DETERMINANTS OF CUSTOMER LOYALTY IN INDIAN MOBILE TELECOM SECTOR

-A CONCEPTUAL ANALYSIS

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ABSTRACT
The Indian telecom sector is witnessing an unprecedented growth for the past few years. With the introduction of Mobile Number Portability (MNP) in 2010, the customer is free to switch to any service provider of his choice without any cost. Hence the telecom companies are faced with the challenge of preventing customer churn and retaining the existing customer base. The increase in the number of service providers has aggravated the competition and customer acquisition costs in this industry. Under these circumstances, retaining the existing customers by enhancing customer loyalty and customer value has become a core marketing strategy of the service providers. They have to identify the factors that contribute to loyalty so as to achieve a competitive edge. The present study is a conceptual analysis of the factors influencing customer loyalty in mobile telecom industry. In this study, an exploratory research method based on archive method has been adopted to identify the key determinants of customer loyalty. Based on the literature review, it is revealed that factors like service quality, price, customer relationship management, and corporate image contribute to customer satisfaction which ultimately increases customer loyalty in mobile telecom sector. It is also revealed that apart from satisfaction, trust is also a significant factor affecting customer loyalty. A conceptual model is developed based on the research that shows the relationship between these variables and customer loyalty.

Key words: Customer loyalty, mobile telecom, satisfaction, trust, service quality, price, customer relations, corporate image.
1. Introduction

The Indian telecom sector is witnessing an unprecedented growth during the past few years and is currently the second largest telecommunication market globally. The introduction of 3G and 4G services, the onset of Mobile Number Portability (MNP) and the entry of new licenses due to open Foreign Direct Investment policies have made the Indian telecom markets more and more competitive. The Indian cell phone market is characterized by a large subscriber base with total wireless subscriber base increasing from 904.51 million at the end of March 2014, to 952.35 in March 2015 registering a growth rate of almost 5% over the previous year. The wireless tele-density has also increased from 72.94 in March 2014 to 76.02 in March 2015 showing a growth of 4% (www.trai.gov.in). This shows that the penetration rate of mobile phones in India has reached a noteworthy level and this growth has a tremendous impact on the socio-economic development of the country. Also, as per the National Telecom Policy 2012, the government is targeting a tele-density of 100 and 600 million broadband connections by 2020. These figures show that Indian telecom industry provides both opportunities and challenges for the operators as they need to differentiate their services in order to stay competitive in this sector.

Intense competition among the major telecom operators has also led to a fall in the voice tariffs and consequently resulted in lowering of the revenues of telecom market. Currently, the Indian telecom market provides a wide range of services to the customers along with the world’s lowest local call rates. The service providers have started to concentrate more on providing MVAS (Mobile Value Added Services) to differentiate their service and boost their revenue. The increase in competition and the lack of differentiation in providing services have accelerated customer churn in this sector. According to www.trai.gov.in, in the month of January, 2015, 3.56 million subscribers submitted their requests for Mobile Number Portability (MNP). With this, the cumulative MNP requests increased from 142.98 million at the end of December, 2014 to 146.54 million at the end of January, 2015. These data shows the degree of customer churn in the industry which is quite alarming to the service providers. Thus it is imperative for the service providers to reduce customer churn and retain the existing customer base using various marketing initiatives in this highly competitive market. Under the circumstances of high churn rate, increased competition and high customer acquisition costs, the best marketing strategy would be to retain existing customers by enhancing customer loyalty and customer value (Kour and Soch, 2012). This means that the companies that distinguish themselves by providing superior quality, value and satisfaction to the customers would only be able to retain them in future.

Need of the study

- GSM market is getting saturated with a declining growth in the GSM subscriber base and it has become difficult to attract new subscribers thus necessitating the need to have a loyal customer base.
- Several researches support the fact that it is expensive to attract new customers than to retain the old ones. Also loyal customers brings lot of benefits to the business as they will be less price sensitive and will have high purchase intentions.
- As customer loyalty is considered as prime determinant of long-term financial performance in any service industry, it is important to understand the determinants of loyalty in telecom sector to formulate customer retention strategies.
- Mobile telecom, being a highly competitive and increasingly mature market, necessity of differentiating the services and building long time win-win relationship with customer has now emerged as the core marketing activity.

Objectives of the study

- The main objective of this paper is to understand the importance of customer loyalty in the mobile telecom sector.
The second objective is to review the determinants of customer loyalty in mobile telecom sector by reviewing the literature.

The third objective is to develop a proposed model by showing the relationship between the variables.

2. Literature Review

2.1 The Concept of Customer Loyalty

Customer loyalty has become an important objective for all the firms that seeks long term profitability and sustain ability. In any industry, as the competition is becoming intense, the need for retaining the existing customers has become a top priority. Researches shows that it costs five times more to acquire a new customer than to retain an old one. Fornell and Wernerfelt (1987) also found that the costs of customer retention are substantially less than those of customer acquisition. The success of any business depends on the extent to which it possess a loyal customer base, as customer loyalty reduces marketing efforts and cost of operations to a greater extent. A simple definition loyalty is that it is a held commitment to buy. Oliver (1997) as defined customer loyalty as a “deeply held commitment to re-buy or re-patronize a preferred product or service consistently in future, despite situational influences and marketing efforts having the potential to cause switching behaviour”. This definition explains loyalty as customer’s repeat purchase behaviour and his commitment, in spite of the offerings from the competitors.

Customer loyalty is conceptualized into behavioural loyalty and attitudinal loyalty. The behavioural approach focus suggests that loyalty is reflected from the repeated purchasing of a brand overtime by a consumer. Attitudinal loyalty is the level of consumer’s psychological attachments and attitudinal advocacy towards the supplier (Chowdhuri & Holbrook, 2001). This means that a true loyal acts as an advocate for the company’s products and recommends the products to others. This study also examine that loyalty is measured in terms of customer’s continued patronizing of the firm’s products and favourable attitudes and intentions by being an advocate for the company and its products.

Different researchers have given credence to the benefits of developing loyalty to both the customers and the businesses. Customer loyalty is a strategy that is beneficial to both firms and customers. Zinelddin (2006) examined that loyalty acts as a source of competitive advantage for the firm as the loyal customers are willing to pay higher prices and are less price sensitive. Zeithmal, Berry & Parasuraman (1996) also analyzed that loyal customers would have high purchase intentions, less price sensitivity, constructive feedback to business and less switching behavior. Ganesan & Hess (1997) also supported this by noticing that loyalty can enhance the competitiveness of both partners and reducing transaction costs in business to business environment. The above views show that customer loyalty is beneficial for both the customers and the business. For business, it acts as a competitive advantage, as the customers will not be price sensitive, shows less switching behaviour and make high order purchases. For the customers, it reduces the transaction costs and act as an indication of trust with the service provider.

2.2 Determinants of Customer Loyalty

As customer loyalty has become an indispensable element of an effective business strategy of telecom organizations, it is imperative to find out the drivers of customer loyalty. The following section discusses the factors influencing customer loyalty in telecom sector.

2.2.1 Satisfaction

Customer satisfaction has been proved to be a key factor affecting customer loyalty by various researchers. Kotler and
Keller (2009) defined satisfaction as “a person’s feeling of pleasure disappointment resulting from comparing a product’s perceived performance (or outcome)in relation to his/her expectations”. Thus customer satisfaction is the customer’s evaluation of a product or service to ascertain if it meets his or her expectations. If there is a mismatch between the expectation and the perception of the customers in terms of the actual service delivery, it will lead to dissatisfaction. Churchill &Surprenant, (1982) also supported that customer satisfaction is a function of the discrepancy between a customer’s prior expectation and his or her perception regarding the purchase. From the above discussions, it is clear that satisfaction is measured based on customer’s expectations about the service and perceptions he develops based on his multiple experiences with the service provider.

The positive effect of customer satisfaction on loyalty and profitability of business has been evident from many studies. Fornell (1992) also found that a higher satisfaction leads to higher customer loyalty and decreases the probability attraction of customers by competitors. He also added that satisfied customers will repeat the purchase, be brand loyal, convey positive word-of-mouth advertising, and all these will enhance sales. This is similar to the views of Anderson and Sullivan (1993) that satisfied customers are more willing to resist against the new alternative options. These findings prove that satisfaction impacts business in a positive way through customer's repeated purchase behaviour, positive word-of-mouth, long-term relationship and less switching behaviour.

Empirical findings have shown positive relationships between customer satisfaction and customer loyalty in various industries. Goncalves&Sampaio (2012) analysed the relationship between customer satisfaction and loyalty in an contractual service context considering the effects of several moderating variables. Customer loyalty was measured in terms of Repurchase Intention (RI) and Repurchase Behaviour (RB) and concluded that customer satisfaction has a positive impact on RI but has an indirect effect on RB. The client’s characteristics are the most important moderating variable in RI whereas the length of the relationship is the significant factor for RB. Haghighi, et al.(2012) also found that customer satisfaction has a positive impact on loyalty in restaurant industry in Iran. Oghojafor et al. (2014) also examined that that satisfaction is a major determinant of customer loyalty in the Nigerian telecom industry along with other factors like trust, commitment and social network.

2.2.2 Service Quality

Due to the characteristics of services, the term service quality has different dimensions in various service industries. A simple definition of service quality is the extent to which a service meets customers’ needs or expectations (Asubonteng et al., 1996). The two dimensions of service quality explained by Gronroos (1984) are functional and technical qualities. Technical quality is the core service quality related to the product or service related offerings and the functional quality is relationship based which is formed from the interactions between the customer and the service provider. Chen (2008) and Parasuraman, Zeithaml, and Berry (1985) conceptualized service quality in terms of customers’ expectations and perceptions of the customers. Service quality is the customer’s overall impression of the relative inferiority/superiority of an organization and its service offerings (Bitner et al., 1990). Thus service quality is the extent to which the service offering meets the standards and expectations of the customer, thereby creating an impression in his mind.

Service quality is an important factor that contributes to customer loyalty and business success, as evident from the extant literature. Venetis and Ghauri (2004) also noted that service quality is a major determinant of customer retention and building value relationship. In the light of fierce competition, business firms can adopt service quality as a key differentiator and a key element of business strategy. Other benefits of service quality are repeated sales and increased market share, customer's favourable behavioural intentions and the ability to charge premium price which also indicates customer loyalty. All the above discussions reinforce the role of service quality as in enhancing customer satisfaction and loyalty in any business.
Several researches have been done to determine the service quality dimensions in mobile telecom sector. Khan (2010) also found convenience and network coverage as the most dominant dimensions of service quality of mobile sector. Similar results were given by Kothari, Sharma and Rathore (2011) in their study about Indian telecom sector. The positive relationships between service quality, customer satisfaction, and customer loyalty in telecom sector are also confirmed by many researchers. A study on mobile phones' service loyalty in Taiwan done by Chen and Cheng (2012) revealed a positive relationship between service quality, perceived value, satisfaction and loyalty. In this study they conceptualized the service quality of mobile telecom services by two constructs – namely interactive quality which is the customer’s evaluation of staff interaction and core quality which is the network quality and value added services. Omantayo&Joachim (2011) also found that service quality and value offer had a positive impact on customer satisfaction and loyalty in Nigerian telecom industry. Studies done by Kabir, Alam&Alam in Bangladesh telecom sector also revealed that service quality, switching cost and trust are significant predictors of customer loyalty.

**Customer Relationship Management (CRM)**

Organizations today recognize the importance of investing in CRM for better understanding of the customers so that they can respond quickly to their needs. In a highly competitive environment, CRM has now emerged as a strategic solution to many business problems. Kotorov (2003) has examined that CRM is not only a solution but also a strategy which can provide enormous competitive advantage if implemented in a co-operative environment. CRM offers a lot of benefits to the organization in terms of improved sales, market share profitability, customer satisfaction and reduced customer turnover, service cost and time (Jain et al., 2003). Thus the objective of customer relationship management is to unite and join information technology and business processes in a fashion that enables the firm to acquire new customers, to retain existing customers, and maximize the lifetime value of its customers (Peppard, 2000). From the above observations, it is clear that CRM is a relationship based approach that focus on differentiating specific customer needs and maximizing customer value to increase business profitability.

The relationship of CRM with customer satisfaction and loyalty is evident from the definition given by Ang&Buttle (2002), who defined CRM as a business strategy that integrates internal process and external business networks and utilizes high quality customer data to interact, deliver and create value to customer with an aim of improving customer satisfaction and customer retention at a profit. As customer retention is directly related to loyalty, we can say that the ultimate aim of CRM is to have a loyal customer base. As customer loyalty is inevitable for growth and survival of today's business, CRM is not simply a method used by an organisation to gain a competitive advantage, it has become a necessity for its survival (Frow et al., 2011). Haridasan and Venkatesh (2011) explained the benefits of CRM in terms of identification, differentiation, interaction and customization. Identifying profitable customers by maintaining a customer data base helps sales force in cross selling, differentiation helps in cost effective marketing programs, interaction with excellent customer service ensures customer satisfaction and loyalty and customizations helps in incurring low cost of acquisition and retention of customers.

The impact of CRM on customer satisfaction and loyalty has been proven in the literature. CRM is basically evolved from relationship marketing by understanding the fact that managing customer relations is key to customer retention and loyalty. CRM focuses on maintaining individual customer data and carefully managing all customer touch-points to maximise customer loyalty. Also, as CRM helps firms to customize their offerings, this will enhance the perceived quality of products and services from a customer’s point of view which indirectly impact customers satisfaction. The positive relationship between CRM and customer loyalty proved in various service sectors like insurance, banking, restaurant, airline etc. Lombard (2012) investigated CRM and its influence on customer loyalty among insurance providers of South Africa and have identified a strong positive relationship between CRM and customer loyalty. They have found that there is no...
significant relationship between trust, commitment and customer loyalty without the intervening variable CRM. Haridasan and Venkatesh (2011) use Data Envelopment Analysis to assess the effectiveness of CRM practices of mobile service providers on two loyalty indices like advocacy loyalty and purchase loyalty using the service quality parameters and found a positive correlation between the two. Long et al. (2013) examined the impact of CRM on customer satisfaction and loyalty in departmental stores in Tehran and found that CRM elements like behaviour of employees and relationship development have a significant impact on customer satisfaction and loyalty.

2.2.4 Price

Price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service (Kotler and Armstrong, 2010). In a highly competitive market, where business firms differentiate their offerings in terms of service quality and price, it is imperative for the service providers to meet the consumers’ requirements and expectations in price and service quality. Several studies support that customers are satisfied and become loyal when they feel that the price they pay corresponds to the quality of service they receive. Choi et al. (2006) found that disloyal customers were more price sensitive, in the sense that changes in price motivated them to move to other organizations, whereas loyal customers were not affected by price. According to Omotayo and Joachim, (2010), if the customers do not get a fair price for a product, they will switch to other service providers offering lower prices.

Price plays a vital role in telecommunication market especially for the mobile telecommunication service providers (Kollmann, 2000). Due to the intense competition and the mobile number portability, the telecommunication service providers tend to offer innovative services as well as competitive prices to retain the existing customers and to attract new ones. The price here is not limited to the call rate, but also covers the price of broadband services, SMS charge, charges for value added services, roaming charges, international call rates, cost of a new connection, recharge vouchers and so on. Kollmann (2000) stated that income from the number of call minutes determines the basic commercial success for the network providers. He also added that the success of the telecommunication sector in a market place largely depends on continuing usage and pricing policies, which need to be considered on several levels. This shows that it is not profitable for the service provider to have more non-active connections but to ensure that customers use their connections frequently. This is possible if they perceive the prices as fair and competitive.

The implication of this is that offering a high service quality is not sufficient to attract and retain customers in the telecom market; offering the service at an attractive and affordable price is equally necessary to achieve a competitive advantage in the market. In the current scenario, where the service providers are sharing the infrastructure using shared solutions, it is difficult to perceive any significant difference in the network quality of most of the operators and price competition has become an important competitive tool. The advantage of a price-dominated mass market is that the customers will have more choices and opportunities to compare the pricing structures of different service providers. With the introduction of Mobile Number Portability (MNP), the customer is free to switch to another operator by retaining his number. So it is very important that the customers get the value for money that they spent and perceive the price as fair. Otherwise it will lead to a situation where the subscribers will traverse from one network to another to take advantage of the latest price cut, thereby giving no room for any loyalty to be developed.

Several researchers have stressed the impact of price on customer loyalty in the telecommunication market. Paulrajan and Rajkumar (2011) studied Indian consumer’s perception choice in selecting mobile telecom service providers and found that price has a significant positive impact on consumer perception and in purchase decision of the telecommunication sector. In their study concerning the behaviour of mobile telecommunication consumers, Bolton and Drew, (1991) found that the loyalty of individual customers is affected by price considerations.
2.2.5 Corporate Image

As the services are intangible and difficult to evaluate, customers often rely on tangible corporate features and signs to infer quality of the services provided. Physical and behavioural attributes communicated through business name, architecture, product/services' variety and quality that leaves an overall impression on the mind of consumers is labelled as corporate image (Wang & Wu, 2012). Keller (1993) also defined image as perceptions of an organization reflected in the associations held in consumer memory. Thus every point of interaction with the business firm, the customer forms pictures on the basis of ideas, feelings and consumption experiences that ultimately leads to the notion of reputation or image about the company. Thus every step of branding is an opportunity to create a perception about the brand in the customer’s mind and corporate image is formed as a result of the overall impression developed in the consumer’s mind through communication and experience.

The role of a positive corporate image in enhancing customer satisfaction and loyalty has been proved by Johnson et al. (2001) who found that corporate image influences behavioural intention like customer loyalty. Anderson and Lindestad, (1998), also examined that higher levels of customer satisfaction increases loyalty by building a positive corporate image. Corporate image helps in building a successful continuous relationship with the company which make buying decisions easier for customers. Adeleke&Aminu (2012) investigated the determinants of customer loyalty in Nigeria's telecom sector and found that good corporate image of GSM operators driven by promotion, service, quality and price can make the customers loyal. Groholdt et al. (2000) analysed that corporate image is an important driver of customer satisfaction and loyalty in the industries of soft drinks, banking and telecommunications. Liu (2008) investigated that corporate image has a significant impression on services quality, customer value, customer satisfaction and customer loyalty in the Chinese telecommunication market. Chen (2002) also concluded that building up image is one of the important tasks to retain customers in the Taiwan telecommunication sector.

2.2.6 Trust

The very essence of trust is the belief that other party will cause a positive outcome through its action. Trust instills a state of confidence in a person and create an expectation that the other person or entity will exhibit a behavior that results in a positive outcome. Thus, trust it is an indicator of confidence in veracity and reliability of the two sides of exchange. In a business context, trust is formed on the basis of calculation regarding benefits and costs associated with an ongoing relationship and the expectation that such behavior will be consistent in the future (Aydin and Ozer, 2005). Morgan&Hunt, (1994) described trust in terms of reliability and benevolence. Reliability shows the ability of a service providers potential in consistently producing positive outcome and benevolence indicates refraining from activities that may cause damage to the customers. Thus a customer will trust the service provider, if he believes that he will get positive outcomes consistently from the relationship and the perceived level of credibility.

Several researches support the positive impact of trust on customer loyalty. Trust has an influence on credibility and credibility will eventually has an impact on the customer's long term orientation by decreasing the risk perception linked to the opportunistic behavior of business. (Erdem et al., Ganesan, 1994). This indicates that trust reduces the uncertainty feelings in the minds of the customer and motivates them for increased purchases and building a valued relationship with the companies. This is similar to the findings of Chaudhuri& Holbrook,(2001) that trust helps in maintaining a valued and important relationship and reduces customer's uncertainty feelings and evoke a high degree of attitudinal loyalty. Trust-based strategies also increases market share and profits of companies as trust instills confidence in consumers’ mind about the future positive outcome from service providers.

The effect of trust on customer loyalty is evident from the findings of several researchers. Kabir, Alam&Alam (2009) identified trust as a significant predictor of customer loyalty in Bangladesh mobile telecom industry. Raza and Rehman
(2012) also investigated the relationship of marketing tactics on trust, satisfaction and loyalty in telecom sector of Pakistan and found that satisfaction and trust increases customer loyalty. Kour & Soch (2012) also identified trust as an antecedent of customer loyalty in Indian telecom sector along with other factors like customer satisfaction, commitment, corporate image and switching costs. Osman & Sentosa (2013) examined that trust plays a role as a mediator and has a mediating effect on customer satisfaction and customer loyalty in Malaysian rural tourism industry. Oghojafor et al., (2014) also found that apart from satisfaction, trust is a major determinant of customer loyalty in the Nigerian telecom industry.

3. Research background of Customer Loyalty in Telecom sector

Adeleke and Aminu (2012) investigated the determinants of customer loyalty in Nigeria’s Telecom sector and found that service quality, corporate image and customer service are the major factors affecting satisfaction and loyalty and that price is not found to be a major determinant of satisfaction or loyalty. According to them, service quality in telecom is measured in terms of network coverage, call clarity, provision of value added services such as GPRS, free mid-night calls, low rate of call failure etc.

A study done by Amin, Ahmed & Hui (2012) on the factors contributing to customer loyalty in Malaysian Telecom indicated that factors like perceived service quality, corporate image, trust and switching cost have a significant effect on customer loyalty and the most critical factor that affected the customer’s loyalty was found to be perceived service quality.

Kwabena Adjei and Denanyoh (2014) also found that call rate per quality, network coverage and sales promotion significantly affects customer loyalty among mobile telecom users in the Brong Ahafo region of Ghana and that brand image and prompt customer service have less effect on customer loyalty.

Raza and Rehman (2012) conducted a study to measure the impact of relationship marketing tactics on relationship quality and customer loyalty. They found that all the tactics of relationship marketing like service quality, price perception and brand image positively affect relationship quality which is explained using the variables of satisfaction and trust which in turn has a positive impact on customer loyalty. Results also show that service quality has a significant impact on customer satisfaction than the other two factors.

Chen and Cheng (2012) also identified a positive relationship between service quality, perceived value, satisfaction and loyalty of mobile telecom services. In this study they conceptualized the service quality of mobile telecom services by two constructs – namely interactive quality which is the customer’s evaluation of staff interaction and core quality which is the network quality and value added services.

Almossawi, M (2012) also studied customer satisfaction in mobile telecom industry in Bahrain and has found that the financial factors such as offers, rents and charges are the most significant in determining customer satisfaction and retention, followed by communication factors like signal and voice quality and then by intercommunication factors such as customer service, keeping in touch and user-friendly web-sites.

Oghojafor et al., (2014) also investigated the determinants of customer satisfaction and loyalty in Nigerian telecom and examined that product quality, promotion and distribution significantly affects customer satisfaction and price and customer service has least impact on customer satisfaction in this industry. The study also revealed satisfaction is not the only significant factor with regard to telecom services but other factors like trust, commitment and social network also influences customer loyalty.

Kahidi & Bavarsad (2015) investigated influential factors on customer loyalty in Iran mobile industry and found that satisfaction, perceived service quality, perceived switching cost and trust significantly influences customer loyalty and corporate image and perceived value has less impact on customer loyalty.
4. The Methodology

The study has covered various literature on the factors influencing customer loyalty in different sectors. A Library research (Archive) has been used for this study. The researcher has collected secondary data for this research from text books, journals, periodicals, e-journals, blogs, online publications and government websites to get an insight into Indian telecom industry and the factors influencing customer loyalty. Based on the literature review, the following conceptual model is proposed for the factors influencing customer loyalty in mobile telecom sector. The model is based on the findings of the research that four factors like service quality, customer relationship management, price and corporate image influences customer satisfaction which in turn affects customer loyalty. Apart from satisfaction, trust is also a major determinant of customer loyalty in telecom sector.

Figure 1: The proposed research model

5. Discussion and Findings

The objective of the research was to investigate the determinants of customer loyalty in mobile telecom sector through an archive method. Following the outcomes of literature review on studies conducted in the telecom sector of different countries, it is observed that customer satisfaction and trust positively impact customer loyalty. Other factors like service quality, Customer Relationship Management (CRM), price and corporate image also have a significant impact on loyalty through the mediating variable of satisfaction. But the studies also revealed that all these factors are not contributing equally to customer trust, satisfaction and loyalty. The service quality component is the most important factor determining loyalty as observed by Amin, Ahmed & Hui (2012) and Kahidi & Bavarsad (2015). In mobile telecom sector, service quality covers both the core quality and the interactive quality. Corporate image is the next significant factor influencing loyalty which is the overall impression made in customer’s mind as a result of associations and experience they had with the service provider. A positive influence of corporate image on loyalty has been proven by Adeleke & Aminu (2012), Liu (2008) and Chen (2002). CRM also contributes to customer loyalty in mobile telecom by integrating internal and external
business process and networks using technology and by carefully managing all customer touch-points. The positive effect of CRM on loyalty in telecom sector is proved by Long et al. (2013) and Haridasan and Venkatesh (2011). Even though studies conducted in all countries do not support price as a major determinant of customer loyalty, many researchers like Paulraj and Rajkumar (2011) and (Bolton and Drew, 1991) support the fact that has a significant positive impact on consumer loyalty. Trust is another factor that determines loyalty other than satisfaction which is confirmed by Kour & Soch (2012), Raza and Rehman (2012) and Oghojafor et al., (2014).

6. Conclusion

Customer loyalty significantly influences the long-term profitability, growth and sustainability of business. In the light of fierce competition between the service providers with a declining growth in the GSM subscriber base in Indian telecom market the telecom sector of India, the significance of maintaining a loyal customer base has intensified. The high customer acquisition cost, high rate of customer churn and Mobile Number Portability (MNP) further reinforces the importance of customer loyalty. The present study provides valid inputs to the service providers about the determinants of customer loyalty in a new changing scenario. With the introduction of Mobile Number Portability (MNP), switching costs are no longer considered as a factor affecting loyalty. The significant factor that influencing loyalty is still the service quality followed by corporate image, CRM and price. But these factors are not directly influencing loyalty but through the moderating variables of satisfaction. Also satisfaction is not the only factor that affects loyalty. Gaining the trust of customers also contribute significantly to loyalty. The implications for the service providers is that they must ensure the best service quality to their customers in terms network coverage, voice quality, fast downloads, least call drop and wide choices of value added services to satisfy the customers and gain their trust to make them loyal. Also they must delight the customers through positive interactions in terms of conduct, expertise, convenience and problem solving. The corporate image of the company needs to be enhanced frequently through promotional campaigns, innovative services, wide network and provision of tangibles. Also they must implement an effective CRM system to identify the individual customer needs, differentiate the offerings, interact effectively with customers and customize the services for effectively retaining the existing customer base. Finally the service provider must charge a fair and equitable price compared to the competitors which provides customers with a positive perception about the value for money and avoid his switching. Thus if the service provider succeeds in satisfying customers with the best service quality, price and good customer relations that will project a favourable corporate image, they can have a loyal customer base. Also winning trust of the customers is also important to enhance loyalty.

References

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