



Does switching improve satisfaction? Evidence from Telecom Users

Dr. P.N. Harikumar

Professor, School of Business Management, and Legal Studies, Karyavattom, Trivandrum,
sushahari@gmail.com

Rejimol C S

Assistant Professor, MPMM SN Trusts College, Shoranur, rejimolcherukunnel@gmail.com

DOI : <https://doi.org/10.5281/zenodo.19499054>

ARTICLE DETAILS

Research Paper

Accepted: 21-03-2026

Published: 10-04-2026

Keywords:

*Customer satisfaction,
comparative analysis,
telecom sector, service
provider.*

ABSTRACT

The Indian Telecom sector has reached a saturation stage, characterised by intense competition among a limited number of service providers. Switching between telecom operators has become increasingly common and convenient for customers due to mobile number portability. As a result, customer retention has emerged as a critical challenge for telecom operators. Retaining existing customers is more cost-effective than acquiring new ones, which makes customer satisfaction a more important concern. The present study aims to compare customer satisfaction levels before and after switching to a new telecom service provider. The study evaluates nine factors influencing satisfaction, including price, value, network coverage, technology, and the number of alternative plans, as well as responses towards complaints, festive offers, service quality, and customer care services. A sample of 100 respondents was conveniently selected from Shoranur municipality. The paired sample t-test indicates that customers are more satisfied with their new telecom providers, particularly in terms of service quality, network coverage and customer care services.

Introduction

The telecom sector in India has witnessed remarkable growth over the past two decades, transitioning from a monopolistic structure to one of the most competitive markets in the world. The technological



advancements, such as 4G and 5G services, have transformed the industry. However, with increasing penetration and limited scope for new customer acquisition, the sector has now entered a saturation stage. In this competitive situation, telecom companies are striving to maintain their market share through service quality, attractive pricing, and innovative customer engagement strategies. Customer attrition has become a common phenomenon due to mobile number portability, which allows customers to change their service providers without significant inconvenience. As a result, customer retention has become a crucial strategy. Retaining existing customers is generally less costly than acquiring new customers, as loyal customers contribute stable revenue and a positive brand reputation. Thus, customer satisfaction serves as a key performance indicator for telecom operators, as it influences customer attrition. Customer satisfaction is the most powerful driver of switching. Unsatisfied customers were more than 3 times as likely to switch in the following year as satisfied users (Garcia-Marinosa & Suarez, 2019). When customers are dissatisfied with the price and quality of service, usually compared with a competitor, then churn occurs. The reason for dissatisfaction varies by region or over time (Mozer et al 2000). Wireless service providers should improve customer satisfaction in the long run to minimize customers' intention to switch. Increasing customer satisfaction through better service will reduce the need to chase after new customers and save costs for expensive customer acquisition campaigns. (Eshghi, Haughton & Topi 2007). Understanding how satisfaction levels vary before and after switching can help managers identify areas of improvement and design effective retention strategies.

REVIEW OF LITERATURE

In the highly competitive landscape of service industries, understanding the determinants of customer satisfaction has become a critical focus. Service recovery, communication, feedback and compensation are identified as key factors that influence overall satisfaction levels (Wenhua, Xianqng, & Jianmei Ma 2010). Price, call quality, user-friendliness, value-added services, and customer complaints are all crucial factors that affect customer satisfaction (Rafique Ahmed Khuhro et al, 2011). There is a positive relationship among perceived service quality, customer satisfaction, and purchase intention. Purchase intention acts as a mediating role and it affects customer satisfaction (Rizwan Arshad 2014). Personal and market factors, perceived quality, perceived value, and company image significantly affect customer satisfaction (Uddin, Haque & Bristy 2014). Among the five service quality dimensions, Assurance, Responsiveness, and Reliability have a positive impact on customer satisfaction, while empathy and tangibility have no significant influence on customer satisfaction (Uzma Anjum et al 2016). The affordability of telecom service leads to an increase in tele density in rural areas. Customer care services and value-added services have a significant impact on customer satisfaction with telecom services in



rural areas (Parmar & Shan 2016). Service quality will facilitate satisfaction of those unsatisfied customers of mobile service provider. The success of mobile phone service provider depends on how much it reduces the gap between customer expectation and perception (Kannan & Bino Thomas 2018). The speed of internet, customer quality, customer service has a direct influence on customer satisfaction and which discourages switching intention and brand image has an indirect influence on customer satisfaction (Dey et al, 2019). Switching costs have no direct influence on customer satisfaction; attractiveness of alternatives is the main switching cost (Calvo-Pornal & Levy Margin, 2015).

Call quality and speed are the key considerations used by customers for assessing the service quality of mobile operators and significantly impact customer satisfaction (Dey et al, 2019). A model to examine the mediating role of customer satisfaction and repurchase intention confirms that delivering high-quality service and a credible corporate image results in high customer satisfaction and which in turn leads to high repurchase intention and less switching behaviour (Srivastava, Sharma 2013).

Need and importance of the study

The need for the study arises from the growing challenge of customer attrition in the telecom sector. Retaining an existing customer is more cost-effective than acquiring a new customer; telecom companies need to monitor and enhance satisfaction levels to reduce churn continuously. Comparing customer satisfaction before and after switching is important because previous research has focused solely on measuring satisfaction with current service providers. By analysing the differences in satisfaction levels, this study offers a deeper understanding of whether switching leads to a genuine improvement in satisfaction.

Scope of the study

The study focuses on analysing customer satisfaction levels before and after switching telecom service providers, with specific reference to customers residing in Shoranur municipality, Kerala. The respondents of the study are individual customers who have already switched from one telecom service provider to another. The study is confined to the mobile telecommunication sector, covering major service providers such as BSNL, Airtel, Vodafone Idea, and Jio. Other telecommunications services are excluded from the study

Objectives of the study

1. To assess the satisfaction level of customers before and after switching telecom service providers



2. To compare the satisfaction levels across various factors such as price, value, network coverage, technology, number of alternative plans, response towards complaints, festive offers, service quality and customer care services

Hypothesis of the study

H0: There is no significant difference in customer satisfaction before and after switching telecom service providers

H1: There is a significant difference in customer satisfaction before and after switching telecom service providers

Research methodology

The study is descriptive and analytic in nature. The study population comprises mobile telecom users who have switched their service providers at least once within the Shoranur municipality, Palakkad. A total of 100 respondents were selected as the sample using convenience sampling. A structured questionnaire was used to collect primary data from respondents. Secondary information was collected from journals, telecom reports, and TRAI publications. A paired sample t-test was applied to test the hypothesis.

Variables of the study

Variable	Description
price	Satisfaction with call/ data charges
value	Perceived value for money
Network coverage	Signal strength and availability
technology	Modern features and innovation
No. of alternative plans	Variety and flexibility of plans
Response towards complaints	Speed and quality of complaint handling
Festive offers	Special or promotional offers
Service quality	Overall quality of telecom services
Customer care services	Responsiveness and helpfulness of support

**Results and discussions.**

The demographic and socio-economic characteristics of customers are summarised below. Males constituted 66%, and females represented 34%.

27% of respondents were in the 20-30 age group. The 30-40- and 40-50-year age groups each represented 23%. The below 20 years represented 11%. Above 60 years accounted for 6%, and the 50-60 years group made up 10% of the sample.

Regarding educational background, 33% have a degree, 27% possess PG qualifications. Participants with higher secondary education and professional courses each comprised 13%, while those with SSLC education made up 7% the remaining 7% belonged to other educational categories.

In terms of occupation, nearly half of the respondents 46% were salaried, 18% are self-employed, 14% are students, and 22% belonged to other occupational categories.

30% earn a monthly income between 25000 and 50000. And 21% earning less than 25000.21% earn between 50000-75000.5% earning 75000-100000, and 8% of the respondents earn a monthly income of 100000.

33% are JIO customers, 21% are Airtel. 19% are Vodafone Idea, and the remaining 19% are BSNL customers.

Results of Hypothesis testing

Variable	Mean difference	t-value	sig	interpretation
price	-0.222	-2.095	0.039	significant
value	-0.232	-2.444	0.016	significant
Network coverage	-0.212	-2.126	0.036	significant
Technology	-0.040	-0.425	0.672	Not significant
No. of alternative plans	-0.091	-1.013	0.314	Not significant
Response towards the complaint	-0.182	-2.072	0.041	significant
Festive offers	-0.030	-0.306	0.760	Not significant
Service quality	-0.212	-2.300	0.024	significant
Customer care services	-0.212	-2.246	0.027	significant



Out of the nine variables, six variables, including price, value, network coverage, response to complaints, service quality, and customer care services, showed statistically significant differences. Customers experienced a change in satisfaction in these areas after making the switch.

Technology, the number of alternative plans and festive offers did not show significant differences in satisfaction before and after switching

Conclusion

The study concludes that switching service providers leads to an increase in customer satisfaction. The paired sample t-test indicates that customers are more satisfied with their new telecom providers, particularly in terms of service quality, network coverage and customer support. Hence, telecom firms should prioritise long-term service improvements over temporary offers to sustain customer satisfaction

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