Impact of Service Quality on Customer Satisfaction and Loyalty in the Sector of Telecom Service Provider in Delhi-NCR

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Abstract: India is home of the biggest telecom growing country with more than 1.20 billion customers. This sector has shown tremendous growth in last decade with a remarkable growth in the number of users and high internet penetration. As a result, the competition has also intensified among various local and international players. It has thus become very important for the telecom industry to fulfill the requirement of its subscribers as well as employees to retain in the market. The present research intended to study how the quality of service will influence on customer satisfaction and loyalty in the Indian telecom providers. The present research has identify and analyze five factors that are tangibility, reliability, responsiveness, assurance and empathy in service quality. For this purpose, 200 customers of four telecom service providers in India were surveyed using a close ended questionnaire, in Delhi-NCR region. The findings of the survey indicated that quality services in telecom industry has not only positive however a very substantial impact on the customer’s satisfaction and loyalty.

Keywords: customer’s satisfaction, loyalty, service quality, telecommunication and Delhi-NCR

I. INTRODUCTION

Digital age has created a great need base of services related to telecom industry, such as calling, messaging, internet and internet related applications that require a telecom connection [1]. The number of telecom customers in India have grown in past few years, and the expansion of telecom industry has given birth to immense competition. To become the market leader, the service providers sell their services at low cost, increase their coverage areas, invest in customer service, and tailor-make their services as per the needs of the customers. This competition has prompted an improvement in the quality of services from telecom providers so that customer satisfaction achieved can retain customers. Services offered to the subscribers in India from telecom service providers have indeed increased in quantity and quality. For the service providers the customer satisfaction is a priority for telecom providers in order to survive. Further, if customers are satisfied, they will become loyal to the service providers[2].

II. LITERATURE REVIEW

The Indian service provider has one of the instantaneous growing market with a subscriber base touching up to 742.12 million in the year 2010 and a tele-density of 62.51 million and rising [4]. With such an increase in the service demand, it is only natural that the companies are at rivalries in competing to maintain and conquer their share in the market. With this rise in the competition, the companies have realized the need to retain their customers. A major challenge which the marketers face in today’s time is how to secure and retain loyal customers in order to ensure long term profit and therefore, it is very crucial to identify and understand the factors that are important for the customers to be brand loyal for an in-service[5]. According to[6], if we go by the price of enticing new subscribers is five times to the price of retaining old subscribers, and hence, customer loyalty is basic for business success.

Again, Oliver in the year 1980 put forward a theory called the “Disconfirmation of Expectation” where the author claims that customer satisfaction is achieved as the performance of end product surpasses the customer expectations [7]. On the other hand, a consumer is unhappy when the performance is less than expected value. However, [7]author presents the criticism to the theory of Disconfirmation on the grounds that this theory do not take into account the existence of other complexities and that measuring customer satisfaction is not as simple as it has been perceived to be the expectations of the customer. Rather, it is completely as a result of the personal experiences of consumption and that it can vary from one customer to the other. Similarly, [8] implicated further channels on the complexities and that numerous components of a product affect the customer in different ways.

Service Quality is a major component of competitiveness and it has incepted much interest in researchers and academicians as it has been difficult to quantify and define service quality [9].
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In 1988, Zeithaml, Berry and Parasuraman developed a model called the SERVQUAL for evaluating quality of services [10]. The SERVQUAL has 22 item scale under which five factors; tangibles, assurance, reliability, responsiveness, empathy. These five factors evaluate the service quality by measuring the customers’ outlooks and insights. It provides explanation of quality of service and therefore it has led to its usage extensively [11]. [4] has opined that the SERVQUAL model as a decipherer of satisfaction and loyalty of customer. All researches which run through the SERVQUAL model are able to conclude that the gaps can be traced easily when the differences in the expectation and perception is figured out [10].

[12] conducted a study which focused on the factors of quality of service along with their relation to customer contentment. The author assessed the Yemen mobile services market through surveying customers of mobile services by applying a structured questionnaire. The research utilized structural equation modelling and the results were assessed through five factors of service quality, i.e. empathy, reliability, tangibles, assurance, and responsiveness. The study showed that quality of service dimensions positively impacted consumer satisfaction and that the impact was significant, which then affected the consumer loyalty. The outcome indicated that customer satisfaction further positively affected customer loyalty. Keeping these finding in view, below is proposed :

HA1: There is significant effect of quality services on the customer satisfaction in service Industry in Delhi-NCR.

Thorough research has evidenced that the subscriber perceive the service quality in multidimensional way [13]. These multi-dimensions of SERVQUAL help to track the service quality and are applicable across variety of service contexts. On the other hand, [14] author implicated consumer faithfulness as a strongly held assurance to ‘rebury or repatronise’ a favored services regularly, which results in the continuous purchasing even during circumstantial influence and the selling efforts which might lead to a switching action.

In the research conducted by[15]on consumer satisfaction of the telecom customers in Pakistan, it was found that consumer satisfaction and loyalty are related. It was also observed that consumer satisfaction leads to consumer loyalty. The research identified service quality to possess a significant positive association with consumer satisfaction, with the increase trust in consumer loyalty. Finally, perceived prices by the customers of services also has a substantial effect on the consumer satisfaction.

Another research was conducted by[11]who wanted to understand how gaps in quality of service would impact the consumer loyalty. The research was conducted on telecom providers BSNL and Airtel in the J&K region; this research was run through the SERVQUAL model where its five components were assessed. The outcomes reflected that the gaps in quality of service led to an affirmative effect on consumer loyalty, such that if the telecom providers did not have good quality in their services, the loyalty of the customers decreased significantly. The study also recommended that service providers upgrade their service technology and provide customers with modern equipment. Based on above, following is the proposal :

HA2: There is significant effect of quality services on the customer loyalty in Telecom Industry of Delhi-NCR.

The current research is an attempt to furnish an understanding on SERVQUAL model service dimensions, and will thus work to analyze their effect on satisfaction and loyalty among customers of Delhi-NCR telecom service providers.

The conceptual framework for the study is presented below.

![Conceptual Framework](image)

**III. RESEARCH METHODOLOGY**

The main objective of the study is to understand the effect of quality of service provided by the Indian mobile providers on the customer’s satisfaction and loyalty.

To achieve this aim, a survey via questionnaire was conducted. The respondents for the research are the Telecom customers who are using services of Four telecom service providers of Delhi-NCR, India. The inclusion criteria of the study for the customers was that these customers should be users of such services for three or more than three years based in Delhi-NCR region. The questionnaire enquired about the quality of the service of these providers and how it impacts their satisfaction and loyalty towards these service providers. The questionnaire was designed using Likert scale, where 1 is equal to Strongly agree and 5 is Strongly disagree. Elements of quality of service, customer loyalty and satisfaction, which are covered in the questionnaire as a main research variables. The response of survey questionnaire were analyzed quantitatively using SPSS 21.0. Further hypothesis has been tested and correlation analysis was done to understand the relation between the variables. Finally, regression analysis was carried out to study the effect of service quality on customer loyalty and satisfaction.

**IV. RESULTS**

Table I reveals, most of the respondents are of the age group of years 21-30 and 31-40. As far as gender is concerned, 61.5% of the telecom users were found to be males and remaining were females.

1. Demographic Profile

![Graph](image)
The majority of the respondents are associated with the providers from 5-7 years & 7-10 years. Further, 33% of the telecom users are graduates following 26% of diploma holders. Also the most of the respondents are on income group of 8-10 lacs.

The table II depicts the statistics of the different telecom providers and their range of services. As per the statistics, the most used telecom connection is Reliance Jio followed by Bharti Airtel. This can be attributed to the fact Reliance Jio has captured large market in span of short period of time with its low cost plans[16]. During the evaluation of the four services that telecom industry generally provides, it is found that most of the users are using Airtel for broadband followed by Vodafone with 12 users out of total 50. It is also found that Bharti Airtel is the best mobile voice service provider with low cost calling and best network. As far as mobile data service is concerned, Reliance Jio has shown the massive growth in number of users and in the present research also most of the internet users are using Reliance Jio for data.

II. USERS OF SERVICES AND CONNECTIONS

Table III is the summarization of four questions that were asked to the users of the telecom services related to their satisfaction level and loyalty towards telecom connection they are using. As per the statistics, 63.5% of the users responded that the particular connection they are using meet their expectations. Since most of the users were using Reliance Jio, therefore it can be inferred that Reliance Jio was standing by its customer’s expectations. 61.5% of the users responded that they find their telecom connection better than others. 50% of the users were of the opinion that if superior service are given by other providers, they will opt for different telecom connection. It can be inferred that 50% of the users were ready for better options and other 50% were satisfied with their current telecom connection. 48% of the users claimed that their telecom connection frequently bring in innovations to enhance the kind of service range they are providing.

III. GENERAL CONTEXT OF RESPONDENTS ABOUT PROVIDERS

The table IV depicts correlation between parameter of service quality, customer loyalty and satisfaction. As per the statistics, all the quality parameters were found to be correlated with customer loyalty and satisfaction at significance value i.e., 10(10% level of significance).

IV. CORRELATION TABLE

**Correlation is significant at the 0.01 level (2-tailed).**

**Correlation is significant at the 0.05 level (2-tailed).**

From table V, It is found that R2 that depicts “When a customer has a problem, my telecom service provider will show a sincere interest in solving it.” got the highest correlation with both satisfaction and loyalty with Pearson Correlation .934 and .928 respectively. It can be inferred from this that willingness of the service provider to help their customers to solve their problems is highly related with customer’s satisfaction. Another significant variable is T2 that depicts “My telecom service provider is technologically updated”. It can be inferred that customer satisfaction is extremely related by the technical innovations and upgradations in the range of services provided by the telecom service providers.

Rest all other variables related to “Assurance”, “Responsiveness” and “Empathy” are related with the customer’s satisfaction but less than those discussed above.

Also quality of service is highly associated with the loyalty of mobile customers. When the service provider aims at providing quality services to their customers, customers feel satisfied and do not tend to switch their telecom connection. Therefore, this maintains the customer’s loyalty towards service provider.

V. CORRELATION TABLE WITH SERVICE QUALITY PARAMETERS
To study the impact of the quality of service offered by the mobile service providers in Indian telecom industry on the mobile customer’s satisfaction and loyalty, the researcher has conducted regression independently for customer’s loyalty and satisfaction. As per Table VI, it can be observed in the present research that coefficient of determination, R value is .943. Which means that service quality parameters together constitute 94.3% of the deviation in customer satisfaction. The significance value is .000 that is less than .01 (10% significance level).

VI. REGRESSION RESULT

The F-value is chosen to test the model. The high F value that is 662.369 inferred that research model is fit. Based on the high F value along with significance level of .000, the researcher has rejected the null hypothesis, and it is concluded that service quality delivered by the Indian mobile industry has a substantial effect on customer satisfaction. It can be observed in the present research that coefficient of determination, R value is .934 for customer loyalty. Which means that service quality parameters together constitute 93.4% of the deviation in customer loyalty. The significance value is .000 that is less than .01 (10% significance level). The F-value is chosen to test the model. The high F value that is 564.309 inferred that research model is fit. Based on the high F value along with significance level of .000, the researcher has rejected the null hypothesis, and it is concluded that service quality delivered by the Indian mobile industry has a substantial effect on customer loyalty.

VII. REGRESSION ANALYSIS FOR SERVICE DIMENSIONS

The table VII depicts four variables out of five variables are coming out to be significant with significance value less than .10 (10% significance level). Reliability is observed to impact the customer’s satisfaction the most with standardized coefficient value .942. It can be concluded that reliable service provides ensures the timely services and updated services to their customers which positively impacts customer’s satisfaction level. Another major factor that have substantial effect on the level of customer satisfaction is responsiveness with standardized coefficient value .071 (second highest). On similar grounds, [7] conducted a study to study the impact of service quality on customer loyalty and satisfaction. The researcher in the above study found out that prompt services and working as per the customer requirements enhances the loyalty towards the telecom provider. Being truthful to customers on the kind of services they provide and the exact time of service benefits in enhancing the customer’s satisfaction level. The other elements that have substantial customer’s satisfaction impact is assurance and empathy with significance value .000 and .011 respectively. This can be inferred that assurance of providing the right services on right time helps in satisfying the customers. Also, providing convenience to customers in approaching the service provider and considering his interest is what brings customer’s satisfaction the most. For customer loyalty four out of five factors are coming out to be significant with significance value less than .10 (10% significance level). Empathy has significant positive impact (standardized Coefficients .363) on the customer’s loyalty. It can be said that individual attention to customers and working in interest of the customers is what brings the loyalty of customers towards the service provider. Another factor is Reliability that has the substantial positive effect on the loyalty of mobile customer with standardized Coefficients .959. It can be determined that reliable mobile providers are able to hold the customers and their loyalty towards the connection. Assurance also has significant impact on the level of customer’s loyalty with significance value .010. Assurance of transactions, services on time and enhancement in the existing services contributes towards the level of customer’s loyalty. Another significance factor is Responsiveness with significant value .000. Prompt responses to customer’s enquiry and problems helps in enhancing the loyalty of customers. As per research conducted by [17], it was found that reliable services is an important factor that every telecom service provider must consider in order to capture large share in the market and have competitive edge from others.
Statistically the service quality elements Tangibility, Reliability, Empathy had substantial positive effect and Responsiveness, Assurance had substantial negative effect on customer’s satisfaction and loyalty.

V. DISCUSSION AND CONCLUSION

The Indian telecom industry is expanding and initiating its services in different domains like broadband and internet. It has faced high competition within the country in the last few years. Therefore, it has become crucial for service providers to stand by the expectations of the customers and enhance their level of satisfaction. From the literature it has been identified that quality of service plays important role in increasing level of customer’s satisfaction and loyalty. Therefore, this study aim to find the impact of service quality provided by Indian telecom providers on the satisfaction and loyalty of the Indian telecom customers. As per the statistics of the present study, the researcher has concluded that the impact of quality services have substantial and positive effect on customer’s satisfaction and loyalty. Other than that, this study also found that Reliance Jio has given cutthroat competition to similar players in the area of internet services whereas Bharti Airtel is providing excellent calling service. As far as broadband is concerned, again Bharti Airtel has got the maximum users in the present research study. Further, it is concluded that different dimensions of each service provided has significant effect on the customer’s satisfaction level and loyalty towards the service provider except for tangibility. There are four major variables that have substantial positive effect on both customer’s satisfaction and loyalty. These variables are Reliability, Responsiveness, Assurance and Empathy. All the services under these dimensions/variables are majorly a concern of all the customers in deciding upon choosing the service provider. Reliability as a service factors ensures that the customers are satisfied with the timely and the right services. This also leads to increased trust in service providers and loyalty. Responsiveness towards customers ensures that the services are being promptly provided and the service providers are willing to respond to the grievances of the customers. This ultimately enhances the level of customer’s satisfaction. Empathy towards customers and concern towards addressing their needs is one of the key priorities of the telecom providers in Indian mobile industry today. Framing services as per the needs and interests of the customers results in enhanced level of customer’s satisfaction and loyalty. On the other hand, assurance sometimes brings disloyalty among the customers. This happens when the service providers establishes high expectations of the customers through their assurance and later fails to stand by them. This results in low level of satisfaction and loyalty in telecom customers. In summary this study indicated the findings concerning consumers’ satisfaction and loyalty toward telecom providers.

VI. RECOMMENDATIONS

Following are the recommendations that has made based on the outcomes and statistics of the present research paper:

1. Improve reliability standards: Since it was found in the present research that reliability has substantial positive impact on satisfaction and loyalty in mobile customers. Therefore, it is suggested to the Indian telecom providers to focus more on reliability standards like the service providers can provide the services on time provide the services to the customers as per the promise without any hidden terms and conditions.

2. Practicality in terms of assurance: As per the statistics of the present study, it is found that assurance has negative effect on the satisfaction and loyalty of mobile customers. Thus, it is recommended to the service providers to form realistic expectations of the customers. Unrealistic and impractical assurance and promises leads to small extend of satisfaction and loyalty in mobile customers.

3. Foster personal relation with the customers: As per the findings of the study, empathy have a substantial positive impact on satisfaction and loyalty. Therefore it is recommended to the service providers that they must fosters their personal relation with customers and pay personal attention to individual customers.

REFERENCES

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