

CHURN MANAGEMENT IN SRI LANKAN RETAIL MOBILE MARKET

A.A.R. E. Adikari

A Dissertation submitted in partial fulfillment of the requirements for the degree of Master of
Business Administration in Information Technology

Department of Computer Science & Engineering
University of Moratuwa

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Abstract

Churn is a measure of the number of subscribers who leave or switch to another carrier's service. Churn is two fold comprising voluntary churn and involuntary churn. The frequent migration of customers is in a way a threat to mobile operators as the expense on customer acquisition is greater than retention. On the other hand, for any operator it is difficult to maintain a steady growth in the market without maintaining the existing customer

Due to profound competition, controlling churn rate is becoming a challenge to Mobile Operators and identifying reasons for Churn is an even greater challenge as it is highly dependent on the values, culture, attitudes and perception of the different segment.

The main causes for retention or churn from one network in Sri Lanka are identified by a questionnaire evaluated across various demographic factors (Age, Education level, Monthly income Gender). The questionnaire was distributed among 400 mobile subscribers and received 105 responses which were used in the analysis set out in the chapters to follow. Strategies that can be used to minimize churn rate is identified based on the feedback received in the questionnaire and by looking at best practices available in the region. Finally, Researcher developed a model to prioritize the influencing factors (Tariff, Coverage, Brand, VAS, QOS) for overall customer satisfaction of Sri Lanka Mobile customers and checked whether there is any relationship with demographic factors and influencing factors for churn. In addition to that, researcher has suggested strategies that should be adopted by Sri Lanka mobile operators to minimize churn

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**MASTER OF BUSINESS ADMINISTRATION
IN
INFORMATION TECHNOLOGY**



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A.A.R.E.Adikari
Department of Computer Science & Engineering
University of Moratuwa
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By

A.A.R.E.Adikari

The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

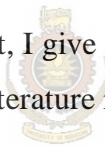
Department of Computer Science & Engineering
University of Moratuwa
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Declaration

“I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university to the best of my knowledge and belief and it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations”

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.....
Supervisor

Mr. Shanaka Rabel

.....
Internal co – supervisor

Mr. Kithsiri Samarasinghe

Abstract

Churn is a measure of the number of subscribers who leave or switch to another carrier's service. Churn is two fold comprising voluntary churn and involuntary churn. The frequent migration of customers is in a way a threat to mobile operators as the expense on customer acquisition is greater than retention. On the other hand, for any operator it is difficult to maintain a steady growth in the market without maintaining the existing customer

Due to profound competition, controlling churn rate is becoming a challenge to Mobile Operators and identifying reasons for Churn is an even greater challenge as it is highly dependent on the values, culture, attitudes and perception of the different segments.

The main causes for retention or churn from one network in Sri Lankan context (for different segments) are identified by a questionnaire evaluated across various demographic factors (Age, Education level, Monthly Income, Gender). The questionnaire was distributed among 400 mobile subscribers and received 305 responses which were used in the analysis set out in the chapters to follow.

Strategies that can be used to minimize churn rate is identified based on the feed back received in the questionnaire and by looking at best practices available in the region. Finally, Researcher developed a model to prioritize the influencing factors (Tariff, Coverage, Brand, VAS, QOS) for overall customer satisfaction of Sri Lankan Mobile customers and checked whether there is any relationship with demographic factors and influencing factors for churn. In addition to that, researcher has suggested strategies that should be adopted by Sri Lankan mobile operators to minimize churn.

Keywords: Churn, Mobile Communication

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Abbreviations

AMPS	-	Advanced Mobile Phone Service
ARPU	-	Average Revenue per User
DAPMS	-	Digital Advanced Mobile Phone Service
EDGE	-	Enhanced Data Rates for GSM Evolution
ETACS	-	Extended Total Access Communication
GPRS	-	General Packet Radio Service
GSM	-	Global System for Mobile Communications
MMS	-	Multimedia Message Service
MNP	-	Mobile Number portability
PRBT	-	Personalized Ring Back Tone
QOS	-	Quality of Service
SIM	-	Subscriber Identity Module
3G	-	Third Generations in mobile communication