



Service Quality and Customer Satisfaction in Telecommunication Companies

*Mr. Akshay Arora **Ms. Sujitha R

*Scholar- Doctorate of Philosophy, Management, Singhania University, Rajasthan

**Management Faculty

ABSTRACT

Emerging technology can be defined as a science –based innovation with the potential to create a new industry or transform an existing industry. The convergence of the internet, telecom, cable, satellite, computer, and entertainment and information industry has created the digital revolution. This digital revolution has driven convergence within IT and telecom industry and has radically redefined the landscape of these industries. Convergence in this digital environment has built networks of strategic alliance, increased competition among business forces, value of core competencies and resources, and strengthened the length of sustainable advantage in telecom industry.

Keywords : Telecom, Quality, Customer Satisfaction, Service Provider

Introduction

From the day the first telecom instrument was invented – 1880 to date, the advent of new technologies has transformed the business in telecommunication industry. Today, the convergence of telecom services has flooded the global telecom industry with new players, new technologies, and new services and, of course, new and more demanding customers. Recent technologies like Wi-Fi, WiMAX, 3G and 4G technologies, VOIP, VoWIFI has enabled telecom industry to shift from traditional wire-line to digital wireless operations.

These emerging telecom technologies have also made technology affordable for developing and underdeveloped countries. Rural connectivity has rapidly increased in countries like India, thanks to wireless technologies and next generation networks. The advent of digital technologies has even transformed wire-line services to upgrade and provide multiple services at affordable cost.

Today, industry is mainly focusing on domestic connectivity by providing facilities at low cost, increasing speed with well-built infrastructure. The current trend of wire-less telecom has created a revolution in personal as well as business communication. The Internet technologies like Wi-Fi and fax have become indispensable for upgrading the service level as well reducing additional cost for telecom service providers. The wireless services have favored organizations by exceeding their revenues remarkably when compared with wire-line services. Organizations have also started spending more on wireless technologies than wire line technologies.

As organizations use more and more technologies to meet the customer demand, satisfy business requirements and to sustain competition, the regulatory aspects of the technologies needs to be monitored and controlled. Regulatory authorities are relentlessly working on rationalizing old standards and developing new standards and regulations to encourage telecom operators to improve their services, growing customer demand and create value from these new technologies.

The government of India recognizes that provision of world class telecommunication infrastructure and information is the key to rapid economic and social development of the country. It is critical not only for development of the information technology industry, but also has widespread ramifications on the

entire economy of the country.

The Indian Telecom sector is passing through a dynamic transitional phase, as it is clearly undergoing the operation of market forces of demand and supply. The sovereignty of consumers is quite evident through their revealed preference in favour of economically rational decisions.

Therefore, the task facing the managers in telecom sector is to focus on the activities that result in meeting or exceeding customer expectations. Moreover, the forces of liberalization and globalization of telecommunication market have pressurized the companies to maintain their market share by focusing on retaining their current customer. They are being increasingly confronted with the challenges to attract their subscribers by providing high quality services. Also, the ability to retain existing customer is increasingly crucial in this industry. This is possible only by providing quality of services to the customers. The association between Service quality and Customer satisfaction emerged a topic of significance in the telecom sector. Present study will make an attempt to investigate the relationship between Service quality and Customer satisfaction from the perspective of customers in the telecom sector. And will help managers to letdown guidelines to provide service quality to enhance their customer satisfaction level. The study uses a survey of Jaipur, Rajasthan customers to investigate the relationship between service quality and customer satisfaction.

Review of the Related Literature

This part of the study will give a glimpse of the literature which was referred to by or studied to have a deep understanding of the topic of research. This part explores the work that has been done in relation to service quality and customer satisfaction in the telecom sector.

Parasuraman et al (1985)(1) “ A conceptual Model of Service Quality and its implication for Future Research”. In this paper they have reported that excellent service is profitable strategy because it results in more new customer, more business with existing customer, fewer lost customers, and competition and fewer mistakes requiring the re-performance of services.

Cadotte , Woodruff and Jekins(1987)(2) in their study “Expectations and Norms in models of customer satisfaction”

observed that the old road for financial success for business was to seek profit growth market share and through cost economies. Now the time has changed, strategy has to be focused on delivering customer value which is shown to deliver superior financial result.

Danaher and Mattson (1996) (3) have observed that customer satisfaction and loyalty are positively linked with non-linear relationship in the context of cellular mobile telecommunication. Service quality is an important driver of customer retention but for price sensitive customers, it is not variable affecting the relationship.

R John Willems, Kettler Koren (1996)(4) in their survey the response of the marketing managers identified three categories of issues standard or clerical applications, such as e-mail or voice mail, use of telecommunications to gain competitive advantage. Surprisingly marketing manager rated the standard application as the most important. The explanation was found in the quality of their training.

Brady and Cronin (2001)(5) in their study has found that the three constructs i.e. Customer satisfaction, customer loyalty, and customer retention are different. Customer satisfaction drives customer loyalty, which in turn has impact on customer retention.

Berry, I.I. (2001)(6) have studied "Customer satisfaction and loyalty in France" and has found segmenting the customers into economy standard and mobile lovers on the basis of calling time. Switching cost played a significant moderating role in the satisfaction loyalty link for economy and standard groups.

Antony P Oodan(2003), (7) "Telecommunications Quality of Service Management : from Legacy to Emerging Services". In his book he advocated that developing and maintaining customer loyalty is the survival and growth of service firms. Now mobile operators have realized that consistently high level of customer loyalty can not only create long term relationship with customers but can also lead to competitive advantage.

JD Power and Associates reports (2005)(8) say that customer satisfaction with wireless carriers dropped 10% in 2005 from 2004 which is the largest decline in poll's history.

Lee et al (2005)(9) in his study, explanatory investigation of "Customer loyalty and retention in cellular mobile communication" found that most of the customers were dissatisfied with customer care services. They reported complaints regarding the billing errors and delays in solving their problems. Most of the younger (18-35 years) who were dissatisfied were ready to switch as compared to older customers (above 40 years).

Aydin Serkan, Ozer Gokan (2005) (10) "To build a National Customer Satisfaction Index for Turkey". for drawing on models already in existence in Sweden this study has been carried out. Data collected by fitting structural equation model with sample size of 1500 through questionnaire showed that the purposes, design, new customer satisfaction index exhibits good fit and strong explanatory power.

Telephone regulatory authority of India in a Press Release no 89 (2005)(11) study on quality of services of cellular Mobile Services in MUMBAI found that TRAI has been receiving a number of complaints from consumers. TRAI recently conducted drive test in Mumbai city to assess the networks of M/S bharti tele-ventures-ltd hutch ,and bpl. The subscriber base of cellular mobile services has shown an exponential growth from about 9.7 lakhs in March 2002 to 50-95 lakh by March 2005. All the service providers in common have coverage problems.

TRAI reports (2006) (12) "Study on mobile phone user satisfaction". The aim of the study was to understand the behavior of mobile users in Delhi. only 14% of customers say that they

are fully satisfied with services while 6 % responded as not satisfied. a major group either say that they are almost satisfied (34%) or average satisfied (20%).

Banumaty S (2006) (13) in their study "Customer's attitude towards Cell phone Services in Communication System." say that effort has been made to identify the attitude of customer. Many private operators have entered into the cellular segment and it has increased the competition. It has been found that customer satisfaction is measuring the scale of the credibility of the services provided by the organization. Cellular services are also not an exception to it.

Telephone regulatory authority of India in a Press Release no.14 (2007) (14) Report of the independent agency engaged for the Objective Assessment and Customer Satisfaction Survey of the Basic and Cellular Mobile Telephone Service – Quality of Service (QoS) for the quarter ending 30th September 2006. To protect the interest of consumers and improve Quality of Service, TRAI had laid down the QoS standards for basic and cellular mobile service through Quos regulations in July, 2005. These regulations provide for various QoS parameters along with benchmarks. The parameters in QoS regulations are service provisioning, fault repairing, network performance and billing related etc. These regulations have also prescribed the parameters relating to customer perception of service. TRAI had engaged an independent agency for (1) conducting an objective assessment of the Quality of Service provided by basic and cellular mobile service providers and (2) subjective customer satisfaction surveys for assessing the customers' perception of the service. The salient features of the report are given below: -

The agency has made objective assessment of QoS through (i) audit of telephone exchanges spread in different areas for basic service and Mobile Switching Centers (MSCs) in every circle on sample basis (ii) assessing the effectiveness of the customer care help lines of each operator circle-wise through test calls; (iii) assessing the network conditions of each cellular mobile operator circle-wise through drive tests in sample cities/towns of circle; (iv) inter-operator call assessment of cellular mobile operator in each circle through inter-network test calls. The customer perception of service is assessed through Customer Satisfaction Surveys conducted for each operator circle-wise through Questionnaire. findings of study has showed that there are not direct influences from service quality to customer loyalty. Brand equity is appeared to have direct influences to customer loyalty. Relationship quality has direct influence to the customer loyalty. Study has shown that important dimensions of telecommunication service quality include availability, reliability, security, flexibility or choice, simplicity and assurance. It is revealed that service quality is an important driver of customer retention. Most of the younger customers (18-35 years) who were dissatisfied were ready to switch as compared to older customers (above 40 years).

The review of literature has doubtless provided considerable knowledge on the service quality and customer satisfaction concept. But the bulk of this research has been in the context of US and European nations. Generalization of related findings from developed nations is not necessarily apt as telecom industry in India is still on growing stage. Secondly, Service quality has been identified as an important contributing factor to the ability of an organization to retain customers. Therefore it is apparent that telecom companies need to provide customers with high quality services. in doing so telecom providers are first required to understand the attributes customers use to judge service quality. Then, steps need to be taken to monitor and enhance service performance. Hence also examination of the relationship between service quality and customer satisfaction is a worthwhile exercise.

Methods of Data Collection

To collect the primary data, a face-to-face survey was conducted. Respondents were asked to assess their perception of various items of different constructs, including factors

viewed as antecedents of service quality, customer satisfaction and behavioral response. Assessment was based on a five point Likert Scale. Secondary data was collected from the annual reports of the companies, magazines, journals, and websites of various national and international institutions.

Findings of the Research

India has one of the world's largest telecommunication networks. The telecom story continues to be the best evidence of the efficacy of the reforms process. In just six years the number of mobile subscriber has gone up from just about one million – hundred million, a subscriber base that only four other countries. China, USA, Japan and Russia can boast of. None can doubt the correlation between this explosive growth in numbers and the steep decline in the cost of the mobile phone and of its usage. Effective traffics have dropped from over Rs 14 a minute to Rs 1, bringing the phone within the reach of people even below the middle class.

The government may have, therefore landed itself a winner in the mobile phone service providers, but the task of taking telecom to the other 90% of the population will call for even greater innovation in policy making and technology in marketing. Still three fourth of the landmarks is known illuminated by a cellular signal and the price of the instrument is beyond the reach of a substantial section of a population let alone the charges for its use. These issues, of course, can be resolved by decisive policy action, such as the creative use of the Universal Service Obligation fund that now has over rupees 70 billion, releasing adequate spectrum to operators in the metros, and a protective investment policy that invited many more equipment manufacturers to setup base in this country. The number portability issues will solve many problems and will help the end users, which will change the whole scenario of competition and will make the game tougher for the service providers.

Looking at the completion trend, it seems that soon in future, rural schools will be having broadband and internet facilities as their part of studies as routine lives. There is availability of internet facility in many village but soon it will be taught in secondary and higher secondary schools in all village and various technology like 3G and various VAS have made the market more competitive and made easy for the users. Implementations of number portability and 3G technology have solved many problems and made easy and comfortably for the customers.

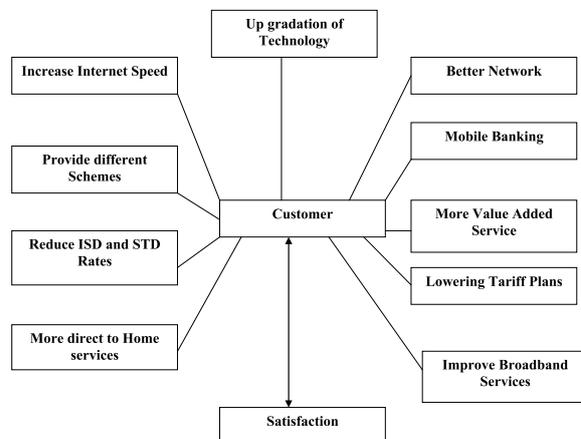
Recommendations for the Industry

As mentioned in the future of Indian telecom and on the basis of primary research and secondary research, the following recommendation can be concluded:

- Lowering the traffic plans of service providers will increase more complication.
- In order to allow technological up gradation, segment policies should be technology-neutral, and not specifically perspective.
- Resolve spectrum allocation and create need-based licensing of spectrum bandwidth to facilitate the policy of unlimited entrants in basic services.
- Pass rules on number portability (service migration) to allow free market conditions for fixed line consumers, without taxing new entrants or consumers for moving away from a monopoly service provider.
- Bringing more up gradation in VAS for the betterment of the users.
- Improvement of the network infrastructure in both the urban and rural areas.

- Reducing the STD and ISD charges for the users.
- More FDI inflows can be enhanced.
- More Direct To Home (DTH) services will give benefits to the customers.
- CDMA technology providers i.e. Tata and reliance are slowly coping up with the competition with GSM operators which gives a good benefit to the end users to stop these operators should also indulge into providing various services.
- Mobile banking is a new concept which is recently adopted by Airtel and it provides recharge from mobile phone by tie ups with banks. This new concept will bring a new revolution in case of inventions
- Broadband services can be more focused more if the spectrum issues are solved. Still there are many rural areas where broadband services are not available.
- Companies can provide new and different schemes to their customers.
- Enhance data services on fixed and wire line services.
- Increase in internet speed on mobile can be the criteria for the operators.

The above recommendations for customer's satisfaction can be shown from the chart below:



After talking to customer care executives of telecom sector, the following recommendation can be conclude as a part of their strategies for acquiring or retaining new customers.

- The telecom operators should take less time for solving customer's queries.
- Majority of the operators focus on the special occasions to launch new schemes but they can also launch scheme on weakly or monthly bases to attract new customers.
- TV media is more effective for the operator as per the findings. But they should be also focus on Radio and Newspapers for more effectiveness.
- Customer care executives should concentrate more on pre-paid collection for the price sensitive customers and post paid connection for business class people or higher class people. They should use their media tools accordingly.
- They should concentrate more on the attributes like talk time facilities, network, voice clarity etc. Apart from SMS, VAS and schemes.
- They should focus more of VAS like GPRS facilities, games, astrology and music for young people and business news for business people.
- They should also focus on new technologies like 3G.
- They should also focus on pilot projects before launching a product, especially in case of rural areas.