

# The Influence of Deceptive Advertising and Consumer Loyalty in Telecommunication Industry

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## Abstract

The purpose of this study is to measure the impact of deceptive advertising on customer loyalty in telecom Sector of Pakistan. Calls Charges, SMS Packages, Internet Charges and Network Coverage & Quality were used to measure the deception in ads. Customer loyalty is measure through the satisfaction, recommendation, and continuity of network usage. 215 respondents were approached to conclude the results. Data was analyzed by using SPSS 17. It has been found that more or less every service provider telecom sector is using deceptive advertising and customers are stick to their current networks because of other more influencing reasons and almost all network / services providers are providing more or less same services and they are using same style of advertising to compete with each other.

**Keywords:** Deceptive advertising, SMS, Customer Loyalty and Network quality.

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## 1. INTRODUCTION

Developing countries such as Pakistan and Bangladesh constitute sixty seven percent (67%) of world mobile subscription (Ahmad *et al.*, 2015). Since 2002, growth of cellular market has been rated as one of the fastest growing sectors in Pakistan and it is growing with a high growth rate compare to other sectors (Awan and Iqbal, 2014). The future of telecom sector in Pakistan looks promising as considerable percentage of population has an adequate amount of disposable income to be catered by mobile industry (Ahmed *et al.*, 2010). Current scenario is a battlefield for large number of private telecommunication companies where the decision of government to deregulate this sector to make it possible for a number of companies to offer their services (Ishaq, 2012). In Pakistan five players are operating in the telecom sector ranging from local brands to the world largest telecom groups and are competing against each other for providing better service (Jahanzeb *et al.*, 2011). Rapid progress and aggressive competition among service providers in telecom sector has tremendous effect on strategies which they formulate to retain and satisfy their valuable clientele (Raza and Rehman, 2012).

It is challenging for companies to retain their loyal customers and at the same time encouraging competitor's clients to switch (Saadat and Nas, 2013). Due to the growth and tough competition in telecom sector situation has been changed which has reduced the number of customer who switch from one operator to other (Ahmad *et al.*, 2015). During their initial stage, telecom companies have been focusing only on obtaining new consumers and ignore retaining existing customer (Khan, 2012). Generally, mobile companies find it economical in a dynamic environment to retain their existing customers instead of formulating strategies to acquiring new as by Boohene and Agyapong (2011) identified that satisfied customers are more loyal customer which depicts that the relationship between customer satisfaction and loyalty is appositively significant. According to Sathish *et al.* (2011), in a highly competitive market segment, it is becoming further challenging to keep their current consumers and attract new clients. In telecom sector it has been repeatedly indicated that once a customer acquire services of a certain service provider, their long lasting relations with the service provider is of larger significance for the success and existence of the business in a competitive market (Gerpott *et al.*, 2001).

Telecom companies in Pakistan are using all available means of advertising to create awareness about their products and services, they carry out this through prudently planned advertising activities (Imtiaz *et al.*, 2015). Most of the advertisements do not contain sufficient information for the customer to make a rational decision about the product or service and many exaggerated claims are made by these companies to increase the customer base (Ahmad, 2011). Due to the high rate of competition in telecom sector, the telecom companies constantly strive for market share and everyone is trying to get a bigger piece of the pie, and in this process customers are made to suffer the consequences. According to Khan and Rajput (2014), customers are deceived by misleading ads: without providing them complete information about the service and packages. Misleading and exaggerated claims about network coverage & quality and are being made and usually they provide less than what they claim to attract the customers (Mehmood and Siddiqui, 2013), as a result customer trust and satisfaction is violated. Every company use advertisements to inform, convince, communicate and to remind their customer about their products and services, therefore, advertisement is believed to increase customer's response towards services and products being offered by the company (Rao and Wang, 2015). However, deceptive advertising leads the customers to believe that they are getting profit from a purchase and they may think that they are saving money (Chauouchi and Rached, 2012). According to Latour and Latour (2009), deceptive claims develop the negative

perception in the consumer mind and affect the brand reputation and customer loyalty badly.

In literature of marketing customer loyalty has been considered as an important element and it is regard as main contributor in maintaining and building brand equity (Khan, 2012, Svendsen and Prebensen, 2013). Customer loyalty can be defined as firmly held commitments to repurchase a product or service regularly in future, regardless of the marketing efforts and influence of situational factors which have the ability to generate switching behaviour in an individual (Hallowell, 1996). The phenomenon of customer loyalty comprises an extended range of concepts related to components of loyalty among customers of a product or a service and loyalty of a customer vary from repeat acquisition and amount of purchasing of a specific brand for a long term relationship (Tellis, 1988, Boohene and Agyapong, 2011). According to Newman and Werbel (1973) those individuals are considered as loyal customers who repurchase a brand, consider only a specific brand and do not get involved in information search about that brand Similarly Reichheld (1994), suggested that is link between customer loyalty and customer satisfaction, it has been supposed that those customers who demonstrate loyal behaviour not only provide help in marketing cost reduction but also reduce purchase price (Frederick and Thomas, 1996, Lai *et al.*, 2009). Some studies suggest that acquiring new customer costs more compare to preventing existing customers from leaving their company (Kim *et al.*, 2004, Boohene and Agyapong, 2011, Khan, 2012). Brand loyalty has received much greater attention and interest in telecom sector as many studies have been carried out in various countries such as South Africa (Van Der Wal *et al.*, 2002), France (Lee *et al.*, 2001), Greece (Santouridis and Trivellas, 2010), South Korea (Lee *et al.*, 2015).

This study seeks to find out the effect of deceptive advertisement on customer loyalty in telecom sector. The main significance of this study is the fact that few researches in this context have been conducted in Pakistan. This study is one of the initial studies which will explore the deceptive advertising contents and further try to ascertain its effects on the consumers. The practical implications of this study are for the telecom sectors, that whether deceptive advertising affects their customer's loyalty or not, and this will also contribute to existing body of knowledge. As literature shows that standard of quality, safety, performance, information about these products and services do not completely match with what the advertisers claim in the advertisement. This study is in the context of advertisements in Pakistan in which the researcher tries to establish the fact how companies are doing deceptive advertising about network coverage, network quality, call charges, SMS packages and internet charges. The main focus of this study is deceptive contents present in advertisements. This study aims to investigate the impact of deceptive advertisement on customer loyalty in telecom sector of Pakistan.

## 2. LITERATURE REVIEW

### 2.1 Advertising

Advertising is a popular marketing tool which many companies adopt to inform customers about their products and it is a technique used by companies to influence the customer's attitude towards their products and it is any paid form of the propagation of ideas, goods or services that are backed by a known sponsor (Belch and Belch, 2004). Advertising can have positive and negative effects and for marketers, advertising is the main part of overall promotion activities of goods and services offered by a company, because there are also some other elements of promotional mix like publicity, public relations, personal selling, and sales promotion (Over, 2014). It is necessary for advertisers to select an appropriate advertising approach on the basis of real features of the product, as rational ads focuses on product features and to provide arguments in favor of the product. Advertising campaigns are designed to communicate ideas about products and services to consumers with a hope of convincing them to buy their products and services. (Esteban and Hernández, 2012).

In today's fast paced world, where technology is evolving each day, advertisement is considered to be the most important tool for increasing sales, enhancing product recognition and create awareness about their products & services in a specific market and consumers cannot run away from advertisements because every day they are attacked with more than fifteen-hundred commercial messages (Park and Jang, 2012). According to Armstrong (2009) through ads seller can reach to masses of geographically dispersed consumers at a low per espouser cost and it empowers the seller to repeat his message many times. For most companies while advertising, it is the main question of what to say, how to say it, to whom and how often rather than what to communicate. It is believed that advertising is used to enhance customers responses towards products and services offered by the company, therefore, enabling likelihood of increased profitability of a firm (Eze and Lee, 2012). Though, advertisements have been accused for a range of sins extending from financial waste to supply of injurious product from unimportant to intellectual and ethical pollution (Mittal, 1994). Nevertheless, explanations of advertisement differ as Kotler *et al.* (1991) stated that ads helps in increase the reactions of potential customers towards product by providing information and motives for favoring the offers of a specific organization.

### 2.2 Deceptive Advertising

Deceptive advertising means an advertisement in which message is distorted as result of cautious distortion and

omission of facts by the company with the intentions of motivating others and claiming that a product can do something that in reality it can't is a clear case of deception and as far away from the truth as possible (Miller, 1983). However, Mujtaba and Jue (2005) express that advertisement may possibly mislead individuals and deception occurs when outcome of perceptual process varies from the reality and influences individual's buying behaviour. Moreover, deceptive advertisement sometime generates and disseminates stereotypes, by providing causes for individuals to purchase products and services they really do not need (Shimp, 2003). According to Nagar (2010) ads can lead to individual's misinterpretation of ad because of the fact that individuals consider a certain statement they conclude from an ad does not for all intents and purposes mean that they have been misinformed. This means that if an individual recognizes the claim as incorrect, and does not believe it to be correct therefore the individual is not being deceived by the ad (Nagar, 2010). Advertising is also considered misleading if they create a wrong impression even if everything stated in the advertisement may be literally true. Nowadays deceptive advertising is a very serious issue for organizations and customers, because of this, many businesses have failed, that is why it is necessary for the businesses to be conscious of their image and try not to mislead their customers as they can lose their most loyal customers in the process (Khan and Rajput, 2014). Many methods are used in deceptive advertising such as going out of businesses, bankruptcy sales, false price comparison, misrepresentations, buy one get two free, false labeling, false claims, bait and switch, misleading facts, and deceptive pricing (Hastak and Mazis, 2011).

When advertisement is intended to deceive customers, by changing facts and this affects buying patterns and behaviors, it is called deceptive advertising and such advertisements are introduced to the customer to alter his/her ability to interpret (Xie and Boush, 2011). A deceptive ad affects the perceptions of the customer so much so that the result of the perceptual process differs from the reality, such unreal situation contains information omission, misrepresentation of facts and any other practices are likely to mislead the customer (Niazi *et al.*, 2012). Using low fictitious rates, exaggerating the qualities of the network, demeaning competitors are all ways to alter the reality of the situation, not only telecom networks but all other kind of advertisements use this technique for example anti-ageing creams, shampoos, weight loss products (Xie *et al.*, 2014). There are some kinds of deceptive advertising like puffery, silence, predictions and opinions; puffery is widely overstated or unclear claim that is not treated seriously by any sensible person and a business is breaking the law if it fails to expose relevant facts, conditions and make a promise or prediction if the business knew it was false, or had no reasonable arguments (Lee, 2014). Misleading advertising may affect consumers' decisions regarding what they buy, an advertisement can be misleading if the claims made about the characteristics of goods and services contain a false statement of the fact, if they hide important facts. For example, 50% off everything but in real price applies to certain items. Hence, deceptive advertising can also be described as advertising that misleads in material aspect, which is untruthful advertisements done through direct and indirect advertisement tools such as print and electronic media, hoardings, pamphlets and transportation ads, direct mailings and nontraditional advertisements tools like catalogs, menus, labels, pictures, trade names (Cawley *et al.*, 2011).

Nowadays many advertisements are misleading on television and on the media. Advertisements nowadays fail to deliver all that it promises and most of the time producers include false information to get people to buy the product and this is unfair with the consumer (Xie *et al.*, 2014). According to a customer, most advertisements are made to be misled in order to trick individuals into buying the product, as advertisers always claim one thing and then later they go like, "it is in the terms and conditions. Another customer added that they can be deceptive at times. However, there are some that are quite accurate (Xie and Boush, 2011). Customers get caught in the web of lies created by the advertiser; they do not realize that the advertiser will do anything possible to attract the customer and it is obvious that ads are made to portray good image of the product, the customers should not be naïve to take the negative aspects of the products that are being displayed in an ads (Costa, 2014). If evaluated with minor consideration, the audience will realize the difference between reality and illusion. Telecom companies usually claim their products to be "most reliable", "largest and fastest", "best" "most powerful" and "fastest" (Fahim and Aziz, 2013). The case of advertisement is a one that's disputed, some believe it to be unbelievable and fictional but others believe it as an important aspect or tool for economic growth, improving living standards, ensuring quality products and restricting prices (Khattak and Khan, 2009).

### 2.3 Customer Loyalty

Customer loyalty can be defined as firmly held commitments to repurchase a service or a product regularly, regardless of the marketing efforts and influence of situational factors which have the ability to generate switching behaviour in an individual (Hallowell, 1996). The phenomenon of customer loyalty comprises an extended range of concepts related to components of loyalty among customers of a product or a service and loyalty of a customer vary from repeat acquisition and amount of purchasing of a specific brand for a long term relationship (Tellis, 1988, Boohene and Agyapong, 2011). The notion of customer loyalty is a multifaceted and incorporates a wide range of conceptualizations about elements of loyalty among customers of a specific product or service (Oliver, 1997). According to Newman and Werbel (1973) those individuals are considered as loyal

customers who repurchase a brand, consider only a specific brand and do not get involved in information search about that brand. Loyal consumers are those who repurchase a brand, by considering only that specific brand without seeking information related brand (Dick and Basu, 1994). It is reflection of consumer's unintentional, psychological and emotional need to find a source of gratification, results indicate that the total expense of retaining existing consumer is approximately six times lesser than the cost of obtaining or attracting new consumers (Peng *et al.*, 2013). Similarly Reichheld (1994), suggested that there is link between customer loyalty and customer satisfaction, it has been supposed that those customers who demonstrate loyal behaviour not only provide help in marketing cost reduction but also reduce purchase price (Frederick and Thomas, 1996, Lai *et al.*, 2009). Some studies suggest that acquiring new customer costs more compare to preventing existing customers from leaving their company (Kim *et al.*, 2004, Boohene and Agyapong, 2011, Khan, 2012). Loyal customers engage themselves less in decision making process such as whether to purchase a product or not among the available alternatives (Ribeiro Soriano *et al.*, 2012). Similarly, Lee (2015), suggested that loyal customers show willingness to pay extra for a specific brand.

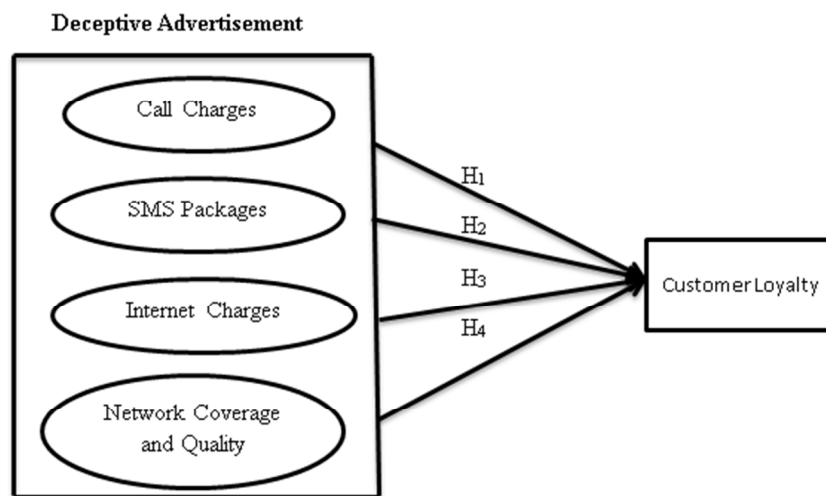
Customer loyalty is the most important factor in order to sell the products, because a customer will only come back to the same shop or company again to purchase the product/service, if the desired satisfaction level is provided (Lee and Cunningham, 2001). Loyalty of customers makes the company successful and combines with satisfaction and retaining of customers to provide complete advantage and affects customer judgment to the product or services and it turns his loyalty towards that brand. By developing and increasing loyalty, companies can properly grow and improve the economic stability to achieve higher performance levels; the marketing strategy of company should retain the customers and increase the loyalty levels among them (Kim *et al.*, 2004). There are some factors which affect customer loyalty such as satisfaction, image, trust, and inconvenience in going out for other brand are the factors have direct relationship with loyalty; it means that satisfied customers stay loyal (John, 2011).

Customer loyalty should be created through credible advertisements and information should be kept up to date and the elements of fun and joy should be depicted through the advertisement messages (Ling *et al.*, 2010). When a product does not match to what is depicted and displayed in the advertisements, dissatisfaction occurs and has a long term negative effect on the advertiser as a result negative information affects loyalty (Arens, 2004, Mitra *et al.*, 2008). The response patterns are very different of high- and low-commitment consumers. Loyal customers to a brand automatically argue the negative information about the brand, whereas low commitment customers will always counter it to a lower level (Siomkos and Malliaris, 2011). Customer loyalty level is lowered highly by using wrong practices and misleading information, this also leads to low level of trustworthiness to the information source (Román, 2010). When communication is made in a deceptive way instead of a fair way, such as clear and complete, the consumers will not be willing to buy those products and it may also generate consumers' significant negative reaction towards the brand name and company (Chaouachi and Rached, 2012). As customers become aware of deceptive advertising from various means like website, magazines or online it becomes more risky for the brand or the company (Romani, 2006). Even though the statistics may possibly differ depending on the industry, however a careful estimate suggests that it is likely to grow the turnover by sixty percent through preventing the customer from leaving the company.

### **3. Conceptual Framework**

The conceptual framework is the basis on which the whole study project is established and the development of conceptual model starts with the selection of variables which potentially can have a relationship. In this study the researcher examined the impact of deceptive advertisement on customer loyalty. The sub parts of deceptive advertising are deceptive advertising about calls charges, deceptive ads about SMS packages, deceptive ads about internet charges, and deceptive ads about network coverage and quality.

Figure 1 Conceptual Framework



### 3.1 Hypothesis

- H<sub>1</sub>: Deceptive advertising about call charges affects customer loyalty.
- H<sub>2</sub>: Deceptive advertising about SMS packages affects customer loyalty
- H<sub>3</sub>: Deceptive advertising about internet charges affects customer loyalty
- H<sub>4</sub>: Deceptive advertising about network coverage & quality affects customer loyalty

## 4 Methods

### 4.1 Sample Selection and Data Collection

Data was gathered from university students who are users of mobile phone, regarding their usage pattern of networks and views on the deception in telecommunication advertisements and the impact of deceptive ads on their preferences for telecommunication services. Self-administered survey questionnaires were used for data collection. The research described in this study adopted quantitative method. Questionnaire was adapted from research paper of Hassan *et al* (2011), Agarwal (2010), Kuusik (2007), John (2011) Fouzia & Ali (2011), Sutherland (2007), and Rahman & Azhar (2011). Few changes have been made to the original scale according to the contextual factors and according to product type, and to make sure the instrument's validity and reliability a pilot study was carried out by takes a small sample of 35 students. Some items of the scale were then excluded from the questionnaire to ensure internal consistency between items of the scale. There were three sections of questionnaire, included demographic, multiple option questions section and variables related questions. The questions used in the questionnaire are measurement by Likert-Scale of 1-5 (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree). The Questionnaire included close ended questions and at the end there are some multi-option questions too.

Research approached 215 individual for the study, however, 208 respondents took part in the study and filled the questionnaire out of which 203 were useable, the majority of respondents were male (63%). Questionnaires contained structured close ended questions and consist of multi-item scales and demographic questions. Likert scale was considered to documentation of the reactions (1= strongly disagree/ disagree/ neutral/ agree/ 5=strongly agree). The information from questionnaires has been used to describe and analyze the situation with respect to research questions. The researchers used regression analysis to perform impact analysis. Descriptive statistics were used to study patterns of the relationship. Correlation was used to check relationship strength between variables. Multiple linear Regression technique was used to determine the effect of independent variables on dependent. All these analysis were done by using the SPSS 17 software.

## 5. Results and Discussion

### 5.1 Scale Reliability

The reliability analysis is used to know that whether the items for each variable are measuring the particular variable or not. To check the internal reliability Cronbach Alpha is used most commonly. It is generally used by researchers to verify the scales' consistency, when there are multiple choice questions in the survey questionnaire. The value of Cronbach Alpha should be greater than 0.6 (Devellis, 2003). Similarly, Nunnally (1978) suggested a rule of thumb that the acceptance level of alpha must be 0.70 or higher but should not be lower than 0.60. The results shows the value of Cronbach alpha of all the variables is greater than 0.6. This shows that consistency exists between the items, the value are significant and acceptable. However, items with

very low reliability below 0.60 should always be removed for the scale because such items have less reliability and have less explanatory power of observed variables on latent variables. Therefore to ensure the instrument's reliability and validity a pilot study was conducted before collecting data for main study a small sample of 45 students, during this pilot study various items with poor low reliability were excluded from the questionnaire to ensure internal consistency between items and to obtain an average reasonable (above 0.65) of Cronbach's alpha. to ensure the higher reliability values for the instrument. Different views have been recommended regarding the acceptance level of Cronbach's alpha, according to (Devellis, 2003), the value of Cronbach's Alpha should be greater than 0.6. While Carmins and Zeller (1979) recommend that the value should be 0.80 to establish internal consistency. However, Nunnally (1978) proposed a rule of thumb that the acceptance level of alpha should be higher than 0.70 and should not be lower than 0.60. by keeping these points of view in mind for this study the alpha value 0.70 was used as determine the internal consistency of the scale used for the study.

Table 1 Reliability

Variable	Number of items	Cronbach's Alpha
Calls Charges	5	0.762
SMS Packages	5	0.828
Internet Charges	5	0.760
Network Coverage & Quality	7	0.792
Customer Loyalty	4	0.715

### 5.2 Demographics: fault

There were total 203 respondents out of which 129 were male (63.54%) and 74 were female (36.45%). Majority of respondents were male, i.e. 63.54%. Gender differences in sample are because of number of enrollments in universities; in Pakistan male enrollment is high in university at undergraduate and postgraduate level. As respondent of the study were university students therefore majority of the respondents (61%) were in the 18-25 years of age range. While the 26-35 years old range accounting for 34% and 35years and above age group make up only 5%. The selected sample for current study have different educational level out of which most of the respondents were doing their bachelor degree and they make up 54% of total sample, while 33% were doing Masters and 13% were doing MPhil. Respondents of the study were users of different networks like 29.9% respondents were Ufone users, 18.7% were Telenor users, 12% were Mobilink users, 14% were Warid users, and 25.4% were Zong users.

### 5.3 Hypothesis Testing

Regression analysis of the study is performed between deceptive advertisement as independent variable and customer loyalty as dependent variable. Total of 203 respondent's responses were analyzed in this study. The  $R^2$  shows that the variation in the dependent variable can be explained by change in independent variable. The value of beta shows the degree of influence the corresponding independent variable has on dependent variable. The positive sign in the beta of variables show the positive relation between the dependent and independent variable while negative sign show the negative relationship between dependent and independent variables. The value of beta shows that one unit change in independent variables result in 21.3% change in dependent variable.

Results of regression analysis of deceptive advertisement about call charges has a significant positive relationship with customer loyalty ( $H_1$ :  $p < 0.001$ ,  $\beta = 0.165$ ,  $t = 2.341$ ). Which means if service providers try to deceive their customer about call charges it will affect loyalty of customers. It is notable that all the service providers in telecom sector are charging more than what they actually claim in their ads. Deceptive advertisement about SMS packages has significant positive relationship with customer loyalty ( $H_2$ :  $p < 0.001$ ,  $\beta = 0.445$ ,  $t = 3.635$ ). This shows that if companies deceive their customer about SMS packages it will affect loyalty. Respondents are conscious about SMS packages the most, as respondents of the study were university students and it is trend in youth of Pakistan they prefer to use short message services (SMS) to stay in touch and to communicate with their friends and family. Among students in Pakistan SMS (Text messaging) is the primary mode of communication and plays a vital role in keeping their personal relationship, and these text messages between students also give them a provision of social and emotional peer support (Jahanzeb et al., 2011).

However, results of regression analysis shows that deceptive advertisements about internet packages have no significant relationship with customer loyalty. This indicates that if service providers deceive their customer about internet packages it will not affect loyalty of customers with their company, hence  $H_3$  is not accepted ( $H_3$ :  $p < 0.001$ ,  $\beta = .120$ ,  $t = 1.725$ ). As a matter of fact high rates of internet packages in Pakistan is restricting customers to use internet and usually individuals prefer to use broadband instated of mobile data. This shows that customers are not paying much attention towards advertisement related to internet packages and they are not being bothered by such deceptive advertisement.

Network Coverage & Quality was regressed against customer loyalty and it is proved that the two variables have significant relationship, hence  $H_4$  is accepted ( $H_4$ :  $p < 0.001$ ,  $\beta = 0.202$ ,  $t = 2.338$ ). This means any misleading

ad about network coverage & quality will make customers to think about switching to other network. As a matter of fact without quality coverage the other things like SMS packages, low call charges or internet packages are useless, because all these services depends on availability of quality network.

Table 2 Regression

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypothesis
	B	Std. Error	Beta			
(Constant)	3.277	.958		3.422	.001	
Calls Charges	.175	.075	.165	2.341	.020	H <sub>1</sub> Supported
SMS Package	.428	.118	.445	3.635	.000	H <sub>2</sub> Supported
Internet Package	.124	.072	.120	1.725	.086	H <sub>3</sub> Not supported
Network Coverage & Quality	.193	.083	.202	2.338	.020	H <sub>4</sub> Supported

a. Dependent Variable: Customer Loyalty

## 6. DISCUSSION

In this research, the researchers have examined the influence of deception used in advertisement on loyalty customer in telecom sector of Pakistan. The study brought to fore the significance that consumers attach to different aspects within an advertisement, which goes on to influence them and ultimately their loyalty. Results of the study shows that customers are conscious about SMS packages, call charges and network coverage, so any misleading ad about SMS packages call charges and network coverage may probably lead to dissatisfaction and untimely results in switching the network. However, there are several other much stronger reasons because of which individuals are not switching to any other network and decide to stay with their current network. According to Khan and Rajput (2014), customers in telecom industry are nor too loyal neither too disloyal and switching rate is very low because every company is offering almost same packages to its customers and service quality is also the same.

When respondents were asked about what will make them to switch to another network, interestingly majority of respondent (64%) said when their family and friends switch to another network. This means that deception in advertisement is not affecting their loyalty. While 26% respondents said that they will switch to other networks if better packages like free unlimited text, free minutes and free data will be offered by any other company. Similarly, 5% respondents stated that if wider and better network coverage is offered by any other company then they will switch. However, only 4% of respondents said if they are not being offered same packages and call charges which are being advertised they will switch to other network. Similarly, when respondents were asked about reasons of choosing their current network, 68% of the respondents have chosen their network because their family members and friends, whereas, 13% of respondents have preferred to use the network because of better packages that have been offered by their service provider. While, 10% have selected the network because of better coverage and only 9% have selected because of attractive advertisements campaigns run by the company. This shows that advertisement is not effecting customer's decision either positively or negatively and other factors (family and friends) are influencing customer's decision more.

Advertising deception is a controversial matter, and almost every service provider in is engaged in misleading advertisements. When researcher asked if they are aware about the deception in advertisement their network providers using 79% respondents said they know about deception in ads, and 21% respondent were not aware about it. It indicates that overall customers are aware that they have been deceived but still they are using their network. Therefore, it can be suggested that deceptive advertisement is not the only factor affecting customer loyalty and making them to switch to other network.

### 6.2 Conclusion & Recommendations

In Pakistan the landscape for telecom industry has evolved as one the most progressive sectors where mobile phones have turn out to be a household useful feature, and teledensity is recorded as 19.75% (Jahanzeb *et al.*, 2011). The future of telecom sector in Pakistan is looking favorable as considerable percentage of individuals have sufficient amount of disposable income to accommodate telecom industry. This current situation has become a battlefield for telecom companies, where decision of government to deregulate this sector has opened doors for cellular service providers. Rapid developments and aggressive competition in telecom industry is having immense effect on how service providers should bring about strategies not only to attract but to satisfy and retain valued consumers. It is natural that satisfied customers become loyal and dissatisfied customers move to another service provider. That is why the businesses should consider different factors which affect the customer loyalty such as satisfaction, trustworthiness, image and importance of relationship. The loyalty of telecom service users is determined to some degree by its geographical coverage and ease with which calls can be

made in peak hours (John, 2011). Companies need to do more work to improve the quality of their network and they should be focusing on their overall marketing strategy in order to improve the trustworthiness among their customers. Company must ensure flawless charges and a network with uninterrupted service. Providing reliable services build trust and influence customers which results in repeat purchase. It is better to build the image of the company instead of spending money on stopping customers from switching the network (Hossain & Ullah, 2011). The advertising strategy should be based on the core values of the company and conveys to the customers through products. It can be an alarming situation for the network providers if they continue their deceptive advertisement as nowadays customer are becoming more aware about the actual charges and the charges displayed in ads.

It is widely acknowledged that almost every business use deception in their ads, this is because of the businesses are facing the high competition and they want to increase their market share and revenue (Hasan and Subhani, 2011). In order to achieve this target they use different methods to attract customers. The findings of this paper conclude that more or less every service provider in telecom industry is engaged in using deceptive advertisements but now many customers have become aware of such techniques used by service providers in their ads. So, deception doesn't affect them very much, but still some customers have the problem with these techniques. Telecom companies should not focus on making false or tricky claims to attract customers but they should focus on making the level of competitive services to maximize their revenue and market share (Hassan, Subhani, & Mateen, 2011). Service providers can increase their customer base and they can build customers trust towards their brand by true advertisements. Telecom service providers should look beyond price wars to keep their customers satisfied and loyal (John, 2011).

This research will provide help to prospective researchers regarding the tools used in this study to measure the consequences and impact of deceptive advertising on customer loyalty in telecom sectors. This study will also serve as benchmark for further studies while measuring the impact of advertisement on network users. Furthermore, this study may be helpful to improve public policies in order to protect customer's rights, and it may also be useful for regulators to develop better regulations so that consumers will have fewer chances to be deceived. This study will contribute to both theory and practice in the areas of deceptive advertising and its impacts on consumers' loyalty. It will also contribute to the literature on customer behavior by establishing relationships between the factors like customer loyalty and deceptive advertising.

Our respondents were from urban areas however, in reality individuals from rural areas with no education or less literacy can be the victim of deceptive ads because they cannot understand the advertiser's tricks. So the results would be different if this study is expanding to rural areas in future, therefore results cannot be generalized.

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