CHAPTER III

THEORETICAL FRAMEWORK
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3.1 Introduction

This chapter contains the development of theoretical framework based on the problem statement and main research objectives mentioned in chapter 1 and literature review described in chapter 2. According to Miles and Huberman\(^1\) (1994), a conceptual Framework or theoretical frame work can be visualized as a presentation that explains the main things to be studied graphically or in written form, the key factors, concepts, or variables and the presumed relationships among them. It provides the structure/content for the whole study based on literature survey and personal experience (Roger Vaughan\(^3\), 2008) and has potential usefulness as a tool for scaffolding research (Smyth\(^2\), R, 2004) and it is the foundation of entire research (Sekaran, U and Bougie\(^4\), R, 2010)

3.2 Marketing mix dimension

NEIL H. BORDEN\(^5\) (1964) wrote “Marketing is still an art, and the marketing manager, as head chef, must creatively marshal all his marketing activities to advance the short and long term interests of his firm”. Marketing was defined by Chartered Institute of Marketing\(^6\) (CIM) as: “Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably”. Marketing identifies various needs of customers and makes available goods and services as per their needs so that they are fully satisfied.
The important basic concept of marketing is the marketing mix which has its origins in 1960’s. Borden\(^5\) (1964) claims to be the first who have used the colorful term “marketing mix” and the same was suggested to him by his associate, Professor James Culliton (1948) who called a marketing executive as “mixer of ingredients”. Borden\(^5\) (1964) has identified twelve controllable marketing elements namely: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, fact finding and analysis for making the firms profitable by properly managing those elements.

McCarthy, E. Jerome\(^7\) (1964) has regrouped and reduced those twelve elements to four elements: Product, Price, Place and Promotion called the 4 Ps. Every marketing executive has to concentrate on 4Ps, the four major decision areas while planning the marketing activities. All those decision areas are inter-related because a decision in one area affects decisions in other areas. Such elements of marketing, the 4P’s, are the set of controllable tactical marketing tools (Philip Kotler and Gary Armstrong\(^8\), 1999) that the firm can use to influence the buyer’s response and together those constitute the marketing mix. It is a means of translating marketing planning into practice (Bennett\(^12\), 1997). “Theories of marketing management and strategy need to evolve and change to keep pace with changes in the marketplace and in marketing practice” (Goldsmith\(^13\), 1999).

The marketing mix is not a management theory derived from scientific analysis, but it is a conceptual framework that highlights the decisions makers in configuring their offerings to suit the customer’s needs. The tools can be used to develop both long term strategies and short term tactical programmes (Palmer\(^10\), 2004).
According to Kristian Moller\textsuperscript{9} (2006) marketing mix has become extremely influential and indispensable element of both marketing theory and operational marketing management. The components of the marketing mix can change a firm’s competitive position (Gronroos\textsuperscript{15}, 1994). For the firm’s choice of competitive advantage, it is necessary to assemble and tailor appropriate marketing mix so that target customers could consider the mix superior to the one offered by competitors (Roger Brooks bank\textsuperscript{14}, 1994).

The marketing mix approach has been criticized for being incomplete, not taking into consideration the needs of the customer properly and disregarding services and industrial marketing (Evert Gummesson\textsuperscript{18}, 1994). This criticism on 4P marketing mix was continued further and according to Raffiq and Ahmed\textsuperscript{17} (1995), there exist high degree of dissatisfaction with the 4Ps framework. As per Y. Wang, K.L. Wang and J. T. Yao\textsuperscript{16} (2009) even though there has been consistent effort by many physical businesses to deal with the 4P in an integrated manner, the implementation of the P policies remains largely the task of various departments and persons within the organization.

In order to overcome some of its deficiencies, 4P has been expanded. Judd\textsuperscript{19} (1987) proposes 5P, the fifth P being people power. Kotler\textsuperscript{20} (1984) adds political power and public opinion formation to the Ps concept by making the mix to 6P. Booms and Bitner\textsuperscript{21} (1981) add 3 Ps (participants, physical evidence and process) to the original 4 Ps to apply the marketing mix concept to service with 7P. Goldsmith\textsuperscript{13} (1999) suggests 8 Ps (product, price, place, promotion, participants, physical evidences, process and personalization). Baumgartner \textsuperscript{22} (1991) suggests the concept of 15 Ps namely: Product/service, Price, Promotion, Place, People, Politics,
Public-relations, Probe, Partition, Prioritize, Position, Profit, Plan, Performance, Positive-implementations. The seven Ps were later supported by McGrath\textsuperscript{25} and others. According to McGrath\textsuperscript{25}, A.J. (1986) the 4Ps ignore important service marketing realities like personnel, Physical facilities and process management and those three Ps are vital marketing elements in the management of service business.

In spite of number of criticisms and proposal of many Ps by many authors, 4Ps have been extremely influential in informing the development of both marketing theory and practice and marketing mix remains commonly based on the 4 P’s. The words of David Jobber\textsuperscript{11} (2001), “The strength of the 4Ps approach is that it represents a memorable and practical framework for marketing decision-making and has proved useful for case study analysis in business schools for many years” are more than enough to point out the marketing mix’s wide acceptance and importance.

Today services are representing large portion of the economy. As per K Rama Mohana Rao\textsuperscript{23} (2011) the place of the service sector in the Indian economy is pivotal as that sector has become the largest contributor of Gross Domestic Product (GDP). For the successful marketing of services careful management of traditional marketing mix (Product, Price, Place and Promotion) is essential.

3.2.1 Product mix

According to Philip Kotler\textsuperscript{27} (1988) Product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need. If an activity or activities have resulted in the satisfaction of a want or a need of a target customer then such activities
are referred as service product. Telecom service products are described in the following figure.

**Figure 3.1**

**Telecom service products**

- Telecom service products
  - Fixed service
  - Cellular mobile
  - Internet service
    - Land line
    - Wireless
    - Pre-paid
    - Post-paid
  - Value added services
    - Pre-paid
    - Post-paid
  - Dialup internet
  - Fixed broadband
  - Mobile broadband

Sources: TRAI consultation paper\textsuperscript{29} 12/2008, Nitin Panwar and Mahim Sagar\textsuperscript{28} (2010), Rama Mohana Rao and Srinivasa Prasad\textsuperscript{26} (2011) and all telecom service providers web site

As given above in figure telecom service products are broadly classified as fixed telephone services, Cellular mobile services and internet services (TRAI\textsuperscript{29} report, 2008). The service firms normally split the service
into varieties of service subsets or segments and offered to customers labeling those service segments as individual service products (Rama Mohana Rao and Srinivasa Prasad, 2011). Telecommunications had traditionally been a voice communication service. Fixed telephone is either Wire line or wireless. The basic telephone service or Land line or public switched telephone network (PSTN) connection is a plain old telephone system (POTS) provided at the premises of the customers using cables and wires called “last mile” loop.

As an attractive alternative to wireline or landline services, Wireless network was introduced in the telecommunication service sector since the wireless networks have flexibility, mobility and are effective. Wireless networks are having higher bandwidth, greater speed and minimum costs (Rajiv Kumar, 2002) with superior voice quality and data capabilities in remote locations too (Ganesan, 1999).

According to Kas Kalba (2008), Mobile phones are spreading ubiquitously across the planet and all service providers were targeting this product for offering different type of services. Pre-paid and postpaid are the two categories of mobile service products, offered by the telecom service providers (Rama Mohana Rao and Srinivasa Prasad, 2011).

Both fixed telephone services and cellular mobile services provide traditional voice communication calls consist of Local Call, STD call (National call) and ISD call (International call). Telecom service providers used to offer internet and broad band services (dial up internet and fixed broadband) to those customers who have fixed telephone connection (TRAI, 2006).
The cellular mobile telephone customers can avail the internet and broadband service products called mobile internet (GPRS) and mobile broadband (Data card). Telecom service providers used to offer various Value added services (VAS) to customers. The Value Added Services would add value to service, enabling the subscriber to use the wireline, wireless and mobile phone for a host of purposes (TRAI report29, 2008). The value added services like Short messaging services (SMS), Multimedia Messaging Service (MMS), pictures, play games, listen to music, read news, astrology, get train or flight information, surf Internet and mobile banking including mobile payments etc. are offered for mobile phone users. Ringtone or caller ring back tone (CRBT), tele-voting, voice mail, voice SMS, information related services like railway PNR enquiry, bank account balance information etc. are some of the VAS offered for fixed line customers (TRAI Consultation Paper31, No.: 5/2011 and Ramakrishna and S Chandran31 (2010).

3.2.2 Price

Price indicates affordability of the offer and it varies with customer segments. All service providers would introduce multiple tariff plans in various telecom services (BSNL study materials, 2011). The process of setting a price for a product is pricing. Telecommunication price consists of fixed and variable components. One time charges like installation charges, registration charges, deposit etc. are fixed component whereas all call charges, Internet access charges etc. which are collected periodically, are variable component (www.eaindustry38.nic.in). Cost-based, competition-based and demand-based are the three types of pricing structures being used in services to set prices (Zeithaml24 et al., 2008). Telecom service is facing tough competition and competition-based pricing is practiced by some of the service providers.
The pricing based on competition indicates that the telecom industry is oligopoly where services are standardized (Rajendra Nargundkar\textsuperscript{41}, 2007). Price competition involves using low prices as a competitive tool to attract customers. It can result in price war as competitors continually try to beat each other's prices (Raman Nair\textsuperscript{42}, 2003). The price determination is to be based on demand, cost, customer, competitive, profit, Government policy, barriers in industry product and legal consideration and the service provider must adopt a pricing strategy that convey value to the customer (Bhattacharjee\textsuperscript{44}, 2006; Hoffman and Bateson\textsuperscript{43}, 2006). Pricing of Telecommunication service in India is referred as Telecommunication Tariff and it is one of the most important aspects for the customers.

The pricing rates to be offered to customers are called Tariff plans. In order to maintain transparency in tariff offers to customers and protection against the tariff hike, the Telecom Regulatory Authority of India frequently notifies the rates at which the provision of various telecom services are to be priced TRAI\textsuperscript{45,46} (2006; 2012).

A new telecom tariff structure in the form of a Telecommunications Tariff Order 1999 with the aim of rebalancing the existing tariff structure was announced by the TRAI (Ramachandran\textsuperscript{48}, 1999), enabling the telecommunications sector towards greater competition and to align prices for telecommunications services with the costs for providing those services (Sanjay Kumar and Daljit Singh\textsuperscript{47}).

Telecommunication Tariff Order issued on 1999 has undergone several changes during the course of the years and 54 amendments were issued by TRAI to address new issues and situations (TRAI\textsuperscript{46}, 2012). If the service providers have offered any tariff plan to the customers, then it shall
be available to them for a minimum period of six months from the date of choosing of that tariff plan. The subscriber shall be free to choose any other tariff plan, even during the six months period and service providers are not permitted to hike tariff in a tariff plan (TRAI, 2012).

Competitions in telecom services and regulatory initiatives of TRAI have pushed the prices down and service providers become more innovative in their tariff offers. Products like life time validity, special vouchers, 2 year validity coupon etc. (Rama Mohana Rao and Srinivasa Prasad, 2011) launched by service providers were in that direction.

3.2.3 Place

Place element in the marketing mix is concerned with accessibility and availability (Rama Mohana Rao and Srinivasa Prasad, 2011) and it refers to how and what ways the products are delivered to the customers. Service providers use electronic space for making the service products accessible always. The service products are provided to the customers through the delivery system. Production and consumption takes place simultaneously in services. Both service provider and subscriber have to participate in it at a predetermined location so that distributions of services are made accessible at the right time, right place with ease and convenience to consumers (Rama Mohana Rao, 2011).

Place refers to channels of distribution or marketing channel and it may be direct or indirect. The sale of service products directly between the service providers and the customers for direct channel where as sales through intermediaries are referred as indirect channel (Raman Nair, 2003). Most of the service products reach to the ultimate customers through channel members commonly referred as Dealers. Other means of
distribution like direct selling, e-commerce etc. are limited. Telecom service providers depend heavily on the dealers who play a very crucial role in marketing channel of distributions and add value to the service products (Choudhury and Alam47, 2012). It also creates customer and shareholder value, brand equity and market presence for a company.

The distribution channel comprising of agents, wholesalers, distributors, and retailers who play a significant role in the flow of goods from producers to consumers in most service organizations (Heggde and Kumar50, 2011). Some of the service providers like Vodafone has implemented multi product channel strategy for uniform customer experience with indirect channel focused on prepaid, direct channel focused on postpaid and exclusive retail focused on postpaid, data and terminals (Sood and Mukerji51, 2011). Even though telecom services are delivered mainly through intermediaries and electronic channels, the providers distribute them directly to customers through their customer service centers (BSNL study material52, 2011). The prime benefit of the provider owned channels is that they owns and control the customer relationship (Zeithaml24 et al., 2008).

### 3.2.4 Promotion

Promotion is the function of informing and persuading the target market about the product existence as well as influencing the consumer’s purchase decision. It is an essential marketing mix element because it plays a key role in building awareness of the company (Raman Nair 42, 2003) and informing customers about the introduction of various new service products and features to attract them and develop positive attitudes with them. It has a significant effect on marketing management and effective
tool for survival, sustenance and expansion of business (Kehinde and Yusuf 53, 2012) in the Telecommunication service sector. Service providers used to formulate different kinds of promotional tools and strategies to know the preference of consumers as promotions can stimulate consumers to think and evaluate brands and purchase possibilities (Osman and Yin Fah 58, 2011). Marketing communications programme for any business including Telecom service is called the “Promotional mix” and various factors influencing promotional mix are Product factors, Market factors, Customer factors, Budget factors, Advertising, Personal selling, Sales promotion and Publicity (Ravi Shanker 54, 2002; Adrian Palmer 57, 2005; and Vashisht 55, 2005).

It is an established fact that various companies including telecom service sector used to apply the promotional mix elements to increase revenue and gain long run competitive advantage (Obasan, Kehinde and Soyebo Yusuf 53, 2012). Several marketing communication tools like advertisement, public relation, sales promotion, personal Selling, direct marketing, and sponsorship are employed by telecom service providers to promote their service products to achieve promotional objectives (Okyere 60. et.all, 2011). The service providers offer customers with both monetary and nonmonetary promotions like opportunities for value expression, entertainment, exploration, savings, higher product quality, and improved shopping convenience etc. (Chandon, Wansink, & Laurent 56, 2000).

Telecom service providers used to offer promotional schemes like discount in usage rate, free talk hours between specified persons under given condition, special seasonal offers, bundled services, combo packages, reduced price, unlimited usage, full talk time, free data usage,
unlimited free sms for specified period and free value added services for limited period etc. due to competitions and for earning more revenue (Telecom service providers web sites).

3.2.5 Expanded mix for services

As services are produced and consumed simultaneously, customers may visit and meet the employees in service industries. The visit of the customers and their interaction with the staff may indirectly involve them in the service production process. They may also try to find out some tangible cue or physical evidence as the services are intangible. Taking all those into consideration service marketers have adopted the concept of expanded mix namely: People, Process and Physical evidence in addition to 4P, Product, Price, Place and Promotion (Valarie A Zeithaml et al., 2008 and Rama Mohana Rao and Srinivasa Prasad, 2011).

3.2.5.1 People

People are very important in service marketing and the roles of them are very essential for marketing and delivery of services, customer orientation, infrastructure development, transportation and distribution, business process outsourcing etc. Employees, outsourced/contract-workers and customers are considered as the elements of People (Govind Apte, 2004) and employees posted in telecom customer service centers are expected to be fast and efficient in executing operational tasks and to be courteous while dealing with the customers. They are a key input for delivering service excellence and competitive advantage.
Delivering service quality and satisfaction to customers are the key challenges of the telecom sector and role of service employees in improving service quality and productivity in a competitive market are paramount important (Lovock et al., 2011). People, who come into contact with customers, can help in improving overall satisfaction. Reliability aspect of telecom service through delivering the services as promised depends solely with the customer service executives. Those executives also influence customer perceptions of responsiveness through their willingness to help and serve the customers. The ability of the customer service staff, to communicate and inspire trust and confidence through paying attention to each and every need of the customers would help in edifying reputation and image to the telecom organization (Zeithaml24 et al., 2008).

3.2.5.2 Physical evidence

Physical evidence refers to the servicescape mix of service marketing and other tangible communication which helps the customers to use and experience the products without any risk. According to Zeithaml24 et al., (2008) it is the tangible component that facilitate the performance of the service and where the telecom company and customer interact. Physical evidence is the physical part of a service through which customers depend on physical cues to enable them to get evaluated the service product before buying them. Telecom service providers used to design and implement tangible evidences for the benefit of customers.

The telecom service providers who try to increase customer perception and satisfaction of their products always concentrate on improving the physical evidence mix like office exteriors and interiors,
appearances of customer service executives and other employees, manuals and stationary as well as brand image of the company (Anupama, Rajasekhar and Kumar, 2012).

3.2.5.3 Process

The actual procedures, mechanisms and flow of activities in which the service is delivered are termed as Process. The complex telecom service features requiring series of actions to complete the process are to be described in a simple and understandable method (Zeithaml et al., 2008). The various processes involved in providing a service are very crucial to customer satisfaction (BSNL study materials, 2011).

The service features like call routine features, independently accessible features such as short code dialing, call diversion in a Centrex service etc. are described as a procedure. The telecom service providers have devised several standard procedures and processes to provide services like paying postpaid mobile service bill, landline and broadband bill, receive sms alerts, apply for new connections, online recharge top-up etc. (service providers web sites).

3.3 Customer satisfaction

Telecom service providers are striving hard to achieve profit in the present competitive telecom market. All have diverted their attention to achieve customer satisfaction as they realize that telecom customers of present world have abundant access to any information and it has become extremely difficult to please them by simply offering the products and service features.
As per Churchill, and Surprenant (1982) customer satisfaction has been positioned in a central place of marketing thought and practice and is a main outcome of marketing activity. Customer satisfaction has traditionally been regarded as a fundamental determinant of long-term customer behavior (Oliver, 1980). The importance of customer satisfaction has been recognized by the telecommunication industries with the emergence of Telecom regulatory authority of India like strong national regulatory bodies (Athanassopoulos and Illiakopoulos, 2003).

Ranaweera and Prabhu (2003) have found from a research study on telecom service particularly fixed line telephone users that customer satisfaction positively affects customer retention and that acts as an important tool for retaining customers in the present highly competitive telecom market. The expectancy / disconfirmation paradigm encompasses four constructs namely expectations, performance, disconfirmation and satisfaction (Caruana, 2002).

According to Oliver (1980) consumer satisfaction is a function of expectation and expectancy disconfirmations. The product centric approach has become a forgotten story and customer centric approach is the order of the day. Customers used to evaluate the product or service in terms of whether it has met their needs and expectations and the development of emotional feeling from its fulfillment would result in their satisfaction (Parasuraman et al., 1988 and Zeithaml et al., 2008).

The perceived performance of a product and the customer’s expectation of that performance through the positive evaluation of that product resulted in customer satisfaction (Johnson and Fornell, 1991).
It has been defined by Oliver (1981) that “Satisfaction with a product is described as the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience”. Giese and Cote (2002) defined customer satisfaction as “a summary of affective response of varying intensity with a time specific point of determination and limited duration directed toward focal aspects of product acquisition and or consumption”.

Customer satisfaction is based on current experience, past experiences as well as anticipated experiences of a product or service (Anderson et al., 1994). Satisfaction depends upon how expectations are confirmed or disconfirmed (Swan and Trawick, 1981). The emotional response of the customers with regard to their evaluation of the perceived discrepancy between prior experience before consumption and actual experience after consumption of the product is termed as satisfaction (Vavra, 2002).

Customer satisfaction is responsible for a long-term association between suppliers and buyers (Geyskens et al., 1998), a tool for organizations towards competitive advantage (Anderson et al., 1994), an influencer of corporate performance (Rust and Zahorik, 1993) and a solid platform for business success (Drucker, 1973). It is an established fact that customer satisfaction leads to improved financial performance and it is the most commonly used perceptual customer metric by managers (Gupta and Zeithaml, 2006). Satisfaction is the outcome of purchase and use resulting from the buyer’s comparison of rewards and costs of that purchase (Churchill, and Surprenant, 1982).
There were two different conceptualizations of customer satisfaction as transaction-specific and cumulative specific (Boulding\textsuperscript{77} et al., 1993). Traditionally, satisfaction was defined as transaction specific, an immediate post purchase evaluative judgment or affective reaction (Oliver\textsuperscript{78} 1977, 1980, 1993) whereas other studies consider customer satisfaction as overall cumulative based and viewing it as an “overall evaluation based on the total purchase and consumption experience with a good or service over time” (Fornell\textsuperscript{79}, 1992, Anderson.et.al\textsuperscript{68}, 1994, Wang and Hing-Po Lo\textsuperscript{85}, 2002, and Johnson, Michael D and Fornell, Claes\textsuperscript{81}, 1991). Cumulative satisfaction can be thought of as the outcome of a learning process in which the customers learn or remember their satisfaction with all the previous transactions (Sharma\textsuperscript{80} et al., 1999).

The transaction specific satisfaction may provide diagnostic information about a particular service product whereas the cumulative satisfaction is a fundamental indicator of the industries past, present and future performance (Anderson\textsuperscript{68} et al., 1994, p.54). It also encourages the firm’s investment in customer satisfaction. The cumulative satisfaction is the overall evaluation involving a linear combination or summation of satisfaction experiences associated with specific service products. Cumulative information is strategically critical for competitive advantage among organizations and it is necessary to monitor cumulative satisfaction with the providers (Omachonu, Johnson & Onyeaso\textsuperscript{82}, 2008).

According to Cronin and Taylor\textsuperscript{86} (1992) customer satisfaction could be linked to the overall performance of a product or service or overall performance of a service provider. The cumulative customer satisfaction is more reliable than transaction specific as it is based on series of purchases and consumption occasions rather than one time transaction
specific satisfaction (Simon Gyasi Nimako, 2012). The customer satisfaction studies with the cumulative customer satisfaction concept use all the experiences of a customer with the firms (Gupta and Zeithaml, 2006).

3.4 Factors influencing customer satisfaction and customer loyalty

It is important for the telecommunication service providers to maintain long-term relationships with customers through superior satisfaction and incorporating the customers’ expectations into a service process for improving service quality (Khatibi, Ismail and Thyagarajan, 2002).

3.4.1 Service Quality

Service quality, a critical element of customer perception, is very important in determining customer satisfaction (Zeithaml et al., 2008) in telecom services. The concept of service quality is given as the difference between customer expectations of a service to be received and perceptions of the service being received (Parasuraman et al., 1988, Gronroos, 2001, Akbar and Parvez, 2009 and Oyeniyi and Abiodun, 2011).

Perceived service quality is the result of the customer’s evaluation process where customers compare their expectations about a certain service with the actual service they received (Grönroos, 1984) and it is defined as the global judgment, or attitude, relating to the superiority of the service (Parasuraman et al., 1988). Services are evaluated by the service providers through quality of service by designing appropriate strategies and managing those evaluations so as to influence them in the desired direction (Rama Mohana Rao, 2011).
According to Lehtinen, Uolevi and Lehtinen (1991), service quality is the outcome of the interaction between customers and the elements in the service sector. They determined two approaches for the analysis of service quality. One approach is the quality dimensions consists of physical quality, corporate quality and interactive quality and other is the process quality and output quality. The tangible aspects of the services are included in the physical quality and the company’s image involves corporate quality. The interaction between customers and customer service executives are termed as interactive quality. Quality derived from the service delivery process is process quality whereas the outcome of the service is output quality.

Telecom service providers are expected to fulfill the consumers requirements and expectations in respect quality of services (Paulraj and Rajkumar, 2011) and the reliability and efficiency of the telecom networks can be judged through measuring the service quality of telecom service (Melody, W. H, 2001). Measuring service quality enables the telecom service providers to know where they are in the market and gives them a strategic advantage to increase its competitiveness as well as gives appropriate responses to focus and improve salient attributes of customer perceived service quality (M.A, Khan, 2010).

Parasuraman et al. (1985) originally proposed ten factors namely Reliability; Responsiveness; Competence; Access; Courtesy; Communication; Credibility; Security; Understanding; and Tangibles that customers depends upon while evaluating services and subsequently combined and grouped them into five dimensions in 1988 namely: tangibility, reliability, responsiveness, assurance, and empathy which define perceived service quality (Parasuraman, Zeithaml & Berry, 1988).
Consequently, those five dimensions have become the well-known and widely recognized survey instrument called as the “SERVQUAL”. It is a multiple-item scale (22-items scale) used to measure customers’ expectations and perception for evaluating service quality (M.A, Khan, 2010). It is an effective tool to help service industries to improve quality (Berry et al., 1994). The customers’ perceptions of service quality based on the above SERVQUAL dimensions were used by researchers like Parasuraman et al., 1985; 1988; Parasuraman et al., 1991a; Parasuraman et al., 1991b; 1993; 1994a; 1994b; Zeithaml et al., 1990; 1993, Sureschander et al., 2002 and Tyran and Ross, 2006 in their studies and found that survey instrument was valid and reliable.

The researchers Gronroos, 1984; Parasuraman et al., 1988, 1991a measured the service quality as the difference between customer expectation and perception of service performance (disconfirmation) and considered that the measurement using gaps scores is valid.

But the SERVQUAL instrument was subjected to criticisms pointing to the use of gap scores, measurement of expectations, dimensionality, positively and negatively worded items, applicability and the lack of validity of the models etc. (Cronin and Taylor, 1992; Carman, 1990; Babakus and Boller, 1992; Brown et al., 1993; Teas, 1993; Headley and Miller, 1993; Buttle, 1996; Asubonteng et al., 1996; Van Dyke et al., 1997; 1999; Dabolkar et al., 2000; Brady, Cronin, and Brand, 2002; Lai and Joe, 2007; Ladhari, 2008 etc.). Cronin and Taylor (1992, 1994) suggested through empirical evidence that service quality be measured using performance-based instrument called SERVPERF instead of SERVQUAL scale. The same was supported by researchers like Babakus and Boller, 1992; Babakus and
Mangold\textsuperscript{135}, 1992; Teas\textsuperscript{125}, 1993; Boulding\textsuperscript{77} et al., 1993; Gottlieb, Grewal and Brown\textsuperscript{134}, 1994; Zeithaml, Berry and Parasuraman\textsuperscript{136}, 1996 and Brady, Cronin, and Brand\textsuperscript{131}, 2002.

The perceived service quality in telecommunication services were measured using five SERVQUAL factors (tangible, reliability, assurance, responsiveness and empathy) with appropriate modifications by various authors like Johnson and Sirikit\textsuperscript{98} (2002); Van-Der-Wal, Pampallis and Bond\textsuperscript{99} (2002); Kang and James\textsuperscript{100} (2004); Wang, Lo and Yang\textsuperscript{101} (2004); Lai, Hutchinson, Li and Bai\textsuperscript{114} (2007), Chen, J.V., & Aritejo\textsuperscript{102} (2008); Ouparamai\textsuperscript{214} (2009) and Negi\textsuperscript{115} (2009). Johnson and Sirikit\textsuperscript{98} (2002) has measured the service quality in the Thai Telecommunication Industry using the SERVQUAL dimensions (tangible, reliability, assurance, responsiveness and empathy) and tangible was found as the most important factor.

Van-Der-Wal\textsuperscript{99} et al. (2002) has also measured the service quality in South African Telecommunication industry using the five factors SERVQUAL instrument (tangible, reliability, assurance, responsiveness and empathy) and found higher reliability factor than Parasuraman et al., study. Lai\textsuperscript{114} et al. (2007) has chosen the SERVQUAL instrument to measure service quality in China's mobile communication industry with minor modifications. They have added sixth factor “service convenience” as an additional dimension of service quality. Anita Seth, Momaya, and Gupta\textsuperscript{137} (2008) have measured and validated the instrument comprised of five factor dimensions including reliability, responsiveness, assurance, empathy, tangibles and also by adding convenience, and customer perceived network quality as additional factors in their study pertains to Indian cellular mobile telephony.
Neg115 (2009) has measured the user’s perceived service quality in Ethiopian Telecommunications service using five factor SERVQUAL instrument including reliability, responsiveness, assurance, empathy, tangibles and also by adding network aspects and convenience as additional factors. The service quality of telecommunication services in the main land of china was measured by the researchers Wang 85&101 et al. (2002, 2004) and they validated and tested the five SERVQUAL factors (tangible, reliability, assurance, responsiveness and empathy) associated with service quality and described them as the antecedents of customers’ perceived service quality. They have also added one more factor of service quality called Network quality as a sixth antecedent factor of perceived service quality. Both indoor and outdoor coverage, good voice clarity and no-connection break etc. are considered as network quality.

In the light of the above observations, this research study proposes the following hypotheses.

**H1:** *Tangible has positive and significant relationship with perceived service quality in the Telecommunication service context.*

**H2:** *Reliability has positive and significant relationship with perceived service quality in the Telecommunication service context.*

**H3:** *Responsiveness has positive and significant relationship with perceived service quality in the Telecommunication service context.*

**H4:** *Assurance has positive and significant relationship with perceived service quality in the Telecommunication service context.*

**H5:** *Empathy has positive and significant relationship with perceived service quality in the Telecommunication service context.*
H6: Network quality has positive and significant relationship with perceived service quality in the Telecommunication service context.

The telecom service providers who are competing in a global environment for survival, are also trying their best to satisfy the customers, through offering better quality of services (Ahasanul Haque, Sabbir Rahman and Mahbubur Rahman\textsuperscript{120}, 2010) since there exist a relationship between service quality dimensions and customer satisfaction (Agus\textsuperscript{121} et al., 2007).

### 3.4.2 Relationship between service Quality and customer satisfaction

Service quality is an important antecedent of customer satisfaction and in turn generates profit for the organization (Anderson, Fornell and Lehmann\textsuperscript{68} 1994) and contributes to customer satisfaction judgments (Spreng and Mackoy\textsuperscript{89}, 1996; Bloemer and Peeters\textsuperscript{90}, 1997; Brady and Robertson\textsuperscript{225}, 2001 and Caruana\textsuperscript{83}, 2002). Cronin and Taylor\textsuperscript{86} (1992) have supplied necessary evidences to substantiate the relationship between service quality and customer satisfaction. It is a fact that different facets of service quality or service features affect customer satisfaction (Eshghi, Roy and Ganguli\textsuperscript{88}, 2008) in telecom services also.

Spreng\textsuperscript{89} et.al., (1996) has also shown that service quality leads to customer satisfaction. The direct relation between service quality and customer satisfaction was supported in the research studies made by the authors like (Anderson and Sullivan\textsuperscript{138}, 1993; Taylor and Cronin\textsuperscript{140}, 1994; Taylor and Baker\textsuperscript{139}, 1994; Fornell\textsuperscript{141} et al., 1996; Sureshchandar\textsuperscript{117} et al., 2002; Khatibi, Ismail and Thyagarajan\textsuperscript{144}, 2002; and Gallarza and Saura\textsuperscript{142}, 2006).
Wang et al., (2004) investigated the impact of quality-related factors in their study in respect of telecommunication industry in China and found that dynamic relationship exists between the service quality factors and customer satisfaction. The influences of overall service quality on customer satisfaction were noticed in the research studies in respect of telecommunication services made by the authors like Aydin and Ozer (2005); Turel and Serenko (2006); and Eshghi, Kumar and Ganguli (2008).

Ojo (2010) in the study pertains to telecommunication industry of Nigeria opined that service quality is an important indicator of customer satisfaction and it helps to maintain competitive advantage. Telecommunications customers of today are demanding better quality services which will lead to greater customer expectations and higher customer satisfaction.

Oyeniyi, Omotayo and Abiodun, Joachim (2011) investigated the empirical relationships between service quality, value offer, satisfaction and loyalty in respect of customers of major telecom companies in Nigeria. The result indicated a strong a linkage between service quality and satisfaction.

In the light of the above observations, this research study proposes the following hypotheses.

H7: Customer perceived service quality has positive and significant relationship with Customer satisfaction in the Telecommunication service context.
The researchers like Athanassopoulos and Iliakopoulos\textsuperscript{72} (2003); Asaari and Karia\textsuperscript{163,164} (2001, 2003); Danaher, Hardie and Putsis\textsuperscript{166} (2001); and Lim\textsuperscript{165} et al., (2006); Ahmad, and Ahmad\textsuperscript{162} (2008) etc. have investigated the relationship between marketing mix variables and customer satisfaction in their various research studies. The relationship of different marketing mix variables in respect of telecom service with customer satisfaction, corporate image and customer loyalty, as the case may be, are discussed below.

3.4.3 Relationship between service product and Customer satisfaction

As per Athanassopoulos and Iliakopoulos\textsuperscript{72} (2003), telecom service product is a vital element in the overall customer satisfaction function because no service or product offering could be extended if the product is in non-operation. The core service (voice calls) and non-core services (call related services, internet and broadband services and value added services) could be offered only if the product functions continuously without interruption (Ganesan\textsuperscript{30}, 1999; Athanassopoulos and Iliakopoulos\textsuperscript{72}, 2003; Nitin Panwar and Mahim Sagar\textsuperscript{28}, 2010 and Rama Mohana Rao and Srinivasa Prasad\textsuperscript{26}, 2011).

As per Athanassopoulos and Iliakopoulos\textsuperscript{72}, 2003, the telecom service product is primarily conveyed by the way the product line functions, which is operationalized using measures such as the continuous operation of the product (fixed phone service, mobile phone service and internet service), call quality, voice clarity, accessibility at peak-times etc.
As per Athanassopoulos and Illakopoulos (2003), there exist significant impact of the performance of telecom service product with overall customer satisfaction. In the light of the above observations, this research study proposes the following hypotheses.

H8: Core service product performance has positive and significant relationship with Customer satisfaction in the Telecommunication service context.

3.4.4 Relationship between Values added services (VAS) and Customer satisfaction.

The value added services would add value to service, enabling the subscriber to use the wireline, wireless and mobile phone for a host of purposes other than voice calls (TRAI report, 2008). According to Turel et al., (2007) there exists a strong price competition in the mobile core service market (voice market) and a steady decline in average revenue per user (ARPU).

In order to increase revenues and for staying competitive telecom service providers turned to value added services (VAS). Voicemail, text messaging, roaming, play games on handset, download ringtones, voice-activated dialing, wireless internet access, SMS-based information, picture messaging (MMS) and download games etc. are some of the value added services. (Ofir Turel and Alexander Serenko, 2006). Advanced types of VAS for improving service satisfaction among young adult customers have already been launched by various telecom service providers.
Lee et al. (2001) have identified value added services as one of the factors for measuring customer satisfaction towards mobile phone service in France and mobile-lovers show their strong inclination to value-added services. The study found that Value added services have a direct impact on customer satisfaction.

Kim et al. (2004) have investigated the strategies of businesses in the Korean mobile telecommunication services to increase customer loyalty and suggested that service providers must concentrate their efforts on developing value-added services to increase enjoyment and convenience. The measurement of items like variety of value-added services, convenience of use of value-added services and whether value-added services are up-to-date etc. would indicate the level of satisfaction of customers with the value added services.

Ahmad, A. and Ahmad, H (2008) investigated the relationship between marketing mix variables and customer satisfaction and found that Value-Added Service was directly related to customer satisfaction. Kuo et al., (2009) have studied the relationships among service quality, perceived value, customer satisfaction, and post-purchase intention in mobile value-added services and found that customer satisfaction has an impact on the post-purchase intention in mobile value-added services. The various research studies on telecom value added services made by the authors like Ali et al., (2010); Ishaq (2011); Khuhro et al., (2011) etc. have indicated the direct influence of value added services on customer satisfaction. In the light of the above observations, this research study proposes the following hypotheses.

H9: Value added services have positive and significant relationship with Customer satisfaction in the Telecommunication service context.
3.4.5 Relationship between Pricing (Tariff) and Customer satisfaction

Price is what is given up or sacrificed to obtain a product from the consumer’s perspective (Zeithaml, Valarie\textsuperscript{148}, 1988). The renowned marketing researcher Kotler and Armstrong\textsuperscript{8} (1999) defined price as 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. The amount customers pay for utilizing the product or service is called Price.

It is one of the very important marketing mix elements and the influence of price with customer satisfaction has not been studied extensively in previous research studies (Herrmann\textsuperscript{151} et al., 2007). The discrepancy between prices paid by customers for the same product results in price difference and the magnitude of that may influence perceptions of price fairness (Haws and Bearden\textsuperscript{150}, 2006).

Price fairness represents the maximum price that a customer has to pay for the product, considering the benefit that included with the product. Price fairness refers to consumers’ assessments of whether a seller’s price is reasonably justified (Xia\textsuperscript{149} et al., 2004) and fairness is defined as a judgment of whether an outcome or process to reach an outcome are reasonable, acceptable or just (Bolton\textsuperscript{228} et al., 2003). The price fairness judgments involve a comparison of a price or procedure with a pertinent standard, reference or norm (Xia\textsuperscript{149} et al., 2004).

According to Voss, Parasuraman, and Grewal\textsuperscript{152} (1998) the formation of perceived price performance inconsistency creates a stronger negative effect on satisfaction judgments. The authors found price perceptions or perceived price fairness would affect satisfaction.
Herrmann\textsuperscript{151} et al., (2007) concluded in a study that customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness.

Price-satisfaction link was investigated in various research studies like (Bolton and Drew\textsuperscript{160}, 1991; Bolton and Lemon\textsuperscript{161}, 1999 and Varki and Colgate\textsuperscript{159}, 2001) and the researchers have found a direct association between price perception and customer satisfaction. The linkage between customer satisfaction and pricing has been found in many research studies in respect of telecommunication services (Woo and Fock\textsuperscript{158}, 1999; T.J.Gerpott\textsuperscript{156} et al., 2001; Lee\textsuperscript{157} et al., 2001; Athanassopoulos and Iliakopoulos\textsuperscript{72}, 2003; Dr. Hishamudi Ismail and Dr. Ali Khatibi\textsuperscript{167}, 2004; Ofir Turel and Alexander Serenko\textsuperscript{122}, 2004 and Eshghi, Kumar and Ganguli\textsuperscript{88}, 2008).

Ali\textsuperscript{154} et al., 2010 in a study regarding the determinants of consumer retention in cellular industry of Pakistan have found a direct relationship between price fairness or price reason ability and customer satisfaction. In an empirical study on customer satisfaction and loyalty on service provided by Malaysian telecommunication companies, Chang and Chong\textsuperscript{155} (2011) have identified the price as the most important factor which has an impact on customer satisfaction. In the light of the above observations, this research study proposes the following hypotheses.

H10: \textit{Pricing or Tariff has positive and significant relationship with Customer satisfaction in the Telecommunication service context.}
3.4.6 Relationship between corporate image and customer satisfaction and loyalty

According to Topalian\(^\text{182}\) (1984) corporate image is the impressions and expectations of the concerned organization built up in the minds of individuals who comprise its publics. As per Bernstein\(^\text{183}\) (1984), the image is the feelings and beliefs about the company that exist in the minds of its audiences and which arise from experience and observation.

Corporate image is the total impression that the public has for an organization (Dichter\(^\text{184}\), 1985; Finn\(^\text{185}\), 1961) and was identified as an important factor in the overall evaluation of the service and the company (Grönroos\(^\text{188}\), 1984). Corporate image was defined by Keller\(^\text{197}\) (1993) as “Perceptions of an organization reflected in the associations held in consumer memory”. It was established and developed in the consumers’ mind through communication and experience and is positively correlated with customer satisfaction and customer loyalty (Andreassen\(^\text{194}\), 1994; Andreessen and Lindestad\(^\text{189}\), 1998; and Tor Wallin Andreassen\(^\text{195}\), 1999).

As per Martensen\(^\text{187}\) et al., (2000) image of a company is a result of being reliable, professional and innovative, having contributions to society, and adding prestige to its user. Image is an important component of the customer satisfaction model and has a direct influence on customer satisfaction and loyalty.

As per Nguyen and Leblanc\(^\text{190,191}\) (1998; 2001) corporate image is the physical and behavioral attributes of the organization, like business name, architecture, variety of products/services, and to the impression of quality communicated by each employee who interacts with the customers. According to them corporate image is having the adequate potential to
impact on customer loyalty towards the firm. The service provider’s performance and ability can be judged or predicted by making use of corporate image. It is a result of a customer’s overall consumption experiences (Nguyen and Leblanc, 2001). According to Andreessen and Lindestad (1998) corporate image can create a halo effect on customers’ satisfaction judgment. When customers are satisfied with the services rendered, their attitude towards the company is improved and that will then affect the customer satisfaction with the company. As per Bayol et al. (2001) image relates to the kind of associations the customers get from the product or brand or company and is directly related to customer satisfaction and customer loyalty. Hart and Rosenberger (2004) in their research note regarding the effect of corporate image in the formation of customer loyalty have found that corporate image has a direct influence on customer satisfaction.

Corporate image is one of the antecedents of customer loyalty as per the research study on Turkish mobile communication service by Aydin and Ozer (2005) and customer loyalty can be enhanced by making corporate image favorable and visible before the customers (Bontis, Booker and Serenko, 2007). Martensen et al., (2000) has confirmed the link between corporate image and customer loyalty in the context of Danish postal services.

As per Zaim, Turkyilmaz, Tarim, Ucar and Akkas (2010), Image is a result of being reliable, professional and innovative, having contributions to society, and adding prestige to its customers for the companies are concerned. Image is one of the most important components of customer satisfaction. Nguyen and Leblanc (2001) have found that corporate image relates positively with customer loyalty in three sectors.
namely, telecommunication, retailing and education. Stergios Vranakis\textsuperscript{186} et al., (2012) in their study regarding Greek mobile phone, have concluded that customers are greatly affected by the “name” of the company and accordingly the image of the company affects to a great extent with customer satisfaction and the customer loyalty.

Hashed Ahmed Nasser\textsuperscript{199} et al., (2012) have examined the factors affecting customer satisfaction in respect of telecom services in Yemen and found that corporate image was a very important factor that affects customer satisfaction. In the light of the above observations, this research study proposes the following hypotheses.

H11: Corporate image has a positive and significant relationship with Customer satisfaction in the Telecommunication service context.

H12: Corporate image has a positive and significant relationship with Customer loyalty in the Telecommunication service context.

3.4.7 Relationship of Promotion with corporate image and customer loyalty

As per Dwivedi and Sharma\textsuperscript{147} (2011), the Telecom service providers used to develop extensive promotion strategies and creative advertising campaign to motivate the buying behaviour of the customers with the aim of persuading the customers for repeat purchase. The companies used to deploy the famous celebrities as brand ambassadors as a promotion tool to get advertising effectiveness and the word of mouth publicity. Promotion makes customers aware about the company and its products available for them. Promotion goes beyond mere communication of product awareness but involves inducing the consumer to make a
purchase (Olatokun and Nwonne \(^ {173} \) (2012). Telecom service providers have to concentrate on more effective advertising campaign compared to their competitors to avoid customers’ switching towards other providers (Almossawi \(^ {181} \), 2012). Kapil Sharma \(^ {176} \) (2011) has studied the effect of advertisements on the promotion of telecom services and found that the advertisements through electronic media played a guiding role for the rural and urban population and appearance of celebrities in advertisements contributed a great extent in the change of purchase behaviour of existing and new customers.

Aisha Khan and Ruchi Chaturvedi \(^ {177} \) (2006) have studied the promotional strategies implemented by different telecom service providers in India due to competition and found that the use of promotional tools like celebrity endorsements, loyalty rewards, discount coupons, seasonal offers, festival discounts, talk time offers and other innovative advertising campaigns have helped in getting their market share increased. Obasan and Yusuf \(^ {53} \) (2012) in their study on the effectiveness of promotion in the Nigerian telecommunication industries have found that promotion is a good marketing tool for survival, sustenance and expansion of telecom business.

Out of the Promotional tool consisting of advertising, personal selling, sales promotion, and public relations, sales promotion tools such as price discounts, free samples, bonus packs in-store display etc. are very effective in creating awareness and attracting customers (Ndubisi and Chew \(^ {226} \), 2006). Kim and Hyun \(^ {180} \) (2011) in their study on the influence of marketing-mix efforts and corporate image have found that promotion has a positive impact on corporate image and loyalty and Personal selling was described as a key component of promotion. As per Yoo \(^ {179} \) et al., (2000),
promotional offer with short-term price discounts such as special sales, coupons sales, rebates, and refunds etc. may boost sales in the short run but in the long run, sales promotion may impact positively on image. Gozbert Kakiziba (2008) has revealed that advertising could help to build up a long term image of brands for triggering more sales as well as retaining existing customers. The result has shown that the advertising strategies would encourage higher customer loyalty. Oyeniyi Omotayo (2011), has investigated the relationship of sales promotion and customer loyalty in the research study of Nigerian Telecommunication Industry and found that there are positive relationships between sales promotion and customer loyalty. The result revealed that as sales promotion expenditure increases so does the customer loyalty.

In the light of the above observations, this research study proposes the following hypotheses.

H13: *Promotion has positive and significant relationship with corporate image in the Telecommunication service context.*

H14: *Promotion has positive and significant relationship with customer loyalty in the Telecommunication service context.*

### 3.4.8 Relationship of distribution with corporate image

As per Gibson and Cleofhas (2009), delivery of products or services to the final user is called Place or distribution. An activity of the distribution channel depends on the size of the company and the nature of the product as well as the strategy that specify whether to sell directly to the consumer or use intermediaries such as wholesalers and retailers. Frequent monitoring of the distribution channel is to be done to withstand
changes in the market and to reduce channel problems. As per Dwivedi and Sharma (2011), the Indian Telecom market is witnessing many changes in the marketing strategies. The customer-driven market with many flexibilities and innovations in distribution strategies and utilization of electronics media including Internet pave the way for the introduction of new intermediaries. The efficiency of a telecom service provider is judged also by its distribution channel which includes the easy availability of outlets for recharging sim cards, internet cards etc.

According to Yoo et al., (2000), distribution is intensive when products are placed in much number of stores to cover the entire geographical area of the market. High distribution intensity increases the probability of buying a brand as and when required by the customers. The increase in distribution intensity reduces the effort of customers in searching and purchasing a product resulting into higher customer loyalty. Distributions of stores with good image can attract the attention of potential customers resulting into their frequent visits in those stores. Therefore, as per Yoo et al., (2000), intensive distribution through an outlet with a good image will create more positive brand associations by which customers tend to perceive more value for the product. Such increased value due to the performance of distribution channel leads to positive image.

According to Akroush et al. (2006) service delivery processes are to be developed focusing customers so as to build brands in their eyes. The service providers should make use of information technology and systematic procedures to deliver their services through computerizing the service network for brand building and service delivery activities can enhance building the desirable image in the marketplace.
The distribution network of the telecom service companies are required to be enlarged with sufficient presence in different geographical areas through their own offices or dealers, franchises etc. (Aydin and Ozer\textsuperscript{145}, 2005; Sureshchandar\textsuperscript{117} et al., 2002). As per Amini\textsuperscript{175} et al., (2012), good channel performance enhances corporate image. The authors in their study on the effectiveness of marketing strategies for competitive advantage have found that channel performance affects positively corporate image.

In the light of the above observations, this research study proposes the following hypotheses.

H15: Distribution channel performance has positive and significant relationship with corporate image in the Telecommunication service context.

3.4.9 Relationship between customer satisfaction and customer loyalty

Dick and Basu\textsuperscript{200} (1994) defined Customer loyalty as the strength of relationship between individual’s relative attitude and repeat patronage. Managing loyalty becomes a real challenge (Dick and Basu\textsuperscript{200}, 1994) for service providers due to technological innovation and global competition in the telecommunication service sector. Customer loyalty is viewed as a function of customer satisfaction (Oliver\textsuperscript{201}, 1980) and a function of a cognitive comparison of expectations prior to consumption and actual experience and can be expressed as an intended behavior of the customers related to the service or the company (Andreassen and Lindestad\textsuperscript{189}, 1998).
Customer loyalty is repeat purchase intention of customers towards some specific products or services (Jones and Sasser\textsuperscript{213}, 1995). It consists of attitudinal loyalty and behavioral loyalty (Jacoby and Chestnut\textsuperscript{210}, 1978). Attitudinal loyalty is the attitude of the customers like repurchase intention, willingness to recommend the company to others, resistance to switch etc. (Narayandas\textsuperscript{202}, 1996; W-M Hur\textsuperscript{208} et al., 2010; Ganiyu, Uche and Elizabeth\textsuperscript{203}, 2012) and behavioral loyalty is the behavioral aspect of customers like actual repeat purchase of products or services that includes purchasing more and different products or services from the same company recommending the company to others, and reflecting a long-term choice probability for the brand etc. (Feick, Lee, & Lee\textsuperscript{157}, 2001; Ganiyu, Uche and Elizabeth\textsuperscript{203}, 2012).

Customer loyalty is an important factor for increasing profits as the costs of acquiring new customers are more than the costs involved in retaining the existing customers (Reichheld and Sasser\textsuperscript{209}, 1990; Vanniarajan and Gurunathan\textsuperscript{211}, 2009). Telecom service providers have increased promotional activities like price discounts, free Sims, free vouchers etc. to attract and influence customers but it is uncertain whether such offers alone will result in developing customer loyalty (W-M Hur\textsuperscript{208} et al., 2010). According to the author development of loyalty in customers can be made by the development of commitment among them by the service providers. It is very essential for the telecom service providers to formulate strategies to satisfy and keep the customers stay with them due to stiff competition.

Customer satisfaction will influence the customer’s future reactions towards the firm; their willingness to repurchase, recommend to others and readiness to pay the firm price without bargain (Vavra\textsuperscript{71}, 2002) and in that
process the firm will have satisfied customers with greater loyalty. Higher customer satisfaction leads to customers being loyal and they stay loyal to their current service provider without switching (Balaji, 2009).

Loyal customers are those who are willing to continue patronizing a firm’s goods and services over a long period of time and on a repeated basis, and voluntarily recommending the firm’s products and services to friends and associates (Dimitriadis, 2006; Lovelock, 2011). Firms with satisfied customers have more loyal customers (Bolton and Drew, 1991b). The satisfied customers become loyal customers, and loyal customers tend to buy more, accept higher prices, and spread positive word of mouth and messages about the firm (Aydin & Ozer, 2005). A dissatisfied customer may wish to redefine the relationship and more likely to yield to competitor overtures (Anderson and Srinivasan, 2003).

The positive relationship between customer satisfaction and repurchase intentions has been revealed in the studies by (Patterson, Johnson, & Spreng, 1997; Taylor & Baker, 1994; McDougall and Levesque, 2000; Cronin et al., 2000; Olsen, 2002; Chen and Cheng, 2012 and Hellier et al., 2003). The link between customer satisfaction and loyalty depends on factors such as market regulation, switching costs; brand equity, existence of loyalty programs, proprietary technology (Fornell, 1992). According to Lee, Lee and Feick (2001) customer loyalty with well-designed customer satisfaction programs can be effective in increasing customer retention and the satisfaction-loyalty link can contribute to increased customer loyalty and retention.
The company that will survive over long term is the one which continually works to understand the importance of satisfaction and loyalty relationship (Jones and Sasser\textsuperscript{213}, 1995). If satisfaction judgments are strongly held then satisfaction and loyalty link also will be stronger (Murali Chandrashekaran\textsuperscript{218} et al., 2007). The positive relationship between customer satisfaction and customer loyalty have been demonstrated by the researchers in their studies like (Bolton and Drew\textsuperscript{160}, 1991; Mittal and Lassar\textsuperscript{216}, 1998; Martensen\textsuperscript{187} et al., 2000; Caruana\textsuperscript{83}, 2002; Lam, Shankar, Erramilli and Murthy\textsuperscript{224}, 2004; Vanniarajan and Gurunathan\textsuperscript{211}, 2009; Lai, Griffin and Babin\textsuperscript{223}, 2009; Hume and Mort\textsuperscript{222}, 2010; and Chen and Cheng\textsuperscript{204}, 2012). In the light of the above observations, this research study proposes the following hypotheses.

H16: \textit{Customer satisfaction has a positive and significant relationship with Customer loyalty in the Telecommunication service context.}

3.5 \textbf{Summary of conceptual research frame work}

Based on the illustrations and discussions presented in this chapter as well as literature review undertaken in chapter 2, a conceptual framework was established duly exploring the research problems and objectives. The research framework has focused on the issue of customer perception of service quality, customer satisfaction, corporate image, customer loyalty and relationship between marketing mix elements of the telecom service market and customer satisfaction and loyalty.

Figure 3.2 shows the proposed conceptual framework and hypothesis of the research study.
Figure 3.2

Proposed Research Model

Model developed for this research
HYPOTHESIS

H1:  *Tangible has positive and significant relationship with perceived service quality in the Telecommunication service context.*

H2:  *Reliability has positive and significant relationship with perceived service quality in the Telecommunication service context.*

H3:  *Responsiveness has positive and significant relationship with perceived service quality in the Telecommunication service context.*

H4:  *Assurance has positive and significant relationship with perceived service quality in the Telecommunication service context.*

H5:  *Empathy has positive and significant relationship with perceived service quality in the Telecommunication service context.*

H6:  *Network quality has positive and significant relationship with perceived service quality in the Telecommunication service context.*

H7:  *Customer perceived service quality has positive and significant relationship with Customer satisfaction in the Telecommunication service context.*

H8:  *Core service product performance has positive and significant relationship with Customer satisfaction in the Telecommunication service context.*

H9:  *Value added services have positive and significant relationship with Customer satisfaction in the Telecommunication service context.*
H10: *Tariff or pricing has positive and significant relationship with Customer satisfaction in the Telecommunication service context.*

H11: *Corporate image has positive and significant relationship with Customer satisfaction in the Telecommunication service context.*

H12: *Corporate image has positive and significant relationship with Customer loyalty in the Telecommunication service context.*

H13: *Promotion has positive and significant relationship with corporate image in the Telecommunication service context.*

H14: *Promotion has positive and significant relationship with customer loyalty in the Telecommunication service context.*

H15: *Distribution channel performance has positive and significant relationship with corporate image in the Telecommunication service context.*

H16: *Customer satisfaction has a positive and significant relationship with Customer loyalty in the Telecommunication service context.*

### 3.5 Conclusion

This chapter contained a theoretical frame work duly explaining the concepts for the assessment of real customer perceptions about customer satisfaction levels of the telecom services as well as corporate image and various factors that influence customer satisfaction. The next chapter will find place the details of the research methodology outlining the survey procedures and analysis techniques being used.
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