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Demographic Effect In The Switching Decisions Of Mobile Service Users

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Abstract:

The paper contributes to the body of knowledge in the area of customer retention by exploring the moderating effect of demographic variables in switching decisions of consumers of mobile services. The paper is based on quantitative research design. The target population is marketing students of Sunyani Polytechnic, Ghana. A sample size of 198 was used based on the convenience sampling method. Data was collected through self-designed questionnaires and administered during lectures. Data analysis is based on correlation and cross-tabulation analysis. Gender and religion significantly influence switching decisions of consumers. Age does not significantly influence switching decisions. Age, gender and family income status does not significantly influence moderating effect of switching factors. Factors that significantly moderate the effect of switching factors are religion, personality trait, region and year in school. To attract and retain consumers, mobile service providers should incorporate these findings into their marketing strategies. Causal studies based on structural modellings should be done in future studies.

Key words: Age; gender; personality traits; switching factors; core service failure; service encounter failures

1.Introduction

The switching of mobile services by users has attracted a lot of attention from practitioners in the telecommunication industry, marketers, economists and researcher in telecommunication because of the cost involved in switching to the organisation (Oyeniyi & Abiodun, 2009; Zauberman, 2003). High rate of switching leads to a fall in profit margins of organisations other things equal (Mburu & Selapisa, 2012; Aydin & Özer, 2005). When customers are dissatisfied given the opportunity they will switch to the detriment of the organisation. The growth of the organisation will suffer as well as the profit levels of the organisation since dissatisfaction of customers leads to lack of loyalty, low retention of customers and low profit levels (Serenko, 2006; Sharma, 2003; Gerpott et al., 2001). According to Mburu and Selapisa (2012) switching is a function of customer satisfaction.

The definitions of switching are identified in the works of researchers such as Tahtinen and Halinen (2002), Bansal and Taylor (1999) and Roos (1999). The import of the various definitions is that switching means change the provider of the services/product an individual uses for another provider in order to maximise the satisfaction derived from the consumption of the product. The most popular theoretical foundations for the explanation of consumer switching behaviour are the theories developed by Lee and Murphy (2005), Lee et al. (2001) and Keaveney (1995). According to these theorists switching behaviour is a function of changes in technology, switching cost, involuntary switching, ethical problem, attraction by competitors, employee responses to service failures, service encounter failures, pricing, inconvenience and core service failures.

The empirical findings of factors influencing switching are found in the works of researchers such as (Antwi-Boateng et al., 2013; Hasan et al., 2013; Khan et al., 2012; Kouser et al., 2012; Hwa et al., 2011; Lee, 2011; Awwad & Neimat, 2010; Karani & Fraccastoro, 2010; Powell, 2010; Rahman & Azhar, 2010; Trypus, 2010; Zainudin et al 2009; Jahanzeb & Jabeen, 2007; Sharma, 2007; Shin & Kim, 2007; Pirc 2006; Ranganathan et al. 2006; Serenko, 2006; Sidhu, 2005 Kim et al., 2004; Weiss, 2004; Chen & Hitt, 2002).

Many factors have been reported in the literature as factors that influence switching behaviour. The factors are switching costs, differentiation, advertisements, innovation; value added services, brand name, packages, corporate image, involuntary switching, competition, ethics, and response to service failure, service encounter failures, core service failures, inconvenience and pricing. The influence of these factors on switching behaviour is moderated by socio-demographic variables (age; gender; income; education;

personality; culture) according to various researchers (Antwi-Boateng et al., 2013; Mburu & Selapisa, 2012; Morgan, 2012; Tripathi & Singh, 2012; Karani, & Fraccastoro, 2010; Shin & Kim, 2008; Ranganathan et al., 2006; Teo et al., 2004; Gilbert et al., 2003; Carroll et al., 2002; Brosnan & Davidson, 1996).

For example Morgan (2012) reported that the main reason for having switched amongst 14-17 year; 18-24 years; 25-34 years; 35-49 years; 50-64 years and above 65+ years old respondents was for cheaper rates offered by other providers, although being on the same network as family and friends was also cited as an important factor by respondents. The second most common reason was better network coverage. On gender more men (54.8%) than women (45.2%) had thought about switching but had not switched service providers. Gautam and Chandhok (2011) stated that age and gender influence the switching behaviour of consumers of mobile service. Ranganathan et al. (2006) established significant effect of demographics on switching behaviour. Males are more prone to switching carriers than women. Age is negatively related to switching behaviour of consumers.

Among the hypotheses tested in the literature are:

- Age is negatively related to switching intention.
- Male subscribers tend to show more intention to switch than female subscribers.
- Education has a positive effect on switching intention.

When unsatisfied consumers switch from a product or service though the consumer is faced with cost the firm is the greatest loser since profit margins falls as a result of a reduction in the growth of the firm. Hence the need to examine the moderating role of socio-demographic variables is important and worth doing. In view of this the researchers explore the effect of socio demographic variables in switching decision of user of mobile services.

Few empirical researched have been done to shed more light on the influence of socio-demographic on switching behaviours of user of mobile services in the context of Africa. The current study adds to the literature. Very few studies exist in the literature on the study area and the paper fills in the gap in literature. The findings further our understanding of the theories of switching behaviour in the context of developing economies such as Ghana, which has liberalized its telecommunication industry. Players in the industry are also well informed of the factors that influence switching behaviour in order to satisfy their customers through proper segmentation. Future researchers will find the findings as useful reference material in relation to the empirical literature since very few works exist in the literature.

The paper contributes to the body of knowledge in the area of satisfaction and retention by examining socio-demographic differences in switching decisions of mobile service users. Specifically the paper investigates

- Age differences in switching decisions,
- Gender differences in switching decisions,
- Religion differences in switching decisions,
- Regional differences in switching decisions,
- Family income differences in switching decisions,
- Personality trait differences in switching decisions.

The paper is based on the question that what are the socio-demographic variables that moderate switching decisions of users of mobile services? The paper is based on an assumption that socio-demographic variables significantly correlates with switching behaviour of users.

The findings might lack external validity since that sample is based on the convenience sampling method. Data is based on self-reported responses which might contain biases the researchers might not be aware. The paper is descriptive in nature and cross-sectional. As such causal interpretations are not possible. The paper does not examine the satisfaction level of respondents of the mobile service providers or the factors that influence their purchase decision of mobile service. Customers' preferences for mobile services are not examined.

2.Methodology

The paper is based on cross-sectional, descriptive, quantitative and survey research design. The target population is marketing students of Sunyani Polytechnic in Ghana. The sample size is 198, selected through convenience sampling method. Data was collected using self-designed questionnaire administered during lecture hours. Cronbach's Alpha was used to examine the reliability of the responses obtained from respondents. Cross-tabulation and chi-square tests were used for data analysis using SPSS.

3.Results and discussions

Results on the reliability of data used are presented followed by the results on the socio-demographic variables, the results of the correlation analysis and the results of the cross-tabulation. The discussion of the results is also presents.

3.1.Reliability Test

The assessment of the internal consistency of the data used was done using the Cronbach's Alpha test. The results as shown in the Table 1 indicate the data used are reliable (Tavakol & Dennick, 2011). The minimum value is 0.736 and the maximum value is 0.802.

	Scale Mean If Item Deleted	Scale Variance If Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha If Item Deleted
Gender	85.99	161.000	-0.055	0.760
Age	84.94	159.843	0.024	0.759
Region	83.99	159.127	-0.086	0.802
Year	85.83	161.697	-0.110	0.761
Religion	85.27	161.282	-0.089	0.760
Family income status	84.68	158.844	0.039	0.760
personality type	85.68	158.472	0.095	0.757
Whether respondents have ever switch service provider before	85.79	163.784	-0.162	0.770
Pricing	83.63	145.076	0.326	0.747
Inconvenience	83.39	147.703	0.418	0.743
Core service failures	83.18	146.351	0.491	0.739
Service encounter failures	83.23	148.958	0.432	0.743
Response to service failure	83.56	147.140	0.384	0.744
Ethics	84.22	149.715	0.351	0.746
Competition	84.10	144.932	0.448	0.740
Involuntary switching	84.44	147.853	0.405	0.743
Switching cost	84.53	149.193	0.351	0.746
Corporate image	84.47	145.665	0.471	0.739
Package	83.99	145.159	0.426	0.741
Brand name	84.20	145.577	0.421	0.741
Value added services	83.61	145.831	0.469	0.740
Innovation	83.71	149.010	0.383	0.745
Differentiation	83.83	150.996	0.316	0.748
Advertisements	84.01	148.490	0.326	0.747
Family members	84.28	145.976	0.346	0.746
Celebrities	84.80	148.808	0.327	0.747
Peers	83.88	150.794	0.233	0.753
Advertisement	84.23	142.941	0.499	0.736
paper/magazines	84.81	147.913	0.381	0.744

Table 1: Cronbach's Alpha
(Source: SPSS Output August 2013)

3.2. Sample Characteristics

Majority of the respondents in the survey are males 121(61.1%) and the age distribution indicates that majority 101(51.0%) respondent's falls in the age group of 18-22years. Most 69(34.8%) of the respondents are from Ashanti region. The results are shown in Table 2.

Demographic Variables	Frequency	Percentage
Gender		
Male	121	61.1
Female	73	36.9
Missing responses	4	2.0
Total	198	100.0
Age		
Less than 18	6	3.0
18-22	101	51.0
23-27	86	43.4
28-32	3	1.5
Above 42	1	0.5
Missing responses	1	0.5
Total	198	100
Region		
Brong Ahafo	45	22.7
Ashanti	69	34.8
Western	17	8.6
Eastern	13	6.6
Volta	10	5.1
Greater Accra	10	5.1
Central	4	2.0
Northern	11	5.6
Upper east	9	4.5
Upper west	9	4.5
Missing response	1	0.5
Total	198	100.0
Religion		
No religion	5	2.5
Christians	167	84.4
Muslims	25	12.6
Missing response	1	0.5
Total	198	100.0
Family Income		
Low	33	16.7
High	29	14.6
Medium	104	52.5
I don't know	30	15.2
Missing responses	2	1.0
Total	183	100.0
Personality Type		
Individualistic	83	41.9
Collectivistic	89	44.9
I don't know	23	11.6
Missing responses	3	1.5
Total	198	100.0
Year in school		
First year	85	42.9
Second year	112	56.6
Missing response	1	0.5
Total	198	100.0

Table 2: Demographic Features Of Respondents
(Source: Field Survey, March, 2013)

3.3. Correlation Analysis On The Moderating Role Of Socio-Demographic Variables On Switching Factors

The results on the link between socio-demographic variables and the factors influencing switching decisions are reported in this section of the paper. Respondents were asked if they have ever switched their service providers. It was gender and religion alone that significantly influenced actual switching behaviour. The results are shown in Table 3. The majority (72.3%) of the male respondents

has switched their service providers as compared to female respondents (52.9%). Majority (75%) of respondents with no religion has switched their service providers than Christians (67.7%) and Muslim respondents (54.2%).

Questions	Gender		Religion	
	Chi-square	P-value	Chi square	P-value
Have you ever switched before	15.031	0.005	34.555	0.001

Table 3: Results On The Link Between Actual Switching Of Users And Socio-Demographic Variables

The results on the correlation between socio demographic variables factors influencing switching designs are shown in Table 4. There is no statistical significant link between age, gender, family income status and any of the factors that influence switching decisions of respondents. The variables that significantly correlate with switching decisions are religion, personality trait, region and year in school.

Switching factors	Religion		Personality		Region		Year in school	
	Chi-square	P-value	Chi square	P-value	Chi-square	P-value	Chi-square	P-value
Pricing	40.656	0.000	1.955E2	0.000	n.a	n.a	n.a	n.a
Inconvenience	29.964	0.003	21.353	0.045	n.a	n.a	n.a	n.a
Service encounter failure	19.207	0.084	32.761	0.001	n.a	n.a	n.a	n.a
Response to service failure	n.a	n.a	n.a	n.a	48.310	0.082	n.a	n.a
Ethics	n.a	n.a	26.099	0.010	47.793	0.090	n.a	n.a
Involuntary switching	n.a	n.a	23.516	0.024	n.a	n.a	n.a	n.a
Corporate image	n.a	n.a	n.a	n.a	n.a	n.a	8.370	0.079
Package	n.a	n.a	n.a	n.a	n.a	n.a	8.121	0.087
Brand name	n.a	n.a	n.a	n.a	n.a	n.a	8.987	0.061
Advertisement	n.a	n.a	24.582	0.017	55.568	0.020	n.a	n.a

Table 4: Results On The Correlation Between Switching Factors And Socio-Demographic Variables

3.4. Cross-Tabulation Results

The descriptive results on socio-demographic variables and switching factors were based on a cross-tabulation. The variables are religion, personality trait, region and year in school.

3.4.1. Religion

The majority (69.5%) of the respondents who are Muslims switch service providers because of price than respondents who are Christians (61.9%) and those with no religion (60%). Another majority (78%) of the Muslim respondents switches because of inconvenience of service than Christians (74.7%) and those who do not belong to any religious faith (60%). A significant majority (80.1%) of Christian respondents switch because of service encounter failures than Muslims (78.3%) and those with no religion (60%).

3.4.2. Personality

The majority (76.1%) of the respondents who do not know their personality trait switch service provider because of pricing of services than those with the collectivists trait (62%) and those with individualistic (61.6%) trait. A significant majority (82.7%) of the respondents with a collectivists personality trait switch because of a service inconvenience than those with individualistic traits (68.4%) and those who do not know their personality trait (63.6%). Another significant majority (86%) of the respondents with a collectivists personality trait switch because of core service failures than those with individualistic traits (76%) and those who do not know their personality trait (72.7%). Most respondents (36.3%) who do not know their personality trait switch because of ethics than those with the collectivists trait (34.9%) than those with individual personality traits (34.2%). Most (50%) respondents who do not know their personality trait do not switch because of involuntary switching than those with individualistic traits (40.5%) and those with the collectivists trait (34.5%). The majority (56.3%) of the respondents with a collectivists personality trait switch because of advertisement than those with individualistic traits (49.4%) and those who do not know their personality trait (40.9%).

3.4.3. Region

A significant majority (88.9%) of respondents from Upper East region switch because of service failure than respondents from Volta region (80%), Brong Ahafo (76.2%), Ashanti region (69.6%), Western region (68.7%), Eastern region (66.6%), Upper region (66.6%), Northern region (44.4%), Greater Accra region (37.5%) and Central region (25%). The majority (75%) of the respondents from Central region do not switch because of ethics than those from the Upper West region, Northern region (44.4%), Eastern region

(41.7%), Greater Accra region (33.3%), Upper East region (33.3%), Ashanti region (20.2%), Volta region (20%), Western region (18.7%) and Brong Ahafo (16.7%). The majority (66.7%) of the respondents from the Eastern region switch because of advertisement than those from the Ashanti region (63.7%), Western region (62.5%), Upper West region (44.4%), Upper East region (44.4%), Greater Accra region (40%), Volta region (40%) and Brong Ahafo (38.1%).

3.4.4. Year In School

Most (39%) respondents in second year do not switch because of corporate image than those in first year (36.5%). The majority (53.8%) of the respondents in second year switch because of service package provided by service providers than respondents in first year (51.7%). The same number (42.4%) of respondents in first year and second switch because of brand names of the service providers.

3.5. Correlation Analysis Of The Moderating Role Of Socio-Demographic Variables On Social Influences Of Switching Factors.

The moderating role of socio-demographic variables on the effect of social factors of switching decisions was examined. The results are shown in Table 5. Socio-demographic variables (gender, personality, region and year in school) influence the effect of celebrities and paper/magazines on switching behaviour.

Social switching factors	Gender		Personality		Region		Year in school	
	Chi-square	P-value	Chi-square	P-value	Chi-square	P-value	Chi-square	P-value
Celebrities	10.807	0.029	19.021	0.088	n.a	n.a	8.420	0.077
Paper/magazines	n.a	n.a	25.089	0.014	49.395	0.068	n.a	n.a

Table 5: Results On The Correlation Between Switching Factors And Socio-Demographic Variables

3.6. Cross-Tabulation Analysis

3.6.1. Gender/ Year In School/ Personality Trait

The majority (65.3%) of female respondents are not influenced to switch by celebrities than male respondents (52.1%). The majority (58.8%) of first year respondents are not influenced to switch by celebrities than second year respondents (56.5%). The majority (63.7%) of respondents with individual personality trait are not influenced to switch by celebrities than those with the collectivists trait (57.5%) and those who do not know their personality trait (39.1%).

3.6.2. Region/Personality Trait

A significant majority (100%) of the respondents from Central region are not influenced by papers/magazines as compared to those from Northern region (90%), Greater Accra region (70%), Volta region (60%), Upper West region (55.5%), Easter region (53.9%), Ashanti region (50.7%), Brong Ahafo region (47.6%), Upper East region (44.4%) and Western region (14.3%). The majority (65.2%) of the respondents who do not know their personality type are not influenced by paper/magazines as compared to those with individualistic traits (51.9%) and those with the collectivists trait (48.3%).

4. Discussions

The results on the decision to switch indicates that males switch their service providers than females. This is in support of the findings of Morgan (2012), Gautam and Chandhok (2011), Ranganathan et al. (2006) who reported that more men (54.8%) than women (45.2%) had thought about switching their service providers. Ranganathan et al. (2006) reported that males more than females switch carriers. The results on age is not contrary to that of the findings of previous researchers such as Gautam and Chandhok (2011) who reported that age influence the switching behaviour of consumers of mobile service. In the current study age has no statistical significant effect on switching behaviour of consumers.

The findings on age, gender and family income in relation to the moderating role of demographic variables is not consistent with that of earlier researchers (Mburu & Selapisa, 2012; Morgan, 2012; Tripathi & Singh, 2012; Karani, & Fraccastoro, 2010; Shin & Kim, 2008; Ranganathan et al., 2006; Teo et al., 2004; Gilbert et al., 2003; Carroll et al., 2002; Zhu, 2002; Brosnan & Davidson, 1996; Rogers, 1995) who reported of significant effect of gender and age on the factors that influence switching behaviour of consumers of mobile services. Morgan (2012) reported that being on the same network as family and friends is considered by respondents as an important factor in influencing switching behaviours. The current findings are not in support with that of Morgan (2012) since family and friends do not significantly influence decision to switch service providers.

5. Conclusion And Policy Implications

The aim of the paper has been achieved. The moderating role of socio-demographic variables in switching decisions and the factors that influence switching have been explored empirically. Socio-demographic variables (religion, personality, region and year in school) except family income, age and gender have a significant moderating effect on the effect of switching factors in switching decisions of consumers.

Mobile service providers should incorporate the findings into their marketing strategies to better provide services that can meet the expectations of consumers if they want to survive in the current strong competition in the telecommunication industry. The survival of the firms in the industry depends on customer retention which results from customer satisfaction.

Causal studies using structural models and based on larger sample size is worth doing in future since the current study is descriptive in nature. The use of larger sample size will improve the external validity of the findings. Causal studies will also help take the discussion to higher levels of statistical analysis of identifying causality issues for more reliable policy implementations.

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