

## **Factors Influencing Brand Switching Behaviour on Telecommunication Industry in Nepal**

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### **Abstract**

*Consumer switching behaviour is the process showed by a consumer, behaving differently to particular brand and alteration in the preference of existing product or service. Brand switching occurs when a consumer switches their allegiance from one brand of certain type of product to another brand. In the general, consumer satisfaction is found to be the most common factor responsible for consumer's switching action. The main purpose of the study is to explore the factors influencing the brand switching behaviour on the telecommunication industry in Nepal. The study is based on the descriptive research design. The sample selected for the study is on the basis of judgmental and convenience sampling. The survey questionnaire is designed to generate the primary data. Those participants were only included for the questionnaire survey who have sufficient time and are willing to participate. A structured questionnaire was administered to 60 customers of telecommunication industry in Nepal. The statistical tools used in this study to analyze the data. As per the result of ranking question, service quality was ranked most important influencing factor for brand switching, competitive offers were ranked second important factor, while price was ranked comparatively less important factor among the three. The study has included limited variables whereas other factors such as switching cost, brand image, transparency, etc. have also impact on the brand switching behaviour so future researcher can study including these variables among the larger sample size to get more realistic result in brand switching behaviour.*

**Keywords:** Behaviour, Brand, Factors, Industry, Influencing, Nepal, Switching, Telecommunication

## **Introduction**

When compared to other sectors in terms of contribution to the national economy, Nepal's telecommunications sector has experienced rapid expansion over the last decade. The process by which a consumer switches from one product to another in the same category is known as brand switching (Kumar & Chaarlas, 2011). Consumers switch from one brand to another in their daily lives, even if they are completely content with the previous one. Technology-driven advancements in communication have benefited practically all of the country's industries, resulting in economic growth (Wiehenbrauk, 2010). The advancement in the communication sector benefits the telecommunications business the most. The telecommunications business is one of Nepal's fastest-growing sectors, accounting for a significant portion of the country's Gross Domestic Product. According to the study of Nepal telecommunication authority, it has been noted that there are around 27.85 million telecommunication users in Nepal who are using networks.

The use of communications devices and networks has been significantly rising during the last few decades. The market has shifted from monopoly to more competitive markets with more rivals offering more services. Nepal Telecom Corporation (NTC) is one of Nepal's leading telecommunications companies, having been founded in 1975 A.D. Nepal Telecom is a state-owned telecommunications service provider that was founded on the basis of a public-private partnership and was once one of Nepal's main telecommunications businesses. However, there are currently a number of telecommunication networks providing various services to the people of the country. The number of subscribers, as well as the variety of service providers on a local level, stimulate growth and competition (Althonayan & Hamid, 2015). The Nepal Telecommunication Corporation (NTC) was the first company to be created in Nepal's telecommunications business. As a result of its first-mover advantages, it created a monopoly in the market. It maintained its monopoly until 2002, when the first commercial player (UTL) with CDMA service and limited mobility entered the market. The Nepal Telecommunication Authority was established in 1998 to govern Nepal's telecom sector. Later, in 2005, another private sector Ncell, then known as Mero Mobile, launched GSM services, effectively ending Nepal Telecom's monopoly in the GSM industry. Because of the numerous offers and network coverage, many NTC subscribers transferred to Ncell. In telecommunication industry the switching rates is higher than in any other industry (Shujaat & Ahmed, 2015). At present, Nepal Telecom and Ncell is the major player of Nepal telecommunication industry which shared more than 90% of Nepal market share.

In the telecommunication sector the quality of services is identified through innovation, communication and value-added services (Sharma & Arora, 2014). Depending on this, about 15.25 million of subscriber uses multiple services like GSM, CDMA and landline of state-owned Nepal Telecom. About 14.26 million of subscriber uses the first private sector mobile operator Ncell. The four other operators – Smart Telecom (ST), United Telecom Limited (UTL), Nepal Satellite Telecom (NST) and Sanchar Telecom (CG Telecom) accounts for 1.4 million, 0.53 million, 0.37 million and 0.03 million subscribers respectively. Out of the total subscriber it is estimated that only 75 percent are active users of telecom industry. Each of

these telecom companies is interested to bring new technologies in Nepalese telecommunication industry.

Telecommunication firms are constantly attempting to develop mutual relationships with their customers by providing better value and keeping their promises, but owing to the competitive business environment, marketers are finding it increasingly difficult to do so. Consumers are drawn to organizations that give quantifiable services at an affordable price in a competitive market. Customers will swap products from one firm to another if companies are unable to deliver better service to customers. Customer satisfaction is mostly based on a mental comparison of expectations and perceived performance following a given purchase (zhou & wang, 2012). In telecommunication sector, the brand switching cost is relatively low, so consumers easily switch to another network, which offers competitive prices and quality. Brand switching also known as brand jumping refers to the process in which a customer changes from buying one brand of a product to buying another brand (Keller, 2012). Consumer brand switching is influenced by unfavorable consumer experiences caused by poor product quality or service (Areesha, 2012). Because the consumer does not want to repurchase a product that does not fully satisfy his needs, a negative experience with the product may lead to brand switching. Furthermore, brand switching is influenced by the pricing offered by brands as well as their availability. The buyer, for example, loves to buy things that are both inexpensive and of great quality (Dodson & Sternthal, 1997).

Since a few years, the structure of Nepal's telecom sector has altered. Local and multinational corporations are in fierce competition. There was a classic monopolistic environment in the industry a few years ago, but now there is fierce competition amongst the enterprises. Every business is attempting to develop customer-centric tactics in order to increase client retention and attract new customers. To boost efficiency and profitability in the service industry, companies must create value through new customer-driven business methods (Gronroos, 2000). This research has been conducted to find out the importance and significance of different factors that influences a person to switch one's telecommunication brand to another. The main purpose of this study is to investigate the key variables that are having strong influence on customer brand switching behaviour in telecommunication industry in Nepal.

### **Purpose of the Study**

The main purpose of the study is to explore the factors influencing the brand switching behaviour on the telecommunication industry in Nepal.

### **Self-Perception Theory**

The study by Dodson & Tybout (1978) offered self-perception theory as the conceptual framework to explain consumer response to the inducement and retraction of extrinsic incentives to switch brands. According to this theory, individuals assess their own behavior and the circumstances in which the behavior occurs for determining their attitude toward an object. Thus, in absence of an extrinsic incentive, consumer switching behavior is likely to be attributed to the liking of the new brand. In contrast, when an extrinsic incentive motivates the consumer to switch to a new brand, the issue of whether to taking advantage of the

extrinsic incentive may substantially reduce the likelihood of repurchase disposition. Dodson has predicted that the presence of extrinsic incentives does not determine attribution to internal causes. Consequently, the extrinsic incentives reduce the likelihood that repurchase behavior will persist when the extrinsic causes are removed.

To the extent that consumers attribute switching behavior to intrinsic motives, their behavior is likely to determine subsequent repeat purchase disposition. Despite, the large amount of literature relating extrinsic factors to brand repurchase/switching behavior little has been done to match the impact of extrinsic and intrinsic factors on consumer purchase patterns and to investigate the factors to which consumers attribute their behavior. An exception can be found in Brown's (1970) study reviewed earlier. However, this study did not track the extrinsic and intrinsic factors over all the switching occurrences. The present study uses extrinsic incentives (e.g., coupons) and intrinsic incentives (e.g., desire to try a new brand) as motives to which consumers attribute their switching behavior.

Thus, self-perception theory was used to assess consumer switching behaviour in response to intrinsic versus extrinsic motives. Finding shows that there is a difference depending upon whether switching behaviour was induced by intrinsic or extrinsic incentives. Unlike intrinsic, extrinsic incentive motivated consumer to switch despite having high level of satisfaction with last purchased brand. However, this switching behaviour resulted in weaker intention to repurchase the new brand.

## **Materials & Methods**

The study is based on the descriptive research design. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the present situation of brand switching behaviour. Non-probability sampling method has been used to select the sample. The sample selected for the study is on the basis of judgmental and convenience sampling. This research is based upon the primary data. The primary source of the data has been used to identify the factors that affect the brand switching behaviour on telecommunication industry in Nepal. The survey questionnaire is designed to generate the primary data. Those participants were only included for the questionnaire survey who have sufficient time and are willing to participate. A structured questionnaire was administered to 60 customers of telecommunication industry in Nepal on basis of researcher judgment and convenience. The statistical tools used in this study to analyze the data.

## **Findings & Discussion**

The table 1 shows the respondents profile from those participated in the questionnaire survey on the strata of educational level, sex and age. Questionnaire was developed and distributed to 70 sample respondents to get their opinions with respect to major factors influencing brand switching behaviour on telecommunication industry in Nepal. Out of 70 questionnaires distributed to selected sample, only 64 responses were received representing 91.43 per cent in total, out of which only 60 questionnaires were valid.

**Table 1: Respondent's profile**

This table presents the profile of the respondents on the basis of the educational level, sex and age of the customer of telecommunication industry. The panel A represents the profile of the respondents on the basis of the educational level of the customers. Panel B in the table shows the respondents profile based on sex: male and female. Similarly, profile of the respondents on the basis of age is presented in panel C.

<b>Panel A: Educational level of the respondents</b>			
<b>Educational level</b>	<b>Frequency</b>	<b>Per cent</b>	<b>Cumulative per cent</b>
SLC	13	21.67	21.67
Intermediate	19	31.67	53.34
Bachelor and above	28	46.67	100
<b>Total</b>	<b>60</b>	<b>100</b>	
<b>Panel B: Gender the respondents</b>			
<b>Gender</b>	<b>Frequency</b>	<b>Per cent</b>	<b>Cumulative per cent</b>
Male	34	56.67	56.67
Female	26	43.33	100
<b>Total</b>	<b>60</b>	<b>100</b>	
<b>Panel C: Age of the respondents</b>			
<b>Age</b>	<b>Frequency</b>	<b>Per cent</b>	<b>Cumulative per cent</b>
Below 20	32	53.33	53.33
21-30	15	25.00	78.33
Above 30	13	21.67	100
<b>Total</b>	<b>60</b>	<b>100</b>	

As evident from the table above, the majority, 46.67 per cent of the respondent had educational level of bachelor degree. Similarly, 31.67 per cent of the respondents were found to have educational level of intermediate. Among all the respondents 21.67 per cent of the respondents were found to have academic qualification up to SLC. The highest per cent of participants in terms of sex were male representing 56.67 per cent of the respondents, whereas, 43.33 per cent of the respondents were represented by female. There was participation of 53.33 per cent of customer of telecommunication having their age below 20, representing the highest participation, followed by participants having age between 21-30 representing 25 per cent and participants having age above 30 were 21.67 percent.

### **Opinion on brand switching among customer of telecommunication industry**

The Table 2 shows the opinion on brand switching behaviour among the customer of telecommunication industry in Nepal from those participated in the questionnaire. The table presents the opinion of the respondents of the customers towards brand switching behaviour and factors influencing brand switching behaviour: price, service quality and competitive offers with the help of the yes/no questions in the questionnaire. Questionnaire was

developed and distributed to 70 sample respondents to get their opinions with respect to major factors influencing brand switching behaviour in telecommunication industry. Out of 70 questionnaires distributed to the selected sample, only 64 responses were received representing 91.43 per cent in total, out of which only 60 questionnaires were valid.

As exhibited in table 2, all the respondents (100 per cent) believe that the price influences the brand switching behaviour. Likewise, 92 per cent of respondents agree that service quality influence the brand switching behaviour but 8 per cent does not agree. In the case of competitive offers, the majority of the respondents of our study responded “yes” (77 per cent) stating that the brand switching behaviour is influenced by the competitive offers whereas 20 per cent of the participant believes that brand switching behaviour is not influenced by the competitive offer, and 3 percent of participants were not aware about the influence of competitive offers in brand switching behaviour.

**Table 2: Opinion on brand switching behaviour on telecommunication industry in Nepal**

This table presents opinion of the respondents of customers on telecommunication industry towards brand switching behaviour and factors influencing brand switching: price, service quality and competitive offers with the help of the yes/no questions in the questionnaire.

<b>Questions</b>	<b>No.</b>	<b>%</b>
Does price influence the brand switching behaviour in telecommunication industry?		
Yes	60	100
No	0	0.00
Do not know	0	0.00
<b>Total</b>	<b>60</b>	<b>100</b>
Do you think the service quality affects the brand switching behaviour in telecommunication industry?	55	92.0
Yes	5	8.00
No	0	0.00
Do not know	<b>60</b>	<b>100</b>
<b>Total</b>		
Do you agree that competitive offers influence the brand switching behaviour in telecommunication industry?	46	77.0
Yes	12	20.0
No	2	3.00
Do not know	<b>60</b>	<b>100</b>
<b>Total</b>		

### Opinion on priority of most important factor influencing brand switching

The table 3 shows the opinion on priority of most important factor influencing brand switching behaviour in telecommunication industry from those participated in the questionnaire. The survey questionnaire tried capture the preferences and views of the customers whether they consider these three factors to prefer on more important over others. Respondents were asked to rank the various factor influencing brand switching behaviour. Rank 1 for first important factor, rank 2 for the second important factor and rank 3 for least important factor. Number and percentage of response for each rank together with composite mean has been presented in table 3.

As evident from the table 3 the great majority of the respondents (50 per cent) ranked service quality as their first choice and ranked one, showing the mean weighted value 1.67. Competitive offer is ranked two by the respondents of the study with the mean weighted value of 1.98 and the price is ranked as the least important factor i.e., rank three among three alternatives of factors influencing brand switching behaviour on telecommunication industry in Nepal.

**Table 3: Opinion on priority of most important factor influencing brand switching**

This table 3 shows factors influencing brand switching behaviour in telecommunication industry in terms of their importance. Three major factors influencing brand switching behavior: price, service quality and competitive offers were included in the questionnaire. Respondents were asked to rank 1 for the first important factor, rank 2 for the second important factor and rank 3 for least important factor.

Factors influencing brand switching /Rank	Rank 1		Rank 2		Rank 3		Total responses	Weighted value	Mean weight	Rank
	No.	%	No.	%	No.	%				
Price	12	20	15	25	33	55	60	141	2.35	3
Service quality	30	50	20	33.3	10	16.7	60	100	1.67	1
Competitive offers	18	30	25	41.7	17	28.3	60	119	1.98	2
<b>Total</b>	<b>60</b>		<b>60</b>		<b>60</b>			<b>360</b>		

### Conclusion & Recommendation

In the conclusion of the study, it is found that service quality or network coverage and competitive offers causes customers to switch from one mobile service provider to another. Customers are attracted toward those service providers, which provide more competitive offers packages to customers. Similarly, customers prefer those service providers which

provide better service or good network coverage. Likewise, price also affects brand switching among the customers. If the price of new service providers is higher than the existing one, then customers will not switch their service providers. As per the result of ranking question, service quality was ranked most important influencing factor for brand switching, competitive offers were ranked second important factor, while price was ranked comparatively less important factor among the three.

The study has included limited variables like price, service quality and competitive offers whereas other factors of brand switching such as switching cost, brand image, transparency, etc. have also impact on the brand switching behaviour so future researcher can study including these variables among the larger sample size to get more realistic result in brand switching behaviour.

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