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A Study on Perceived Service Quality of IDEA Cellular Ltd. - A Case Study on Factor Analysis

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Abstract The paper focuses on the perceived service quality of Idea Cellular which is a leading GSM mobile services operator in India. This study investigates the effect of marketing strategies espoused by Idea Cellular and its upshot on the consumers. It also attempts to study the expectations of the customers and the marketing strategies that have been taken by the organization to discharge them. A study of perception of distributors has also been made to understand insights and identify factors of customer satisfaction that the organization is focusing on. The study highlights the factors that contribute to the hedonistic escalation in this dynamic competitive world.

Keywords: *brand preference, distributors, customer satisfaction, marketing strategies, service quality*

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1. Introduction

Idea Cellular's history dates back to the year 1995, when it was incorporated as Birla Communication services, the company entered into a joint venture with Grasim Industries and the global telecom giant AT&T. The same year, its name was changed to Birla AT&T Communications Limited. A merger with Tata Cellular Limited took place in 2000. In 2002, the company created the brand 'Idea' and changed its name to Idea Cellular Limited. The same year it launched operations in Delhi and crossed the one million subscriber base; in 2005, it crossed the subscriber base of five million. In 2006, the Tata Group transferred all its shares to the Aditya Birla Group and the group became the largest shareholder in the company. In 2007, Idea came with an IPO and got listed on the bourses - the same year it reached the subscriber base of 20 million.

Idea is envisioned as a 'Champion' brand, driven by a cause. Its mission is to shift paradigms, making mobile telephony a way of life. To be a leader in the fast changing telecom industry, it is important to be ahead of the times. Idea represents innovation and vitality, is imaginative and future ready. The Company's outstanding work in the field of business, advertising and marketing continues to be recognized not only nationally but even at international forums. Due to these reasons it is enjoying a fairly large base of customers. But this fact can't be ignored that there is a cut-throat competition in the telecom sector and rivals never want to lose a single chance of grabbing the market share of other players. So it becomes highly essential to provide superior quality service to create new customers as well as retaining the existing ones.

As a means of customer retention strategy, the customer – employee relationship has become more ardent. Idea Cellular is India's first truly multinational corporation. The group operates in 33 countries, and is anchored by more than 132,000 employees belonging to 42 nationalities. It is the 3rd largest mobile services operator in India. IDEA Cellular has been recognized as the 'Most Customer Responsive Company' in the Telecom sector, at the prestigious Avaya Global Connect Customer Responsiveness Awards 2010. Idea's service delivery platform is ISO 9001: 2008 certified, making it the only operator in the country to have this standard certification for all 22 service areas and the corporate office. Innovation in Network Infrastructure has also been initiated. Very few studies have been carried out to study the marketing strategies of Idea Cellular and analyze the behavior of service users in context of their expectations and satisfaction level. Employee's discernment about products and services offered by its organization also plays an important role in sustainability and growth. An effort is being made to study the perception of employees along with customers to identify the factors that are missed out when only customers' responses are analyzed. This paper helps in studying the similarities and differences in perception of marketing strategies adopted to fulfill customers' needs expectations and grow in business.

2. Objective of the Study

- To study the perception of customers and distributors towards Figure 1. Educational Qualification of Customers service quality offered by Idea Cellular.

- To identify critical factors which are responsible for customer satisfaction.

3. Research Methodology

This exploratory research is limited to the primary responses of 150 customers and 100 distributors of Idea Cellular based in Bhubaneswar, Odisha. Respondents have been drawn on the basis of convenient random sampling. The research was limited to Bhubaneswar locality. Samples are taken from Nayapalli, Baramunda, Shaheed Nagar, Rasulgarh, Acharya Vihar, Rental Colony, CRPF, CRP areas. A structured questionnaire comprising of 10 questions for customers and 12 questions for distributors is being used to collect primary data. Secondary data has been collected from magazines, journals and annual reports of Idea Cellular. Parameters of the study are Price based factors, Non-Price based factors, Perception and Preference for Idea Services, Effect of Price Reduction, Marketing Mix factors, Integrated Marketing Communication, Company's focus on marketing mix factors, Customer Relationship Management (CRM), Switching Subscribers and Overall satisfaction (Customers).

4. Demographic Profile

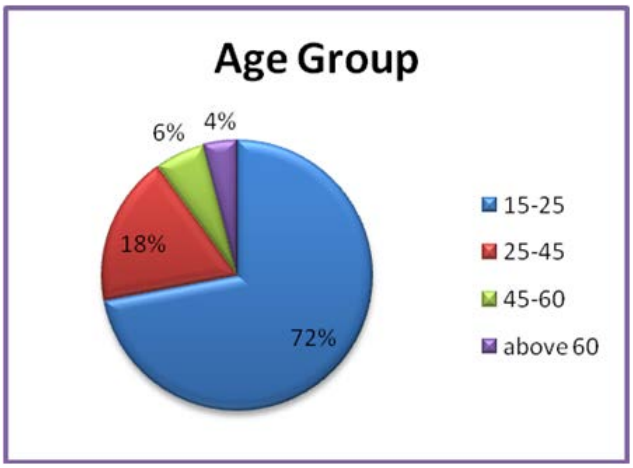

Figure 1. Age Group of the Customers

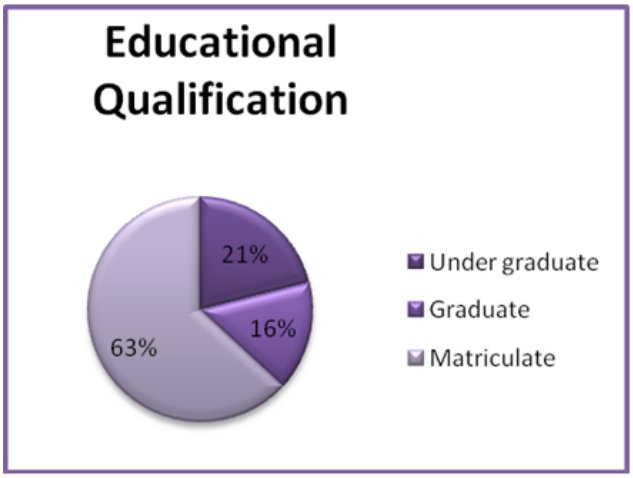

Figure 2. Educational Qualification of Customers

Figure 1 shows the various age groups of customers has taken part in the survey and Figure 2 shows their educational background which is a major factor in this survey as it helps them to know about various offers and schemes provided by Idea Cellular.

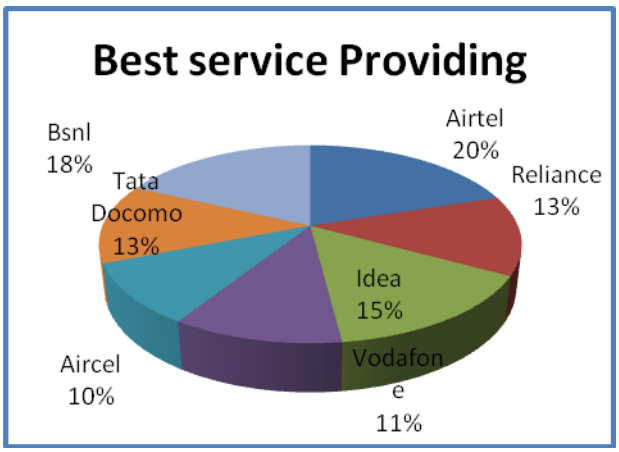

Figure 3. Best Service Provider

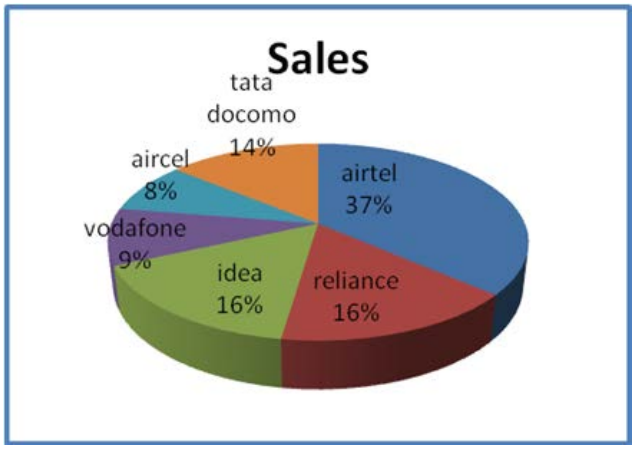

Figure 4. Most Selling Brand in Odisha

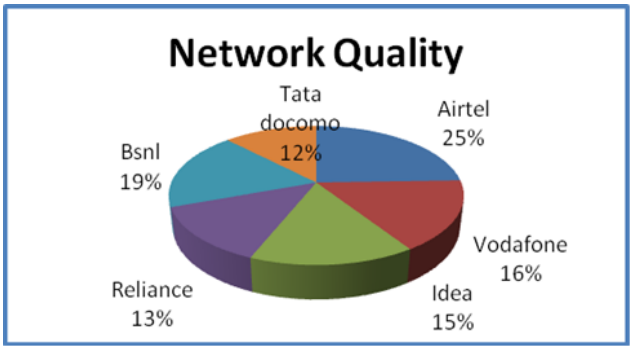

Figure 5. Network Quality of Different Brands

4.1. Interpretation

Figure 3 shows the telecom companies which are providing quality service in Bhubaneswar circle. It can be concluded that Airtel has taken the market share here by providing quality service to the customers. Then BSNL (Bharat Sanchar Nigam Limited) has taken the next position after Airtel. Idea has the 3rd position in providing the services. Figure 4 interprets which brands of SIMs have highest sales. Here, Idea has acquired the same rank that of Reliance and Airtel has the highest selling point.

Figure 5 shows the quality of network available in different brands of telecom industry. Airtel, BSNL and Vodafone have taken 1st, 2nd and 3rd position respectively. And Idea is in 4th place. From these figures it can be conclude that Idea has been providing moderate service.

5. Factor Analysis

Factor analysis was done by using Principal Component Analysis Method to reduce the number of factors responsible for variance in the responses of the employees.

Table 1. Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.731	24.735	24.735	1.731	24.735	24.735	1.643	23.467	23.467
2	1.380	19.714	44.449	1.380	19.714	44.449	1.420	20.280	43.746
3	1.081	15.443	59.892	1.081	15.443	59.892	1.087	15.530	59.276
4	1.040	14.859	74.751	1.040	14.859	74.751	1.083	15.475	74.751
5	.848	12.115	86.866						
6	.543	7.762	94.629						
7	.376	5.371	100.000						
Extraction Method: Principal Component Analysis.									

Table 2. Component Matrix[a]

	Component			
	1	2	3	4
VAR00001	.875	-.117	-.086	-.041
VAR00002	.097	-.134	.418	.805
VAR00003	.055	.208	-.620	.616
VAR00004	.084	.864	-.052	-.046
VAR00005	-.699	.390	.381	.092
VAR00006	.459	.638	.090	-.033
VAR00007	.497	.023	.599	.014
Extraction Method: Principal Component Analysis.				
a. 4 components extracted.				

Table 3. Rotated Component Matrix[a]

Component		
1	2	3
.855	.188	-.096
-.049	-.091	.093
.106	.141	.867
-.178	.834	.126
-.868	.148	-.095
.192	.762	-.065
.276	.239	-.537
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 6 iterations.		

5.1. Interpretation

(Before extraction it is assumed that each of the original variables has as Eigen value=1). As evident from Table 1 it is found that 4 factors extracted together account for 74.751% of the total variance (information contained in the original 7 variables). Hence, the number of variables have been reduced from 7 to 4 underlying factors. Table 2 represents the component factor matrix of 4 components. Looking at Table 3 the variable 1 has factor loadings of 0.855 indicating that factor 1 is one variable. Therefore this factor can be interpreted as **"Service Facility"**. Now for factor 2 it is shown that variables 4 and 6 have a high loading of 0.834 & 0.762 respectively, indicating that factor 2 is a combination of these variables. These variables can be clubbed into a single factor called "**High Call rates and SIM activation duration**." As for factor 3, it is evident that variables 3 has a high loading of 0.867. This factor 1 variable can be termed as "**Non availability of special offers**". As for factor 4, it is evident that variable 4 has a high loading of 0.911. This factor can be termed as "**Fluctuation of network**".

6. Observation and Findings

In the survey of Bhubaneswar city found this result by approaching different retailers who deals in the communication products and the customers and find out result in Bhubaneswar city with the help of questionnaire.

- Airtel is the Market Leader in Bhubaneswar. This result is based upon the Sales Revenue of various telecom players in Bhubaneswar City.
- Idea and Reliance are having similar Sales revenue then Idea and Reliance are Competitors of each other.
- Most of the Retailers are dissatisfied with service quality of Idea cellular because they have some problem like did not get Sign Box, Boards, Tariff Charts etc for their advertisement.
- Idea cellular having good network quality in cities and town but poor network quality in rural areas.
- Idea cellular's having less various tariff plans which attracts a less number of customers compared to other telecom players.
- Frequently changing distributors of Idea cellular is a major problem for providing services
- As distributors are changing very frequently, the service providers are facing problems with getting the stock and balance in their demo.

- Customers are not satisfied with the poor quality of network.
- Idea is not performing well in comparison to other service providers in Odisha circle.
- The competitor brands like Airtel, Tata Docomo, Aircel etc are providing cheaper call rates and various cheaper services than idea, which is attracting the customers more.
- Direct sales executives (DSE) are not visiting the retail outlets regularly.
- DSE are not co-operative with the outlet owners.

7. Suggestions

- It should motivate the Retailer to increase sales revenue by giving gifts and rewards etc.
- It should increase network quality in rural areas.
- It should provide expertise regularly visit to Retailer to giving the knowledge of sales promotion, coming technology, offers and plans.
- It should concentrate on advertisement like Road side hoardings and banners.
- It should provide a service to retailer if by mistake any retailer recharges an amount to other number then on request of retailer it may come back by deduction of few percent.

8. Conclusion

From the survey it is clearly related that the company has hardly a good market in Odisha, basically at Bhubaneswar area. While comparing to all other companies, the price of the quantum is relatively high based on its offers which will make the retailer as well as the customers to go for another product. Though Idea is a national player but its position in Odisha market is not so good.

The current study on Idea Cellular reveals the factors that help in crafting customer satisfaction. Low-cost pricing strategy has emerged as one of the most powerful factor that satisfies the customers. Better quality of services, reliability, better customer care and good brand image has helped Idea grow in a short span of business in India. The organization is able to develop service standards, complaint monitoring cell and information cell that provides proper and timely information about Idea products and services. According to the study, customers and employees find call rates, new schemes and offers and SMS rates highly relevant to their needs at Idea Cellular. The company is focusing hardly on its product mix, price, mix, promotion mix, distribution mix and STP (Segmentation, Targeting and Positioning) strategy but the major weakness that was revealed during the study was its network. Customers and employees both agreed that it is merely network that churns the customers.

The company must adopt the price-range which will be affordable by the customers as well as the retailer counters. It must consider the dealers as their part but not separate entity as they play a dominant role for the product, its promotion and marketing network. Exhibit 1 shows the area in Indian market covered by different network brands. It must take feedback and ideas from the groups and according to these suggestions and ideas make a relevant and better strategy.

9. Limitations of the Study

- The study is limited to Bhubaneswar city only.
- The responses may be biased for the subscriber customers are using.
- The responses of the employees may be biased for the company they are working for.
- The number of respondents is a small representation of the whole population.

10. Managerial Implication

Idea is a strong brand in national market but now it is declining due to poor network, higher call rates and tariffs, poor service facility. So the company should focus on these areas and should emphasize the customer relation more and more through more campaigning and advertisement, more consumer complaints active cells to solve their issues as soon as possible. Then only the company can attain a good position in the market and can increase its sales and revenue.

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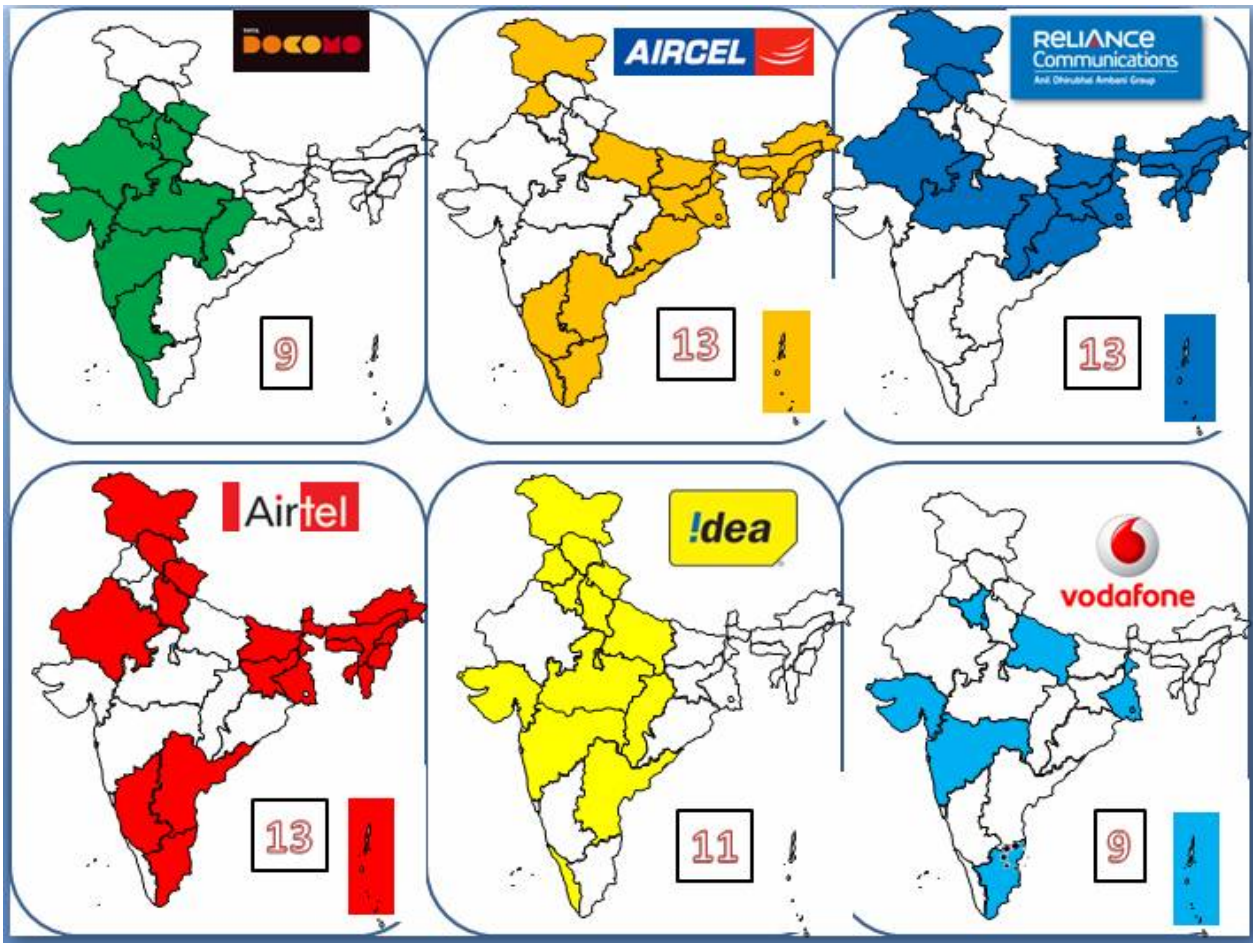

Exhibit 1. Covering Area in Indian Market of Different Network Brands