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Predictions from an Empirical Study in the Turkish Mobile Telecommunications Market on the Determinants of Mobile Customer Churn

Mustafa Çağrı Sucu ^[1]

The School for Graduate Studies, KTO Karatay University

Cagatay Unusan ^[2]

Department of International Trade and Logistics, KTO Karatay University

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Abstract

Acquiring new customers compared to holding the existing ones is costlier and more troublesome for businesses, so customer retention is of great importance in today's intensely competitive environment. It is crucial in customer relations management to identify and analyse customers whose loyalty decreases and who tend to leave, and prevent churn through various methods under resource constraints. This issue is especially prominent in the mobile communication market. This paper uses a binomial logit model based on a survey with 637 mobile users in Turkey to determine the factors affecting customer churn and how they find their effect. Results indicate that, among various factors, network quality, billing, tariff level, tariff plan, and education level are the determinants affecting customer churn and associated with the intention to switch. Our findings demonstrate implications for both managers and rule-makers in the mobile telecommunications sector.

Introduction

Recently, many previously monopolized network services have been liberalized and deregulated at the retail and wholesale levels. One of the main areas affected by this approach is the mobile telecommunication market. It is expected that globally 5.7 billion people or 70% of the population will use mobile phones by 2025. In 2020, mobile technology and services created \$4.4 trillion in economic value. As countries reap the benefits of a more widespread mobile service adoption resulting in increased productivity and efficiency, this number will rise to about \$5 trillion by 2025 (GSMA, 2020a^[6]). The majority of the rising number of mobile Internet users are mobile-only users who do not have access to a computer. This exponential increase implies a massive expansion of the application and digital content business into markets (GSMA, 2020b^[7]).

Nowadays, customer churn management is a considerable worry for telecommunications service providers, and it is becoming more of a problem as the competition intensifies. With the help of supportive regulations in the mobile telecommunications market, the focus of mobile carriers has switched from attracting new subscribers to maintaining existing ones and drawing users away from competitors. In this new context, consumers' willingness and ability to compare market offers and switch to better services drive the suppliers' motivations to compete for existing users (Lejeune, 2001^[8]).

It is necessary to understand the elements that drive consumer decisions, how they differ among customers and the elements' roles, such as service satisfaction levels, consumer attributes, services plan and previous mobile switching experience, on mobile churn decisions to create advanced marketing strategies in a tough market like mobile telecommunications (Kim & Yoon, 2004^[9]; Ahn, Han & Lee, 2006^[10]; Garcia-Marinoso & Suarez, 2019^[11]; Jain, Khunteta & Srivastava, 2020^[12]).

This paper explores a literature review of mobile churn, an overview of the Turkish mobile market, and presents the theoretical framework. The paper's main contribution is to add to the growing body of empirical research on the switching factors by using data based on a survey of 637 mobile users, containing a collection of individual and service variables unique to the mobile telecoms industry. In the following, the research method, sample and findings are expressed with the discussion and conclusions.

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