Relationship between Customer Satisfaction and Customer Loyalty on Mobile Network Users

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Abstract

The study investigated the relationship between customer satisfaction and customer loyalty on mobile network users in Ghana. Convience sampling was used to select the sample of four and sixty-three from the target population of mobile users between the ages eighteen to sixty. Package for the Social Science's (SPSS) Descriptive Statistics and Correlations Analysis were done base on the main variables in the study. The result shows that all of the three (3) constructs (service charge, service quality and perceived value) reveal negative significant statistical relationship with customer loyalty. The study recommended that customer satisfaction alone do not guarantee customer loyalty. It is the combination of several factors and elements that work together. 'Moreover being satisfied at the moment is no guarantee of an ongoing relationship.
Keywords: Relationship; Service quality; Service charge; perceived value; Competitors

Introduction

The importance of customers has been highlighted by many researchers and academician. Bamfo (2009) quoted Clegg (2000) as saying; "however good products, however strong the brand, customer satisfaction is the only way to have a competitive edge and to keep customers coming back all the time". Customers are aware of what constitute satisfaction and therefore organisations cannot take them for granted (Bamfo 2009).It has been proven by an author that "an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty" (Wicks & Roethlein, 2009, p.83).

For this reason every company works hard daily to win the hearts of customers by satisfying them in order that they become loyal customers to their brands in order to increase sales and profit. When customers have good perceptions about a brand, they will always choose to go for the brand, because consumers form their preferences relative to perceptions and attitudes about the brands competing in their minds. (Larreche, 1998, p. 152).

Theodore Levitt, also supported this view by explaining that by a correlation with human beings - all humans needs to eat for survival, but eating is not a purpose. In addition, making money does not provide a lawful rationale for society to support the money making firm. Society supports an enterprise because the satisfaction of its customers is their primary concern. In other words, the satisfaction of customers takes superiority over profit making.

In response to these sentiments articulated by the management experts, many companies are drifting towards a customer culture; a culture that incorporates customer satisfaction as a vital part of the corporate mission and utilizes an understanding of customer behaviour as inputs to all of its marketing plans and decisions. Related to this is the idea of internal marketing, marketing by a firm that trains and effectively motivates its employees to work as a team to provide customer satisfaction. It must, however, be emphasized that some companies are just paying lip service to this concept. In other words, some companies use this concept more in words than in deeds.

Objective of the study

The purpose of this study is to examine the relationship between customer satisfaction and customer loyalty**.** The specific research objectives of the study are;
To evaluate the relationship between Service quality and customer loyalty
To investigate the relationship between Service charge and customer loyalty
To access the relationship between Perceived value and customer loyalty

Research Hypotheses

H1: There is a significant positive relationship between service quality and customer loyalty
H2: There is a significant positive relationship between service charge and customer loyalty
H3: There is a significant positive association between Percieved value and customer loyalty

Theoretical background and hypotheses development

For many years customer satisfaction has been a major goal of business organizations, since it has been deemed to affect customer retention and companies' market share (Hansemark and Albinsson, 2004). Traditionally, satisfied customers have been thought of as less price sensitive, less influenced by competitors, buying additional

products and/or services and staying loyal longer (Zineldin, 2000). Yet, in 1991 the Xerox Corporation made a surprising – and disquieting – discovery. It was found that ''satisfied'' customers were not behaving the way they were expected; they were not coming back to Xerox to repurchase (McCarthy, 1997).

Service quality
Service quality, from the clients' or the customers' point of view, appears as a multidimensional concept (Parasuraman et. al, 1991; Cronin and Taylor, 1992; McDougall and Levesque, 2000; Sureshchandar et al., 2002; Kang and James, 2004; Hakis et. al., 2000; Bigne et.al, 2003).The gap between customers' expectation and real performance of a service is termed as service quality (Parasuraman et al., 1985; 1988).

The improvement of service quality, perceived value, and satisfaction ensure customer loyalty (Kuo et al., 2009; Lai et al., 2009; Wu and Liang, 2009). Gronroos (2000) refers to three dimensions of output technical quality, service performance quality, and organization's mental picture. Also, Lehtinen and Lehtinen (cited in Harrison, 2000) have referred to dimensions of physical quality, interactive quality, and organizational quality as three dimensions of service quality

Service charge
 Service charge is termed as the amount of payment requested by the seller of services. Service charge as well as price is determined by several factors such as willingness of the buyer to pay, willingness to accept, costs, markup, legal environment, intensity of competition price substitute products, etc(Rahim M, Osman M,& Ramayah2010). Price fluctuations in many service industries results in price-performance and the level of price-performance stability moderates the relationship between performance potential and successive performance and satisfaction judgments (Voss et al., 1998).

The perceived price fairness related to different level intangible services has direct or indirect effect on customer loyalty in case of banks, auto repair and maintenance shops, and (gasoline) filling stations (Lien and YuChing, 2006).

Perceived value
Perceived value is customers' psychological assessment regarding the product and service about the utility of that product or service comparing with expectation (Rahim M, Osman M,& Ramayah2010). Recently value perceptions have been focused by marketing researchers and managers to explain customer satisfaction and loyalty (Lin and Wang, 2006). To assess value perception customers consider perceived benefits relative to sacrifice (Lee et al., 2007). Except monetary sacrifice perceived value assessment includes social psychological perspective and non monetary costs such as search cost, transaction cost, negotiation cost, and consumption of time (Kuo et al., 2009; Chen and Tsai, 2008).

Customer loyalty
 Oliver (1997), defined loyalty as a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, which causes repetitive same-brand or same brand set purchasing, despite any situational influences and marketing efforts that might cause switching behavior. Customer loyalty has been defined as a construct that measures the probability that the customer will return and is ready to perform partnering activities such as referrals (Cater and Cater, 2009).

 Fig 1 Conceptual frame work
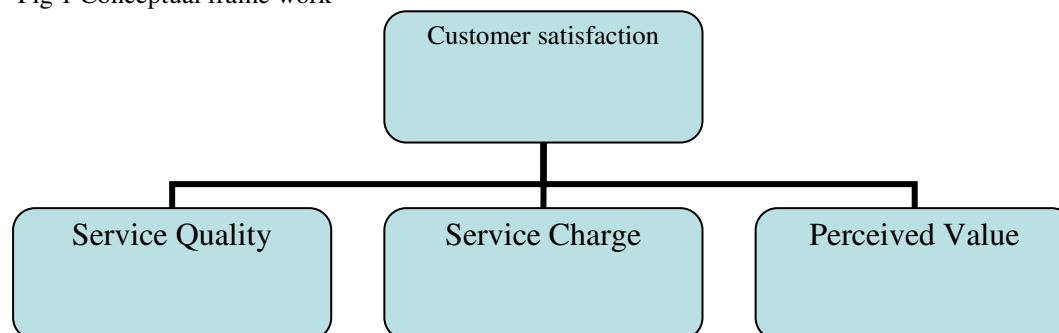
Source ;(self) the determinants of customer satisfaction.

METHODOLOGY
A quantitative design using the survey method was used in the empirical segment of the study (Terre Blanche, Durrheim & Painter 2006). In quantitative research, data are quantified to apply statistical techniques in order to gain meaningful insights into relationships (Hair, Bush & Ortinau 2000). The survey method was selected

because it easily facilitates the collection of data from large groups of respondents, is inclusive in the number of variables that can be studied, requires minimum investment to develop and administer and is relatively easy for making generalizations (Zikmund et al.2009).

Participants
The target population comprised users of various network service providers. Since there was no sample frame available for the study, convenience sampling was used in order to identify suitable respondents. 463 out of the 750 individuals who were requested to participate in the study returned the questionnaires. Respondents were recruited from Tema, Accra and A&C shopping mall in the Greater Accra Region of Ghana.

Data collection
Data were collected through the use of a structured questionnaire. The questionnaire was divided into five sections. Section A elicited general and biographical information about respondents. Section B elicited information on respondents' service quality. The questions in Section B were adapted from previous studies conducted by (Rahim M, Osman M,& Ramayah2010). Section C (Rahim M, Osman M,& Ramayah2010) sought information on respondents' service charge. The questions in Section D (Rahim M, Osman M,& Ramayah2010) elicited information on perceived value and Section E sought information on consumer loyalty.

Likert scales anchored by strongly disagree (1) and strongly agree (5) were used in the questionnaire. After its construction, the questionnaire was pre-tested in Kumasi, Ghana with a conveniently selected sample of 50 respondents to eliminate problems as well as to determine the time for the completion of the questionnaire (Presser et al. 2004). Thereafter, the questionnaire was administered on three consecutive holidays, Farmers day, Christmas day and Boxing Day all in the month of December 2013. Holidays were selected as they are the busiest shopping days in Ghana.

Correlation analysis
It is a statistical technique that can achieve the best linear prediction equation between independent variables and dependent variables (Aldlaigan & Buttle 2002).

Pearson's correlation analysis was undertaken in order to examine the relationship more closely and to examine the effects of the independent variables on the dependent variable.

FINDINGS
Following the guidelines indicated in the research methodology section, we collected data in 2013.
Table 1; Demographic information
Demographic information

Variables	Frequency	Percentage
Gender		
Female	241	52.0
Male	222	48.0
Total	463	100.0
Mobile Networks		
MTN	305	66.0
Vodafone	56	12.0
Airtel	46	10.0
Glo	19	4.0
Expresso	9	2.0
Tigo	28	6.0
No. of years on network		
0-2	380	82
3-5	46	10
6 and above	37	8

Survey results, 2013
In the demographic analysis in the table 1 shows 48.0% are males remaining 52.0% are females. In the case of mobile network used by respondents 66.0,% are on MTN, 12.0% are on Vodafone, 10.0% are on Airtel, 6.0% on Tigo, 4. 0% on Glo and 2.0. %on Expresso network. Regard to the number of years on the network by respondents,8.0% of the respondents have stay with their network for 6years and above, 10.0% of them have been on their networks for be for 3-7years and 82.% have stay with their network for 0-2 years

Reliability and validity

Table 2; Reliability and validity

Dimension	No of items	Cranach's alpha
Service quality(SQ)	14	0,756
Service charge(SC)	16	0,745
Perceived value (PV)	11	0,732
Customer loyalty(CL)	16	0.784

The internal consistency of the sub-scales (service quality, service charge, and perceived value) is reported in Table 2. Cronbach's alpha values for the individual sub-scales ranged from 0.732 to 0.784, which were all above the acceptable benchmark levels of 0.70 (Malhotra 2011a). Content validity is the representativeness of the content of the measurement instrument (Malhotra 2011b).

Testing of Research hypotheses

Correlation analysis

Table 4 Correlation analysis

	SQ	SC	PV	CS
SQ	1	.153(**).001	.129(**).002	-.200(**).006
SC	.153(**).001	1	.003(.938)	-.240(**).032
PV	.129(**).002	.003(.938)	1	-.256(**).014
CS	-.200(**).006	-.240(**).032	-.256(**).014.	1

** Correlation is significant at the 0.01 level (1-tailed).

Source field work 2013

FINDINGS

Relationship between service quality and customer loyalty

The correlation analysis of service quality and customer loyalty scores yielded a coefficient of 0..200. Since -0.200 is below 0, this indicates service quality and customer loyalty are negatively correlated. Since the significance level is (0.01) and correlation is significant with the two variables inversely related this hypothesis is rejected

Relationship between service charge and customer loyalty

The correlation analysis of service charge and customer loyalty scores yielded a coefficient of 0.240. Since 0.240 is below 0, this indicates service quality and customer loyalty are negatively correlated. Since the significance level is (0.01) and correlation is significant with the two variables inversely related this hypothesis is rejected

Relationship between Perceived value and customer loyalty

The correlation analysis of service charge and customer loyalty scores yielded a coefficient of 0.256. Since 0.256 is below 0, this indicates service quality and customer loyalty are negatively correlated. Since the significance level is (0.01) and correlation is significant with the two variables inversely related this hypothesis is rejected

DISCUSSION

This study examined the relationship between customer satisfaction and customer loyalty among users of mobile networks in Tema. From the investigation of the research study, the results obtained indicated that all of the three hypotheses formulated in the course of the research t were rejected. This result is compatible with the results of the investigation of Davise et al. (2007), Kotler and Armstrong (2010), and Jones and Sasser (1995). Henning-Thurau and Klee (1997), in which a weak/unimportant relationship between satisfaction and repeated buying behavior (loyalty) was been observed

According to (Kotler, 2003), customer satisfaction and customer loyalty has no direct relationship between them. Meaning the relationship is not proportional. Customer satisfaction is generally not directly linked with customer loyalty and this is supported by Oechsli and Matt (2000). In their view, the fact that a customer is satisfied with the services of a business does not guarantee his or her loyalty.. 'Moreover being satisfied at the moment is no guarantee of an ongoing relationship'. In a research study by Hokanson (1995) he also mentioned that the fact that a customer is very satisfied does not necessarily mean a loyal customer.

However Winstanley and Martha (1997), they have a different view about the relationship between customer satisfaction and loyalty. In their view they perceive a direct relationship between satisfaction and loyalty, in which they claim that when customers are satisfied with a service provider, they then tend to concentrate more on doing business with them.). It was argued by Auh and Johnson (2005) that there are strong relationships between satisfaction and loyalty. According to Shankar, Smith and Rangaswamy (2003) they

provided evidence that there is positively relationship between satisfaction and loyalty. In researches by Kim, Jeong, Park, Park, Kim, and Kim (2007) they also stated that customer satisfaction has an impact on customer loyalty.

As Vesel and Zabkar (2009) also provided evidence that customer satisfaction is one of the significant determinants of customer loyalty.

Clarke (2001) also has put forward the argument that, 'a business that focuses exclusively on customer satisfaction runs the risk of becoming an undifferentiated brand whose customers believe only that it meets the minimum performance criteria for the category'.

According to (Fornell, 1992; Reichheld, 1996), mentioned that in a way it prevents customer churn and consolidates retention, thereby constituting an important cause of customer loyalty. Additionally, while it is affected by market structure, customer type and customers' individual ways of solving problems, the relationship between customer satisfaction and customer loyalty is not always a linear relation, even though it constitutes a positive relationship (Fornell, 1992; Soderlund, 1998). Also, when customers switch between service providers, they perceive it to be a burden of risks which as switching barriers that influence their loyalty. From Smith and Chang (2009) they examined that customer retention has no impact on customer loyalty.

On the contrary Numerous studies done showed that there is positive relationship between customer satisfaction and customer retention; customer satisfaction has a direct effect on customer retention (Rust and Subramaman, 1992), (Anderson and Sullivan, 1993) (Ovenden, 1995); also (Desai and Mahajan,) (Eriksson and Vaghult, 2000. Also according to Rust and Zahorik (1993) there is a significant relationship between retention and loyalty. Gerpott, Rams and Schindler (2001) examine the relation between.

CONCLUSION

In conclusion, customer loyalty is as a result of a complex integration and interrelate variables. Some of these variables are internal while others are external. Been satisfy alone is not enough to keep a customer. This means that the fact that a customer is satisfied with the services of a business does not guarantee his or her loyalty. 'Moreover being satisfied at the moment is no guarantee of an ongoing relationship

RECCOMENDATIONS

This result has managerial implications. In order to operate successfully as network provider, marketing managers should emphasize the quality and charge fairness. It takes a lot integrated activities to complex to make customers satisfied and maintenance of satisfaction and that require investment of tangible and intangible resources. The effect of quality, and fairness of service charge, makes customers happy and satisfied. Managers should have planning to ensure service quality, competitive service charges at all times.

Also future recommended in conducting studies on customer loyalty an examination is done or carried on the demographic, characteristics of customers, their life cycles, and their usage pattern of mobile telecommunication services.

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