

Variations in Customer Loyalty: Study of Different Mobile Service Providers

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ABSTRACT

There is always a fierce battle among mobile service providers not only to preserve their existing customers but also to attract other service providers' customers in order to ever increase their subscribers' base. To pursue this goal Customer Loyalty as a concept has to be properly understood. Customer Loyalty is highly sought after but equally elusive goal for every company. This paper attempts to understand the various facets of customer loyalty with respect of customers belonging to different service providers in mobile industry. Data came from more than 500 mobile subscribers in Gwalior region who used services of different service providers. Findings suggest that level of customer loyalty varies among the customers of different service providers.

Keywords: Customer Loyalty , ANOVA, Scheffe's Post hoc Test.

INTRODUCTION:

India is gradually becoming fastest growing telephone industry in the globe. There were around 1200 million telephone users in December 2018 out of which almost 530 millions resided in rural India. Today India is the second largest country in terms of number of telephone users. On teledensity parameter it has increased to 91.45 % (In urban areas it is 159.98 % and rural areas it is 59.5 %).

As teledensity in this sector is reaching to almost hundred percent, it is becoming zero sum game i.e. one company can grow only when the other company loses. Intensified competition is witnessed due to launch of telephone services by several service providers and it forces each company in this sector to do everything to ensure customer loyalty. This research paper is an effort to study customer loyalty among the subscribers of different mobile service providers in Gwalior region.

OBJECTIVES:

The research paper aims at following:

1. To describe the concept of Customer Loyalty
2. To understand prevalence of Customer Loyalty with respect to customers belonging to different service providers.

REVIEW OF LITERATURE:

Conceptual Framework of Customer Loyalty:

Customer Loyalty has been understood as a favorable response and attitude towards a particular brand which leads to regular purchase of that brand over time, loyalty is considered to be present when favourable attitudes are reflected through repeat purchase behaviour (Keller, 1993).

Several studies have been carried out to delineate the antecedents of customer loyalty.

Lee, Lee,& Feick, (2001) concluded that most efficient way of developing customer loyalty is to keep customers delighted.

Engel et al., (1982) studied brand loyalty and categorized it as preferential , attitudinal, and behavioral response of consumers shown towards one or more brands in a particular product category again and again.

Customer Retention and Customer Loyalty:

In past the concept of customer retention and customer loyalty were not treated separately so they were (Zenithal et al.,1996;Reichheld and Sasser,1990).

The present study also holds the distinction between the two concepts immaterial.

Dawes and Swailes (1999) found that high customer loyalty is critical for successful customer retention, and firms who are competing on the basis of customer loyalty will emerge victorious in long run.

Customer loyalty as a construct has evolved . Initially , the emphasis of customer loyalty was on brand loyalty about tangible goods Day, (1969).

Customer Loyalty has always stood as a cherished goal for all marketing organisations Reichheld & Schefter, (2000). Day (1964) propounded that there is much more to brand loyalty than mere regular purchase of same brand . In a later study Jacoby and Chestnut (1978) explained brand loyalty by incorporating both behavioral as well as attitudinal constituents in it.

A study by Dick and Basu, (1994) about Brand loyalty in marketing context revealed that it is consumer's commitment to re-buy or to continue using the same brand can be reflected by repeated buying of the same goods or service or other positive behaviors' such as positive words of mouth amounting to product advocacy Jacoby and Chestnut, (1978) argued that Brand loyalty is non random behavioural response exhibited by some decision making unit in connection to one or more brands out of several brands and it is aa outcome of psychological processes.

A study by Gremler and Brown (1996) revealed that most of past studies on customer loyalty were largely about goods related and research about customer loyalty pertaining to service firms were almost missing. They further opined construct of goods related customer loyalty cannot be generalized in context of service related customer loyalty because of following reasons:

A person to person interface is an essential attribute in marketing of services Suprenant and Solomon, (1987).

Perceived risk plays a larger role case of services, as customer loyalty proves as a constraint in customer switching behaviour Zeithaml,(1981).

Reliability, and confidence which are intangible attributes may play a crucial role in developing and maintaining loyalty services context Dick and Basu, (1994).

The concept of customer loyalty later on grew into service industry and was defined as the extent to which consumers show repeat buying or consuming behavior towards a particular service providing company, carries a positive attitudinal disposition towards that company considers only that service company whenever need arises Gremler and Brown (1996).

Almost every organization considers loyal customers as asset as they bring immense profits to them. This special group of customers are the source of regular revenue , decrease marketing and operating costs, increases referral, and are almost immune to competitors' promotional efforts to woo the customers. Reichheld and Sasser, (1990)

Geropott et al., (2001) studied the link between customer satisfaction and customer loyalty in cellular mobile industry in Germany. They discovered that customer satisfaction, customer loyalty and customer retention are three separate constructs very different from each other. Customer satisfaction derives customer loyalty, which in turn has an impact on customer retention.

The concept of Customer loyalty signifies that whenever customers come under environmental influences or marketing efforts , which motivate them to change their buying behaviour , but they continue their repeat purchase intention with preference to product or service Oliver, Rust and Varki (1997).

RESEARCH METHODOLOGY:

Data Collection:

Data was obtained from more than 500 mobile subscribers availing services from diverse service providers.

Research Design:

With the help of structured questionnaire responses were gathered from customers which were measured on 5-point Likert scale. The questions were relevant as they were carefully chosen picked after extensive literature review.

Measurement Scale:

To measure Customer Loyalty a 5 item scale based on the work of Morgan and Hunt (1994) The Scale items are listed below:

1. I would like to remain with my current service provider for coming 6 months.
2. I would like to remain with my current service provider for coming one year.
3. I would like to remain with my current service provider for coming two year.
4. I would recommend the services of my service provider to my friends and relatives.
5. If I were to choose mobile service provider once again I will choose my current service provider once again.

Following Null hypothesis was developed for testing to meet the purpose of the study:

H0: No significant difference is found in the levels of customer loyalty among the customers belonging to different service providers.

Telephone Service Providers of Responding Subscribers :

Niether all the service providers care equally well for their subscribers nor are they equally sensitive towards them. Service providers are different from each other on almost all parameters related to service quality, customer satisfaction etc.

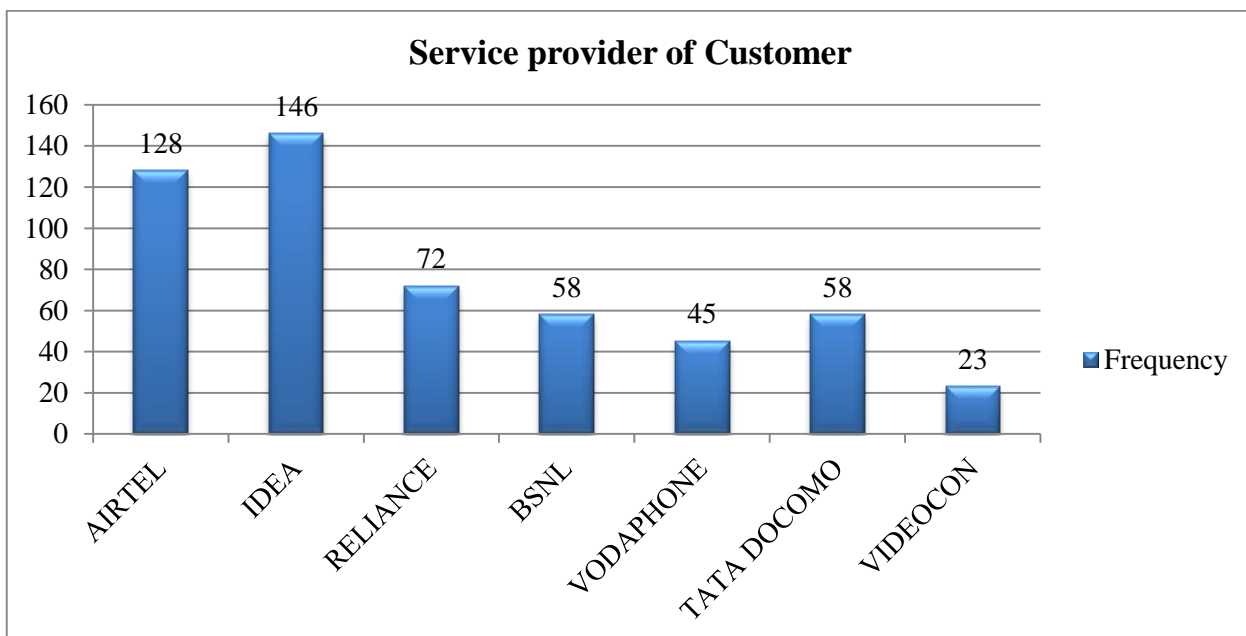
Table 1 below shows all the major service providers who are providing telephone services in Gwalior, Madhya Pradesh

Table 1: Service Provider of Respondent

Group	Name of Service Provider	Frequency	Percent	Cumulative Percent
1.00	Airtel	128	24.2	24.2
2.00	Idea	146	27.5	51.7
3.00	Reliance	72	13.6	65.3
4.00	BSNL	58	10.9	76.2
5.00	Vodaphone	45	8.5	84.7
6.00	Tata Docomo	58	10.9	95.7
7.00	Videocon	23	4.3	100.0
Total	Total	530	100.0	

Data in the table 1 shows that maximum number of subscribers i.e. 27.5% belong to Idea. Bharti Telenet i.e. Airtel follows Idea in terms of market share with 24.2% subscribers using Airtel . Reliance stands third with 13.6% market share. Tata Docomo and state player BSNL have have exactly equal market share 10.9% each. Vodafone and Videocon has market share of 8.5% and 4.3% respectively.

Figure: 1



DATA ANALYSIS:

Test of Reliability for the measurement scales of Customer Loyalty was done using SPSS which gave following results.

Table 2: Reliability Analysis: Customer Loyalty

Number of Items	Cronbach's Alpha
5	.836

The value of Chronbach alfa is more than .7, the standard value which was suggested by Nunally(1978) as reference value in such type of studies.

Having done Reliability test, the Null hypothesis was put to test by using ANOVA and later on post hoc test by Scheffes’s method was carried out.

Customer Loyalty Among Customers of Different Telephone Service Provider:

H0: No significant difference is found in the levels of customer loyalty among the customers belonging to different telephone service providers.

ANOVA (Onw Way) was carried out to test this hypothesis. The output generated by SPSS is shown in table 3 . The table 3 depicts the F value of 9.7 which is significant at 5% level of significance because the p-value is .000 which is much less than .05. It signifies that above mentioned Null Hypothesis is rejected and a conclusion can be drawn that there is significant difference in levels of customer loyalty belonging to different service providers.

Table 3: ONE WAY ANOVA: Customer Loyalty & Service Provider

	Sum of Squares	df	Mean Square	F	Sig.	NS/S
Between Groups	35.4	6	5.9	9.7	.000	S
Within Groups	318.1	523	.6			
Total	353.5	529				

Post hoc test –Scheffe’s Method:

Customer Loyalty and Service Providers:

To ascertain that which age group differs significantly from other groups on the basis of their customer satisfaction, a post hoc test was carried out by using Scheffe method, this methos was choosen as as numbers of customers were different in different groups on the basis of service providers

Table 4: Post hoc test – Scheffe’s method: Between Customer Loyalty & Service Provider

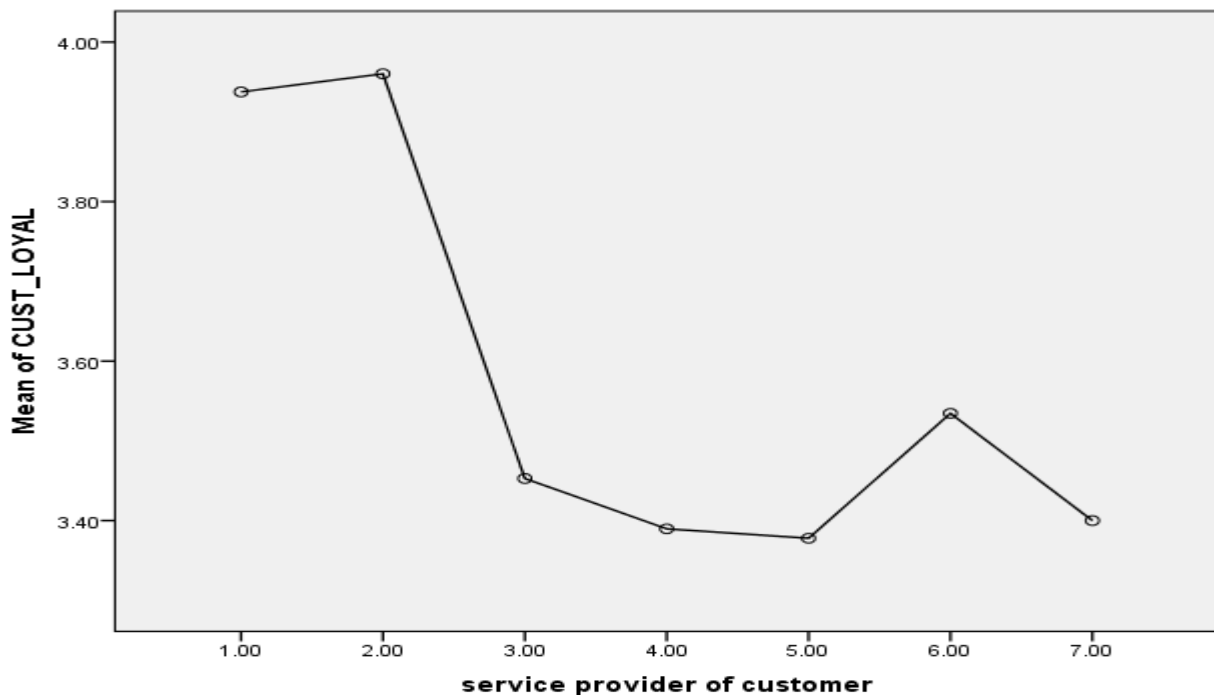
(I) Service Provider of customer	(J) service provider of customer	Mean Difference (I-J)	Std. Error	Sig.	NS/S
Airtel	Idea	-.022	.094	1.000	NS
	Reliance	.484*	.114	.007	S
	BSNL	.547*	.123	.004	S
	Vodaphone	.559*	.135	.010	S
	Tata Docomo	.403	.123	.102	NS
	Videocon	.537	.176	.162	NS
Idea	Airtel	.022	.094	1.000	NS
	Reliance	.507*	.112	.003	S
	BSNL	.570*	.121	.001	S
	Vodaphone	.582*	.132	.004	S
	Tata Docomo	.425	.121	.056	NS
	Videocon	.560	.174	.117	NS
Reliance	Airtel	-.484*	.114	.007	S
	Idea	-.507*	.112	.003	S
	BSNL	.063	.137	1.000	NS
	Vodaphone	.075	.148	1.000	NS
	Tata Docomo	-.081	.137	.999	NS

(I) Service Provider of customer	(J) service provider of customer	Mean Difference (I-J)	Std. Error	Sig.	NS/S
	Videocon	.052	.186	1.000	NS
BSNL	Airtel	-.547*	.123	.004	S
	Idea	-.570*	.121	.001	S
	Reliance	-.063	.137	1.000	NS
	Vodaphone	.011	.154	1.000	NS
	Tata Docomo	-.144	.144	.986	NS
	Videocon	-.010	.192	1.000	NS
Vodaphone	Airtel	-.559*	.135	.010	S
	Idea	-.582*	.132	.004	S
	Reliance	-.075	.148	1.000	NS
	BSNL	-.011	.154	1.000	NS
	Tata Docomo	-.156	.15493	.985	NS
	Videocon	-.022	.199	1.000	NS
Tata Docomo	Airtel	-.403	.123	.102	NS
	Idea	-.425	.121	.056	NS
	Reliance	.081	.137	.999	NS
	BSNL	.144	.144	.986	NS
	Vodaphone	.156	.154	.985	NS
	Videocon	.134	.192	.998	NS
Videocon	Airtel	-.537	.176	.162	NS
	Idea	-.560	.174	.117	NS
	Reliance	-.052	.186	1.000	NS
	BSNL	.010	.192	1.000	NS
	Vodaphone	.022	.199	1.000	NS
	Tata Docomo	-.134	.192	.998	NS

*. The mean difference is significant at the 0.05 level.

D V: Customer Loyalty
 I V: Service Providers

Figure 2: Means of Customer Loyalty: Service Provider of Respondent



FINAL CONCLUSION:

Subscribers using Airtel and Idea services proved to be more loyal in comparison to subscribers using Reliance, BSNL and Vodafone. The logic behind this could be that they get better service quality or another reason behind their loyalty could be that their service provider is imposing higher switching cost which constrain them to leave their service provider and start taking services from other service providers.

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