

Determinants of Customer Satisfaction in Telecom Industry A Study of Telecom industry Peshawar KPK Pakistan

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ABSTRACT

The purpose of this study is to investigate those factors that can influence customer satisfaction in cellular industry in Peshawar region. In real, every organization wants to maximize the number of customers through customer satisfaction. Therefore this research work is conducted for the reason to find the factors which has a major influence on customer satisfaction. The study has identified major six hypotheses which are responsible for customer satisfaction in telecom industry. For analysis part of the study a structured questionnaire was distributed. For the study university students were targeted. On random basis 150 students of five universities were targeted. The statistical part of analysis is based on descriptive statistic, Correlation and regression analysis. Results were conducted through SPSS version 20. Results indicate that price fairness, customer services and coverage are major factors which can highly affect the customer satisfaction. The results of paper proved that there is positive and significant relationship between dependent variable (customer satisfaction) and independent variables (customer service, price fairness, sales promotion, coverage, signal strength & promotion).

KEYWORDS: Customer Satisfaction, Cellular Industry, Coverage and Peshawar Pakistan.

INTRODUCTION

Telecommunication is defined as to communicate over a distance by telegraph, telephone or broadcasting. In other words, the transmission of information is known as telecommunication.

In Pakistan the role of telecommunication was developed in 1962. Since 1991 the massive telecommunication provider in Pakistan is Pakistan Telecommunication Company Ltd (PTCL). In 1994 multi-national company launched first Cellular GSM Mobile service in Pakistan. At that time only moneyed was using cell phone as a status symbol. Later PTCL has launched its mobile services by the name of ufone in 2001. Now a day's following five major companies Mobilink, Ufone, Telenor, Warid, and Zong are operating in cellular industry:

According to PTA in National Economy, Telecom sector is one of the developed sector that deposited Rs 363 billion during the year of 2012 and as compare to the last year it showed increase of 5.4%. In the internet and cellular race Pakistan is having good position. At the end of 2012 the cellular subscribers will be more than 118 million.

Your most unhappy customers are your greatest source of learning. This paper investigate major valued factors as customer service, pricing, sales promotion, coverage, signal strength and promotion that can impact on customer satisfaction. In any business for long-term relationship with customers can be done through customer satisfaction therefore it is important for company to concentrate the affecting factors [1]. This paper concentrates the customer satisfaction in cellular industry. According to [1] those elements should be paid much attention that can affect the determination of a customer towards any brand. This paper is about to explore those leading variables which can influence the customer satisfaction in mobile telecom industry. The purchasing behavior of the customers can also be disturbed because of these leading variables.

LITERATURE REVIEW

Customer Satisfaction

Previous researches have given significant importance to customer satisfaction. Satisfaction can be defined as a features or characteristics that can full the either a need or want of a consumer in better way than competitors. Although this satisfaction explained by different researchers in different ways. If a company provides a product according to the requirements of their consumers it will lead the satisfaction of those consumers. The higher or lower satisfaction of a consumer will depends upon the quality of brand characteristics that offered by a company [2]. This is

the consumer satisfaction which contributes for the future money making for a company [3]. For the retention of consumer, it is important to satisfied consumers [4]. The unsatisfied consumers of a company do not take time to switch that brand [5]. Low quality services can also lead dissatisfaction. A low quality service is such type of service which does not fulfill the requirements [6]. However its all depends upon that which segments a company is targeting and what are their expectations for that product [7]. In the study of [8] explain that customer satisfaction is the key factor which is used to measure the company internal and external performances and assigning funds to each and every activity. Service is a key factor for consumer satisfaction although this is not the only factor which is responsible [9] discuss in their study that customer satisfaction has positive relationship on loyalty. [7] discuss in their study that there are strong relations between satisfaction and loyalty. [8] describe that affiliation exist between customer satisfaction and customer loyalty. [10] also examine that there is certain relationship between satisfaction and loyalty. As [8] stated that customer satisfaction leads customer loyalty. [8] describe in their study that customer satisfaction is an important indicator for the customer loyalty.

According to [10] "In business you get what you want by giving other people what they want". The comprehend contradiction among former expectations and the actual performance of the product can be defined as customer satisfaction [8]. In marketing the marrow thought is customer satisfaction because it indicates the customer loyalty towards any service or product. The Company can generate maximum profit via customer satisfaction [13]. Thus customer satisfaction is momentous in present world to run the business perfectly. [14] said that "customer satisfaction is worthless. Customer loyalty is priceless". The basic component of business success is customer satisfaction.

Customer Service

Customers don't expect you to be perfect. They do expect you to fix things when they go wrong [15]. The duties of the customer service staff is to clearly communicate with customers, to manage their problems regarding product or service, to transfer the appropriate information, to analyze the customer need and wants, to inform about new offerings, and to manage the length of the call. Handling customer-complaint effectively leads to customer satisfaction [16]. "Customer services always a successful indicator in business". Customer service is a momentous factor of marketing mix for any product or service. To generate customer loyalty the company should provide high quality customer services [17].

Price Fairness

Price is an important variable that defines the company's profit. For having the benefits and usage of any service or product the customer will pay an amount of money which is known as price [18]. Price is also determined by what a buyer is willing to pay, a seller is willing to accept and the competition is allowing to be charged. Price is the key element for customer satisfaction. A good price is the major contributor for satisfaction. Because the monetary cost is the price and in making customer value monetary aspect play a very vital role.

Sales Promotion

According to [18], sales promotion has a significant impact on consumer's brand choice, purchase time, and purchase quantity decision. According to [18] sales promotion can be defined as to offer some incentives that can increase consumer demand or to improve the quality of the product.

Sales promotion changes and contributions indeed can be identified much easily as compared to traditional advertising and quantified with figures and data [19]. According to [20], sales promotion can affect the consumers' buying decision such as brand choice and brand switching. In other words, organizations use sales promotion as a tool that can convince customer to purchase any product or service. The purpose of sales promotion is to increase the cellular subscribers therefore cellular companies offer extra free minutes, limited offer to get double balance, free VAS, MMS at low rate etc.

Coverage

As Communication is all about to get coverage and to stay connected throughout the world therefore in Pakistan almost 1900 cell sites have been mounted by five cellular companies in different urban and rural areas. As in urban areas mobile phone coverage is better than rural areas but still some cellular companies cannot provide mobile coverage in some areas. If particular cellular company fail to provide coverage where customer need then it will lead to lack of satisfaction [21].

Signal Strength

An element that can affect the customer satisfaction. The mobile phone is connected with its network via mobile phone signal [21]. The consumer cannot be able to make a call without signal from the particular network. The bad signal can cause voice distortion, call hanging etc [25].

Promotion

One of the major elements of marketing mix is promotion. Media plays major role to promote a product in various areas. Sometimes company offer discount packages to increase the sale of any particular product [18]. Promotion is defined as to indicate the “right” product to the target market or other distribution channels [24]. It cannot be effective unless it catches the attention of people [22].

Theoretical framework

The following diagram shows that customer satisfaction is dependent upon six important dimensions. Framework of the research indicates those variable that can effect customer satisfaction in mobile telecom industry. In other words, customer satisfaction can be influenced by customer service, pricing structure, sales promotion, coverage, signal strength and promotion.



Research Framework of the Study

Hypothesis of the study

An overview of the hypothesis related to the relationship of customer satisfaction and customer service, pricing structure, sales promotion, coverage, signal strength and promotion. Below table show six hypotheses which relations has been checked in analysis part of the study.

Objectives	Hypothesis
Relationship between customer satisfaction and its determinants.	<p>H:1 Customer services are associated with customer satisfaction..</p> <p>H:2 Pricing frame is associated with customer satisfaction.</p> <p>H:3 Sales promotion is associated with customer satisfaction.</p> <p>H:4 Coverage is associated with customer satisfaction.</p> <p>H:5 Signal strength is associated with customer satisfaction.</p> <p>H:6 Promotion activities are associated with customer satisfaction.</p>

Reliability of Scale:

The table 1 below shows the reliability of the data collected from respondents. The following table show that the data collected from mentioned sample is reliable and respondents answered accurately. Because the variables are exceeding from 70% which is the standard of acceptance for reliability. The below table calculations suggest that the responses given by respondents of the study are reliable.

S.No	Variables	Cronbach's Alpha
1	Customer Satisfaction	0.903
2	Customer service	0.894
3	Price fairness	0.809
4	Sales promotion	0.729
5	Coverage	0.811
6	Signal strength	0.701
7	Promotion	0.860

METHODOLOGY

The research paper demonstrates to discover the factors that influence customer satisfaction. The research use following research methodology.

Population

Private Universities students of Peshawar, Khyber Pakhtunkhwa Pakistan were taken as population for this research study. Survey was conducted from subscribers using GSM mobile phone operators like Mobilink, Ufone, Telenor, Warid and Zong.

Questionnaire

For data collection a structured questionnaire was used as an instrument. Series of close ended questions were composed in order to get appropriate information from respondents.

Questionnaire was divided into two parts, first was based on Demographical background. Second part based on dependent Variable (customer satisfaction) and Independent Variables (customer service, price structure, sales promotion, coverage, signal strength, promotion). Five point Likert Scale was designed to measure the variables and the purpose was to indicate those variables that can be the reason to compel customers toward any other service provider.

Procedure

Questionnaire was distributed among 180 students of Sarhad University of I-T, City University of Science and I-T, Preston University, Cecos University and University of Peshawar Khyber Pakhtunkhwa Pakistan on random basis. The respondents were asked to answer the close ended questions regarding their GSM service provider. From the target sample 150 questionnaires were received and the remaining 30 questionnaire were either dispatched or never collected. Study used 150 questionnaires for final analysis and conducted descriptive statistics and correlation and regression analysis.

Socio-Demographic Profile

Table 2 below shows the demographical analysis of 150 respondents. Descriptive table below shows that 51% of the respondents are male and 49% respondents are female. Table 1 also explained that 11% respondents were in the age group of 18-19, while in age ranged from 20-21, 57% of respondents. While in age of 24-23 only 16% respondents and respondents having age more than 24 are only 16%. The response of the study shows that 87% respondents are using prepaid connection and only 13% respondents are using postpaid connection.

Table 2: Demographical Result

Measures	Items	Frequency	Percentage
Gender	Male	76	51%
	Female	74	49%
Age	18-19	17	11%
	20-21	85	57%
	22-23	24	16%
	≥ 24	24	16%
Connection Type	Prepaid	131	87%
	Postpaid	19	13%
Time of Network Experience	Less than 1 Month	14	9%
	About 6 Months	21	14%
	6-12 Months	21	14%
	More than Year	94	63%

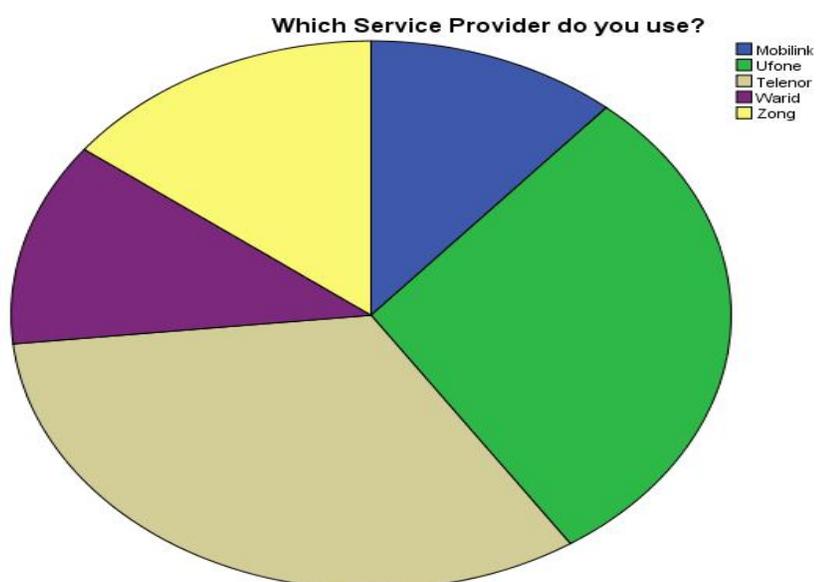
Results of the study shows that 9% respondents are using their connection less then 1 month. 14% respondents are using their connection for last 6 months and more then six months. While 63% of the respondents are using their connection since more then a year.

The given table 3 below is showing the percentage of cellular subscriber using different service providers.

Table 3: Cellular Subscribers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Mobilink	17	11.3	11.3	11.3
	Ufone	44	29.3	29.3	40.7
	Telenor	49	32.7	32.7	73.3
	Warid	18	12.0	12.0	85.3
	Zong	22	14.7	14.7	100.0
	Total	150	100.0	100.0	

There are five telecom companies which are operation in Pakistan. These companies are Mobilink, Ufone, Telenor, Warid and Zong.



Above table and graph represent the percentage of respondents with respect to their telecom connection. Study shows that 11.3% respondents of the study are using Mobilink. 29.3% of the respondents are using Ufone. Telenor is used by 32.7% respondents. Only 12% respondents are using Warid connection. While only 14.7% of the respondents are using Zong as their telecom connection.

RESULTS AND ANALYSIS

For the analysis part of this research SPSS 20 were used. The following results has attained after inserting the multiple linear regression.

After setting multiple linear regressions, the following results were acquired. In the table 4 adjusted R-square is showing that the dependent variable (customer satisfaction) is influenced 71.9% by independent variables (customer service, price fairness, sales promotion, coverage, signal strength & promotion). Since R Square is close to one so it indicates that these variables can impact the customer satisfaction in cellular industry.

Table 4: Model Summar

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874 ^a	.763	.719	.57314

a. Predictors: (Constant), CUSTOMER SERVICE, PRICE FAIRNESS, SALES PROMOTION, COVERAGE, SIGNAL STRENGTH, PROMOTION

The below table 5 of ANOVA explained that overall model was significant. Since the sig. value is less than 0.05 so it indicates that the model is statistically significant. It is clear that all the independent variables, that is, customer service, price fairness, sales promotion, coverage and promotion are connected to the dependent variable, that is, customer satisfaction.

Table 5: ANOVA Result

ANOVA ^a						
	Model	Sum Of Squares	Df	Mean Square	F	Sig.
1	Regression	9.538	6	1.590	4.839	.000 ^b
	Residual	46.974	143	.328		
	Total	56.512	149			

a. Dependent Variable: CUSTOMER SATISFACTION

b. Predictors: (Constant), CUSTOMER SERVICE, PRICE FAIRNESS, SALES PROMOTION, COVERAGE, SIGNAL STRENGTH, PROMOTION.

Table 6: Regression Co-efficient

Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.127	.408		5.217	.000
	CUSTOMER SERVICE	.153	.082	.160	1.869	.000
	PRICE FAIRNESS	.145	.048	.240	3.008	.000
	SALES PROMOTION	.010	.063	.012	0.157	.000
	COVERAGE	.011	.004	.224	2.919	.000
	SIGNAL STRENGTH	.011	.067	.013	0.171	.000
	PROMOTION	.078	.068	.096	1.162	.000

a. Dependent Variable: CUSTOMER SATISFACTION
 Regression equation: $Y=A+Bx1+Cx2+Dx3+Ex4+Fx5+Gx6$

Thus, Regression equation for this study is customer satisfaction=2.127+0.160(customer service) +0.240 (price fairness) +0.12(sales promotion) +0.224(coverage) +0.13(signal strength) +0.096(promotion).

Since significance value is $0.00 < 0.05$, we accept our hypothesis that there is a significant relationship between dependent and independent variables.

From above table 6 it is clear that each and every independent variable is significantly connected to customer satisfaction. Among all variables, price fairness is the major variable with standardized coefficient b=240 that can satisfy the customer toward their particular service provider. While coverage is the second momentous variable with a standardize coefficient of b=0.224. Furthermore with a standardize coefficient 0.160, customer service is the third variable that can influence customer satisfaction in cellular industry. Remaining variables such as signal strength (b=0.013), sales promotion (b=0.012) and promotion (b=0.096) are comparatively less influenced customer satisfaction in cellular industry.

Conclusion

The main aim of this research was to find the factors influencing customer satisfaction in telecom Industry. From the above results, following findings and conclusion is drawn. It is concluded that price fairness and coverage are the key factors contributing towards customer satisfaction of University students. Keeping the findings of this research it is very obvious that the companies should always continue to emphasize on price fairness and coverage for consumer satisfaction in telecom industry.

Coverage also influences customer satisfaction. The problem of coverage is generally in rural area where sometime customers are not able to gain services from any particular service provider. That factor can compel the customers towards brand switching in order to get the coverage in any particular area. Furthermore, customer services also impact the customer satisfaction regarding any service provider. The customer services staff should be good enough to handle the customers’ complaint regarding any service.

DISCUSSION

This study shows that which independent variables can influence customer satisfaction in cellular industry. Now a day’s cell phone has taken an important place in our daily life. Basically customer satisfaction depends upon the category of customer. We can divide them according to their age, gender, profession, status, etc. Normally Business

class category goes for that service provider which offers better international and local connectivity plus value added services such as Miss Call's alerts, conference calling, data connectivity and business solution such as Blackberry services. Furthermore if we come to students they go for that service provider which offer better SMS packages, internet buckets and call packages.

Also mobile network portability is a big success in Pakistan which is commonly known as MNP in which customer can switch to other service provider without changing their number. As customer satisfaction tends to customer loyalty therefore cellular company should focus all those variables which can be the cause of disloyalty, service switching and loss of business. It is explained from results that price fairness, coverage and customer service are three momentous elements that can influence the customer satisfaction. Price fairness play important role in any service provider. Customers will use services of any service provider for a long time period if they offer fair and affordable charges for calls, SMS, MMS, GPRS, etc. Thus, it is proved that to be successful over a longer period of time the service provider should provide fair price structure for tariffs, coverage throughout the country and excellent customer services in order to gain the customer satisfaction.

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