

AN INFLUENCE OF CUSTOMER SATISFACTION ON BRAND LOYALTY: A CONCEPTUAL STUDY OF INDIAN TELECOM MARKET

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Abstract: Customer satisfaction and brand loyalty are the most significant factors that influence the telecom industry. Customer satisfaction contributes in brand loyalty especially in mobile telecom sector. The study is conceptual in nature and secondary data is used to shape the paper. The main objective of this study is to find out the interrelationships and effect of customer satisfaction on brand loyalty. Findings suggest that there is high positive relationship between the concepts of customer service satisfaction and brand loyalty. Deep study of literatures has been done to reach at outcome of the study.

Key Words: Customer Satisfaction, Brand loyalty, Telecommunication sector.

1. Introduction:

The relationship between customer satisfaction and brand loyalty has proven its role and importance in Management as well as in marketing. Throughout previous decades, Marketing researchers have acclaimed the advantages of satisfaction and loyalty, and have mentioned them as directories of an organizational competitive benefit. On the other hand, brand loyalty is one of the most important constructions in marketing, due to its final effect on customers' repeated purchases, and in fact, those loyal customers who purchase repeatedly are considered as the base of any business. The main aim of this study is to find the interrelationships between customer satisfaction and brand loyalty in telecom sector in India.

The interrelationships between customer satisfaction and brand loyalty may provide creative concepts for improving services in order to gain a competitive advantage in the telecom sector in India.

Customer satisfaction is one of the serious achievement factors that influence the competitiveness of an organization. A telecom firm can differentiate itself from competitors by providing high quality service. This study will again explore the factors that enable telecom firms to attract and maintain their customers. There is no assurance that what is brilliant service today and it is also applicable for tomorrow. To continue in the competitive telecom industry, banks have to develop new strategies which will satisfy their customers. In the dynamic telecom industry, customer satisfaction is considered as the essence of success. High customer satisfaction is important in maintaining a loyal customer base.

2. Customer Satisfaction:

Customer satisfaction has been defined in several ways but the widest accepted definition is that satisfaction is a post-choice evaluative judgment of a specific transaction. Customer satisfaction is the result of a customer's perception of the value received in a transaction – where value equals perceived service quality relative to price and customer acquisition costs. Customer satisfaction is a key factor in formation of customer's need for future purchase. Besides, the satisfied customers will perhaps talk to others about their good experiences. This fact, especially in the telecom user, where the routine life has been shaped in a way that social communication with other people enhances the society. Although satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction. Satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction, expectations for services is "would", while in service quality, expectations for services is "should". Satisfaction is an inner view, resulted from customer's own experience from the service. Several researches have studied the relationship between Customer satisfaction and brand loyalty

In general terms, satisfaction can be defined as the summary judgments formed after consumption. Although many models have been suggested to explain satisfaction, Meeting or exceeding initial expectations should lead to satisfaction whereas falling short of expected performance will generate dissatisfaction and lead to unfaithful customers. Customer satisfaction and buyer retention are generally considered the most important long term objectives of firms. Loyal customers can benefit a firm's cost

structure through reduced costs per visit when compared to new customers. Thus, previously satisfied buyers may result in both reduced marketing costs and more stable sales/share levels if a large enough proportion of those satisfied buyers are retained as customers.

3. Brand Loyalty:

Several researchers have studied that there are two types of loyalty; behavioural and attitudinal loyalty. The behavioural aspects of the customer loyalty were considered in terms of repurchase intentions, word-of-mouth communication, and recommendations of the organization while attitudinal loyalty as a favourable assessment that is held with sufficient strength and stability to encourage a repeatedly favourable response towards a product/brand or a store. Consumer loyalty seems to be based on a collection of factors. The first is trust. Consumers must trust the vendor or service provider to whom they encounter. Second is transaction or relationship, it must have a positive perceived value greater than that supplied by competitors. Third, if marketers build on the first two factors, then they may be able to create a level of positive customer emotional attachment. That emotional response may be commitment to their brands. Today, every industry offers a variety of loyalty schemes aiming at differentiating one competitor from other activities.

Brand loyalty is possibly one of the oldest concepts of interest to marketing scholars. In the past, researchers have used different aspects of loyalty including “purchase possibility”, “purchase frequency”, “awareness”, and “long-term trust/commitment”. Some defined loyalty as an interrelation between both purchase behaviour and brand attitudes. Marketers compete that business performance is associated with maintaining adequately high levels brand loyalty.

4. Review of Literature:

Asghar Afshar Jahanshahi et al (2011) tried to address the relationship between customer service and product quality with customer satisfaction and loyalty in the context of the Indian automotive industry in this research paper. Customer satisfaction and loyalty are the most important factors that affect the automotive industry. On the other hand, Customer service can be considered as an innate element of industrial products. Customer service quality, product quality, customer satisfaction and loyalty can be measured at different stages, for example, at the beginning of the purchase, and one or two years after purchase. The population of the study is all of the Tata Indica car owners in Pune. Hypotheses of the study is analysed using regression and ANOVA. Results of the study show that there are high positive correlation between the constructs of customer service and product quality with customer satisfaction and loyalty. [4]

The research study of **Rahim Mosahab et al (2010)** was conducted in a bank in Tehran, Iran, in 2009/2010. This research report is aimed to determine the quality of services offered by Sepah Bank, and also to study the relationship between the service quality, satisfaction and loyalty. In this research, the service quality standard model has been used for evaluation of service quality. The results of this research shows that in all aspects, customer’s expectation are higher than their perceptions of the Bank’s operation, and in fact the quality of offered services is low. Besides, this research findings show that the customer satisfaction plays the role of a mediator in the effects of service quality on service loyalty. [6]

The main objective of the study of **Kazi Omar Siddiqi (2011)** is to find the interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. The purpose of this study is to fill the gap among stated attributes. A survey was conducted to collect data. The sample size of 100 retail banking customers was drawn from different banks in Bangladesh. The result shows that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh. [8]

According to **Adel Al-Wugayan and Larry P. Pleshko (2011)**, Marketers contend that customer satisfaction, customer loyalty, and market share are important marketing effectiveness outcome variables in assessing firm’s competitiveness. This study explores these variables in Kuwait banks by interviewing three hundred thirty mutual funds investors. The authors, using path analysis, present a variety of findings as they pertain to the banking industry. It appears that, within this product-market,

loyalty, which is at least partly derived from customer satisfaction, is a major determinant of market share and should be a major focus of any marketing program. [10]

The aim of the research paper **Mesay Sata Shanka (2012)** is to measure the quality of service offered by private banks operating in Ethiopia. Moreover, it tries to investigate the relationship between service quality, customer satisfaction and loyalty. The five dimensions of SERVPERF model i.e. reliability, assurance; tangibility, empathy and responsiveness were used to measure the quality of service offered by the private banks. In order to achieve the aims, both primary and secondary sources of data were used. The primary data were collected through administering questionnaire. Convenient sampling procedure was used to obtain 260 responses from customer of banking services in Hawassa city. Correlation and multiple regressions were used to investigate the relationship between dependent and independent variables. The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. The results of the regression test showed that offering quality service have positive impact on overall customer satisfaction. [7]

The purpose of the research of **Timothy L. Keiningham et al (2007)** is to examine different customer satisfaction and loyalty metrics and test their relationship to customer retention, recommendation and share of wallet using micro (customer) level data. The data for this study come from a two-year longitudinal Internet panel of over 8,000 US customers of firms in one of three industries (retail banking, mass-merchant retail, and Internet service providers (ISPs)). Correlation analysis, CHAID, and three types of regression analyses were used to test the hypotheses. The results indicate that recommend intention alone will not suffice as a single predictor of customers' future loyalty behaviour. Use of a multiple indicator instead of a single predictor model performs better in predicting customer recommendations and retention. [9]

5. Relationship between Customer Satisfaction and Brand Loyalty:

After the deep study of literature it can be said that the relationship between customer satisfaction and brand loyalty changes over time. However, the relationship between satisfaction and loyalty is expected to be dependent on the quality of the product and services. This study is aimed to figure out the relationship between customer satisfaction and loyalty in the context of the Indian telecom industry. It often suggested that strong loyalty is a major determinant of customer business interface. If consumers are satisfied with their chosen brands, increasingly they will be inclined to re-purchase and eventually become loyal buyers displaying strong customer goodwill. Although the literature contains noteworthy differences in the definition of satisfaction, all the definitions share some common features. This can be identified as following.

1. Customer satisfaction is a response (emotional or cognitive);
2. The response refers to a particular attention (expectations, product, consumption experience, etc.);
3. The response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc).

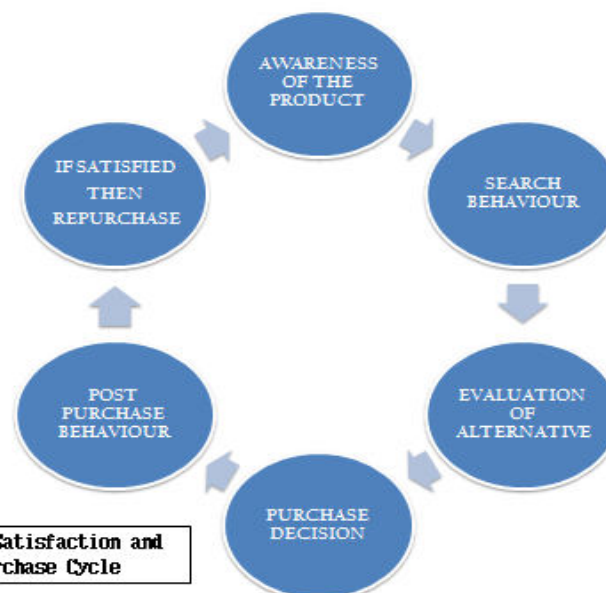


Fig.: Satisfaction and Purchase Cycle

6. Results and Discussion:

In this highly competitive scenario, modernization in branding helps a firm to retain its name in the telecom market because innovative techniques in branding differentiate your brand from the competing firms in the market place and enhances the satisfaction level of the customers. For capturing the satisfaction of majority of people in the telecom market and for being a giant player in the telecom market, something new with the alteration in services should be offered. For being a renowned brand or brand recognition, telecom outlet helps a firm in getting statutory image of their brand in the mind of customers and contributes in brand loyalty. At the time of purchasing decision, presence of more alternative services and plans surely affects the purchasing process because customers remain indifferent about the substitutes. Sales promotion techniques at least at the time of festivals help in attracting customers and also it contributes to the footfall of customers and maintains brand loyalty. Suggestion and complaints from the customers in the form of feedback helps a telecom company in further strategic planning.

7. Conclusion:

There is a famous saying that customer is king of market so the satisfaction level of customers decides the progress of a company. At present most of customers attract on something innovative plans of Telecom Company according to their need. So this study on customer satisfaction and brand loyalty demonstrates psychology of how the consumer is influenced by his or her environment and behaviour of consumers while shopping or making other purchasing decisions. This study helps firms and organizations to improve their marketing strategies. It helps a firm to understand how consumer reacts toward their brand in changing environment. Also this will help to understand how marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer. Eventually to conclude our research study we just drawing the attention on the fact that in this research we have tried to find out the influence and relationship between customer satisfaction and brand loyalty in the process of making purchase decisions by existing as well as potential customers. Because these always help a telecom operator in retaining the customers in a long run case although it contributes to customer satisfaction and profit maximization.

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