

AN ANALYSIS OF PRICING STRATEGIES AND CUSTOMER RETENTION IN BSNL

Dr. Ashok Kumar Sharma*
Shikha Nainawat**

ABSTRACT

Pricing is an important component of the marketing mix. Companies decide the price of their products very carefully because Indian customers are price sensitive. Most of the Indian customers purchase the products by comparing their quality and price. Middle and low-class customers are more price-sensitive and easily switch their preference from one brand to another. The same pattern has followed in the telecom sector as well. Customers like to use the telecom services of a low price telecom operator. If another telecom operator reduces the price then the customer shifts their preference accordingly. Although voice quality is important for customers but still they prefer those telecom operators which provide the services at a lower price. The price of the telecom services has fluctuated with value-added services as well. BSNL (Bharat Sanchar Nigam Limited) is India's largest and leading public sector company which provides a wide range of telecom services. BSNL offers a wide range of tariff plans. It is assumed that there is a positive correlation between the pricing strategy of BSNL and customer retention. To retain the customers BSNL should provide transparent and low price telecom services to fit the large customer segments.

Keywords: Price Sensitive, Quality, Value-Added Services, Tariff, Customer Segment.

Introduction

Purpose of the Research Paper

To find out the correlation between pricing strategies of BSNL and customer retention. BSNL is the oldest public sector unit which was incorporated on 15th September 2000. BSNL is the only telecom operator that focused and initiates to build a bridge in the ICT sector of the rural-urban digital divide. BSNL offers a wide range of telecom services to its customers but still, it's losing its credibility among customers. Customers majorly shift their telecom operators due to price sensitivity.

Objectives of the Study

- To find the major pricing strategies opt by BSNL
- To find the correlation between pricing strategies and customer retention of BSNL

About BSNL

BSNL is an Indian state-owned telecom company. It's headquarter is situated in New Delhi, India. The government of India has incorporated BSNL on 1st October 2000. The company provides wireless, wireline, and internet services throughout India. It has its telecommunication network across India. BSNL has installed QTN (Quality Telecom Network) across India and now the company is focusing on improving the QTN. The company is trying to in the confidence of customers especially in the village by introducing new telecom services in Village with ICT. According to the latest data (as on 30.04.2019) that has been declared by the BSNL company has 29.63 million lines basic telephone capacity, broadband customers are 21.56 which includes both wireless and wire-line broadband. WLL capacity is

* Former Head & Associate Professor, Department of Business Administration, University of Rajasthan, Jaipur, Rajasthan, India.

** Research Scholar, Department of Business Administration, University of Rajasthan, Jaipur, Rajasthan, India

1.39 million, GSM capacity is 114.62 million, fixed exchanges are 31,611, GSM BTSs are 1,46,172, satellite stations are 95. BSNL is the only telecom operator which has its network in the very corner of the country except for Mumbai and New Delhi. In the telecom Training Institute, BSNL is a world-class ISO certified company. BSNL is an experienced company and has good experience in installation, planning, maintenance of switching, network integration as well as a transmission network.

Research Methodology

A structured questionnaire has designed to collect the data. The data is collected from BSNL customers and other telecom operator customers who were the customer of BSNL earlier. The sample is collected from a different area of Jaipur, Rajasthan. Descriptive research was designed and the samples were collected through non-probability sampling.

- **Sample Size:** A total of 100 customers are selected for the studies that are/were the customers of BSNL.
- **Data Source:** The data has collected through a primary and secondary source. The primary data has collected by the questioner and the sources for secondary data are company websites, Journals, articles, etc.
- **Data Analysis:** The data was analyzed through the manual and electronic statistical tool to define the correlation between pricing strategies and customer retention. Tables are used for easy understanding.

Limitations of the Study

- Time was the major constraint.
- Customers are not ready to give information due to privacy reasons.

Pricing Strategies of BSNL

The price of the product or service is its value. The price of the product or service is set can be set through many conditions these could be market conditions, according to customer segments, competitor pricing, customer ability to pay for the product, bundle pricing, value pricing, and many more. Each pricing strategy has its importance for the company and customers. BSNL also use various pricing strategies to fit for large customer segments. These pricing strategies are as below:

- **Customer-based Competitive Pricing:** In this pricing strategy BSNL offers calling services at a low rate in comparison to its competitors.
- **Based on Usage:** Here BSNL sets the price of its services according to the usage of customers. For loyal customers (customers who are using BSNL services for a long time) BSNL provides different schemes and offers.
- **Discount and Allowances:** Customers whose usages are high in comparison to other customers BSNL offers those discounts and special offers.
- **Lifetime Offer:** BSNL offers lifetime card services. This pricing strategy is useful for the user and for the company to keep generating revenue.

Different Tariff Plans of BSNL

BSNL offers various tariff plans for its prepaid and postpaid customers. For prepaid customers, the recharge plan starts from Rs. 10 to Rs. 2399. The postpaid plan varies from Rs. 99 to Rs. 325. In these recharge plans, BSNL offers many services like free voice calls, SMS, internet, etc. The validity and limit vary from plan to plan. For prepaid customers company offers Rs.7.47 talk time recharge in Rs. 10 and it is valid until the talk time reaches the limit.

The famous tariff plan of BSNL for prepaid customers is a plan of Rs. 365 where customers get a recharge of the same amount which included unlimited calls, 2GB data per day, 100 SMS per day, free PRBT, and Lodhun contest. This plan is valid for 365 days. Digital India plan offers free calls, 1 GB data per day, 100 SMS per day in Rs. 429, this plan is valid for 180 days. 485 plan offers free calls, 1.5 GB data per day, 100 SMS per day, and valid for 180 days. The sixer plan is worth Rs. 666 offers free calls, 1.5 GB data per day, 100 free SMS for 134 days and the sixer plan is valid for 180 days.

For postpaid customers the fixed monthly charges in Rs. are 99, 149, 225, and 325. The activation charges are Rs. 100. Here customer gets local, STD, ISD and international roaming facilities along with freebies (free usage offered per month).

The Relation between Pricing Strategies and Customer Retention

Price is an important factor for any organization. Price not only generates revenue for the company but also set an image in the mind of a customer. Organizations are very careful to set the price for their products and services. A right pricing strategy can attract large customers segment towards the organization. If a company is offering some unique and advanced product or service in such a case company can charge higher prices and customers are also willing to buy the product due to uniqueness and innovative product or service. This pricing strategy makes a premium image in customers' minds due to advanced offerings and higher prices. On the other hand, if the company sets a lower price for a unique and advanced product it creates confusion in the customer's mind. The price of a product can attract the customer initially. If the price and quality of a product or service match the customer be with the same product or service for a long time. A large customer segment generally purchases low price products and this is very true in the case of telecom services. The services and offerings of different telecom operators are almost the same. The quality and price make a big difference in them. Customers like to attach with that telecom operator which offers low price services and provides different schemes from time to time. Customers can easily port their mobile number from one telecom operator to another if they find even little price difference. So if companies would like to attract and retain the customers they should offer low priced services because major telecom customers are price sensitive.

Information of the Respondents

Table 1: Gender of Respondents

Gender	Frequency	Percentage
Female	31	31%
Male	69	69%
Total	100	100%

Source: Question-1

Interpretation

From the above table it is clear that male respondents were 69 and females were 31 in numbers.

Table 2: Age of Respondents

Range	Frequency	Percentage
15-24	7	7%
25-34	12	12%
35-44	15	15%
45-54	31	31%
55 and above	35	35%
Total	100	100%

Source: Question-2

Interpretation

The age which was covered in questioner range from 15-55 and above. The young customer was less and 55 and above were more on the BSNL network. The age group of 35-44 years is almost in the middle.

Table 3: Employment Statuses of Respondents

Category	Frequency	Percentage
Student	5	5%
Private Sector	10	10%
Self Employed	18	18%
Home Maker	23	23%
Retired	44	44%
Total	100	100%

Source: Question-3

Interpretation

As observed from table 3, students were fewer on the BSNL network but homemakers and retired persons use more BSNL networks. Customers of the private sector and self-employed were between students and home make customers.

Table 4: Plan of the Respondents- Prepaid or Postpaid

Category	Frequency	Percentage
Postpaid	35	35%
Prepaid	65	65%
Total	100	100%

Source: Question-4

Interpretation

As observed from the table prepaid customers were more in numbers than postpaid ones.

Table 5: Reason to Choose BSNL Network

Category	Frequency	Percentage
VAS	12	12%
Network Coverage	17	17%
Voice Quality	31	31%
Low price Service	40	40%
Total	100	100%

Source: Question-5

Interpretation

As observed from the table respondents chooses the BSNL network mainly due to low price services, followed by voice quality and network coverage but Value Added Services were not an attraction for respondents to select the BSNL network.

Table 6: Preference for a Telecom Operator

Category	Frequency	Percentage
VAS	5	5%
Network Coverage	18	18%
Voice Quality	35	35%
Price	42	42%
Total	100	100%

Source: Question-6

Interpretation

As observed from the table respondents prefer a telecom network that offers low price services. This preference is followed by voice quality and network coverage. Value-Added Services were occupied lesser space in preference.

Table 7: Value for Money from BSNL

Category	Frequency	Percentage
Roaming Charges	10	10%
Call Rate	25	25%
Data Plan	30	30%
SMS Pack	35	35%
Total	100	100%

Source: Question-7

Interpretation

As observed from the table respondents prefer the BSNL telecom network due to good SMS pack and data plan which are of reasonable price. Call rates and roaming charges were given lesser preference.

Table 8: Will the respondent use the BSNL network if he/she finds another low price telecom operator?

Category	Frequency	Percentage
Yes	12	12%
No	88	88%
Total	100	100%

Source: Question-8

Interpretation

As observed from the table respondents are using the BSNL network due to low price services. If they find another telecom operator that offers lower price services they will port their mobile number to that telecom operator.

Observation

Customers of the BSNL network are mostly 55 and above. People who are retired from their job are also the major customer of the BSNL network. They are using this network for a long time and it builds loyalty in them. As an old age, they don't want to change or port their number to another network as they are not technology-friendly. Young people are more diverted towards value-added services and other offers so they don't prefer the BSNL network. Prepaid customers are more one BSNL network than a postpaid one. Most of the customers select the BSNL network because of its economic pricing strategy. Voice quality and network coverage depend on the location of the customer. The Value Added Services are not much lucrative for the customers. While selecting the telecom network customers prefer that network that offers low price services. BSNL delivers value for money to its customers especially in SMS pack, data pack, and call rate. The roaming charges of BSNL are comparatively high. The customers can easily switch from the BSNL network to another telecom network if they find lower price services. So it has observed that telecom customers are price sensitive and they are with the BSNL network due to low price services and can port their number if find another low price telecom operator.

Suggestions

Customers have a wide range of characteristics. Every age has its unique requirement and liking. The company cannot all customer segments with a single strategy. The company needs to develop and implement special marketing strategies for each customer segment. In the telecom company, customers are renowned as price-sensitive but it is not true with all customer segments. Youth customer is comparatively less price-sensitive than older customers. Youth is technology-friendly and look more services than calling and network coverage. They attract value-added services, personalized offers, data packs, etc. So to attract youth segment BSNL should identify the requirement of this segment and develop the pricing strategies accordingly. BSNL should target the private companies, these companies offer sim –cards to their employees and pay their bills at some limit. This can be a good revenue generator for BSNL. For these companies, BSNL should provide offers on sim-cards, should reduce tariff on call in case of in-house calling (as employees are using BSNL sim), offers for employees family members, personalized offers to employees, extra data pack, etc. Government and retired people prefer the BSNL network more companies should retain these customers by offering discounts and other benefits. In India, most of the female customers are homemakers. These customers spend most of their time on TV or mobile. They use mobile mostly for calling and youtube videos. These customers make calls mostly to their family members or friends. BSNL can attract this customer group by offering low price services like reduce call rate on BSNL to BSNL calls, increase the SMS quantity per day, increase data limit, etc. Data is very important for the customers BSNL can offer more data to its customers at reasonable prices. The company can work on its roaming charges it's should match with the competitor's pricing.

Conclusions

BSNL is the oldest and state-owned telecom network. Customers have faith in and like about the company. It is a competitive world where the company needs to study and analyze its marketing strategies before their implementation. The marketing mix is an important factor that needs to understand and use strategically to gain a competitive edge. Companies fight on various attributes of a product/service such as quality, price, features, etc. Out of these attributes price which is an important factor in the marketing mix as well plays an important role to attract and retain the customer. Most of the customers are price sensitive and attract towards low price products/services. Once they use the product they decide for its repurchase. Mainly it is the price that attracts the customer towards a product. In telecom industry services are almost the same as those offers by telecom companies. So basically it is a price battle for telecom companies. Customers will attract and use the services of the cheapest telecom network operator. If the company can meet the expectations of customers with lower price customer will convert as its loyal customer and remain with the same organization for a longer period.

BSNL offers various tariff plans which suit the customer's requirement at a lower price. Old age people are much pricing sensitive than young and adult people. This can be a reason that old age people are more on the BSNL network. Another could be as BSNL was the only telecom network operator in their young days that creates trust and a sense of belongingness in them. At this maturity age, they don't want to experiment with new things that can be the third reason to use the BSNL network. Homemaker persons also price sensitive and choose the cheapest telecom network, operator. Major customers move towards low price telecom network operators and happily port their mobile number from the current telecom operator to another telecom operator if they find differences in price.

References

Books

- ✓ Andreasen, Kotler. (2014). Strategic Marketing. London. Pearson Education.
- ✓ Cockerell Lee (2013). The Customers Rules. Profile Books
- ✓ Griffin Jill (1995). Customer Loyalty:How to Earn It, How to Keep It. Wiley
- ✓ Kumar V. (2008). Managing Customers for Profit. Wharton School
- ✓ Rhemann Maureen. (2000). Strategic Marketing in Telecommunication. London: Aegic
- ✓ Shaw K. James. (2000). Strategic Management in Telecommunication. New York: Artech House
- ✓ TN Saadawi (2015). Fundamentals of Telecommunication Network. John Wiley

Articles

- ✓ Ahmad Rizal, Buttle Francis. (2010). "Customer Retention: A Potentially Potent Marketing Management Strategy". Journal of Strategic Marketing, 9(1), 29-45. DOI: 10.1080/713775729
- ✓ K.Gengeswari, P. Padmashantini, Banu Sharmeela (2013). "Impact of Customer Retention Practices on Firm Performance". International Journal of Academic Research in Business and Social Sciences, 3(7), 68-84. DOI: 10.6007/IJARBSS/v3-i7/10
- ✓ KarMikail. (2019). "Pricing Strategies in Mobile Telecommunication Market". Social Mentality and Researcher Thinker Journal, 5(16), 360-371. ISSN: 2630-631X
- ✓ VarmaAparna J. (2016). "Effectiveness of Service Marketing Mix Strategies of BSNL Mobile Telephone Services in Comparison to Airtel Mobile Services in Mysuru". International Journal of Innovative Research in Science, Engineering and Technology, 5(8), 14338-14348. DOI: 10.15680/IJIRSET.2016.0508006

Web-Resources

- ✓ www.academia.edu › Marketing_strategy_of_BSNL
- ✓ www.bsnl.co.in
- ✓ www.bsnlteleservices.com › Mobile › Postpaid
- ✓ <https://www.callboxinc.com.au/b2b-marketing-strategy/marketing-strategies-for-telecom-industry>
- ✓ www.cellone.in › News
- ✓ <https://core.ac.uk/reader/38125704>
- ✓ www.gadgets.ndtv.com › Telecom › Telecom News
- ✓ www.helpscout.com › Blog › Growth
- ✓ <https://www.ibef.org/industry/telecommunications.aspx>
- ✓ <https://www.infiniteiresearch.com/casestudy/telecommunication-industry-marketing-strategy>
- ✓ www.marketingwizdom.com › strategies › retention-strategies
- ✓ www.navbharattimes.indiatimes.com › tech
- ✓ www.news18.com › tech
- ✓ <https://portal2.bsnl.in/myportal/tariffs.do?PREPAID>
- ✓ www.rcom.co.in
- ✓ www.scientific.net/AMM.198-199.1652
- ✓ www.shopify.in › Shopify Blog
- ✓ www.superoffice.com › blog › customer-retention-tips
- ✓ www.telecomtalk.info › BSNL › Technology News
- ✓ <https://www.thequint.com/tech-and-auto/bsnl-prepaid-recharge-plans-2020-list-of-all-packs-offers-combo>

**An Analysis of Pricing Strategies and Customer Retention in BSNL
Questionnaire**

- Ques.1) Gender
a. Male
b. Female
- Ques.2) Age in years
a. 15-24
b. 25-34
c. 35-44
d. 45-54
e. 55 and above
- Ques.3) Employment statuses
a. Student
b. Self-employed
c. Private sector
d. Home maker
e. Retired
- Ques.4) Mode of mobile connection
a. Prepaid
b. Postpaid
- Ques.5) Reason to choose BSNL network
a. Low price service
b. Voice quality
c. Network coverage
d. VAS
- Ques.6) Preference for a telecom operator
a. Price
b. Voice quality
c. Network coverage
d. VAS
- Ques.7) Value for money from BSNL
a. Call rate
b. Data plan
c. SMS pack
d. Roaming charges
- Ques.8) Will you use the BSNL network if you find another low price telecom operator?
a. Yes
b. No

○○○