

# A Study of Indian Consumers' Perception on Telemarketing

Geetika, Deepesh Tiwari, and Preeti Gupta

**Abstract**—The mobile telephony has brought a revolution of its kind in the field of communication. Telemarketing has emerged as a powerful tool of direct marketing due to rapid growth of mobile telephony. It carries all the benefits of direct marketing but at a much lower cost. India too is witnessing the upsurge in telemarketing with rising number of mobile users. The Indian Mobile subscriber base has increased from approximately 5 million in 2001 to 7 Million in 2010 (Telecom Regulatory Authority of India). The rural teledensity increased from 9.46% at the end of March 2008 to 15.11% at the end of March 2009 and the urban teledensity increased from 66.39% to 88.84% during the same period. In this backdrop it becomes interesting to find out the products and services that are frequently marketed and the products and services that are readily accepted by customers through this medium of marketing. This paper is an attempt to know the perception and attitude of the customers towards telemarketing; benefits derived by the company in the perception of customers and an overall assessment of this marketing tool. Telemarketing has been selected for this paper to understand the role of various social-psychological issues attached to this medium especially in Indian context. The paper describes the state of mobile telephony in India followed by a survey conducted through personal contacts using structured questionnaire. The findings of the survey have given mixed response leading to the conclusion that marketers have to work harder to make this tool more effective.

**Index Terms**—Direct marketing, India, service, telemarketing.

## I. INTRODUCTION

The present day society can be rightly called as the mobile information society. The spurt in mobile technology, the boom in mobile sale and the multiplicity of application areas has indeed been unprecedented. The mobile telephony has brought a revolution of its kind in the field of communication. The Indian Mobile subscriber base has increased in size by a factor of more than one hundred since 2001 when the number of subscribers in the country was approximately 5 million to 729.57 Million by November 2010, according to the Telecom Regulatory Authority of India. This number was 429.73 million in March 2009 and 76 million in December 2005. Rural teledensity increased from 9.46% (March 2008) to 15.11% (March 2009) and the urban teledensity increased from 66.39% to 88.84% during the same period. The marketers have taken a lead in utilizing this growth in communication technology to their advantage by resorting to direct marketing to get into

regular touch with their customers/potential customers. The mobile phone owners are given a call (either, recorded or manual or sms) to inform about the company's product/service and promotion schemes there upon.

Telemarketing has created a low cost solution to direct marketing whereas to the customer it may bring different responses. They may be happy to receive such calls or may be annoyed, inconvenienced, or even psychologically harmed by numerous hang-up calls during the day. Thereon it becomes interesting to find out that which are the products and services that are frequently marketed and which products and services are readily accepted by customers through this medium. It is important to know the perception and attitude of the customers toward telemarketing for its success.

According to the Telecom Regulatory Authority of India, Telecom Subscription Data as on 31st December 2009 is as follows:

- Total Telephone subscriber base reaches 562.21 Million
  - Wireless subscription reaches 525.15 Million
  - Wireline subscription declines to 37.06
- 19.10 Million new additions in wireless
- Wireline subscription declines by 0.09 Million
- Overall Tele-density reaches 47.89
- Broadband subscription is 7.83 million

The current revenue distribution is in favor of mobile operators who capture anywhere between 60-80%. Technology enablers get anywhere between 10-20% and content aggregators get 10-15% of the revenue. The content owner gets 5-10%. Operators cite infrastructure development, cost of acquiring subscribers, and marketing costs as the reasons for the higher revenue share on their side. Thus, operators have the highest bargaining power. Since there is only handful of operators with market share in double digits, it is not business sense to ignore any of these. Once the number of operators increases, the revenue share of operators is expected to dilute.

The objective of this paper is to understand the perception of customers for telemarketing as a marketing tool, perceived benefits derived by the company and their overall attitude towards telemarketing. Towards this objective the paper is organized as follows. The following section (2) will provide background and examine the general literature on telemarketing, its forms and advantages and disadvantages. Section 3 describes the research design, section 4 and 5 present the data analysis, research findings and conclusions.

## II. TELEMARKETING: DEFINITION AND DIMENSIONS

According to the Telemarketing and the Telephone Consumer Protection Act (TCPA), November 2003, 'Telemarketing is a practice where a business initiates a

Manuscript received October 9, 2011; revised March 9, 2012.

Geetika is with School of Management Studies, Motilal Nehru National Institute of Technology Allahabad, India.

D. Tiwari is with MNREC, Allahabad and M.S. (Computer Engineering) from NCSU, Raleigh, USA.

P. Gupta is presently working with NALCO Bhubneshwar, India.

phone call in order to propose a commercial transaction.' Hence, any marketing done over the telephone can be categorized under telemarketing. According to Rosette Siriban (2008), telemarketing is the process of marketing goods, advertising services or customer service over the telephone. Direct marketing has registered massive growth owing to changes in market behaviour and declining effectiveness of traditional media. This growth is set to continue, particularly in terms of telemarketing and direct response advertising [1]. Like a renewable natural resource, consumer goodwill can be over-exploited. A review of the rise and rapid fall of the business-to-consumer telemarketing industry in the USA provides evidence of the over-exploitation of consumer goodwill. Hurst [2] argues that direct marketing practices ought to be managed in accordance with principles of sustainability. If they are not, the consequences may be sudden and near-permanent declines in consumer responsiveness. There exists a real, but yet-undefined threshold of consumer goodwill towards consumer telemarketing. Nancarrow and Sally [3] examine that there is a particular need for telemarketers to understand how rapport might be developed on the telephone. Through their study among organisations with in-house telemarketing facilities in UK, they conclude that a telemarketing culture still has some way to develop and that, while many organisations used a number of seemingly relevant techniques, there are a number of issues still to be resolved regarding measurement of rapport.

Eric Boyd (1996) describes telephone marketing as an essential tool in building relationships and retaining customers. This proves to be useful for both the customers and the companies. The companies claim several strategic advantages – customer satisfaction, cost effective marketing, speed in marketing efforts designed towards customers, industry leadership. At the same time there are certain strategic concerns that the companies cannot afford to neglect. These concerns are due focus on areas that provide maximum returns, market maturity, importance to customers, unmet customer expectations and active vs. inert customers. More than any standard marketing tool the telephone intrudes into people's lives and has the potential to offend, irritate and upset. Any of these emotions runs counter to the objectives of defensive marketing.

Evans M, Malley L and Patterson M, (1995) highlight the consumer concerns over privacy and ethical issues. Rather than being alleviated, they are likely to become more prevalent as the sophistication of database targeting increases. For future growth of direct marketing it becomes necessary for marketers to address this problem of consumers. The paper suggests self regulation as a cure to this problem. But the success of self-regulation will also be dependent on consumers using the facilities provided to them and registering complaints on offending companies. To this end, both consumers and companies will need to be better educated as to what is acceptable and what is not acceptable, in the future.

According to Licata and Kleiner (2005) telemarketing services face problems with customers they are trying to reach and the telemarketers. Customers view telemarketers as nuisance and the telemarketers work in an environment that suffers from high turnover, low morale, high

absenteeism and low productivity. Hence the challenge lies in setting predictive dialers in a way that shall avoid being a nuisance to potential customers and also in managing the employees. Although information technology has enabled global businesses to flourish, it also becomes one of the major enablers for sophisticated fraud schemes. The computer and network reliant world allows fraudsters to make acquaintance with victims and eventually committing crimes without any face-to-face contact. Since fraudsters are heavily reliant upon modern communication facilities and automatic financial systems, therefore the role of law enforcement agencies is significant to strengthen regulation and law enforcement in the communication industry, establish fraud account reporting and information sharing mechanisms among financial institutions, and provide timely consulting services to citizens. [4]. Conducted interviews with 47 people involved in telemarketing fraud. Their family background, educational qualification was studied and their motives for getting involved in fraudulent telemarketing were highlighted. Their class and family backgrounds provided them with high, but ill-defined, expectations for material success. Their preparation for successful conventional careers was unremarkable. As a result, they were predisposed to economic activities that required few credentials but provided a high income. Once involved in and aware of the deviant nature of their endeavors, continuation in fraud was facilitated by the income it produced and the lifestyle it permitted.

Selling goods can be different from selling services. This paper aims at crystallizing out the relative effectiveness of telesales versus face-to-face presentation for selling goods versus services on consumer recall, attitude and behavioral intentions. For services the recall was found to be higher in case of face-to-face presentation; whereas in case of goods face-to-face presentation and telesales have a constant effect. Attitude and behaviour are more positive for service after telesales presentation than face-to-face presentation. For goods attitude and behaviour are more positive after face-to-face presentation as compared to telesales [5]. According to Simon Cooke (The Cooke Consultancy, 1996) there are two types of telemarketing- outbound and inbound. Inbound telemarketing is any incoming sales or service from viewers and listeners who want to order the advertised product or ask for more information. Some inbound applications are order taking, customer service, help desk and many more. An outbound telemarketing on the other hand, is the practice of making phone calls to prospects or existing customers done by a marketing person. Some outbound telemarketing applications include phone sales, appointment setting, lead generation and many more.

### III. RESEARCH DESIGN

The literature review provides mixed findings; it supports telemarketing as an innovative tool as well as raises certain question regarding its usefulness especially from the point of ethics, convenience reliability [1], [6], [7].

Hence it is perceived useful to conduct a study on the need and usefulness of telemarketing from the point of view of the customers especially in a country like India where mobile telephony is growing at an unprecedented rate. The

research being conducted is exploratory in nature.

**Research Objectives:** The research objectives are as follows supported by literature and researches:

- To find whether telemarketing is accepted by customers as an upcoming technique of promotions. [1], [8].
- To understand whether telemarketing is more useful for services or products [5].
- To assess whether the customers find telemarketing inconvenient and irritating [8].
- To find whether telemarketing is an additional cost to company or it generates sales for the company and value for the customers. [9]

**Research Tool:** A questionnaire was designed to fulfill the research objectives. The questionnaire comprised of questions aimed at seven variables related to consumers' perception of nature of telemarketing in India and their response to it. Nominal and ordinal scales were used in the questionnaire. Rating scales employed were category and numerical scales. The questionnaire consisted mainly of close ended questions with exhaustive options. There were few open ended questions to warm up the respondent. The questionnaire was designed with following variables:

- Information dissemination
- Acquiring new customers.
- Customer feedback.
- Impact of telemarketing on the company
- Future Prospects of telemarketing

**Sampling:** The target population for the study is every individual who owns a mobile connection as he/she is vulnerable to receiving the telemarketing calls or messages. Due to large size and wide dispersion of such population convenience sampling method is used and the sample size is 300. The authors prefer this sampling technique because it is fast, inexpensive, easy and the subjects are readily available. The most obvious criticism about convenience sampling is sampling bias and that the sample is not representative of the entire population. This results to a low external validity of the study. With the aim to minimize the effect of the limitation of the convenience sampling, the subjects were covered from various age groups, professions and locations. The survey duration was one week in different location in the State of Uttar Pradesh which is the largest State in India. The questionnaire was personally administered to ensure seriousness of respondents and validity of data.

**Data Appropriation:** On basis of preliminary scanning of the data it was found that the attitude and perception of the respondents differed according to age. Other biographical factors did not have any conclusive impact on consumers' response. Hence the data has been rearranged according to two broad age categories in order to draw certain conclusions. The data so collected has been tabulated and converted to percentage to reach certain conclusions.

#### IV. ANALYSIS AND FINDINGS

Research findings have been summarized on basis of responses to the variables mentioned above. The analysis is carried out using perception of users on usefulness or otherwise of telemarketing.

**Telemarketing and Information dissemination:** First of

all we tried to find out as to how many users of mobile phones actually got telemarketing calls and the not so surprisingly all of them received such calls. Then the next information we wished to seek was the kind of such calls. TABLE I summarises the findings and as can be seen that as many as 93% respondents were informed about new service whereas new products found a distant second place almost competing with information about existing service at the third place. Hence it can be concluded that services are occupying a centre place as far as telemarketing is concerned. However we went a step ahead to check users' perception about usefulness of the medium with context of service and product and the results (TABLE II) show that though majority in each group prefer service as against products to be promoted through telemarketing but not with great degree of confidence. Here it can be said that age has not much impact on preference for a particular kind of promotion.

TABLE I: TYPES OF TELEMARKETING CALLS RECEIVED

Types of calls received	Respondents (%)
Information about new service	93
Information about new product	59
Information about existing service	57
Information about existing product	34
Call from existing vendor	30
Call from new vendor	24

TABLE II: TELEMARKETING IS USEFUL ONLY FOR SERVICES AND NOT PRODUCTS.

	25 years and below (age)	Above 25 years (age)
Always	10	9
Sometimes	30	39
Never	3	9

**Telemarketing for acquiring new customers:** To assess the acceptance for telemarketing as an upcoming technique of promotions among users, four variables were taken up viz. immediate response to calls, preference for calls, allegiance to calls and opinion on utility of calls. The immediate response to call can be used to measure users' acceptance (rejection) for such messages hence the respondents were asked to tell their immediate response to calls, which was further categorized between response to messages, recorded voice messages and manual calls (TABLE III). Another variable used to assess respondent's acceptance was their preference for receiving such calls from existing vendors as well as new vendors (TABLE IV). This was done with the objective to find out their acceptance for unknown vendors along with their existing vendors. They were further interrogated as to whether they would switch vendor if they do not get regular calls from existing vendor regarding product/service updates (TABLE V) to understand whether customers feel important because of these calls or not. It can also be used to assess the link between tele calls and customer relationship management. Finally they were asked to rate the information provided by the callers on two parameters, i.e. usefulness of information and trust on the information provided (TABLE VI).

As is evident from TABLE III, majority of the respondents accept the manual calls and ignore the recorded

calls, which shows that which ever be the medium of marketing, personal touch does the magic. Another interesting fact that has emerged is that age impacts perception and behavior. Persons above 25 years of age have more patience towards such calls as against the younger lot.

TABLE III: IMMEDIATE RESPONSE TO CALLS

Types of calls Response	25 years and below (age)			Above 25 years (age)		
	Recorded Calls	Manual calls	S M S	Recorded Calls	Manual calls	S M S
Always accept	2	3	8	0	3	9
Accept sometime	13	15	15	18	30	24
Ignore sometime	7	13	11	12	15	20
Always ignore	19	9	9	26	7	3

Irrespective of the age group a significant chunk of the respondent do not want to receive telemarketing calls at all, while many of them would want such calls at intervals (Table 4). A clear bias can be seen in favour of existing vendors against new vendors, which can be further explored to understand the phenomenon from customer loyalty perspective.

TABLE IV: PREFERENCE FOR GETTING CALLS

	25 years and below (age)		Above 25 years (age)	
	New vendors	Existing vendors	New vendors	Existing vendors
Always	2	3	3	5
Sometimes	20	24	34	38
Never	21	16	20	14

We further interrogated the respondents to find their perception of customer relationship and asked whether they would switch vendors if they did not receive regular calls (Table 5) and majority responded in negative. Hence it can be deduced that telecalls have no direct link with customer relationship.

TABLE V: SWITCH VENDOR WHEN NO CALLS FROM EXISTING VENDOR

Response	25 years and below (age)	Above 25 years (age)
Always	3	2
Sometimes	14	25
Never	26	30

TABLE VI: OPINION ON INFORMATION RECEIVED

Response	25 years and below (age)		Above 25 years (age)	
	Useful Information	Trustworthy Information	Useful Information	Trustworthy Information
Always	6	3	6	8
Sometime	30	30	41	36
Never	7	10	10	13

An important parameter of marketing is trust and confidence of the consumer on the information provided. The respondents agreed that sometimes the information provided was useful and trustworthy too but not always

(Table 6). Some of the respondents also reported that the information was never useful or trustworthy. This is important information for the telemarketers to be more careful and cautious because any information which is either not useful or not trustworthy or is neither can be disastrous for the company.

**Customer Feedback:** Previous researches show that telemarketing is being considered by customers as irritating and inconvenient. The same may also be corroborated by the fact that telephone provider allow customers to stop receiving such calls. Therefore it was in the right context to inquire about customers' view on this aspect. Majority upheld the view that telemarketing calls are irritating and they interrupt privacy; to the extent that almost one third of the respondent find such calls always irritating while remaining find them irritating at times (TABLE VI). Almost no one said that these calls were not irritating. In this regard age did not show any impact on consumer's opinion as respondents in either age group had same/similar perception.

TABLE VII: NEGATIVE OPINION ON TELEMARKETING CALLS

Response	25 years and below (age)		Above 25 years (age)	
	Interrupt privacy	Irritating	Interrupt privacy	Irritating
Always	18	16	17	27
Sometimes	21	26	32	30
Never	4	1	8	0

TABLE VII shows a very revealing fact about consumer behaviour, while almost every one said that company should take feedback no one said that the telemarketing calls influence their purchase behavior always. A majority though agreed that it did influence their purchase behavior sometimes but a large number asserted that it had never influenced their buying decision. The companies should take note of this information for further plans.

TABLE VIII: POSITIVE OPINION ON TELEMARKETING CALLS

Response	25 years and below (age)		Above 25 years (age)	
	Influences purchase decision	Companies should take feedback	Influences purchase decision	Companies should take feedback
Always	0	17	0	20
Sometimes	31	21	39	27
Never	12	5	18	10

**Impact of Telemarketing on the company:** Like any other marketing technique telemarketing has two dimensions, it has cost implications for the company where as it is aimed to create value for the customers. We tried to inquire from the customers regarding their opinion on these issues. The TABLE VIII summarizes the data; almost two thirds of the respondents in both age groups agreed that telemarketing creates sales for the company but very negligible number agreed that it creates value for the customers. Even greater number agreed that it is a cost to the company. Additionally, the respondents have similar opinion on this issue irrespective of their age. This finding is very critical because if customers do not perceive value addition due to a marketing strategy, half of the purpose is defeated.

Customers' opinion was also sought on the future of telemarketing, data for which is presented in TABLE IX.

TABLE IX: IMPACT OF TELEMARKETING ON SELLER

	25 years and below (age)	Above 25 years (age)
Generates sales for company	31	34
Is a cost to company	9	13
Generates value for customer	3	8

**Future of Telemarketing:** The general opinion appears to be in favour of telemarketing since almost half of the respondents said it should be continued whereas a significant chunk was not so sure about it (TABLE X).

TABLE X: TELEMARKETING SHOULD BE CONTINUED

	25 years and below (age)	Above 25 years (age)
Yes	25	23
No	6	10
Can't say	12	24

A favourable sign is that a very small proportion (6% in case of younger users and 10% in case of elder users) is totally against telemarketing. Therefore it can be said that telemarketing has a future and is likely to stay. The telemarketers have to evolve more effective methodology to adopt this tool of direct marketing.

## V. CONCLUSIONS

Hence it can be concluded that:

- Almost 47% of people always ignore any telemarketing call whether through recorded voice, sms or manual calls.
- Manual calls and smses were more often received as against the recorded ones.
- Respondents had experienced maximum call on information about new services.
- 49% respondents in the age group of 25 years and below never wanted to get calls from new vendors whereas 60% respondents of the age group of 25 years and above preferred calls from new vendors sometimes.
- Majority of the respondents were of the opinion that at times useful and trustworthy information was provided through telemarketing calls and sms.
- Majority of the respondents did sometimes get influenced by telemarketing calls and sms and made their purchases after getting such information.
- 60% respondents in the age group of 25 years and below and 53% respondents in the age group of above 25 years were indifferent and did not switch to other vendors if their existing vendors did not call them regularly.
- 49% respondents in the age group of 25 years and below and 56% respondents in the age group of above 25 years felt that telemarketing calls interrupted privacy. While, 61% respondents in the age group of 25 years and below and 53% respondents in the age group of above 25 years found telemarketing calls irritating.
- 67% respondents believed that telemarketing generated sales for company.

Therefore it can be deduced that younger consumers were

more comfortable with telemarketing as compared to their elderly counterparts. Telemarketing has emerged as an important tool of marketing, however, the companies should be very careful while calling using telemarketing. The companies should understand consumer behavior before resorting to telemarketing. They should update their database regularly and ensure that they call their prospective customers only. The companies should ensure that the telecaller is polite and knowledgeable enough. This study was limited to consumer's view; it could be further extended to the opinions of sellers. The survey was conducted in small geographical dispersion; hence the results obtained are indicative and not exhaustive. It can be further explored at a wider level.

## REFERENCES

- [1] M. Evans, L. Malley, and M. Patterson, "Direct Marketing: rise and rise or rise and fall," *Marketing Intelligence & Planning*, vol. 13, no. 6, pp. 16-23, 1995.
- [2] C. Hurst, "Sustainable telemarketing? A new theory of consumer behaviour," *Direct Marketing: An International Journal*, vol. 2, no. 2, pp. 111-124, 2008.
- [3] C. Nancarrow and P. Sally, "Rapport in telemarketing- mirror, mirror on the call," *Marketing Intelligence & Planning*, vol. 16, no. 1, pp. 12-21, 1998.
- [4] D. Szymanski, "Modality and offering effects in sales presentations for a good versus a service," *Journal of Academy of Marketing Science*, vol. 29, no. 2, pp. 179-189, 2001.
- [5] J. Wang, J. Jow, Y. Liao, T. Tsai, G. Hung, and C.C. Yang *et al.*, "An Overview of Telemarketing Fraud Problems and Countermeasures in Taiwan, LNCS 4430, pp. 309 – 310, 2007.
- [6] W. Licata and B. Kleiner B, "Managing Telemarketing Departments Effectively," *Management Research News*, vol. 28, Issue 11/12, pp.14-19, 2005.
- [7] N. Shover, G. Coffey, and C. Sanders, "Dialing for Dollars: Opportunities, Justifications, and Telemarketing Fraud," *Qualitative Sociology*, vol. 27, no. 1, pp. 59-75, 2004.
- [8] IAMAI & eTechnology (2008) 'Mobile value added services in India', A Report.
- [9] E. Boyd, "Defensive marketing's use of post-purchase telecommunications to create competitive advantages: a strategic analysis," *Journal of Consumer Marketing*, vol. 13, Issue 1, pp. 26-34, 1996.



**Dr. Geetika** is Professor, School of Management Studies, Motilal Nehru National Institute of Technology Allahabad, India. She did her masters in Economics and Doctor of Philosophy degree in Growth Economics from University of Allahabad, Allahabad, India. She has over twenty four years of teaching experience at graduate and post graduate levels and fifteen years of experience of guiding and examining doctoral and post doctoral theses in India and abroad. Her academic interests lie in Strategic Management, Managerial Economics and Entrepreneurship. Six students have received their Ph D degrees under her supervision, while two are submitted for evaluation. She has to her credit many national and international research projects. She has published 58 research papers in international and national journals and conference proceedings and five books; to mention the latest one on Managerial Economics (2<sup>nd</sup> ed. 2011, Tata McGraw Hill, India). She has participated in international conferences in USA, Mexico, UK and New Zealand and organized international conferences, national conferences, Faculty Development Programmes and Management Development Programmes. Dr. Geetika is life member of Indian Institute of Public Administration, All India Management Association and Indian Society for Training Development and member, Association of Information Systems, USA and IEDRC.



**Deepesh Tiwari** is B. Tech. (Electronics) from MNREC, Allahabad and M.S. (Computer Engineering) from NCSU, Raleigh, USA. He is Assistant Professor of Institute Industry Interaction at Motilal Nehru National Institute of Technology Allahabad, India. Deepesh has industry experience of more than Twelve years including 10 yrs with IBM RTP, USA. His teaching and research interests lie in project management, technology management and strategy. He has published numerous Research papers and has attended various international and

national conferences in USA, India and Hong Kong. Deepesh Tiwari is member of IERDC.

**Preeti Gupta** has completed her Master of Business Administration degree in 2009 from Motilal Nehru National Institute of Technology Allahabad, India which is one of the top Institutions in the country. She is presently working with NALCO Bhubneshwar, India, as Manager after a brief stint with Bank of Baroda as Officer.