

## Customer Satisfaction and Loyalty: A Comparative Study in Mobile Telecommunication Industry

Akshaya Kumar Sahoo  
Research Scholar

Institute of Business and Computer Studies, Siksha 'O' Anusandhan University, Bhubaneswar Odisha, India.  
Contact: +91-9437963006; Mail: [akshaya\\_sahoo2004@yahoo.com](mailto:akshaya_sahoo2004@yahoo.com)

Dr. Uma Sankar Mishra  
Associate Professor

Institute of Business and Computer Studies, Siksha 'O' Anusandhan University, Bhubaneswar, Odisha, India.  
Contact: +91-9437035911; Mail: [uma\\_mishra\\_mba@yahoo.co.in](mailto:uma_mishra_mba@yahoo.co.in)

### Abstract:

This paper is a part of the doctoral research attempts to know the existence of significant difference between public and private telecom service providers concerning to customer satisfaction on customer loyalty and to know the degree of impact of customer satisfaction on customer loyalty as the two objectives and the data is collected through a structured questionnaire from 360 customers selected on stratified random basis from customers of both public sector and private sector mobile telecom service providers. The findings of the study is an useful information for both public sector and private sector mobile telecom service providers for the understanding of existing situation of the customer thought for their services. So this conclusion can get drawn here that the many of the other hidden components can be not revealed with this study effecting customer loyalty for the services of the service provider either the public or private. The further research might be able to find those components and would be revealing some other outcome.

**Key Words:** Telecom service provider, mobile, customer satisfaction, customer loyalty, public, private.

### I. Introduction

India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone), the first being it has one of the lowest call tariffs in the world enabled by the mega telephone networks and hyper-competition among them and also bigger turn over obtained from the users. It has the world's third-largest Internet user-base with over 137 million as of June 2012. Major sectors of the Indian telecommunication industry are telephony, internet and television broadcasting. The Study is done in the state of Odisha on two of the major players of the industry using a structured survey questionnaire, the sample size taken is 360. The two players taken for the study are public and private. Telephone Industry in the country which is in an ongoing process of transforming into next generation network, is backed up by modern network elements such as digital telephone exchanges, mobile switching centers, media gateways and signaling gateways at the core, interconnected by a wide variety of transmission systems using optical fiber or Microwave radio relay networks. The access network, which connects the subscriber to the core, is highly diversified with different copper-pair, optic-fiber and wireless technologies. DTH, a relatively new broadcasting technology has attained significant popularity in the Television segment. The introduction of private FM has given a fillip to the radio broadcasting in India. Telecommunication in India has greatly been supported by the INSAT system of the country, one of the largest domestic satellite systems in the world. India possesses a diversified communications system, which links all parts of the country by telephone, Internet, radio, television and satellite.

Indian telecom industry underwent a high pace of market liberalization and growth since 1990s and now has become the world's most competitive and one of the fastest growing telecom markets. The Industry has grown over twenty times in just ten years, from under 37 million subscribers in the year 2001 to over 846 million subscribers in the year 2011. India has the world's second-largest mobile phone user base with over 929.37 million users as of May 2012. It has the world's third-largest Internet user-base with over 137 million as of June 2012. The total revenue of the Indian telecom sector grew by 7% to 283,207 crore (US\$51.54 billion) for 2010–11 financial year, while revenues from telecom equipment segment stood at 117,039 crore (US\$21.3 billion). Telecommunication has supported the socioeconomic development of India and has played a significant role to narrow down the rural-urban digital divide to some extent. It also has helped to increase the transparency of governance with the introduction of e-governance in India. The government has pragmatically used modern

telecommunication facilities to deliver mass education programmes for the rural folk of India. In the beginning a short distance (~50 km) communication system of microwave tower was set up. The history of Indian telecom can be started with the introduction of telegraph. The Indian postal and telecom sectors are one of the world's oldest. In 1850, the first experimental electric telegraph line was started between Calcutta and Diamond Harbour. In 1851, it was opened for the use of the British East India Company. The Posts and Telegraphs department occupied a small corner of the Public Works Department, at that time. Subsequently, the construction of 4,000 miles (6,400 km) of telegraph lines connecting Kolkata (then Calcutta) and Peshawar in the north along with Agra, Mumbai (then Bombay) through Sindwa Ghats, and Chennai (then Madras) in the south, as well as Ootacamund and Bangalore was started in November 1853. William O'Shaughnessy, who pioneered the telegraph and telephone in India, belonged to the Public Works Department, and worked towards the development of telecom throughout this period. A separate department was opened in 1854 when telegraph facilities were opened to the public. The telecom industry is growing but it is very essential for the govt. undertaking public to compete with the private player with all its efficiency.

## II. Literature Review

The Govt. did not accommodate any private player to handle Telegraph and Telephone sector until the Eighties. In 1881, the Government later reversed its earlier decision and a licence was granted to the Oriental Telephone Company Limited of England for opening telephone exchanges at Calcutta, Bombay, Madras and Ahmedabad and the first formal telephone service was established in the country. On 28 January 1882, Major E. Baring, Member of the Governor General of India's Council declared open the Telephone Exchanges in Calcutta, Bombay and Madras. The exchange in Calcutta named the "Central Exchange" had a total of 93 subscribers in its early stage. Later that year, Bombay also witnessed the opening of a telephone exchange. Through a Survey research conducted in Nigeria Telecom Industry, it has been revealed that customer service has positive impact on service quality perception and customer satisfaction (Ojo Olu, 2010). It is also clear from this survey that there exists significant relationship between customer satisfaction and service quality which ultimately helps customer's loyalty and retention.

There was an intense study on Malaysian Telecommunications Industry and the empirical findings clearly indicates that there is a concrete and cohesive relationship between price, quality and customers satisfaction (Ismali: Hishamudi et al. 2004). This piece of research work is a different one as the research has not conducted on basic telephony or mobile telephony. Rather, the research study is on the behavioral aspect of digital leased line service customers. It is inferred as the service quality is the most important determinant of value followed by degree of satisfaction or dissatisfaction experienced by the esteemed customers. Study on Telecommunication sector of Pakistan says that customers retention is critical for strategies in dynamic world of telecommunication sector and improved service quality creates brand loyalty and this brand loyalty retains customer (Nawaz Noor – UL – Ain et al. 2011). Telecommunication sector in Pakistan is an offshoot of Indian system followed from the British Regime in respect of land line services. An intense study on the key factor which influence customer churn in the wireless telecommunication industry made with reference to Canadian situation and it resulted that the role of rate plan suitability plays a major role for customer retention. (Wong Ken Kwong – Kay 2011). When there is an analysis on performance of a Service Sector, more specifically telecommunication Service Sector, it is necessary to verify how many satisfied customers are turned into loyal customers (Khokhar Shahid Zaman et al. 2011).

Customer Satisfaction and factors affecting it is one of the most important area of thrust for marketing of any brand in the world (Hanif Muzammil et al. 2010). On the other hand, as customer Satisfaction is the core concern of any organization, they try their best to satisfy the customers using different means. The important factor affecting consumers' switching intention is cost effectiveness in a socio-economic condition of developing countries (Saled Ayesha et al. 2011). CICs (Commercially Important Customers) are to be retained first rather to go for new customers acquisition in a saturated telecommunication market and pricing is a sensitive area to be focused for retaining the customers (Portela Sofia et al. 2010). A firm will find more loyal customers with the improvement of customer satisfaction and more customers will be attracted towards the services of that firm (Khan Inamullah 2012). The higher positive level of WOM (Word of Mouth) indicates the higher level of satisfaction among the telecommunication customers and eventually the lowered level of negative WOM also indicates the higher degree of customer satisfaction (Ranaweera Chatura (2007). A behavioral science researcher studied the effect of service quality and its impact on Customer satisfaction w.r.t. the services of Vodafone at Ghana and the study inferred that the competent staff of a telecommunication company is a critical aspect for customers in judging the quality of telecommunication services. (Agyapong Gloria K.Q. 2011). The researcher has embarked upon implementing the theories of "Tangibles" i.e. physically facilities, equipment, personnel etc.

“Reliability” i.e. performance of promised service dependably and accurately, “Responsiveness” i.e. help customers to provide prompt service, and “Courtesy” i.e. politeness, respect, consideration and friendliness towards contact persons. A group of researchers of university of the Punjab, Pakistan found after an intense and empirical study that service quality is the basic parameter for retaining customer and their repurchase activity (Ahmed Ishfaq et al. 2010). Service quality, Customer satisfaction and corporate image play a significant influence on customer’s perception in selecting mobile telecommunication service provider. (Rohman Mohammed Sabir 2012). A research work conducted in Pakistan telecom industry and it has been found that a company can Service in the field of telecommunication by dint of its quality of Service as now-a-days communication customers’ expectation on quality of service is high and they can compromise every factor for it (Ibrahim Maha Syed 2011).

In view of the above mentioned facts, an analysis of customer satisfaction and customer loyalty may sound interesting at this juncture. Such an analysis will provide both public sector and private sector mobile telecom service providers a quantitative estimate of their services being perceived with intricate details such as whether banks are meeting, exceeding or are below the perceptions of their respective customers. The present paper, therefore, attempts to achieve the following objectives:

- To know the existence of significant difference between public and private telecom service providers concerning to customer satisfaction on customer loyalty.
- To know the degree of impact of customer satisfaction on customer loyalty.

### **III. Study Design and Methodology**

The data for the study were collected through a structured questionnaire from 360 customers selected on stratified random basis. Initially 800 samples were planned covering 300 customers of both public sector and private sector mobile telecom service providers. Because of the being only player in public sector mobile telecommunication service provider and unwillingness of the customers to provide data, time and budgetary constraints restricted the sample size to 360. A questionnaire for customer survey is designed keeping the broad parameters in mind, which was pretested before finalization. The questionnaire containing all the 9 numbers of statements of instrument for customer survey is administered keeping the broad parameters in mind where 4 items are related to customer satisfaction and 5 items are related to customer loyalty. The data regarding perceptions and expectations of customers were collected in a 7 – point interval scales, where 1 stands for strongly agree and 7 stands for strongly disagree. All the data were collected from user of mobile telecommunication users through personal contact approach.

### **IV. Data Analysis and Interpretation**

The demographic profile taken for study is shown below using tables with the components GENDER, AGE, OCCUPATION, MONTHLY FAMILY INCOME, QUALIFICATION and STAYING with the table number Table1. Table1 is constituted with the options given in the standard questionnaire used for study and in total has taken 360 respondents for study. The frequencies and percents are also shown for the clarity of the sample taken. The table number Table2 is One Way ANOVA with BSNL is used by SPSS to get the significance value on different parameters of customer satisfaction and customer loyalty. The first four components are the components of customer satisfaction with the significance values are SCQ1CS1 (.151)- OVERALL SERVICE QUALITY OFFERED, SCQ1CS2 (.483)- SATISFIED WITH THE PROFESSIONAL COMPETENCE, SCQ1CS3 (.061)- PERFORMANCE OF THE FRONTLINE EMPLOYEES and SCQ1CS4 (.850)- COMFORTABLE ABOUT THE RELATIONSHIP related to the level of satisfaction customer (respondent) and the last five components are the components of customer loyalty with the significance values are SCQ1CL1 (.002)- INTEND TO CONTINUE USING MOBILE SERVICES, SCQ1CL2 (.000)- ANOTHER SERVICE PROVIDER’S PRICE IS LOWER, SCQ1CL3 (.000)- ENCOURAGE FRIENDS AND RELATIVES, SCQ1CL4 (.002)- WILLING TO SAY POSITIVE THINGS, SCQ1CL5 (.345)- NETWORK SERVICE CLEARLY IS ABLE TO PROVIDE related to the level of loyalty customers (respondent) show with public sector mobile telecommunication service provider on private sector mobile telecommunication service provide.

### Demographic Profile of Respondents

**Table1**

	Parameters	Frequency	Percent	Chi Square
GENDER	Female	94	26.1	.279
	Male	266	73.9	
AGE	BELOW 20 YEARS	12	3.3	.027
	20 – 29	98	27.2	
	30-39	109	30.3	
	40 – 49	95	26.4	
	50 AND ABOVE	46	12.8	
OCCUPATION	GOVT. SERVANT	75	20.8	.079
	SERVICE IN PRIVATE SECTOR	121	33.6	
	STUDENT	23	6.4	
	BUSINESSMAN/WOMAN	47	13.1	
	HOUSE WIFE	41	11.4	
	OTHER	53	14.7	
MONTHLY FAMILY INCOME	BELOW RS.10, 000	60	16.7	.000
	RS.10, 001 TO RS.25, 000	115	31.9	
	RS.25, 001 TO RS.50, 000	129	35.8	
	ABOVE RS.50, 000	56	15.6	
QUALIFICATION	MATRICULATE	61	16.9	.003
	INTERMEDIATE	38	10.6	
	DIPLOMA	10	2.8	
	GRADUATE	138	38.3	
	POST-GRADUATE	81	22.5	
	PROFESSIONAL COURSE	32	8.9	
STAYING	RURAL AREA	49	13.6	.370
	SEMI-URBAN AREA	73	20.3	
	URBAN AREA	238	66.1	

### One Way ANOVA

**Table2**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
SCQ1CS1	Between Groups	2.336	1	2.336	2.066	.151
	Within Groups	404.720	358	1.131		
	Total	407.056	359			
SCQ1CS2	Between Groups	.682	1	.682	.494	.483
	Within Groups	494.607	358	1.382		
	Total	495.289	359			
SCQ1CS3	Between Groups	8.002	1	8.002	3.527	.061
	Within Groups	812.262	358	2.269		
	Total	820.264	359			
SCQ1CS4	Between Groups	.074	1	.074	.036	.850
	Within Groups	745.123	358	2.081		
	Total	745.197	359			
SCQ1CL1	Between Groups	14.933	1	14.933	9.505	.002
	Within Groups	562.442	358	1.571		
	Total	577.375	359			
SCQ1CL2	Between Groups	54.656	1	54.656	19.719	.000
	Within Groups	989.505	357	2.772		
	Total	1044.162	358			
SCQ1CL3	Between Groups	29.370	1	29.370	13.722	.000
	Within Groups	766.230	358	2.140		
	Total	795.600	359			
SCQ1CL4	Between Groups	16.248	1	16.248	9.430	.002
	Within Groups	616.852	358	1.723		
	Total	633.100	359			
SCQ1CL5	Between Groups	1.831	1	1.831	.895	.345
	Within Groups	731.944	358	2.045		
	Total	733.775	359			

**Table3**

Model	R	R Square	Adjusted R Square
1	.598	.358	.356

#### V. Findings and Managerial Implications

The study done and interpretation of data from the Table1 explains about the value of frequency and percentage of demographic parameters as well the chi square values. The interpretation of Table2 is the most useful and gives the clarity of research to reach the first objective of the research that the level of customer satisfaction given by public sector and private sector mobile telecom service providers significantly different. Though, on the four parameters the loyalty of the customer with public sector and private sector mobile telecom service providers do not significantly vary. Only the last component “SCQ1CL5 (.345) - NETWORK SERVICE CLEARLY IS ABLE TO PROVIDE” says it is significantly different with public sector and private sector mobile telecom service providers. The Table3 based on regression analysis gives the .356 adjusted R square value shows that the degree of impact of customer satisfaction on customer loyalty is only .365, which is not very high, fulfills the second objective of study. The findings of the study is an useful information for both public sector and private sector mobile telecom service providers for the understanding of existing situation of the customer thought for their services.

#### VI. Conclusion

Customer satisfaction with the services provided by the both public sector and private sector mobile telecom service providers leads to customer loyalty as the basic phenomena. Though the outcome reveals it is not really since there is variation in customer satisfaction with the services then also almost respondents are loyal with the service provider. So this conclusion can get drawn here that the many of the other hidden components can be not

revealed with this study effecting customer loyalty for the services of the service provider either the public or private. The further research might be able to find those components and would be revealing some other outcome.

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