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

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Section 1

Research Overview and Methodology
Motivations for the study

- Relatively untapped rural market
- Traditional focus on customer acquisition
- Difficulty in customer retention due to price sensitivity of the rural customers
- Delayed investment from telecom operators in rural areas
- Abysmally low internet penetration and awareness
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

Demographics (age, income, education)

Number of phones per member in the family

Reasons for switching previous service provider

VAS usage and spending patterns

Reasons for operator stickiness and repeat purchase

Retailer influence on buying decision and brand visibility for service providers

CPRsouth5: Convergence: Infrastructure, Services, Policies
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

► 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.

CPRsouth5: Convergence: Infrastructure, Services, Policies
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
► Reporting procedures of lost SIMs
► Availability and usage of offerings

Differentiate
► Increased retailer visibility
► Competitive products in terms of pricing

Improve Service Delivery
► Network coverage
► Quality of service
► Be recommended in rural circles on service quality
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