

Telecom Industry: A study of Rural Market

* Sarabjit Singh Shergill

** Harminder Singh

*** Gursimran kaur

* Lecturer, Patiala Institute of Engineering & Technology for Women, Patiala (PB).

E-Mail: sarabjit.shergill85@ gmail.com Contact: 09592279469

**Assistant Professor , Bhai Gurdas Institute of Engineering and Technology,Sangrur

E-Mail: harminder.cheema85@ gmail.com

*** Assistant Professor, Bhai Gurdas Institute of Engineering and Technology,Sangrur

E-Mail: noorgursimran@ yahoo.co.in

Abstract

Telecom industry in India has undergone a revolution during the past few years with tremendous growth in the telecom subscriber base. Additionally, the country's telecom industry is one of the fastest growing and one of the largest telecommunication networks in the world. With the ongoing investments into infrastructure deployment, the country is projected to witness high penetration of Internet, broadband, and mobile subscribers in near future. The Telecom industry in rural India has significant potential with number of subscribers. This research paper covers various aspects of the Indian rural mobile market. Moreover, it provides detail analysis of the rural mobile market in terms of the awareness level of Value Added Services among rural consumers, the impact of advertisement of telecom Companies in rural market, the factors which affect the selection of the service provider.

Key Words [Revolution, Telecom industry, Rural India, Value Added Services, Service provider]

Corresponding Author: Harminder Singh

1.0 Introduction:

Telecom Regulatory Authority of India (TRAI) believes that every Indian should have the opportunity to connect with the world beyond their geographical boundaries, and is working to ensure that every individual has access to a dial tone wherever and whenever tapped. Around the world, governments, international agencies, and academics have recognized telecom as an enabling infrastructure – allowing the people it connects to reach out and communicate, seeks business, and grows their knowledge. Rural India is still, unfortunately, on the wrong side of the digital divide, which prevents a significant portion of our population from attaining their full potential. Given that communication is a human need and right, and that a strong communication network enables commercial and social ties, it is essential that we bridge this divide between urban and rural India.

2.0 Objectives of the Study:

1. To analyze the awareness level of Value Added Services among rural customers.
 2. To analyze the impact of advertisement of telecom Companies in rural market.
 3. To find out the factors affecting the selection of the service provider.
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3.0 Review of Literature:

B. Anckar D. D'Incau (2008) Although little is known about consumers' attitudes towards wireless marketing channels, many organizations are today making considerable investments to take advantage of the new business possibilities offered by wireless technologies - encouraged by optimistic, yet contradictory forecast on the future volume of m-commerce.

Shailaja VR (May 15, 2007) A large portion of Mobile phone connections growth will arise from pre-paid connections, driven by the increasing affordability of handsets and tariffs amongst India's lower middle classes. The phenomenal growth in the Indian mobile phone market has largely been driven by urban consumption. We expect this to continue with urban geographies achieving saturation levels similar to current Western European markets in the next five years.

Tobias Kollmann (2004) did a research, attitude, adoption or acceptance measuring the market success of telecommunication and multimedia technology. Frequently, the term "acceptance" has been used in consumer marketing for an evaluation of the sales/market success of products. On the basis of reflections considering the market success of telecommunication and multimedia systems, a clearer distinction of the term is evaluated and an alternative construct of acceptance presented.

G. Dhananjayan (2005) did a case study on mobile users of Punjab and concluded that despite the presence of only four mobile operators in Punjab, due to aggressive market expansion and segmentation strategy followed by two key operators (Airtel and Spice), the total mobile population crossed 3.2 million by October 2004 for a population of just 24.35 million, thus achieving a penetration level of a whopping 13%. Most which are industrially advanced had just 6% mobile penetration, clearly illustrating the lead achieved by Punjab.

4.0 Research Methodology:

Need of the Study:

Telecom Industry is booming Industry and also a very good market in rural areas also. So there is need to analyze this industry in the context of rural market.

Scope of the study:

The scope of the study restricted to the customers of various telecom companies of India. For the collection of the primary data the study was confined to Malwa region of Punjab state only.

Research Design:

The study being undertaken is Descriptive in nature. The major purpose of descriptive research is description of the state of affairs as it exists at present, while studying the research problem, scientific method is followed.

Sampling Unit: In this study, the sampling unit was customers of various telecom companies of India.

Sampling Size: The sample size was so selected that it could be adequate enough to represent the whole population, and also gives the true picture. The total sample size was restricted to 225 consumers of various telecom companies of India.

Sampling Design: Keeping in mind the nature of data required for the study, random sampling technique has been used. The respondent for the survey has been selected from the selected cities of Malwa Region Punjab; like Patiala, Sangrur, Bathinda and Fatehgarh Sahib.

Data Collection:

In the present study I have made use of primary data collected through questionnaire. I also used information available on web-portals.

- **Questionnaire Method:** The primary data was collected by administering structured questionnaire to the patients under treatment at the premises of the service provider.

Nature of the Study:

The “Descriptive Research Study” has been used. The basic aim is to gain familiarity and to achieve new insights along with describing the existing facts.

Statistical Tools and Techniques:

In this study a lot of statistical tool and techniques are used according the requirement of the study, which are as following:

$$\text{Weighted Average} = \frac{X_1W_1 + X_2W_2 + \dots\dots\dots X_nW_n}{W_1 + W_2 + \dots\dots\dots W_n}$$

Where; X represents the variable values

W represents the weights attached to variable values.

Analysis and Interpretation of data:

The use of statistical techniques was in the light of nature and suitability of data available and requirements of analysis. The statistical techniques used are the measures of average and t match paired test method. As regarding the scaling techniques, the five point scale have been used with points of 5, 4,3,2,1 assigned strongly agree to strongly disagree. The ranking method was also used, where the respondents have ranked all the answers.

Limitations of the study:

1. The present study is based on the data collected from sample districts of Punjab state only and the result may vary from other states or the national average.
2. Any primary data based study through pre-designed questionnaire suffers from the basic limitations of the possibility of difference between what is recorded and what is truth, no matter how carefully the questionnaire has been designed and field investigation has been done. The same may be deliberately report their true opinion due to some biasness.
3. Since obtaining the opinion of customers was the sole objective of study, the sample size was kept limited to 225 customers of various telecom companies of India.
4. The respondents were selected from the rural areas only.
5. The possibility of respondent's responses being biased cannot be ruled out.

5.0 Data Analysis and Interpretation:

Profile of the Customers:

Table 5.11 Demographic Profile

	Category	Nos.	Percentage
A	18 to 35 years	45	20 %
G	36 to 45 years	75	33.33 %
E	46 to 55 years	51	22.67 %
	56 to 65 years	40	17.78 %
	Above 65 years	14	6.22 %
	Total	225	100 %
Educational Qualification	Under Matric	40	17.78 %
	Matric	102	45.33 %
	Graduate	69	30.67 %
	Post Graduate/Professional	14	6.22 %
	Total	225	100 %
O	Agriculture	45	20 %
C	Business	67	29.78 %
C	Housewife	40	17.78 %
U	Student	20	8.89 %
P	Professional	10	4.44 %
A	Service	35	15.56 %
T	Others	8	3.56 %
I	Total	225	100%
O			
N			
I N C O M E	Below Rs. 50,000	14	6.62 %
	Rs. 50,000-Rs. 1,00,00	50	22.22 %
	Rs. 1,00,000-Rs. 2,00,000	112	49.78 %
	Rs. 2,00,000-Rs. 5,00,000	44	19.56 %
	Above Rs. 5,00,000	5	2.22 %
	Total	225	100 %

Table 5.11 shows the classification of customers in sample by age group. 20 % customers were in the age group of 18-35 years, 33.33 % customers were in the age group of 36-45 years and 22.67 % customers were in the age group of 46-55 years. In the senior category 17.78 % customers were in the age group of 56-65 years and 6.22 % customers were above 65 years.

Under the education level classification, out of these 17.55 % customers were Under Matric, 45.56 % customers were Matric, 30.67 % customers were Graduate and 6.22 % customers were from Post Graduate or professional category.

Under the occupation profile of customers, 20.22 % customers were from Agriculture background, 29.56 % customers were from Business class, 17.78 % customers were Housewives and 8.89 % patients were students, 4.44 % of customers belonged to Professional category, 15.56 % customers were from service category and 3.56 % were from other occupational categories.

Out of these 225 customers in the sample 6.62 % customers were from below Rs. 50,000 per annum income category, 49.78 % customers were from Rs. 1,00,00-Rs. 2,00,000 per annum income category, 19.56 % customers were from Rs. 2,00,000-Rs. 5,00,000 per annum income category and few 2.22 % customers were from above Rs. 5,00,000 per annum income category.

5.2 Awareness level of Value Added Services among rural customers:

Table 5.21 indicates the usage and awareness level of VAS in rural area of Punjab. An attempt was made to find out the awareness level but except SMS & Caller tune respondents have no awareness about the GPRS, voicemail, MMS. They know some about news update etc. but they use it rarely.

Table 5.21

VAS	Always	Often	Sometimes	Rarely	Never
SMS	25 %	19 %	29 %	18 %	9 %
GPRS	5 %	6 %	7 %	9 %	73 %
Caller tune	12 %	14 %	31 %	16 %	27 %
Voicemail	0 %	0 %	11 %	7 %	82 %
MMS	0 %	3 %	18 %	31 %	48 %
News update	5 %	0 %	2 %	24 %	69 %

5.3 Impact of advertisement of telecom Companies in rural market:

Table 5.31 explains the impact of advertisement of telecom Companies in rural market as: Awareness about Companies is 37 %, Provide customer intelligence is 8 %, Attraction of Customers is 23 %, Change in Consumer Perception is 17 %, Change in Switching rate is 9 %, and Participating in Brand Building is 6 %.

Table 5.31

Impact of Advertisement	Responses in (%)
Awareness about Companies	37 %
Provide customer intelligence	8 %
Attraction of Customers	23 %
Change in Consumer Perception	17 %
Change in Switching rate	9 %
Participating in Brand Building	6 %

5.4 Factors affecting the selection of the service provider:

Table 5.31 explains the factors which affect the selection of the service provider are as explained: Brand Image is 31 %, Networks is 19 %, Tariffs is 17 %, Value Added Services is 11 %, Customer Care Services is 8 %, Availability is 10 %, and Dealer consideration is 4 %.

Table 5.41

Factors affecting the selection of the service provider	Responses in (%)
Brand Image	31 %
Networks	19 %
Tariffs	17 %
Value Added Services	11 %
Customer Care Services	8 %
Availability	10 %
Dealer considerations	4 %

6.0 Conclusion:

Telecom industry is booming industry in India. There is huge scope for growth and market development. There is still a very large portion of market untapped both in urban and rural segment. The rural market is very large and indispensable. The companies need to go cautiously in the rural market as the consumer behaviour and perceptions vary in urban and rural market. A decisive step taken by a company in the rural area can prove to be a competitive advantage for it. There are different strategies for rural and urban market. For example in the rural market a complex advertisement will not work, a simple and clear message is required. Also the price considerations are much higher and word of mouth strategies are applicable. In today's competitive world every corner of the market needs to be browsed. And surely, rural market will not remain untapped; it is just the matter of time.

7.0 Recommendations

- The Advertisement which focuses on the rural market is highly influential for the rural people because they can easily relate themselves with advertisement.
- In the rural market Value Added Services are rarely used and holds meager importance in the mind of rural consumer. Therefore company should not lay more emphasis on the services for tapping rural market.
- Company should lay emphasis on Brand image, network and tariff plans which are the most important factors.

- A very large population is untapped which consists of women. The scope is large for the Telecom companies there.
- The companies' needs to change the perception of people regarding post-paid connection as they feel, there is no transparency in post-paid billing.
- Companies should give timely offers & schemes for existing customer as against the offers in new connection so as to reduce the switching cost.

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