



CUSTOMER LOYALTY IS PRICELESS

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Abstract

This research paper examines the essential values which drive customer satisfaction towards customer loyalty with special regards to communication service provider in lucknow city. Building Loyalty is not that easy. Most of the time the gaps arise between what does company think and how does customer evaluate. If a marketer tries to emphasize on the augmented level ignoring the core level the customer is smart enough to discover this. Research says customer looks for core product first then thinks of augmented products. Today, the Customer is much educated; he/she has his own standards to judge the service or products. Bridging gaps is possible through only satisfying their needs by core benefits then basic, expected, augmented & potential products. Customers expect quality, response, integrity, honesty & result in return. Consistency is the key value which drive towards consumer loyalty.

Introduction

It is not mere customer satisfaction that is necessary for ensuring repeat business. Infact, even the satisfied customers hop to other brands very frequently due to one or the other reason. According to Dr. Le Beouf, author of “How to win customers and keep them for life”, 68% of customers are lost due to indifference which is due to pure neglect. The cost of retaining an existing customer costs 6x to 10x times less than gaining a new customer.

It is really critical to change customer neglect into customer satisfaction and changing customer satisfaction further to customer loyalty. Loyal customers themselves are the best marketing tool and that too at zero cost. Improving customer loyalty will shine as a marketing tool; while at the same time improve delivery of your services or products.

It is seen that customers neglect is a huge loss for a company. A typical business hears from only 4% of its dissatisfied customers while the other 96% go away quietly without giving feedback or reason behind service failure out of which 91% will never come back. This is a serious financial loss for those who don't know how to treat their customers. According to a book report by Gary Tomlinson, a survey on ‘Why customers quit’ found that 3% move away, 5% develop other friendship, 9% leave for other competitive reasons, 14% are the dissatisfied with the product, 68% quit because of an attitude of indifference towards the customer by the owner, manager or some employee. A customer has to create positive service encounters atleast with 8 to 10 customers to maintain its profit because a typical dissatisfied customer will tell 8 to 10 people about service failure. Therefore, it needs extra time, extra effort, extra cost & extra care. Out of 10 complacent customers, 7 will do business with you again, if you resolve the complaint in their favor while the service recovery the way they want. If the problem is resolved on the spot 95% will do the business with you again. On an average, a satisfied customer will tell 5 people about the problem and how it was resolved satisfactorily. CRM is essential to interact with customers, request/ share their feedback and ask them ‘how do you want me to recover’.

Customers don't buy what a marketer sell . Instead they buy what those goods and services do for them. Despite all of the untold millions of products and services for sale in today “marketplace, customers will exchange their hard-earned money for only two things:

1. Good feelings
2. Solutions to problems.

Customer's don't buy connections, they buy network frequency, support, services and style. Customers don't buy only chocolates , they buy love, happiness , emotions and then taste Customers don't buy flats , they buy good investment, pride of ownership , comfort etc. If customers buy good feeling and solutions, then it's your job to know how to provide them. And that, in turn, means understanding more about the feelings customers have and how they go about making a decision to buy. The first point to remember is that „people buy emotionally and justify with logic’. The second point to remember is that „people spend money when and where they feel good.’

Perceived service quality is the difference between what does a customer get and what does he expect? Every customer comes with certain expectations about the quality of the goods, the services, and the total experience of dealing with any business. When marketer exceeds his/her expectations he/she perceives the quality as relatively high. When marketer fail to meet his/her expectations he/she perceives the quality as relatively low. For the long term profitability perceived quality is the most important factor.



Literature Review

(with special reference to customers frequently changing communication network service provider).

M. Satish, K.J Naveen, V. Jeevananthan, (2011) identified the factors that influence the consumers to switch the service providers. They concluded that there is a relation between switching the service provider and the factors like poor network coverage, frequent network Problem, High call rates, influence from family and friends. Xuan Zhang (2009) investigated the impact of relationship marketing tactics on customer satisfaction and trust, which in turn increase customer loyalty, by focusing on Swedish mobile telecommunication sector. An analytical model is developed as a guideline to test the relationships between relationship marketing tactics, relationship quality (trust and satisfaction) and customer loyalty. Andres Kuusik (2007) used LOGIT method for testing level of loyalty of 1000 customers of the biggest telecommunication company in Estonia. The author analyzed four factors affecting customer loyalty that is satisfaction, trustworthiness, image and importance of relationship. Richard Lee, Jamie Murphy (2005), explored determinants that cause mobile phone customers to transit from being loyal to switcher. They concluded that there are different factors which affect the Customers to switch from loyalty to switching intentions such as price, technical service quality, functional service quality, switching costs, etc. The result shows that price is the most important factor which affects the customers to switch loyalties to another provider. Jessy John (2010) explored the factors that influence customer loyalty of BSNL mobile customers. A Sample of 100 consumers who have BSNL mobile services in Jaipur city were surveyed to assess the reasons behind the hard core customer loyalty even in an environment with high quality alternatives. The author recommended that BSNL mobile service enterprises should work on its problems related to servers in order to further strengthen its customer satisfaction and loyalty. Dick and Basu (1994) uncovered the point that mobile subscribers incur switching costs when changers take advantage of lower call rates and potentially better services. The issue of customer retention in telecommunication industry in Sri Lanka was studied by Silva, K.A (2009). The author found that the most important factor in continuing an existing service provider was the ability of the service provider to give value to the customer. This was followed by assurance and responsiveness. The least important factors were legal undertaking tangibility and payment terms. Kumaraval, kandasamy (2011) concluded that idea cellular, Bharti Airtel and Vodafone emerged as most preferred mobile service operators in terms of Mobile Number Portability in Indian telecom market. Hitesh Parmar and Jaidip Chaudhari (2012) surveyed 100 customers from Surat City to find out the comparative analysis of customer satisfaction before and after the adoption of Mobile Number Portability. Poor network facility of the previous service provider, better sms pack from new service provider and full talk time on recharge are some of the reasons for switching from one operator to another. Joseph and Joachim (2009) discussed switching cost and its relationship with customer retention, loyalty and satisfaction in the Nigerian telecommunication market. The author found that customer satisfaction positively affects customer retention and the switching cost affect significantly the level of customer retention. Muzammil, Sehrish and Adnan (2010) targeted various subscribers of telecom sector in Pakistan to identify the factors affecting customer satisfaction. The results showed that both the factors have significantly contributed towards customer satisfaction but comparatively price fairness had the larger impact on customer satisfaction than customer services. Douglas A. Galb (1999) identified issues and trade-offs that should be considered in regulating prices for shifting between service providers. Service providers, customer acquisition cost, the cost to customer of changing service providers and the level of change are important factors in evaluating the effects of a network's operator charge for shifting customers between service providers.

Objectives of the Study

1. To explore the factors affecting consumer brand switching behavior
2. To compare brand switching behavior among male and female management students pursuing Masters degree

Hypotheses

Ho1: There is no correlation among nineteen variables in the population under study.

Ho2: There is no significant difference in value added services among male and female students.

Ho3: There is no significant difference in pricing strategies among male and female students.

Research Methodology

The Study: The present study is an exploratory study and is based on primary data.

The Sample: In the present study, convenience sampling method has been used. The questionnaire has been administered on 100 respondents (50 male and 50 Female students) of Management Institute pursuing Masters from Lucknow City.

Tools for Data Collection

A self designed structured questionnaire consisting 19 items has been used. The questionnaire was on 5-point Likert Scale, where 1 indicated high level of dissatisfaction and 5 indicated high level of satisfaction.



Tools for Data Analysis

Kaiser-Mayer-Olkin (KMO), Bartlett's Test, factor analysis, mean and t-test. The data was analyzed with the help of Statistical Package for Social Sciences. Reliability of the measure was assessed with the use of Cronbach's Alpha on all the 19 items. The Cronbach's Alpha of the questionnaire was 0.95.

As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable. Hence, it was found reliable for the further analysis.

Result and Analysis

Result of KMO and Bartlett's test of sphericity As indicated in table 1, the generated score of KMO was 0.936, reasonably supporting the appropriateness of using factor analysis. The Bartlett's test of sphericity was highly significant ($p < 0.01$), rejecting the null hypotheses that the 19 variables are uncorrelated in the population. The factor analysis generated two factors explaining 61.605percent (Table 2) of the variability in the original data. Result of Factor Analysis The first factor was Value Added Services which consist of nine items which are brand image (0.807), network coverage (0.757), brand preference (0.747), customer loyalty (0.740), better services (0.689), mobile number portability (0.676), good quality service (0.633), and call rate (0.631) and customer satisfaction (0.631). Total load is 10.558 and variance is 55.56percent. The second component was pricing strategies which consist of pricing policies (0.818), promotional offers (.697), new schemes (0.693), flexible pricing (0.678), timely information (0.667), switching cost (0.656), personalized services (0.636), friendly staff (0.596), customer care (0.533), and reliability (0.436). Total load is 1.147 and variance is 61.04percent. Result of t-test 1. Result for Value Added Services Table 3 depicts that p value is .172; therefore null Hypothesis Ho2 cannot be rejected at 5percent level of significance for value added services among male and female students. It implies that there is no significant difference between male and females for value added services in telecommunication industry 2. Result for Pricing Strategies Table 4 depicts that p value is .000; therefore null Hypothesis Ho3 is rejected at 5percent level of significance in pricing strategies among male and female students. It implies that there is significant difference between male and females for pricing strategies in telecommunication.

Mean Value of factor 2 (pricing strategies) in males is 2.15 while in case of females is 3.47. It implies that pricing strategies affect females more than males.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.936		
Bartlett's Test of Sphericity Approx. Chi-Square	1.268E3		
Df	171		
Sig.	.000		
Table-2: Factor Analysis			
Variable No	F1		F2
V1			0.5985
V2			0.5354
V3	0.6339		
V4	0.7577		
V5			0.6367
V6			0.6938
V7			0.818
V8			0.6674
V9	0.6318		
V10			0.6787
V11	0.7405		
V12	0.8079		
V13			0.697
V14			0.4365
V15	0.6316		
V16			0.9589
V17	0.66891		



V18	0.7475									
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V19		0.6763								
Cumulative Variance		55.57percent				61.61percent				
Table-3: Independent Samples Test										
		Levene's Test	for	t-test for Equality of Means						
		Equality	of							
		Variances								
						Sig. (2-	Mean	Std.	Error	
		F	Sig.	t	df	tailed)	Difference	Difference		
VAR00001	Equal variances	1.891	.172	-22.426	98	.000	-16.20000	.72237		
	assumed									
	Equal variances			-22.426	92.249	.000	-16.20000	.72237		
	not assumed									
Table -4: Independent Samples Test										
		Levene's Test	for	t-test for Equality of Means						
		Equality	of							
		Variances								
		F	Sig.	t	df	Sig. (2-	Mean	Std.	Error	
						tailed)	Difference	Difference		
VAR00002	Equal variances	25.332	.000	-15.043	98	.000	-13.20000	.87751		
	assumed									
	Equal variances			-15.043	65.346	.000	-13.20000	.87751		
	Not assumed									

Conclusion

The present paper identifies factors affecting the consumer brand switching behavior in telecommunication industry and also explores whether these factors vary among males and females. On the basis of questionnaires administered to consumers in telecommunication industry, the study reveals that Value added services and Pricing strategies are the two important factors that influence the consumer behavior while switching the brands in telecom sector. So by providing best value, establishing good relationship with customers through efficient customer services, enhancing brand loyalty and simply by keeping the price fairness of services compatible a telecom service providers can control consumer brand switching behaviour and can retain the customers while establishing long term profitable relationship with customers.

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