study is expected to be a significant contribution to the existing literature
- Shall be helpful to those who want to carry out further research work on marketing related to the subject of research.
- Shall be important to academicians, students, professionals, investors, subscribers, and to all those who have keen interest on customer retention and its strategies and on Nepal Telecom and Ncell Pvt. Ltd.

1.5 Limitations of the Study

This study is subjected to following limitations:

- The respondents and the market taken for consideration shall be from Pokhara municipality only, due to which the results may not be representative of the Nepal as a whole.
- The research is conducted only on GSM mobile services and hence does not take into considerations the customer reviews regarding other services like CDMA, ADSL etc of Nepal Telecom and Ncell.

- The accuracy of the finding shall depend on the reliability of available information and literatures significantly.
- Moreover the extent of biasness on the part of the respondents' answer shall also influence the strength of research outcomes.

1.6 Operational Definition

Customer Retention

Customer retention programs can be a powerful tool in the arsenal of Customer Relationship Management. Customer Retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship.

Customer retention is more than giving the customer what they expect, it's about exceeding their expectations so that they become loyal advocates for your brand. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy'. The key differentiator in a competitive environment is more often than not the delivery of a consistently high standard of customer service.

Customer retention is as important as customer attraction. Lost customers involve high costs. Organizations should cultivate current customers, so that they don't defect. The key to customer retention is high customer satisfaction. Satisfied customers are loyal. They stay with the product brand. Customer retention is concerned with maintaining the business relationship established between an organization and its customer. Customer retention is more than giving what customers expect but exceeding expectations so that customers become loyal advocates for company's brands (Reichheld, 1996). A small increase in customer retention could mean a huge increase in company's profit.

In the past, many companies took their customer for granted. Customers often did not have any alternatives suppliers, or the other supplies were just as poor in a quality and services, o the market was growing so fast that the company did not worry about the fully satisfying its customers. A company could lose 100 customers a week, but gain

another 1000 customers and considers its sales to be satisfactory. Such a company, operating on a 'Leaky bucket' theory of business, believes that there will always be enough customers to replace the defecting ones. (Kotler, 2009).

GSM (Global System for Mobile Communications)

GSM or global system for mobile communication is a digital cellular system. It was originated in Finland Europe in 1991. GSM accounts for 80% of total mobile phone technological market. There are over more than three billion users of GSM now. GSM technology got its popularity, when people used it to talk to their friends and relatives. The use of GSM is possible due to the SIM (Subscriber's identity module). GSM is a 2G technology. GSM offers moderated security. It allows for encryption between the end user and the service base station. The use of various forms of cryptographic modules is part of GSM technology.

The SIM card

A SIM card or Subscriber Identity Module is a portable memory chip used in some models of cellular telephones The SIM holds personal identity information, cell phone number, phone book, text messages and other data. It can be thought of as a mini hard disk that automatically activates the phone into which it is inserted.

1.7 Organization of the Study

The study will be divided into five chapters under the titles named as follows:

Chapter 1: Introduction

The first chapter deals background of the study, statement of problem, objective of the study, significance of the study, research questions, limitation of study and organization of the study.

Chapter 2: Review of Literature

This chapter consists of review of related books, and research work which are already published and conducted by different experts and researcher in the related field of study.

Chapter 3: Research Methodology

This chapter contains research design, source of data, population and sample of the study, methods of data analysis.

Chapter 4: Data Analysis and Presentation

The fourth chapter covers the main aspect of the study. It presents the data collection procedure and presentation of data with different statistical tools, and descriptive analysis of findings of the study.

Chapter 5: Summary, Conclusions and Recommendations

Finally, the fifth chapter summarizes the major findings of research, conclusion and recommendations.

CHAPTER II

REVIEW OF LITERATURE

This chapter deals with the review of the related studies by periods. A number of conceptual as well as empirical research papers on Customer Retention Strategies of various cellular (GSM) service providing companies and their impact on customers, from national or foreign publications were scanned and were taken for reference purpose. The literatures pertaining directly to the related topic were reviewed from books, company reports, MIS reports, journals, published and unpublished articles and so on. Relevant literatures were also cited from related web sites to facilitate the study.

2.1 Conceptual Review

This sub-chapter is primarily focused at elucidating the theoretical aspect of the study. Thus it is concerned with explaining the concept of various variables that this study requires as well as the various services found in GSM mobile phone.

2.1.1 Customer Retention

Customer retention programs can be a powerful tool in the arsenal of Customer Relationship Management. Customer Retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace.

Customer retention is more than giving the customer what they expect, it's about exceeding their expectations so that they become loyal advocates for your brand. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy'. The key differentiator in a

competitive environment is more often than not the delivery of a consistently high standard of customer service.

In the past, many companies took their customer for granted. Customers often did not have any alternatives suppliers, or the other supplies were just as poor in a quality and services, o the market was growing so fast that the company did not worry about the fully satisfying its customers. A company could lose 100 customers a week, but gain another 1000 customers and considers its sales to be satisfactory. Such a company, operating on a 'Leaky bucket' theory of business, believes that there will always be enough customers to replace the defecting ones. (Kotler, 2009).

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Customer retention is defined by different studies in different ways like Gerpott, Rams and Schindler (2001) as that it is the continuity of the business relations between the customer and company. As it has stated that, the vital issue in relationship marketing research was the affects of relationships and quality on customer's retention (Lin & Wu, 2011). Retention and attraction of new customer are used as drivers for increase in market share and revenues (Rust, Zohorik & Keiningham 1995). In the retention of customer, it is important for firm to know who to serve their customers. Post sales services are the important drivers for customer retentions (Saeed, Grover & Hwang, 2005). It is important for product/service provider to emphasis on the quality of product and service. As it is stated (Lin & Wu, 2011) that there is "statistically significant relationship between quality commitment, trust and satisfaction and customer retention and future use of product, as retention is influenced by future use of product." Lin and Wu (2011) argued that "our finding

extend previous research that there is solid relationship between customer retention and quality of service/or products.”

2.1.2 Service and Quality of Service:

In this study, “Service” is used to refer to the set of GSM services delivered by NTC and Ncell in Nepal. “Service” is basically defined from customer perspective and not the manufacturer’s point of view. So it will be often referred to as customer-perceived quality (CPQ) as first opined by Gronroos (1984).

A service is any act of performance that one party can offer to another that is essentially intangible and does not result in ownership of anything. Its production may or may not be linked to a physical product. (Kotler, 1996)

Of the many definition reviewed in literature, service quality (SERVQUAL) is defined as the “the confirmation (or disconfirmation) of a consumer’s expectations of service compared with the customer’s perception of the service actually received” (Gronroos, 1984).

Bitner, Booms and Mohr (1994) define service quality as the consumer’s overall impression of the relative inferiority/superiority of the organization and its services. While other researchers (Cronin & Taylor, 1994) view service quality as a form of attitude representing a long-run overall evaluation, Parasuraman, Zeithaml & Berry(1985) defined service quality as a function of the differences between expectation and performance along the quality dimensions.

Service Quality is essential and important of a telecommunication service provider company to ensure the quality service for establishing and maintaining loyal and profitable customer (Leisen, B. & Vance, C. (2001). According to Leisen, B. & Vance, C.(2001) service quality helps to create the necessary competitive advantage by being an effective differentiation factor. They, after having studied the extent to which the subscribers in Germany and USA were satisfied with telecommunication services they received, concluded that quality factors are the main determinants of consumer satisfaction. However, these factors vary from country to country.

Service quality is a measure of how well a delivered service matches the customer's expectations. Zeithaml and Bitner (2003) state that "service quality is a focused evaluation that reflects the customer's perception of specific dimensions of service: reliability, responsiveness, assurance, empathy, tangibles." Service Quality can be defined as the collective effect of service performances which determine the degree of satisfaction of a service user. In other words, quality is the customer's perception of a delivered service.

Quality service is considered to be satisfactory only if it is perceived to be so by the customers. The performance and success of a firm should be assessed from a customer's point of view. To retain customers, sending them occasional tactful reminders about the offerings of good service is often a wise strategy for an organization. Naturally customers expect a firm to provide them with solutions, so it is important that they realize the advantages derived when they buy the products of a firm. On the other hand, the arrays of services strategically offered by mobile phone providers are often influenced by customers' behavior. The result is a fruitful relationship with the customer where providing quality service is the main concern of a firm. Mobile telephone companies' first priority must be to achieve customer satisfaction if they are to hold their share in the market and operate successfully in highly competitive markets. On the one hand, the mobile phone providers must also focus on cost reduction at the same time they seek to forge relationships with customer by creating a network which covers a wide range of services.

2.1.3 Customer Satisfaction

Customer satisfaction is a direct determining factor in customer loyalty, which, in turn, is a central determinant of customer retention. Customer satisfaction is the goal of the marketing concept. Satisfaction is a function of performance and expectations. It is the customer's perceived performance from products/services in relation to the expectations. Organizations should aim for total customer satisfaction. It is a post purchase outcome.

A company would be wise to measure customer satisfaction regularly, because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the company introduces new products and

upgrades existing products, talks favorably to others about the company and its products, pays less attention to competing brands and is less sensitive to price, offers products or service ideas to the company and costs less to serve than the new customers because transactions can become routine. Greater customer satisfaction has also been linked to higher returns and lower risk in the stock market. (Kotler,2009)

Many researchers have conceptualized customer satisfaction as an individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance in relation to his or her expectations. Generally, there are two general conceptualizations of satisfaction, namely, transaction- specific satisfaction and cumulative satisfaction (Boulding et al., 1993). Transaction- specific satisfaction is a customer's evaluation of his or her experience and reactions to a particular service encounter, and cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to date.

Customer satisfaction is an experience-based assessment made by the customer of how far his own expectations about the individual characteristics or the overall functionality of the services obtained from the provider have been fulfilled. Satisfaction is higher or lower with respect to the extent to which what was actually provided exceeds or falls short of what was expected. Satisfaction of customer is used for indication of future possible revenue (Hauser, Simester & Wernerfelt, 1994).Customer satisfaction is the necessary foundation for the company to retain the existing customers The customers who are unsatisfied with the received services would not be expected to have long run relationships with the company (Lin & Wu, 2011). Poor services can also cause to dissatisfaction. Like Inherently poor services or satisfactory level of services, which cannot achieve customer, expectation may be cause of dissatisfaction in customers (Rust & Zahorik, 1993).

In marketing the marrow thought is customer satisfaction because it indicates the customer loyalty towards any service or product. The Company can generate maximum profit via customer satisfaction (Gilbert A, Churchill, JR., and Carol Surprenant, 1982). Thus customer satisfaction is momentous in present world to run the business perfectly (Ishfaq Ahmed, M.M Nawaz, Ahmed Usman, M.Z Shaukat, Naveed Ahmad, Hassan Iqbal (2010)) said that "customer satisfaction is worthless.

Customer loyalty is priceless". The basic component of business success is customer satisfaction.

2.1.4 Customer Support Service

Customer service is the provision of service to customers before, during and after a purchase. According to Turban et al. (2002), Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation. It's purpose is to assist customers in making cost effective and correct use of a product. It includes assistance in planning, installation, training, trouble shooting, maintenance, upgrading, and disposal of a product. Customer service may be provided by a person (e.g., sales and service representative), or by automated means. Customer can seek such services from a centralized office used for the purpose of receiving or transmitting a large volume of requests by telephone known as Call Centre.

Examples of automated means are Internet sites. An advantage with automated means is an increased ability to provide service 24-hours a day, which can, at least, be a complement to customer service by persons. Another example of automated customer service is by touch-tone phone, which usually involves a main menu, and the use of the keypad as options (i.e. "Press 1 for English, Press 2 for Nepali", etc.)

The importance of customer service may vary by product or service, industry and customer. The perception of success of such interactions will be dependent on employees "who can adjust themselves to the personality of the guest,". From the point of view of an overall sales process engineering effort, customer service plays an important role in an organization's ability to generate income and revenue. From that perspective, customer service should be included as part of an overall approach to systematic improvement. A pleasant customer support service experience can change the entire perception a customer has of the organization. Nice

2.1.5 Customer Loyalty and Loyalty enhancement Programs

The success of company sales are ensured by customer loyalty, which can be influenced by management action (Gerpott, Rams & Schindler, 2001). Customer Loyalty can be measured by the intention of repurchase, recommending the

product/services to other and patience towards price (Kim & Yoon, 2004). Customer loyalty is used to measure repeated purchasing and forbearance for price (Auh & Johnson, 2005). In addition, the brand value, handset type, an intention to recommend the current carriers to others and the call quality having a significant explanatory power to measure the determinants of customer loyalty. (Kim & Yoon, 2004). In emerging business competitions, the loyalty of customers has shown as a main feature in getting continued competitive advantage (Lin & Wang, 2006). Customer respect-oriented business organization will attract and develop loyal customers (Chang & Chen, 2007). Customer loyalty is a focal point for numerous business organizations. A firm can develop long-lasting, jointly profitable associations with customers by developing customer loyalty (Pan, Sheng & Xie, 2011). Customer loyalty is a vital element for the continued existence and operating of firms' business (Chen & Hu, 2010). Loyalty programs with monetary compensation are steps toward great customer retention.

Different studies have examined the relationship of customer retention and customer loyalty in different contexts. Some have studied it as there is a positive relation, others have studied that they have a negative relation, while evidence exists that there is no relation between them. A good relation with customers has a significant impact on customer loyalty.

Originally pioneered by the industries such as retailing, hospitality, credit card companies, airlines, other companies now also offer loyalty programs like awards, or mileage points and provide incentives like special discounts and gifts to retain the loyalty of the customers. Loyalty enhancement programs tend to reduce customers' propensity to switch brands. (Kotler, 2009)

2.1.6 Affordability of Product

Traditionally, price has been the major determinant of a buyer's choice. And this is still the case with large segments of buyers. The price charged on the product determines the affordability of a product. Price has an important role in the marketing mix. It is the major determinant of customer choice. It is the only marketing mix element that produces revenue. Price is what customers pay for what they get. Prices

should reflect the value that consumers are willing to pay. It is the amount of money that customers pay for the product. It is the value of what is exchanged.

Price is an important variable that defines the company's profit. For having the benefits and usage of any service or product the customer will pay an amount of money which is known as price (Khan, 2012). Price is also determined by what a buyer is willing to pay, a seller is willing to accept and the competition is allowing to be charged. Price is the key element for customer satisfaction. A good price is the major contributor for satisfaction. Because the monetary cost is the price and in making customer value monetary aspect play a very vital role.

2.1.7 Promotion

Promotion is persuasive communication. It is a highly visible component in the marketing mix. It tells the target customers about product, price and place. It is also known as marketing communication. Promotion consists of activities that facilitate exchanges with target customers through persuasive communication. It stimulates demand.

Promotion includes all the activities the company undertakes to communicate and promote its products to the target market. (Kotler, 2009)

Customers have many products to choose from. Promotion induces the buyer's behavior. Companies engage in intense competition to get the customer's attention in the market, Promotion reminds customers about a brand and its potential to satisfy needs. Telecommunication industries employ components of promotion mix tools such as advertising, sales promotion etc to reach out to their existing and potential customers.

Advertising is an efficient tool to reach numerous buyers at low cost. It can be print, visual, audio, audio visual, internet media. Sales promotion consists of a collection of incentives tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade (Robert and Scott,1990). Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion aims to increase the cellular subscribers, therefore cellular

companies offer extra free minutes, limited offer to get double balance, prices off, free SMS, bonus balance etc.

2.1.8 Services in the GSM Mobile Phone

GSM or global system for mobile communication is a digital mobile telephony system. It was originated in Finland Europe in 1991. GSM accounts for 80% of total mobile phone technological market. There are over more than three billion users of GSM now. GSM technology got its popularity, when people used it to talk to their friends and relatives. The use of GSM is possible due to the SIM (Subscriber's identity module). GSM is a 2G technology. GSM offers moderated security. It allows for encryption between the end user and the service base station. The use of various forms of cryptographic modules is part of GSM technology.

Services in the GSM :-

- A. Tele services: It covers regular telephone (i.e. subscriber of GSM mobile can make all type of local, long distance and international calls to any other mobile or fixed telephone anywhere in the world, emergency calls (possible without SIM cards) and telephone subscriber connected to any other telephone network worldwide.
- B. Bearer Services: It is also referred to as data services. The customer of GSM network can received or send various data that should have the standard rates of up to 9.6 Kbps. The limitation of 9.6 Kbps is caused by the limitation of bit rate on air interface. Specially equipped GSM terminals can connect with POTS (Plain Old Telephone System), ISDN and pocket switched networks for data and fax calls. GSM users can access to internet with a suitable interface to their computer.
- C. Supplementary services: Supplementary services enhance the basic services available to the subscribers. It modifies or supplements basic telecommunication services. Consequently it cannot be offered to a customer as a standalone services. Some of the supplementary services provided are:
 - 1. Voice Calls: The most basic Teleservice supported by GSM in telephony. This includes Full-rate speech at 13 Kbps and emergency calls, where the nearest emergency- service provider is notified by dialing three digits.

2. Call Forwarding Service: The Call Forwarding Supplementary Service is used to divert calls from the original recipient to another number, and is normally set up by the subscriber himself.
3. Call Waiting Service: This service allows a mobile subscriber to be notified of an incoming call during a conversation.
4. Call Barring: Call Barring lets the user stop certain types of calls being made from their phone, or bar all incoming calls.
5. Call Hold: This service allows a subscriber to put an incoming call on hold and then resume this call. The call hold service is only applicable to normal telephony.
6. Multi party Service: The multiparty service allows a mobile subscriber to establish a multiparty conversation, i.e. a simultaneous conversation between three or more subscribers to setup a conference call.
7. Calling line identification; The GSM subscribers can see the telephone number of second party who is dialing in his mobile phone due to its display nature.
8. SMS (Short Messaging Service) service: It is a text messaging which allow you to send and receive text messages on your GSM Mobile phone.
9. Voice mail Services: Voicemail is a great feature in telephony. It allows a caller to leave a message to a person if the latter is absent or taken up in another conversation. It is great for the person being called too, as it saves them from 'losing' important messages.
10. National/International Roaming: Roaming is defined as the ability for a cellular customer to automatically make & receive voice calls, send and receive data, or access other services when traveling outside the geographical coverage area of the home network, by using a visited network therein. If the visited network is in the same country, it is known as National Roaming. If the visited network is outside the home country, it is known as International Roaming (the term Global Roaming has also been used).Roaming ensures that the wireless device is kept connected to the network, without losing the connection.
11. GPRS: -General Packet Radio Service offer 'always-on', higher capacity, Internet-based content and packet-based data services. GPRS

enables services such as Internet browsing, e-mail on the move, multimedia messages. GPRS offers complete solutions through which you can always stay online and get connected with family, friends.

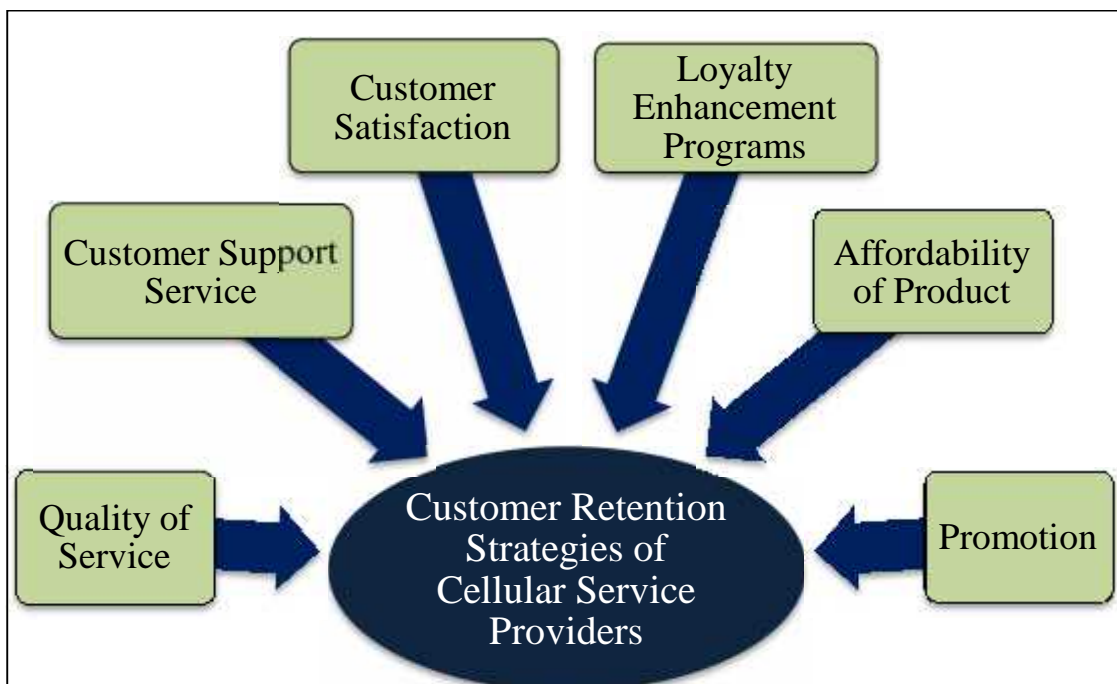
12. CRBT etc..

2.1.9 Theoretical Framework

The study has explained the relationships among the following variables:

Figure: 2.1

Theoretical Framework of the Research Study



2.2 Empirical Review

The literatures pertaining directly to the related topic were reviewed from previous thesis, research articles and reports, journals, published and unpublished articles. Relevant literatures were also cited from related web sites to facilitate the study.

At global level, considerable research has been done on the cellphone industry, especially in countries like Austria, UK, Spain, Italy, Greece and Pakistan. However, most of this research has tended to focus on service satisfaction and service quality. Research on customer retention strategies in the Pakistan cellular industry is arguably more advanced compared to that undertaken elsewhere in the developing world, where only little research has been done on this subject. Based on existing literature,

Pakistan is the only country where intensive research has been conducted around the topic and is considered as the leading country with regard to research on customer retention strategies in the cellular industry. Followings are studies carried out:

Studies that were conducted in Greece, where the mobile cellphone market has reached its mature stage (Blery et al., 2009), revealed that service quality perceptions positively influenced behavioral intentions and willingness by customers to recommend cellphone networks to prospective customers. These studies also indicated that service quality is an important factor, which contributes to the organization's ability to retain loyal customers, and thus contributing to improved organizational performance. In addition the studies showed that prices were negatively associated with repurchase intentions. The aim of these studies was to investigate whether service quality and perceived price had any influence on customers repurchasing intentions.

Studies in Pakistan revealed that between 2003 and 2006 the number of cellphone subscribers in this country increased by 150%. The number of subscribers rose from 0.6 million in 1995 to over 98 million in 2009, while the cellular franchises increase from 618 to 1748 between 2003 and 2009 (Khan, 2010). The studies also revealed that the high penetration rate of the cellphone industry in Pakistan has shifted the focus of the mobile industry to network coverage, upgrading of networks, service quality and competitive pricing, thus attracting and retaining customers, in some cases even exceeding customer expectations regarding service quality, and consequently staving competition.

Leisen, B. & Vance, C. (2001), after having studied the extent to which the subscribers in Germany and USA were satisfied with telecommunication services they received, concluded that quality factors are the main determinants of consumer satisfaction. However, these factors vary from country to country.

Bakalouli (2004) in her article "New Ways Telecom Companies can Make or Save Money" summarized that within a saturated market where stove-piped organizations must migrate to more regulated business units and where innovative services are

starting to emerge, communication companies must now explore new business strategies that can increase profit and lessen expenses. Taking into account past experience, these strategies must take into account current business operations, combined with market developments and potentials. Successful strategies must involve progress on four main fronts; Customer Acquisition and Retention, Up-sales and Customer Behavior Analysis, Efficient and Secure Processes and the development of Beneficial Partnership Strategies.

The reviews of available previous research and/or thesis reports, as far as relevant to the spirit of the topic of the study, are as follows:

Bashyal, (2000 A.D.) conducted a research entitled “A study on marketing of mobile Telephone Service in Nepal (with special references to Kathmandu valley”. The major objectives of this study were to examine the marketing approach of NTC for the marketing and promotion of the mobile phone, to know the facilities of mobile phone and to take the opinion form the mobile phone users. For this purpose, primary data were collected form 100 customers and secondary data from the MIS report of NTC and TU journals etc. the major findings of his study were: NTC launched its mobile telephone services only in Kathmandu, Pokhara, Birjung and Biratnagar in the first phase; consumer get the knowledge about mobile telephone and its various services though the different media of advertising viz; TV, FM radios, newspapers etc.; most mobile subscribers use mobile telephone for voice and call forwarding services; the expansive cost of mobile services led to registration of mobile users below their expectations; people from tourism sectors(hotel, airlines) banking sector, projects and other companies consisted of major consumer of mobile lines; the expensive tariff rate for out-going(Rs. 6/min) and incoming call(Rs. 3/min) de-motivated the mobile users to receive the incoming calls form unknown numbers; the billing system of mobile telephone was not satisfactory; majority of mobile users were dissatisfied with international trunk charges.

In Dahal, (2009) research “Analysis of the telecommunications of Nepal”, he came up the conclusion that use of mobile phone (Handheld Devices) is showing the increasing trends over the short period of time as compared with the PSTN landline experience

the convenience of mobile phones and the people there have both curiousness and capacity to use the mobile phones. Only 14.5% of the population of Nepal is using mobile phones. Major gap area can be seen in the Far Western, Mid Western and Eastern region with mobile service subscription of 7.3%, 8.8% and 7.1% respectively. Prepaid mobile phones are most preferred type of mobile service in Nepal, especially in Kathmandu. 55.1% of the NTC mobile users and 19.7% of the Ncell are not satisfied with the network coverage satisfaction regarding Network coverage of NTC and Ncell and is only 8.5% and 36.3% only. 41.7% of NTC mobile users and 15.3% of Ncell users are not satisfied with the customer service of the respective companies. 48.% of NTC mobile users and 60.2% of Ncell users are not happy with the rates (tariff) of the respective companies. Customers have lots of expectations from the value added services in mobile phones. Mostly people are satisfied with Ncell because most of the time the company have added some value for its customers. People generally use mobile phones to be in touch with the family members. This is also because majority of the population has been displaced from their usual place of living. Most of the people have also left their family members due to the nature of their jobs and mobile phones have been the convenient way for them to be in touch with their concerned people.

Bastola, (2009) in his thesis topic “A study on Services marketing and Consumer Behavior of Cellular “GSM” Mobile phone in kaski District, taking a sample of 100, that had the specific objectives to find out the marketing approach of NT for service marketing of GSM mobile, to know the promotional strategy of NT about cellular GSM mobile phone in kaski district, to know the facilities used by mobile phone users and to collect their opinion of mobile phone users with reference to deposit amount, tariff rate and billing system in Kaski district. The major findings of the study was that cellular GSM mobile phone has played vital role to its consumers in the field of communication in Kaski district; consumers have got many facilities viz: Tele facilities, bearer facilities and supplementary facilities etc. in kaski district through the use of GSM Technology, most of the consumers do not agree with ISDN, Local and STD call charge of GSM mobile phone; most respondents were dissatisfied with international trunk charge of GSM mobile phone; professionals and businessman were the major consumers of GSM mobile services relative to students and farmers; 40%

consumers use the NTC prepaid, 25% sky prepaid, 20% Meromobile and 10% use NTC post paid services.

Robert (2010) “Towers or New Services: What are Nepalese Telecom operators are up to?” talks about the operators claiming that their service is satisfactory but this satisfaction doesn’t really satisfy the customers. Reportedly, the telecom operators are busy expanding their customer’s volume rather than the customer service and network busy signals. They are not yet serious about their service. Even though they claim about their mobile service is according to international standards-customer yet find many network problems, no tower, weak signal, no data transmission, failure in SMS sending and others.

2.3 Research Gap

This study shall explore the issues pertaining to the determinants considered by the GSM mobile service operators of Nepal while formulating the Customer Retention Strategies and their impact on its subscribers. Since the research specific to this topic has not been carried out before, this study is aimed more at fulfilling the gap in research to identify the relative worth, impact and appeal of various customer retention strategies of the Nepalese GSM mobile service companies in their quest to retain their subscribers by analyzing the responses of Ncell and Nepal Telecom GSM mobile service users from Pokhara municipality.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology refers to the various sequential steps to be adopted by a research in studying a problem with certain objectives in view. Research methodology is the research method used to test the hypothesis. It helps to solve the research problem in a systematic way. So, suitable research methodology as demanded by the study has been followed. It is intended to use simple and lucid research methodology.

3.1 Research Design

Research design is a strategy of obtaining information for the purpose of conducting a study and making generalizations about the population (Pant, 2011). Since this research carries in its womb the objective of studying the impact on customer of the customer retention strategies of Nepalese GSM mobile service companies so it involved an empirical investigation and relied extensively on primary data that were collected using a set of quantitative and qualitative methods. This study is of analytical and descriptive nature. The study followed a survey research design and collected data and information from the field.

3.2 Population and Sample

Population refers to the entire group of people, events or things of interest that the researcher wishes to investigate (Pant, 2011). By population, it indicates all the GSM mobile service users of Nepal Telecom and Ncell within Pokhara Municipality. It was found that the total number of GSM mobile service users of Nepal Telecom in Pokhara were 6,40,582 (2012 A.D.) according to Mobile Switching Centre, Nepal Telecom, Mahendrapool. Likewise according to Krishna Tower, Ncell Pvt. Ltd., New Baneshwor, Kathmandu, the number of Ncell subscribers has reached to 4,72,372 in Pokhara valley (2012).

A sample is a collection of items and elements from a population or universe. Hence, a sample is only a portion or subset of the universe or population (Pant, 2011). The

number of units in the sample is known as the sample size. 100 respondents were taken as the sample out of the population defined.

3.3 Nature and Sources of Data

The researcher has used both the primary and secondary data to acquire the current and accurate firsthand information so as to derive the real and factual result out of this research.

The major sources of data are as follows:

a. Primary Source

The primary data are collected from the primary sources. The primary sources of data are:

-) Opinion Survey through structured questionnaire
-) Information and necessary data received from the respondents and concerned officials of NTC and Ncell Pvt. Ltd from interview.

b. Secondary Source:

The secondary data is defined as the data collected earlier for a purpose other than one currently being pursued (Pant, 2011). They are collected from the secondary sources. The secondary data were used whenever the primary data became insufficient to serve the objectives of this research. The relevant secondary data have been collected from the MIS report of NTA, respective journals, pamphlets, magazines, reports, newspapers articles and advertisements, websites of NTC and Ncell, published and unpublished books of different scholars, thesis and newspapers.

3.4 Methods of Data collection

The study heavily relied on the primary data. A survey structured questionnaire was prepared to collect primary data from the respondents. The data collection was based on convenience and random sampling. The respondents were given prior explanation about the study area and terminologies before they actually respond the questionnaire. The questionnaires were administered to only 100 respondents as sample. Frequent visits were made to the NTA and Ncell Pvt. Ltd offices within Pokhara valley to carry

out the interviews and dialogues with the concerned officials overthere for the purpose of collecting the secondary data.

Pilot testing was done with 20% of the sample size before actually going into the field for data collection. This was done so as to know whether the respondents were able to understand the questionnaire and respond accurately.

3.5 Data Processing and Analysis

The purpose of processing the data is to change it from an unprocessed form to more understandable form to draw meaningful conclusions from them. Regarding the purpose of the study, the collected data has been sorted, classified and tabulated under the different headings for the purpose of analysis. Processing of the data has been done by the help of computer using MS-EXCEL. Descriptive statistical tools such as percentage, frequencies have been used to analyze and interpret the data. Bar diagrams has been used for the diagrammatic representation of data.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.1 Presentation and Analysis of Data

It is a very important chapter of the research phase. This chapter contains the analysis, discussion and interpretation of the result based on data collected. The data are analyzed with the help of MS-EXCEL sheet. The data are interpreted and presented with tables and diagrams to make it convenient as far as possible.

The analysis is mainly based on primary data which were collected through the questionnaire filled by different respondents.

The first segment of the questionnaire attempts to differentiate the respondents on the basis of:-

- Age
- Gender
- Occupation
- GSM Service Subscribers
- Experience

Results from this study as indicated in table 4.1 shows that most of the cellphone users are the people from the age group: 21-35 years with 57% of them being males. Further most of the GSM service users are students (57%). This segment indicates to give maximum business to the mobile operators.

The study reveals that maximum numbers of respondents are being associated with their mobile service providers for the period of more than 1 year. The other important issue that has been revealed by this study is that most of the respondents use NTC (57%) and rest use Ncell (43%).

Table: 4.1
Respondent Profile according to Demographic factors

Items	Age (in Years)					Gender			Occupation					Experience (in Years)				GSM Service Users			
	Below 20	21-35	36-50	Above 50	Total	Male	Female	Total	Student	Employee	Self- Employed	Others	Total	0-1	1-2	2-3	>3	Total	NTC	Ncell	Total
Frequency	25	39	28	18	100	57	43	100	53	16	13	18	100	19	34	26	21	100	57	43	100
Percentage (%)	25	39	28	18	100	57	43	100	53	16	13	18	100	19	34	26	21	100	57	43	100

Source: Opinion Survey, 2012

The second section of the questionnaire aims at fulfilling the objectives of this research study. The responses are diagrammatically presented using bar diagrams under the following headings:

4.1.1 Perceptions held by the Respondents towards the Quality Service offered by their GSM cellular network

As shown in above table 4.2, majority(89.46%) of respondents were positive towards the quality service offered by the Ncell whereas in the case of NTC 72.08% were positive to this matter. 27.90% of the subscribers were negative towards the NTC's service of quality as compared to 10.53% of Ncell.

Table: 4.2

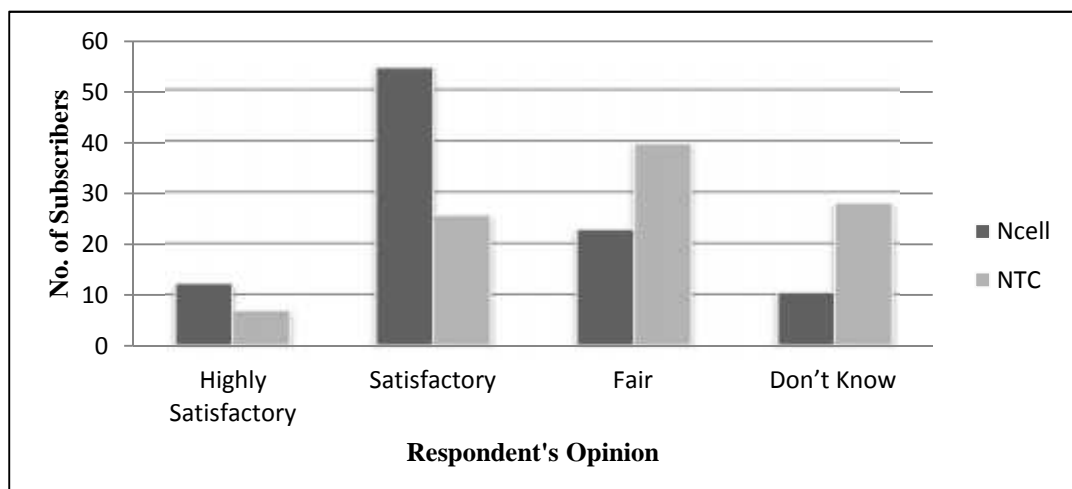
Respondents Perception towards Quality of Service of their Network

Opinion	Ncell	Percentage (%)	NTC	Percentage (%)
Highly Satisfactory	3	6.98	7	12.28
Satisfactory	11	25.58	31	54.39
Fair	17	39.53	13	22.81
Don't Know	12	27.91	6	10.53

Source : Field Survey, 2012

Figure: 4.1

Respondents Perception towards Quality of Service of their Network



4.1.2 Customer's Satisfaction towards their GSM cellular network

The level of customer satisfaction varied enormously among the two GSM mobile service providers in Pokhara as reflected in the following table 4.3:

Table: 4.3
Customer's Satisfaction towards their GSM cellular network

GSM Service User	Number of respondents who are satisfied		Percentage (%) of Satisfied respondents
	Yes	No	
Ncell	19	24	44.18
NTC	46	11	80.70

Source : Field Survey, 2012

Nepal Telecom subscribers were found to be significantly satisfied (80.70%) with their service providers. Although, subscribers of Ncell GSM services perceive its service quality to very reliable and superior as compared to NTC, surprisingly Ncell has much lower customer satisfaction of just 44.18%, signaling that customer defection could threaten the viability of this company.

4.1.3 Customer's Perceptions towards the Affordability of the Services offered by their GSM cellular network

Table: 4.4
Customer's Perception about Affordability of Services of Ncell

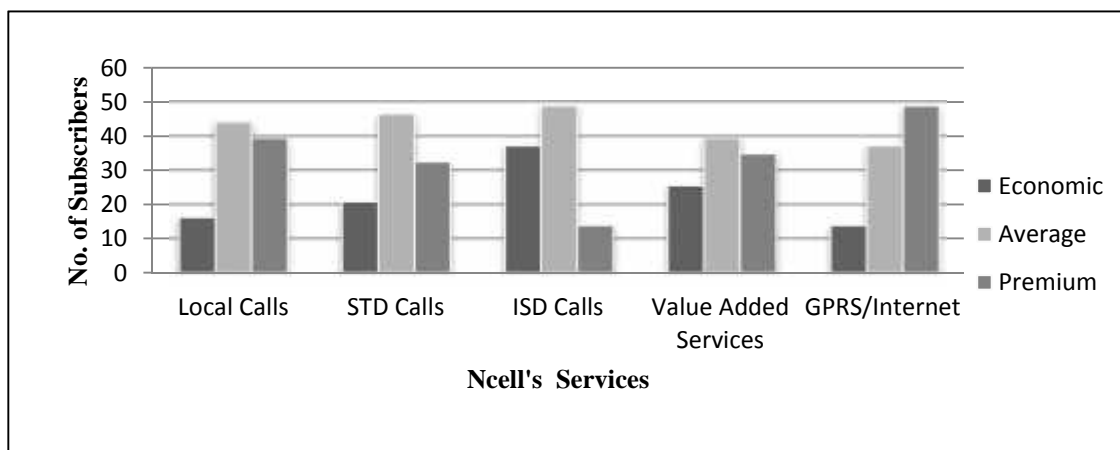
GSM Network	Ncell					
	Economic		Average		Premium	
	Frequency	Percent (%)	Frequency	Percent (%)	Frequency	Percent (%)
Local Calls	7	16.28	19	44.19	17	39.53
STD Calls	9	20.93	20	46.51	14	32.56
ISD Calls	16	37.21	21	48.84	6	13.95
Value Added Services	11	25.58	17	39.53	15	34.88
GPRS/Internet	6	13.95	16	37.21	21	48.84

Source : Field Survey, 2012

When Ncell consumers were asked about their perception about affordability of the services offered by its network, majority of them opinioned the charges to be either average or premium.

Figure: 4.2

Customer's Perception towards Affordability of Services of Ncell



This could lead to negative perception towards the tariffs on services provided by this network resulting in possible customer defection. The GPRS/internet services that are quite fast but appear to be relatively expensive, especially for students who do not have constant source of earnings. However the picture is relatively different in the case of NTC Subscribers.

Table: 4.5

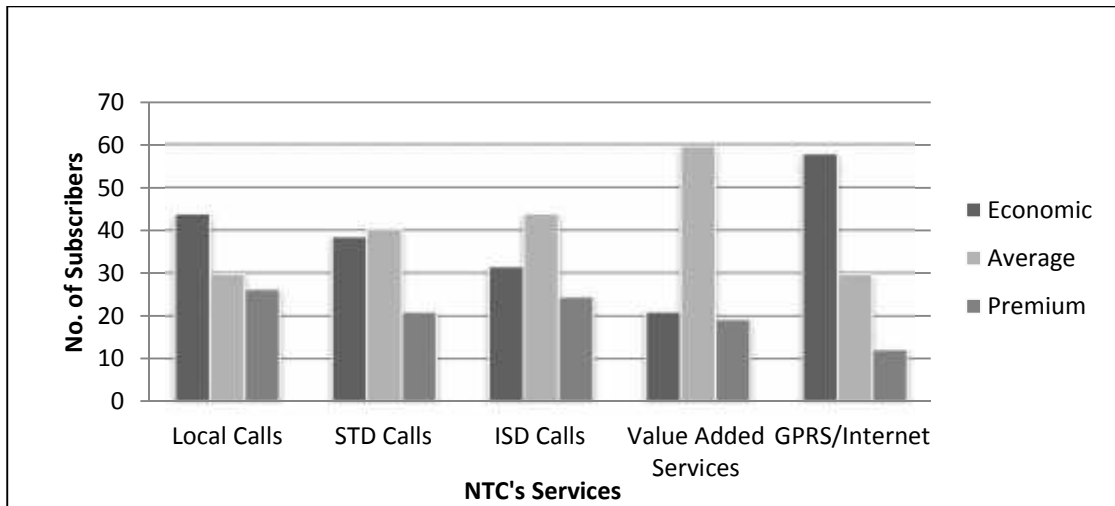
Customer's Perception about Affordability of Services of NTC

GSM Network	NTC					
	Economic		Average		Premium	
	Frequency	Percent (%)	Frequency	Percent (%)	Frequency	Percent (%)
Local Calls	25	43.86	17	29.82	15	26.32
STD Calls	22	38.60	23	40.35	12	21.05
ISD Calls	18	31.58	25	43.86	14	24.56
Value Added Services	12	21.05	34	59.65	11	19.30
GPRS/Internet	33	57.89	17	29.82	7	12.28

Source : Field Survey, 2012

Most of the services provided by then tend to relatively economic and average as depicted by the preceding table 4.5.

Figure: 4.3
Customer's Perception towards Affordability of Services of NTC



In the case of NTC subscribers, majority of respondents were found to have perceived the services such as local calls, STD calls, GPRS/internet to be significantly either economic or average. Least number of subscribers of this network viewed the prices charged on services by this network to be Premium. However, the GPRS/internet service users were discontent over their slow speed though it was significantly very lowly charged. Besides some respondents complained of low call make up success rate. Anyways, NTC service providers need not worry about the chances of customer defection due to unaffordability of services that it has been providing.

4.1.4 Customer's Response towards the Usefulness and Efficiency of Customer Support Service of their GSM cellular network

The perception of Customers towards the customer Support Service of Ncell, as shown in the following table 4.6, was relatively good with respect to NTC where a total of 86.05% of Ncell subscribers reported significant satisfaction with their network whereas only 35.09% of NTC subscribers were significantly satisfied. 26.32% of NTC subscribers were negative about the Support Services that were meant for customers in contrast to 2.33% of Ncell subscribers.

Such contrasting results shows that Ncell GSM service providers are in a better position than its competitor NTC at Customer Support Service through easily assessable service centers, retail shops, anytime assessable Customer Relation Representatives(CRR), efficient solution to customer queries by CRR etc..

Table: 4.6

Customer's Perception towards Customer Support Service of their Network

Opinion	Ncell	% in Total	NTC	% in total
Never	0	0.00	2	3.51
Rarely	1	2.33	13	22.81
Sometimes	5	11.63	22	38.60
Often	16	37.21	16	28.07
Always	21	48.84	4	7.02

Source : Field Survey, 2012

NTC should come up with efficient and effective Customer Support Service System to facilitate its subscribers as one of the attempt to achieve good will from its customer crucial for customer retention.

4.1.5 Customer's Response towards the Loyalty Enhancement Program of their GSM cellular network

Loyalty Enhancement Programs carries a paramount importance in retaining the customers. Such programs are meant to reward the loyalty of the customers for staying with them thus motivating them to continue the relationships with their network providers. Incentives such as balance bonus, free minutes, free SMS, talking points, double balance offers, zero limit rent, occasion offers & packages, special discount offer, prizes etc. are some forms of Programs popular in Nepalese cellular companies for loyalty enhancements.

When customers were asked about how they perceive the loyalty enhancement programs carried out by their service providers in their interest, subscribers of Ncell (72.09%) were found to be either in highly satisfactory position or satisfactory position and very less (9.30%) of the total were unknown about it.

Table: 4.7

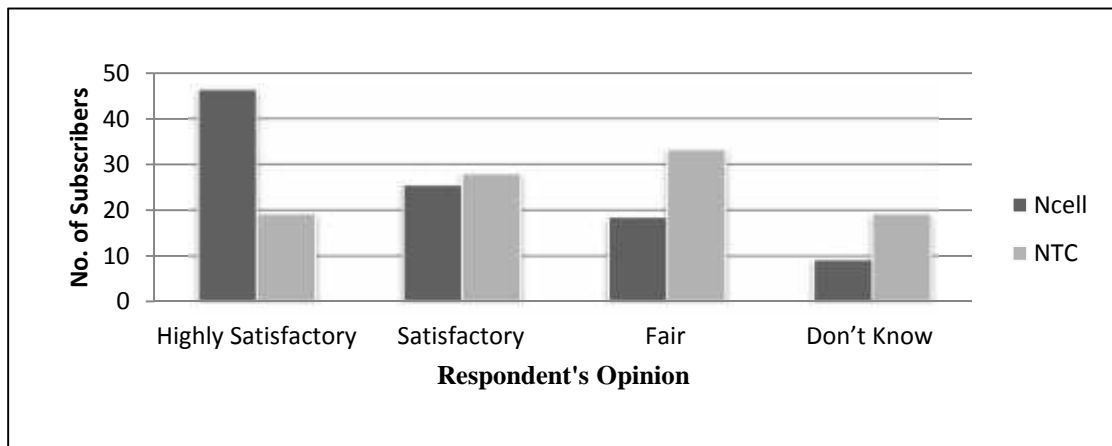
Customer's Response towards the Loyalty Enhancement Program of their network

Opinion	Ncell	% in Total	NTC	% in total
Highly Satisfactory	20	46.51	11	19.30
Satisfactory	11	25.58	16	28.07
Fair	8	18.60	19	33.33
Don't Know	4	9.30	11	19.30

Source : Field Survey, 2012

Figure: 4.4

Customer Perception towards Loyalty Enhancement Program of their Network



In contrast, 19.30% were found to be unknown about such programs when offered by NTC. It might be also due to the fact that NTC's loyalty enhancement programs are less innovative and offered by them in lesser frequency. A robust loyalty enhancement programs could hugely reward the mobile service providers by preventing the customer defection, thus maintaining the source of business in future as well.

4.1.6 Customer's Media awareness towards the Promotional Activities of their Network

Another important issue that was revealed by this study is that access to information about the products/service plays a central role in customer retention. When asked about where they got information about the GSM mobile networks different services

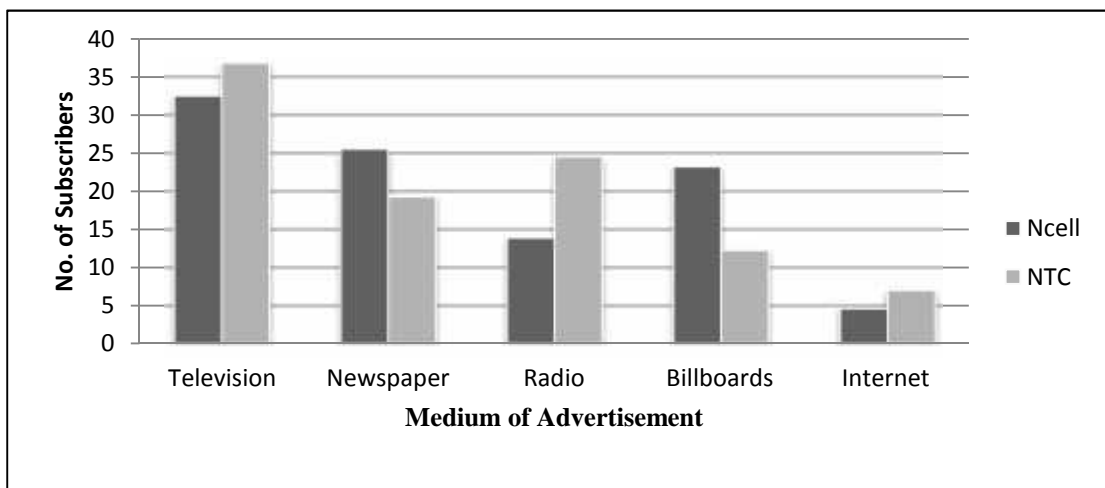
they used, the majority of the respondents indicated that they got the information about their network from television (shown in Table 4.8) even though many respondents got this information from more than one source.

Table: 4.8
Customer’s Media awareness towards the Promotional Activities of their Network

Media	Ncell	% in Total	NTC	% in total
Television	14	32.56	21	36.84
Newspaper	11	25.58	11	19.30
Radio	6	13.95	14	24.56
Billboards	10	23.26	7	12.28
Internet	2	4.65	4	7.02

Source : Field Survey, 2012

Figure: 4.5
Customer’s Media awareness towards the Promotional Activities of their network



Two prominent conclusions can be drawn from this study. First, for either of the networks, television & newspaper are the dominant media from which cellphone customers get information about their networks. This suggests that cellphone network providers in Pokhara would be most effective in reaching the target market by using television and newspaper for advertising. Consequently, any information that is meant

to enhance customer retention should be advertised through these media. Second, internet is the least accessible, and therefore the least effective media for advertising information, offers and new schemes that is meant to enhance customer retention.

In the case of Ncell, Billboards also seems to be a noticeable source to relay information with focus to customer retention. Unlike television and radio, that are normally household and news based media, access to internet is individually based and only those who have a stable source of income used it. Overall, electronic media is more effective in disseminating information for customer retention than other media.

4.1.7 Customer's Views towards switching over to other GSM cellular network

An important fact was surfaced when customers were asked if they are thinking of switching to other GSM mobile service provider in near future.

Table: 4.9

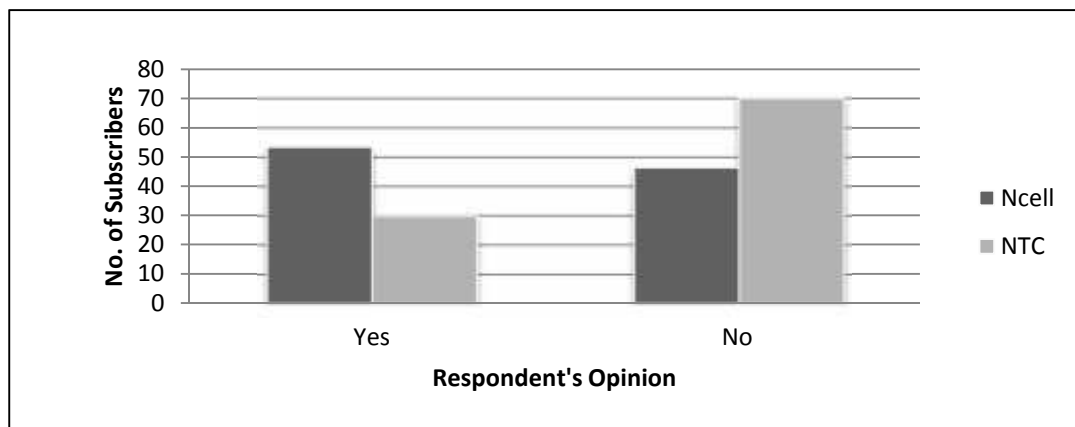
Customer's Views towards switching over to other GSM cellular network

Opinion	Ncell	% in Total	NTC	% in total
Yes	23	53.49	17	29.82
No	20	46.51	40	70.18

Source : Field Survey, 2012

Figure: 4.6

Customer's Views towards switching over to other GSM cellular network



The number of respondents who thought of switching over to other GSM mobile network was notably high among Ncell subscribers (53.49%) in comparison to NTC subscribers where only 29.82% of subscribers wanted to leave their present network. This result shows that there is a potential of considerable customer defection in the case of Ncell service users while NTC service provider seems to be at relaxed position regarding its business, as approximately 70% of its subscribers are willing to be retained with it.

4.1.8 Customer's Response towards major customer retention strategies of GSM service providers for optimum retention of their customers

Table: 4.10

Respondents who reported satisfaction with their network provider's retention strategies

Customer Retention Strategies	Parameters	Number of respondents who are satisfied	% in total
Service Quality	Prompt Service Access; Call set Up success rate; Call Drop Incidence; Network Coverage & Quality	93	28.9
Customer Satisfaction	Reliable; Value for money; expectation & performance	86	26.7
Customer Support Services	Accessible; Efficient & helpful Customer Relation Representative; Usefulness; prompt solution to queries	21	6.5
Loyalty Enhancement Programs	Incentives like bonus balance, free minutes, free SMS, talking points, balance double offer, zero limit rent, occasion package, discount offer, prizes, etc.	38	11.8
Affordability of Product	Reasonable tariff plans & GPRS internet charges, fairness in price	61	18.9
Promotion	Media; advertisement; sales promotion	23	7.1

Source: Field Survey, 2012

The relationship between business and their customers is the key of business viability. When asked which best methods could be adopted by cellphone network providers such of theirs, to maintain a harmonious relationship with their customers, the majority of respondents considered the quality of service and customer satisfaction as the best methods, as shown in the preceding table 4.10.

The highest number of respondents singled out quality of service and customer satisfaction as the most critical factors that affect the quality of the business-customer relationship.

However, the same table also indicates that customers are sensitive to prices, since a significant proportion of respondents consider reasonable prices as an important factor in determining favorable customer relationships. By charging high prices networks might induce their customers to switch to their competitors, particularly when the majority of customers comprises of those who do not have a steady source of income.

4.2 Major Findings

The findings of this study conducted can be summarized in the following points:

-) Maximum numbers of people who use GSM mobile services are in the age group of 21-35.
-) In comparison to female, more male (57%) are found to use these services. Male mobile service subscribers exceeds female by 14%.
-) Students (53%) form to be the majority of GSM mobile service subscribers.
-) Most of the users have been connected with GSM mobile services for more than 1 year.
-) The other important issue that has been revealed by this study is that most of the respondents use NTC (57%) as compared to Ncell (43%).
-) Study shows that Ncell subscribers perceive more favorably towards its quality of service than those of NTC subscribers. Ncell has been able to differentiate itself from NTC by positioning itself as superior network service quality. For this reason, some of the NTC users were also found to subscribe Ncell services for backup purpose.

-) Although, subscribers of Ncell GSM services perceive its service quality to very reliable and superior as compared to NTC, surprisingly their was much lower customer satisfaction among Ncell subscribers as compared to NTC. 80.70% of NTC customers were significantly satisfied with their network whereas it was just 44.18% subscribers in the case of Ncell.
-) Ncell lag behinds NTC in terms of price i.e. affordability of product. It was found that Ncell charges premium pricing whereas NTC network users perceive it's network pricing on the services to be either economic and average. Consumer segment like Students characterized by unsteady sources of earning were found to be heavy users of NTC and many students already having NTC also subscribed Ncell, mostly to use its GPRS/internet facilities even at premium charges just because they commented it to be very fast.
-) Ncell appears to be providing relatively good Customer Support Service experiences to its customers with respect to NTC where 86.05% of its subscribers reported significant satisfaction towards its Customer Support Services in comparison to comparatively low percentage (35.09%) of NTC subscribers being satisfied in this arena. 26.32% of NTC subscribers were negative about its Support Services, in contrast to 2.33% of Ncell subscribers.
-) A lot of Ncell subscribers, upto 72%, are found to be very satisfied to enjoy the various innovative and almost all-season loyalty enhancement programs like incentives (e.g. balance bonus, free minutes, free SMS, talking points, double balance offers, zero limit rent, occasion offers & packages) and discount offers, gifts etc. Many NTC subscribers expressed deep dissatisfaction over its subscriber's very less frequency of such enhancement schemes.
-) Offers & schemes by GSM service providers, meant for better customer retention, when advertised through electronic media like television and Newspaper were perceived effective by respondents, both in the case of Ncell and Nepal Telecom. Most subscribers also noticed the offers and new schemes through Billboards placed around in different corners of the city.
-) Majority of Nepal Telecom's GSM mobile service users as high as 70% did not want to switch to Ncell network. In the case of Ncell, more than half of its

users opinionated to switch Ncell's GSM cellular network for NTC, most citing Ncell premium pricing strategy as one of the reason.

) Majority of the respondents i.e. 93 of the respondents perceived Quality of Service and 86 perceived Customer Satisfaction as the best retention strategies among the six strategies considered for the study. However, it was also notable that significant number of respondents totaling to 61, thought affordability of Product i.e. Price factors as important factor.

CHAPTER V

SUMMARY AND CONCLUSIONS

This concluding chapter summarizes the purpose and objectives of the study, the major findings and conclusions, discusses some implications and produces some recommendation.

5.1 Summary

Customer retention is a strategic process to keep or retain the existing customers and not letting them to diverge or defect to other suppliers or organization for business and this is only possible when there is a quality relationship between customer and supplier. The ability to retain customers in the face of stiff competition guarantees the success and long term survival of service sector companies such as those involved in telecommunication industry. Customer retention has emerged as an overriding issue that has affected GSM service providers such as Ncell and Nepal Telecom, in Nepal. Such problem calls for these companies to overlook upon their strategies that are meant for retaining their customers.

The study was essentially set out with the objective of exploring the benefits and setbacks associated with different customer retention strategies, developed by these two GSM mobile service companies, through their assessment and determine the impacts of these benefits and setbacks on these networks so as to recommend the best strategies that work for those service providing companies in Pokhara, all from the customer's viewpoint using the customer retention determinants: Quality of service, Customer satisfaction, Customer support service, Loyalty enhancement programs, Affordability of products and Promotions. Such an approach was aimed at uncovering little researched effects on retention. In particular, it offers a continuous analysis on the role of the above factors in improving overall service and it may also uncover alternative means of retaining customers. The results of this study indicate that for cellphone networks: Ncell and Nepal Telecom to determine if their customer retention

strategies are effective they need to check if these strategies are appreciated by their customers.

The study was basically a survey that used both qualitative and quantitative approaches. A structured questionnaire was developed, pre-tested and personally administered to the subscribers of Ncell and Nepal telecom to find out if the question was understandable. 100 respondents were chosen as sample from population of Pokhara municipality. Since the questionnaire was self-administered, analysis covered 100% responses rate.

Studying, evaluating and implementing strategies that aim at improving customer retention can ultimately maximize share of customers thereby creating a beneficial effects on the financial performance of such firms. Various findings from this study suggest that customers were more persuaded and retained by retention strategies that were focused at superior quality of services, delivery of optimum satisfaction to them and reasonable prices charged on the GSM mobile services they bought & should therefore special attention be given by these network companies to ensure the retention of their customers. Because today most customers can choose between varieties of products and are aware of the circumstances prevailing in the market, customers are not so easily fooled. Therefore, firms can usually survive and expand by offering favorable terms to retain customers. Organizations must constantly be improving offerings and relationships with customers to do well.

5.2 Conclusion

The purpose of this research study was to identify the customer retention strategies that are employed by the GSM Mobile Service Companies in Pokhara and to evaluate the effectiveness of the strategies from the viewpoint of customers. There are only two GSM Mobile Service Companies in Nepal viz: Nepal Telecom (NTC) and Ncell that have extensive networks all over Pokhara valley. The study explored the benefits and setbacks associated with different customer retention strategies and determined the impacts of these benefits and setbacks on these two GSM cellphone networks with the view to recommend the best strategies that work for those service providing companies in Pokhara.

A number of important conclusions have emerged from the study which is listed as follows:

-) It was seen from the study that the Nepal Telecom has been able to retain most of its customers as result of their economic prices charged on its services despite the fact that NTC's customer didn't have the privilege of enjoying the same superior quality of service as those enjoyed by Ncell's customers. Repurchase intentions are positively influenced by superior service quality offered but due to the strategy of adopting premium pricing on its service products offered, in Pokhara Ncell lags behind its competitor in terms of price. Though provision of quality services and benefits is necessary, customer argued they were still not the sufficient condition for customer retention.
-) Results from the study reveal Ncell in a superior position than its competitor NTC at delivering reliable, easily accessible and better Customer Support Service experience to its customers.
-) The finding of the study shows that Ncell has outmatched NTC in coming up with very innovative and attractive loyalty enhancement strategies on a regular basis, in the form of various schemes, packages and offers etc. that has ultimately created a positive reception and appreciation in the minds of current customers of Ncell GSM mobile services in Pokhara.
-) Study outlines that in Pokhara, for effective customer retention to be better achieved by these two GSM mobile service providers, customer perceived effective marketing as being equally imperative. Effective use of advertisement and promotional schemes through electronic media like television and newspapers can enhance customer loyalty and customer retention or even win back lapsing customers.
-) Findings of the study indicate quality of the services provided, delivery of optimum satisfaction to customers and the capacity of the network to provide the services at affordable prices as the most effective ones, though there are many retention strategies that have been adopted by Ncell and NTC in Pokhara.

5.3 Recommendations

The study so carried out in Pokhara, on the two GSM mobile service providers in Nepal viz: Nepal Telecom and Ncell, concluded with a number of important ground realities to which they need to ponder upon and make some serious efforts to fine-tune their customer retention strategies with the needs and preferences as reflected in perception held by their respective customers. In this realm, following recommendations can be put forward from the findings so obtained from the research study so conducted:-

-) The GSM service providers should consider affordability of their products as an imperative option for customer retention owing to the reason that Nepalese market is hugely characterized as “Price Sensitive”. Since provision of quality services and benefits are still not sufficient condition for customer retention, though necessary, it can be argued that Ncell Pvt. Ltd should consider for tariff reduction on the premium prices charged on most of its service products to retain its present customers.
-) Since a pleasant customer support service experience can change the entire perception, a customer has of the organization, NTC subscribers, who in a significant number, expressed a deep dissatisfaction towards this service in particular, needs to come up with robust, reliable and easily accessible Customer Support Service.
-) Provision of time-to-time loyalty enhancement program can be an important factor in determining favorable customer relationship by influencing the customer’s repurchase intentions. Hence, NTC, which lags behind Ncell in such programs, should come up with vigorous and attractive loyalty enhancement programs on a regular basis so as to keep its subscribers delighted.
-) In order to retain customers the GSM cellphone networks (Nepal Telecom and Ncell) need to effectively advertise and provide customer support services, as well as provide information about the level to which their products are useful and affordable. In this regard, these GSM service providers should continue to use electronic media extensively to enhance customer loyalty and reduce

defection as the study concludes it to be more promising means of advertisement and promotion than other media.

) Since findings of the study indicate that out of the many retention strategies that have been adopted Ncell and NTC in Pokhara, the most effective are sketched out to be quality of the services provided, delivery of optimum satisfaction to customers and the capacity of the network to provide the services at an affordable prices, hence Nepal Telecom and Ncell should come up with robust strategies streamlined to these three key factors in their attempt for customer retention.

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APPENDICES

ANNEX-I

Dear Respondent,

I am conducting a research in partial fulfillment of my MBS degree of Tribhuwan University, Prithvi Narayan Campurs, Bagar entitled “A comparative study on the impact of Customer Retention Strategies in the Nepalese GSM Mobile Service Companies: A Case Study of Pokhara”. Your Cooperation would be highly appreciated if you could provide the relevant information as per the contents of the questionnaire. This is purely an academic research. The information provided by you will be kept confidential.

Please tick () for the right option:

1. Age Group : Below 20 21-35 36-50 Above 50

2. Gender: Male Female

3. Occupation:
 Students Employee Self-Employed Others

4. How long have you been using your current GSM Mobile Services?
 0-1 Years 1-2 Years 2-3 Years Above 3 Years

5. Please specify the company of the GSM Mobile Service Providers that you have been using?
 NTC Ncell Both

6. What is your perception towards the Quality Service offered by your GSM mobile service Provider?
 Highly Satisfactory Satisfactory Fair Don't Know

7. Are you satisfied with your GSM mobile Service Provider?

Yes No

8. How do you perceive the Price Charged on the following Services?

Services	Economic	Average	Premium
Local Calls			
STD Calls			
ISD Calls			
Value Added Services			
GPRS/Internet			

9. Do you find the Customer Support Service of your GSM mobile Service Network to be Useful and Efficient?

Never Rarely Sometimes Often Always

10. How do you perceive the Loyalty Enhancement Program of your GSM mobile Service Company?

Highly Satisfactory Satisfactory Fair Don't Know

11. Where do you get the information about your GSM mobile Service Network?

Television Newspaper Radio Billboards Internet

12. Are you thinking of switching to other GSM mobile service provider in near future?

Yes No

13. Which best methods could be adopted by your GSM mobile service providers to maintain a harmonious relationship with you?

Customer Retention Strategies	Parameters	Your Opinion

Service Quality	Prompt Service Access; Call set Up success rate; Call Drop Incidence; Network Coverage & Quality	
Customer Satisfaction	Reliable; Value for money; expectation & performance	
Customer Support Services	Accessible; Efficient & helpful Customer Relation Representative; Usefulness; prompt solution to queries	
Loyalty Enhancement Programs	Incentives like bonus balance, free minutes, free SMS, talking points, balance double offer, zero limit rent, occasion package, discount offer, prizes, etc.	
Affordability of Product	Reasonable tariff plans & GPRS internet charges, fairness in price	
Promotion	Media; advertisement; sales promotion	

ANNEX-II
MASTERDATA SHEET

1. Age Group (in Years) :

Below 20	21 -35	36-50	Above 50	Total
25	39	28	18	100

2. Gender:

Male	Female	Total
57	43	100

3. Occupation:

Students	Employee	Self-Employed	Others	Total
52	16	13	18	100

4. How long have you been using your current GSM Mobile Services?

0-1 years	1-2 Years	2-3 years	Above 3 Years	Total
19	34	26	21	100

5. Please specify the company of the GSM Mobile Service Providers that you have been using?

NTC	Ncell	Total
57	43	100

6. What is your perception towards the Quality Service offered by your GSM mobile service Provider?

Network	Highly Satisfactory	Satisfactory	Fair	Don't Know	Total
NTC	7	31	13	6	57
Ncell	3	11	17	12	43

7. Are you satisfied with your GSM mobile Service Provider?

Network	Yes	No	Total
NTC	46	11	57
Ncell	19	24	43

8. How do you perceive the Price Charged on the following Services?

Ncell Services	Economic	Average	Premium
Local Calls	7	19	17
STD Calls	9	20	14
ISD Calls	16	21	6
Value Added Services	11	17	15
GPRS/Internet	6	16	21
NTC Services	Economic	Average	Premium
Local Calls	25	17	15
STD Calls	22	23	12
ISD Calls	18	25	14
Value Added Services	12	34	11
GPRS/Internet	33	17	7
Grand Total	100		

9. Do you find the Customer Support Service of your GSM mobile Service Network to be Useful and Efficient?

Network	Never	Rarely	Sometimes	Often	Always	Total
NTC	2	13	22	16	4	57
Ncell	0	1	5	16	21	43

10. How do you perceive the Loyalty Enhancement Program of your GSM mobile Service Company?

Network	Highly Satisfactory	Satisfactory	Fair	Don't Know	Total
NTC	11	16	19	11	57
Ncell	20	11	8	4	43

11. Where do you get the information about your GSM mobile Service Network?

Network	Television	Newspaper	Radio	Billboards	Internet	Total
NTC	21	11	14	7	4	57
Ncell	14	11	6	10	2	43

12. Are you thinking of switching to other GSM mobile service provider in near future?

Network	Yes	No	Total
NTC	17	40	57
Ncell	23	20	43

13. Which best methods could be adopted by your GSM mobile service providers to maintain a harmonious relationship with you?

Customer Retention Strategies	Parameters	Your Opinion
Service Quality	Prompt Service Access; Call set Up success rate; Call Drop Incidence; Network Coverage & Quality	93
Customer Satisfaction	Reliable; Value for money; expectation & performance	86
Customer Support Services	Accessible; Efficient & helpful Customer Relation Representative; Usefulness; prompt solution to queries	21
Loyalty Enhancement Programs	Incentives like bonus balance, free minutes, free SMS, talking points, balance double offer, zero limit rent, occasion package, discount offer, prizes, etc.	38
Affordability of Product	Reasonable tariff plans & GPRS internet charges, fairness in price	61
Promotion	Media; advertisement; sales promotion	23