

# **PERFORMANCE OF CELLULAR WORLD IN AURANGABAD CITY**

**Dr. Sarwade W.K.  
M.Com , M.B.A. , Ph.D  
Reader & Director  
Department of Commerce and  
Management Science  
Dr. Babasaheb Ambedkar Marathwada University  
Aurangabad**

Cellular is a type of wireless communication very familiar to mobile users. It is called cellular because the system uses many base stations to divide a service area into many cells. Cellular calls are transferred from base station to base station as the customer travels from cell to cell.

Cell phones are actually radios, a very sophisticated radio. Cellular is a duplex device operating on two frequencies. One for talking, the other for listening. Mr. Martin Cooper is credited for the invention of cell phone. He was the first to call in April 1973 to his rival in Bell Lab, who also engaged in similar research.

In 1947, D.H. Ring of Bell wrote in an unpublished report about cellular concept. In 1978, the first analog based cellular service AMPS started operating in North America. It operated in 800 MHz. Ten cells covering 21000 KMS made up the Chicago system. On June 17<sup>th</sup> 1946, AT&T and Southwest Bell were the first to introduce commercial mobile radio telephone service. They operated on six channels in the 150 MHz band with a 60 KHz spacing. In 1976, there were 44,000 mobile Bell subscribers in the U.S. but at least 20,000 were on long waiting list.

## **INDIAN TELECOM SECTOR**

1994 was a watershed in the history of Indian telecom sector, which ranked sixth in the world after US.A., China, Japan, Germany and France in terms of number of installed fixed lines, that year saw the introduction of new telecom policy (NTP0) of government of India that envisaged a vast change in Indian telecom at par with the rest of the world.

As soon as the telecom industry opened to private sector investment beginning 1994, a large number of Indian companies entered the segment with varying focus, different strategies and assorted aspirations.

## **SCOPE & BUSINESS PORTFOLIO**

In the telecom sector, there are a number of ways by which a new entrant can develop its business portfolio. The key issue is whether the firm wants to be an integrated or focused player. Reliance Infocom, Bharti Televentures, and TATA Teleservices are positioning themselves as integrated players, though with differing levels of scope and commitment, and with desires to have a presence in basic (both wire line and wireless) as well as national and international long distance. All three companies are laying a fibre optic net work across the country to build backbone infrastructure, though the scale at which Reliance is building far exceeds that of, say, TATA Teleservices. Bharti project to connect Chennai and Singapore through an underground cable shows its commitment to international long distance market. Reliance additionally

has eyes on the data services segment which is slated to exceed the voice traffic very soon.

As against this Hutchison and BPL Mobile see themselves essentially as focused players with strong commitment in the cellular segment. Reliance Infocom which had entered the telecom sector rather cautiously in mid- nineties through the cellular route in the non-metro segment, came to the conclusion that cellular market was soon going to become a game of diminishing returns and changed its tack to focus on wire line business.

## **COVERAGE/SCOPE OF MOBILES**

The range of choices available can include local, Regional and national, for example, Reliance Infocom, given its big bang approach, plans to cover all the 18 Telecom circles in India. As against this, Bharti seems to be focusing on South and North Indian circles, TATA Teleservices in Andhra Pradesh, while smaller players with limited resources such as HFCL Infotel and Shyam telecom are concentrating on a single circle.

## **INDIAN CELLULAR SUBSCRIBERS**

Today, India has 50 million fixed line customers and 20 million Mobile users. In 2002, there were six million Mobile users, which doubled to 12 million by march 2003. The industry expects these numbers to grow to 24 million by march 2004 and about 50 million by 2005.

If you look at India and China both are comparable in the numbers of cars and two wheelers. But there is a huge disparity in mobile phones. India has 24 million subscribers, while china has 250 million.

## **OBJECTIVES OF THE STUDY**

The study has the following objectives.

- 1) To study the market situation and competitive strength of several cellular services.
- 2) To find out the service performance among the various cellular operators.
- 3) To analyse the market share of each cellular operator available in the Aurangabad market.
- 4) To study the customers attitude towards the various cellular operators available in Aurangabad market.
- 5) To know the consumers demand and expectations about the cellular services.

## **RESEARCH METHODOLOGY**

In the above context, an attempt has been made to understand the buyers behaviour and service preferences for cellular phones in the Aurangabad city of Maharashtra state. Aurangabad is the headquarter of Marathwada region and it is known all over the world due to its proximity to the famous Ajanta and Ellora caves.

Besides tourist attraction, the city is the centre of trade, commerce, education and several other economic activities. Aurangabad is the fastest developing industrial city in Asia. According to population census 2001 the total population of Aurangabad city is near about 14 lakh which has increased significantly in the last two decades. The habits of the

cellular users are increasing day by day, according to the different lifestyles, standard of livings, necessity of the product and using pattern.

To study the market trend and service preferences for cellular phones, primary data was collected by using a detailed questionnaire. Two questionnaires were designed, one for branch managers and another for cellular customers.

For collection of data personal interviews were conducted in several areas of city like Hudco, Cidco, Nirala aazaar and Aurangapura much crowded market place. The information is collected through Br. Managers of several cellular companies like BSNL, Reliance, BPL, Airtel, Idea and TATA Indicom. The information collected by different telecom service industries on tariff plans, target customers and market share of cellular phones, for secondary data textbooks, journals, newspapers and various websites were used.

## **PERFORMANCE OF BSNL**

The table no 1 shows that, Bharat Sanchar Nigam Ltd.(BSNL) is a biggest cellular service provider in all over Maharashtra. It provides post paid (cellone) and prepaid (excel) services with national roaming and accessible nationwide. BSNL is the first player in Maharashtra in telecommunication sector providing all incoming free from anywhere pulse rate 60 sec.

BSNL seems to have growing is by starting services in areas where there is no coverage by private cell at players, so BSNL will dominate the market there. BSNL its huge employment base of 4.05 lakh, for instance. The other advantage that BSNL has is price. Its plan 325 offers free incoming calls from anywhere on rentals of Rs. 325.

**TABLE NO 1**  
**BSNL BIGGEST IN MAHARASHTRA**

Sr No	Operators	Subscribers	Cities covered	ARPY(Rs) Average
1	IDEA	3,96,620	196	650
2	BPL	1,98,137	71	650
3	BSNL	1,89,000	123	700
4	BHARATI	1,14,337	125	675

(Source : Field Survey 2003)

Today, Bharti, which began services in the state in February 2002, it has 1.14 lakh subscribers, and spice telecom currently. The biggest player in Punjab, has 4.35 lakh users. However, now over the past four months,BSNL cellone service has acquired over 1.24 lakh subscribers in Punjab,and 1.89 lakh in Maharashtra.

In just four months since launch, cell one's 15 lakh subscribers have made it India's third- largest cellular service, behind Bharti's 27.7 lakh subscribers and Hutchisons 20 lakh , if the growth continues, BSNL could meet its target of 24 lakh cellular subscribers by end of March.

## **IDEA**

Idea launched first time in Maharashtra in the year 1996. It covers 22 circles and 33 n/ws and thus national roaming with widest coverage of

33 districts and 50 towns in Maharashtra. Among private players Idea having largest database in the region. All incoming's free from anywhere. Idea is preferred by lower, middle to rich class of customers. The recent success of Idea cellular in acquiring a base of 1,00,000 customers within a month of its launch in New Delhi indicates the ability of service providers to focus on parameters other than price in order to compete.

## **RELIANCE**

Reliance Ltd. Launched as fifth player in cellular sector in the year 2002. Reliance uses CDMA Technology for the first time with Huge investment in Teleservice sector. It is considered as number one player in cellular sector of India in CDMA technology (WLL). Reliance infocom, which is investing US\$5 billion in backbone infrastructure to connect 115 towns and cities.

Reliance has interconnect with BSNL in only 51 SDCAS. In the Northern region, it has interconnection in only 22 SDCAS out of the 126 it wanted. Effectively, this means that Reliance has coverage in only 10 key cities in the North.

The other problem with Reliance is that most of what it has promises is simply not available. Take free SMS, But then one cannot send an SMS, from a Reliance phone to a GSM-based cellular phone.

According to Mukesh Ambani (Chairman, Reliance group of companies), Reliance now has access to a fully mobile licence. It will emerge as the biggest mobile player. It has to pay Rs. 1.581 Crore, including a fine of Rs.485 Crore. With the access deficit charge making mobile-to-mobile calls costlier, more traffic will be diverted to BSNL

## **TATA INDICOM**

TATA Teleservices (Maharashtra) Ltd, launched in the year 2003 with pulse rate of 15 sec. TATA Uses CDMA technology and does not provide roaming facility. TATA is providing cheapest rate among all cellular operators and best service provider in WLL operator with no hidden cost.

TATA Teleservices (Maharashtra) Ltd, is licensed to provide telecommunication services in the western Indian states of Maharashtra and Goa. TATA Teleservices (Maharashtra) is rapidly expanding its network and currently provides Telecommunication services to over 4,61,000 business and residential customer lines in 10 cities and some villages in rural and remote areas in Maharashtra and Goa.

TATA Teleservices (Maharashtra) is the first service provider to provide network based audio and Web conference services in India.

## **AIRTEL**

Airtel (Bharti cellular Ltd.) recently launched in the region in July 2004. It is fourth player with among India, largest selling, prepaid, two way roaming and national roaming.

Bharti is the biggest GSM Service provider across 16 circles with over 2.7 million subscribers. It has pumped in close to Rs. 9000 Crore (US\$1.9 billion), Reliance has invested Rs. 25,000 Crore (\$5.32 billion) for a nationwide CDMA based network.

Bharti Tele-ventures (BTVL) has an aggregate of 4.9 million customers as in 2003, consisting of approximately 4.4 million mobile and 4,69,000 fixed line and market share as on 31<sup>st</sup> August 2003 was 25.2% of which, Mobile services of largest portion.



## **HUTCHISON**

Hutchison and Bharti, which together account for 75% of Indian cellular market, known this too well as can be seen from their frantic effort to grow the number of subscribers and introduce new products and services. The overall subscribers in the year 1997-2000 was 1.46.290 with 47% of high growth and 968 airtime.

Hutchison has over two million subscribers across six key circles. It has invested Rs. 5.000 Crore (1.06 billion). There is also Rajeev Chandrasekher of BPL with one million subscribers in four circles. IDEA, a joint venture between the TATA, Birlas and AT&T with over one million subscribers in five circles is also part of the cellular team. It has invested Rs. 3000 Crore (\$0.64billion). The total investment by the cellular industry is around Rs. 25.000 Crore (\$5.32billion). TATA Teleservices has invested almost Rs. 3500 Crore till date. It plans to hike this to Rs. 14.000 crore in the next five years.

## **CELLULAR COMBINATION**

BSNL, MTNL and Reliance Infocom in cellular, segment a three company alliance called “Idea cellular” has come up that has a large cellular footprint and consists of cellular business of Tatas, Birlas and AT&T. In India Bharti Televentures is the holding company of all Bharti’s telecom ventures, it has separate legal entities for looking after the long distance and cellular business. In case of TATA’s, telecom business, the involvement in the sector has come through three distinct entities viz, VSNL, TATA, Teleservices and Idea cellular.

## DATA ANALYSIS

**TABLE NO-II**

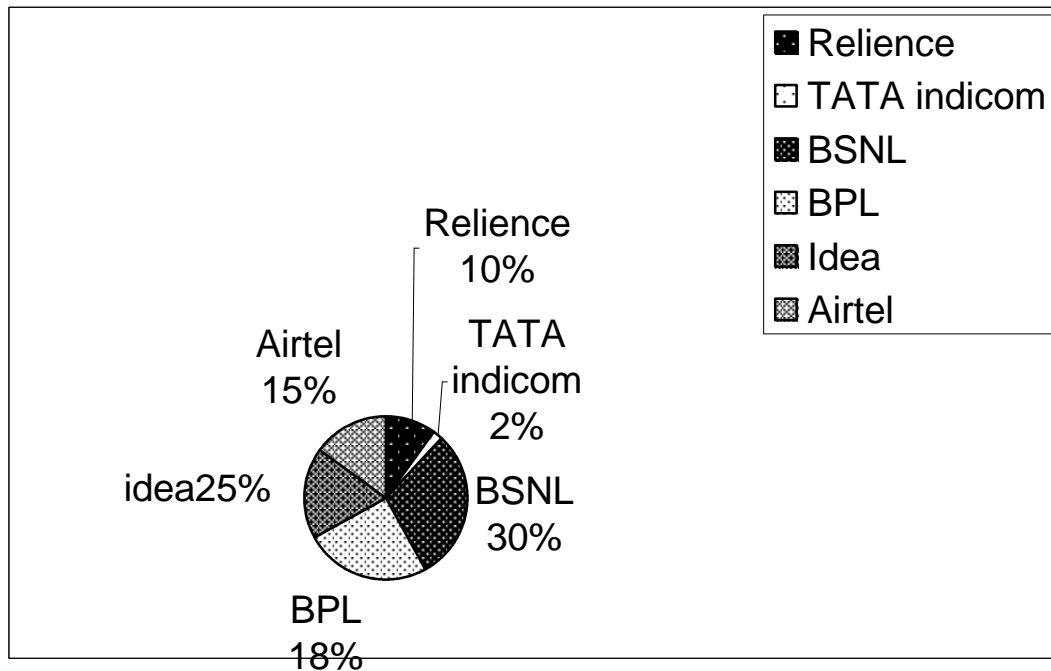
**Prepaid and postpaid market share of cellular services in  
Aurangabad city**

Sr.No.	Operators/ Companies	Customers Prepaid	Customers Postpaid	Total	Market Share
1	BSNL	18000	7000	25000	30%
2	Idea	15000	6000	21000	25%
3	BPL	11000	4000	15000	18%
4	Airtel	9000	4000	13000	15%
5	Reliance	--	8000	8000	10%
6	TATA Indicom	--	2000	2000	2%
	Total	53000	31000	84000	100%

(Source:- Field Survey 2005)

It was inferred from table 2, that BSNL is the lead service provider of cell phones preferred by the customers which accounted for 30% followed by Idea (25%), Airtel (15%), Reliance (10%) and TATA Indicom (2 per cent). From the above figures it shows that BPL cell is also playing important role in prepaid as compare to Airtel at 18% of total market. BSNL has the maximum market, idea is on the second position, BPL on the third and Airtel is on the fourth position

**DIAGRAM 1**  
**MARKET SHARE OF CELLULAR**

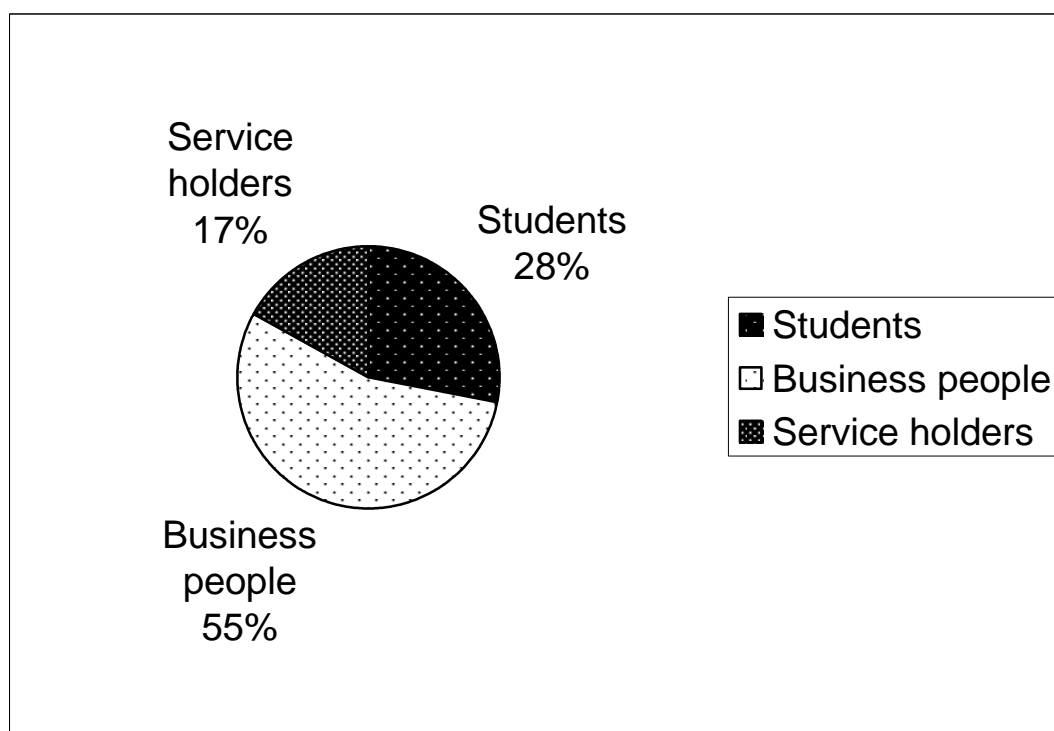


(Source:- Field Survey 2005)

### MARKET SEGMENTATION

Segmentation is a consumer oriented marketing strategy. Market segmentation is the process of grouping buyers into different categories having common desires or needs. It is to identify the groups of buyers on the basis of differences in their desires or requirements.

**DIAGRAM 2**



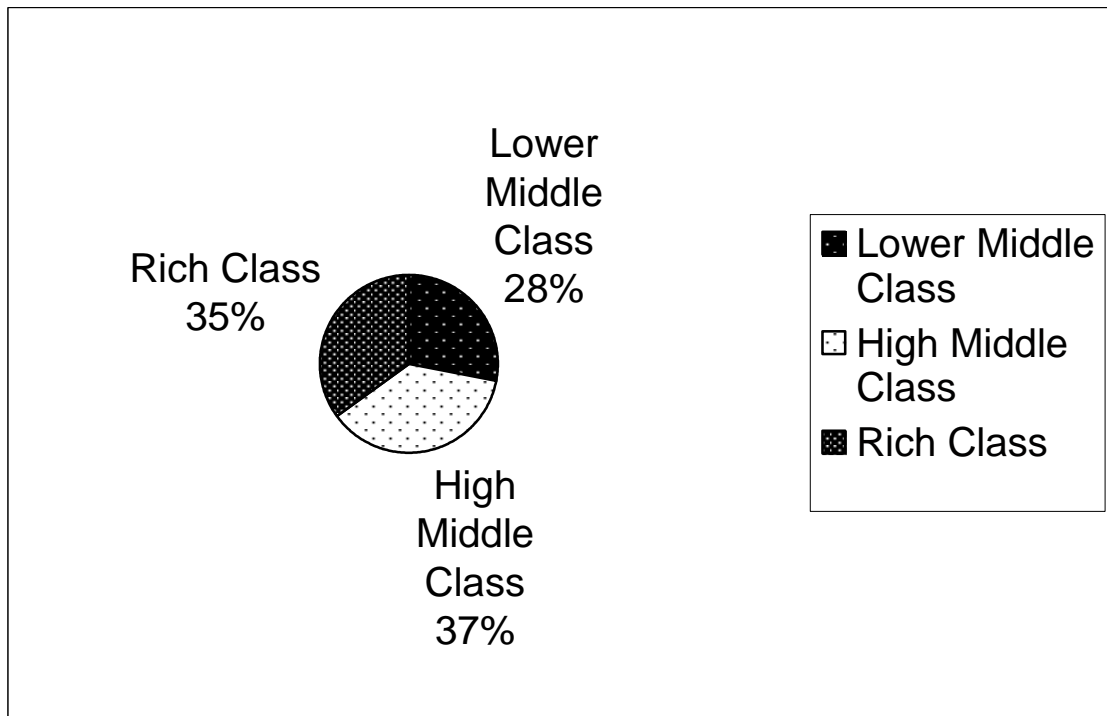
(Source:- Field Survey 2005)

From the above diagram it can be easily said that majority of the business in the cell phone is from the business people segment (55%) followed by service holder (17%) and students (28%).

### **SOCIO-ECONOMIC CLASS OF CUSTOMERS**

The above diagram indicates that Socio-economic class of customers in the society is the most important class for every type of market in the society. No doubt the cellular is being used by the middle and high income class customers. High middle class of customers are using 37% as compare to 35% by rich class and 28% by lower middle class of customers. No doubt high middle class is dominating the overall market for celllulars in Aurangabad market.

**DIAGRAM 3**



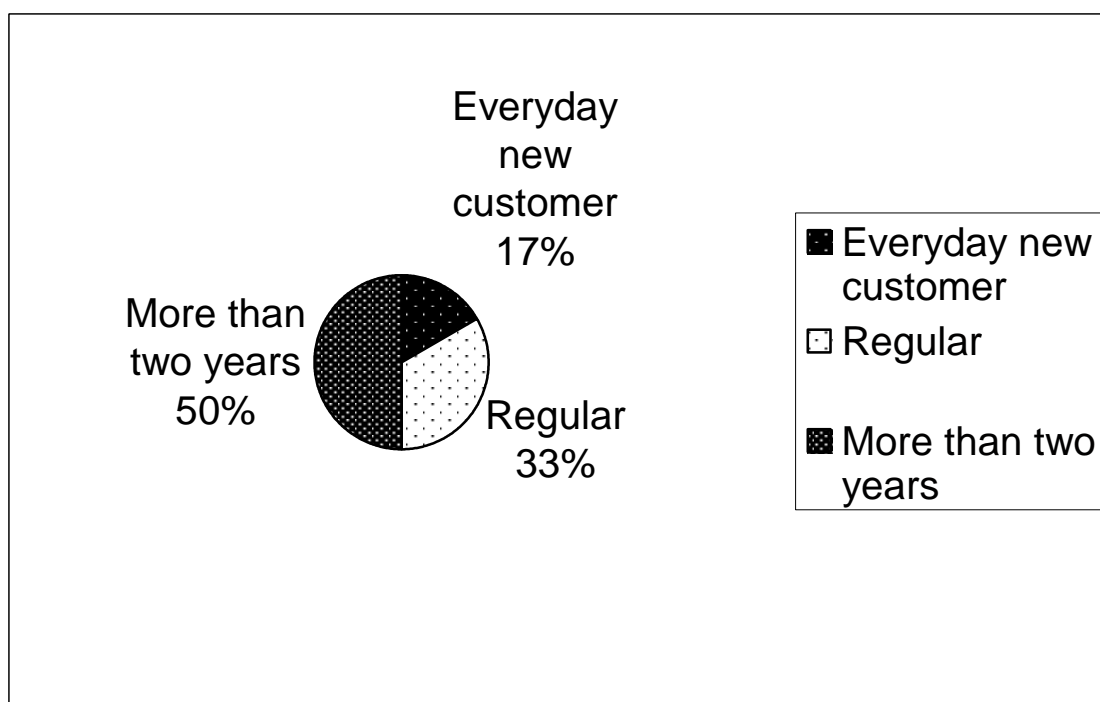
(Source:- Field Survey 2005)

### **BRAND LOYALTY& POSITIONING**

A brand is a “name, term, symbol or design, to identify the goods or services. Brand enables a firm to build reputation. It facilitates introduction of new products, in a simplified process. For cellular services it is essential for sales promotion and building a demand. Branding assists in increasing control over the market.

According to brand loyalty survey 10% of the new customers are increasing everyday in this cellular world. 20% of the customers are regular users, while 30% of the customers are very much acquent by more than two years, and 40% of the customers are permanent customers.

**DIAGRAM 4**



(Source:- Field Survey 2003)

It is observed from the diagram 4 that, As per the brand positioning Idea is the top most AS compare to Reliance at second place, BSNL is at third and Airtel is at fourth place, BPL and TATA Indicom are at the fifth and sixth position respectively.

## **SURVEY ANALYSIS AND CONCLUSIONS**

In Aurangabad city use of mobile is very less as compared to other developing cities 70% population feels that there is no need to use the mobile. Customers from Aurangabad are not much conscious about the advanced technology. CDMA technology using customers still worried about getting roaming facility because of certain rules and regulations of tray. The customers get the information of cellular by television advertisement, hoardings, promotional activities and road shows.

BSNL is having largest database, mobility and accessibility allover in public sector but with quality aspect it overcome will be the leader.

Though Reliance and TATA Indicom has launched recently with ELL technology, it has the competition with landline and not much contributed to cellular sector.

About the age group users young adult and college going students prefer prepaid connection, while middle age customers prefer postpaid connection.

In private sector idea is the no one in providing quality services with large database. Every customer seeks quality at economic rate. Young, adult and college going students prefer prepaid connections. Middle age customers prefer postpaid connections. BSNL is biggest cellular service provider with postpaid (cellone) and prepaid (Excell) facility. BSNL provides national roaming, incoming free from anywhere pulse rate 60 sec. Idea is widest coverage of 33 Dist. and a 50 towns in Maharashtra. BPL has recently merged with Escotel, RPG and TATA cellular. Overall majority of the customers use BSNL followed by Reliance, Airtel, BPL and TATA Indicom.

Cell phones definitely improves the efficiency of an officer. The business houses need not be convinced on this aspect. Cell phones can get help for a standard naturist, can help busy parents be in touch with children, loneliness can be removed-connectivity is the key. Where-ever, whenever with a cell phone you are never ever far away. It not far away when cellular phones will become part of life a necessity rather than luxury. We shall not wait for that day, but make it happen.

Today the Indian mobile user is a very happy subscriber, enjoying the benefits of world class mobile technology, paying one of the lowest rates any where in the world.

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