



An Evaluation of Customers' Loyalty towards Their Cell-Phone Service Providers In Surat City

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Abstract

In this competitive world, it is become very crucial to increase as well as to maintain the customers. Every firm wants to get loyal customers. The main purpose of this study is to find out the relationship of customers' loyalty with switching cost, corporate image and customers' satisfaction. Primary data has been collected by framing a questionnaire. 165 samples have been collected by applying convenience method. Data has been analyzed by applying t-test, correlation and regression. From the analysis, it has been concluded that the customers of Surat city are loyal with their current cell-phone service providers. Moreover, it has been found that there is a positive, strong and moderate relation of customers' loyalty with switching cost, corporate image and Customers' satisfaction.

Keywords: *Cell-Phone Service Providers, Customers' Loyalty, Switching cost, corporate image, Customers' Satisfaction*

Introduction

Mobile subscribers have been increasing considerably. The competitive environment further makes stronger due to the entry of new cell-phone service providers into the market. On the other side, the mobile phones become cheaper and affordable for the people. People also show interest in adopting new services like internet service (2G, 3G and 4G, video calling etc.) on mobile phone. As a result, more and more customers are buying mobile phones. To a greater extent customers start to use the services of cell-phone service providers. Thus, it becomes very important for cell-phone service providers to be active. They have to win the market share by making the customer more loyal to them. As competition increases, customers bargaining power gets stronger and building trust and image becomes more important for the

firm. Companies should put more focus on factors affecting loyalty among consumers. For this reason, the objective of the study is set to establish a research model which will identify the impact of customer's loyalty of mobile phone operators through switching cost, corporate image, and customers' satisfaction.

Review of Literature

Kim Moon-Koo et al (2002) have found the results as follows: First, among the factors of switching barriers, switching costs, such as continuity cost and contractual cost, interpersonal relationship, and attractiveness of alternatives are key factors in determining customer retention. Second, continuity cost and interpersonal relationship have an adjustment effect between customer satisfaction and customer retention. The findings can help the mobile operators to establish a customer-oriented strategy by identifying a few key factors strengthening the linkage with customers. Pirc, M. (2006) has found that the mobile service usage has a curvilinear/rounded effect on propensity to switch, which would indicate that with the usage the risk increases, however after a certain usage point, it began to decrease. They have also confirmed that customer's characteristics indeed matter. However, they do not influence the propensity to switch directly; but through other construct. To focus on two determinants of customer recommendation behavior, namely, overall satisfaction and flow experience, Chen et al (2006) have taken 480 subscribers from China who had used 3G mobile phone services. They have found that customer satisfaction and customer's flow experience induces behavior that can lead to the phenomenon of customer recommendations. This in turn, becomes free advertising for a firm and attracts new customers. Muthaly Siva K. et al (2008) has found that customers' satisfaction affects customers' loyalty in Hongkong mobile industry. The findings of their study suggest that mobile transmission quality may play a significant role in managing consumer's judgment which in turn leads to subscribers' satisfaction. Mohammad Muzahid Akbar et al. (2009) has found customer's satisfaction as an important mediator between perceived service quality and customer loyalty. A clear understanding of the postulated relationships among the studied variables might encourage the mobile service provider(s) to figure out appropriate course of action to win customers' trust by providing better services in order to create a loyal customer base.

Research Problem

Today, it becomes very important to get loyal customers and to get loyal customers, it is very necessary to satisfy them. Moreover, it is also essential to know and to find out the factors which affect their switching intention also. And keeping this in mind, the main problem of the research has been derived that ‘Are the customers loyal towards their cell-phone service providers in Surat city?’

Significance of the Study

This study is useful to the cell phone service providers as they can understand the relationship between loyalty, switching cost, corporate image and customers’ satisfaction. On the bases of result, they can try to improve their service in favour of customers. And by doing so, customers can get the best services.

Objectives of the Study

1. To evaluate customers’ loyalty towards Cell-Phone Service Providers in Surat City.
2. To find out the Relationship between Switching Costs and Customers’ Loyalty.
3. To find out the Relationship between Corporate Image and Customers’ loyalty.
4. To find out the Relationship between Customers’ Satisfaction and Customers’ Loyalty.

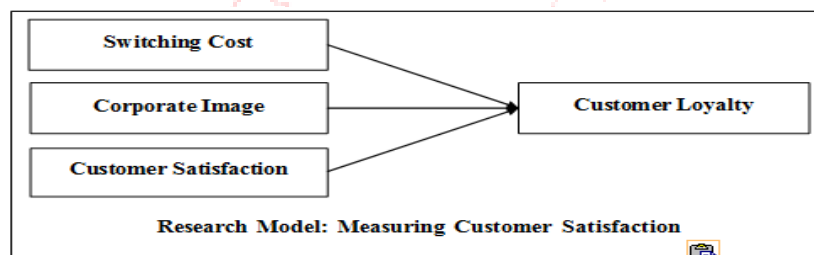
Hypothesis

H₀: Customers of Surat city are not loyal towards their cell-phone service providers.

H₁: Customers of Surat city are loyal towards their cell-phone service providers.

Research Model

On the bases of research objectives, following research model has been designed.



Methodology

This study is exploratory and descriptive type in nature. The data has been collected by framing a questionnaire. Total 165 samples have been collected. The data has been analyzed by adopting convenience applying t-test Spearman's Rank Correlation test and regressions.

Limitations

1. The study is limited to Surat city only.

2. Results are based on the respondents’ view. So it has been assumed that they provide their feed back without biasness.

3. Limitation of secondary data should be taken into consideration.

Analysis and Interpretation

Customer Loyalty

To find out Customer Loyalty, one sample t-test has been run with a cut-off point of three (3). And the null hypothesis has been assumed that customers are not loyal towards their cell phone service providers

H₀: Customers of Surat city are not loyal towards their Cell-Phone Service providers.

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One-Sample Test, Test Value = 3							
	t	N	df	Sig. (2-tailed)	Mean Difference	Mean	Null Hypothesis
Customer Loyalty	12.626	165	164	.000	.685	3.685	Rejected

Table No. 1.1 One Sample t-test

Here, $P \leq 0.05$, which provides a strong evidence for rejection of a null hypothesis and acceptance of an alternative hypothesis. Therefore, it can be concluded with 95% confidence that customers are Loyal towards their cell-phone service providers in Surat city. The mean of customers’ loyalty is greater than three. This indicates that the customers are loyal or equal to Loyalty. More over it is near to 4 (3.685) which imply that customers are really Loyal.

Correlation

Hypotheses		Significance value (α)	Correlation coefficient (ρ)
Customer Loyalty	Switching cost	0.000	0.803
	Corporate image	0.000	0.767
	Customers’ satisfaction	0.000	0.940

Table No. 1.2 Correlation

H₀: There is a positive relationship between switching cost and customer loyalty

The result of correlation analysis illustrates that switching cost ($r = 0.803$, $p < 0.01$) has a positive, strong and significant relationship with customer loyalty in the context

of cell-phone service providers in Surat. Thus, the result of the correlation analysis has provided support for this hypothesis.

H₀: There is a positive relationship between corporate image and customer loyalty

The result of correlation analysis illustrates that corporate image ($r = 0.767$, $p < 0.01$) has a positive, moderate and significant relationship with customer loyalty in the context of cell-phone service providers in Surat city. Thus, the result of the correlation analysis has provided support for this hypothesis.

H₀: There is a positive relationship between Customers’ satisfaction and customer loyalty

The result of correlation analysis illustrates that Customers’ satisfaction ($r = 0.940$, $p < 0.01$) has a positive, very strong and significant relationship with customer loyalty in the context of cell-phone service providers in Surat city. Thus, the result of the correlation analysis has provided support for this hypothesis.

Regression Model

Customer Loyalty (CL) as a dependent variable and Switching cost, Corporate Image and Customers’ satisfaction as an independent variables

$$Y = \alpha + \beta_1 \times X_1 + \beta_2 \times X_2 + \beta_3 \times X_3 + e$$

Where, Y= the dependent variable (CL), A is the Y intercept which means the value of Y when all the X values are zero, X_1 = Switching cost, X_2 = Corporate Image, X_3 = Customers’ satisfaction (CS), β = the coefficient of the independent variable, e= error

$$CL = 0.054 + 0.152 \times SC + 0.911 \times CS + 0.245$$

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficient	T	Sig.	Null Hypothesis	Rank
	B	Std. Error	Beta				
(Constant)	.054	.111	-	.488	.626	-	-
Switching cost	.169	.075	.152	2.262	.025	Rejected	2

Corporate image	-.126	.069	-.119	-1.822	.070	Accepted	--
Customers' satisfaction	.945	.052	.911	18.265	.000	Rejected	1
a. Dependent Variable: Customer Loyalty							
Std. Error of the Estimate	R		R Square		F		
0.245	0.942 ^a		0.887		423.088		
Table No. 1.3 Regression							

The value of the multi co-relation coefficients between independent variables and dependent variable is 0.942. The value of R^2 (0.887) shows that 89% variance in customers' loyalty comes due to these factors. In another words, it can be said that 11% variance in customers' loyalty comes due to other factors. The value of adjusted R^2 (0.887) almost remains same which indicates that if the model will be derived from the population instead of the sample, it may be possible that no variation will be accord.

Anova F- value 423.088 is significant ($p \leq 0.05$) means this model is good fit for regression. More over null hypothesis is rejected which implies that independent variables (Switching cost, Corporate image and Customers' satisfaction) collectively affects customers' loyalty. To know the level of effect of these independent variables, results of t-test has been taken into consideration.

From table no.1.3, it has been found that Switching cost and Customers' satisfaction are significant means of the null hypothesis for both independent variables ($\beta_1=0$, $\beta_3=0$) is rejected as p-value is less than 0.05. And so, alternative hypothesis ($\beta_1 \neq 0$, $\beta_3 \neq 0$) is accepted. While p-value for Corporate image is greater than 0.05 so null hypothesis ($\beta_2=0$) is accepted which implies that corporate image does not affect on customer loyalty.

The standardized coefficients for the independent variable customer satisfaction has been the highest β_3 (0.911) and so it has been concluded that it has the strongest influence on the Customer Loyalty followed by Switching cost ($\beta_1=0.152$).

Conclusion: From the analysis (t-test), it has been found that customers of Surat city may be Loyal with their cell-phone service providers. Normally they are willing to

keep their current cell phone service provider. On the bases of correlation, it can be said that there is a positive correlation between customers' loyalty and switching cost, corporate image as well as customers' satisfaction. In addition, very strong relation between customers' loyalty with customers' satisfaction and switching cost has been found respectively. From the regression, it has been derived that customers' satisfaction and switching cost are most affective factors on customers' loyalty respectively.

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