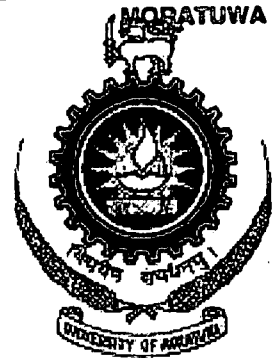


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PROACTIVE CHURN MANAGEMENT IN SRI LANKAN MOBILE TELECOMMUNICATION INDUSTRY



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This thesis was submitted to the Department of Mechanical Engineering of the University of Moratuwa in partial fulfilment of the requirements for the Degree of Master of Engineering in Manufacturing Systems Engineering

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ABSTRACT

Churn is the gross rate of customer loss during a given period. In other words, churn is a measure of the number of subscribers who leave or switch to another carrier's service. The frequent migration of customers is in a way a threat to mobile operators as the expense on customer acquisition is greater than retention. On the other hand, for any operator it is difficult to maintain a steady growth in the market without maintaining the existing customer. Due to profound competition, controlling churn rate is becoming a challenge to mobile operators and identifying reasons for Churn is an even greater challenge as it is highly dependent on the values, culture, attitudes and perception of the different segments.

As an extension to the literature review, for the research project, a survey was carried out, using a questionnaire, evaluated across various demographic factors (Age, Education level, Monthly income, Gender, etc.), to identify the main causes for retention or churn from one network in Sri Lankan context. The questionnaire was distributed among a selected sample of mobile subscribers and the responses were used for the analysis. Strategies that can be used to minimize churn rate were identified based on the feedback received for the questionnaire and by looking at the best practices available in the region. Finally, a model was developed to prioritize the influencing factors (Tariff, Coverage, Brand, VAS and QoS) to measure the overall customer satisfaction in the Sri Lankan mobile industry context (explained under Discussion of Findings). Also a study was carried out to check whether there is any relationship with demographic factors and influencing factors for churn. Finally, suggestions are provided for Sri Lankan mobile operators to build strategies to minimize churn.

As the conclusions of the research, it can be stated that Sri Lankan subscribers are highly price sensitive and majority of customers who have churned from one network to another is due to lower tariff rates offered by the latter. Further, it can be identified that features for different packages are not being properly directed to a target audience or a segment. Therefore, it is necessary to build new products or packages after cautious analysis of interests of different segments.

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Nomenclature

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