

## Customer satisfaction and its impact on customer loyalty of BSNL mobile users

<sup>1</sup>Dr. U Kanaka Rao, <sup>2</sup>Danda Udaya Shekhar

<sup>1</sup> Associate Professor, Department of Business Management, Swarna Bharathi in state of science & Technology, Khammam

<sup>2</sup> Assistant professor, Department of Business Management, Madawalabu University, Ethiopia

### Abstract

In this paper an attempt is made to analyze customer satisfaction and its impact on customer loyalty of BSNL mobile users. Customer satisfaction metric is very useful in managing and monitoring the businesses. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services. In recent years the BSNL revenue and market share plunged into heavy losses due to intense competition in the Indian telecommunications sector.

**Keywords:** Customer satisfaction, customer loyalty, BSNL mobile users

### Introduction

**Prelude:** The telecom industry has been divided into different segments, that is, fixed and wireless, cellular services, internet services and value added services. In today's information age, the telecommunication industry has a vital role to play. Considered as the backbone of industrial and economic development, the industry has been aiding the delivery of voice and data services at rapid increase in speed and thus, telecom industry has been revolutionizing human communication.

Although the Indian telecom industry is one of the fastest-growing industries in the world, the current tele-density or telecom penetration is extremely low when compared with global standards. Further, the urban tele-density is over 59.75%, while rural tele-density is 40%, as of September 2013. As the majority of the population resides in rural areas, it is important that the government takes steps to improve rural tele-density. No doubt the government has taken certain policy initiatives, which include the creation of the Universal Service Obligation Fund for improving rural telephony. These measures are expected to improve the rural tele-density and bridge the rural-urban gap in tele-density.

According to the Telecom Regulatory Authority of India (TRAI), India's total telephone subscriber base is 915.19 million which includes 886.30 million wireless and 28.89 million wireline connections as on October 2014.

Bharat Sanchar Nigam Limited (abbreviated BSNL) is an Indian state-owned telecommunications company headquartered in New Delhi, India. It was incorporated on 15 September 2000. It took over the business of providing of telecom services and network management from the Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from 1<sup>st</sup> October 2000 on going concern basis. It is the largest service provider of fixed telephony and fourth largest mobile service provider in India, and is also a provider of broadband services.

BSNL has installed Quality Telecom Network (QTN) in the country and now focusing on improving it, expanding the

network, introducing new telecom services with ICT applications in villages and winning customer's confidence. Today, it has about 43.74 million line basic telephone capacity, 72.60 million GSM capacity, 37,885 fixed exchanges, 68,162 GSM Towers, 12,071 CDMA Towers, 197 Satellite Stations, 50,430 Km. of microwave network connecting 623 districts, 7330 cities and 5.8 lakhs villages. BSNL has customer base of 121.65 million as on 31st March, 2013 and further plans to increase it to 189 million customers by March, 2017. However, in recent years the company's revenue and market share plunged into heavy losses due to intense competition in the Indian telecommunications sector.

### Objective

To analyze the impact of customer satisfaction on customer loyalty among BSNL mobile users.

### Hypothesis

H<sub>0</sub> There is no relationship between customer satisfaction and customer loyalty.

### Tools of data collection

The primary data is collected through a pre-tested structured questionnaire (to the sample respondents) and through personal interviews with the executives and responses of the sample respondents. The secondary data includes published sources like journals, magazines, Newspapers, annual reports of service provider (BSNL), Ministry of Telecommunications, Telecom Regulatory Authority of India (TRAI), and also from various websites.

### Tools of the analysis

The data collected were processed, analyzed and interpreted by applying statistical tools like chi-square test, frequency tables (arithmetic averages) and for operationalisation of hypothesis and analysis 5- point Likert Scale technique were used.

### **Sample of the study**

For the present study, the samples were chosen from the customers who are having the BSNL mobile connections. A sample of 1000 respondents on the basis of stratified random sampling has been chosen for the study (arrived at by considering 0.377% of mobile users in Khammam district, as on June 2013, i.e 2,65,000). Sample respondents were selected from 46 mandals of Khammam district and 0.0357% of mobile users from each mandals population constitute the sample for the study. The respondents are from various strata Viz. employees, businessmen, housewives, students chosen as respondents for this present study. The geographical area of the study is restricted to khammam district only. In the first stage, stratified sampling is done from 46 mandals of the district and in the second stage, convenient sampling was used to identify the villages. In the final stage, simple random sampling is applied for selecting the respondents. A total of 1000 respondents are selected for the study.

### **Scope of the Study**

The present study is aimed at understanding the BSNL services and to analyze the impact of customer satisfaction on customer loyalty of BSNL mobile users. The scope of the present study is entirely focused on the mobile services rendered by BSNL in the Khammam District of Telangana state.

### **Customer Satisfaction**

Customer satisfaction is a term frequently used in marketing. It is a measure of how products and services supplied by a company to meet or surpass customer expectation. Customer satisfaction is "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals". Customer satisfaction metric is very useful in managing and monitoring the businesses. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising. Many of us have heard of the current trend for businesses has become highly customer-centric, that is to put the customer at the centre of our business in terms of our strategies, actions and processes. For most of us, old truths still hold good; as such it is easier and more profitable to sell to existing customers than to find new ones. In practice, organizations are increasingly setting themselves strategies to measure and ensure customer retention, and charging their staff to be more customer-focused and service-oriented. Jayachandran and Satish (2005) concluded that the performance of CRM can be measured on the basis of customer satisfaction and customer loyalty.

No doubt customer satisfaction should be the primary objective of an organization to enhance customer loyalty but a business that focuses exclusively on customer satisfaction runs the risk of becoming an undifferentiated brand whose customers believe only that it meets the minimum performance criteria for the category. (Clarke, 2001) Long-term customer retention in competitive markets requires the supplier to go beyond mere basic satisfaction and to look for ways of establishing ties of loyalty that will help ward off competitor attack. Sivadas and Baker-Prewitt (2000) stated that it is not merely enough to satisfy a customer. Bowen and

Chen (2001) were of the view that customers must be extremely satisfied.

### **Customer Loyalty**

The customer loyalty is a business model used in strategic management in which company resources are employed so as to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be surpassed. Quality of product or service leads to customer satisfaction, which again leads to customer loyalty which leads to profitability. Customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and brings even more customers. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services.

As far as organizations are concerned, they want their customers to be loyal to them and customer satisfaction does not fully guarantee this. Customer satisfaction is in fact not necessarily a guarantee of loyalty. In certain industries, up to 70% of customers who switch to other service providers say that they were satisfied or even highly satisfied with their previous service provider. Customers may change service providers because of price, or because the rival is offering new opportunities, or simply because they want some variation. Afsar, Rehman, Qureshi & Shahjehan (2010) found that the effect of satisfaction and trust on commitment is positive and significant and the greater the satisfaction the greater the trust the greater is the commitment; the effect of perceived quality on satisfaction is positive and significant; and the effect of satisfaction, switching cost and commitment on customer loyalty is positive and significant. Barada Prasad Panigrabhy (2006) stated that customer loyalty centric programs help to retain customer, thereby resulting in cost cutting for a company, as cost of customer acquisition is much more than customer retention. In long run, loyal customers act as unpaid sales persons and brand ambassadors for the company. Therefore, a customer loyalty program leads to the sustainable growth of a company. Gupta. R.K (2009) suggested a customer-driven business model for CRM by iterating to think the model as a "Loyalty Machine". He throws light on various key issues governing customer loyalty like quality of service, loyalty programs, value added services and low call charges. Vijetha.L Shetty.S (2010) stated that one of the great challenges and winning for brand loyalty at younger age would be to get the consumer to use the brand so that they stay loyal. A holistic view is required to cultivate loyalty. The entire business system and not just the brand manager should be involved in building up loyalty. Ramesh H.N (2011) felt that loyal customers and satisfied customers are the backbone of a firm. In a competitive marketing environment, developing loyal and satisfied customers is an uphill task for companies. He states that loyal customers are the real partners in the success of a firm. Therefore, companies need to put efforts to develop loyal and satisfied customers.

### **Hypothesis**

H<sub>0</sub>: There is no relationship between customer satisfaction and customer loyalty.

H<sub>1</sub>: There is a relationship between customer satisfaction and customer loyalty.

**Descriptive Statistics:** While analyzing the descriptive statistics, the mean value of all the attributes is less than 3.58 which means the tendency of all attributes is towards

neutrality. So mode value is considered for analyzing and interpreting the data.

**Table 1:** Factors influencing the customer loyalty

Options	N	Mean	Median	Mode	Std. Deviation	Skewness	Kurtosis
Additional features	100	3.58	4.00	5	1.407	-.575	-1.063
Lower tariffs	1000	3.27	4.00	4	1.352	-.393	-1.081
Wide networks	1000	3.33	4.00	4	1.379	-.362	-1.142
Group call facility	1000	3.28	4.00	4	1.368	-.260	-1.221
Loyalty programs	1000	3.21	3.00	4	1.380	-.220	-1.226
Courtesy	1000	3.17	3.00	4	1.355	-.258	-1.161
Grievance redressal	1000	3.12	3.00	4	1.357	-.160	-1.207
Diversified range of service	1000	3.21	3.00	4	1.338	-.270	-1.150
Service innovations	1000	3.30	4.00	4	1.361	-.299	-1.164
Customer Information system	1000	3.35	4.00	5	1.440	-.384	-1.227
Providing of t value- added services	1000	3.49	4.00	4	1.324	-.472	-1.002
Rates charged by the BSNL Company	1000	3.19	3.00	4	1.354	-.222	-1.199
Importance of human	1000	3.32	4.00	4	1.376	-.361	-1.149
Company reminders	1000	3.12	3.00	4	1.402	-.118	-1.307

Source: Primary data

Table 1 reveals that additional features and customer information system are the key factors influencing the customer loyalty. The analysis also indicates that the majority of the customers have agreed with the fact that the above factors will influence the loyalty towards the network. Skewness of the distribution of data is negative for all the factors indicating that the number of respondents who have

given positive response are more than the number of respondents who have given negative or neutral response. Kurtosis of the distribution is platykurtic which indicates that there are no extreme responses in the distribution.

**HYPOTHESIS (H<sub>0</sub>):** There is no relationship between customer satisfaction and customer loyalty

S. no	Hypothesis	Chi- Square Value	P- value	Null Hypothesis Accepted/Rejected
<b>There is no relationship between customer satisfaction and customer loyalty</b>				
1	There is no relationship between reliability and loyalty programmes offered by BSNL	520.630	<0.001	Rejected
2	There is no relationship between reliability and providing value added services	540.066	<0.001	Rejected
3	There is no relationship between reliability and rates charged by BSNL	373.039	<0.001	Rejected
4	There is no relationship between reliability and importance of human touch while dealing with customer	332.081	<0.001	Rejected
5	There is no relationship between reliability and reminding about bill payment, new services	311.219	<0.001	Rejected

S. no	Hypothesis	Chi- Square Value	P- value	Null Hypothesis Accepted/Rejected
<b>There is no relationship between customer satisfaction and customer loyalty</b>				
1	There is no relationship between responsiveness and loyalty programmes offered by BSNL	467.362	<0.001	Rejected
2	There is no relationship between responsiveness and providing value added services	350.927	<0.001	Rejected
3	There is no relationship between responsiveness and rates charged by BSNL	283.378	<0.001	Rejected
4	There is no relationship between responsiveness and importance of human touch while dealing with customer	305.306	<0.001	Rejected
5	There is no relationship between responsiveness and reminding about bill payment, new services	262.791	<0.001	Rejected

S. no	Hypothesis	Chi- Square Value	P- value	Null Hypothesis Accepted/Rejected
<b>There is no relationship between customer satisfaction and customer loyalty</b>				
1	There is no relationship between assurance and loyalty programmes offered by BSNL	513.309	<0.001	Rejected
2	There is no relationship between assurance and providing value added services	370.972	<0.001	Rejected

3	There is no relationship between assurance and rates charged by BSNL	370.204	<0.001	Rejected
4	There is no relationship between assurance and importance of human touch while dealing with customer	343.603	<0.001	Rejected
5	There is no relationship between assurance and reminding about bill payment, new services	264.116	<0.001	Rejected

S. no	Hypothesis	Chi- Square Value	P-value	Null Hypothesis Accepted/Rejected
<b>There is no relationship between customer satisfaction and customer loyalty</b>				
1	There is no relationship between empathy and loyalty programmes offered by BSNL	407.494	<0.001	Rejected
2	There is no relationship between empathy and providing value added services	393.588	<0.001	Rejected
3	There is no relationship between empathy and rates charged by BSNL	324.191	<0.001	Rejected
4	There is no relationship between empathy and importance of human touch while dealing with customer	362.912	<0.001	Rejected
5	There is no relationship between empathy and reminding about bill payment, new services	291.236	<0.001	Rejected

S. no	Hypothesis	Chi- Square Value	P-value	Null Hypothesis Accepted/Rejected
<b>There is no relationship between customer satisfaction and customer loyalty</b>				
1	There is no relationship between tangibility and loyalty programmes offered by BSNL	450.296	<0.001	Rejected
2	There is no relationship between tangibility and providing value added services	345.872	<0.001	Rejected
3	There is no relationship between tangibility and rates charged by BSNL	363.538	<0.001	Rejected
4	There is no relationship between tangibility and importance of human touch while dealing with customer	305.066	<0.001	Rejected
5	There is no relationship between tangibility and reminding about bill payment, new services	283.353	<0.001	Rejected

**Testing of Hypothesis:** The 'p' value of the test statistic is less than 1% for all the variables so, the null hypothesis is rejected and alternative hypothesis is accepted stating that there is a relationship between customer satisfaction and customer loyalty.

#### Observation

The majority of the customers have agreed with the fact that the following factors will influence the loyalty towards the network. Additional features, Lower tariffs, Wide networks, Group call facility, Loyalty programs, Courtesy, Grievance redressal, Diversified range of service, Service innovations, Customer Information system, Providing of value-added services, Rates charged by the BSNL Company, Importance of human touch while dealing the customer, Company reminders.

**Suggestion:** Increase in number of mobile service providers in the market reflect on attritions of customers towards other mobile networks. Customer loyalty is an important aspect for customer satisfaction in this regard BSNL has to focus on such factors which can increase the customer loyalty the factors are additional features, proper customer information system, low tariff, wide network, group call facility, courtesy, grievance, loyalty programmes, service innovation and diversified range of services which will influence the loyalty towards the network. To keep the customer loyal to BSNL it should provide convenient value-added services to the customers and the rates charged by the BSNL should be fair and reasonable as BSNL customers are more price sensitive. BSNL should give value to human touch while dealing with customers and reminding the customers about the bill payment due dates, new services and others.

#### References

1. Sakthivel R, Vijay P. Customer Attitude towards Various Brands of Mobile Telecom Network Services, Organizational Management, 2011, 56-85.
2. Ashok Desai V. Indian Telecommunications Industry: Analysis and Diagnosis Saga Publication of India, 2007.
3. Amulya M. Market Competence of BSNL in the Present Dynamic Telecom World, Indian Journal of Marketing, 2011, 13-21.
4. Sandell P. Bharat Sanchar Nigam Limited - Ruling the Indian Telecommunication Market, Center for Management Research, 2009.
5. Sinha PK, Sanchari Singh. Telecom Sector: Business Risks and Management, the Management Accountant, 2010.
6. Mohammed Ibrahim I. Cost and Accountant Management in Telecom Sector, the Management Accountant, 2010.
7. Sravanan P, Srivasankaran K. Emerging Role of Management Accountant in Telecom Space, the Management Accountant, 2010.
8. Mausumi Bhattacharyya. Telecom Sector in India: The Way Ahead, the Management Accountant, 2010.
9. Opportunity India – Telecom Industry, CII Report, 2010.
10. Indian Telecom Statistics Ministry of Communications, Government of India Journal of Telecom Finance and Management by National Academy of Telecom Finance and Management, 2009.
11. <http://dxm.org/teconomist/news/cellcal.html>