Chapter-II
Review of Literature

2.1 Review of Literature

This chapter describes literature review and its assessment of the supporting the research objectives. It elaborates the search devoted to service quality and customer satisfaction as a major factor in the mobile telecommunication sector in India. The objects of this chapter are to focuses on various aspects of customer satisfaction, service quality and their interrelationship. In initial discussions, the chapter deals with the history and development of the concept of customer satisfaction, perceived value, perceived price, customer loyalty and relationship marketing. It also highlights relationship of various attributes on customer satisfaction. Further it describes about ultimate goals of any institution to survive i.e. customer retention, loyalty and profit. Lastly, conclusions to this chapter are drawn. Literature associated to following interest areas will be discussed in length in this chapter.

- Customer Satisfaction
- Expectation Disconfirmation Theory on Customer Satisfaction
- Behavioral Intention and its relationship with Customer Satisfaction
- Perceived Value and its relationship with Customer Satisfaction
- Service Quality and its relationship with Customer Satisfaction
- Relationship Marketing and its relationship with Customer Satisfaction
2.2 Customer Satisfaction

The most of the interpretations obtained from various authors reflect the theory that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected including the purchase decision itself and the needs and wants linked with the purchase (Armstrong, Adam, Denize, & Kotler, 2014). (V. Zeithaml, n.d.) stated that satisfaction is the customers’ evaluation of a product or service in terms of whether that product or service has met their needs and expectations. As per (Van Der Wiele, Boselie, & Hesselink, 2002) satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party’s working relationship with another. The definition provided by (Van Der Wiele et al., 2002) has been used for this study. All the above discussions indicate the importance of identifying customer satisfaction (Gulledge, 1996) (Metawa & Almossawi, 1998). However, this is not an easy task because customers’ expectations are hard to measure and firms come to know only after the product has already been delivered. (BAMFO, 2009) (Jahanzeb, Fatima, & Khan, 2011) examined customer loyalty in the telecom industry in Pakistan and found that
customer loyalty is formed mainly by: service quality, trust, staff loyalty, and switching cost. The results of this study are in line partially, with a study by (Boohene & Agyapong, 2011) of 460 clients of Vodafone Telecom Company in Ghana. This study accomplished that satisfaction does not necessarily lead to loyalty, while service quality was found to be strongly and positively associated with loyalty. However, it can be recognized from the findings of this study that customer satisfaction is already developed into service quality. Customers perceive service quality positively if they are satisfied with the service provider (operator) and with the services delivered to them. The importance of service quality in the choice decision for a telecom operator was also emphasized by (Rahman, Haque, & Ahmad, 2011) who completed a study of 400 mobile telecom customers from major cities in Malaysia. This study revealed that network quality is one of the most significant factors in largely service quality. Besides service quality, the study found that price plays a major role in the choice criteria for mobile telephone operators in Malaysia. It was concluded that in order to retain customers and attract new customers, service providers should provide “service with reasonable quality without any secreted price, the two most significant determinants of consumer satisfaction (Kotler & Keller, 2006) view customer satisfaction as a person’s feelings of pleasure or displeasure resulting from comparing product’s perceived performance in relation to his or her expectation. In a similar type of definition,(Juran,1991) proposed that customer satisfaction is the result achieved when a service or product features react to customers need and when the company meets or exceeds customer’s expectation over the lifetime of a service or product or. Customer satisfaction is described by(Bolton & Drew, 1991a) as a judgment made on the basis of a definite service encounter. (Oliver,
viewed satisfaction as a touching reaction which influences attitude. In a university framework, (Elliott & Shin, 2002:198) found that student satisfaction was a “short-term attitude resulting from an evaluation of the student’s educational experience or as a student’s subjective evaluation of the various outcomes and experiences with education and campus life”. Most definitions support the view of consumer satisfaction as a answer to an appraisal process, however (Giese & Cote, 2000) established that there is a important theme of consumer satisfaction as a summary concept (a fulfilment response (Oliver, Rust, & Varki, 1997) affective response (Haistead, Hartman, & Schmidt, 1994) overall evaluation (Fornell, 1992) psychological state (Howard & Sheth, 1969). In this research, customer satisfaction is defined as the results achieved when service or product features respond to customers need.

(Brown, Malveau, & Mowbray, 1998) argue that there is a association between satisfaction and profitability and that customer satisfaction evolution should comprise of an understanding of the gap between customer expectations and performance perceptions. Customer satisfaction discussions reveal the existence of a major relationship between service quality and customer satisfaction in higher education (Marzo Navarro, Pedraja Iglesias, & Rivera Torres, 2005). In between the two (Wang & Shieh, 2006) described that customer satisfaction was the level of service quality performance that met user’s expectation.
2.2.1 Expectation Disconfirmation Theory on Customer Satisfaction

The theoretical model is based on the social psychology and organizational behaviour. (Olshavsky & Miller, 1972) published an article about “Customer expectations, product performance and perceived product quality " Later (R. E. Anderson, 1973) published one more article "customer dissatisfied: disconfirmation expectations and perceived quality effect ". These two studies make up the basis of this model.

The four major constructs in the model are: expectations, performance, disconfirmation, and satisfaction. Expectations shows anticipated behaviour (Churchill Jr & Surprenant, 1982). They are logical, representing expected product attributes at some point in the future (Spreng & Mackoy, 1996). Prior to customer purchases, customer develops expectations from the product outcome or performance; subsequent to purchase by customer, he judged the actual product performance. Then customer measures the gap between expectation and actual performance, this defined as “disconfirmation”. Disconfirmation is hypothesized to affect satisfaction, with positive disconfirmation accountable for satisfaction and negative disconfirmation accountable for dissatisfaction. If a product performs ahead of expectations (positive disconfirmation), it’s result will be post-purchase satisfaction. If a product fails on expectations (negative disconfirmation) the customer is likely to be displeased(Oliver, 1980) (Spreng & Mackoy, 1996). The expectancy disconfirmation model of customer is shown in Figure 2.1:
Figure 2.1  The Expectancy Disconfirmation Model of Customer Satisfaction

The Empirical Support for Six Linkages has been summarized in given Table 2.1
### Table 2.1  Summary of the Empirical Support for Six Linkages

From (Oliver et al., 1997) (Churchill Jr & Surprenant, 1982)

<table>
<thead>
<tr>
<th>Constructs (Variables)</th>
<th>Literature</th>
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</thead>
<tbody>
<tr>
<td>Expectations – Disconfirmation Linkage</td>
<td>(Churchill Jr &amp; Surprenant, 1982)</td>
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#### 2.2.2 The Relationship between Customer Satisfaction and Behavioural Intention

Customer satisfaction has been taken as a basic element of long-term consumer behaviour (Oliver, 1980). The relationship between customer satisfaction and behavioural intentions has been acknowledged (Bearden & Teel, 1983). It has been anticipated that
customers satisfaction of service value influences purchase intentions and behaviour intentions (Bolton & Drew, 1991a), these behavioural intentions may be either positive, for example loyalty intention, customer retention, and word of mouth, or negative, for example switching intention or customer rejection.

2.2.3 Perceived Value

A variety of studies have defined perceived value. It is defined as the result of the individual comparison between perceived overall benefits and the perceived costs paid by the customer (V. A. Zeithaml, 1988). Perceived value is the consequences or benefits customers receive in relation to whole costs (which include the price paid plus other costs associated with the purchase). In straightforward language, value is the gap between perceived benefits and costs. Though, what constitutes value seems to be highly personal, and may vary widely customer to customer (Holbrook, 1994) (V. A. Zeithaml, 1988). Only the customer rather than a operator can evaluate a perceived value of a product/service and the idea of customer perceived value is very subjective and personal (Ananthranthan Parasuraman, Zeithaml, & Berry, 1985). (Sweeney & Soutar, 2001) proposed the PERVAL dimensions including “functional dimension”, “emotional dimension” and “social dimension”. Functional dimension discloses the rational and economic evolutions made by individual. Emotional dimension represents the internal emotions or feelings exhibit by the service. Social dimension shows the social impact of the purchase made by customer.

2.2.4 Perceived Price

Price is differentiated between objective price (the real price of a product) and perceived price (the price as determined by the consumer) (Jacoby & Olson, 1977). This difference indicates that the objective monetary price is often not the price determined by the
consumer. (V. A. Zeithaml, 1988) also explained the components of price: objective price, perceived nonmonetary price, and sacrifice. Few researches expose that consumers do not always remember the objective prices of products, but they do evaluates prices in ways that are significant to them (V. A. Zeithaml, 1982, 1983, 1988). Perceived price can be defined as “the customer’s conclusion about a service’s average price in comparison to its competitors” (Chen, Gupta, & Rom, 1994). Perceived price targets on customers interest as to whether they are being charged over or near about the same as charged by (V. A. Zeithaml, 1988) argue that consumer perception of value is very much related to the perception of price, and that the measurement of perceived value includes price perception. The National Council of the Green Consumers Network (NCGC 2012) in Korea exposed that many mobile phone subscribers were dissatisfied with the different types of service charges. (Ryu & Han, 2010) establish that the perceived price has a imperative effect on the relationship between quality and customer satisfaction in the quick-casual restaurant industry. That is, customers’ perception of a reasonable price enhances the effect of service quality on customer satisfaction.

### 2.2.4.1 The Relationship between Perceived Value and Customer Satisfaction

There are numerous researches in the service marketing field carried out. In line with (Andreassen & Lindestad, 1998), customer perceived value was positively associated with customer satisfaction in the service sector. (Patterson & Spreng, 1997) also explained that perceived value had a positive and straight relationship with customer satisfaction. Whereas it is argued that value has a straight forward impact on how satisfied customers are with the service provider (E. W. Anderson, Fornell, & Lehmann, 1994) and that satisfaction is build upon on value (Ravald & Grönroos, 1996), in
evaluating services, little attention has been paid to customer value (Lemmink, de Ruyter, & Wetzels, 1998). It has been projected that behavioural intentions are stanch in part of perceived value (Bolton & Drew, 1991b).

In decision making to go back to the service provider, customers are likely to consider whether or not they received “value for money". In addition, it is promising that customer satisfaction may be based mainly on the service experience (i.e. service quality dimensions) and that perceived value is more significant with respect to future intentions. As a result, for this research, it is expected that perceived value contributes directly to customer satisfaction which, in turn, leads to future intention.

The model of relationship between perceived value, customer satisfaction, and intention by (Patterson & Spreng, 1997) proposed in Fig 2.2 below:

**Fig 2.2 Model of Relationship between Perceived Value, Customer Satisfaction, and Intention**

Source: Patterson & Spreng (1997)

### 2.2.5 Relation Ship Marketing

The perception of the relationship marketing started within the fields of services marketing and industrial marketing (Ford, 1980); (Christopher, Payne, & Ballantyne, 1991); (Gummesson, 1991); (Lindgreen, Palmer, & Vanhamme, 2004). The concept thrusts upon customer satisfaction and customer retention as the long-term value for the organization
(defensive marketing) rather than customer dealings (offensive marketing) (Kotler, Saliba, & Wrenn, 1991) (Vavra, 1992), Or, cynical marketing concerns on reducing customer defection (churning) and enhance customer loyalty, whereas offensive marketing focuses on adding new customers and improve customers buying frequency (Fornell & Wernerfelt, 1987). These days, relationship marketing is taken as a strategy (Berry, 1983) (Gummesson, 1993) in which it is aimed to improve customer relationship and profitability (Grönroos, 1994) (Storbacka, Strandvik, & Grönroos, 1994) (Reinartz, Thomas, & Kumar, 2005); (Bügel, Buunk, & Verhoef, 2010)(Saren, 2007) defines customer relationship as “the creation, maintenance and reproduction of tastes, dreams, aspirations, needs, identities, desires, morality and hedonism”. The concept of relationship marketing attracted substantial criticism, at the beginning, but it is known that it has made a shift in marketing. According to (Gruen, 1997): “The introduction of the relation marketing concept keep focus on seeing customers as the centre of the world and the organization around them. RM reveals the positions of suppliers and customers through a business strategy of bringing them together in helpful, trusting and mutually advantageous relationships.”

Furthermore a selection of RM definitions is listed in following Table 2.2.
Table 2.2: RM Definitions

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>(Berry, 1983)</td>
<td>“Attracting, maintaining and – in multi-service organizations – enhancing customer relationships” (p. 25)</td>
</tr>
<tr>
<td>(Lusch &amp; Vargo, 2006)</td>
<td>“Marketing is the process in society and organizations that facilitates country exchange through collaborative relationships that create reciprocal value through the application of complementary resources”.</td>
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<td>(Gronroos, 1990, 1994)</td>
<td>Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties are met. This is achieved by a mutual exchange and fulfilment of promises.”</td>
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<tr>
<td>(Grönroos, 2007)</td>
<td>“... marketing is to identify and establish, maintain and enhance, and when necessary terminate relationships with customers (and other parties) so that the objectives regarding economic and other variables of all parties are met. This is achieved through a mutual exchange and fulfilment of promises.”</td>
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<tr>
<td>(Morgan &amp; Hunt, 1994)</td>
<td>“Relationship marketing refers to all marketing activities directed to establishing, developing and maintaining successful relational exchanges.”</td>
</tr>
<tr>
<td>(Porter, 1993)</td>
<td>“Relationship marketing is the process whereby both parties – the buyer and provider – establish an effective, efficient, enjoyable, enthusiastic and ethical relationship: one that is personally, professionally and profitability rewarding to both parties.”</td>
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</table>
2.2.5.1 Relationship between Relationship Marketing and Customer Satisfaction:

When industrial revolution started in early 1920s, the marketing theory showed particularly to group marketing because of the nature of group manufacturing and beginning of mass marketing use. The concept additionally continued to expand through the 40s and 50s. It gave business houses a break to approach a wide customer base with various needs into buying the alike product. Bunch manufacturing formed a gap between firms and consumers. From the firm’s viewpoint, customization was not financially viable and did not assure greater profits. Besides, every customer’s data was not accessible and there was often very modest interaction between the customer and the firm. Also, operators were not open to record and analyze customer feedback. Therefore, there was a need of understanding about the customer service from the product apart from functionality. Service marketing practitioners projected the idea of relationship marketing as means to narrow the difference between firms and their customers. Leonard Berry was the first student in services marketing who developed the phrase “relationship marketing” (Berry, 1983). On the other hand, the concept had been leaning towards how to gain customers (Storbacka et al., 1994). Consequently, such relationships are not essentially long term relationships where a large margin is the key goal of the relationship. The “RM became popular in the late 1980s and early 1990s due to the moving of centre from customer acquisition to customer retention (Morgan & Hunt, 1994); (Sheth & Parvatiyar, 2002). By comparing relationship marketing (RM) with the traditional transaction marketing, the following conclusions can be drawn:
In RM, the focus is not on service encounters or transactions.

RM is concerned about keeping customers and enhancing the relationship with them.

Figure 2.3 shows a historical timeline of the marketing development. There are present other accounts for the emergence of RM, such as the economics of customer retention, the uselessness of the mass media, and in excess expectations from customers (F. P. Reichheld & Sasser, 1990)(Shani & Chalasani, 1992). Additionally (Sheth & Parvatiyar, 2002). categorize the major reasons for the appearance of RM:

1. The power crises and economic price rises
2. Rising of service marketing
3. Supplier partnering

Later, they also mentioned three other factors that influenced the course and definition of ‘RM’ as:

1. Consequence of internet telephony and information technology
2. Service focused marketing and
3. The network approach to business-to-business

There was also pressure from non-marketing areas such as TQM, customer value chain, balanced scorecard intellectual capital and lean production organization theory that further enriched Relationship Marketing.
2.2.6. Customer Relationship Management (CRM)

Thus, by diverting to customer orientation from the usual practices, firms were expecting to gain more market share (Bose, 2002) (Yong Ahn, Ki Kim, & Soo Han, 2003). Appearance of the One-to-One and the Customer Relationship Management concept showed the difference between customers, hence attention needs to be paid to how they perceive added value service attributes (Weitz & Jap, 1995). RM relies upon the achieving of customer needs and desires with particular significance to customer satisfaction which, in turn, leads to long-standing relationship. As per (Gummesson, 2008) “RM is the overriding concept for a new marketing type of marketing and CRM as techniques to handle customer relationships in practice.” Moreover, he defines
CRM as: “CRM is the values and strategies of RM – with special emphasis on the relationship between a customer and a supplier – turned into practical application and dependent on both human action and information technology.” Following, Table 2.3 lists a selection of CRM definitions as follows:

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
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<tbody>
<tr>
<td>(Payne &amp; Frow, 2005)</td>
<td>“CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology and application.”</td>
</tr>
<tr>
<td>(Eggert &amp; Fassott, 2001)</td>
<td>“e-CRM embraces the analysis, planning and management of customer relationships with the aid of electronic media, especially the internet, with the goal of the enterprise to focus on select customers.”</td>
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</tbody>
</table>
Despite the advantages that RM offers, managers have yet to propose a roadmap to create sustainability and forceful advantages that RM promises to offer (Ganesan, 1994) (Morgan & Hunt, 1994). As a result, it is significant to recognize how the competitive advantages can be built through relationship marketing. The timeline of CRM evolution is represented in given Fig 2.4.

**Figure 2.4: Timeline of CRM Evolution**

Adapted from (Eshghi, Roy, & Ganguli, 2008) (Reinartz et al., 2005), p. 20

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Call centre management</td>
<td>Integrated customer-facing</td>
<td>Strategic CRM</td>
</tr>
<tr>
<td>Customer service support</td>
<td>Front-end (mktg., sales, service)</td>
<td></td>
</tr>
<tr>
<td>Sales force automation</td>
<td>ERP integration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer analytics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete web integration</td>
<td></td>
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<tr>
<td>Goals:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve service operations</td>
<td>Reduced cost of interaction</td>
<td>Costs reduction</td>
</tr>
<tr>
<td>Increase sales efficiency</td>
<td>Increase customer retention</td>
<td>Revenue growth</td>
</tr>
<tr>
<td></td>
<td>Improve customer experience</td>
<td>Competitive Advantage</td>
</tr>
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</table>
2.2.7 Marketing Mix for Service Industry

The idea of marketing mix is separated into product and service marketing mix. The service marketing mix deals with Product, Price, Place, Promotion, People, Physical Evidence and Process, which are identified as 7P’s. The product marketing mix have Product, Price, Place, and Promotion, called 4P’s of marketing (Hidayat & Hartono, 2010).

**Product** is defined as everything that can be offered into a market for attention, use, or consumption that may fulfil a need (Kotler & Armstrong, 2006). As per (Hirankitti, Mechinda, & Manjing, 2009) the service product offers service which can be explained based in the main service which represents the core benefit, and the secondary service which shows both the tangible and augmented product levels. Product is differentiated by quality, design, features, brand name, appearance and sizes (Borden, 1964).

**Price** is the amount of money charged for a product or service, or the total values that consumers exchange for the benefits of having or using the product or service (Kotler, Armstrong, Wong, & Saunders, 2008). Due to the intangible characteristic of services, price becomes a vital quality indicator (V. A. Zeithaml, 1981). Price is considered as the most important measurement of repurchase intentions (A Parasuraman & Grewal, 2000). It has been established the customers normally think whether they got their value for money or not (V. A. Zeithaml, 1988). Therefore, customers frequently buy products on the basis of price rather than other attributes (Lassar, Mittal, & Sharma, 1995).

**Place** is defined as the ease of access which potential customer links to a service such as position and delivery (Hirankitti et al., 2009). A firm should pay concentration to place decisions, because of the significance of the service and consumption occurring at
the same time and at the same place; a place that make available all information for 
customer, competition, promotion action, and marketing task. Managers should pay 
notice to how it can deliver the service at the right time and at the right place, and which 
sales channel should be used to deliver the desired service (Kleijnen, De Ruyter, & 
Wetzels, 2007). The plan of place needs efficient allocation of the firm’s service among 
the channels of marketing (Berman, 1996).

**Promotion** is defined as sales promotion, personal selling, advertising, public 
relations and direct marketing (Borden, 1964). Promotion is concerning a decision of 
how best to the related product to the aim market and to convince consumer to buy it (C. 
H. Lovelock, Patterson, & Walker, 1998). (Christopher Lovelock & Wright, 2001) A 
interactive communication program is very important in marketing strategies because it 
plays three major roles: delivering desirable information and proposal, persuading aimed 
customers to purchase a particular product, and motivating target customers to take action 
at pre defined times and place (C Lovelock & Wright, 2002).

Promotional actions can influence consumer’s way of judgment, their emotions, their 
awareness as well as their purchasing. Promotion is a promotion technique, in any 
marketing program; it should be concerned with promotion. The product advertisement 
can be delivered by person sales people, radio T.V., highway media, websites on internet, 
press, magazine, and all other types of media.

Personnel show the service employees who make and distribute the service. It is a 
fact that many services take on personal interactions between customers and the service 
employees, and they strongly influence the customer’s observation of service quality 
(Hartline & Ferrell, 1996) (Rust, Zahorik, & Keiningham, 1996). Personnel are of vital
significance to the delivery of service to customers. If there is no support from the personnel, a customer-orientation is not probably to get (Kelley, Donnelly, & Skinner, 1990).

The personnel interaction is much important, because it affects customer perception. The actions of all the personnel generally influence firm’s success, and more training, skills, communication, advice and learning offered to personnel, they will attain to display the best possible value of the product and the company.

Process is defined as the implementation of action and function that enhances value for service with a small cost and a high advantage to customer, and it is very imperative for service than for goods. As per (Hirankitti et al., 2009) the process is obviously clear by the customer and it forms the basis of customer satisfaction with the purchase. As a result, process management make certain the availability and consistence of quality. The design and the implementation of product fundamentals are vital to the creation and delivering of product.

Physical Evidence is defined as the surroundings in which the service and any tangible products are made available for willing customers. It is of the great importance for the customer, who checks the quality of the service provided through physical evidence (Rafiq & Ahmed, 1995). Also, as per (Bitner, 1990) other visible surroundings which can persuade the impressions perceived by the customers about service quality. The appearance of the service employees can deeply affect a customer’s satisfaction with a service experience(Rust et al., 1996). The surrounding environmental adornment and design also considerably influence the customer’s expectations of the service (Shostack, 1977).
2.2.7.1 Relationship between Marketing Mix and Customer Satisfaction:

Marketing is a managerial procedure by which persons and groups get what they require and want through contribution, creating and exchanging products or services values with each other (Kotler, 2005). The marketing mix is marketing technique that helps marketer to know what are their needs and want. The variables in marketing mix with 7Ps- are product, price, place, promotion, personnel, physical evidence, and process. These factors generate the best combination deals with services marketing. Particularly, the last 3Ps are used in service sector instead of goods. (Yelkur, 2000) established that the elements in the services marketing mix influence and positively effects customer satisfaction. It further shows service organizations should pay alike attention to their employees and customers, this would increase both employee inspiration as well as customer satisfaction. Therefore, the result of study supported the argument that there is a positive relationship between the quality and satisfaction. Also, (Yayla, Kirikbir, Cengiz, & others, 2007) recognized that marketing mix has a positive effect on satisfaction and loyalty, on word of mouth communication from accounting offices in Turkey. The model of the relationship between marketing mix and satisfaction proposed by (Lumpoopinijpong, 2007) in below Fig 2.5:
2.2.8 Perceived Switching Cost

Switching cost may be defined as “the cost of changing services in terms of time, monetary value, and psychological factor” (Dick & Basu, 1994); (Lai, Liu, & Lin, 2011). Switching cost includes the search cost (the cost of time spent for searching information) and the transaction cost (the cost of time and effort) (Schlesinger & der Schulenburg, 1991). In the case of telecommunication services, the aim of customers to churn reduces due to switching costs, such as time devoted for gathering information about features, network and the attempt needed for changing mobile phone service providers. Furthermore, switching cost not only causes hurdles to customer churn, but also weakens the outcome of satisfaction on customer loyalty. Their outcome show that when customers perceive that they have to spend a larger amount of time and effort to search
for service providers with a high level of customer satisfaction, they are more eager to keep their current service providers in spite of, how high or low the satisfaction is.

2.3 The Measures Defining Customer Relationship

Following enlisted are some of the measures which define customer relationship with different aspects

2.3.1 The Customer Satisfaction-Retention-Loyalty Chain (SRLC)

The satisfaction-retention-loyalty-chain (SRLC) is a main concept that needs to be understood due to its relation to customer relationship management (CRM) and, in turn, profitability (Figure 2.6). The idea has been accepted since the early 1990s, when measuring and managing customer satisfaction became vital to firms (Heskett, Schlesinger, & others, 1994). The key point is that improving the performance of service attributes will create satisfaction (Mousavi, Adl, Rakowski, Gunasekaran, & Mirnezami, 2001). Increased customer satisfaction levels will lead to greater customer retention ratio, which is a main determinant for customer loyalty, which may boost the expected retention rate (Rust & Zahorik, 1993) (E. W. Anderson & Mittal, 2000). Instead of the self-evident nature of these positive links, the experimental evidence of research shows only mixed support (V. A. Zeithaml, 2000). There are only few researches, investigating the relationship between perception measures (service attribute quality, customer satisfaction) and action measures (word-of-mouth behaviour, purchase loyalty and long term customer relationship profitability).
2.3.2 Behavioural and Financial Consequences of Service Quality

Offering a superior quality of service is considered as a key to success in today’s neck to neck aggressive business environment (F. P. Reichheld & Sasser, 1990) (Anantharanthan Parasuraman et al., 1985) (Dawkins & Reichheld, 1990). During the 1980s, the main focus of firms was on improving service quality towards customer prospect (Anantharanthan Parasuraman et al., 1985). Consequently, quite a few methodologies and management guidelines were proposed (V. A. Zeithaml, Berry, & Parasuraman, 1996) such as: total quality management, quality function deployment, failure modes and effects analysis, zero defect, plan-do-check-act cycle. Though, there is no agreement on the way to estimate the impact of service quality on fiscal performance (V. A. Zeithaml et al., 1996) (Rust, Zahorik, & Keiningham, 1995). The relationship between these two variables is neither simple nor easy (Zahorik & Rust, 1992). Research on the direct relationship between customer satisfaction and profitability has shown mixed results ranging from positive to no effect (C. H. Lovelock et al., 1998) (V. A. Zeithaml, 2000) (F. P. Reichheld & Sasser, 1990). The results require in depth analysis and fail to reply questions like: How will service quality attribute be paid off?
Or, how much should the company invest in service quality to utilize profitability? There are two approaches for answering these questions: offensive marketing and defensive marketing (Fornell & Wernerfelt, 1988) (Rust & Zahorik, 1993) (Zahorik & Rust, 1992). These approaches do not have their roots in either manufacturing or service marketing but have grown through the conventional consumer goods marketing (Storbacka et al., 1994). Offensive marketing relies on capturing new customers and enhance customers dealings (purchase frequency), whereas defensive marketing is based on dropping customer switching intention.

The primary assumption is that there is a powerful relationship between service quality attributes and customer behaviours, example e.g.; repurchase intention (Fornell & Wernerfelt, 1987,1988) (F. P. Reichheld & Sasser, 1990) (E. W. Anderson & Sullivan, 1990);. The assumption is based on the thought that customer satisfaction can be ascertain and evaluated as the difference between perception and expectation. Therefore, if the service is delivered inadequately, then the gap between customer perception and expectation will be negative and the customer will be displeased. If the gap is positive, a customer will be satisfied and happy. Additionally, this relationship is based upon the hypothesis that the relationship between service qualities attributes and customer satisfaction is direct and asymmetric. In fact, what is essential to understand for a manager is whether SQ attributes have unlike or same impact on customer satisfaction? There is no conformity about the nature of this relationship. Figure 2.7 shows three usually found relationships between services attributes performance and customer satisfaction.
In the majority customer satisfaction programs, the relationship between service attributes performance and customer satisfaction is taken linear and symmetric (Goodman, Fichman, Lerch, & Snyder, 1995). Though, there are some other studies that give details the non-linear and asymmetric relationships, For example, (V. Mittal & Baldasare, 1996) in wellbeing care; (Danaher, 1998) in aviation industry; (V. Mittal, Ross, & Baldasare, 1998) in automobile industry; (Bolton & Lemon, 1999) in leisure, and (Grisaffe & Kumar, 1998) in B-to-B marketing that explain the relationship between performance of service attributes and customer satisfaction.

Research shows that there is a major difference between the key drivers of customer satisfaction and dissatisfaction ((Shiba, 1993); (Dutka, 1993); (Gale & Wood, 1994); (Oliver, 1997)). As per two-factor theory of (Herzberg, Mausner, & Snyderman, 1959), job satisfaction factors can be categorized into two groups: “motivators” (increase job satisfaction) and “hygiene factors” (prevent dissatisfaction). Two-factor theory has also been taken in marketing theory, where multi-attribute models are used to understand the construct of customer satisfaction. These models enables that service attributes do not
have alike importance from customer viewpoint. While considering customer satisfaction, the effect of short attribute-level performance on overall satisfaction is larger than attributes with high performance (B. Mittal & Lassar, 1998). This relationship has explained through prospect theory (Kahneman & Tversky, 1979) which describes how individuals form decisions and respond to losses and gains, shown in Figure 2.8. Alternatively, further studies revealed the three-factor theory (E. W. Anderson & Mittal, 2000) (Matzler & Sauerwein, 2002). So, service and product attributes divided into three groups: basic, performance and exciting attributes (the three-factor theory). Initially the theory was developed by (Kano, Tsuji, Seraku, & Takerhashi, 1984) based on Herzberg’s two-factor theory.

**Figure 2.8 : S-Shaped Value Function In Prospect Theory**

As stated by the service management literature, customer satisfaction is the outcome of a customer’s perception of the service quality (Blanchard & Galloway, 1994) (Heskett, 1990) concerned to the expectation (V. A. Zeithaml, Parasuraman, & Berry, 1990). Besides, (Van Looy, Gemmel, & Dierdonck, 2003) defines customer satisfaction as:
“The customer’s feeling regarding the gap between his or her expectations towards a company, product or service and the perceived performance of the company, product or service.”

Together the service management and marketing literature propose that there is a strong positive relationship between customer satisfaction, customer behavioural intentions (e.g. switching and word-of-mouth) and, in turn, profitability (Yi & Zeithaml, 1990), shown in Figure 2.9. By basic improvement in product and service attributes performance, customer satisfaction level should increase (B. Mittal & Lassar, 1998) (Wittink & Bayer, 1994) which, further, lead to improved customer retention (V. A. Zeithaml et al., 1996) (E. W. Anderson et al., 1994). Accordingly, enhanced customer retention generates more earnings (E. W. Anderson & Mittal, 2000). Despite its importance, there seems to be a few investigational research that quantifies the complex relationships.

**Figure 2.9: The Satisfaction-Profit Chain**

Customer satisfaction can be explained as an overall evaluation of service quality attributes or service attribute performance (Fornell, Johnson, Anderson, Cha, & Bryant, 1996)(Johnson & Fornell, 1991) (Boulding et al., 1993). Various studies discussed the relationship between two attributes of service quality performance and overall customer
satisfaction (E. W. Anderson & Sullivan, 1993) (Oliva, Oliver, & Bearden, 1995); (Oliver, 1993); (B. Mittal & Lassar, 1998). It is exposed that the relationship in most cases is nonlinear and asymmetric. More importantly, there is a strong relationship between customer satisfaction and customer future intentions and profitability (E. W. Anderson & Sullivan, 1993) (Bearden & Teel, 1983) (Boulding et al., 1993) (Oliver, 1980) (Yi & Zeithaml, 1990); (Caruana, 2002). **Figure 2.10** shows the relationship between service quality attributes and customer attitude and behaviour (Storbacka et al., 1994). Such complete approaches to model the customer relationship profitability are lacking, as the majority studies have only pay attention on separate aspects of the conceptual framework.

**Figure 2.10: From Service Quality to Customer Relationship Profitability**

Adopted form (Storbacka et al., 1994)
2.4 Customer Retention (CR)

Since commencement the subject of customer satisfaction and customer retention, and their relationship with companies’ economical performance has become the centre of attention for many practitioners. By evaluating customer behaviour and changing accordingly, retention to profit, companies go closer to the inter-dependent variable – profitability (F. P. Reichheld & Sasser, 1990) (F. F. Reichheld & Schefter, 2000). Additionally, the marketing field has increasingly shifted from conventional approach to RM approach. Table 2.4 shows the move from conventional marketing to relationship marketing. RM shows that existing and new customers require different strategies.

Table 2.4: Transaction Approach and Relationship Approach

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Transactions focus</th>
<th>Relationships focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Obtaining new customers</td>
<td>Customer retention</td>
</tr>
<tr>
<td>Orientation</td>
<td>Service features</td>
<td>Customer value</td>
</tr>
<tr>
<td>Timescale</td>
<td>Short</td>
<td>Long</td>
</tr>
<tr>
<td>Customer service</td>
<td>Little emphasis</td>
<td>High emphasis</td>
</tr>
<tr>
<td>Customer commitment</td>
<td>Limited</td>
<td>High</td>
</tr>
<tr>
<td>Customer contact</td>
<td>Limited</td>
<td>High</td>
</tr>
<tr>
<td>Quality</td>
<td>An operations concern</td>
<td>The concern of all</td>
</tr>
</tbody>
</table>

Adopted from (Peck & Jüttner, 2000)

Research in this segment shows that there is an asymmetric and non linear relationship between customer satisfaction and customer retention. Still, customer dissatisfaction may have a higher impact on retention than customer satisfaction. It should be renowned that different factors such as type of industry, market competition, switching expenses and risk factors may modify the relationship between customer
satisfaction and retention. Retention and defection are alike two sides a coin. Retention ratio can be given as the average probability that a buyer repurchases product and/or service from the same institution. The churning rate is explained as the average probability that a customer ports from one company to another.

Reducing customer switching rates can be lucrative to organizations. Research reveals that retaining customers is a more profitable strategy than acquisition of new customers (Fornell & Wernerfelt, 1987, 1988). Further, (F. P. Reichheld & Sasser, 1990) emphasize on nil customer churning as an overall performance:

“Ultimately, defections should be a key performance measure for senior management and a fundamental component of incentive systems. Managers should know the company’s defection rate, what happens to profits when the rate moves up or down, and why defections occur.” (p. 111)

The financial impact of customer retention calculations based on two main theories. First, adding new customers is more costly than retaining existing custom(E. W. Anderson & Sullivan, 1990); (F. P. Reichheld & Sasser, 1990). New customers are more likely to be unprofitable for a period of time after acquisition. Secondly, presents customers are more revenue generation, as it requires no advertising, promotion and start-up operating expenses (likely to generate more profit to companies through cross-selling and word-of-mouth. A study from(Rose, 1990) finds that a customer that retain with company minimum 10 years is on average three times more profitable than a customer with 5 years customer history.
2.5 Customer Loyalty (CL)

Managers use a broad range of terminology to illustrate loyalty and methods to measure it. In business customer retention, loyalty, and switching behaviour terms are used interchangeably. Other terms include: relationship strength (C. H. Lovelock et al., 1998) and perseverance commitment (Shemwell, Cronin, & Bullard, 1994). There is also a need of dissimilarity between measures of customer loyalty and related factors such as customer satisfaction. (Andreassen & Lindestad, 1998) explained loyalty as “an intended behaviour caused by the service and operationalized loyalty as a repurchase intention and willingness to provide positive word-of-mouth”. Also, (F. P. Reichheld & Sasser, 1990) have also found customer satisfaction as a most important element in securing customer loyalty.

Customer loyalty was defined in service aspects and extensive marketing literature. The practitioners defines loyalty as the measures that can be seen in various forms such as relationship continuance up-selling, cross-selling and word of mouth or customer recommendation. This type of behaviour augments profitability through enhanced revenues, declining costs to add new customers and retained existing ones, and lesser customer-price sensitivity (F. P. Reichheld & Sasser, 1990); (Hallowell, 1996). While marketing literature has explained customer loyalty into separate ways (Jacoby & Kyner, 1973). The first describes customer loyalty as an approach which indicates an individual’s overall add-on to a product, service, or (Oliver, 1999). The other explains loyalty as intention that can be assessed in form of re-purchase, increasing the scale, word of mouth and scope of a relationship but the behavioural view of loyalty is same from point of view of both service management and marketing.
There is no agreement on the most suitable way to measure loyalty in spite of numerous studies on customer loyalty. Current studies in customer loyalty can be declared into three groups. These three groups are:

1. Loyalty as repeat purchase and WOM behavior (Liljander & Strandvik, 1993)
2. Loyalty as a mutual composite of repeat support and attitudinal component (Dick & Basu, 1994), and

In the present study, customer loyalty is defined as customer word of mouth (WOM) behaviour. (Harrison-Walker, 2001) discuss that WOM is one of the major factors in acquiring new customers.

In spite of the benefits that result from WOM, many organizations can’t yet develop relationship between the service quality-customer satisfactions to word of mouth. This is due to the fact that satisfaction plays as a bridging approach between service quality attributes and customer’s WOM. The customer retention is not the identical as customer loyalty. Customer retention rate is measured on a period-by-period basis and it is used as a symbol of customer switching intention, while customer loyalty has a much strong abstract meaning. If a customer is loyal towards a service, he/she has a positive emotional disposition towards this service. Customers might carry on to purchase a particular brand but this may be merely out of convenience. Here, a customer can be retained, but not necessarily keep loyal.
2.6 Marketing Intelligence

The time has come for companies to develop and sustain long-term working relationship with their esteemed customers. For it, companies need an organized process of analyzing, collecting, supplying and applying information about the external market and internal environment. Thus, marketing intelligence plays a key role in the formulation of plans to achieve this aim (Y.-I. Lee & Trim, 2006). MI develops the decision-making procedure by offering external (e.g., customer needs) and inner data from the environment (e.g., employee loyalty). (Cornish, 1997) explained marketing intelligence as:

“The process of acquiring and analyzing information in order to understand the market (both existing and potential customers) to determine the current and future needs and preferences, attitudes and behaviour of the market; and to assess changes in the business environment that may affect the size and nature of the market in the future.”

In fact, generally firms rely on approximations to assess the efficiency of their processes. Whereas, it is typical to make decision without objectives to get enhanced business performance. Therefore, the analytical result of customer value has attracted lots of attentions as a force for aggressive differentiation.
2.7 Costumers as Decision Makers

Customers are not concerned with the sum of profit companies making; they expect the companies to meet up their requirements. A customer pays attention about the quality of the relationship he has with the institution. According to (McDougall & Levesque, 2000),

“Relationships have become powerful differentiators.” More prominently, customers want that firms should improve personal relationships with their customers.

The series of impact of the performance of service attributes on customer satisfaction, is, its result on customer retention and loyalty, leading to positive operating ratios(Rust & Zahorik, 1993)

. Alternatively, there is a need of studies exploring the relationship between customer perception and customer future intentions, length of association and WOM. Such work helps practitioners to judge customer migration, and assign resources accordingly.

Customer Value: In turn to apply long-term approach, the organization needs to know how the value of a customer develops over time. To achieve it, associated control actions must be put in place. Lifetime value is the wide term used to explain the long-term economic value of a customer. In simple way, customer value indicates the fact that each and every customer creates a value over his/her life span with a firm (Figure 2.11). But, the lifetime of a customer by itself needs convoluted modelling, as it involves forecast of the probability of retention. Importantly, the responses of the lifetime value
can alter subject to nature of product/service, data availability and analysis capability. (Reinartz et al., 2005). Therefore, the formulation can be adapted depending upon the type of industry and company attributes. For instance, contractual association such as mobile phone purchasing requires a different formulation in respect of non-contractual relationship such as the aviation industry.

Following are some important terms related to customer value:

- **Churn rate**: It is the % of customers who stop their relationship with a company in a defined period. Therefore, one minus the churn rate is the retention rate.

- **Discount Rate**: It is the price of resources used to offer discount future revenue from a customer.

- **Retention Cost**: It is the whole amount of money has to be exhausted in a given period to retain an existing customer.

- **Period**: It is the duration of customer relationship determined to be analyzed. Customer lifetime value is a multi-period dimensional calculation.

- **Periodic**: This income is the amount of revenue created by a customer in the predetermined period.

- **Profit Margin**: It is the difference in revenue and costs, even this may be reflected as a % of gross profit.

The marketing section should target the customer that has the highest likelihood to be profitable to the company using the logical result of customer value evaluation. The customer value-based system brings the following advantages to the company:

1. Increased rate of investment
2. Decrease in costs of products/services

3. Increase in acquisition and retention of profitable customers

### 2.8 Customer Segmentation

Due to increasing number of market competitors, decrease in customer switching costs and resulting customer retention, the competition to obtain more customers has worsen among firms. The firms need to establish their customers in order to generate the processes, capabilities and infrastructure to fulfil their demands. Without categorization, differences in customer needs might never be known.

CS is a method of defining customers into a number of smaller groups. This practice helps practitioners to denitrify the most profitable segments and to develop a proper strategy for charming and retaining high value customers. (Bounsaythip & Rinta-Runsala, 2001) proposes segmentation as:

“Customer segmentation is a term used to describe the process of dividing customers into homogeneous groups on the basis of shared or common attributes (habits, tastes, etc.).”

The requirements of a variety of customers in the current business environment cannot be satisfied by majority conventional marketing strategy (Yong Ahn et al., 2003). Segmentation theory shows differences in customers and markets into various clusters or groups with identical needs and distinctiveness that are expected to show similar behaviours. As a result, segmentation is a basic element for CRM system. (Kamakura & Wedel, 1997) shown segmentation parameters into two categories:
(1) The ordinary variables that comprise the customer demographics and lifestyles,

(2) Specific variables related to product e.g. customer purchasing, behaviours/intentions.

Customer segmentation (Hwang, Jung, & Suh, 2004) shows the process of categorizing customers into a variety of groups of customers. It enables analyzing the complete database in a single image, thus allowing a company to care customers in a different way according to rank and pursue marketing that is suitable to each class. Going in Detailing of customer profitability enables that there is not always a positive association between customer revenue and customers from a variety of customer segments which contribute in a different way on economic criterion. In particular, some customers fetch more returns to the firm than the others ones. Figure 2.11 shows that there are two customers, A and B, they have the equal revenues but their sales amount is notably different. (Foster, Kesselman, & Tuecke, 2001) states that “each dollar of revenue does not contribute equally to net income”.
(Gustafsson et al., 2005) cited that “while improving revenue for profitable clients does indeed improve profitability, exactly the opposite occurs for unprofitable clients”. Accordingly, customer’s revenue generation levels have a critical influence to net income. Further, Raajj (2005) interprets this dissimilarity by a pyramid segments base on their size, revenue and profit shown (in %). As a result, customer segmentation can be defined as a way to priorities customers by their value, to the institution. For illustration, in some scenarios, a little percentage of customers brings the most of the profit to the institution. A study from Banc One of Columbus, Ohio, reveals that 20 % of their customers fetch all of the bank’s earnings, while the rest, 80%, only cost money (Oviatt
So, different segments should be approached by different planning’s (Elsner, Krafft, & Huchzermeier, 2004).

Figure 2.12: A Customer Pyramid with Four Revenue Tiers

2.9 Costumer Activity Measurement

Customer behaviours are insignificant unless we converted it into a computable unit. Companies have strategies to balance the cost of a plan against the service quality (e.g., reduced waiting in the customer care) in its place of measuring the cost against the increase in, e.g. customer satisfaction. The complexity is that, while appearing to be impartially significant, some benefits may have only a fractional effect on customer behaviour. Apart from a company realizes the cost versus benefits of increased customer results, the effort to execute a new strategy like new findings may be a waste of capital. More enthrallingly there is evidence in the literature that there have been efforts to illustrate the relationship between
these constructs, yet, these explanations are by no means fully recognized (Moutinho & Smith, 2000). It is well established that the association between customer behaviours and profitability is not nearly as simple as regularly proposed. Thus, this study targets to deliver an objective means to clarify the relationship between various service quality attributes and customer satisfaction.

2.10 Previous Studies on Customer Satisfaction in Mobile Telecom Industry

Numerous studies have been carried out to discover the determinants, importance, and consequences of customer satisfaction in the mobile telecommunication industry worldwide. Some of these studies are explained in brief here:

Study in Bangladesh:

In a study carried out by (Akbar & Parvez, 2009) in Bangladesh on 304 customers of different telecom operators, it was established that the trust and customer satisfaction are considerably and positively related to customer loyalty. Customer satisfaction was found an important moderator between perceived service quality and customer loyalty.

Study in South Korea:

In another study, in South Korea, conducted on 283 subscribers to find main Moderators Influencing the Relationships of Customer Satisfaction, Service Quality, and Customer Loyalty (H. S. Lee, 2013), outcome revealed that service quality and customer satisfaction positively affect customer loyalty. Besides, service quality positively affects customer satisfaction. That's why; customers having superior perceived service quality and satisfaction also have strong loyalty. Moreover, the study verified the fact that
moderating variables positively influence the relationships among the abovementioned factors. The effect of service quality on customer satisfaction increases, among customers with a higher level of perceived value. When customers’ perception of realistic price rises in upward direction, the impact of service quality on customer satisfaction rises too. Finally, the study revealed that as perceived switching cost increases, the relationship between satisfaction and customer loyalty strengthens in results.

**Study in Thailand**

(Leelakulthanit & Hongcharu, 2011) examined the determinants of customer satisfaction by interviewing 400 mobile phone users in Thailand. Both the researchers found that promotional value, quality of customer service at shops and corporate image are responsible in determining customer satisfaction. Similarly, (Alom, Khan, & Uddin, 2010) examined 60 university students in Bangladesh who were also using mobile phone services, to distinguish the determinant factors in selecting mobile service providers. Consequences of that study focused on two factors: perceived call rate and brand image, to have the most control on the consumers’ selection decision of a telecom mobile service provider in Bangladesh.

**Study in Netherlands:**

(Bügel et al., 2010) analyzed promise made by firms, in Netherlands, applying the psychological investment model. The study investigated the company-customer relationships in five sectors: supermarkets, the banking industry, health insurance, auto industry and the mobile telecom providers. The study analyzed 300 respondents for each
sector. The result of the study, regarding satisfaction, enables that satisfaction plays an imperative role in shaping customer commitment for service providing firms and there is a positive correlation between improving customer satisfaction and enhanced customer loyalty.

**Study in Pakistan and Ghana:**

In Pakistan (Jahanzeb et al., 2011) examined customer loyalty in the telecommunication industry, using 146 cell phone users. The study recognized that customer loyalty is created mainly by: service quality, trust, switching cost and staff loyalty. The results of this study show approval, in part, with a study by (Boohene & Agyapong, 2011) of 460 clients of Vodafone in Ghana. This study pointed out that satisfaction does not necessarily lead to loyalty, while service quality was found to be strongly and positively associated with loyalty. In contrast, it can be seen from the findings of this study that customer satisfaction is initially built into service quality. Customers distinguish service quality positively if they are pleased with the service provider and with the services offered to them.

**Study in Pakistan:**

(Hafeez & Hasnu, 2010) who explored customer satisfaction in Pakistan, showed significance of service quality and price in determining customer satisfaction. The same was established by (Balaji, 2009). He studied the past history and consequences of customer satisfaction with Indian mobile telecom services, after surveying 199 post-paid mobile subscribers in a big city in India. Further Balaji reported that “perceived quality is
an important predictor of customer satisfaction, which ultimately results in trust, price
tolerance and customer loyalty”.

Study in Pakistan:

Nevertheless, students with high income were found to be less loyal, less satisfied and
more probable al switch both mobile phone and credit card services. Using 331 university
students with SMS facility of any cellular company in Pakistan; (Ahmed et al., 2010)
studied customer retention through the quality of SMS. The results point out that service
quality has a considerable relationship to customer retention.

From all the above studies discussed in brief, it can be concluded that customer
satisfaction has a straight effect on the financial performance of a company (Ittner &
Larcker, 1998) (Smith & Wright, 2004). If companies want less customer switching,
more loyalty, less price sensitivity, and positive word-of-mouth advertising, then service
quality needs to be improved up to the desired level of customers wants(M.-K. Kim et al.,
2004) (Homburg & Giering, 2001); (Garvin, 1988).

Study in Malaysia and India:

In Malaysia , the significance of service quality in deciding a mobile phone operator was
also studied by (Rahman et al., 2011). He carried out a study of 400 mobile telecom
customers from main cities of Malaysia. This study revealed that network quality is one
of the important factors in overall service quality. Moreover, to service quality, the study
found that price plays a major role in the selection for mobile operators in Malaysia. Such
type of findings is not away from the conclusion of a study carried out by (Das Gupta &
Sharma, 2009) in India. Both the researchers explained that to retain customers and attract fresh customers, mobile operators must offer “services with reasonable quality lacking any hidden price.

Study in Nigeria:

In a study conducted by (Oyeniyi & Abiodun, 2011) on 148 subscribers of major telecom companies in Nigeria, the consequence of service quality on customer satisfaction was recognized. They established that service quality has a positive impact on satisfaction and loyalty. Such a positive relationship between service quality and satisfaction is supported by a number of studies, e.g. (Sureshchandar, Rajendran, & Anantharaman, 2003); (Brady & Cronin Jr, 2001)& (Cronin, Brady, & Hult, 2000); (Caruana, Money, & Berthon, 2000); (Negi, 2009); (Agyapong, 2011). Now the question comes: How customers evaluate service quality in mobile industry? The reply to such type of vital question can be obtained by going through the study by (Boohene & Agyapong, 2011) who states that “due to the fact that telecom companies do not provide tangible products, their service quality is usually determined by measure of the service provider’s relationship with customers”. Accordingly, practitioners should pay attention to develop skill profession of staff and offering quick and proficient services.” (Eshghi et al., 2008) recruited 238 mobile phone users in four big cities of India to recognize the impact of service-related factors on repurchase intention, customer satisfaction and the recommendation/WOM of a service to others. They established that “the most significant predictors of customer satisfaction are: relational quality, competitiveness, reputation, reliability, support features and transmission quality”. Other studies established that customer satisfaction in
telecom industry is based on factors like coverage, voice call quality and the customer complaint solving process (M.-K. Kim, Park, & Jeong, 2004). An imperative consequence of customer satisfaction might be customer retention. Companies will not be able to keep their customers without satisfying them. In mobile industry, customer retention enables the achievement and continued existence of mobile service providers (Wong, 2010) (V. Mittal & Kamakura, 2001) (Leelakulthanit & Hongcharu, 2011). This might be because of brutal competition, the more cost of adding new customers and the resemblance type of services offered by the operators (Neslin, Gupta, Kamakura, Lu, & Mason, 2006) (H.-S. Kim & Yoon, 2004) (Gerpott, Rams, & Schindler, 2001).

**Study in Canada:**

In this respect, (Wong, 2010) conducted study using a billing records of 1403 Canadian post-paid mobile customers over 3.7-year study period. Wong found that better loyalty, thus retention, is observed in customers with most favourable rate plans than those with non-optimal ones. This shows that in order to minimize churn rates; mobile service providers must search for efficient customer withholding strategies.

**Study in Iran:**

The most important churn determinants were found to be the displeasure of customers on pricing issues (Wong, 2009) (M.-K. Kim et al., 2004) (Ahn, Han, & Lee, 2006). (Fazlzadeh, Ghaderi, Khodadadi, & Nezhad, 2011) undertake study of customer retention on the dimension of loyalty. They examined the relations among service quality, satisfaction, corporate image and loyalty in Iran. Data were collected from 417
customers of an Iran mobile telecom service provider. Study outcome exposed that customer satisfaction plays a significant mediating role in relationships in forming corporate image, service quality and perceived value to loyalty. Faithful customers are liable to remain longer with associated service providers. In this regard (Siddiqi, 2011) explains that personal distances might play a vital role in consumer loyalty, customer satisfaction and retention. To confirm his argument, (Siddiqi, 2011) studied 500 university students having mobile phones and credit cards. The conclusion of this study revealed that age, gender and income gap affect customers’ satisfaction, loyalty, and retention. For instance, women are established to be more loyal, more satisfied and less likely than men to change mobile phone services. Similar results were found for youth both mobile phone and credit card users.
2.11 Chapter Conclusion

The chapter review major concepts of customer satisfaction, what customer wants from a service provider, what are his expectations. Onwards the topic analyzed the Expectancy confirmation Model of Customer Satisfaction to explain that how expectations and performance form disconfirmation and satisfaction. Then, it was studied that how customer satisfaction changes behavioural intentions of customers. The relationship of customer satisfaction with behavioural intention, perceived vale and service quality was studied. Literature review regarding relationship marketing and its relationship with customer satisfaction was also conducted. It was observed that CRM (Customer Relationship Management) is the key factor in satisfactory delivery of services.

The chapter also throws light on Customer Satisfaction-Retention-Loyalty Chain (SRLC). Which shows that how satisfied customer are assets for any organization. Some studies show that it costs six times higher to attract a new customer than retaining existing customer. Therefore organizations should give due importance to retain the existing customer while attracting new customers. It also provides direction to managers concerned that how important is to keep long-term relationship with existing customers.
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