

Analyzing consumer churn in the rural Indian BoP: *Can the price sensitive customer be turned loyal?*

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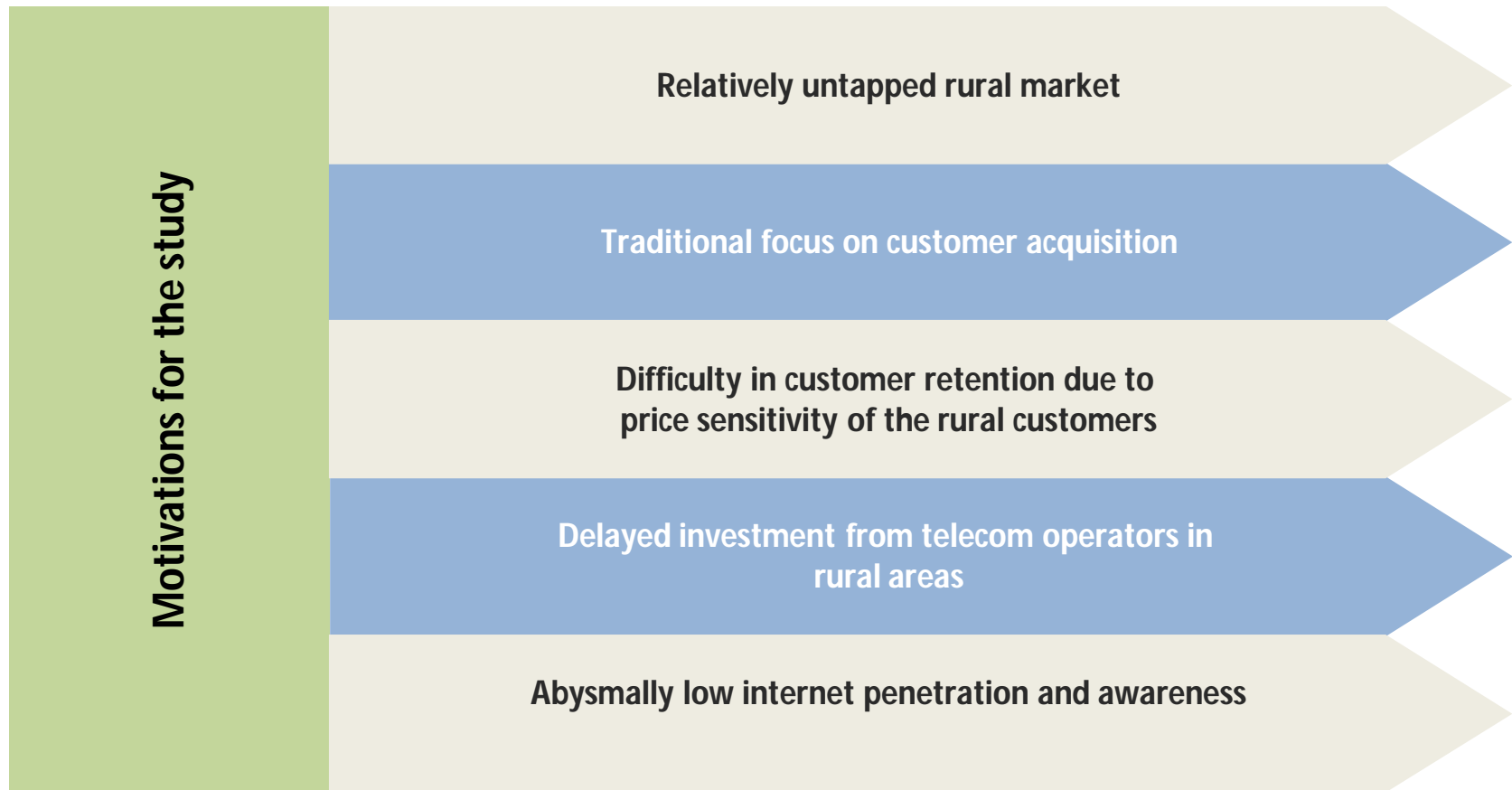


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Section 1

Research Overview and Methodology

Motivations for the study



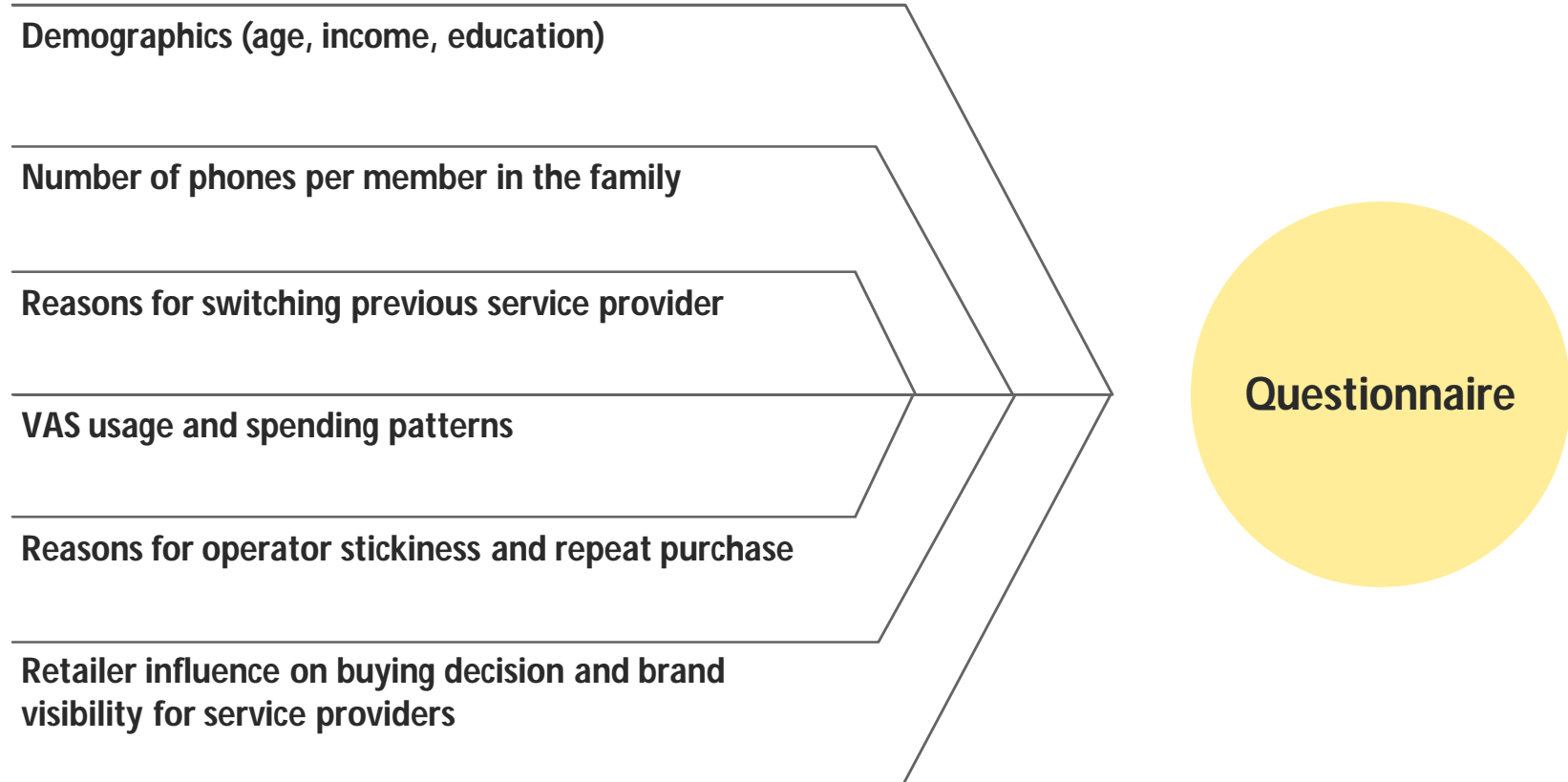
Research overview

- Understanding the rural Indian BoP markets and its users
- Determining the major factors for customer churn in this segment
- Understand the buying influences in making the purchase decision
- Importance of customer retention in achieving higher lifetime value

Research methodology

- Covered districts of Central and Northern India
- Questionnaire used for surveying
- Personal interviews with selected users
- Sample size of 278 out of 300 respondents
- Primary focus on BoP mobile telephony users, few users from the BPL segment as well

Questionnaire



Section 2

Key Findings

Major findings

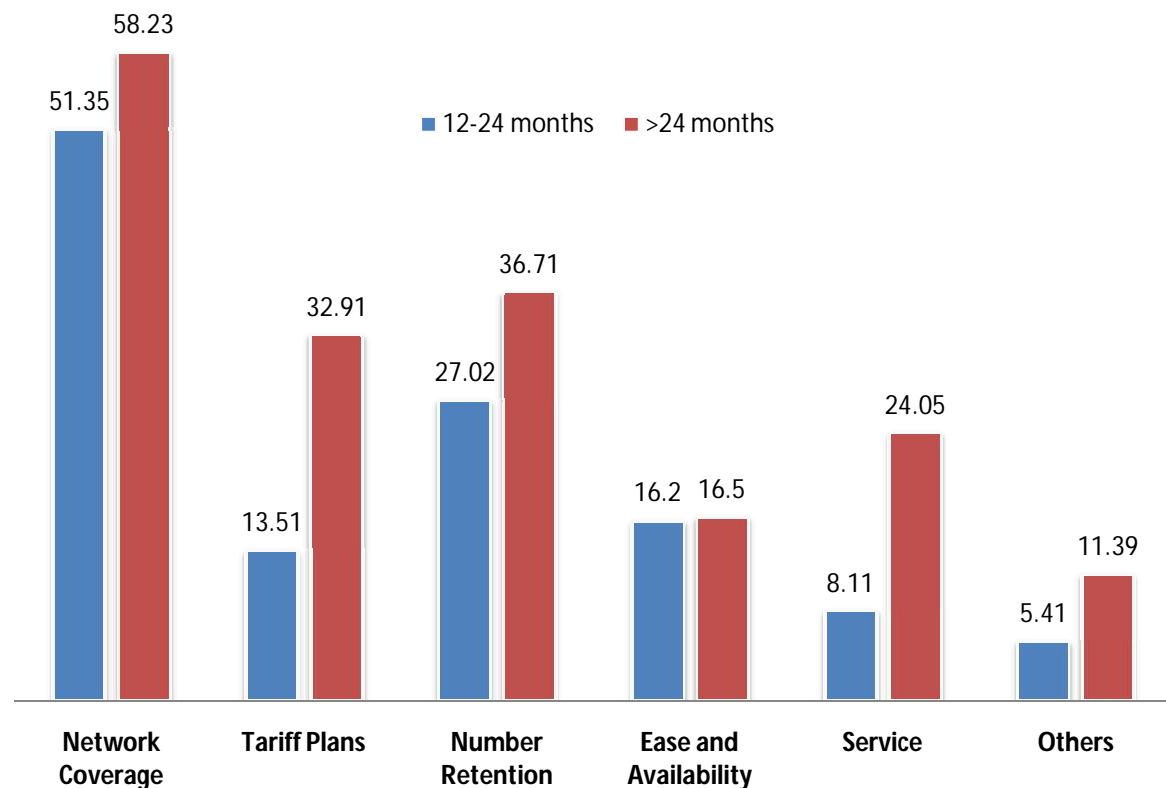
- ▶ 61.15% of the respondents have never changed their service provider.
- ▶ Higher tenure on the network has shown a significant increase in the revenue from the customers
- ▶ Tariff plans are the drivers for customer acquisition but network coverage and service drives the customer retention
- ▶ 87.05% respondents are not using the various VAS offerings from operators
- ▶ The rural BoP customers visit a retailer frequently with >51% people visiting the retailers for more than 4 times a month

Operator stickiness parameters

All numbers are in %

► Network coverage, number retention and tariff plans are the main factors for sticking between 12-24 months.

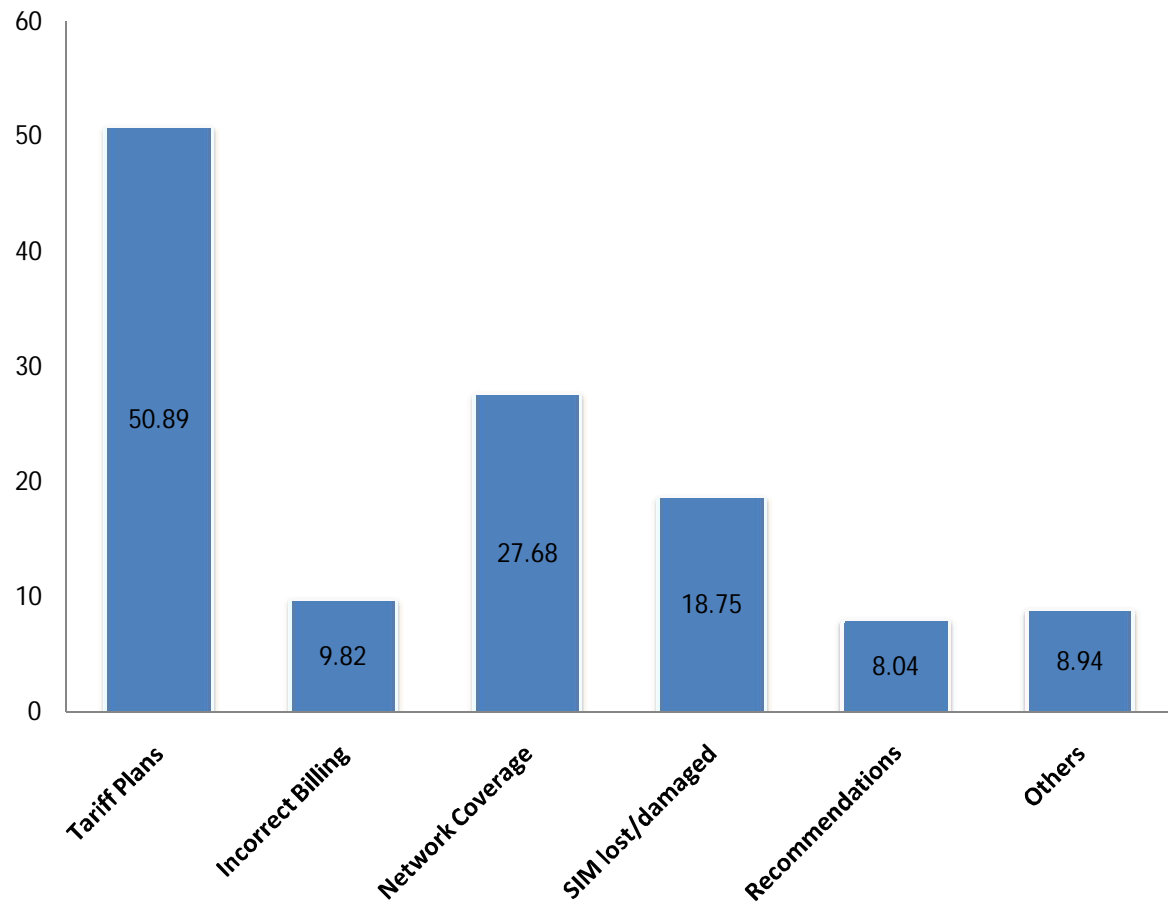
► For subscribers with tenure >24 months, service and number retention gain more importance



Factors for churn

▶ Apart from tariff, network coverage, incorrect billing and recommendation from friends and family members were some of the major factors for churn.

▶ 52% respondents are not aware of the procedures to report a lost SIM and obtain a new one

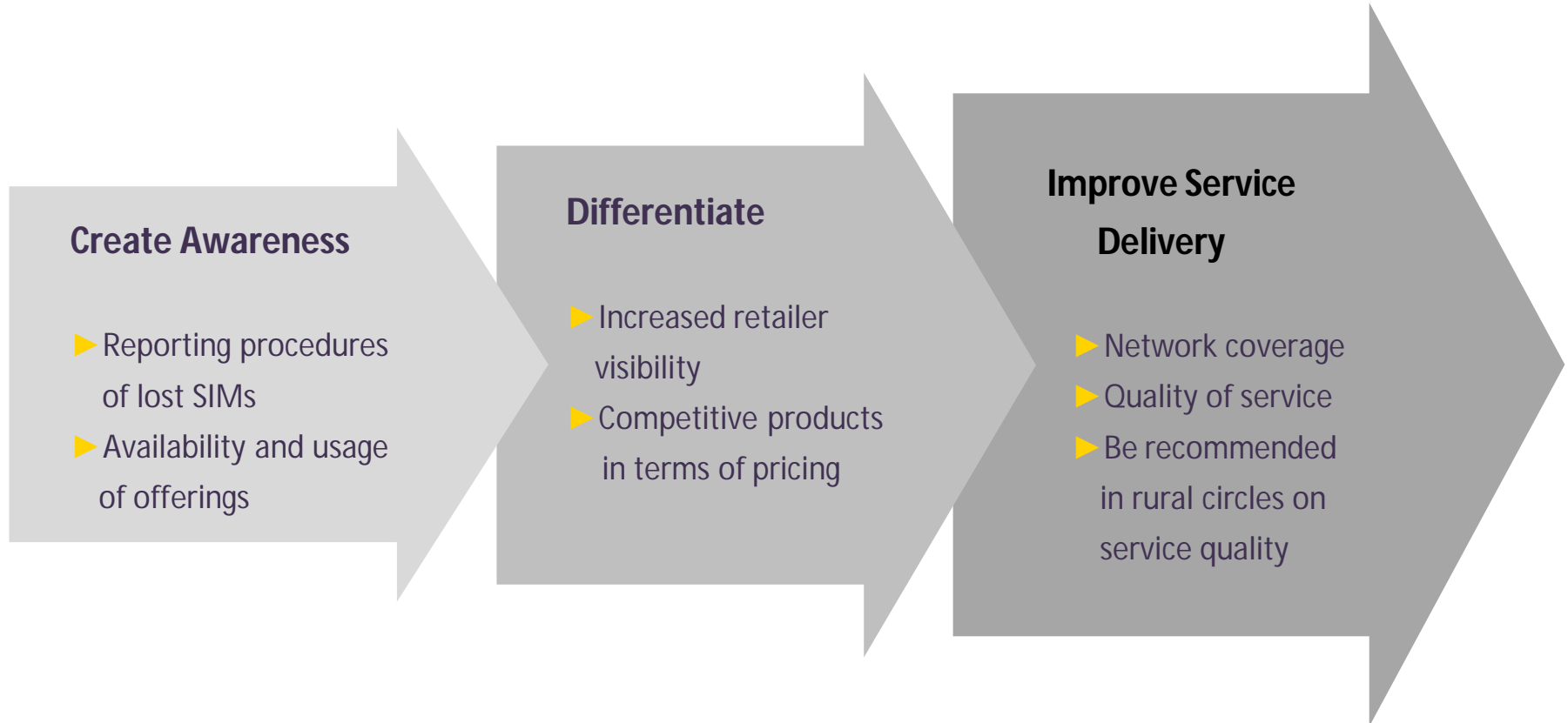


All numbers are in %

Section 3

Recommendations

Recommendations



Create awareness

- At the retailer end
 - Latest pricing plans, bundles and offers
- At the customer end
 - Additional benefits that they can derive by using the services
- Convey the importance of internet on mobile
 - Creating the need for the broadband connection
 - Gradual reduction in cost of provisioning

Differentiate

- Aggressive promotion of VAS
 - Rural empowerment through simple, practical and easy to use applications
- Keeping track of inventories on a near real time basis
- Understanding the selective purchase mentality of the rural customers

Improve service delivery

- Strengthen network coverage for customer retention
- Actively engage customers rather than just providing a sales outlet
- Be in the eyes of the customer by rural centric promotion schemes
- Get recommended by the rural circles based improved service delivery

Thank You