

Impact of Customer Satisfaction on Customer Loyalty w.r.t. selected Telecom Services in Bilaspur, Chhattisgarh.

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1. Abstract

The present research was conducted among the customers of different telecom services in Bilaspur Chhattisgarh. This study aimed to determine the relationship between customer satisfaction and loyalty. It has been observed from the previous studies that the satisfaction of the customers is an important and a necessary indicator of customer loyalty. For the present study 100 customers of different telecom services such as Reliance Jio, Idea and Airtel were sampled. The result of this research shows that customers do become loyal towards the brands when they get satisfied with the offered services. This research also shows that the customer satisfaction plays a vital role as a mediator for service loyalty. The findings are further explored in this paper.

Keywords: CRM, Customer Loyalty, Customer Satisfaction, Service loyalty.

2. Introduction:

In this global business scenario we all know that customer relationship management is playing a vital role in the development of any business. It has become the backbone of the industries and for the growth of any business firm. Basically in industries like telecom CRM is moreover required at each and every interval in both purchase and usage, as telecom services need to face customers every now and then. This study focuses to determine the relationship between customer satisfaction and loyalty which are the important indicators of customer relationship management. It has been observed from the previous studies that the satisfaction of the customers is important and a necessity to make the customer loyal towards the firm. The present study is done among the customers of Reliance Jio, Idea and Airtel telecom services.

3. Customer Satisfaction

Customer satisfaction is one of the key factors which helps to form the customer's desires for future purchase (Mittal & Kamakura, 2001). The satisfied customers talk about their good experiences regarding the services with others (Jamal & Naser, 2002). This factor is more important especially when we consider service sectors such as telecom. This is one of the ways of social communication. Satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction. For example, Parasuraman et al. (1991) say that satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction literature, expectations for goods is "would", while in service quality literature, expectations for goods is "should". Liljander & Strandvik (1993) say that service can be evaluated on the basis of the knowledge about service provider, while satisfaction is an inner view, resulted from customer's own experience from the service. Finally, several researches have been done on customer satisfaction have proved its direct relationship with customer loyalty.

4. Service Loyalty

Telecom service organizations have developed customer loyalty programs as a part of relations development activities. Customer loyalty is a complicated concept. According to Oxford Dictionary

defines loyalty as a state of true to allegiance. In other words repeated purchase by customers has been mixed with the above mentioned definition that showed customer loyalty. In service territory, loyalty has been defined in an extensive form as “observed behaviours” (Bloemer et al., 1999). Caruana (2002) says that behaviour is an expression of loyalty to the service brand. The loyalty of customers results in their support and psychological bond with a product or service and the company.

5. Customer satisfaction and loyalty

Customer satisfaction refers to that state of customer psychology when their emotion is surrounded by customer's prior feelings about the consumption experience (Oliver, 1981). It is often considered as an important determinant of repurchase intention (Liao, Palvia, & Chen, 2009) and customer loyalty (Eggert & Ulaga, 2002). If a customer has good experiences of using services over time, then he/she will have collective customer satisfaction. Customer satisfaction reflects the degree of a customer's feeling of positivity for a service provider in a telecom services, it is important for all telecom service providers to understand the customer's vision regarding their services. On the other hand, a high level of customer satisfaction may have a positive impact on customer loyalty (Mittal, Ross, & Baldasare, 1998). A high level of customer satisfaction may have a positive impact on customer loyalty (Mittal, Ross, & Baldasare, 1998). Brand loyalty is defined as “a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1999). Customer loyalty is the ultimate objective of customer satisfaction measurement (Sivadass and Baker-Prewitt, 2000). It is found to be a key determinant of a brand's long-term viability (Krishnamurthi & Raj, 1991). Furthermore, compared with loyal customers, non-loyal customers are much more influenced by negative information about the products or services (Donio, Massari, & Passiante, 2006). Therefore, retaining existing customers and strengthening customer loyalty appear to be very crucial for mobile service providers to gain competitive advantage. It is easier to create loyalty if a service provider can satisfy the needs of the customer better than its competitors (Oliver, 1999). Higher the customer satisfaction, higher will be the customer loyalty (Fornell, 1992). Clarke (2001) proposed that effective satisfaction must be able to create loyalty amongst customers. Studies have demonstrated that customer satisfaction positively affects customer loyalty (Choi, Seol, Lee, Cho, & Park, 2008). Once a customer feels satisfied with the service provider because of high service quality or other factors, then he/she will be much loyal towards the particular product or service. Customer Loyalty can be defined as a combined strategy and the managerial skills of the persons to measure and focus their attention to acquire and retain customers especially in service industry. Thus we can hypothesize that this relationship between customer satisfaction and customer loyalty will be applicable. Thus, we propose the following hypothesis:

H₀. Customer satisfaction has no effect on customer loyalty.

H₁. Customer satisfaction has a positive effect on customer loyalty.

6. Methodology

A survey was conducted for the purpose of this study. The population of this study comprises the users of different telecom services such as Reliance Jio, Idea and Airtel in Bilaspur, Chhattisgarh. Convenience sampling technique is applied. In this study both primary and secondary data are collected considering 100 samples from Bilaspur, Chhattisgarh to fulfil the purpose of this study. A structured questionnaire was distributed to the respondents among which few of them are below:

Age group of respondents:

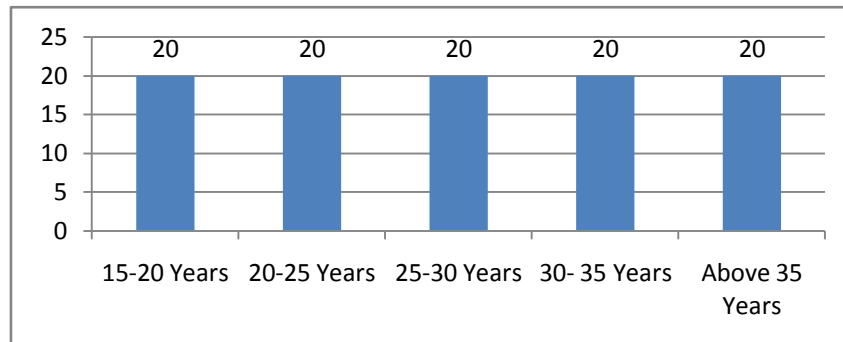


Figure 1.Age Group

Customer preferences the most among different telecom services:



Figure 2.Customer Preference

Telecom Service provided in Bilaspur, Chhattisgarh are:

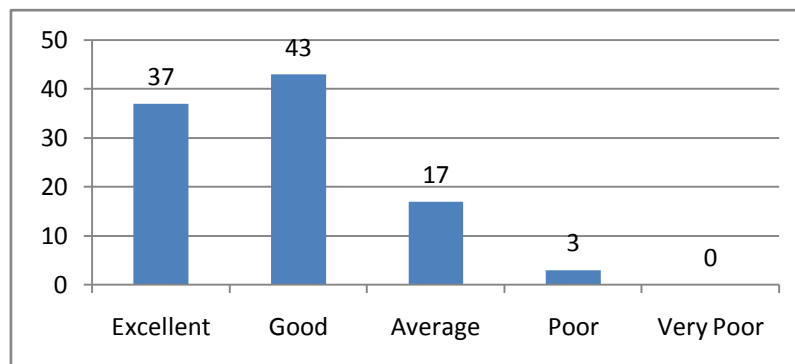


Figure 3.Telecom services in Bilaspur

Customer satisfaction with service they use:

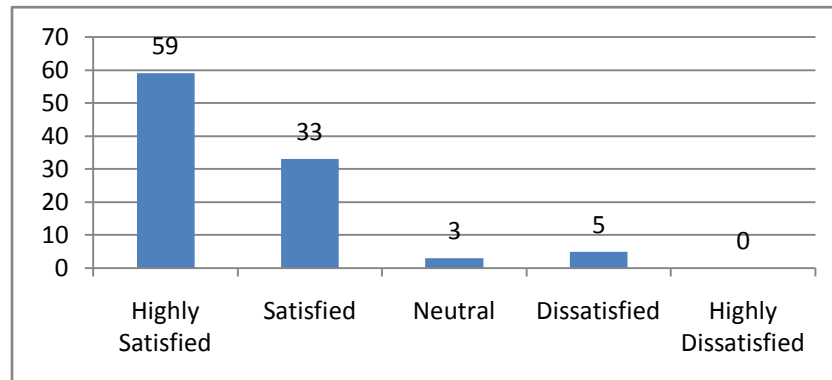


Figure 4. Customer Satisfaction with service usage

Customer satisfaction has a positive effect on customer loyalty:

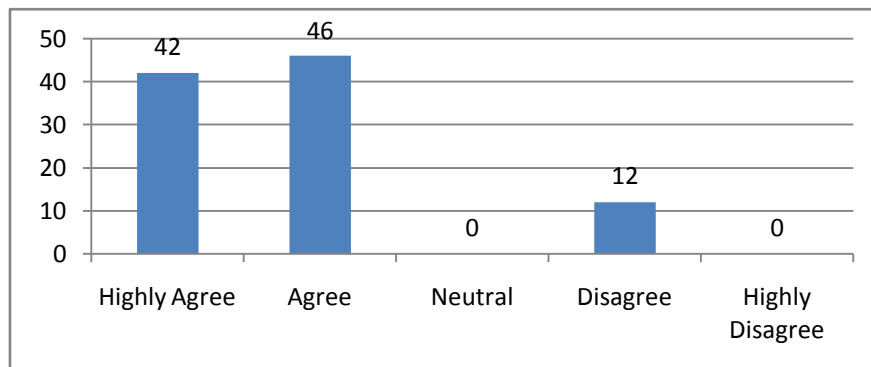


Figure 4. Customer satisfaction has a positive effect on customer loyalty

7. Hypothesis Testing:

Impact of customer satisfaction on customer loyalty

H_0 . Customer satisfaction has no effect on customer loyalty.

H_1 . Customer satisfaction has a positive effect on customer loyalty.

Table 1. Response

Scale	Rating
Highly Agree	42
Agree	46
Neutral	0
Disagree	12
Highly Disagree	0

Table 2. Chi Square

O _i	E _i	(O _i -E _i)	(O _i -E _i) ²	(O _i -E _i) ² /E _i
42	33.33	8.67	75.17	2.26
46	33.33	12.67	160.53	4.82
12	33.33	-21.33	454.97	13.65
Chi square value				20.72

Degree of freedom: 3-1=2

Calculated value: 20.72

Tabulated value:

Calculated value (20.72) > Tabulated value (5.991)

Hence, we accept H₁

Customer satisfaction has a positive effect on customer loyalty

8. Conclusion

This work studied customer satisfaction as an indicator of customer loyalty with reference to different telecom services users in Bilaspur, Chhattisgarh. This study contributed in exploring customers' perceptions, their behaviour and other attributes related to the satisfaction of the customer of different telecom services such as Reliance Jio, Idea and Airtel which is occasionally concerned by other researchers yet. Thus, this study fills the gap and helps to find the relationship of customer satisfaction and customer loyalty. After considering the factors influencing customer satisfaction and loyalty of telecom service users in Bilaspur (C.G.), the results of this study highlight the significant effect of customer satisfaction on customer loyalty.

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