A STUDY OF MOBILE NETWORK SWITCHING IN PAKISTAN

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Abstract

For this research paper, a survey is conducted to document the facts behind the figures involved in mobile network switching in Pakistan. Firstly, the role of all major companies in telecommunication industry has been analyzed in the perspective of their respective contributions. Secondly, market share comparison is also provided with the courtesy of Economic Survey of Pakistan for the analysis of the problems and factors leading **to** mobile number portability. In the conclusion, implementation and solutions are proposed along with the recommendations.

Introduction

Pakistan's mobile market is one of the fastest growing markets and is forecasted to reach 108 million users by 2013. Pakistan has seen rapid increase in the number of players, which caused the tariff rates to hit an all time low. This allowed the players to target the low-income population thereby increasing the market share. The availability of a number of subscribers options for consumers and varied tariff rates of each player, lead the consumers to switch between service providers. The objectives of the study are to find the factors that influence the consumers in switching the service provider and to delve into finding out the likeliness of switching the service provider. The type of research used for this study is descriptive research design. The area covered under this study was Pakistan due to availability of well-mixed population. It is found that there is s relation between switching the service provider and the factors (customer service, service problem, usage cost etc.

One of the main developments in many economies has been the deregulation and liberation of market along with opening of foreign investments. In most of the countries, the telecommunication market was monopoly, run by state owned companies. However they have been liberalized, prompting intense competitions among privatized monopolistic and multiple international competitors. The entrance of new competitors into the market thus makes its very important for these firms to understand the risk customer loss and in particular the determinants of switching behavior.

PTCL

Pakistan being a country of 180 million populations was only dependent of Pakistan Telecommunication Company Limited (PTCL) by the year 1992 for voice communication. Pakistan Telecommunication Corporation (PTC) took over operations and functions from

Pakistan Telephone and Telegraph Department under Pakistan Telecommunication Act 1991. This coincided with the Government's competitive policy, encouraging private sector participation and resulting in award of licenses for cellular, card-operated pay phones, paging and, lately, data communication services.

Pursuing a progressive policy, the Government in 1991, announced its plans to privatize PTCL, in 1994 issued six million vouchers exchangeable into 600 million shares of the would-be PTCL in two separate placements. Each had a par value of Rs. 10 per share. These vouchers were converted into PTCL shares in mid-1996.

Mobilink

This technology was firstly introduce by Pakistan Mobile Communication Limited, better known as Mobilink GSM, it started operations in 1994 as the first GSM cellular Mobile service in Pakistan by MOTOROLA Inc., later it was sold to Orascom, an Egypt-based multi-national company. Mobilink is a telecommunication service provider in Pakistan. The company in Pakistan's leading cellular operation with a subscriber base of 31.5m and market share of 31% in December' 2010.

Ufone

The second company to enter into this business was none other than PTCL that started its operations in January 2001 under the brand name Ufone. As a result of PTCL's privatization, Ufone has become a part of the Emirates Telecommunications Corporation Group (Etisalat) in 2006.

Telenor

In the year 2004, more companies entered Pakistan's telecommunication industry. The first was Telenor Pakistan. Telenor group is among the largest mobile operator in the world with over 127 million subscribers and a workforce of approx. 31,000.

Warid

Warid Telecom is a joint venture between Abu Dhabi Group & SingTel Group. Abu Dhabi Group entered into strategic alliance with Singapore Telecom. Subsequent to this transaction in July 2007, telecom giant SingTel acquired 30% equity stake in Warid Telecom, Pakistan for US $758 million. This partnership is part of a strategy to support Warid Telecom's continued growth and to enhance its market position.

Zong

The lastly who entered in the telecommunication industry of Pakistan is Zong. It is the first international brand of China Mobile, launched in Pakistan in 2008. The company is often cited as

China Mobile (Pakistan). CMPak is a 100% subsidiary of China Mobile. The pioneering overseas set up of China Mobile came through acquisition of a license from Millicom to operate GSM network in Pakistan.

Market share comparison according to the Economic Survey of Pakistan 2009-10

The telecommunication industry of Pakistan is one of the fast changing and expanding industry. Over the last calendar year, the cellular market share has not altered significantly. Mobilink still leads the pack with 31 percent market share while Telenor stands at 24 percent. Ufone increased its market share to 20 percent and Warid has 17 percent stake in the overall subscriber base.

Problem Statements

1. Consumers have every chance of switching the mobile service provider due to industry expansion.
2. Rapid growth in the telecommunication industry.
3. Entrance of new players in the market within a short span of time.
4. Massive demand from urban and rural areas.
5. Introduction of new technology by the subscribers and the competitors.
6. Telecom industry can lead by anticipating customer's needs and wants.
7. Mobile industry is growing technically and economically.
8. Trend setters are still in the market as leaders.

Factors lead to mobile network switching

Dependent
Intention to switch Overall Satisfaction

Independent
Call rates
Network Coverage
Value added Services
Customer Care Services
Advertisement
Family & Friends' influence

Discussion and Implications

According to the survey, the call rates plays the pivotal role in switching the service provider followed by network coverage, value added services and influence of family and friends, customer care service and advertisement. It is found out that there is a relation ship between switching service provider and the factors are usage cost and service problems.

The poor network coverage, frequent network problems, high call rates, call drops are the most important factors which affects the switching behavior.

Mobilink is the most preferred service as per the study, with 35 percent of consumer preference. Warid occupies the second place with 22 percent of fan followers, followed by Telenor with 20 percent. Ufone with 18 percent and Zong with 5 percent are the least preferred service providers.

Conclusion

This study has investigated the factors of customer retention, loss and customer satisfaction in cellular industry of Pakistan and also reveals that call rates are the most important parameters in the switching of the service followed by network coverage.

All major telecommunication companies have been analyzed for their problems and factors that lead to mobile number portability. The share market comparison of the major telecommunication companies of Pakistan has clearly revealed the impact of mobile number portability on their share in the market and conclusively it has been proposed that the improvement of service must be achieved by limiting the mobile number portability.

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