

EXECUTIVE SUMMARY

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In the bad old days, it was very hard to make phone calls in India, except from our own land-line. Coin-operated pay phones were rare, and mostly didn't work. And, even if one worked, it would not do long distance calls. We booked a trunk call from home and waited for the operator to get through.

Then came a time when STD or ISD calls were a rip off. The State monopolies charged prices like Rs 75 per minute for these rarities. There was a complex maze of different prices for calling different cities, different prices at different times of the day, etc.

In that environment, in 1987, entered a brilliant idea -- the STD/ISD booth. DoT forced standardization of the equipment at every STD booth, so we were assured that calls would be metered and priced correctly.

These booths were a tremendous success, and there are now over 12 lakhs (1.2 million) of them. Averaged over India, this corresponds to an amazing outreach of roughly one PCO in every 3.3 square kilometers. It is striking to see how this industry sprang up from nowhere, and suddenly it is a substantial employer. There is perhaps 1 to 1.5 million people employed in the STD booths. This is a significant number even by the enormous standards of the Indian labor market.

The business model of the PCO was based on the high prices of STD/ISD calls and on the incompetence of the PSU phone companies. If calls were expensive, then even affluent customers tended to not have long distance calling at home, particularly when the phone companies were known to suddenly come up with bills for calls you did not make.

Further, the high price of calls supported the overhead costs of the booth and the staff. If a ten minute call cost Rs 500, then it was possible to impose an overhead of Rs 100 on it, and there was the revenue stream to support the owner of the PCO. Elsewhere in the world, they do not use STD booths. Outside India, phone calls are cheap, and labor is costly. Hence, countries moved into building infrastructure consisting of pay phones and calling cards.

It is striking to see how the difference in relative prices in India (i.e. expensive phone calls and cheap labor) led to a very different allocation.

BACK GROUND OF THE STUDY

HISTORY OF TELECOMMUNICATION INDUSTRY

The word TELECOMMUNICATION is a combination of two words....

TELE + COMMUNICATION

The word TELE in Latin means DISTANCE

Hence TELECOMMUNICATION means DISTANCE COMMUNICATION.

The necessity of communication began as early as the existence of mankind on this earth. Communication has become the vital tool for mankind to strive prosperously in this world.

Evolution of the Communication System

- Primitive Sign Language
- Pounding Drum
- Smoke Signal
- Fire Signals
- Modern Telegraph
- Telephone
- Wireless Communication
- Satellite Communication

Telecommunication Systems

The first requirement is for the original information energy (such as that of the human voice, or music, or a telegraph signal) to be converted into electrical form to produce an electronic information signal. This is achieved by a suitable transducer, which is a general term given to any device that converts energy from one form to another when required.

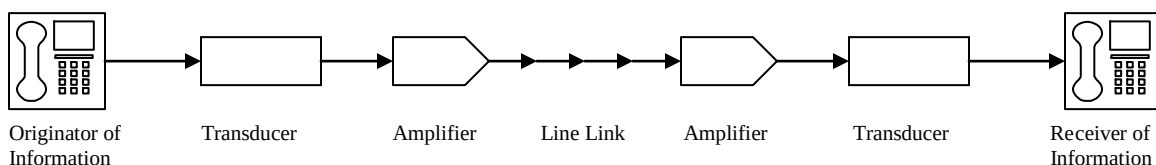


Figure 1. Basic requirements for a one way line telecommunication channel

In a line communication system (Fig 1) the electronic signal is passed to the destination by a wire or cable link, with the energy traveling at a speed of up to 60% that of light. At the destination, a second transducer converts the electronic signal back into the original energy form. The amplifiers do not change the signal but to increase the power level of signals to compensate for losses encountered.

Mobile Radio Telecommunications Systems

The past decade has seen more innovation in the area of mobile communications than in any other area of communications. Our quality of life has already changed as a result and there is undoubtedly a good deal further to travel.

It is no surprise then to find that the references to the various mobile communications system are themselves very confusing. The object of this introductory section is to attempt to make sense of some of this confusion.

A short description of each of the main services is provided here and a more extended treatment is included in the sections, which follow.

Paging Systems

Paging Systems permit the user, who carries a pocket receiver, to be alerted to the fact that he/she is wanted. In most cases it is necessary for the user to contact a central point in order to find out what is wanted.

Private Mobile Radio

Private Mobile Radio provides two way voice and possibly, data communication between the user and a central point, or between users belonging to the same closed user group.

If your business is such that you need radio contact with several mobiles— a fleet of lorries and vans, say - there are other forms of radio telephony which are much cheaper than having all your vehicles fitted with cellular radio phones.

After all, your truck driver should not be able to make unlimited nationwide or international telephone calls; they only need to be able to maintain contact with their operating bases and their base dispatchers need to be able to control their movements.

Until a few years ago the only possibility was a Private Mobile Radio (PMR) network of your own, with heavy capital and running cost and traffic handling constraints, especially if you needed coverage over a wide area of the country.

The use of PMR system does not have access to the Public Switched Telephone Network (PSTN) and the geographical area covered is usually no larger than about 30 miles in diameter. In a basic PMR system a dispatcher calls mobiles over a channel that is assigned for the duration of the conversation

PMR is considerably cheaper for a user to operate than cellular radio, both for connection to a network and for everyday running costs. PMR users generally require a dispatch facility, which allows mobiles to be simultaneously contacted via an open channel. This facility is not possible with cellular radio.

Cellular Systems

Cellular Systems provide continuous communication between mobile users any other telecommunications terminal connected to the worldwide public network whether mobile or fixed. They are named after the technology of providing small transmitter/ receivers serving cells so that the scarce resource of radio frequencies can be re-used in non adjacent cells. The moving mobile is handed on to the cell best placed to continue the communication.

The early mobile radio telephone systems all used one high powered base station per city or service area to blanket the area. This meant that the limited number of channels could not be reused in neighboring cities or towns because the signals would interfere with each other. Furthermore, the frequency spectrum is, and it will always be, a scarce national resource. The limited number of channel is the main obstacle, which prevented mobile radio systems designers to achieve a truly high capacity system. Even utilizing channel frequencies in the microwave band does not give the ultimate solution. However, cellular mobile radio systems are able to popularize the service by offering expandable high capacity systems.

Cordless Systems

Cordless Systems started with the desire to have the telephone with you in the garden or the bath room. The cordless phone communicates with the base station which can be at the home or with the use of Personal Communication Network (PCN), with a base station in a public place. A Cordless telephone uses a radio link instead of a physical cord to connect the handset to the base station. Both the mobile handset and the base station are radio transceivers.

The first generation of cordless telephones uses analogue techniques and it is known as CT1. CT1 has been followed by a digital system known as CT2. Both CT1 and CT2 rely upon the base station to connect the mobile handset to the PSTN.

PCO System

PCO System started in the year 1987. The major reason for starting this service was to enable easy reach of every person for making STD/ISD calls. DoT forced standardization of the equipment at every STD booth, so that people were assured that calls would be metered and priced correctly. Because of this system it became easier for people to make STD/ISD calls easily.

Later it became a phenomenal success and PCOs could be found in every nook and corner of the country. The major reason for its success was the cheap availability of labor in India and about 1.5 million people are supposed to be employed because of this facility. In the late 90s many operators entered into this segment and there was a price war. Now, STD/ ISD calls can be made at such low cost that almost every Indian can afford it.

INDIAN PCO MARKET TODAY

Developing countries like India have large untapped Market. India has more than one billion people with 180 million households. Less than 5 million homes had telephones in 1990. Introduction of one fourth rate STD tariff in the night, STD PCOs could be found everywhere. As a result over 50 % of Indians today make STD calls, STD PCOs are available on every street and in every small town. PCOs contributes to 24 % of total income for DOT and MTNL

Revised Guidelines for Allotment of STD/ISD PCO

The procedure for allotment of STD/ISD PCOs has been revised and simplified by the Department of Telecom Operations (DTO) some time ago following several suggestions from various quarters including observation from the Standing Committee of Parliament on Communications that the penetration of PCOs was low in many areas of the country. As a step towards this direction the PCO Allotment Committees were dissolved for the convenience of the aspirants and to cut down the delay in allotment.

PCOs are now available liberally as per the eligibility criteria. War widows/dependents, Scheduled Castes and Scheduled Tribes, handicapped, Ex-servicemen, besides Charitable and Educational Institutions and Army Establishments have been given preference under the revised policy guidelines. Wherever there is waiting list for STD/ISD PCOs the order of priority shall be war-widows/dependents, SC/STs, handicapped persons and ex-servicemen to the extent of 50% of the STD/ISD PCOs to be allotted

Further, the STD/ISD PCO Allotment Committees functioning in the Secondary Switching Areas (SSAs) and the condition of average earning of the existing franchisees for allotting new PCOs stand abolished. STD/ISD PCOs are to be allotted irrespective of the amount of average earning of the existing PCOs.

Total number of PCOs in the country was 25.93 lakhs as on 31st March 2005 as compared to 19.24 lakhs on 31st March 2004. 6.69 lakhs new PCOs have been added during the year 2004-05. The total number of PCOs for last five years has been depicted in the bar chart below.

Details of Public Call Offices (PCO)

S.No	Service Providers	Area of Operation	PCOs as on 31.03.04	PCOs as on 31.03.05
1	BSNL	All India	1,519,686	2,003,897
2	MTNL	Delhi & Mumbai	239,654	269,390
3	Bharti	MP, Delhi, Haryana, TN, Karnataka	73,869	113,567
4	HFCL	Punjab	22,263	31,274
5	Tata	Maharastra, AP, TN, Karnataka, Gujrat, Delhi	51,822	1,07,215
6	Reliance	18 Circles	2,537	47, 334
7	Shyam	Rajasthan	14,347	20,448
	TOTAL		1,924,178	2,593,125

The PCO service providers in Bangalore City

AIRTEL

Airtel comes to you from Bharti Cellular Limited – a part of the biggest private integrated telecom conglomerate, Bharti Enterprises. Bharti provides a range of telecom services, which include Cellular, Basic, Internet and PCO. Bharti also manufactures and exports telephone terminals and cordless phones. Apart from being the largest manufacturer of telephone instruments in India, it is also the first company to export its products to the USA. Bharti is one of the leading cellular service provider, with a footprint in 15 states covering all four metros and more than 10 million customers.

Bharti Tele-Ventures Limited was incorporated on 7th July 1995, for promoting investments in telecommunications services. Its subsidiaries operate telecom services across India.

Airtel is the leader right now in Bangalore city with maximum number of subscribers, being the market leader it always tends to make the first move when it comes to cut in the tariffs, immediately after which other cellular providers follow.

BSNL

On October 1, 2000 the Department of Telecom Operations, Government of India became a corporation and was christened Bharat Sanchar Nigam Limited (BSNL). Today BSNL has an authorized share capital of \$4.6 billion and net worth of \$14.56 billion. It has a network of over 50 million lines covering 5000 towns with over 40 million telephone connections.

With the latest digital switching technology like OCB, EWSD, AXE-10, FETEX, NEC etc. and widespread transmission network including SDH system up to 2.5gbps, DWDM system up to 80gbps, web telephony, DIAS, VPN, Broadband and more than 4,00,000 data customers, BSNL continues to serve this great nation.

Its responsibilities include improvement of the already impeccable quality of telecom services, expansion of telecom network, introduction of new telecom services in all villages and instilling confidence among its customers.

BSNL has managed to shoulder these responsibilities remarkably and deftly. Today with over 45 million line capacities, 99.9% of its exchange digital, nation wide Network Management and Surveillance System (NMSS) to control telecom traffic and over 4, 00,000 route kms of OFC network, BSNL is a name to reckon with in the world of connectivity. Along with its vast customer base, BSNL's financial and asset bases too are vast and strong.

RELIANCE INDIA MOBILE

Reliance India Mobile, the first of Infocomm's initiatives was launched on December 28, 2002, by Dhirubhai H. Ambani (1932- 2002) is one of the India's largest business house with total revenues of over Rs 99,000 crore (\$22.6 billion), cash profit of Rs 12,500 crore (\$ 2.8 billion), net profit of Rs 6,200 crore (\$1.4 billion) and exports of Rs 15,900 crore (\$ 3.6 billion).

The Group's activities span exploration and production (E & P) of oil and gas, refining and marketing, Petrochemicals (Polyester, Polymers and intermediates), textiles, financial services and insurance, power, telecom and Infocomm initiatives. The Group exports its products to more than 100 countries world over.

Reliance Infocomm is the outcome of the late visionary Dhirubhai H. Ambani's (1932-2002) dream to herald a digital revolution in India by bringing affordable means of information and communication to the doorsteps of India's vast population.

Reliance Infocomm network is a pan India, high capacity, integrated (wireless and wire line) and convergent (voice, data and video) digital network, designed to offer services that span the entire Infocomm value chain – infrastructure, services for enterprises and individuals, applications and consulting. The network is designed to deliver services that will foster a new way of life for a new India.

Reliance Infocomm offers a complete range of telecom services, covering mobile and fixed line telephony including broadband, national and international long distance services, data services and a wide range of value added services and applications that will enhance productivity of enterprises and individuals.

TATA INDICOM

Tata Teleservices is part of the Rs 54,000 crore (\$11.2 billion) Tata Group, that has over 90 companies, over 2,10,000 employees and more than 2.16 million shareholders. With an investment of over Rs 9,000 crore (\$2 billion) in Telecom, the Group has a formidable presence across the telecom value chain. The Tata Group plans an additional investment of around Rs 9,000 crore (\$ 2 billion) in this sector in the next two years.

Tata Teleservices spearheads the Group's presence in the telecom sector. Incorporated in 1996, Tata Teleservices was the first to launch Mobile services in India in the Andhra Pradesh circle.

The company offers services under the brand name 'Tata Indicom' in eight key Indian circles of Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Mumbai, Tamil Nadu and Chennai comprising 70% of the telecom revenue potential of the country.

Starting with the major acquisition of Hughes Telecom (India) Limited [now renamed Tata Teleservices (Maharashtra) Limited] in December 2002, the company has swung in to expansion mode. The company has recently acquired a Universal Access Service License (UASL) for 11 new circles. The new circles are Bihar, Haryana, Himachal Pradesh, Kerala, Kolkata, Orissa, Punjab, Rajasthan, Uttar Pradesh (East), Uttar Pradesh (West) and West Bengal. The investment in the company as of March 2005 totals Rs 12,124 crore (\$3 billion).

It has partnered with Motorola, Ericsson, Lucent and ECI Telecom for the deployment of a reliable, technologically advanced network.

Tata Teleservices group of telephony services include Mobile services, Smart Wireless Services, Public Booth Telephony and Wireless services. Other services include value added services like Voice Portal, Roaming, Post Paid Internet Services, 3-Way conferencing, CUG, Wi-Fi Internet services and data services.

INTRODUCTION TO SUBJECT

A Theoretical outline of Market Potential

It is the limit approached by market demand as industry marketing expenditures approach infinity, for a given environment.

Market Potential Vs Sales Potential

Market Potential is the total sales volume that all organizations selling a product during time period in a specific market could expect to achieve under ideal condition.

Sale Potential is the portion of market potential that a specific company would expect to achieve under ideal conditions.

Basic Type of Market Measurement

- Actual Sales:

Managers are concerned with the amount of sales for their products (company demand) and the sales for all the other companies in the market (industry sales).

- Sales Forecast:

Industry sales forecast is the level of expected sales to be achieved by all firms selling to a defined market in defined period of time. Company (or product line- brand) sales forecasts indicate the expected level sales that will be met by an individual supplier.

- Market Potential:

Changes in market potential are usually, result of either more users or current users purchasing more often. Market Potential can change because of changes in demographic factors, which cause more users to enter the market.

Thus to expand Market Potential we use the term of Market Share. Market Share refers to the proportion of total sales of a product during as started period in a specific market that is captured by a single firm. Market Share can refers to enter industries, narrow segment particular geographic area and also can apply to past, present or future periods.

Definition of Buying Behavior:

Buying Behavior is the decision process and acts of people involved in buying and using products.

FIRMS need to understand:

- Why consumers make the purchases that they make?
- What factors influence consumer purchase?
- The changing factors in our society

Stages of the Consumer Buying Process

There are six stages to the Consumer Buying Decision Process. Actual purchasing is only one stage of the process. Not all decision processes lead to a purchase. All consumer decisions do not always include all 6 stages, determined by the degree of complexity.

The 6 stages are:

1. Problem Recognition (awareness of need)- The buying process starts when the buyer recognizes a problem or need. The buyer senses a difference between his actual state and a desired state. The need can be triggered by internal or external stimuli; the internal stimuli may be the person's normal needs such as hunger and thirst. When they rise to threshold level they become a drive. Need arises through external stimuli when a person is stimulated when he sees a neighbor's new car or while watching a TV commercial of a washing machine.
2. Information search- comprises of
 - Internal search, memory.
 - External search if you need more information. Friends and relatives (word of mouth). Marketer dominated sources; comparison-shopping, public sources etc.

A successful information search leaves a buyer with possible alternatives, the evoked set.

When a person is hungry, if he wants to go out and eat, evoked set is

- Chinese food
- Indian food
- Italian food

3. Evaluation of Alternatives- Here there is a need to establish criteria for evaluation, a buyer evaluates the features he wants or does not want. Rank/ weight alternatives or resume search. Let us say for instance a person is feeling hungry he may decide that he wants to eat something spicy, amongst three

alternatives i.e. Chinese food, Indian food, Italian food. Indian food gets highest rank.

If a person is not satisfied with his choice then he may return to the search phase. Can you think of another restaurant? Look in the yellow pages etc. Information from different sources may be treated differently. Marketers try to influence by “framing” alternatives.

4. Purchase Decision- Here a decision is made amongst various alternatives to choose buying alternative, it may include product, package, store, method of purchase etc.
5. Purchase- May differ from decision, time lapse between 4 & 5, product availability.
6. Post-Purchase Evaluation- outcome: Satisfaction or Dissatisfaction. Cognitive Dissonance, here a person realizes whether he has made the right decision. Cognitive dissonance can be reduced by warranties, after sales communication etc. After eating an Indian food, one may think that he really wanted a Chinese food instead. This gives the consumer a way of communicating with the marketer after purchase. This helps reduce cognitive dissonance when a marketer can answer any concerns of a new consumer.

Types of Consumer Buying Behavior

Types of consumer buying behavior are determined by:

- Level of Involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.
- Buyers' level of involvement determines why he/she is motivated to seek information about a certain product and brands but virtually ignores others.

High involvement purchases- Honda Motorbikes, high priced goods, products visible to others, and the higher the risk the higher the involvement.

The four types of consumer buying behavior are:

- Routine Response/ Programmed Behavior—buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.
- Limited Decision Making—buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps. Requires a moderate amount of time for information gathering. Examples include clothes- where you know product class but not the brand.
- Extensive Decision Making/ Complex high involvement, a person is unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, and education. One spends a lot of time seeking information and deciding. Information from companies MM; friends and relatives, store personnel etc, here a person goes through all six stages of the buying process.
- Impulse buying: Here there is no conscious planning. It should be remembered here that the purchase of the same product does not always elicit the same buying behavior. Product can shift from one category to the next.
For example, going out for dinner for one person may be extensive decision making (for someone that does not go out often at all), but limited decision making for someone else. The reason for the dinner, whether it is an anniversary celebration, or a meal with a couple of friends will also determine the extent of the decision making.

Categories that Affect the Consumer Buying Decision Process

A consumer, making a purchase decision will be affected by the following three factors:

1. Personal
2. Psychological
3. Social

The marketer must be aware of these factors in order to develop an appropriate marketing mix for its target market.

1. Personal Factors

Personal factors are unique to a particular person. They consist of

- Demographic Factors i.e. Sex, Race, Age etc.

Here depending on whether you are a male or a female you give importance to products of your choice, a nail polish is what a teenaged girl may prefer as compared to teenaged guy who may prefer spending the same amount of money on hair gel. Young people purchase things for different reasons than old people.

This factor highlights the difference between male and female shoppers in the supermarket.

- Personality

All the internal traits and behaviors that make a person unique, uniqueness arrives from a person's heredity and personal experience. Examples include Work holism, Compulsiveness, Self Confidence, Friendliness, Adaptability, Ambitiousness, Dogmatism, Authoritarianism, Introversion, Extroversion, Aggressiveness, and Competitiveness etc.

Traits affect the way people behave. Marketers try to match the store image to the perceived image of their customers.

There is a weak association between personality and Buying Behavior; this may be due to unreliable measures like ads. Consumers buy products that are consistent with their self-concept.

- Lifestyles

Recent Indian trends in lifestyles are a shift towards personal independence and individualism and a preference for a healthy, natural lifestyle.

Lifestyles are the consistent patterns people follow in their lives.

Example Healthy Foods for a healthy lifestyle.

2. Psychological Factors

Psychological factors include:

- **Motives**

A motive is an internal energizing force that orients a person's activities toward satisfying a need or achieving a goal.

Actions are effected by a set of motives not just one. If marketers can identify motives then they can better develop a marketing mix.

If one considers MASLOW hierarchy of needs, i.e.

- Physiological
- Safety
- Love and Belonging
- Esteem
- Self Actualization

There is a need to determine what level of the hierarchy the consumers are at to determine what motivates their purchases.

Nutriment, a product marketed by Bristol- Myers Squibb originally was targeted at consumers that needed to receive additional energy from their drinks after exercises etc., a fitness drink. The product was not selling well, and was almost terminated. Upon extensive research it was determined that the product did sell well in inner-city convenience stores. It was determined that the consumers for the product were actually drug addicts who could not digest a regular meal. They would purchase Nutrament as a substitute for a meal. Their motivation to purchase was completely different to the motivation that B-MS had originally thought. These consumers were at the Physiological level of the hierarchy. B-MS therefore had to redesign its MM to better meet the needs of this target market. Motives often operate at a subconscious level therefore are difficult to measure.

- **Perception**

Perception is the process of selecting, organizing and interpreting information inputs to produce meaning, i.e. we choose what info we pay attention to, organize it and interpret it.

Information inputs are the sensations received through sight, taste, hearing, smell and touch. Under Perception we have,

Selective Exposure-select inputs to be exposed to our awareness. More likely if it is linked to an event, satisfies current needs, intensity of input changes (sharp price drop).

Selective Distortion- changing/ twisting current or received information, or is inconsistent with beliefs.

Advertisers that use comparative advertisements (pitching one product against another), have to be very careful that consumers do not distort the facts and perceive that the advertisement was for the competitor. A current example... PEPSI and THUMS UP... do you ever get confused?

Selective Retention- Remember inputs that support beliefs, forget those that don't.

Average supermarket shopper is exposed to 17,000 products in a shopping visit lasting 30 minutes- 60% of purchases are unplanned, exposed to 1,500 advertisements per day. Can't be expected to be aware of all these inputs and certainly will not retain many.

Interpreting information is based on what is already familiar, on knowledge that is stored in the memory.

- Ability and Knowledge

Need to understand individuals' capacity to learn. Learning, changes in a person's behavior caused by information and experience. Therefore to change consumers' behavior about your product, there is a need to give them new information regarding the product, distribute free samples etc.

When making buying decisions, buyers must process information.

Knowledge is the familiarity with the product and expertise.

Inexperience buyers often use prices as an indicator of quality more than those who have knowledge of a product.

Non-alcoholic Beer example: consumers chose the most expensive six pack, because they assume that the greater price indicates greater quality.

Learning is the process through which a relatively permanent change in behavior results from the consequences of past behavior.

- Attitudes

Knowledge and positive and negative feelings about an object or activity may be tangible or intangible, living or non-living... these drive perceptions.

Individual learns attitudes through experience and interaction with other people.

Consumer attitudes toward a firm and its products greatly influence the success or failure of the firm's marketing strategy.

Attitudes and attitude change are influenced by consumers' personality and lifestyle.

Consumers screen information that conflicts with their attitudes. Distort information to make it consistent and selectively retain information that reinforces our attitudes, i.e. Brand Loyalty. There is a difference between attitude and intention to buy (ability to buy).

3. Social Factors

Consumers' wants, learning, motives etc. are influenced by

- Opinion Leaders—

Marketers try to attract opinion leaders... they actually use (pay) spokespeople to market their products. Micheal Jordon (Nike, McDonalds, etc) Rahul Dravid (Hutch, Reebok, Pepsi, etc).

- Roles and Family Influences—

Role... things you should do based on expectations of you from your position within a group.

People have many roles i.e., husband, father, employer, employee etc. Individuals' role is continuing to change therefore marketers must continue to update information.

Family is the most basic group a person belongs to. Marketers must understand:

- That many family decisions are made by the family unit.
- Consumer Behavior starts in the family unit.
- Family roles and preferences are the model for children's future family (can reject/ alter etc).
- Family buying decisions are a mixture of family interactions and individual decision making.
- Family acts as an interpreter of social and cultural values for the individual.

Because joint families are becoming more common, the decision maker within the family unit is changing... also, in case of dual income family parents have Less time for children, and therefore tend to let them influence purchase decisions in order to alleviate some of the guilt. (Children influence about \$130 billion of goods in a year) Children also have more money to spend themselves.

- Reference Groups—

Individual identifies with the group to the extent that he takes on many of the values, attitudes or behaviors of the group members.

Families, friends, sororities, civic and professional organizations etc come under the Reference Groups.

Any group that has a positive or negative influence on a person's attitude and behavior come under the Reference Groups.

Membership Groups are the groups to which a person belongs to, say for ex. Membership in a club etc.

Affinity marketing is focused on the desires of consumers that belong to reference groups. Marketers get the groups to approve the product and communicate that approval to its members. Best example is Credit Cards.

Aspiration groups are the groups to which individuals want to belong to.

Disassociate groups are the groups to which individuals do not want to belong to.

Honda tries to disassociate from the "Biker" group.

The degree to which a reference group will affect a purchase decision depends on an individual's susceptibility to reference group influence and the strength of his/ her involvement with the group.

- Social Class

It is an open group of individuals who have similar social rank. India is not a class less society. Indian criteria, occupation, education, income, wealth, race, ethnic groups and possessions etc all come under social class.

Social class influences many aspects of our lives i.e. upper middle class Indians prefers luxury cars Chevrolet.

Social class determines to some extent, the types, quality and quantity of products that a person buys or uses. Lower class people tend to stay close to home when shopping; do not engage in much pre-purchase information gathering. Therefore family, reference groups and social classes are all social influences on consumer behavior. All operate within a larger culture.

- Culture and Sub Culture

Culture refers to the set of values, ideas and attitudes that are accepted by a homogeneous group of people and transmitted to the next generation.

Culture also determines what is acceptable with product advertising. Culture determines what people eat, wear, reside and travel. Cultural values in the US for instance are good health, individualism and freedom.

Americans prefer cold tea, or a cold coffee. Where as in Britain, tea is a part of their culture served hot with milk.

Different society has different levels of needs and consists of different cultural values.

Therefore it can be concluded that understanding Consumer Buying Behavior offers consumers greater satisfaction (Utility). We must assume that the company has adopted the marketing concept and are consumer oriented.

Definition of Marketing:

Marketing is the process of planning and executing the conception, pricing, promotion and distribution (4 Ps) of ideas, goods and services to create exchanges (with customers) that satisfy individual and organizational objectives.

Marketing is the process of discovering and translating consumer wants into products and service specifications and then in turn, helping to make it possible for more and more consumer to enjoy more and more of these products and services.

In the simple term, “when people talk to themselves it is called insanity, when companies talk to themselves it is called Marketing”.

Exchange and Utility

The criteria needed for an exchange to occur:

- Must have something of value to exchange.
- Need to be able to communicate.
- Must be able to exchange (under 21 drinking is not allowed).
- Must want to exchange.
- At least 2 people needed for an exchange to occur.

The exchange process creates utility. Utility is the satisfaction, value or usefulness a user receives from a good or a service. When you purchase an automobile, you give up less (in \$s) than the value of the car (to)..... the ability to get you from A to B, safely in a timely manner etc.

An example of a service that offers all types of utility:

- 24 Hour pizza delivery service.

LL Bean 1912, founded on the marketing concept, in his first circular:

“I do not consider a sale complete until goods are worn out and the customer still satisfied. We will thank anyone to return goods that are not perfectly satisfactory... above all things we wish to avoid having an unsatisfied customer.”

Marketing Mix

Marketing Mix is a term used to describe the optimum combination of four inputs that constitutes the act of an organization’s marketing process. These four elements are— Product mix, Price mix, Promotion mix and Place mix (distribution).

Marketing mix offers an optimum combination of all marketing ingredients so that we can have realization of company goals such as profit, return on investment, sales volume, and market share and so on. It is profitable formula for the marketing operations.

Marketing Research

Marketing Research is the systematic gathering, recording and analyzing of data about problems connected with market place i.e. problem relating to product, price, promotion and distribution of the marketing mix. Marketing research is directly interested in offering sound alternative solution to all marketing problems.

Marketing research consists of application of scientific methods and procedures to the study of marketing problems.

The essential purpose of marketing research is to provide information, which will facilitate the identification of an opportunity or problem situation and to assist managers in the best possible decisions when such situations are encountered.

RESEARCH DESIGN

What is Research Design?

A Research Design is the arrangement of conditions for collection and analysis of data in manner, which aims to combine relevance to the research proposal with economy in procedure. In other words a research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and to control

variance in marketing processes. The value and importance of exploratory research generally gives a clear idea as what problems will be faced in the course of the study.

Here, it is necessary like any other exploratory research that research design has to be made flexible enough to accommodate various avenues that emerge especially during the interview. This is the key reason as to why the required questionnaire has been framed with both close ended and open ended questions repeating the objects of one enquiry more than once.

TITLE OF THE STUDY

“A study to assess the Market Potential and feasibility of PCOs for Spice Telecom in Bangalore City”

STATEMENT OF THE PROBLEM

The communication market has made great strides in its development and is diversifying into various fields. Innovations and inventions have been very wide and frequent. The vast population of India which is more concentrated towards the rural part of the country is striving to match their counter parts in urban areas. Today, communication has become a part and parcel of every normal human being. Also the people have enough money to afford to speak to their near and dear ones who are far away from them. This is all because of the easy availability of STD/ISD facility through PCO connection found in every corner of the country.

This growth of PCO service has ensured that every person is able to afford it comfortably any where in India. Therefore need arises to study the factors that will affect the growth and development of the PCO service market. This study deals with finding the Market Potential and feasibility of entering into this segment by one of the Mobile Service provider of India i.e. Spice Telecom.

Being in the service industry any organization would want to reduce the gap between what the customers expect and what he actually receives. The market study is an exploratory research with the aim of studying the consumer perception and satisfaction with the present PCO service providers and also finding out the Market Potential for Spice Telecom to enter into this segment.

RESEARCH METHODOLOGY

A) Types of Research: Exploratory and Descriptive Research.

- Exploratory Research: -

This research is used when one is seeking insight into the general nature of problems. Typically there is little prior knowledge on which to build. The research methods are highly flexible, unstructured and qualitative. Focus groups and depth interviews are some of the methods used in exploratory research. Depth interviews were conducted for some of the PCO users to get an insight into the subject of the study.

- Descriptive Research: -

Descriptive Research embraces a large proportion of marketing research.

The type of research used for this study is descriptive research and consumer survey was conducted using a structured questionnaire.

B) Data: - Primary and Secondary Data

- Primary Data: -

Primary data was collected from the respondents by using a structured questionnaire.

- Secondary Data: -

Current information regarding the subject was collected from Magazines, Trade Journals and Internet.

C) Tools of Data Collection: -

Since the project aims to collect data based mainly on primary information, a structured Questionnaire with both open ended and closed ended questions was designed to measure the factors, which were relevant.

D) Sampling Techniques: -

Sample and Sample Size: Since the whole universe cannot be surveyed, a sample was chosen to conduct the research.

The total sample size was 200 respondents consisting to 100 respondents who already own a PCO and 100 respondents who don't have a PCO at all. The sample size was divided on the basis of Bangalore North and Bangalore South with 50% from each segment.

E) Sampling Method: -

The sampling method adopted here was convenient cum Judgment Sampling Method because of time and cost.

F) Data Analysis: - The Tools and Techniques used were:

1. Tabular representation of data.
2. Percentages.
3. Graphs.
4. Ratings.

G) Target Audience: -

Out of the 200 respondents, 50% were the people who were using already using PCOs of Reliance, Tata Indicom, Airtel and Bsnl. The 50% were the people who did not own any PCO.

OBJECTIVES OF THE STUDY

Primary Objectives

- To assess the Market Potential to launch PCOs by Spice Telecom in the Bangalore city.
- To assess the Feasibility for Spice Telecom to enter this segment in the Bangalore city.

Secondary Objectives

- To find the customer satisfaction of various PCO service providers.
- To find the customer perception towards PCOs from Spice Telecom.
- To find the different offers given by the different PCO service providers.
- To find the type of customers to which Spice Telecom should target.

SCOPE OF THE STUDY

The scope of the study can be broken down into two:

- The study covers the Customer Satisfaction of the customers of various PCO service providers in Bangalore City. The study covers what all the customers expect from their service providers and how much they are happy with it. Also find out which service provider does customers owning a PCO think will be a better service provider under GSM service providers.
- The study also covers those people who don't own any PCO connection. This part of the study is targeted towards people who can be major customers, since they don't own any PCO they may think of owning one.

LIMITATIONS OF THE STUDY

- A complete enumeration of the population was not possible because the study was limited only to Bangalore City.
- Due to constraints of time and resources, extensive research could not be undertaken. Therefore, the sample size was restricted to 200 respondents. i.e. 100 owning a PCO and 100 who don't own a PCO.
- Analysis of data obtained from the questionnaire was done on the assumption that honest and correct information had been given by the respondents.
- As the study was based on convenient cum judgmental sampling it suffers from all the disadvantages of statistical analysis.

PROFILE OF THE COMPANY

CORPORATE PROFILE

Spice Telecom is a joint venture between two major players in the telecom industry- Distacom of Hong Kong, and the flagship company of the Modi group. It is one of the leading cellular providers in India today.

Spice has been operational in the two states of Karnataka and Punjab for the past 6 years. Spice was born in April 1997 and has a combined subscriber base of more than 7 lakhs

people.300 employees working in Spice with varied Technical & Management profiles, from the leading institutes of the country

The headquarters of Spice Telecom - Karnataka are located in Bangalore, a city renowned for its large base of software developers and I.T expertise. With over 1100 kms of optical fiber cable laid across the state, Spice brings you quality cellular services at attractive prices. Spice is present in 49 towns across Karnataka. The number gets bigger by the day.

GOAL

To provide users with superior products and services, any time, any where.

ORGANIZATION VALUES

- To be fair and transparent in what they do and how they do it.
- To provide users with quality services with more customer friendly practices.
- To make user communications experience simple, pleasurable and fun. Where users don't simply get technology but technology that is relevant. Where solutions are not just promised in the future but delivered in the present.

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION OF THE FEEDBACK GIVEN BY RESPONDENTS WHO OWN A PCO

Table 1 showing the percentage of respondents using various PCO services

Service Provider	Number of respondents	Percentage of respondents
Airtel	20	20%
Bsnl	20	20%
Reliance	30	30%
Tata Indicom	30	30%
Total	100	100%

Analysis: From the table it is clear that 30% of the respondents are the customers of Reliance and Tata Indicom each and 20% of Airtel and Bsnl each.

Inference: From this analysis it is clear that more of the respondents are from Reliance and Tata Indicom since these two operators provide the service with out Land Line facility.

Graph showing the no. of respondents using different PCO service

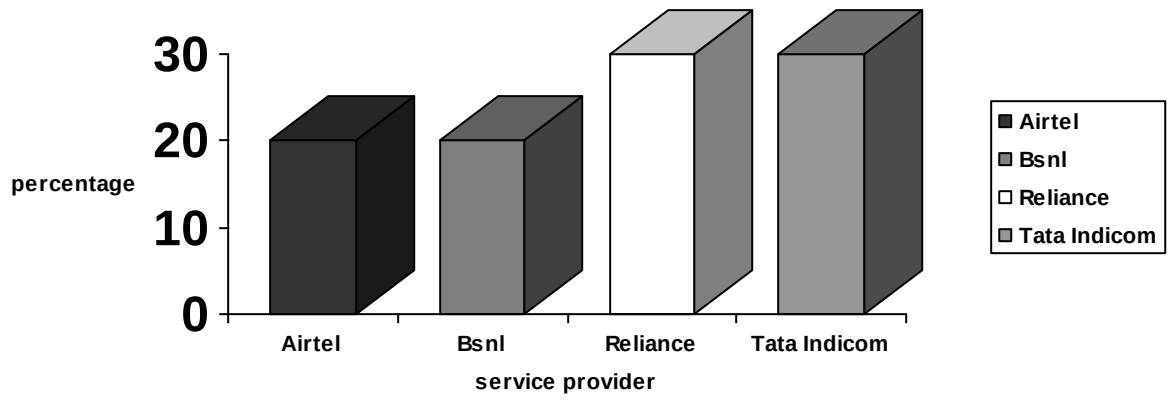


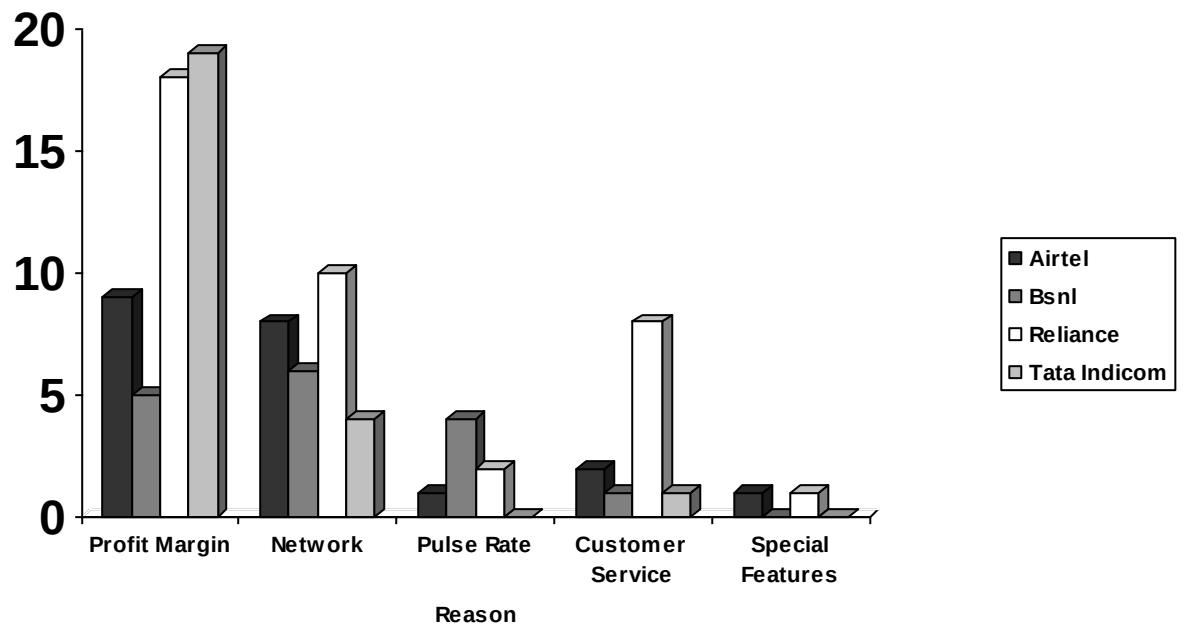
Table 2 showing the ratings given by respondents to the factors they consider while selecting a PCO connection

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Profit Margin	9	9%	5	5%	18	18%	19	19%	51	51%
Network	8	8%	6	6%	10	10%	4	4%	28	28%
Pulse Rate	1	1%	4	4%	2	2%	0	0	7	7%
Customer Service	2	2%	1	1%	8	8%	1	1%	12	12%
Special Features	1	1%	0	0	1	1%	0	0	2	2%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that 51% of the respondents feel that Profit Margin is the most important factor they consider while selecting a PCO service. The next importance is given to Network with 28% followed by Customer Service with 12%, Pulse Rate with 7% and Special Features with 2%.

Inference: From this analysis it is clear that more of the respondents prefer higher Profit Margin compared to other factors. Also among the respondents Tata Indicom respondents are higher in numbers who prefer higher profit margin.

Graph showing the rating given by respondents while selecting a PCO service



Q3. What are the reasons for preferring this particular PCO connection?

The various answers given by the respondents were:

- Higher Profit Margin
- Low Investment
- Brand Name
- Good Network
- Their friends had purchased
- Trust in the billing system
- Government Service (BSNL)

Analysis: An overall analysis shows that people with private connection i.e. Airtel, Reliance and Tata Indicom preferred them because of high profit margin compared to Bsnl followed by Low Investment. An over whelming people having Bsnl connection said that they had taken a Bsnl connection because it is a Government Service and hence more trustable.

Inference: From this analysis it is clear that more of the respondents having a private operator PCO connection prefer higher Profit Margin compared to other factors. While those having a Bsnl prefer it because of trust in the Billing System.

Table 4 showing how the respondent came to know about their present PCO connection

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Advertising	2	2%	0	0%	3	3%	10	10%	15	15%
Seeing other PCOs	13	13%	12	12%	17	17%	15	15%	57	57%
Friends	5	5%	8	8%	10	10%	5	5%	28	28%
Other Means	0	0%	0	0%	0	0%	0	0%	0	0%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that 57% of the respondents came to know about their present PCO service by seeing other PCOs, followed by Friends with 28% and Advertising like personal visits by the company people with 15%.

Inference: From this analysis it is clear that more of the respondents got to know about their PCO service by looking at other PCO services and hence this has a greater role in attracting more customers.

Graph showing how the respondents came to know about their PCO service

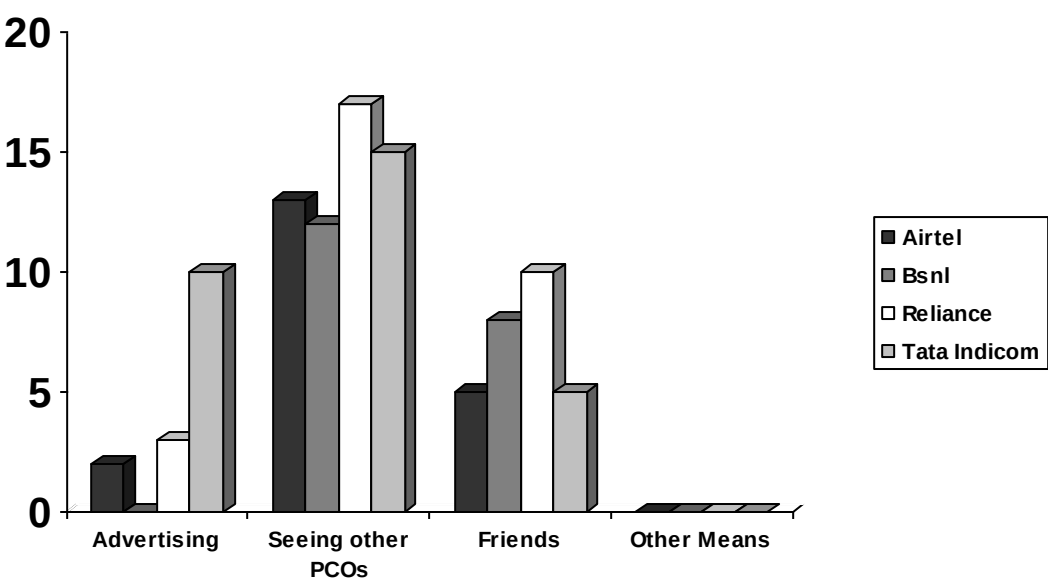


Table 6 showing overall how satisfied the respondents were with their present service

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Very Satisfied	5	5%	9	9%	0	0%	3	3%	17	17%
Satisfied	10	10%	10	10%	8	8%	25	25%	53	53%
Unsatisfied	5	5%	1	1%	19	19%	2	2%	27	27%
Very Unsatisfied	0	0%	0	0%	3	3%	0	0%	3	3%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that 53% of the respondents are satisfied with their present service and a major chunk of it is from Tata Indicom customers. 27% of the customers are Unsatisfied with their present PCO service with more contribution from Reliance customers.

Inference: From this analysis it is clear that most of the Tata Indicom customers are satisfied with the present service compared to their competitor Reliance which has more of unsatisfied customers.

Graph showing the satisfaction level of the respondents with their present PCO service

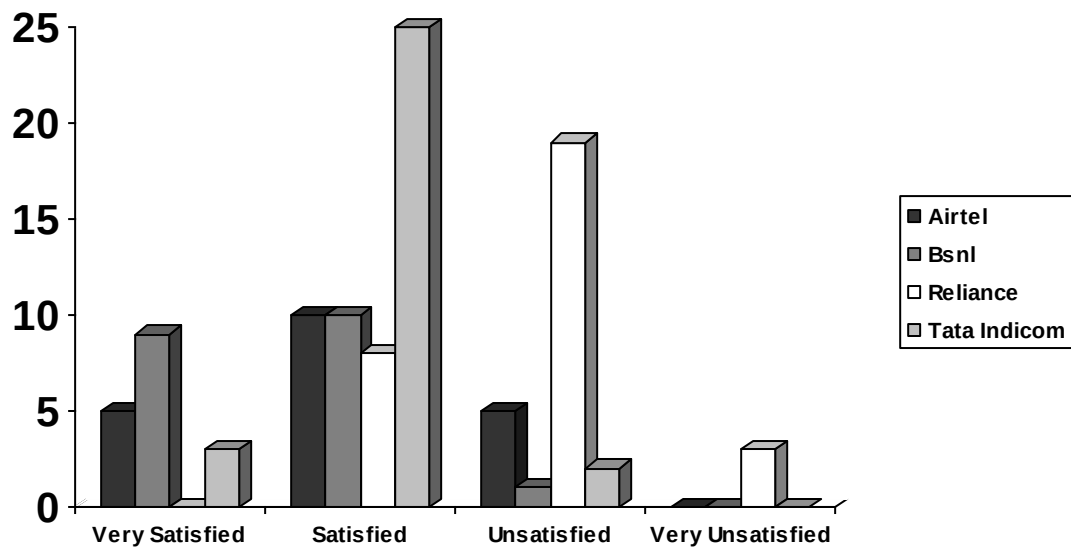


Table 7 showing whether respondents considered any other PCO service before their present PCO connection

Factors	Airtel Res %	Bsnl Res %	Reliance Res %	Tata Indicom Res %	Total Res %
Yes	5 5%	6 6%	9 9%	2 2%	22 22%
No	15 15%	14 14%	21 21%	28 28%	78 78%
Total	20 20%	20 20%	30 30%	30 30%	100 100%

Analysis: From the table it can be observed that 78% of the respondents had not considered any other PCO service before their present PCO connection while only about 22% of them had considered the alternatives.

Inference: From this analysis it is clear that most of the people who want to install a PCO booth don't consider any other alternative to the choice they have made i.e. the people in this business don't consider much before installing the PCO.

Graph showing whether the respondents had considered any other PCO service before opting for the present connection

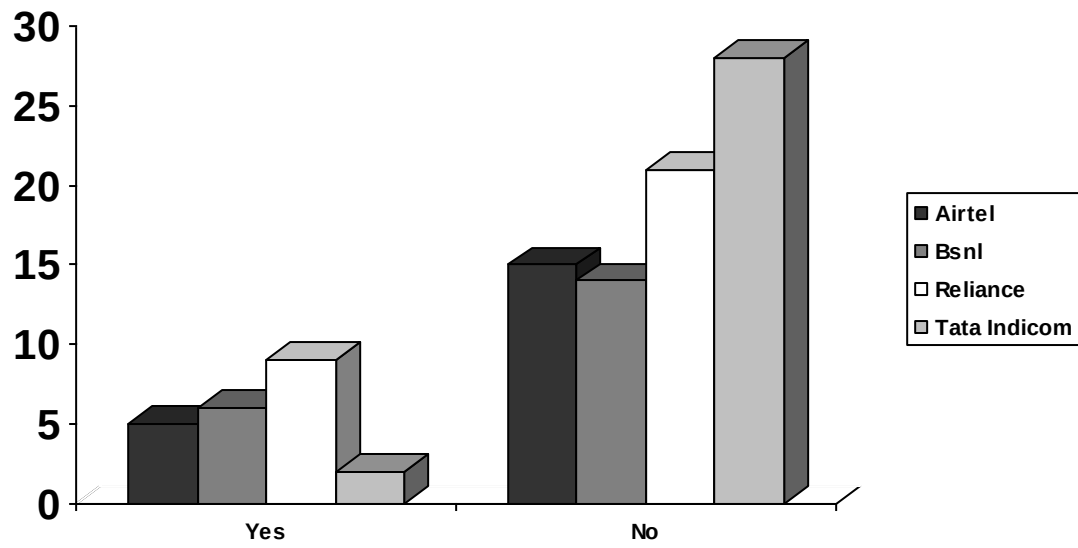


Table 8 showing which PCO service the respondents considered before subscribing to their present service

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Airtel	0	0%	0	0%	0	0%	0	0%	0	0%
Bsnl	4	4%	0	0%	8	8%	0	0%	12	12%
Reliance	1	1%	4	4%	0	0%	2	2%	7	7%
Tata Indicom	0	0%	2	2%	1	1%	0	0%	3	3%
Total	5	5%	6	6%	9	9%	2	2%	22	22%

Analysis: From the table it can be observed that 12% of the respondents had considered Bsnl PCO before subscribing to their present PCO, the next highest preference was given to Reliance with 7% followed by 3% to Tata Indicom.

Inference: From this analysis it is clear that most of respondents were aware of the Bsnl PCO service.

Graph showing which PCO service the respondents considered before subscribing to their present service

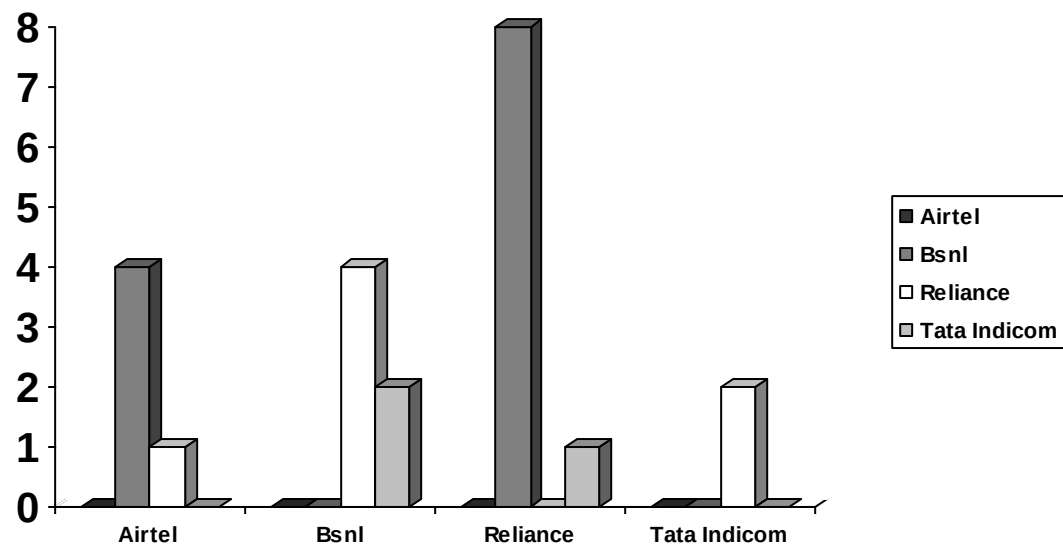


Table 9 showing whether the respondents had any other PCO connection before using there current PCO connection.

Factors	Airtel Res %	Bsnl Res %	Reliance Res %	Tata Indicom Res %	Total Res %
Yes	2 2%	5 5%	18 18%	1 1%	26 26%
No	18 18%	15 15%	12 12%	29 29%	74 74%
Total	20 20%	20 20%	30 30%	30 30%	100 100%

Analysis: From the table it can be observed that 74% of the respondents were not having any other PCO connection earlier to their present connection. Out of the remaining 26% most of the customers of Reliance about 18% were having other PCOs before having there present PCO connection.

Inference: From this analysis we can infer that most of the PCO owners have it installed for the first time. Also only a few people change it to a new connection.

Graph showing whether the respondents had any other PCO connection earlier to their present PCO connection

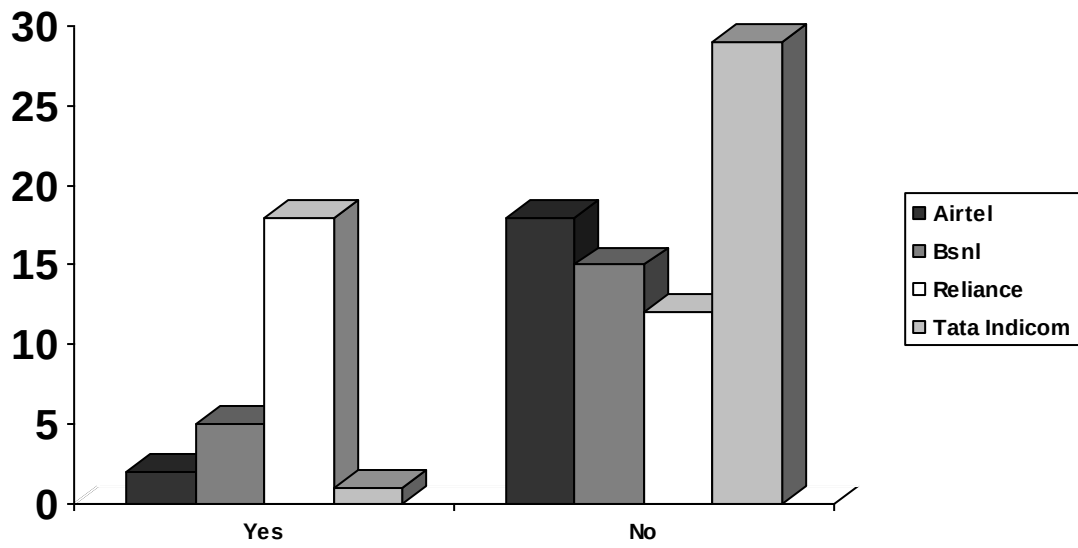


Table 10 showing which PCO connection the respondents were using before subscribing to their present connection.

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Airtel	0	0%	0	0%	2	2%	0	0%	2	2%
Bsnl	1	1%	0	0%	16	16%	1	1%	18	18%
Reliance	1	1%	4	4%	0	0%	0	0%	5	5%
Tata Indicom	0	0%	1	1%	0	0%	0	0%	1	1%
Total	2	2%	5	5%	18	18%	1	1%	26	26%

Analysis: From the table it can be observed that out of the total 26% of the respondents who were having another PCO connection earlier to their present connection 18% (out of total 100%) were having Bsnl PCO connection, followed by 5% with Reliance connections.

Inference: From this analysis it is clear many respondents who were earlier having a Bsnl PCO connection have shifted to Reliance PCO connection.

Graph showing which PCO connection the respondents were using before subscribing to their present connection

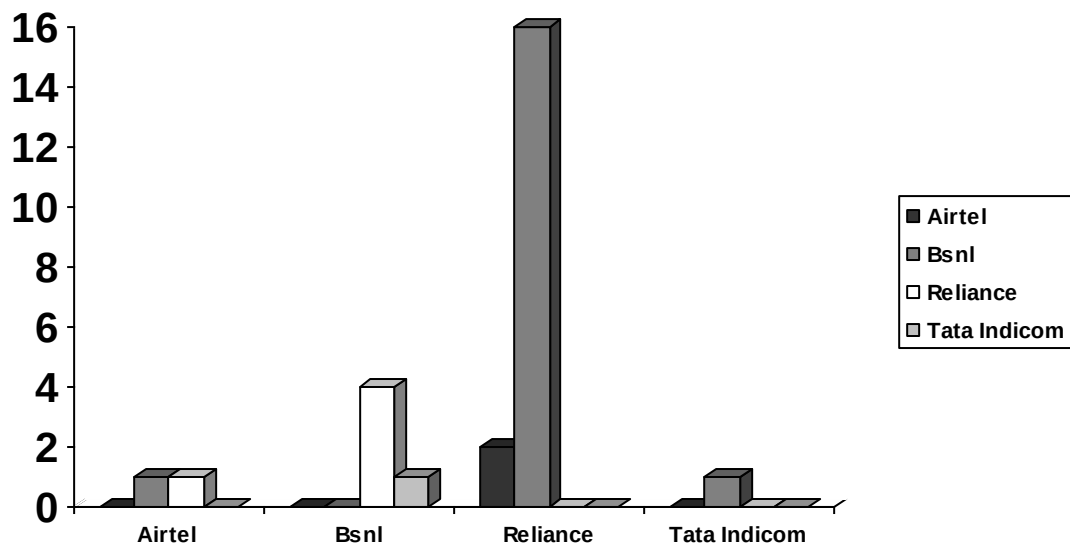


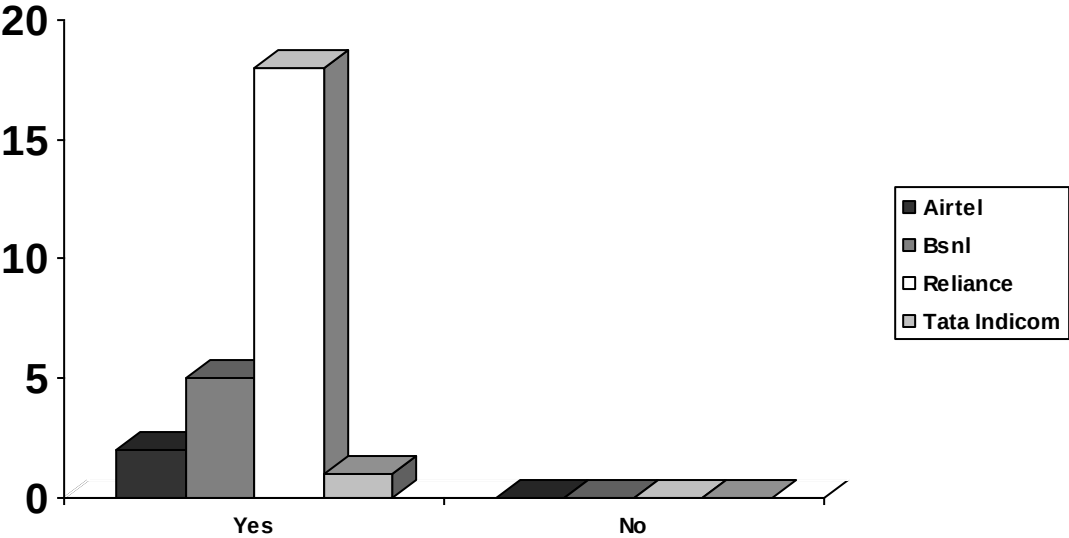
Table 11 showing whether the respondents who were having another PCO connection earlier had any problem with it.

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Yes	2	2%	5	5%	18	18%	1	1%	26	26%
No	0	0%	0	0%	0	0%	0	0%	0	0%
Total	2	2%	5	5%	18	18%	1	1%	26	26%

Analysis: From the table it can be observed that out of the 26% of the respondents who were having another PCO connection earlier to their present connection all of 26% had problems.

Inference: From this analysis we can infer that people who have shifted their PCO connection to a new one had some or the other problem because of which they shifted to new PCO connection.

Graph showing whether the respondents who were having another PCO connection earlier had any problem with it.



Q12. If yes, what problems?

The various answers given by the respondents were:

- Low Profit Margin
- Billing System was not Transparent
- Network Busy
- High Deposit
- No proper maintenance
- No proper response from Customer Care

Analysis: An overall analysis shows that people who earlier had a Bsnl PCO connection shifted to other connections like Reliance because they felt the Profit Margin was low compared to the Profit Margin provided by Reliance. Some people who were using Reliance shifted because the Billing System was not Transparent. A few gave the other reasons which are mentioned above.

Inference: From this analysis it is clear that many of the respondents who earlier had a Bsnl PCO shifted to other PCOs like Reliance and Tata Indicom in search of higher Profit Margin.

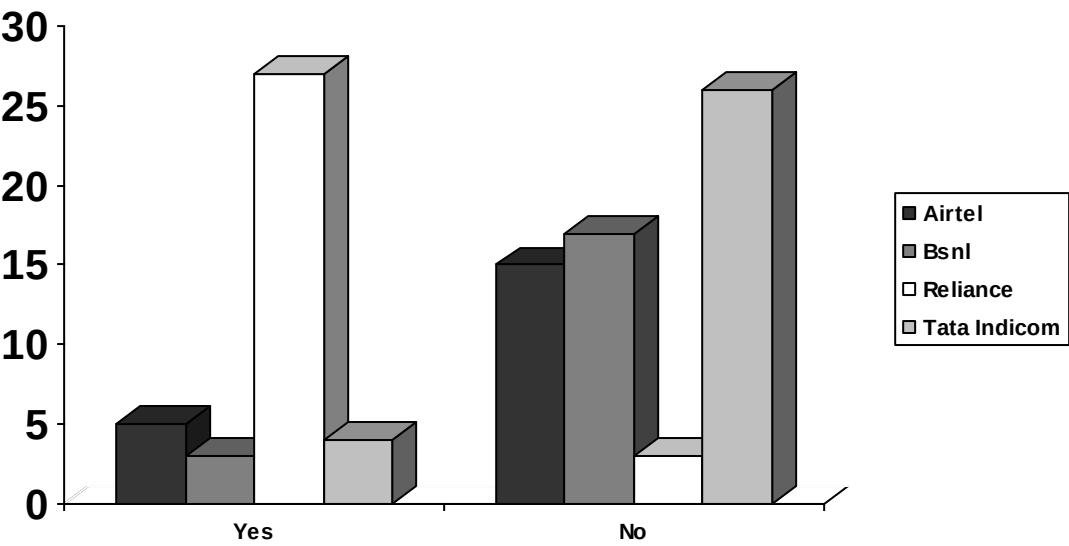
Table 13 showing whether the respondents are having any problems with the present PCO connection.

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Yes	5	5%	3	3%	27	27%	4	4%	39	39%
No	15	15%	17	17%	3	3%	26	26%	61	61%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that out of the 61% of the respondents who are having a PCO connection is not having any problems with their connections. Also out of the remaining 39% who are having problems, 27% are those having a Reliance PCO connection.

Inference: From this analysis we can infer that people who are having Tata Indicom and Bsnl PCO connections are not having many problems while compared to their rivals Reliance whose customers are having a lot of problems.

Graph showing whether the respondents are having any problems with the present PCO connection.



Q14. If yes, what problems?

The various answers given by the respondents were:

- Billing System is not Transparent
- Call Jumping
- No proper maintenance
- No proper response from Customer Care
- Low Profit Margin

Analysis: An overall analysis shows that respondents who are having a Reliance PCO are the most that have complaints. And the major complaint is related to Billing System and Call Jumping. While only a few from Bsnl we not happy with the Low Profit Margin.

Inference: From this analysis it is clear that many of the respondents who own a Reliance PCO are not happy and are Unsatisfied with their PCO and many of the Bsnl customers are Satisfied with their PCO connection.

Table 15 showing on an average how many people use the PCO of the respondents daily.

Factors	Airtel Res %	Bsnl Res %	Reliance Res %	Tata Indicom Res %	Total Res %
<50	17 17%	12 12%	26 26%	22 22%	77 77%
50-100	3 3%	5 5%	4 4%	7 7%	19 19%
100-200	0 0%	3 3%	0 0%	1 1%	4 4%
>200	0 0%	0 0%	0 0%	0 0%	0 0%
Total	20 20%	20 20%	30 30%	30 30%	100 100%

Analysis: From the table it can be observed in more than 77% of the PCO booths for which survey was done, the people using it is <50 per day. Only about 4% of the booths, the people using it are 100-200.

Inference: From this analysis it is also clear that among the respondents those who own a Bsnl booth has more number of people using it in 100-200 range compared to its competitors PCOs.

Graph showing on an average how many people use the PCO of the respondents daily.

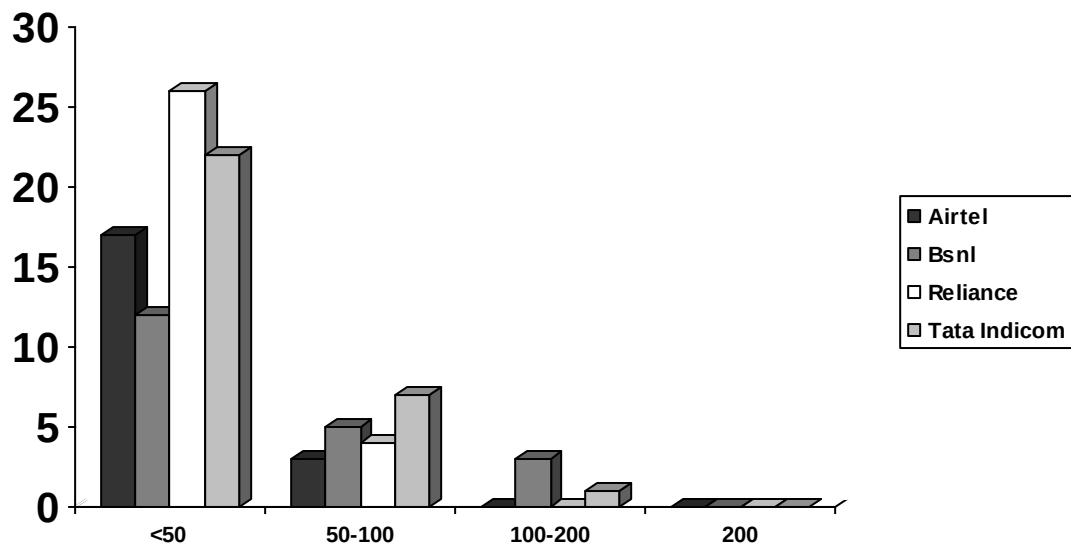


Table 16 showing, whether the present PCO is worth the investment that the respondent has made.

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Strongly Agree	6	6%	7	7%	0	0%	1	1%	14	14%
Agree	4	4%	11	11%	2	2%	25	25%	42	42%
Can't Say	3	3%	0	0%	3	3%	2	2%	8	8%
Disagree	5	5%	2	2%	15	15%	2	2%	24	24%
Strongly Disagree	2	2%	0	0%	10	10%	0	0%	12	12%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that about 42% of the respondents Agree that the present PCO connection is worth the investment that they have made, while 24% of the customers Disagree with the same.

Inference: From this analysis it is clear that among the respondents those who own a Bsnl booth many of them Strongly Agree that there investment is worth while many of those having a Reliance booth are Strongly Disagreeing on the same.

Graph showing the agreement level of the respondents with the investment they have made on the present PCO connection

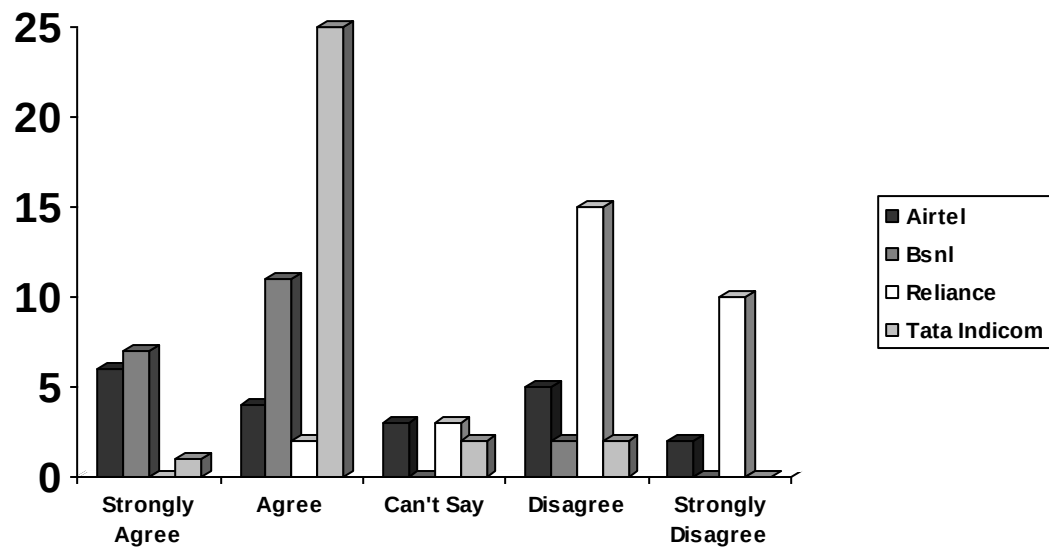


Table 17 showing whether the respondents would recommend their present PCO connection to others

Factors	Airtel Res %	Bsnl Res %	Reliance Res %	Tata Indicom Res %	Total Res %
Yes	17 17%	19 19%	3 3%	25 25%	64 64%
No	3 3%	1 1%	27 27%	5 5%	36 36%
Total	20 20%	20 20%	30 30%	30 30%	100 100%

Analysis: From the table it can be observed that 64% of the respondents who are having a PCO connection would recommend others to have one of the same service providers. Out of the remaining 36% who don't want to recommend it to others, 27% are those having a Reliance PCO.

Inference: From this analysis we can infer that respondents who are having Airtel, Bsnl and Tata Indicom would recommend others to have one of the same, while those having a Reliance PCO would not recommend others to have one of the same.

Graph showing whether the respondents would recommend their present PCO connection to others.

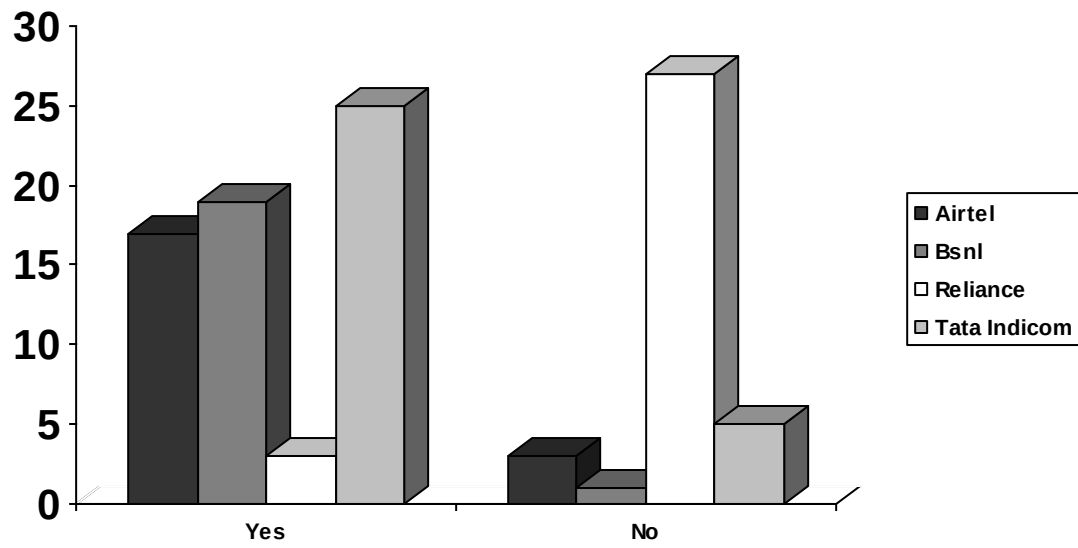


Table 18 showing which PCO connection the respondents would prefer to if given an option to change.

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Airtel	1	1%	0	0%	2	2%	1	1%	4	4%
Bsnl	17	17%	16	16%	21	21%	29	29%	83	83%
Reliance	0	0%	0	0%	0	0%	0	0%	0	0%
Tata Indicom	2	2%	4	4%	7	7%	0	0%	13	13%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that out of the total respondents 83% of the respondents would like to change to Bsnl PCO connection if given an option to change. Also about 80% (out of 20) of Bsnl customers want to have Bsnl itself if given an option to change.

Inference: From this analysis we can infer that most of the respondents have a good perception towards Bsnl PCOs including the customers of Bsnl itself. Also the worst scenario is of Reliance which not even a single respondent opted for including the 30 respondents who already own a Reliance PCO.

Graph showing which PCO connection the respondents would prefer to if given an option to change.

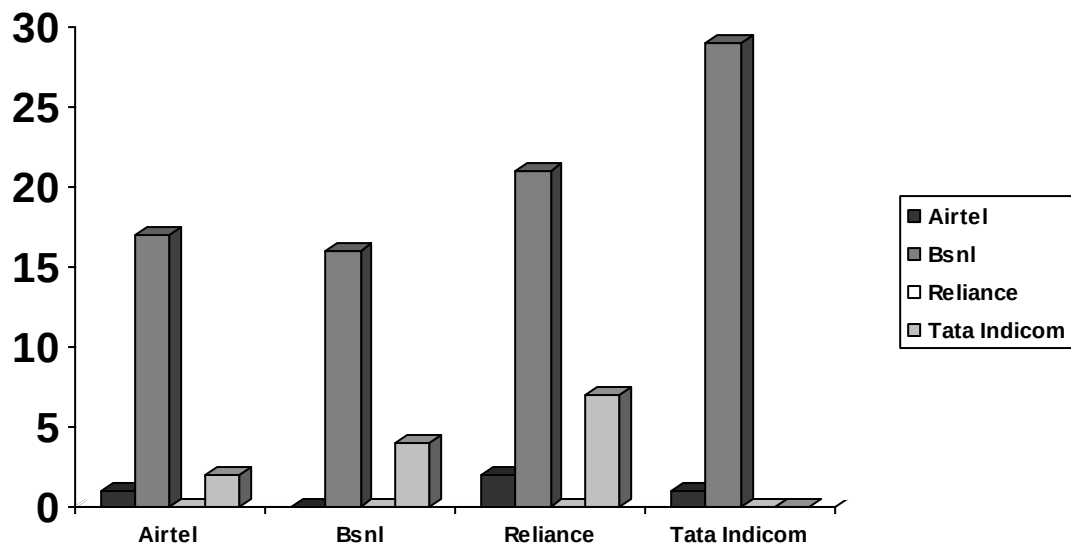


Table 19 showing whether the respondents think GSM PCOs are better than Landline/ CDMA PCOs.

Factors	Airtel Res	%	Bsnl Res	%	Reliance Res	%	Tata Indicom Res	%	Total Res	%
Strongly Agree	0	0%	0	0%	0	0%	0	0%	0	0%
Agree	3	3%	0	0%	0	0%	2	2%	5	5%
Can't Say	5	5%	2	2%	7	7%	5	5%	19	19%
Disagree	2	2%	2	2%	11	11%	14	14%	29	29%
Strongly Disagree	10	10%	16	16%	12	12%	9	9%	47	47%
Total	20	20%	20	20%	30	30%	30	30%	100	100%

Analysis: From the table it can be observed that about 47% of the respondents Strongly Disagree with the argument that GSM PCOs are better than Landline or CDMA PCOs, while 29% follow them that they Disagree with the concept.

Inference: From this analysis it is clear that among the respondents nobody Strongly support the idea of GSM PCOs, while only a few Agree with it and about 19% of the respondents not having any idea about it.

Graph showing whether the respondents think GSM PCOs are better than
Landline/ CDMA PCOs.

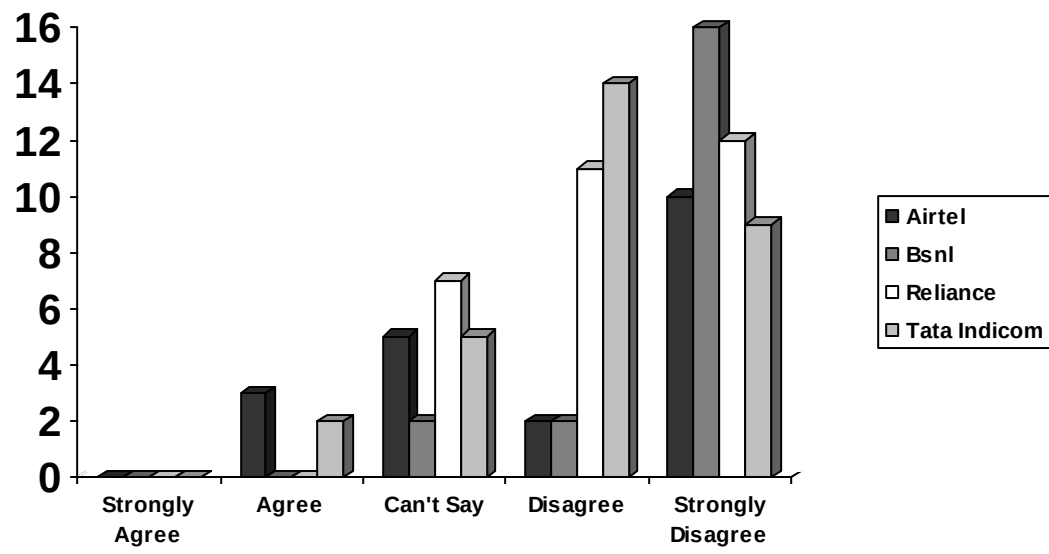


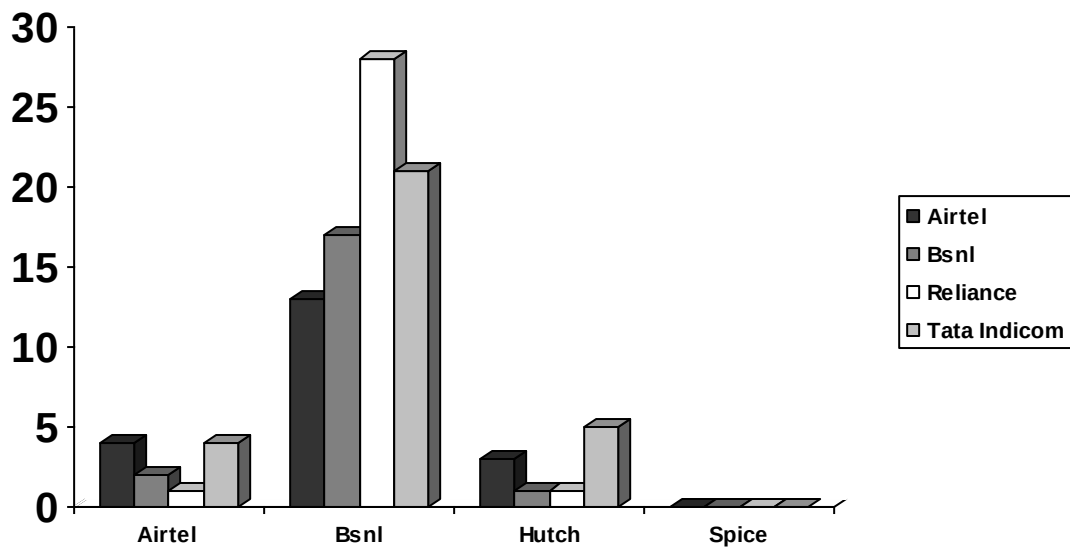
Table 20 showing, which GSM operator in Karnataka does the respondents think will be a better PCO service provider.

Factors	Airtel Res %	Bsnl Res %	Reliance Res %	Tata Indicom Res %	Total Res %
Airtel	4 4%	2 2%	1 1%	4 4%	11 11%
Bsnl	13 13%	17 17%	28 28%	21 21%	79 79%
Hutch	3 3%	1 1%	1 1%	5 5%	10 10%
Spice	0 0%	0 0%	0 0%	0 0%	0 0%
Total	20 20%	20 20%	30 30%	30 30%	100 100%

Analysis: From the table it can be observed that out of the total respondents, 79% of the respondents would feel Bsnl will be a better PCO service provider among all the GSM operators in Karnataka followed by Airtel with 11% and Hutch with 10%.

Inference: From this analysis we can infer that most of the respondents have a good perception towards Bsnl PCOs including the customers of Bsnl itself. Also the worst scenario is of Spice Telecom which did not find even a single respondent supporting it.

Graph showing, which GSM operator in Karnataka does the respondents think will be a better PCO service provider.



Q21. If a new GSM operator comes with PCO service what all features do you expect?

The various answers given by the respondents were:

- Good Network
- Higher Profit Margin
- Transparent Billing System
- Low Investment
- Low Charges
- VAS (like SSLC results)
- Proper Maintenance

Analysis: An overall analysis shows that people expect the above features if a new GSM PCO service provider enters the market. About 90% of the respondents gave preference to network, because respondents have a perception that GSM phone usually don't have a proper network compared to Landline or CDMA phones.

Inference: From this analysis it is clear that more of the respondents want good network followed by Higher profit margin. A very few of them opted for VAS services.

**DATA ANALYSIS AND
INTERPRETATION OF
THE FEEDBACK GIVEN
BY RESPONDENTS WHO
DON'T OWN ANY PCO**

Table 1 showing whether the respondents owned any PCO connection earlier

Factors	Number of Respondents	Percentage %
Yes	3	3%
No	97	97%
Total	100	100%

Analysis: From the table it can be observed that 97% of the respondents who don't own any PCO connection were not having any connection earlier also. Only about 3% of the people said they had owned a PCO earlier.

Inference: From this analysis we can infer that majority of the respondents under this survey did not own any PCO earlier.

Graph showing whether the respondents owned any PCO connection earlier.

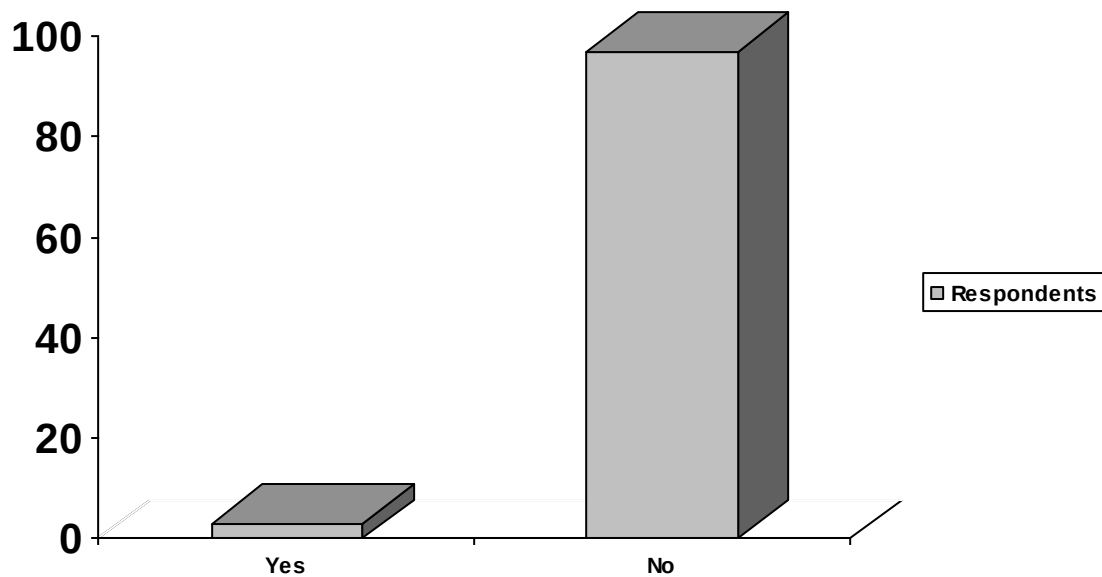


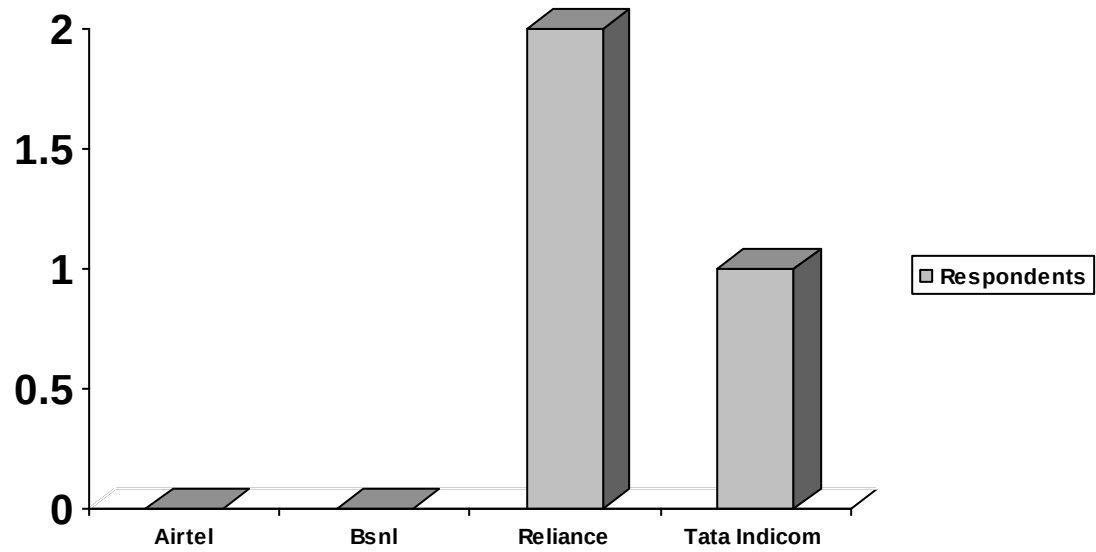
Table 2 showing, among the respondent who owned a PCO connection earlier which PCO connection they owned.

Factors	Number of Respondents	Percentage %
Airtel	0	0
Bsnl	0	0
Reliance	2	2%
Tata Indicom	1	1%
Total	3	3%

Analysis: From the table it can be observed that out of the 3% respondents who were owning a PCO earlier 2 of them had owned Reliance and 1 of them Tata Indicom.

Inference: From this analysis we can infer that out of the customers who owned a PCO earlier, Reliance customers are more.

Graph showing, among the respondent who owned a PCO connection earlier which PCO connection they owned.



Q3) Why did you stopped/ cancelled the connection?

The various answers given by the respondents were:

- Billing System was not Transparent
- Call Jumping
- No proper response from Customer Care

Analysis: An overall analysis shows that respondents who owned a PCO connection earlier had problems with the Billing System. And people who owned Reliance PCO were very unsatisfied with its working in all terms.

Inference: From this analysis it is clear that many of the respondents who owned a PCO earlier had cancelled it because of non satisfaction.

Table 4 showing which all PCO connections are the respondents aware of.

Factors	Number of Respondents	Percentage %
Airtel	88	88%
Bsnl	100	100%
Reliance	95	95%
Tata Indicom	98	98%

Analysis: From the table it can be observed that all the respondents are aware of Bsnl PCO connection while only a few didn't knew about other service providers.

Inference: From this analysis we can infer that most of the respondents know about PCO service being provided by the service operators in the Bangalore City.

Graph showing which all PCO connections are the respondents aware of.

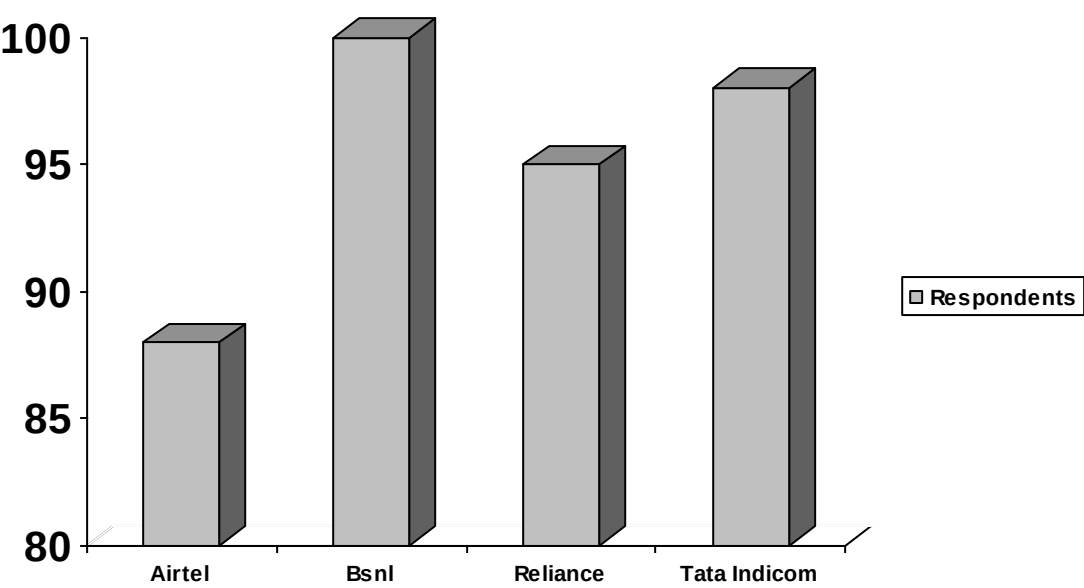


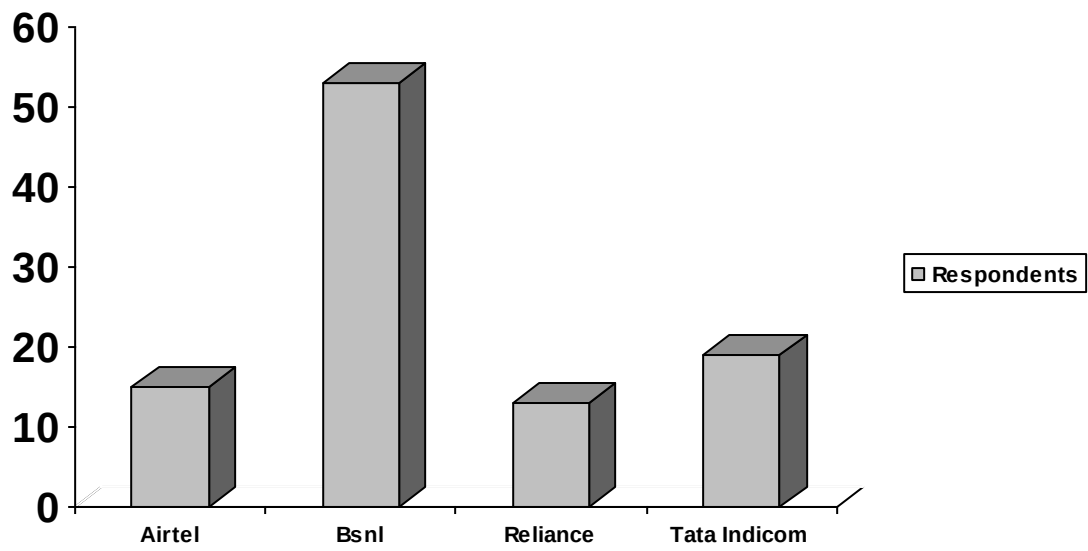
Table 5 showing which PCO connection the respondents would prefer to if given an option to own a PCO connection.

Factors	Number of Respondents	Percentage %
Airtel	15	15%
Bsnl	53	53%
Reliance	13	13%
Tata Indicom	19	19%
Total	100	100%

Analysis: From the table it can be observed that 53% of the respondents would like to have a Bsnl PCO connection followed by Tata Indicom with 19% and least being Reliance with 13%.

Inference: From this analysis we can infer that those who don't own a PCO connection also have a good perception towards Bsnl.

Graph showing which PCO connection the respondents would prefer to if given an option to own a PCO connection.



Q 8) What are the reasons for preferring the same?

The various answers given by the respondents were:

- Good Network
- Higher Profit Margin
- Low Investment
- Brand Name
- Trust in the Billing System
- Government Service (BSNL)

Analysis: An overall analysis shows that people who preferred private connection i.e. Airtel, Reliance and Tata Indicom preferred them because of High Profit Margin compared to Bsnl followed by Low Investment. An over whelming people who preferred Bsnl connection said it has a good network coverage and also it is a Government Service and hence more trustable.

Inference: From this analysis it is clear that more of the respondents who would like to have a private operator PCO connection prefer Higher Profit Margin compared to other factors. While those having a Bsnl prefer it because of trust in the Billing System.

Table 7 showing the ratings given by respondents to the factors they will consider while selecting a PCO connection.

Factors	Number of Respondents	Percentage
Profit Margin	79	79%
Network	18	18%
Pulse Rate	0	0%
Customer Service	2	2%
Special Features	1	1%
Total	100	100%

Analysis: From the table it can be observed that 79% of the respondents feel that Profit Margin is the most important factor they consider while selecting a PCO service. The next importance is given to Network with 18% followed by Customer Service with 2%, Special Features with 1% and Pulse Rate with 0%

Inference: From this analysis it is clear that more of the respondents prefer higher Profit Margin compared to other factors.

Graph showing the ratings given by respondents to the factors they will consider while selecting a PCO connection.

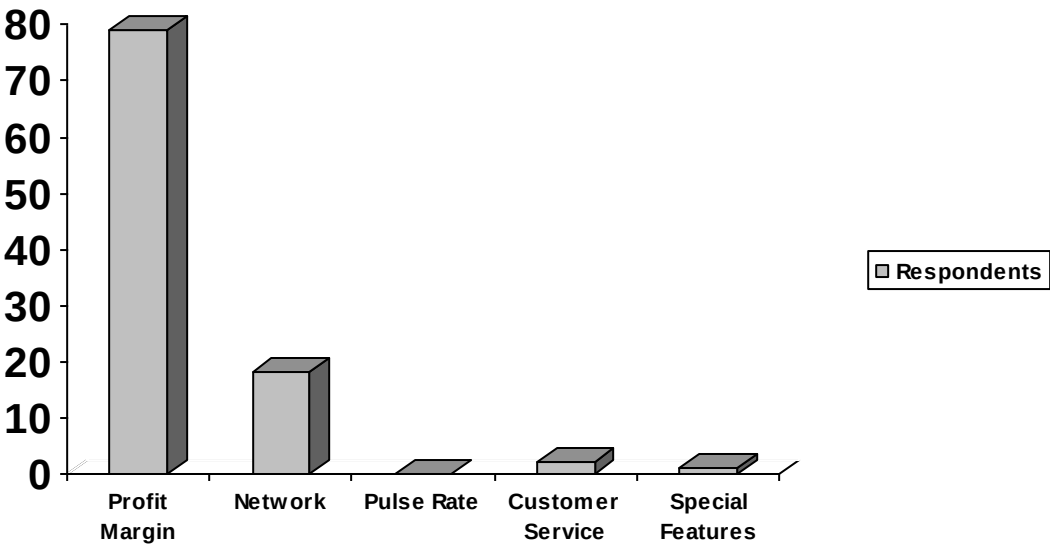


Table 8 showing whether the respondents think GSM PCOs are better than Landline/ CDMA PCOs.

Factors	Number of Respondents	Percentage
Strongly Agree	1	1%
Agree	6	6%
Can't Say	39	39%
Disagree	29	29%
Strongly Disagree	25	25%
Total	100	100%

Analysis: From the table it can be observed that about 39% of the respondents don't have any idea or are not sure about it. But about 29% Disagreed with 25% Strongly Disagreed the same.

Inference: From this analysis it is clear that among the respondents only a few think GSM PCOs will be a better option than Landline or CDMA phones.

Graph showing whether the respondents think GSM PCOs are better than
Landline/ CDMA PCOs.

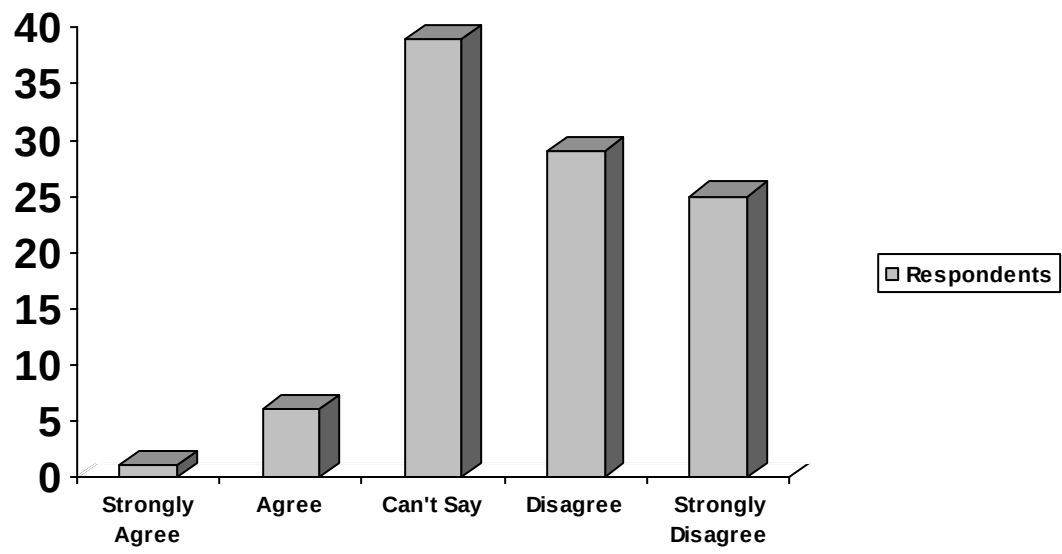


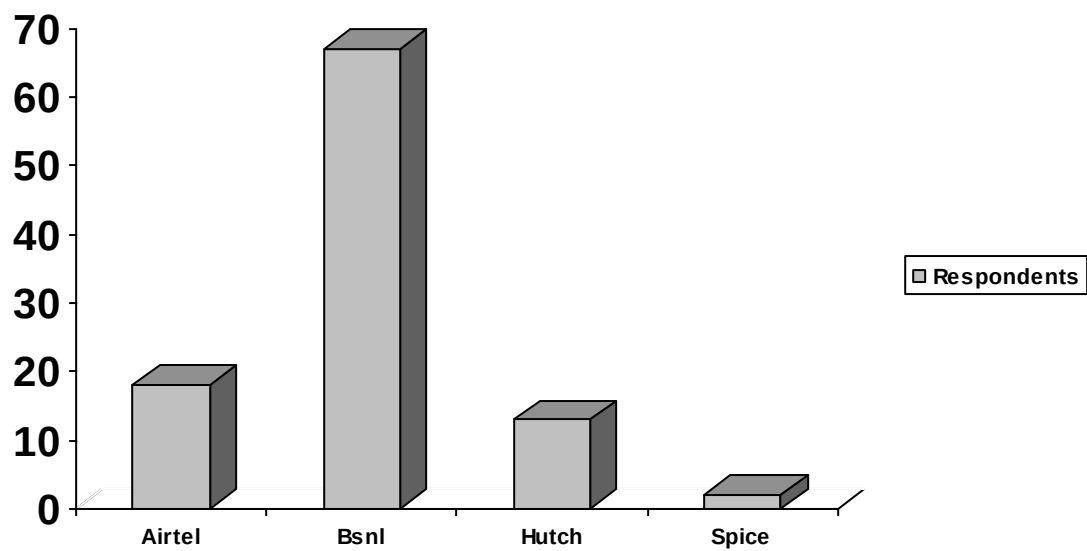
Table 9 showing, which GSM operator in Karnataka does the respondents think will be a better PCO service provider.

Factors	Number of Respondents	Percentage
Airtel	18	18%
Bsnl	67	67%
Hutch	13	13%
Spice	2	2%
Total	100	100%

Analysis: From the table it can be observed that out of the total respondents, 67% of the respondents feel Bsnl will be a better PCO service provider among all the GSM operators in Karnataka followed by Airtel with 18% and Hutch with 13% and spice with just 2%

Inference: From this analysis we can infer that most of the respondents have a good perception towards Bsnl PCOs. Also the worst scenario is of Spice Telecom which found only 2% of the people supporting it.

Graph showing, which GSM operator in Karnataka does the respondents thinks will be a better PCO service provider.



Q 10) If a new GSM operator comes with PCO service; what all features do you expect?

The various answers given by the respondents were:

- Higher Profit Margin
- Good Network
- Low Investment
- Low Charges

Analysis: An overall analysis shows that people expect the above features if a new GSM PCO service provider enters the market. About 79% of the respondents gave preference to Higher Profit Margin. because respondents have a perception that GSM phone usually don't have a proper network compared to Landline or CDMA phones.

Inference: From this analysis it is clear that more of the respondents want Higher profit margin followed by good network. Also many asked for Low Investment and Low charges.

SUMMARY OF THE FINDINGS

SUMMARY OF FINDINGS

The interaction with the respondents helped in providing an insight about their perception towards the PCOs they own and the perception of the respondents who don't own any PCO. It helps in getting an overall understanding of how much; the customers of Airtel, Bsnl, Reliance and Tata Indicom are satisfied with their present service.

The study was conducted in Bangalore city on 200 respondents. Out of 200 half of the respondents i.e. 100 were those who own a PCO and another 100 who don't own any PCO. Out of the 100 respondents who owned a PCO, 20 were of Airtel and Bsnl each, While 30 of Reliance and Tata Indicom each. The sample size of Airtel and Bsnl was less compared to Reliance and Tata Indicom because Airtel and Bsnl are the two PCO service providers in Karnataka who are Fixed Service Providers and use the same Fixed Line System for the PCO connections also. Airtel is a part of Bharti Cellular Limited which is one of the biggest service providers in India. Airtel uses Touchtel which is a Fixed Service Provider and also a part of Bharti Cellular Limited for providing PCO service through Fixed Service System.

Also among the 200 respondents half of the respondents i.e. 100 were from Bangalore North and the remaining half from Bangalore South. Among these 100 there 50 who owned a PCO and 50 who don't own any PCO. This was done so that there could be an equal response from both parts of Bangalore. By this way we were able to cover the Bangalore city on a whole.

From the above analysis it has been observed that

1. Among the respondents who own a PCO

- Higher Profit Margin is the most important factor they consider.
- The respondents came to know about their present service by seeing other PCOs.
- The most Satisfied customers are of Bsnl and Tata Indicom while the most Unsatisfied are of Reliance.
- Most of the respondents did not consider any other PCO service before purchasing their present PCO connection, which means Impulsive buying or word of mouth plays a important role in this segment.
- Most of the respondents had owned a PCO connection for the first time which also supports the above analysis.
- All of the customers who owned a PCO earlier to their present connection, had problems with their previous connection because of which they had changed their connection.
- Most of the respondents said that the customers visiting their PCOs daily are on an average less than 50.
- Most of the respondent either Agreed or Strongly Agreed that they feel that the PCO is worth the investment they have made expect many a customers of Reliance.

- Most of the respondents of Bsnl and Tata Indicom agreed that they would recommend their present connection to others while many a customers of Reliance said no.
- Another important aspect of the study was that an overwhelming people said they would prefer Bsnl connection if given an option to change their present PCO connection.
- A majority of the people Disagreed that GSM PCOs are better than Landline or CDMA PCOs.
- The most important aspect of this study is that an overwhelming people said they think Bsnl will be a better PCO service provider under the GSM segment. While not even a single person supported Spice Telecom.

2. Among the respondents who don't own a PCO

- Majority of the respondents said they did not own a PCO earlier.
- 100% of the respondents were aware of Bsnl PCO connection while other connections were also well known.
- More than half of the respondents said they would prefer Bsnl connection if given an option to have one.
- The most important factor the respondents consider for owning a PCO connection is Higher Profit Margin.
- Many of the respondents said they don't have any idea as to whether GSM PCOs may be better than Landline or CDMA PCOs.
- Majority of the respondents said among the GSM service providers, Bsnl may be a better PCO service provider with only 2% of the respondents supporting Spice Telecom.

RECOMMENDATIONS AND SUGGESTIONS

GENERAL RECOMMENDATIONS AND SUGGESTIONS

Any applied research culminates at the solution stage. My suggestions would be the following:

- PCO industry is facing a lot of challenge and competition from the Cell phones connection because of the easy availability of the cell phone and cheaper call charges hence the PCO service providers should reduce the charges so that people will be able to afford it.
- But still not all people use a Cell Phone because Indians are very conservative kind of people.
- People who own a PCO are considering it as a medium of income. Hence Profit Margin should be increased.
- Re-invent the old isolated STD/ISD/PCO booths as a multi-purpose communications network. Upgrade them to provide high-speed Internet and a range of new services like utility bill payment, low priced Net telephony, point-to-point video-conferencing and text/voice messaging.
- The PCO service providers should try to attract more customers by giving more importance to VAS. Because VAS can be a major income earner for the service provider. ex. Just like how results of students are announced on Internet, similarly we should be able to send a SMS and get to know the results.
- Most of the customers are Impulsive i.e. once they get to know about the PCO service and its features; they hardly try to find out about other options.
- SMS can also be a great income earner for the companies. If SMS facility is made available, then a number of people may make use of it.
- Also most of the customers of the present PCO service providers are Satisfied with their service providers except the customers of Reliance. The customers of Reliance are the most Unsatisfied customers. Hence there is a great scope in targeting these customers.
- Among the people who don't own a PCO, there is a great potential to explore them and educate about business in PCO and the profitability.
- The most preferred PCO service provider in Bangalore city is Bsnl because of the trust of it being a Government service provider and transparency in Billing System.
- Also the PCO owners have a perception that those PCOs which are of Fixed Line System are better than GSM PCOs because of the better network availability in these types of PCO connections, hence customers must be educated about the working of GSM PCOs so that their perception is overcome.
- Also, we have found out that most of the people said they got to know about their PCOs by looking at others owning it. Hence, we can say that the best form of advertising is installing at least one PCO in every area so that other people can get to know about it.

RECOMMENDATIONS AND SUGGESTIONS SPECIFICALLY FOR SPICE TELECOM

My suggestions for the company for which I am doing this project would be the following:

- Since Spice Telecom hasn't yet entered the PCO segment of the market, the whole perception of people about Spice Telecom depends on the present Cellular Service that they provide.
- Spice Telecom does not enjoy a good name in the market because it is considered that Spice Telecom's network is the worst among all the cellular service providers in Bangalore City. Hence Spice Telecom should first promote about its network and the new towers that it has recently installed to cover most of the Bangalore city.
- Most people feel that Spice Telecom can be sold out at any time and not much importance is been given to their present customers by the company. Hence the Spice Telecom should clear the public that they are not to be sold out at least in the near future.
- Spice Telecom is known for less charge among all the service providers, but because of the competition from Hutch it is no more known as the low costing cellular service. But if Spice Telecom enters the PCO segment, then it has to provide the service with low cost to attract the people to own a PCO.
- To start with Spice Telecom should concentrate on those customers who don't have any PCO because they are more likely to get attracted than those who already have one. Also among the people who already have a PCO, Reliance customers should be targeted as they are the most Unsatisfied customers under the PCO segment.
- People always get attracted to some thing new, if Spice Telecom wants to enter the PCO segment they have start off by providing new features like VAS, SMS etc.
- Spice Telecom should consider the reasons like non transparency of Billing System, no proper Maintenance, no proper response from Customer Care because of which the customers of the present service providers are dissatisfied and promote its service by advertising on these issues.
- Another important aspect which many people consider is low investment. Spice Telecom should try and cater to this problem so that more of the people can be attracted to their PCO service.
- Coming up with new types PCO booths will be a good strategy. New design of the booths provided by Tata Indicom are very attractive and new when compared to the booths of Airtel, Bsnl and Reliance who still adhere to the old booth of Square shape. This is because as we have already seen that most people got to know about their PCO service by looking at others using it, new types of booths may have more attention from the people.

CONCLUSION

CONCLUSION

The analysis of response to questionnaires administered from 200 respondents out of which 100 who own a PCO and 100 who don't own a PCO was disclosed pertaining to the findings. Based on the findings, general recommendations and recommendations specifically for Spice Telecom have been made.

As already mentioned in the Limitations of the study, marketing survey is confined only to 200 respondents in Bangalore City.

Taking the present circumstances into consideration, serious efforts have been made to make the survey as authentic as possible so as to give credibility to the report while the methodology for collection of data and analysis thereof may be of which is used in any marketing survey.

To conclude, PCO segment though increasing every year has a danger from the falling prices of Cellular services.

Bsnl is the most Satisfactory service provider with Reliance being the most Unsatisfactory service provider.

Spice Telecom has a very negative image in the market compared to its competitors. If Spice Telecom wants to enter this segment it has to either come up with some thing new or come up with strategy of Low Investment and Low Charges so as to attract more customers.

ANNEXURE AND APPENDICES

QUESTIONNAIRE FOR THE RESPONDENTS WHO OWN A PCO

Name:

Place:

Contact No:

- 1) Which PCO service do you use?
Airtel [] Reliance [] Tata Indicom [] BSNL []
- 2) Rate which of the following factors would you consider while selecting a PCO connection. Rate on the basis of the scale given below
1. Most Important 2. Important 3. Least Important

Factors	1	2	3
Profit margin			
Pulse rate			
Network			
Customer Service			
Special Features			

- 3) What are the reasons for preferring this particular service?
 - a)
 - b)
 - c)
- 4) How did you come to know about the present PCO service?
Advertising [] by seeing the others using the PCO [] Friends [] other means []
- 5) If other means, please specify?
 - a)
 - b)
 - c)
- 6) Overall how satisfied are you with the present service?
Very Satisfied [] Satisfied [] Unsatisfied [] Very Unsatisfied []

7) Before subscribing to this particular PCO did you consider any other PCO service?

Yes [] No []

8) If Yes, Which one?

Airtel [] Reliance [] Tata Indicom [] BSNL []

9) Before subscribing to this particular PCO were you using any other PCO service earlier?

Yes [] No []

10) If Yes, Which one?

Airtel [] Reliance [] Tata Indicom [] BSNL []

11) Have you faced any problems while using the previous PCO service?

Yes [] No []

12) If yes, what problems?

a)

b)

c)

13) Have you faced any problems while using the current PCO service?

Yes [] No []

14) If yes, what problems?

a)

b)

c)

15) On an average how many people use PCO daily?

<50 [] 50-100 [] 100-200 [] >200 []

16) Do you think the present PCO is worth the investment that you have made

Strongly Agree [] Agree [] neither Agree nor Disagree / Cant say [] Disagree []

Strongly Disagree []

17) Would you recommend the present PCO service to others?

Yes [] No []

18) If you would change the present PCO to some other which one would you prefer?

Airtel [] Reliance [] Tata Indicom [] BSNL []

19) Do you think GSM PCOs are better than landline PCOs?

Strongly Agree [] Agree [] Disagree [] Strongly Disagree []

20) Among the GSM operators of Karnataka, which one do you feel will be a good operator for the PCOs?

Airtel [] Spice [] Hutch [] BSNL []

21) If a new GSM operator comes with PCO service what all features do you expect?

a)

b)

c)

d)

e)

QUESTIONNAIRE FOR THE RESPONDENTS WHO DON'T OWN A PCO

Name:

Place:

Contact No:

- 1) Were you having any PCO connection earlier?
Yes [] No []
- 2) If yes, which one?
Airtel [] Reliance [] Tata Indicom [] BSNL []
- 3) Why did you stopped/ cancelled the connection?
a)
b)
c)
- 4) Which all PCOs are you aware of?
a)
b)
c)
d)
- 5) If given an option to have a PCO connection which one would you prefer?
Airtel [] Reliance [] Tata Indicom [] BSNL []
- 6) What are the reasons for preferring the same?
a)
b)
c)
- 7) Rate which of the following factors would you consider while selecting a PCO connection. Rate on the basis of the scale given below
1. Most Important 2. Important 3. Least Important

Factors	1	2	3
Profit margin			
Pulse rate			
Network			
Customer Service			
Special Features			

8) Do you think GSM PCOs are better than landline PCOs?

Strongly Agree [] Agree [] Can't say [] Disagree [] Strongly Disagree []

9) Among the GSM operators of Karnataka, which one do you feel will be a good operator for the PCOs?

Airtel [] Spice [] Hutch [] BSNL []

10) If a new GSM operator comes with PCO service what all features do you expect?

a)

b)

c)

d)

e)

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