

**CANADIAN CELLULAR INDUSTRY:
CONSUMER SWITCHING BEHAVIOUR**

by

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ABSTRACT

Due to the increased competition and high costs of acquisition in the cellular industry, it has become increasingly important for companies to focus on retaining clients. This paper outlines the current industry conditions and studies the causes of consumer switching behaviour, as outlined by Susan Keaveney (1995) in her study of the service industry, and identifies additional factors specific to the cellular industry. The focus of the study is to identify the most important factors that cause consumers to switch. Using primary research, the author evaluates how TELUS Mobility is rated on each of the factors against the competition, by its own clients and the competitor's clients. Finally, the author provides recommendations to TELUS Mobility to effectively enhance its customer retention and build long-term client relationships.

EXECUTIVE SUMMARY

Increase in demand for cellular phone service in the Canadian market has led to new entrants into the cellular industry. However, with the major players looking at expanding nationally, there have been a number of acquisitions. Until 2000, there were five service providers in the industry. With the acquisition of Clearnet by TELUS Mobility in 2000 and Microcell by Rogers AT&T earlier this year, there are only three large players left in the industry- Rogers Cantel, Bell Mobility and TELUS Mobility. The biggest challenge faced by the cellular industry today is the churn rate. Almost 30 percent of a company's subscribers leave per year and the cost of acquiring new subscribers is high, \$600 CAD to \$700 CAD per subscriber.

This paper looks at the reasons for consumer switching behaviour and is based on Susan Keaveney's research on service industries. Additionally, based on personal experience in the industry, the author identifies other reasons that are specific to the cellular industry, such as technological advancement and complete service providers (wireline, internet and cellular service). This paper highlights the fact that in spite of high switching costs imposed on clients in this industry, churn rate is still high.

This research will act as a stepping-stone for TELUS Mobility in understanding its clients better in order to reduce churn and build long lasting customer relationships. Based on the consumer switching factors identified through Keaveney's service industry study and the author's personal knowledge of the cellular industry, primary research for

TELUS Mobility is conducted. The primary research results indicate that although TELUS Mobility is viewed positively on most of the factors that cause switching, it falls short on the three main factors- monthly package price, customer service wait times and completeness of information provided by dealerships. One of the major marketing and managerial implications is that instead of trying to compete merely on price, the service provider needs to focus on improving customer service through adoption of Client Relationship Management systems and increase the perception of 'value' while remaining price competitive. Good customer service and reliable service are valued highly by Canadian consumers and focusing on these two aspects will enable the service provider to differentiate itself from its competitors and reduce churn resulting from poor customer service.

Finally, avenues for future research are identified. Examples of such research include, studying the ethnic groups, conducting research in TELUS Mobility's other product category- Mike (CDMA phone which also acts as a digital walkie-talkie service), and confirming if the differences in networks like Code-Division Multiple Access (CDMA) and Global System for Mobile communications (GSM) actually act as a switching barrier.

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1. MOTIVE FOR THIS STUDY

Worldwide, countries have seen a boom in the wireless market over the last few years. “Wireless phones, once a luxury of the high-powered business elite, have invaded every space of our lives. The checker at the grocery store uses one” (Ellis, 1999, p. 93). This increase in demand has led to increased competition in the industry. For example, U.S. and Canada currently have 4 or more service providers competing for market share. This increased competition has resulted in more choices and better value for the consumers as companies try to lure clients through competitive plans and equipment pricing. Motivated by a need for mobility and lowered costs of owning a cell phone, a growing trend amongst consumers is to use their cell phones as their primary phone. In spite of its gaining popularity, the cellular industry appears to have its fair share of problems such as dropped calls, billing errors, and a multitude of calling plans which make this service very challenging for the consumers, resulting in dissatisfaction and possible switching behaviour.

The biggest challenge faced by this industry is churn, process of leaving one cellular provider for another. Operators are said to lose 30 percent or more of their subscribers per year, incurring heavy acquisition costs (Lee, Lee, and Feick, 2001, p. 35). For the cellular industry the cost of acquiring a customer can run anywhere between \$600 CAD and \$700 CAD per subscriber (Chidley, 1999, p. 75). These costs arise from account set-up, credit checks, advertising and promotional campaigns, and operational

costs incurred while the provider creates a database of the new consumer's profile. Thus, it is critical for a service provider to maintain a continuing relationship with an existing customer because the marginal income from such a customer varies directly with the length of the business relationship (Gerpott, Rams, and Schindler, 2001, p. 250). As a result, with time the incremental cost incurred in maintaining an existing customer reduces, leading to a more profitable business for the service provider in the long run. Based on wireless industry survey for North America, conducted by PriceWaterhouseCoopers in 2004, 60% of the service providers take 11 months or more to break even. Additionally, 69% of these companies only offered one or two year contracts (PriceWaterhouseCoopers, 2004). These facts become very significant when 25% of the consumers switch at contract expiry (Menzies, 2002, p. FP. 10). Hence, identifying factors that lead to a consumer switching providers thus becomes very critical for a company if it wants to retain the high revenue generating customer base.

2. PROJECT STATEMENT

Identifying and understanding customer switching behaviour is important for a company, as executives will be forewarned allowing them the time to find a way of forestalling the negative impacts of switching. This paper outlines the overall trends in the Canadian cellular industry and identifies the motivators for customer's switching.

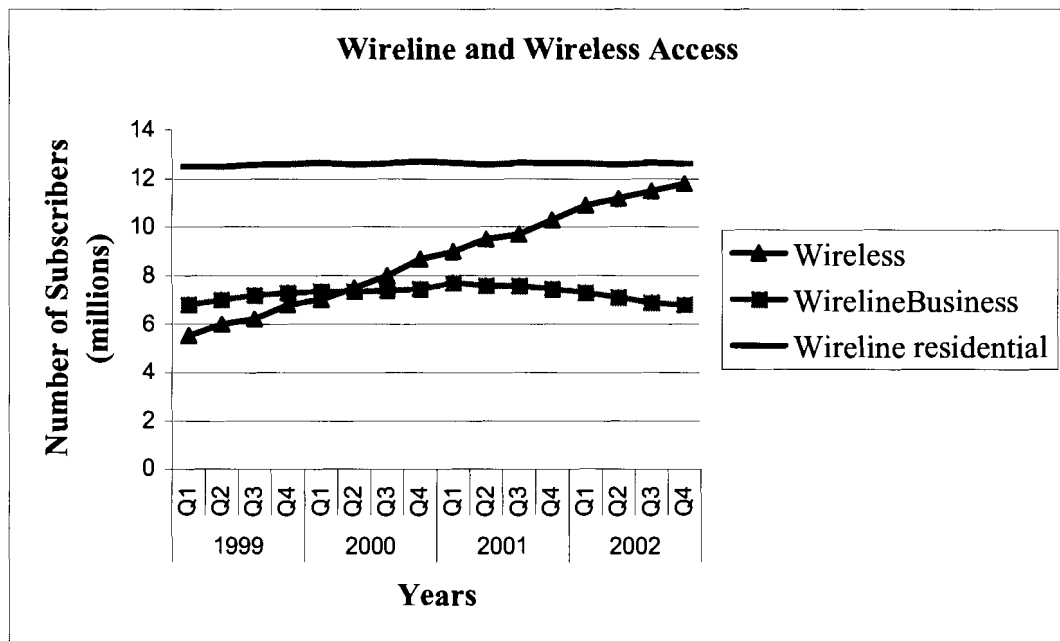
The author applies the consumer switching behaviour factors as identified by Susan Keaveney (1995) in her study on the service industries in general to the cellular industry. Additionally, based on her personal experience within the cellular industry, the author identifies any unique factors that pertain specifically to this market. Based on the overall findings in the literature review, the author conducts primary research for TELUS Mobility to identify the factors, on which the company is viewed poorly by its existing and competitors clients, and the factors that the company has strength in compared to those of the competition. Based on the results of the primary research, marketing and managerial implications for TELUS Mobility are outlined. The author concludes the paper by indicating the limitations of the primary research and charting out avenues of future research for TELUS Mobility. This research is meant to act as a stepping-stone for TELUS Mobility in initiating a better understanding of its clients and possibly become a base for future research in this direction.

3. INDUSTRY OVERVIEW

Consumers' trend towards adopting cell phones for business or personal reasons has resulted in a penetration rate of over a 100% in some countries. At the end of 2003, "cellular penetration rate in Canada was 42 percent (42 units per 100 inhabitants), while the U.S. is at 55 percent. Norway and Sweden have cell penetration of 90 percent; the U.K. is at 84 percent and Italy has 102 percent" (Marck, 2004, pg. D3). A report released by Ericsson Consumer Lab in November 2004, which surveyed over 2000 Canadians in 10 provinces, found that "63 percent of Canadians between the ages of 15 and 69 own a mobile phone – a 7 percent increase since 2003. This figure is expected to rise another six points to 69 percent by 2005" (Ericsson Study, 2004). Additionally the study found that Canadian youth between the ages 15 to 24 years are the driving force behind this growth. This segment is 'tech savvy', using their cell phones to send emails (50%), download music (47%), and picture message (44%). Interestingly, Canadians tend to talk a lot more on their cell phones (49 minutes per day) than people in other countries (global average 27 minutes per day) (Ericsson Study, 2004). A contributing factor to this could be that in other parts of the world, consumers rely on text messaging, as the talk time is more expensive. On the other hand, in Canada most providers offer unlimited local calling after 8 p.m., resulting in increasing usage of the cell phone as a second phone in the house. In Canada, as one can see in Figure 1, the wireline growth is

stagnating; however, between 1999 and 2002 there has been a sharp spurt in the growth of wireless access. Projections indicated that at this growth rate wireless subscribers would surpass the wireline residential market by the end of 2003. No latest statistics were found to confirm that this has actually been achieved. However, based on the mass wireless adoption rate, one can speculate that it actually has surpassed wireline.

Figure 1. Wireline and Wireless Growth



Data Source: Industry Canada report - Telecommunications service in Canada: An industry overview.

With wireline hitting a plateau, an option available to providers of wireless and wireline service is to bundle the two services to provide a complete package to their clients, giving them a competitive edge and sustaining the wireline market. In 1998, the Canadian Radio-Television and Telecommunications Commission (CRTC) lifted a 15-year-old ban on such bundling, a ban that was earlier believed necessary to protect nascent entrants into the wireless markets from the dominant local telephone providers.

In spite of the lifting of the ban, telephone companies are still required to submit the pricing plans for bundled services to the CRTC for approval and they are still prevented from sharing confidential client information such as calling patterns, credit records etc. between the wireline and wireless divisions (Flavelle, 1998, p. E7). Possibly due to these restrictions, the phone companies have yet to take complete advantage of this opportunity.

In 1998, 60 percent of the new subscribers acquired were through the pay as you go service, where clients pay for service as they used it. Due to the flexibility offered by this service in terms of no credit checks or contracts, it was excellent in attracting first-time mobile users and making cell phones a mass-market product (Riga, 1999, p. B.7). However, the focus on increasing customer base through net additions led to a declining Average Revenue Per User (ARPU) due to high consumer churn resulting from lack of contracts. Between 1994 and 2002 there was a \$31 decline in ARPU. This led to a rethinking of this strategy with the carriers now focusing on “attaining and retaining, high margin, post-paid customers” and proactively offering the pay as you go service to only those clients they would otherwise lose (Industry Canada, 2002).

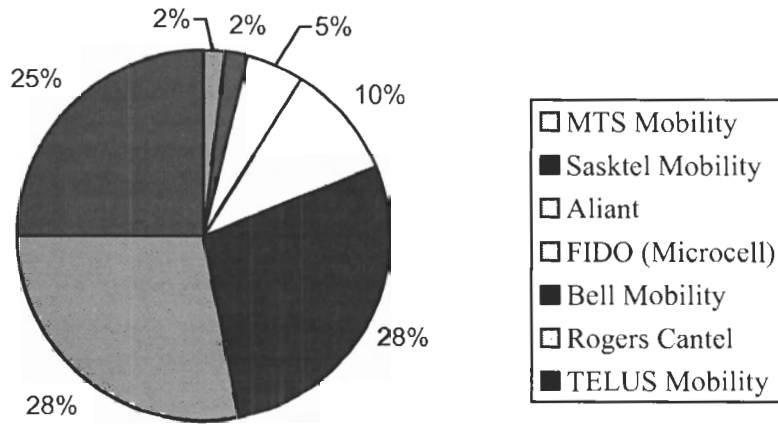
With the rapid technological changes taking place in this sector and the consumers becoming more tech savvy, the cell phone is increasingly becoming a multi purpose tool. It is now a phone, camera, computer and a video camera. In fact, in Asia, the cell phone is being used to make purchases from vending machines and pay the parking meter (Semenak, 2003, p. G.3). This indicates a shift in the focus of cell phone usage from merely voice to data and voice, with the Canadian service providers, TELUS

Mobility, Bell Mobility, Rogers Cantel, and FIDO, looking to maximize the revenue earnings from their customer base.

3.1 Competition

The competitive landscape in the wireless telecommunications industry has been rapidly changing. When cellular service was first launched in Canada in 1985, there were two main providers – Cantel and Mobility Canada with its affiliates (Stentor Alliance). The latter comprised of the regional phone companies of the various provinces. In 1995, there were two new entrants into the field, Clearnet and Microcell. In the late 1990s, Mobility Canada and its affiliates split into the regional companies and by 2000, the main players in this field were Bell Mobility, Rogers AT&T, TELUS Mobility, Microcell, and Clearnet. In addition, there were three regional providers namely, Sasktel Mobility, MTS Mobility, and Aliant Mobility as can be seen from Figure 2.

Figure 2. Market Share by Wireless Companies, 2002



*Note. Market share based on number of subscribers.
 Data Source: Industry Canada report - Telecommunications service in Canada: An industry overview.*

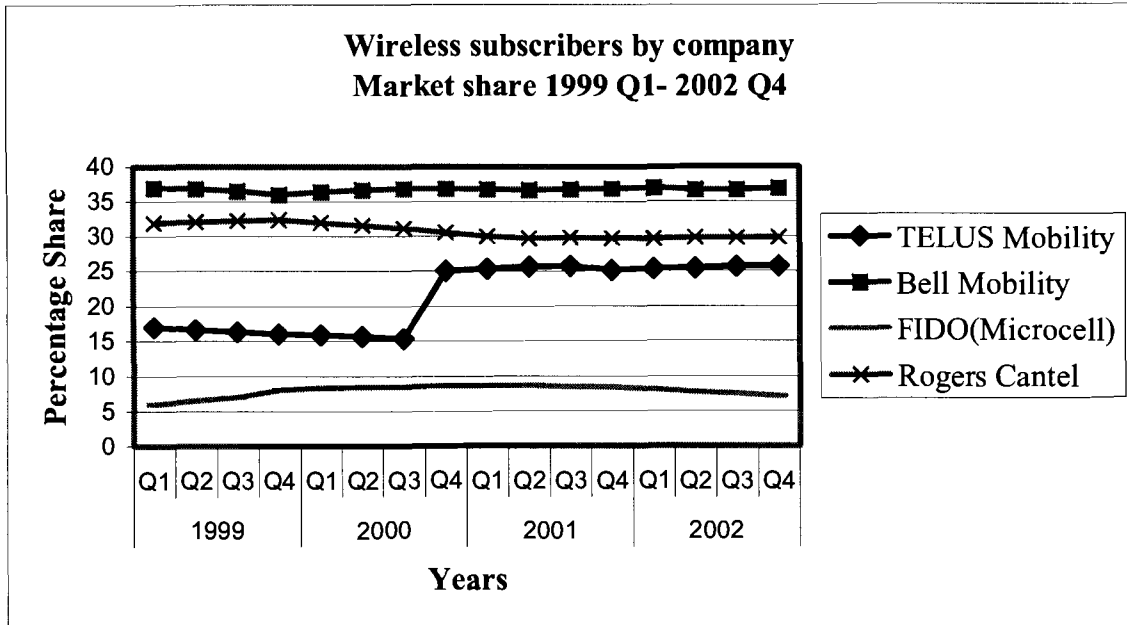
The split of Mobility Canada signalled the beginning of an extremely competitive environment in the cellular market and this has led to a lot of restructuring in the form of mergers and acquisitions.

While Clearnet and Microcell were small companies compared to the other three providers, they were growing rapidly. Clearnet offered a unique Mike service, which was a combination of a cell phone and radio and was targeted to large businesses and fleets (Chidley, 1999, p. 75). Both Microcell and Clearnet, targeted the cost conscious consumers by offering no contracts and lower prices for phones and plans thus creating a niche market for themselves (MacDonald, 1998, p. F.12).

In 2000, TELUS Mobility took over Clearnet to support its expansion plans to Eastern Canada. Acquiring Clearnet not only enhanced its customer base but also added

the Mike system to its portfolio, giving it a competitive edge and doing away with the need to lease cell sites from Bell Mobility.

Figure 3. Wireless Subscribers by Company Market Share, 1999 Q1- 2002 Q4



* TELUS Mobility subscribers include Cleamnet as of 2000 Q4.

Data Source: Industry Canada report - Telecommunications service in Canada: An industry overview.

It can be seen in Figure 3 above, TELUS' subscriber base had a sharp spike in 2000 after the Cleamnet acquisition.

Until recently, Bell Mobility was the largest wireless service provider followed by Rogers Cantel and then TELUS Mobility; however earlier this year, Rogers Cantel acquired FIDO (Microcell) to become the largest wireless provider in Canada. As a result, today there are three national providers and the struggle for market share and dominance is likely to increase.

It is worth noting that the technology used by the various carriers is different. While both Bell Mobility and TELUS Mobility offer Code Division Multiple Access (CDMA) technology, Rogers Cantel and FIDO (Microcell) offer the Global System for Mobile Communication (GSM). GSM is popular in various parts of the world while CDMA is predominantly available in North America. One of the outcomes of the differing technologies is that consumers who activate a cell phone with one provider are not able to switch to another company and use the same equipment due to system incompatibilities.

This fierce competition in the industry has led to companies bombarding consumers with information whether it is through television ads, booths in the malls, or tie-ins with universities to target students. This has led to consumers being more aware of and sensitive to, not only price, as it is the focus of the advertisement, but also options that are available to them. This mode of competition has caused clients to become “soft shoppers”, where consumers continually search the market for the best deals available.

3.2 Target Market

As mentioned earlier, in Canada, 63% of the users are in the age group of 15-69 years. However, it is the youth between the ages of 15-24 who are driving the growth in the wireless sector. The average talk time in this segment is 64 minutes per day as compared to the national average of 49 minutes (Shaw, 2004, D.3). Since this segment is also quick to pick up any new technological enhancements such as picture messaging, text messaging, and downloads, they provide a lucrative revenue base for the service

providers. The Canadian service providers have been quick to take advantage of this with special promotional offers for students such as Back to School programs. Companies such as TELUS Mobility are offering these tech savvy consumers unlimited picture and text messaging for three months under this promotional program. FIDO, on the other hand, has targeted this segment with cool phones, with interchangeable faceplates. “The cool factor” is being used by many of the providers in their advertising campaigns to target this market segment (Semenak, 2003, p. G.3).

Another segment being targeted by these providers is the ethnic community and the importance of this segment can be judged by the fact that “one out of three cell phone users in Canada are either Chinese or East Indian...word of mouth is the most powerful medium in ethnic groups” (Makris, 2004, p.18). For this group, the cell phone is not only of functional use but also a fashion statement. This group is therefore likely to want phones that support the latest service features. For example, having a cellular phone that also has a built in digital camera or MP3 player indicates to their friends that they have the latest and trendiest technology. Besides this, there are likely to be multiple cell phones within a family. The effort to win over this niche market can be seen through the promotional activities of the various service providers. For example, in 2004, the year of the monkey for the Chinese community, TELUS Mobility offered free commemorative 18K monkey strap to new subscribers during Chinese New Year. On the other hand, Bell Mobility sponsored the Chinese New Year Festival at the Plaza of Nations in Vancouver (Makris, 2004, p. 18). In the case of Microcell, the FIDO brand is targeted towards this

segment. Both TELUS Mobility and FIDO also have representatives who are able to handle calls in Mandarin and Cantonese.

Though the target market can be broken down into these niche segments, a general break up would be “Sales and Service, Blue Collar, Business and Personal” (Jain, Muller, and Vilcassim, 1999, p. 133). The salespeople and the businesses are generally the segments that generate high revenue for the service providers and are heavy users of the service. As a result of their high usage, these segments are very price sensitive. The personal and blue-collar segments comprise of medium to low airtime users. The personal segment uses cellular phones for communicating with family members or for personal security.

4. LITERATURE REVIEW: WHY DO CUSTOMERS SWITCH?

In this section, the author applies the factors leading to consumer switching behaviour as identified by Susan Keaveney in her study of the service industries (section 3.1 to section 3.8) to the cellular industry for this project. In the last part of this section, based on her experience in the Canadian cellular industry, the author identifies additional factors (section 3.9 to section 3.11) that are specific to the cellular industry, contributing to the literature area of understanding consumer switching behaviour.

4.1 Core Service Failures

Core service failure has been cited as the major reason for switching in Susan Keaveney's study (1995) of the service sector, with 44% of the respondents mentioning this as the main reason for switching. Core service failure may be the only reason for the switch or it may be combined with other reasons, which tilt the balance towards switching to another provider. "Core service failures include all critical incidents that were due to mistakes or other technical problems with the service itself" (Keaveney, 1995, p. 76). These include billing errors, service mistakes, and service catastrophes. A customer experience of inaccurate billing combined with a failure or delay in correcting the error in time can result in stimulating switching behaviour.

In the cellular industry, as new plans and features are introduced, providers may be inclined to change the billing system, which could result in billing problems. A good example is the case of Kathleen Brooks of Medford, Ore., whose monthly bill of \$65 CAD suddenly shot up to \$350 CAD for no reason. She spoke to a number of customer service representatives who could not explain the bill to her. Ultimately she paid \$734 CAD for what she considered was an erroneous and unexplained bill and then switched carriers. In Kathleen's words, it was "a customer service nightmare with her phone company" (Schumer, 2003, p. 61). In 2002, consumers filed thousands of complaints with federal regulators as well as consumer protection agencies of which billing, advertising, and service quality constituted the bulk of the complaints (Schumer, 2003, p. 61).

As mentioned earlier, another aspect of core service failure is service catastrophes- break down of the core function of the service company, which can result in loss of appropriate service and negatively impact the consumers in terms of time and money. In the cellular industry, where cell sites are the nerves of the service network, a problem with any cell site immediately disrupts service in that area. If the service provider is not able to give an estimated time of service restoration, it creates an atmosphere of uncertainty and anger amongst the consumers. In cases where the cell site is perceived as the property of the service provider, consumers are likely to hold the provider responsible for the service disruption to an even greater extent. "The more the delay cause is perceived to be controllable by the service provider, the more anger the customer will feel" (Taylor, 1994, p. 60).

Mr. Rob Simpson's case is a good example of poor complaint handling after a service failure. He called his provider to have his cell phone call forwarded to another phone after three rings. However, due to a system glitch, the calls were never forwarded. Numerous phone calls later, having repeated his story at each stage, Mr. Simpson was an irate client. Anger and uncertainty such as this needs to be addressed quickly or else it can lead to consumer switching behaviour. The importance of core service failure in the wireless industry can be judged by the fact that, in Canada, 93 percent of the consumers feel that reliable service is an important factor in selecting a cellular service provider (Shaw, 2004, p. D.3).

4.2 Service Encounter Failure

Service encounter failures are considered to be the second most important reason for consumer switching in a service industry. These failures are related to the human factor in a firm. Employees who treat consumers in an impolite, uncaring, and unresponsive way can cause dissatisfaction amongst consumers. Additionally, an employee who is incompetent and unknowledgeable can also become a contributing factor to a consumer switching away.

A study conducted by Tax, Brown, and Chandrashekar (1998) indicates that interactional justice is a key factor in determining a client's satisfaction. "The inclusion of interactional factors helps explain why some people might feel unfairly treated even though they would categorize the decision-making procedure and outcome as fair" (Tax, Brown, and Chandrashekar, 1998, p. 62). According to them, employees and managers

that act in a polite and helpful manner diffuse an unpleasant situation, whereas if the same situation is handled rudely and uncaringly, it will end up exacerbating the anger. More often than not, clients are looking for empathy and a validation of their concerns.

A good example to support this is Mr. Hyman's encounter with Rogers AT&T, as described by Menzies (2002) in his article. With his first phone broken, two weeks shy of his contract expiry, the Rogers AT&T dealer denied Mr. Hyman new equipment subsidy. "...flabbergasted and enraged at the clerk's attitude...all he kept saying was, 'Sorry-there's nothing I can do'...made a beeline to the Bell Mobility store" (Menzies, 2002, p. FP.10). Clearly, the dealer's non-helpful behaviour led Mr. Hyman to switch carriers to Bell Mobility. It is this kind of behaviour that cellular service providers can avoid by training and empowering employees enough so that they can see a potentially vulnerable situation and curb it before it results in losing a client. Importance of this factor can easily be realized; eighty- eight percent of the Canadians indicate that they consider customer service as an important factor in selecting a service provider (Shaw, 2004, p. D.3)

4.3 Pricing

Keaveney's (1995) study indicates that pricing is the third largest reason for switching behaviour. While pricing may be the sole factor motivating the switch behaviour, very often it is combined with other factors. Pricing includes any rates, fees, surcharges, penalties, or promotional deals. Customers tend to switch not only because the price is high, but also when price increase is deemed unfair. In each case, customers

had a reference point against which prices were compared, whether it was based on past experience with that provider or an unconscious decision on what was acceptable for the value of service rendered. With the different providers vying for the same business, competitive pricing comparison is another way in which a consumer decides if the prices are high. In the current cellular industry, where companies are constantly advertising their low prices in the media, this price comparison has become even easier for the consumers.

Another category of price switching behaviour relates to deceptive pricing where a client is not given all the subsidiary charges and the final price is more than what the client was quoted. For example, Sprint PCS has a plan for \$39.99 USD and offers 4000 calling minutes. Initially it appears that the consumer will only pay a penny per minute. However, of the 4000 minutes, only 350 are anytime minutes and 3650 are evening and weekend minutes. If the consumer exceeds the minutes in either time period, there is an additional charge of 35 cents per minute. For most people, the primary calling period is during the day; so for a person who uses only 200 minutes of the daytime minutes, the actual cost works out to 20 cents a minute and for one who uses 500 minutes in the day, the average cost still works out to 18.5 cents per minute. Such hidden pricing causes high churn since customers are prompted to switch as soon as another provider offers a better deal. As mentioned earlier, high churn results in huge costs for the service providers who have already invested in acquisition costs (Ayres and Nalebuff, 2003, p. 24).

If the pricing practices of a provider are perceived as being unfair, such perception can induce the consumer to switch providers. For example, changing from per

second billing to per minute billing or allowing free plan upgrades (moving from a \$20 plan to \$50 plan) but imposing a service charge for every downgrade (moving from a \$50 plan to a \$20 plan) can be perceived in a negative light and the provider may consequently get push back from the consumers.

The critical nature of price as a motivating factor for such behaviour can be judged from the Ericsson Consumer Lab survey (2004), which found that 86% of the customers surveyed indicated that the price of the plans and features was a critical factor in their selection of the service provider.

4.4 Inconvenience

The fourth reason for consumer's switching providers is inconvenience. This factor includes contributors such as service provider's hours of operation, time elapsed while waiting for service, store location, or simply waiting for an appointment. In Keaveney's (1995) research, of the people who reported inconvenience, 21.6% said that this was the only reason for them switching providers.

Hours of operation and store locations are not serious contributing factors to inconvenience in the cellular industry. The service centres, if not open 24 hours, are at least open 14-15 hours per day. Also, the cellular providers have independent dealers located almost at every corner of the city that a client can visit. However, waiting for service can be a serious contributing factor, especially when clients do not know how long the wait will be. With most of the customer service functions being performed over the telephone in this technological world, clients have been known to wait a long time

trying to get through to a customer service representative. A recent incident with Bell Mobility, where customers simply could not get through to customer service caused a lot of dissatisfaction amongst their clients - "...instead of urging listeners to stay on the line, this disembodied voice effectively tells callers to pay their bill no matter how confused they may be, go away and call back later...If your call is not of an urgent nature...call back..."(Austen, 2004, p. 12). The disarray was caused due to a billing system upgrade the company had done a few months ago which resulted in heavy call volume, something the company was not prepared for.

One solution suggested by Taylor (1994) to avoid aggravating waiting clients in her research is, "Filling time can reduce the anger and uncertainty felt by the waiting client" (Taylor, 1994, p. 60). Some companies have begun realizing the importance of reducing anger and uncertainty amongst clients during long waits. Companies such as TELUS Mobility now offer clients music of their choice when they call into the Interactive Voice Recording (IVR) system. Research indicates that consumers pay less attention to the delay when they are occupied with something else. Another option for the carriers is to announce the length of the delay and, if possible, provide a reason. For example, when TELUS Mobility was recently faced with high call volumes due to a voicemail upgrade that was done, a uniform message was put on the IVR system advising clients of the reason for the delay and giving them the option to hold or to use the self serve option through the TELUS Mobility website. Methods like this help diffuse a frustrated client and even if they decide to wait for a representative, "...actions taken to alleviate or reduce uncertainty and anger should reduce the delay's negative impact on

evaluations” (Taylor, 1994, p. 66). Though companies like TELUS Mobility are working in this direction, overall, the industry is faced with long waiting queues and barely manage to keep up with the requirements of “80% of calls to customer service are supposed to be answered in 20 seconds” set by the CRTC (Austen, 2004, p.12).

4.5 Response to Service Failure

Here again the human factor plays a critical role. If the service provider fails to address or handle a customer’s complaint appropriately, it can lead to switching behaviour. Reluctant response, failure to respond, or a negative response from an employee, are amongst the main reasons leading to loss of a client. The importance of this factor can be judged from the Ericsson Consumer Lab survey where 88 percent of the people in Canada surveyed expressed that customer service was an important factor influencing their choice of provider. Some of the common complaints in this category were that the representative was not empathetic or did not acknowledge that the complaint was legitimate. “...literature suggests that making excuses or delivering outcomes in a rude or insincere manner affects the value of the outcome...manner in which the review is communicated influences perceived fairness of its outcome” (Tax, Brown, and Chandrashekar, 1998, p. 64). A good example of this is Mr. Simpson and his request to call forward his cell phone. When he discovered his calls were not forwarding, he had to call in several times to get the problem resolved. In spite of repeated assurances the problem continued. The situation was compounded by the fact that each time he had to repeat his problem to a new representative who had no

knowledge of his issue, leading to further frustration, “I didn’t feel like I was valuable. I felt that I was a pain” (Allossery, 2000, p. C.4). “According to experts, Canadian companies lag well behind their U.S. counterparts in investing in customer relationship management...” (Allossery, 2000, p. C.4).

4.6 Competitive Offers

As indicated earlier, competition in the cellular industry in Canada is now mainly between the three largest carriers, Rogers Cantel, Bell Mobility, and TELUS Mobility after Rogers Cantel acquired FIDO (Microcell). Each carrier is trying to attract new clients to its network by offering them massive discounts, promotional time-bound free calling, etc. This has led to numerous choices for the cost conscious consumers. An apt example of this would be a recent price war between FIDO (Microcell) and its competitors. FIDO launched the CityFIDO plan offering unlimited calling for \$45 and encouraging consumers to transfer their home numbers to their cell phone. TELUS Mobility countered this strategy by “launching an ad campaign in some markets that offered FIDO customers a free replacement phone and matching rates from Telus Mobility” (Quinn, 2004, p. D3). This price war has now become a constant factor in this industry with companies trying to undercut each other for market share. The financial consequences of such a price war on the bottom line of the company is evident from the bankruptcy of FIDO (Microcell).

Interestingly, this price war has conditioned consumers to look for bargains with their current provider or else switch their service to another service provider. “Truth is,

you probably don't need to switch carriers to get bargain...score a deal just by calling your current carrier and threatening to switch" (Weisser, 2004, p. 33). A price war is obviously not healthy for any industry as it leads to lower profits resulting from constant discounting and it makes customers price sensitive, making them more prone to switching. Companies need to focus on creating the perception of "value" in the minds of the customers in order to differentiate themselves clearly from the competitors and not get caught in the price war.

4.7 Ethical Problems

Behaviour that is unethical such as dishonesty, unsafe practice, or conflict of interest falls into the ethical problems category. A common complaint amongst consumers has been that while cell phone service providers announce a low price for their package, there are usually hidden charges specified in fine print. Such hidden pricing can prove harmful in the long run as it results in massive churn with customers switching as soon as a better offer is made. In California, a law was passed recently called Telecommunications Consumer Bill of Rights which requires the service providers to disclose service and price information up front, in easy to understand language and in readable print (Schumer, 2003, p. 61).

Another ethical issue arises when the service provider employs an independent dealer channel that is so profit motivated that complete information is not provided to the customers upon activation. By the time the customer realizes that there are extra charges they have to pay, they are well over a month into their contract. Charging the contract

termination penalty if the client decides to cancel service is an ethical dilemma for the service provider.

With customers calling patterns constantly changing, their rate plans need to be optimised to ensure that they are on plans best suited to their needs. Although such optimisation may result in a loss of profit in the short term, it builds client loyalty over the long term and thus helps the service provider recover the activation costs and make profit from the client. Motivated by the short-term profits, some service providers may choose not to put clients on the optimal plan. This would be viewed as dishonesty by the clients, leading to switching behaviour.

4.8 Involuntary Switching

Though not very common within this industry, there are occasions when the client switches due to circumstances beyond the control of the client or the provider. An example of this is when a client moves to an area where their provider does not have good coverage and the client is consequently forced to go with a different service provider.

The latest wave of acquisitions and mergers within this industry is another factor leading to involuntary switching. When TELUS Mobility acquired Clearnet, Clearnet's entire customer base was forced to switch to TELUS Mobility.

The above factors were identified by Susan Keaveney as motivating factors for switching behaviour as related to service industries in general. However, there are *other factors specific to the cellular industry*, which are mentioned below.

4.9 Complete Service Providers

Many of the cellular service providers are complete service providers offering wireline, internet and wireless services. Although each of the branches may be set up as independent companies, in the minds of the customers they are one. As a result, dissatisfaction in one area can quickly snowball and lead to switching behaviour where the client withdraws complete service from the organization. In 2003, due to employee cutbacks, TELUS faced long wait times for customer service on wireline side. “Many of the complaints relate to how long it takes customers who call Telus customer service centres to speak to company representatives. Other customers complained of missed repair appointments” (Ramsey, 2003, p. H5). The negative sentiment generated by these wait times affected TELUS Mobility as well since clients viewed both TELUS (wireline) and TELUS Mobility (wireless) as one company, resulting in the ‘you people’ mentality. Dissatisfaction on the wireline side resulted in switching behaviour on the wireless service as well.

4.10 Changes in Technology

With technology advancing at a rapid pace, cellular service providers are scrambling to keep up with consumer needs and in the process trying to distinguish themselves from the competitors. “... carriers compete fiercely...more and faster ways to send data” (Marchand, 2003, p. G.3). Offering new services not only helps companies retain and gain customers but it also provides a means of generating greater revenue from one client. Companies that do not offer services in keeping with the technological trend

ultimately end up losing the client to a competitor that does offer the service. For example, TELUS Mobility being Code-Division Multiple Access (CDMA) was offering text messaging only in Canada. FIDO on the other hand being Global System for Mobile Communications (GSM) was able to offer text messaging to most countries as GSM system has a wider coverage worldwide. Many customers viewing this as a valuable service may switch to FIDO for the convenience of just being able to text message around the world. TELUS Mobility is now offering this service to the U.S. It may potentially find a way to offer it to the rest of the world or selective countries if it finds that this service is valuable to its client base.

Not only the service providers but cellular manufacturers are also trying to keep up with the trend by offering the latest and newest gadgets to the clients. The new technology of camera phones is an excellent example of this. With Nokia building a smaller phone equipped with a camera, Motorola's market share was negatively impacted and dropped it to the number two spot globally. As clients themselves claim "...it's just cool to have the latest-model handset" (Pringle, Drucker, and Ramstad, 2003, p. F.4). Service providers that tie up with these manufacturers to offer the latest equipment along with enhanced services appear to emerge as winners in today's market.

4.11 Soft Shoppers

As mentioned earlier, in an attempt to woo customers, companies are targeting them heavily through advertisements, mall intercepts, and telemarketing. The outcome of this has been the change in consumers. Consumers today are a lot more aware of the

different services available to them and do not hesitate in doing constant price comparisons to get the best deal. These consumers are called “soft shoppers”. Companies that do not respond proactively or cue in when these consumers call in to inquire on prices or services can end up losing them to a competitor. Hence, companies need to be aware of these consumers and need to design proper incentive programs or back pocket offers to retain them. For example, TELUS Mobility has found a way to thank consumers for their business by adding discount coupons for different stores with the consumers’ monthly bills.

In addition to factors that cause a consumer to switch, there are *factors that inhibit switching behaviour*. These factors are called switching costs.

4.12 High Switching Costs

Switching costs are costs that consumers would incur if they changed service providers. Although high switching costs discourage a client from switching carriers, which is in favour of the company, they also yield less incentive for firms to actively compete, which is a disadvantage for the customer.

With the Canadian cellular market being divided into CDMA and GSM service, consumers face high switching costs, as phones are not transferable between networks. Even though inability to switch between GSM and CDMA may be understandable, it is interesting to note that clients cannot even transfer phones between Bell Mobility and TELUS Mobility though they both operate on the same system. In fact, cellular phone manufacturers make provider-specific phones. Hence it is often found that, though Nokia

phones are being offered by both Bell Mobility and TELUS Mobility, these phones models and features are entirely different and have lock codes to prevent the phones from being re-programmed on another network. Some service providers have tried to overcome this hesitation amongst client by offering a free equipment exchange for the competitor's phone if they switched service; however, in retaliation, the competitor also offers a similar deal to attract the other company's clients.

The second factor leading to high switching costs in this industry is phone number portability. Clients are not able to take their phone number with them when switching to a competitor. Canadian Radio-television and Telecommunications Commission (CRTC) has prohibited number portability between carriers in an effort to reduce churn in the industry (Menzies, 2002, p. FP. 10). Clients who are dissatisfied with their service provider and are looking for alternatives view this as a big inconvenience. FIDO (Microcell) tried to change this trend in the industry by offering home number portability to the cellular service but now with its demise, this still remains an open issue. Until recently, this concept of no number portability existed even in the U.S. However, now the Federal Communications Commission (FCC) has announced number portability in an effort to boost competition in the cellular market (Surtees, 2003, p. D3). The effects of this change are yet to be seen. It has been speculated that this will lead to even a higher churn rate in the industry. However, from a customer's point of view this will force service providers to improve their service, leading to customer satisfaction and retention as opposed to forcing them to stay due to other reasons.

A third factor that leads to high switching costs is the existence of contracts. Most companies in this market offer one, two, or three year contracts to the clients in exchange for a discounted phone or free local calling minutes for a certain number of months. Clients once locked into a contract have to deal with high penalties if they break the contract, whether it is to go to a competitor or other personal reasons. These penalties can range any where from \$100 CAD to \$700 CAD depending on the stage of the contract. For example, TELUS Mobility charges a penalty of minimum \$100 CAD or \$20 CAD per month remaining in the length of the contract, whichever is higher. For dissatisfied clients, especially personal users with low minutes usage, it may be hard to payout \$700 CAD so they tend to stay to complete their contracts.

Some of the other switching costs are the time and inconvenience that the customer has to go through to find the right service provider and then to activate service with them by visiting one of the dealerships.

In spite of these high switching costs in this industry, consumers still switch. Some switch at the end of their contract and some during the contract by paying out the penalty because they are extremely dissatisfied with the service they received. As suggested by Keaveney (1995) in her research, some consumers' switches are caused by a single factor and some are a result of multiple factors. In this industry, although single factors do cause a switch, multiple factors seem to lead to most of the switching. A good example of this is the situation that Usman Valiante faced with Bell Mobility (Menzies, 2002, p. FP. 10). After his cell phone stopped working, he visited a Bell Mobility store to get a replacement phone, which also did not work. By the time he got a working phone,

he had to go without service for two days, which was a major inconvenience, as he did not have a wireline service. Just when this aggravation was over, Bell Mobility disconnected his service as one of the payments he had made arrived late in the mail. Mr. Valiante, a high revenue-generating client with average cellular bills of \$700 CAD a month “went ballistic”.

High switching costs may initially inhibit a customer from switching; however, when multiple factors present themselves, consumer-switching behaviour may be hard to prevent. Clients might stay if only one aspect of the service is not satisfactory, but when they find that there are other aspects of the service that are also unsatisfactory, they may switch providers.

In conclusion, although the cellular industry has factors such as switching costs that possibly inhibit switching behaviour, the fact remains that the industry does face high churn (as indicated earlier) that ultimately affects a company’s profitability. Hence, understanding the reasons behind consumer switching still remains a critical issue for any cellular service provider.

4.13 Summary of Literature Review

It is interesting to note that most of the factors that cause switching behaviour are within the control of the service providers. Canadians feel reliable service is the most important factor in selecting a cellular service provider. Although at times core service failures are not in the service provider’s control, consumer dissatisfaction can be lowered by advising them about the cause of the delay and providing them with an estimated time

of restoration whenever possible. This will reduce anger and uncertainty amongst clients. Additionally, service providers should try to ensure that service upgrades take place smoothly rather than inconveniencing clients with disruptive service. Companies should also try to keep their equipment up-to-date with the new technology so that it doesn't become outdated and cause service disruptions.

The second most important factor for Canadians was customer service. Factors such as inconvenience, service encounter failure, and employee response failure fall into this category. As discovered, customer service wait times seem to be a critical issue within the Canadian market. Companies need to look at improving the response time at their various customer service call centres to avoid the long waiting queues that lead to upset clients. Hiring more employees can resolve this problem. If the wait cannot be avoided, companies need to find ways of filling consumers wait time, may be with music, or giving them alternatives such as visiting company websites to get their answers. Companies also need to train employees and empower them to make decisions. This is especially important in an industry such as this where "soft shoppers" exist and will switch if they do not get an effective response from their service provider. Employees that are trained and empowered to cue in and show the consumer the value of staying with the service provider will help lower the churn rate. Additionally, training employees to listen to the consumers complaints, resolve them, and follow up to ensure that the customer is happy will lead to higher satisfaction amongst consumers and build stronger customer relationships. Companies need to look into Client Relationship Management

systems to enhance customer satisfaction and avoid situations that escalate to the media affecting the company's reputation.

The third factor that most Canadians felt important was price. With switching related to pricing, the service providers need to re-evaluate their pricing policies - ensure that they are competitive with the market and yet distinguish themselves in terms of value. This is especially important in the cellular market where pricing is the main focus in advertisements and consumers are becoming increasingly price sensitive. As already mentioned earlier, Canadian consumers place more emphasis on customer service and reliable service than on price. Companies can build on this fact by being competitive on pricing and at the same time distinguishing themselves on these two factors. Such a strategy would result in reducing price sensitivity amongst their customers.

Ethical problems need to be treated seriously as they can encroach on other factors as well such as poor customer service. Companies need to find a way to reward ethical behaviour or at least a way to reprimand unethical behaviour.

Although involuntary switching was identified as one of the factors, this factor is not truly under the control of the service provider. Companies can try to make a take over client happy by offering some sort of a subsidy, but often clients leave before they have had the opportunity to experience the company's service.

In addition to the factors identified by Susan Keaveney (1995) in her study of the service industries, cellular industry has its industry specific factors that cause switching, identified by the author of this paper through her personal experience of the cellular

industry. These factors are complete service providers, changes in technology, and soft shoppers.

Keeping up with the latest technology is a big challenge faced by the companies in this industry. To solve this problem, companies have no choice but to keep up with the technology and ensure that they are meeting their clients' needs to the best of their ability.

For the complete service providers, there is the additional challenge of ensuring that clients are happy with all aspects of their service as well. These companies will continue to run into this problem as consumers perceive the different businesses as one company and will look for satisfaction on all fronts. If the company fails to deliver on all fronts, it could lead to switching behaviour.

In addition to factors that cause switching, the author has also identified factors that inhibit switching behaviour in the cellular industry. Contract cancellation penalties, lack of number portability, and lack of cellular equipment portability between the carriers have acted as a safe haven for most companies ensuring the client stays for a set period of time. However, increased competition and company's willingness to acquire clients at all costs have caused some disruption in this haven.

5. METHODOLOGY

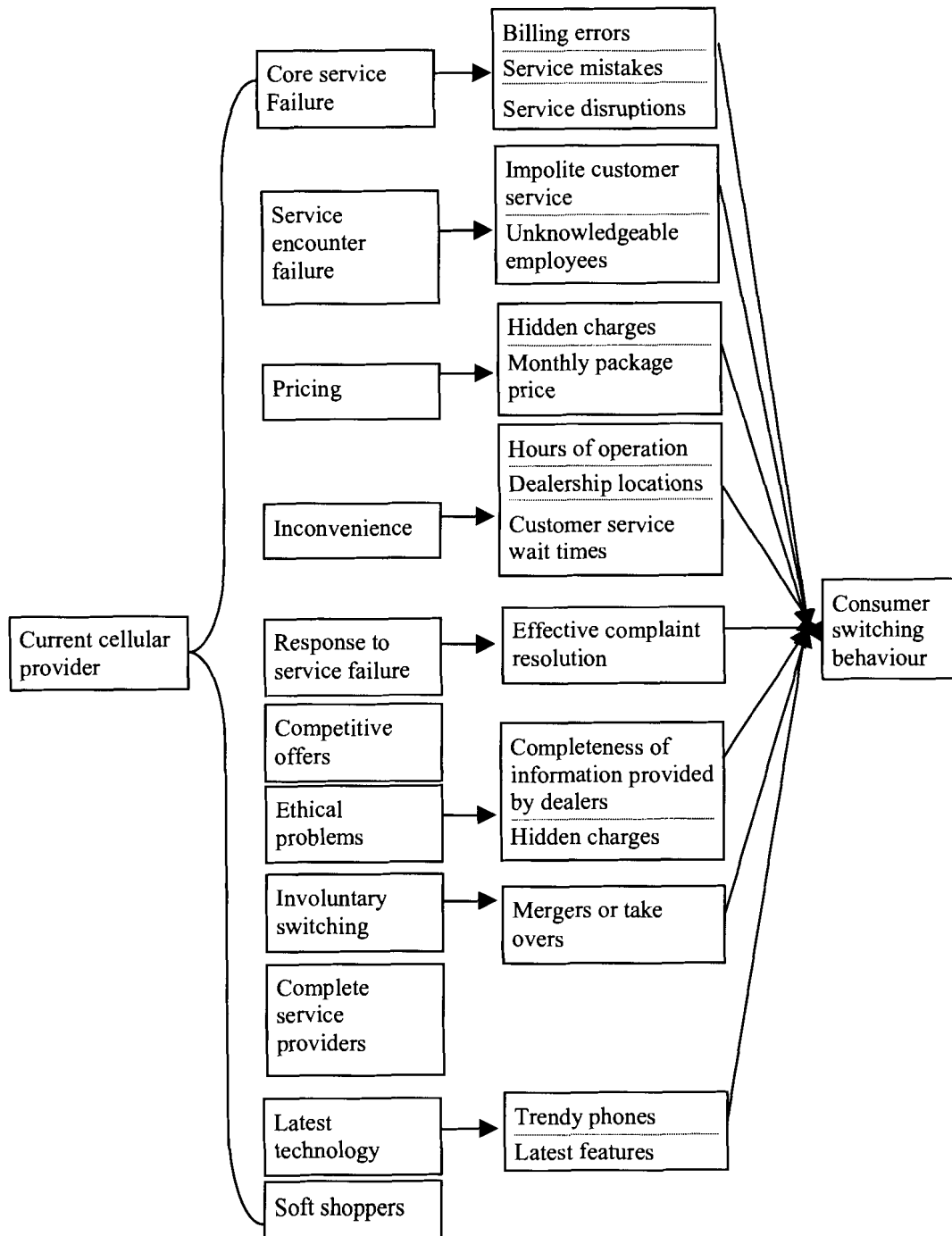
5.1 Proposed Model for Primary Research

Based on the literature review, the author proposes the following model (Figure 4) to explain the switching behaviour of consumers in the cellular industry. The author then conducts primary research based on this model. Although most of the variables shown in the proposed model, Figure 4, can be important in any services industry, as indicated by Susan Keaveney, this primary research focuses on identifying the most important variables for the cellular industry. The purpose of this approach is to provide TELUS Mobility with a focused view on reducing churn and maintaining effective customer retention techniques. This primary research also helps the company in devising effective methods of client acquisition by concentrating on variables that matter the most to clients in the cellular industry. The purpose is to provide TELUS Mobility with a stepping-stone for future research in this area.

Figure 4 indicates the various constructs, such as, core service failure, service encounter failure, pricing, inconvenience, response to service failure, competitive offers, ethical problems, involuntary switching, as identified by Susan Keaveney (1995) in her research on service industries. Additionally, the model is enhanced to reflect other constructs as identified by the author through her experience of the Canadian cellular

industry. These constructs are complete service providers (e.g., landline, internet etc.), latest technology adoption, and soft shoppers that can also contribute to consumers' switching behaviour.

Figure 4. Proposed Model



5.2 Research Question

As indicated earlier, the purpose of this primary research is to identify the most important variables that can cause a consumer to switch away from their cellular carrier in the Canadian market. Essentially the question is: What factors cause a person to leave his/her existing carrier for the competition? Do the switching costs such as contract penalties indeed inhibit switching behaviour? How does TELUS Mobility stack up on all the proposed factors in relation to the competition?

5.3 The Survey

The author develops the survey based on the factors mentioned in Susan Keaveney's (1995) study of the service industry and personal knowledge of the Canadian cellular industry. She conducts a paper and pencil survey and formulates eleven questions to capture the required information (Appendix A).

The first few questions (Question 2- Question 4) ask the respondents their current cellular carrier, the contract length, and the minutes they use per day. The purpose of these questions is to see if the likelihood of switching is associated with the contract length they have signed and the number of minutes they use per day. The question on current cellular carrier (Question 2) is used as a screening question. It helps in understanding the respondent's view of TELUS Mobility compared to his/her existing service provider, the competitor.

The next few questions (Question 5 and 6) ask the respondents to rate their overall likelihood of switching from their current provider and based on the factors identified in

the literature review. These questions help in understanding what factors consumers find important and essential for a service provider.

There are also questions that ask the respondents to rate their existing provider and TELUS Mobility (Question 7 and 9) on each of the factors identified in the literature review. The purpose of these questions is to determine the difference in perceptions between the two carriers and identify variables that TELUS Mobility could focus on for future consumer acquisitions. Additionally, these questions will give us the ability to compare how TELUS Mobility clients rate them with how competitor's clients rate their own service provider. This will give us vital information about TELUS Mobility's current standing on these factors with its clients.

Finally, the questionnaire contains demographic questions (Questions 10 and 11) such as age and gender. These demographic questions will give us an overview of the respondents, essentially who they are.

5.4 Pretest

The author conducted a pretest, June 4, 2005, on three Simon Fraser University students. Based on the pretest results, the author edited some questions for better clarity. The format was also fine-tuned and some of the questions were reordered to capture the required information more effectively.

5.5 Data Collection

The final paper-and-pencil survey was conducted on June 6, 2005. The author used a convenience sample of 36 students. This sample consisted of undergraduate and graduate students of Simon Fraser University.

5.6 Results

For the purpose of this primary research, the author uses a confidence level of 90 percent to analyse the results. This section of the paper is organized in the following way.

The author begins by outlining the descriptive statistics used to analyse the age and gender question. Next, she identifies the most often picked factors that lead to switching behaviour even if the respondent was in a contract with a service provider. Then she outlines the results from cross tabulation that indicate if an association exists between contract length and likelihood of switching. She also details the results of the various t-tests done to compare TELUS Mobility with its competitors. The t-tests are done to compare TELUS Mobility ratings with the competitors' ratings, which will help TELUS Mobility in designing better retention and acquisition strategies. She concludes this section by developing a regression model to examine the association between likelihood of switching and respondents' perception of their service provider.

5.6.1 Descriptive Statistics

Descriptive statistics outlining the break down of the age, gender and the most often picked factors are given below. One has to be cautious in taking these results at face value, as the results of descriptive statistics can change with a change in the sample group.

5.6.2 Demographics

The final sample consists of 36 valid responses. Of these responses, 14 respondents are females and 22 respondents are males. Three fourths of the respondents fall into the age brackets of 19- 24 years old and 25- 29 years old, almost an even split between the two. The rest fall into the age brackets of 30- 34 years old, 35-39 years old, and 45- 49 years old. Table 1 provides a demographic break down of the collected sample.

Table 1. Demographic Profile of the Respondents

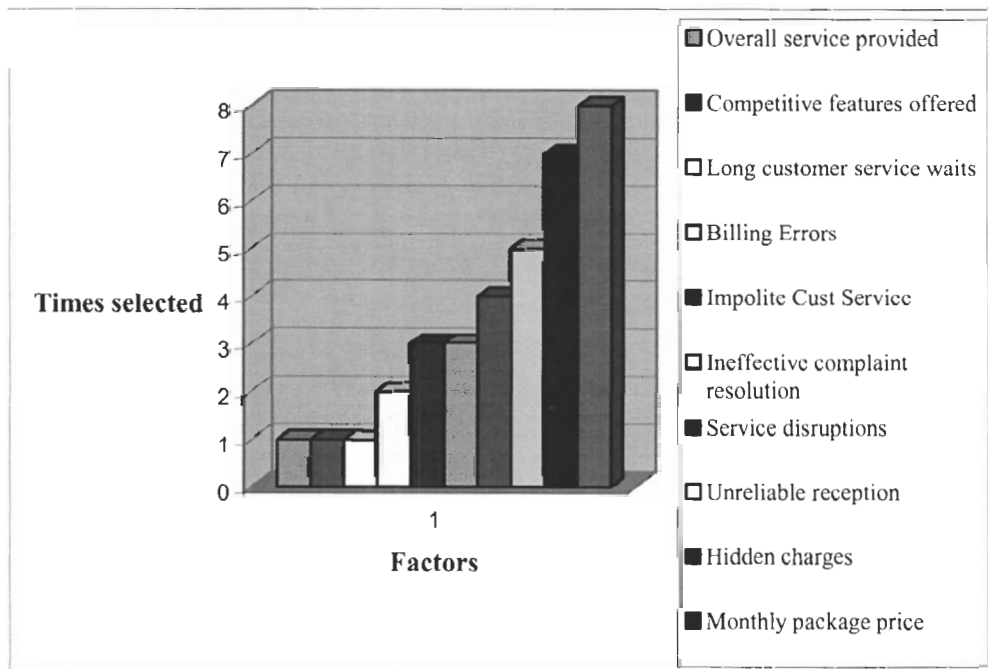
Gender	Sample size	Percentage break-up
Male	22	61.1
Female	14	38.9
Age	Sample size	Percentage break-up
19- 24 years old	14	38.9
25- 29 years old	13	36.1
30- 34 years old	3	8.3
35- 39 years old	4	11.1
40- 44 years old	0	0.0
45- 49 years old	2	5.6
50 and over	0	0.0

Source: Survey Data, SPSS Output..

5.6.2.1 Most Important Factors

Based on the results, graphed in Figure 5, monthly package price and hidden charges are selected most often, in the entire sample of 36 respondents, as important factors that would convince respondents to leave their existing service provider even if they were in a contract. Unreliable reception comes a close third. These results are a little different than the ones found by Ericsson in their study. However, the author's suspicion of price being the top reason for leaving in this price sensitive industry is confirmed. Being descriptive statistics, this result may change with the sample group; however, this is an interesting finding and should be confirmed by TELUS Mobility using a larger sample.

Figure 5. Most Often Selected Factors that Can Cause Switching Even if Contract Exists



Source: Survey Data, SPSS Output..

Figure 5 can be read from left to right on the graph and top to bottom on the legend. For example, the first bar on the left indicates overall service provided and the last bar on the right indicates monthly package price.

5.6.3 Cross Tabulation

Cross tabulation is done to identify if any association exists between contract length and a respondents' likelihood of switching from the existing provider.

5.6.3.1 Influence of Contract Length on the Likelihood of Switching

The hypothesis here is that contract length is significantly associated with switching behaviour. The author uses cross tabulation method to see if consumers with longer contract length are less likely to switch than consumers with shorter or no contract. At 16 degrees of freedom, the p-value is 0.0003. Hence it is confirmed that there is an association between contract length and likelihood of switching. Looking at table 2, it is clear that respondents with one-year contract are more likely to switch carriers at the end of the term. Two and three year contract holders indicate that they are more unlikely to switch carriers. An interesting observation is that respondents with no contract seemed to be very unlikely to switch carriers. A look at the data set indicates that these are clients who are currently with FIDO, a company that offers monthly service without contracts. This would tend to indicate possibly that these clients are very satisfied with their existing service provider or FIDO offers a service price they can't get elsewhere.

To confirm if FIDO clients are satisfied with their service and not likely to switch, the author conducts an independent sample t-test. Using question 2 as a filtering question, the author groups all FIDO clients as one group, labelled as 1 and all other service providers as another group, labelled as 0. Although the result is insignificant, 0.652, at the 90 percent confidence level, the mean difference of -0.192 mainly indicates that FIDO clients in this sample, on an average, show a lower chance of switching compared to the clients of other providers in this sample (Appendix B). However, statistically speaking this result is inconsequential.

Table 2. Cross Tabulation: Contract Length and Likeliness of Switching

Contract Length	Likeliness of Switching					Total
	Very Unlikely	Unlikely	Neutral	Likely	Very Likely	
1 year contract						
Count	0	2	0	3	0	5
% within Contract Length	0%	40%	0%	60%	0%	100%
2 year contract						
Count	5	4	2	4	0	15
% within Contract Length	33.30%	26.70%	13.30%	26.70%	0%	100%
3 year contract						
Count	1	1	1	0	0	3
% within Contract Length	33.30%	33.30%	33.30%	0%	0%	100%
No contract						
Count	4	3	2	3	0	12
% within Contract Length	33.30%	25%	16.70%	25.00%	0.00%	100%

Pearson Chi-Square Value= 42.360

p-value at 16 degrees of freedom= 0.00034864

Source: Survey Data, SPSS Output..

5.6.4 Independent T-Tests: Improving Customer Retention

The author conducts independent t- tests, using question 9 from the questionnaire, to compare TELUS Mobility’s ratings by its clients with the competitor’s ratings by their clients. Identifying the factors that TELUS Mobility falls short on in comparison to the

competitors will enable TELUS Mobility to devise better retention strategies by improving on factors the company is viewed weak on by its clients. The author also conducts paired t-tests (based on question 7 and 9; question 2 is used to identify the service provider) to identify how the competitor's clients rate TELUS Mobility in comparison to their existing service provider. Knowing how the competitor's client's rate TELUS Mobility on each of the factors will provide TELUS Mobility with information that will enable TELUS Mobility to design better acquisition strategies by playing up the factors it is viewed positively on in comparison to the competitor and possibly improving factors it is viewed negatively on.

Section 5.6.3 summarises the results of the independent t-tests, comparing how TELUS Mobility's customers perceive various factors of TELUS Mobility and how other competitors' customers perceive various factors of their own providers. Independent t-tests are used because the author compares two different groups of customers. The mean values indicated in the results below are descriptive statistics and as mentioned earlier one has to be cautious in taking these results at face value, as they will change with a different sample group.

Paired t-tests are discussed in Section 5.6.4.

5.6.4.1 TELUS Mobility vs. the Competition: For Retention

As mentioned earlier, the author conducts independent t-tests to compare the ratings of the factors by TELUS Mobility clients and clients of other service providers. In this case, all competitors are put together as one group. The results indicate that, in general, TELUS Mobility clients rate TELUS Mobility higher than the competitors'

clients rate their own. Based on the means, as shown in Table 3, on two thirds of the factors, TELUS Mobility clients rate the company higher than the competitors' clients rate their own provider, with the exception of employee knowledge, monthly package price, hidden charges such as roaming and overage charges, customer service wait times and completeness of information provided by the dealerships. As is indicated in Figure 5, monthly package price and hidden charges are the two most important factors to the respondents in this sample group. Additionally, as identified in the literature review, Canadian clients in general view customer service as the second most important factor when choosing a service provider. This suggests that TELUS Mobility needs to improve their client's perceptions, especially on all the factors it falls short on, to continue retaining them.

Table 3. Comparison: TELUS Mobility Rating by its Clients vs. Competitors Rating by Their Clients

	Means (on a scale of 1-5)*		
	TELUS MOBILITY	COMPETITION	P- Value
Customer Service	3.22	3.17	0.884
Employees	3.11	3.21	0.783
Billing	3.89	3.76	0.74
Hours of operation- dealership & customer service	3.56	3.67	0.735
Dealership location	3.67	3.68	0.971
Monthly package price	2.33	3.56	0.001
TELUS offering compared to competition	3	2.56	0.121
Hidden charges	2.89	3.04	0.662
Phone selections	3.33	3.12	0.63
Complaint resolution	3.44	3.09	0.275
Overall service provided	3.89	3.13	0.01
Service disruptions	3.56	3.21	0.375
Reception	3.67	2.84	0.098
Customer service wait times	2.78	3.08	0.356
Information provided by dealerships	3	3.21	0.592

*1 reflects Very Poor and 5 reflects Very Good
 At 90% significance level
 Source: Survey Data, SPSS output.

Significant difference in the way the respondents view their existing providers is also found in the significance test (Table 3). Monthly package price, overall service, and reliable reception are significant at the 90 percent confidence level, with p-values of 0.001, 0.065, and 0.098, respectively, where TELUS Mobility is viewed much superior by their clients for overall service and reliable reception. To continue retaining its customers, TELUS Mobility should maintain overall service and reception. On the other hand, TELUS Mobility's customers think that the monthly package price is significantly higher than the competitor's client's perception of their own monthly package price.

Hence, to retain clients, TELUS Mobility also needs to work on improving its client's perceptions of monthly package price.

5.6.4.2 TELUS Mobility vs. Rogers Cantel

The author also conducts independent t-tests to compare TELUS Mobility with each individual competitor. The comparison is between the perception of TELUS' existing customers and each competitor's customer's perception of their own provider. This enables the author to see how TELUS Mobility stacks up against each competitor on each of the factors. Tables 4, 5, and 6 give the mean comparisons of TELUS Mobility with Rogers Cantel, Bell Mobility, and Other (FIDO), respectively.

Table 4 indicates that, based on the means, TELUS Mobility is perceived equal or better by its clients than Rogers Cantel is perceived by their clients on almost all factors except, monthly package price, customer service wait times, and information provided by dealerships. As price is considered the most important factor (Figure 5) by these respondents, TELUS Mobility needs to improve clients' perceptions on this factor.

Additionally, looking at the significant p-values in table 4, one can see that a big difference exists between how the TELUS Mobility's clients rate the company and how Rogers Cantel's clients rate Rogers Cantel. In the case of monthly package price, p-value = 0.041, the big difference is not good for TELUS Mobility as Rogers Cantel's clients have rated Rogers Cantel much superior (based on the means) than TELUS Mobility clients have rated TELUS Mobility. This means that TELUS Mobility customers think that TELUS Mobility's monthly package price is too expensive. However, in the case of overall service, p-value = 0.099, this difference is good, as

TELUS Mobility has been rated better by its clients in this sample. Hence, for this sample, TELUS Mobility's clients feel that TELUS Mobility offers better overall service, in comparison to Rogers Cantel's clients who view their service providers overall service not so superior.

Table 4. Comparison: TELUS Mobility Rating by Its Clients vs. Rogers Cantels' Rating by Their Clients

	Means (on a scale of 1-5)*		
	TELUS MOBILITY	Rogers Cantel	P- Value
Customer Service	3.22	3.11	0.837
Employees	3.11	3.22	0.819
Billing	3.89	3.44	0.313
Hours of operation- dealership & customer service	3.56	3.33	0.461
Dealership location	3.67	3.56	0.772
Monthly package price	2.33	3.22	0.041
TELUS offering compared to competition	3	3	1
Hidden charges	2.89	2.89	1
Phone selections	3.33	3	0.555
Complaint resolution	3.44	3.33	0.791
Overall service provided	3.89	3.22	0.099
Service disruptions	3.56	3.22	0.487
Reception	3.67	3	0.224
Customer service wait times	2.78	3.33	0.106
Information provided by dealerships	3	3.22	0.703

*1 reflects Very Poor and 5 reflects Very Good
 At 90% significance level
 Source: Survey Data, SPSS output.

5.6.4.3 TELUS Mobility vs. Bell Mobility

The author does a similar comparison between TELUS Mobility and Bell Mobility (Table 5). Here it is seen that, based on the means, TELUS Mobility is rated

lower on employee knowledge, monthly package price, hours of operation, location of dealerships, over all service provided, and customer service wait times, in comparison to Bell Mobility.

In this sample, the significance of p-values (highlighted in Table 5) for monthly package price and TELUS' offerings compared to competition indicates that a difference exists between how TELUS Mobility's clients view TELUS Mobility's monthly package price and how Bell Mobility's clients view Bell Mobility's monthly package price. In this case, Bell Mobility's customers are much happier with their monthly package price than are TELUS Mobility's customers with TELUS Mobility. Again, TELUS Mobility's customers think their monthly package price is too expensive. However, for its competitive offerings, TELUS Mobility is rated much better. Overall, TELUS Mobility's customers think that TELUS Mobility has significantly better offering than Bell Mobility's customer's perception of Bell Mobility's offering. This is good news for TELUS Mobility as they can play up this aspect of their service to clients that might potentially switch to Bell Mobility.

Table 5. Comparison: TELUS Mobility Rating by Its Clients vs. Bell Mobility Rating by Their Clients

	Means (on a scale of 1-5)*		
	TELUS MOBILITY	Bell Mobility	P- Value
Customer Service	3.22	3	0.757
Employees	3.11	3.33	0.664
Billing	3.89	3.67	0.763
Hours of operation- dealership & customer service	3.56	4	0.329
Dealership location	3.67	4	0.634
Monthly package price	2.33	4	0.084
TELUS offering compared to competition	3	2.33	0.082
Hidden charges	2.89	3	0.845
Phone selections	3.33	2.67	0.543
Complaint resolution	3.44	3	0.418
Overall service provided	3.89	3.33	0.414
Service disruptions	3.56	4.33	0.377
Reception	3.67	2.67	0.276
Customer service wait times	2.78	3	0.752
Information provided by dealerships	3	2.67	0.707

*1 reflects Very Poor and 5 reflects Very Good
 At 90% significance level
 Source: Survey Data, SPSS output.

5.6.4.4 TELUS Mobility vs. FIDO

According to the descriptive statistics in this sample, in comparison to FIDO (Table 6 below), TELUS Mobility is rated poorly on employee knowledge, hours of operation, billing errors, hidden charges, customer service wait times, and completeness of information provided by the dealers, although these factors are not rated significantly lower, as indicated by the non-significance of p-values in Table 6. However, since FIDO customers are happier than TELUS Mobility's customers on these dimensions, for TELUS Mobility to retain its customers so that they do not switch to FIDO, it should

improve its employee knowledge, hours of operation, billing errors, hidden charges, customer service wait times, and completeness of information provided by the dealers.

The p-values in Table 6 indicate three areas of significantly different perceptions between TELUS Mobility's customers and FIDO's customers. First, TELUS Mobility's customers think the monthly package price charged by TELUS Mobility is significantly higher than what FIDO's customers think of their own monthly package price. Second, TELUS Mobility's customers believe significantly more that TELUS Mobility has better offerings than the competition than FIDO's customer's belief that FIDO has a better offering than the competition. Third, TELUS Mobility's customers are significantly more satisfied with TELUS Mobility's overall service than FIDO's customer's satisfaction with FIDO's overall service.

Table 6. Comparison: TELUS Mobility Rating by Its Clients vs. Other (FIDO) Rating by Their Clients

	Means (on a scale of 1-5)*		
	TELUS MOBILITY	OTHER (FIDO)	P- Value
Customer Service	3.22	3.25	0.937
Employees	3.11	3.17	0.853
Billing	3.89	4	0.792
Hours of operation- dealership & customer service	3.56	3.83	0.470
Dealership location	3.67	3.69	0.952
Monthly package price	2.33	3.69	0.002
TELUS offering compared to competition	3	2.31	0.042
Hidden charges	2.89	3.15	0.362
Phone selections	3.33	3.31	0.958
Complaint resolution	3.44	2.91	0.186
Overall service provided	3.89	3	0.024
Service disruptions	3.56	2.92	0.144
Reception	3.67	2.77	0.108
Customer service wait times	2.78	2.92	0.779
Information provided by dealerships	3	3.33	0.477

*1 reflects Very Poor and 5 reflects Very Good
 At 90% significance level
 Source: Survey Data, SPSS output.

5.6.4.5 Conclusion of Independent T-tests

The descriptive statistics of average means as shown in Tables 3, 4, 5, and 6 indicate that overall TELUS Mobility's customers are more satisfied with TELUS Mobility than are competitors' customers with the competitors.

According to the p-values in the independent t-tests, as shown in Tables 3, 4, 5, and 6, one can see a general trend of how certain customers' perceptions significantly differ between TELUS Mobility and its competitors. The general trend is that TELUS Mobility's customers think their monthly package price is higher than the competitors'

monthly package price perceived by the competitors' customers. This trend is consistent across major competitors, indicating an area of improvement if TELUS Mobility would like to retain its customers. On the other hand, TELUS Mobility is perceived by its own customers to have significantly better overall service and better competitive offering. The fact that TELUS Mobility's customers are more satisfied in these two areas than are competitors' customers with the competitors indicates TELUS Mobility's strength in these two areas. To retain customers, TELUS Mobility should maintain and perhaps improve its offerings and overall service to sustain its competitive advantage.

5.6.5 Paired T-Tests: Implication for Customer Acquisition

To establish the factors that TELUS Mobility needs to focus on to acquire clients from the competition, the author conducts paired sample t-tests (between question 7 and 9 in the questionnaire) to compare how the competitors' clients rate their own provider and how they rate TELUS Mobility on each of the factors from the proposed model.

These are paired t-tests because the scores that are used for comparison come from the same group. Basically, the author is interested in knowing how each competitor's customers perceive the various factors of their own provider and how they perceive the same factors of TELUS Mobility. The author believes that there must be reasons why these people are not TELUS Mobility's customers. The paired t-tests can indicate areas where the competitors' customers rate TELUS Mobility lower than their own provider. In order to acquire competitors' customers, TELUS Mobility will need to improve competitors' customers' perception of these areas.

5.6.5.1 TELUS Mobility vs. Rogers Cantel

The first t-test conducted by the author is on Rogers Cantel's clients. The difference in means indicated in Table 7 is calculated by subtracting Rogers Cantel's average rating from TELUS Mobility's average rating by Rogers Cantel's clients. The negative means indicate that on those factors TELUS Mobility received a lower rating than Rogers Cantel from Rogers Cantel's clients. Looking at Table 7, one can see that TELUS Mobility received a lower rating on almost all the factors except hidden charges, phone selection, overall service, and reception reliability. In fact, Table 7 indicates that on customer service wait times factor TELUS Mobility is rated much worse than Rogers Cantel by Rogers Cantel's clients, as the mean difference is -1.

Looking at the significance values, at 90 percent confidence level, information provided by dealers is significant, p-value= 0.095 (Table 7). This means that there is a big difference in perception between how Rogers Cantel's clients view the completeness of information provided by TELUS Mobility dealers and how they view the completeness of information provided by Rogers Cantel's dealers. All other factors reflect insignificance, indicating that there is not much difference in how Rogers Cantel's clients view TELUS Mobility on those factors compared to Rogers Cantel.

To acquire Rogers Cantel's clients, TELUS Mobility will need to improve client's perceptions of completeness of information provided by TELUS Mobility dealers, work on improving ratings on other factors that received a low rating from Rogers Cantel's clients, and play on the already existing positive perceptions of four factors- low hidden charges, good phone selection, good overall service and reliable reception.

Table 7. Ratings Comparison Between TELUS Mobility and Rogers Cantel Based on Rogers Cantel's Clients

	Significance	Difference in Mean
Customer service	0.545	-0.333
Employees	0.139	-0.556
Billing	0.282	-0.333
Hours of operation	0.111	-0.667
Dealership location	0.447	-0.222
Monthly package price	0.447	-0.444
Competitive offering	0.104	-0.444
Hidden charges	0.782	0.111
Phone Selection	0.746	0.222
Complaint resolution	0.247	-0.556
Overall service	0.76	0.111
Service disruptions	0.729	-0.111
Reception	0.403	0.444
Customer service wait times	0.28	-1
Information provided by dealerships	0.095*	-0.556

90% confidence level

Source: Survey Data, SPSS Output

*indicates significant at 90% confidence level.

5.6.5.2 TELUS Mobility vs. Bell Mobility

As there were only three respondents that indicated Bell Mobility as their carrier, no t-tests have been conducted to draw a comparison on how Bell Mobility's clients view TELUS Mobility. However, for future research a larger sample can be acquired to do a fair comparison.

5.6.5.3 TELUS Mobility vs. FIDO

When comparing the rating for Others (FIDO) and TELUS Mobility by FIDO clients, two factors are significant at the 90 percent confidence level- customer service, and hours of operation (Table 8). This indicates that there is big difference in how FIDO's clients view TELUS Mobility and how they view FIDO on those factors. All other factors show insignificance, indicating no difference in perception on those factors.

FIDO clients rate TELUS Mobility's hours of operation, employee knowledge, complaint resolution, customer service wait times, information provided by dealers, and customer service worse than their own carrier, as indicated by the negative means (Table 8). According to the descriptive statistics, the difference in means is calculated by subtracting FIDO's average rating from TELUS Mobility's average rating by FIDO's clients. Here TELUS Mobility needs to improve FIDO's customers' perception of TELUS Mobility's hours of operation and customer service, as the p-values on these factors are significant, and reinforce all the positively viewed factors to win over FIDO's clients.

Table 8. Ratings Comparison Between TELUS Mobility and Other (FIDO) Based on FIDO's Clients

	Significance	Difference in Mean
Customer service	0.082*	-0.462
Employees	0.104	-0.308
Billing	0.405	6.308
Hours of operation	0.006*	-0.769
Dealership location	0.338	7.385
Monthly package price	0.411	6.308
Competitive offering	0.327	7.538
Hidden charges	0.342	7.308
Phone Selection	0.388	6.615
Complaint resolution	0.332	-7.462
Overall service	0.165	0.462
Service disruptions	0.297	8
Reception	0.307	7.923
Customer service wait times	0.584	-0.154
Information provided by dealerships	0.104	-0.308

90% confidence level

Source: Survey Data, SPSS Output

*indicates significance at 90% confidence level

5.6.5.4 Conclusion of Paired T-tests

Based on the p-values indicated in Tables 7 and 8, TELUS Mobility needs to improve the perceptions of Rogers Cantels clients on completeness of information provided by TELUS Mobility dealerships and the perception of FIDO's clients on TELUS Mobility hours of operation and TELUS Mobility's customer service. These factors indicate a significant difference in perception between the two companies by the competitors' clients, where TELUS Mobility is rated lower than the competitor.

Improving on these factors will enable the company to positively affect these clients' perceptions on these variables and as a result possibly acquire them from the competition.

5.6.6 Regression: Perception of Current Cellular Carrier and Likelihood of Switching

The author conducts a regression analysis to examine the association between respondents' likelihood of switching and the perceptions on various factors of their current cellular service provider. Hence, likeliness of switching is used as the dependent variable and ratings of the current cellular provider on each of the factors, indicated in the proposed model in Figure 4, are used as the independent variables. To this model the author adds another explanatory factor, recoded contract length (where 1= in a contract and 0= no contract). This is done to see if there is a combined effect on the likelihood of switching. However, the result came insignificant, as p- value is 0.865 (Table 9). This indicates that there is no significant association between the dependent variable and the independent variables. Therefore, the overall regression model does not explain switching. Moreover, none of the variables shown in Table 9 is significantly associated with the likelihood to switch. Hence, the author of this paper has not identified factors related to a client's perception of their cellular carrier that drive switching in the cellular industry.

Table 9. Association Between Perception of Current Cellular Provider on All the Factors, with Contract Length as Dummy Variable, and Likelihood of Switching

Independent Variables	Beta	P-value
Contract length	0.075	0.805
Customer Service	0.082	0.813
Employees	0.014	0.979
Billing	-0.283	0.544
Hours of operation	0.142	0.806
Dealership Location	-0.205	0.709
Monthly price	-0.139	0.621
Competition	0.064	0.861
Hidden charges	-0.12	0.71
Phones selection	-0.204	0.597
Complaint resolution	-0.252	0.468
Overall service	0.476	0.222
Service disruption	-0.307	0.375
Reception	-0.146	0.711
Customer service wait time	0.568	0.103
Information by Dealership	0.398	0.448

Independent Variables derived from question 3 and 9 in the questionnaire

R²= 0.363, P- value= 0.865

Source: Survey Data, SPSS output

6. DISCUSSION

The author of this paper does not find factors that drive switching behaviour in the cellular industry based on the client's perception of their cellular carrier (see Section 5.6.5). However, when leaving out all other factors, the author finds that customers with one-year contract are most likely to switch (see Section 5.6.2), as indicated in the cross tabulation test.

Based on the significant p- values, it is seen that all the competitors' clients consistently viewed TELUS Mobility better for its overall service and competitive offerings. However, TELUS Mobility is constantly viewed as too expensive by its clients in this sample. This is indicated by the significance of the p-value in Tables 3, 4, 5, and 6. Additionally, the descriptive statistics indicate that monthly price is the prime reason for these respondents to leave even if they are in a contract (see Section 5.6.1.2). A reason for clients viewing TELUS Mobility as too expensive could be that TELUS Mobility currently does not primarily compete on price, as the company's motto is that it will never be the cheapest. TELUS Mobility is currently focusing on building value for its customers by providing them with better service and reliable reception. This strategy is good, as TELUS Mobility is constantly rated higher by its clients than the competitors' ratings by their clients on reception reliability (see Tables 3, 4, 5, and 6). However, TELUS Mobility falls short on service as is rated poorly by the its clients on employee knowledge, customer service wait times, and information provided by TELUS Mobility

dealerships. This could be the reason why its clients don't see value in the service provided and perceive it as too expensive. The company needs to improve on these factors to make its strategy of building value to be successful.

Looking at the paired t-tests, it is seen that TELUS Mobility is viewed poorly by Rogers Cantel's clients on completeness of information provided by TELUS Mobility dealerships and poorly by FIDO's clients on hours of operation and customer service, based on the p-values indicated in Tables 7 and 8. TELUS Mobility will need to improve on these factors if they want to attract clients from these two competitors.

The cross tabulation test indicates that the longer the contract, the less likely a consumer will switch, with the exception of the no contract group. This can be explained possibly with two reasons. First, the penalty for breaking a contract is higher if there is significant amount of term left in the contract, such as the 2 or 3-year contracts. Second, if a customer is already happy with a provider's service then he/she is more likely to sign long-term contract as he/she plans on staying with them in any case. However, as discovered in the literature review, companies do not get a lot of clients signing a 3-year contract. All these reasons confirm that customers with one- year contract are the most likely to switch, as shown in Table 2.

Overall, the results indicate that the factors outlined by Susan Keaveney in her study on service industries in general do, to an extent, apply to the cellular industry, based on the results of the paired and independent t-tests. Additionally, of the factors contributed to the proposed model by the author, complete service provider factor show

some relevance in this industry; however, trendy phones factor did not show any significant impact on switching behaviour.

7. MARKETING/MANAGERIAL IMPLICATIONS

Based on the primary research results of this study, it is clear that, in spite of some service disruptions TELUS Mobility incurred during the voicemail upgrade phase, TELUS Mobility's clients still rate the company better than the competitors' clients rate their own providers, on service disruptions and reception reliability (Table 3). These factors are TELUS Mobility's strength, as reliable service is found to be the most important variable for the Canadian consumers during the literature review. Based on the primary research conducted in this study, reliable reception emerges as the third most often selected factor for switching even if the consumer was in a contract (See Figure 5). In either case, TELUS Mobility has an upper hand on this criterion.

Based on the independent t-tests performed, on monthly package price, current customers view TELUS Mobility quite poorly (Table 3, 4, 5, and 6). To make existing customer happier, TELUS Mobility needs to re-evaluate its pricing policies. TELUS Mobility needs to ensure that consumer realize its distinction in terms of "value" and yet view the company as competitive in the market. This is especially important in the cellular market where consumers tend to become increasingly price sensitive over the years. Monthly package price is an area that can be improved if TELUS Mobility would like to better retain its customers (see Section 5.6.3.5).

As found in the literature review, Canadian consumers place significant emphasis on customer service and reliable service. Although TELUS Mobility is trying to leverage

reliable reception and service as a key differentiating factor and making it a value added factor, the company needs to emphasise this more clearly. Based on its existing clients' views of the monthly package price, it is clear that TELUS Mobility's clients do not see value in paying a higher price for their service with TELUS Mobility. This could be because of the low rating the company received for the service factors- employee knowledge, completeness of information provided by TELUS Mobility dealerships, and customer service wait times. First TELUS Mobility needs to work on improving these factors before they can actually leverage the value created.

Based on the paired t-tests, Rogers Cantel's customers rate TELUS Mobility's information provided by dealerships as significantly worse than that of Rogers Cantel (Table 7). Completeness of information provided falls under the ethical problem discussed by Susan Keaveney in her study. To solve any ethical problems, TELUS Mobility needs to ensure that dealers are well trained and then need to find a way to reward ethical behaviour or at least a way to reprimand unethical behaviour. For example, TELUS Mobility may keep track of how many unethical conduct complaints come from a particular dealership and then look at revoking their dealership license. To win customers from Rogers Cantel, TELUS Mobility really needs to improve how its dealerships interact with potential clients.

Based on paired t-tests, for hours of operation and customer service, FIDO customers rated TELUS Mobility significantly low (Table 8). This negative perception of TELUS Mobility can explain why a FIDO customer is not with TELUS Mobility.

As we can see, to acquire customers from FIDO or Rogers Cantel, TELUS Mobility has to improve competitors' customers' perception of TELUS Mobility in the areas of information provided by TELUS Mobility dealers, its hours of operation, and customer service. To attract FIDO clients, the author recommends that TELUS Mobility ensure that its call centres hours and dealership hours match the consumer's requirements. Additionally, TELUS Mobility needs to ensure that the customer service staff is properly trained to be courteous and helpful to potential clients.

As found in the cross tabulation test, consumers with 2 or 3 year contracts are less likely to switch. Hence, TELUS Mobility needs to ensure that its clients sign on a 2 or a 3-year contract. This will enable the company to not only recover the acquisition costs and make a profit but also give the company time to build strong consumer loyalty.

8. RESEARCH LIMITATIONS

This study has several limitations. First, due to financial and time restraints, a convenience sample of Simon Fraser University students is used. The student's views may not be representative of the general population even if they are cellular users. However, as this study is meant to act as a stepping-stone for TELUS Mobility to conduct similar studies in the future, this sample can be considered sufficient.

Second, due to the convenience sample, there is a selection bias as the distribution of respondents is not sufficient across the service provider. Because of this, certain statistics cannot be run. For example, as only 3 Bell Mobility clients are in the sample, a fair comparison cannot be made between Bell Mobility and TELUS Mobility.

Third, use of a small sample possibly led to the insignificance of certain tests, however a different result might be attained if a larger sample size is used. For example, the regression test done to see an association between perception of current cellular provider on all the factors and likelihood of switching might be different.

Fourth, the Canadian cellular industry is made up of carriers with different network systems, GSM and CDMA, and the cellular equipment is manufactured specific to each system. As consumers cannot take their existing equipment between the two networks, it would have been important to study this factor in the switching behaviour. The questionnaire does not address this factor at all.

Fifth, as the surveys conducted are paper and pencil surveys, there might be a bias in the answers as respondents have the ability to return to previously answered questions and change their answers especially in the questions where they have to indicate their view of TELUS Mobility and their view of their current cellular service provider. For example, after completing question 9 the respondent may realise that he/she has given TELUS Mobility a higher rating in question 7 compared to their own carrier in question 9. The respondent may then go back and readjust his/her answers to better fit his/her expectations.

Finally, this study has certain geographical limitations. Due to time and financial constraints, the study is conducted only in the lower mainland of British Columbia. As TELUS Mobility is a national service provider, these results would have to be extrapolated to other regions or the company would need to conduct research specifically in regions of interest.

9. SUGGESTIONS FOR FUTURE RESEARCH

As mentioned earlier, this study will act as a stepping-stone for TELUS Mobility to conduct future research. Hence, TELUS Mobility can conduct a similar study using its existing clients to understand their switching behaviour, the factors important to them, and how they would rate the company on these factors.

Essentially, a similar high scale study can be conducted on non TELUS Mobility clients for acquisition purposes. The result of the study should indicate to TELUS Mobility the factors on which the competitors' clients view TELUS Mobility positively on and factors on which they view TELUS Mobility negatively. The negative factors can be why these customers are not TELUS Mobility clients. This will help TELUS in playing up its strengths and focusing on improving its weaknesses to attract the competitor's clients. TELUS Mobility can also perform independent t-tests to see how happy their existing customers are compared to how happy the competitors' customers.

Additionally, as mentioned earlier, further research should be conducted incorporating the differences in networks. The company should test if the switching costs related to equipment carryover, as discovered in the literature review, actually help curb-switching behaviour. Due to the fact that consumers can sign a 1, 2 or a 3-year contract and get a new heavily discounted or even a free phone with any company, the switching costs related to network differences may not be significant. This would be an important finding for the company as the cost of acquisition increases due to the discounted/free

handsets. Perhaps companies in the industry need to move away from this practice to maintain the switching barrier.

As Canada is a multicultural society and TELUS Mobility has clients from various ethnic backgrounds, the company can conduct further research to see if a client's ethnicity plays a role in switching behaviour. As discovered in the literature review, ethnic community is one of the largest users of cellular service. It would be important for the company to understand what factors are important to these communities and if the company does not deliver on them, if it would lead to switching.

TELUS Mobility can also conduct a similar research for their Mike service. As the functionality of the Mike service (the phone also acts as a walkie-talkie) is different than the regular cellular phone, the company will need to identify additional factors that might lead to switching behaviour. Although TELUS Mobility has a virtual monopoly in the Mike system, such a study will help TELUS Mobility in understanding their clients better and build bridges of loyalty before competition sets in.

Keeping in mind the geographical restraints of this study, TELUS Mobility should conduct a similar study with a much larger sample size to confirm that the findings of this study still hold. As a step further, the company can also compare certain geographic regions to see if some are more prone to switching and then realign their offerings in that region. This step could be extremely valuable for a national company, as it will help save resources from regions where clients are loyal and pool them into regions where clients are more likely to switch. Hence, the company will have a more efficient use of its financial resources.

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APPENDICES

Appendix A: Questionnaire

A cartoon by R Muccio, copyright (2005) by Tribune Chronicle, Warren, Ohio, illustrating the many other ways drivers multitask in addition to using cell phones, was put in this space in the original questionnaire. The cartoon can be found at:
http://www.tribune-chronicle.com/edit/cartoons/muccio_cell%20phones.gif

Aneeta Sidhu is conducting this survey for her Specialist MBA project at Simon Fraser University.

Your participation in this survey is voluntary; hence, filling out this survey will indicate implied consent. Anonymity and confidentiality will be maintained and any information collected will remain strictly for the purpose of this research. If you are 19 years or older, please take a moment to complete this questionnaire. If you have any questions, please feel free to contact me at asidhub@sfu.ca or my supervisor – Dr. Jennifer Chang at Jennifer_chang@sfu.ca. Your participation is greatly appreciated and will truly help me in my research.

For questions 1-4, please check **only one response** that best applies to you.

- 1) Do you own a cellular phone? Yes___ No___

- 2) Your current cellular provider is-
 - TELUS Mobility _____
 - Rogers _____
 - Bell Mobility _____
 - I don't know _____
 - Other, please specify _____

- 3) What is the length of the last contract you signed?
 - No contract _____
 - 1 year _____
 - 2 years _____
 - 3 years _____

- 4) On average, how many minutes do you use per day on your cellular phone?
 - Less than 14 minutes _____
 - 15 - 24 minutes _____
 - 25 - 34 minutes _____
 - 35 - 44 minutes _____
 - 45 minutes or over _____

In the questions below, please **check one box** on the scale, where left most indicates very unlikely and box on the extreme right indicates very likely.

- | | Very
Unlikely | Unlikely | Neutral | Likely | Very
Likely |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 5) How likely are you to switch away from your existing cellular provider? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6) How likely are you to switch your service provider due to: | | | | | |
| a) Impolite customer service | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) Unknowledgeable employees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c) Billing Errors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Continued Q6-- Please check **one box** on the scale, where left most box indicates very unlikely and box on the extreme right indicates very likely.

	Very Unlikely	Unlikely	Neutral	Likely	Very Likely
6) How likely are you to switch your service provider due to:					
d) Inconvenient dealership and customer service hours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Inconvenient dealership locations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) High monthly package price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Attractive Features offered by competitor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Hidden charges like high charges for overage or roaming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) Lack of trendy phones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Inadequate/ineffective complaint resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Influence from family and friends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Unhappiness from other services like internet & landline phones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m) Service disruptions like network upgrades and cell site breakdown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n) Unreliable reception	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o) Long wait times for customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p) Inadequate/incomplete information provided by dealerships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please check **one box** on the anchored scale that best fits your opinion.

	1	2	3	4	5
	Very Poor				Very Good
7) Regardless of whether TELUS Mobility is your cellular provider or not, how would you rate the company on the following?					
a) Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued Q7-- Please check one box on the anchored scale that best fits your

7) Regardless of whether TELUS Mobility is your cellular provider or not, how would you rate the company on the following?

	1	2	3	4	5
	Not At All				Very
	Knowledgeable			Knowledgeable	
b) Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very				No
	Erroneous				Errors
c) Billing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very				Very
	Inconvenient			Convenient	
d) Hours of operation for dealership and customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very				Very
	Inconvenient			Convenient	
e) Dealership location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Much Lower				Much Higher
	Than Competition			Than Competition	
f) Monthly package price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Much				Much
	Worse				Better
g) TELUS' offering compared to that of competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very				Very
	Low				High
h) Hidden charges like roaming or overage charge	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Not Trendy				Very
	At All				Trendy
i) Selection of phone models	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Well				Not Resolved
	Resolved				At All
j) Resolution of customer complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very				Very
	Unsatisfied				Satisfied
k) Overall services provided - Internet, cellular & landline phones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued Q7-- Please check one box on the anchored scale that best fits your

7) Regardless of whether TELUS Mobility is your cellular provider or not, how would you rate the company on the following?

<p>l) Service disruptions like network upgrades and cell site breakdowns</p>	Very Often Disrupted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not Disrupted At All
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>m) Reception (clarity and connection)</p>	Very Unreliable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very Reliable
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>n) Wait time for customer service</p>	Very Long Wait Times	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No Wait At All
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>o) Information provided by dealerships</p>	Very Incomplete	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very Complete
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please check only one response that best applies to you.

8) Of the following, pick, only one, the most important reason that would convince you to leave even if you were in a contract.

- Impolite customer service _____
- Unknowledgeable employees _____
- Billing Errors _____
- Inconvenient dealership and customer service hours _____
- Inconvenient dealership locations _____
- High monthly package price _____
- Attractive features offered by competitors _____
- Hidden Charges such as high overage or roaming charges _____
- Lack of trendy phones _____
- Inadequate/ineffective complaint resolution _____
- Influence from family and friends _____
- Unhappiness from other services like internet & landline phones _____
- Service disruptions like network upgrades and cell site breakdowns _____
- Unreliable reception _____
- Long wait times for customer service _____
- Inadequate/incomplete information provided by dealerships _____

NOTE: If TELUS Mobility is your service provider, please skip this question and go to Question 10 on page 7.
 If TELUS Mobility is **NOT** your service provider, please check **one box** on the anchored scale that best fits your opinion.

9) How would you rate your current cellular service provider on the following?

	1	2	3	4	5
	Very Poor				Very Good
a) Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Not At All Knowledgeable				Very Knowledgeable
b) Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Erroneous				No Errors
c) Billing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Inconvenient				Very Convenient
d) Hours of operation for dealership and customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Inconvenient				Very Convenient
e) Dealership location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Much Lower Than Competition				Much Higher Than Competition
f) Monthly package price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Much Worse				Much Better
g) TELUS' offering compared to that of competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Low				Very High
h) Hidden charges like roaming or overage charge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Not Trendy At All				Very Trendy
i) Selection of phone models	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Well Resolved				Not Resolved At All
j) Resolution of customer complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Unsatisfied				Very Satisfied
k) Overall services provided - Internet, cellular & landline phones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued Q9

NOTE: If TELUS Mobility is your service provider, please skip this question and go to Question 10 on page 7.

If TELUS Mobility is **NOT** your service provider, please check **one box** on the anchored scale that best fits your opinion.

9) How would you rate your current cellular service provider on the following?

	1	2	3	4	5
l) Service disruptions like network upgrades and cell site breakdowns	Very Often Disrupted <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not Disrupted At All <input type="checkbox"/>
m) Reception (clarity and connection)	Very Unreliable <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very Reliable <input type="checkbox"/>
n) Wait time for customer service	Very Long Wait Times <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No Wait At All <input type="checkbox"/>
o) Information provided by dealerships	Very Incomplete <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Very Complete <input type="checkbox"/>

10) Your gender? Please check. Male _____ Female _____

11) Your age? Please check.

19 - 24 years old	_____	25 - 29 years old	_____
30 - 34 years old	_____	35 - 39 years old	_____
40 - 44 years old	_____	45 - 49 years old	_____
50 - 54 years old	_____	55 - 59 years old	_____
60 - 64 years old	_____	65 - 69 years old	_____
70 - 74 years old	_____	75 years old or more	_____

Thank you again for your participation

Appendix B:

Likeliness of Switching if a Client Is with FIDO vs. Competitors

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Likeliness of switching									
Equal variances assumed	.646	.427	-.455	33	.652	-.192	.423	-1.053	.668
Equal variances not assumed			-.438	22.553	.665	-.192	.439	-1.101	.717

Source: Survey Data, SPSS Output