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“IMPACT OF SATISFACTION AND LOYALTY ON CUSTOMER PURCHASE DECISION IN THE INDIAN TELECOMMUNICATION SECTOR”

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ABSTRACT:

This study develops the relationship between the economic consideration of customer with CRM strategies. A review of the literature was followed by in-depth interview and questionnaire survey. This study shows the impact of various CRM strategies how much affect the customer decision in terms of choosing plan type and expenditure nature. This study evaluates the right CRM strategies want by the

organization result to get profitable. Finding shows that customer satisfaction and customer loyalty are the major determinants of customer to encourage the monthly expenses rather or nor customer satisfaction is only responsible for choosing type of subscription plan. These finding benefits to the telecom sector player to incorporate these finding to develop CRM system which deliberates the optimum value to the customer.

KEYWORDS: Customer Relationship Management (CRM), Indian Telecom Sector, Loyalty, satisfaction.

INTRODUCTION

In Indian telecom sector was matured and saturated, thus in this competitive environment, organization want to sustain and keep making a profit from the customers. This customer relationship strategy will help the organization to achieve its objective. The organization used CRM as a tool to understand the customer needs and want, categories the customer, and fulfill with give a better value proposition. CRM system merely used for categorization customers according to the

current state of expenditure and current level of profitability. The Organization spends a lot of money and effort to understand the customer needs and preferences and build an association with the customer by the CRM. Recent research from Gartner Inc. indicates that 75 percent of managers have to make investments in CRM in the coming year. A dramatic shift from mass marketing to one to one relationship.

India have the largest population in Asia, and just behind of china also India has maximum share of youth in the population. That is the reason to expenditure nature is very high due to disposable income is very high to the young population. This young

population is more demanding and advanced. They have immense knowledge of advancement in technology, which profoundly impacts consumption and investment pattern in telecom expenditure. The latest features are adopting by smartphone and replace the PC and laptop to some extent. These smartphones have high speed data and are used by customer in day to day life for routine activities, making it more challenging to telecom service provider to match the customer expectation as per the need, to retain the customers as well as organization makes some profit from the customer. Customer is ready to pay a premium price for better utilization of the product

or service.

LITERATURE REVIEW

Customer Relationship Management

Peppers and Roger (1995) suggested that the CRM process could be considered as a series of identification, then differentiation, the interaction between organization and customer and finally customization steps. Payne and Frow (2005) also supported of the above statements and elaborate that CRM evolved from the relationship marketing that has objective to creating, developing and draw out relationships with the targeted customers and achieve maximum customer revenue which contributes to the organizational profitability as well as shareholder's value. Also, Kotler and Armstrong (2004) stated that CRM as the inclusive technique of construction and maintaining customers profitably by providing customer value and gave higher satisfaction. Babatunde and Ajayi (2010) also observed that CRM is an emerging customer innovation process which majorly focuses on the growth of customers profitably by offering value to the customer to enhance customer relationship. Any organization want to boost their business penetration this is achieved by enhance the quality of service.

Customer Satisfaction, service quality, loyalty, Trust, value and repurchase intention in telecommunications

Satisfaction: Parsuraman et al. (1994) noted that service quality influence to customer satisfaction. He proposed the SERVAQUAL model which is asses service quality. Parsururaman et. al. (1988) SERVAQUAL model; have 22 items instrument were used for valuation of customer perception on service quality. Oliver (1997) stated that service quality can be measure by gap between state of expectation and fulfil the expectation state based on customer judgement. Gerpott et al. (2001) find customer satisfaction is the overall reflective Judgement about how faraway customer expectations compared to the service have been fulfilled. A satisfied customer helps the company to sustain in the cut-throat business environment, and loyal customer also contributes to profitability.

Loyalty: There are two forms of loyalty, behavioural and attitudinal. Behavioural loyal customers maybe not truly loyal, customers repeatedly purchase product or service. This may occur habit, convenience, or availability of only a specific brand (Day, 1969; Dick and Basu, 1994). But on the counter part, attitudinal loyalty is expressed to repurchases, positive word of mouth, referrals to others (Rundle Thiele, 2005; Zeithamal et al. 1996). Toyese (2014) find in own research that among all the strategies adopted for higher loyalty in telecommunication CRM strategies have a significant impact and more focused on customer acquisition and retention rates. (Isqaqa, 2012) study in Pakistan telecommunication industry demonstrates that service quality has high impact for loyalty by the customers.

Trust: Morgan and Hunt (1994) believe that trust plays a significant role in affecting the relationship. Anderson and Narus (1990) focus that trust build when both parties feel on each other, positive outcome received. To trust upon brand, customer gets positive perceived quality. When customer trust a brand, this may be transformed into positive buying intention of the brand (Lau and Lee, 1999). Previous research shows that have positive relationship between trust in an organization and customer loyalty (Lau and Lee, 1999; Chaudhuri and Holbrook, 2001).

Value: Woodruff (1997) discribed that customer value comprises "both desired and received value," and it "stems from customers' learned perceptions, preferences, and evaluations." On the value perception, customers decide to buy and repurchase (Holbrook, 1994). Prior studies have proven that customer value augments customer loyalty and decreases customer attrition rates (Parasuraman and Grewal, 2000; Sirdeshmukh et al., 2002). Cronin et al. (1997) indicated that the presence of value to models encompassing of service quality and sacrifice, increased the predictive power of the model to explain re-purchase intentions.

RESEARCH METHODOLOGY

Research purpose

The telecommunication sector is rapidly changing, driven by government regulation like technological advancement i.e. 3G, 4G, deregulation of the market, privatization also mix of market, technological forces and business environment, thus this market is approaching to maturity level.

So in this business environment, the telecom service provider offers balance form of plan type which attracts the customer; thus monthly expenditure will grow, which will contribute to the organization profitability. The primary objectives of this research to study the underlying factors affecting to the choice of the plan as well as monthly expenses in telecommunication are aiming to develop CRM strategies much more focussed.

RESEARCH METHODS

The research has both exploratory and conclusive phase. The qualitative phase consists of FGD and in-depth interviews with customers and employee of the telecom service provider in the field. A conclusive study followed this through a questionnaire surveyed. The results were analysed using quantitative statistical tools like coefficient Cronbach's α for reliability, Pearson's correlation, and regression analysis techniques.

RESEARCH OBJECTIVE

The primary objective of the study is to determine the measures to assess the Telecom Service Provider and to help the company develop CRM strategies so as to extract maximum value from the customer to contribute in profitability of the company as well as shareholder of the company. The objectives of the study are categorised as:

- To study the dependence of assessment measures of telecom service provider on monthly expense.
- To study the dependence of assessment measures of telecom service provider on choice of plan type.

THEORETICAL FRAMEWORK

Population: All mobile subscribers in India (Pre-Paid, Post-paid and fixed-line subscriber) were incorporated in the population

Sampling Method: Random convenient sampling was used

Sample size: A total of 750 participants responded to the survey, out of which 500 were utilized responses who respondent to give response of all the questions included in the survey.

Instrument development: In the process of questionnaire preparation, we have used literature from previous studies. In this study, the researcher used a five-point Likert scale to measures service quality, satisfaction, loyalty, Trust, Value, and repurchase intention. The final statements are designed on a five point Likert scale from strongly disagree to strongly agree (1 to 5) are enlisted and presented in the questionnaire after dropping few statements and carrying out pilot study Finally in this research thirty-five statements included.

Sr. No.	Variable	No. of Items	Cronbach’s α
1	Service Quality	11	0.872
2	Value	5	0.801
3	Trust	5	0.783
4	Satisfaction	6	0.732
5	Loyalty	5	0.741
6	Re purchase intention	3	0.471

Hypothesis

Model-I: Dependence of variable of the telecom service provider on the monthly expense

- H1: Service Quality is the most important factor influencing monthly expense on Telecom Services.
- H2: Customer Value is the most important factor influencing monthly expense on Telecom Services.
- H3: Trust is the most important factor influencing monthly expense on Telecom Services.
- H4: Customer Satisfaction is the most important factor influencing monthly expense on Telecom Services.
- H5: Customer Loyalty is the most important factor influencing monthly expense on Telecom Services.
- H6: Customer Re-Purchase Intention is the most important factor influencing monthly expense on Telecom Services.

Model-II: Dependence of variable of the telecom service provider on plan type

- H7: Service Quality is the most important factor influencing choice of Plan type on Telecom Services.
- H8: Customer Value is the most important factor influencing choice of Plan type on Telecom Services.
- H9: Trust is the most important factor influencing choice of Plan type on Telecom Services.
- H10: Customer Satisfaction is the most important factor influencing choice of Plan type on Telecom Services.
- H11: Customer Loyalty is the most important factor influencing choice of Plan type on Telecom Services.
- H12: Customer Re-Purchase Intention is the most important factor influencing choice of Plan type on Telecom Services.

ANALYSIS OF RESULTS

The table-1 represents the statistical values for the association between the dependent variables and the independent variables. This table displays beta value, Simple R, R squared, t, Sig and Multiple R. The beta value is a measure of the influence of the predictor variable on the criterion (dependent) variable. Simple R shows the correlation between the variables, which ranges from -1 to 1. The sign of R indicates the positive or negative association between the variables. The Multiple R indicates the strength, with larger values showing stronger is the relationship. The t statistics are used to determine the relative importance of each variable in the model. The higher the t-value, the more important is the variable in the model. R squared indicates the proportion of variation in the variable, which range from 0 to 1.

Table 1: Regression Statistics for Model-I and Model-II

	Model-I			Model-II			Collinearity Statistics	
	Dependent Variable: Monthly Expense			Dependent Variable: Plan Type				
	Beta	t	Sig.	Beta	t	Sig.	Tolerance	VIF
(Constant)	2.603	8.562	.000	3.954	12.959	.000		
Service Quality	.108	1.796	.073	.028	.467	.641	.854	1.170
Value	.006	.087	.930	.084	1.192	.234	.716	1.397
Trust	.092	1.420	.156	.085	1.311	.191	.671	1.490
Satisfaction	.148	2.309	.021	.232	3.601	.000	.815	1.227
Loyalty	.137	2.112	.035	.102	1.560	.119	.743	1.346
Repurchase Intention	.036	.703	.482	.021	.412	.680	.770	1.298

In this study, we have conducted regression analysis to comprehend the impact of Assessment measures of Telecom Service provider on monthly expense. The six Assessment Measures were taken as the independent variables while the Monthly Expense is the dependent variable for Model-I and Plan type is the dependent variable for Model-II. As seen from the results, **customer satisfaction and customer loyalty** are significant assessment measures for consumer’s decision on monthly Expense, while **customer satisfaction** is the assessment measure for consumer’s decision on preferred plan type. The result was derived and the equation which was formulated is as follows:

Regression model for Model 1

$$M1_{\text{Monthly Expense Factors}} = 2.603 + 0.108 * SQ + 0.006 * V + 0.092 * T + 0.148 * SAT + 0.137 * LOY + 0.036 * RPI$$

Regression model for Model 2

$$M2_{\text{Plan Type Factors}} = 3.954 + 0.028 * SQ + 0.084 * V + 0.085 * T + 0.232 * SAT + 0.102 * LOY + 0.021 * RPI$$

Table 2: Results of Regression for Model-I and Model-II

Model No.	Dependent Variable	Factors	R Values
Model-1	Monthly Expense	Satisfaction Loyalty	Simple R-0.381 Multiple R- 0.075 R Square- 0.079
Model-2	Plan Type	Satisfaction	Simple R-0.484 Multiple R- 0.089 R Square- 0.092

The values of R and R square are 0.381 and 0.79 for Model-I, respectively. It states that customer satisfaction and customer loyalty has 38.1% influence on Monthly Expense as per Model-I. The rest of the measures have minimal impact on the Monthly Expense. Other variables like Customer Value, Trust, Re-Purchase Intention, and service quality does not have much role to play in Monthly Expense. Thus Hypothesis H4 and H5 are accepted. The figure below explains the relationship of Monthly Expense with the Assessment measures of Telecom Service Providers.

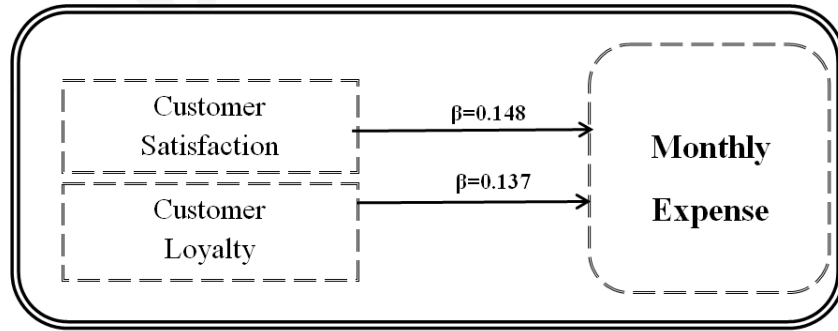


Figure 1: Regression Model-I

The values of R and R square are 0.484 and 0.092 for Model-II, respectively. It states that customer satisfaction has 48.4% influence on Plan Type as per Model-II. The rest of the measures have minimal impact on the Plan Type. Other variables like Service Quality, Customer Value, Trust, Re-Purchase Intention, and Customer Loyalty does not have much role to play in the selection of Plan Type. Thus Hypothesis H10 is accepted. The figure below explains the relationship of preferred Plan Type with the variable of Telecom Service Providers.

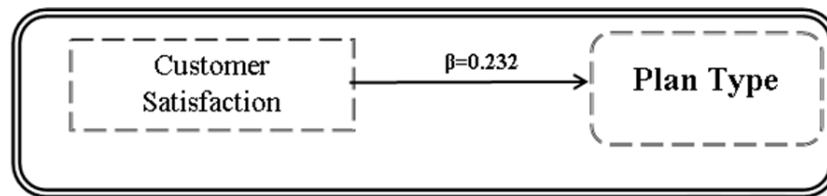


Figure 2: Regression Model-II

DISCUSSION AND CONCLUSION

The main focus of this study to the identified economic aspect of the customer in terms of choice of plan type and expenditure with relation to CRM. The result of this study found that customer satisfaction and customer loyalty much significant to monthly expense on the other side customer satisfaction is only variable of CRM which affect Plan type. Specifically, telecommunication organization want to repurchase intention, and high revenue by the customer then must be more focus on customer satisfaction and customer loyalty. So, some hypothesis is accepted which is given below and remaining hypothesis are rejected.

- H4: Customer Satisfaction is the most important factor influencing monthly expense on Telecom Services. (Accepted)
- H5: Customer Loyalty is the most important factor influencing monthly expense on Telecom Services. (Accepted)
- H10: Customer Satisfaction is the most important factor influencing choice of Plan type on Telecom Services. (Accepted)

LIMITATION AND SCOPE FOR FUTURE RESEARCH

The sample size is always a limitation in any study. Here the sample size relatively small, which will take large and more diversified sample size in the future study. Future research could work on other factors that influence the CRM strategy.

IMPLICATIONS OF THE RESEARCH WORK

This research study beneficial for the practitioners, academicians as well as telecom service providers. This study identifies which CRM strategies are more influence on the customer to repurchase point of view, i.e., plan type and monthly expense. On the practical pint of view, Telecom service provider encompasses this result to deliver the best value in the service to determine the customer benefits.

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