CHAPTER 2
REVIEW OF
LITERATURE
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Review of Literature

The present chapter gives an overview on the available literature which was referred to by or studies to have a deep understanding of the topic of research. DTH sector is very new to India and touches human life in different ways, so, it is very important to study this topic deeply. To understand this problem completely and in a better way, related literature pertaining to the problem has been reviewed. All the possible books, journals, research papers, thesis available from different sources were reviewed. This is very new sector in India and too much literature is not available, so literature to some other sectors like telecom and banking was also glanced. This chapter investigate the research work that has been made in relation to service quality and customer satisfaction and importance has been given to examine the relationship between service quality and customer satisfaction with reference to trace the dimensions of service quality and customer satisfaction in the Direct To Home (DTH) sector.

2.1  Service Quality, Customer Satisfaction and Their Interrelationship

Gronroos (1984) in his research “A service quality model and its marketing Implications” on the basis of a sample of business executives, proposed a model to describe service quality perception by the customers and stated that perceived quality is the outcome of an evaluation process, where customer puts the perceived service against the expected. Furthermore, he added that all the dimensions of service quality are interrelated and service providers should recognize the importance of image and functional quality.

Parasuraman, et al., (1985) in “A conceptual model of service quality and its implication for future research” conducted an exploratory investigation to develope a model of service quality and found that superior quality in services is a very beneficial strategy for an organization that helps to add more new customers, reduce threat to lost customers, more dealing with existing one, more insulation from price, competition and and very few errors in the re-performance of services. The research revealed ten dimensions of service quality named as Tangibles, Responsiveness, Reliability, Competency, Courtesy, Credibility, Security, Access, Communication and Understanding the Customer.
Parasuraman, et al., (1988) in their study “SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality” have given ‘SERVQUAL’ a well designed questionnaire to measure the gap between the customer’s expectations and perceptions from a particular service. The study has identified five definite dimensions of service quality that apply across a various service. These five dimensions are Reliability, Responsiveness, Assurance, Empathy and Tangibles. Later, SERVQUAL has been used by many researchers to conduct study on service quality of various services. For the present study, these five dimensions are taken as determinants of service quality.

Reichheld and Sasser (1990) in their study “Zero Defections. Quality Comes to Services” revealed that loyal customer base leads to more predictable sales, healthy cash inflow and better profit. Further loyal customer base not only act as a marketing force by providing and spreading recommendation by positive word of mouth advertisement, but also reduce costs as they require less information. Thus, maintaining and creating a loyal customer base seems to a profitable strategy for DTH service providers in order to succeed and survive in this competitive DTH market.

Gronroos (1993) conducted a research “Toward a Third Phase in Service Quality Research: Challenges and Future Direction”, and define three dimensions of service quality named as (a) Functional quality: consists of the seven process related attributes – accessibility, attitude, behaviour, appearance, service-mindedness, customer contact, internal relationship. (b) Technical quality: contains five attributes that are output-related – employees’ technical ability, technical solutions, employees’ knowledge, machine quality and computerized systems. (c) Image of the service provider: illustrate customer’s general perception of the supplier. DTH companies have to work on all the three aspects of service quality, i.e., technical and functional, and their image in the market.

Chen, et al., (1994) in their study “A study of price and quality in service operations” resulted that there exist a service specific relationship between perceived price and perceived quality. They have studied the relationship for three types of services i.e., pure services, mixed services and quasi-manufacturing services. It was found that reliability is significant for all three types of services, tangibles dimension is critical determinant for mixed and empathy for quasi-manufacturing services.
Adding more, quasi-manufacturing service has shown most significant relationship between perceived price and overall service-quality, while relationship is week for remaining two. Results rejected the statement that higher perceived quality lead to higher perceived price, which enhances the effect of perceived quality on perceived customer satisfaction.

Rust and Oliver (1994) in “Service quality insights and managerial implication from the frontier,” have given three different dimensions of service quality as service product, service delivery and service environment. Organizations have to consider all the determinants to deliver service quality. So it can be said that DTH companies have to employed their efforts to enhance all the three factors i.e., product offered, delivery system and service environment to meet future challenges.

Winder and Daniel (1996) in “Organizational Orienteering: Linking Deming, Covey, and Senge in an Integrated Five Dimension Quality Model” have define quality as “Quality itself has been defined as fundamentally relational: Quality is the ongoing process of building and sustaining relationships by assessing, anticipating and fulfilling stated and implied needs”. Thus, in an order to deliver the quality of service, managers have to recognize and meet both stated as well as implied needs of the customers.

It can be said that quality is not only for short term but continuous efforts to make and sustain relationships with customers, identifying and expecting their direct as well as indirect needs, and meets them in most effective way. DTH services are new to the Indian market; therefore, service quality is very important not only for organizational survival but also to gain profit. To deliver high service quality, DTH service providers should keep quality at center, understand customers in a better way and realize diverse needs of their customer.

Mittle and Lassar (1998) conducted a study “Why Do customers Switch? The Dynamics of Satisfaction versus Loyalty,” and concluded that non linear positive relationship exists between customer satisfaction and loyalty. Service quality found as a significant driver of customer retention but relationship depends upon various other variables like price. Finding of the research advocates that customers are highly sensitive to price, which is also appears as an important determinant of customer
satisfaction. Thus, DTH service providers should have to focus upon price and service quality both to satisfy their customers.

Woo and Fock (1999) have conducted a research “Customer Satisfaction in the Hong Kong Mobile Phone Industry” to study the behaviour of telecom users. From this study, it was found that transmission quality and network coverage are the most important factors that affect customer satisfaction of telecom users, therefore service providers should emphasis on product functionality to satisfy their customers. It can be concluded that picture clarity, sound quality and uninterrupted transmission are very important for customer satisfaction.

Smith (1999) carried out a study “Some problems with adopting Churchill’s paradigm for the development of service quality measurement scales” on telecommunication service and projected an empirical framework on the outcome of service failure and service recovery on customer satisfaction. To assess the customer satisfaction, the study has supported the need of an integrated approach to capture the effects of various aspects of services quality on customer satisfaction. This study resulted out that performance of basic telecommunication, service delivered by service provider, branch network of service provider, performance of direct inquiry system of service provider, performance of the fault repair by technical team of service provider, billing system of service provider are the main determinants of service quality.

Gerpott, et al., (2001) conducted a research “Customer retention, loyalty, and satisfaction in the German mobile cellular telecommunications market” on a randomly selected sample of 684 telecom customers in Germany to analyzed levels, differences, and causal links of customer retention, customer loyalty, and customer satisfaction. Results of the study stated that three constructs i.e. customer loyalty, customer satisfaction and customer retention are different. Customer satisfaction leads to customer loyalty, which further has impact on customer retention. DTH operators should have to focus service quality not only for customer satisfaction and loyalty, but also to retain them for future survival.

Seth, et al., (2005) has examined nineteen different service quality models in “Service Quality Models: A Review” and revealed that the service quality outcome
and measurement is reliant on service time, situation, setting, need etc. Adding more to this, study resulted out that customer expectations are varies according to the factors like increase in the number of encounters with service, competitive environment and time etc.

Muthaly and Wing-To-Lo (2007) in their research, “The Effects of Antecedents of Customer Satisfaction on Loyalty: A Case of the Hong Kong Mobile Phone Industry” conducted at Hong Kong, on a sample of 150 respondents selected by quota sampling technique and observed that the most important antecedent of customer satisfaction is customer service. They have recommended that customer service is a key determinant of satisfaction. The results of the study showed a positive significant relationship between the independent variables (transmission, service, and price) and customer satisfaction. So, it can be said that service quality and price are very important contributors to customer satisfaction, and service providers must require a complete understanding of customized services.

Lien and Kao (2008) organized a research “The effects of service quality dimensions on customer satisfaction across different service types: Alternative differentiation as a moderator” and examined the relative importance of service quality on customers’ satisfaction across utilitarian and hedonic services. They have employed convenient sampling technique to select 422 respondents in Taiwan. The results signify that technical quality is main factor of customer satisfaction in utilitarian services, while customer satisfaction in hedonic services mainly determinant by functional quality. It was found that the relationship between service quality dimensions and satisfaction differs with the degree of differentiation of other alternatives. In case of utilitarian services, technical quality influences customer satisfaction and impact of functional quality is more in hedonic services. In utilitarian services, customers are mainly concerned with the service outcome not with the service process therefore service providers have to improve core benefits by investing more resources to increased customer satisfaction. Hedonic services are evaluated with both technical quality and function quality, therefore, it may be useful to pay a little more concentration on the delivery process such as giving individuals attention, understanding specific needs and showing willingness to help etc.
Butt and Run (2009) applied quota sampling technique to select 124 respondents from four cities named as Gujranwala, Daska, Gujarat and Wazirabad in Pakistan to conducted a study “Modeling customer satisfaction in cellular phone services”. The main purpose of the study was to identify the components contributing to customer satisfaction in mobile cellular services. The results of study confirmed that customer satisfaction is a multidimensional construct. It also explores the price, coverage and signal quality, customer service and usage ease as dimensions of service quality. The results revealed that customers are highly sensitive towards the price charged for the services. Furthermore, study shows that customers are also highly concerned about the signal reception, support services include billing accuracy, attitude and response of customer service staff, recharge facility and ease through which calls connected, especially in peak hours. Thus, DTH service providers must pay attention to charge customers with appropriate strategy, strengthen their network coverage, improve customer services and make services easy to use for customer.

Menezes and Carvalho (2009) conducted an international study “Impacts of New Technologies on Free-to-Air TV industry: Lessons from Selected Country Cases” in United Kingdom and United States of America. Study was aimed to examine the impact of new technology on free to air TV industry and resulted out that digital TV has great opportunities for development, but the amount of benefits gained from digitalization is highly depends upon the regulations framed for the services and the socio-economic factors of the country.

Akbar and Parvez (2009) carried out a study “Impact of service quality, trust, and customer satisfaction on customers loyalty” and proposed a conceptual framework to examine the consequence of customers’ perceived service quality, trust, and customer satisfaction on customer loyalty. Structural equation modeling (SEM) has been used to analyze the data collected from 304 subscribers of major private telecom companies in Bangladesh. The study clarified that customer satisfaction is a significant mediator between perceived service quality and customer loyalty. The results specify that customers’ perceived service quality has a positive effect on customer satisfaction, which is further significantly and positively associated with customer loyalty.
**Ree (2009)** selected 30 suppliers and 72 business customers from United Kingdom in the survey “Service Quality Indicators for Business Support Services” and used nine dimensions with 44 attributes to explore service quality. These nine service quality dimensions are as: reliability, clout, reputation, awareness, competitiveness, collaboration, accessibility, competence and assurance. It was found that all these nine dimensions are interrelated and should be fulfilled concurrently in order to assure better service quality. Results also suggest that service quality is an antecedent of customer satisfaction (as the nine service quality dimensions exert a marginally stronger influence on overall perceived service quality than they do on customer satisfaction). These findings provided some useful information and clear indications to the suppliers to put their efforts to improve customer perceived service quality and customer satisfaction.

**Hanif, et al., (2010)** used non-probability convenience sampling technique to select 150 telecom subscribers in Rawalpindi city of Pakistan and conducted a research “Factors affecting customer satisfaction”. Result shows that price fairness and customer services played an important role in customer satisfaction. Satisfied customers not only spread word to mouth advertisement but also make long term relationship with customers. It was also found that price fairness has a significant effect of on customer satisfaction and to create a sense of belongingness among the subscribers, service providers have to fulfill the commitments made and to solve complaints promptly.

**Singh (2011)** employed random sampling technique to choose 128 customers from Punjab, Haryana, Himachal Pradesh, Uttarakhand, Delhi and Uttar Pradesh to conduct his research “Role of VAS in shaping Indian Telecom Industry” and evaluates the impact of value added services on the subscribers. It was observed that VAS creates a revolution in the field of telecom sector and affects the customers most, while they opted a particular operator. The Operations are time of usage and past experiences which affect customer’s decisions. So, it is very important to satisfy the customer to build a positive view towards their experience with the services.

**Dahari, et al., (2011)** conducted a study “Customer Satisfaction with Mobile Phone Operators: An Exploratory Study in Kuala Lumpur, Malaysia”. They have observed that customers are highly concerned about brand image, price and service
quality; therefore operators should be very careful about all these factors. It was found that companies have to framed effective marketing strategies and employ sophisticated technology to gain competitive advantage. In order to enhance the level of customer satisfaction, service providers have to develop, provide and maintain better service quality at a minimum price.

Sathish, et al., (2011) used cluster sampling technique and organized a research “A Study on Consumer Switching Behaviour in Cellular Service Provider” on 112 customers of Chennai city to identify the factors and their influence on the consumers’ switching behaviour. They proposed that the service providers should focus on strengthen their network coverage and setting tariff rates competitively. They have grouped the factors into four categories as customer service, service problems, usage cost and others factors. It was found that call rates, network coverage, VAS and customer care department have significant role in customers’ switching behaviour. Study also revealed that family and friends influenced the consumer most to select their service provider. Results also supported the role of innovative offers and responsive customer care to satisfy the customers.

Siew-Phaik Loke, et al., (2011) conducted a study entitled as “Service quality and customer satisfaction in a telecommunication service provider” on 200 customers in Malaysia, to examine the impact of product and service delivery factors on service quality. Results revealed that customers experienced a significant difference between expectation and perception. It was found that assurance dimension shows the highest difference between expectation and perception. The result of the study has confirmed a significant and positive relationship between all the dimensions service quality and customer satisfaction except tangibility. The results also indicated that reliability has a significant impact on customer satisfaction. So, it can be said that customers put less emphasis on the tangible or appearance of the physical facility provided by service provider. Promptness and consistency in services are very important to attract, serve and retain the customers.

Siddiqi (2011) in his study “Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh” made an attempt to find the relationship among various aspects of service quality, customer satisfaction and customer loyalty. The survey was carried out on a sample
100 respondents in Dhaka, Comilla and Feni areas of Bangladesh. The study reveals that all attributes of service quality are positively associated to customer satisfaction and further customer satisfaction is positively associated to customer loyalty. It was found that customer satisfaction shows maximum positive correlation with empathy and minimum with tangibility. Study suggested that level of customer satisfaction can be enhanced by putting efforts to increase the banks’ tangibility, employees’ performance, reliability & assurance from bank employees, willingness & ability of employees and the interaction between employees and customers.

Thakur and Singh (2011) worked upon the impact of service quality, customer satisfaction, and trust on customer loyalty by conducted the research “Impact of service quality, customer satisfaction and trust on customer loyalty: A study with special reference to telecommunication company in Madhya Pradesh (India)”. They have used convenient sampling technique to select 248 telecom users of Madhya Pradesh and suggested that there exists positive significant association between customer satisfaction and customer loyalty. It was found that customer satisfaction is a crucial mediator between service quality and customer loyalty. Further, study supported that customers perceived service quality has significant positive effect customer satisfaction. Service quality is an important antecedent of customer satisfaction and hence in order to achieve customer satisfaction the service providers should primary focus on service quality.

Duodu and Amankwah (2011) in their study, “An analysis and assessment of customer satisfaction with service quality in insurance industry in Ghana” used convenient sampling technique to collect data from 1100 customers of eleven insurance companies. They considered price as a dimension of service quality and stated that price does not positively affect customer satisfaction in Ghana’s Insurance industry. It was found that functional quality items (only Reliability and Responsiveness) partially supported satisfaction while technical quality and image of the service provider does not significantly affect customer satisfaction. It was also found that customer satisfaction positively affects behavioural intensions of the customers.

Meera (2012) used simple random technique to collect data from a sample of 488 respondents in Coimbatore and carried out a study “Customer satisfaction
towards quality of services - with reference to private sector banks in Coimbatore”, to assess the quality of services provided by private sector banks from customer’s perspective. She has observed that the level of customer satisfaction does not vary with age, education and occupation but differ significantly with income of respondents. She has suggested that to maintain healthy relationship with customer, banks should give more emphasis on personalization process and approach them cohesively by adopting coherent social media approach to improve brand perception. In this study, appearance of physical facilities (which include infrastructure and time taken by service provider) is taken as very important dimension of service quality. The results revealed that to get higher customer satisfaction service provider should deliver higher level of service quality. She further suggested that companies must provide quality of services to meets or exceeds their expectations for ensuring long term success in future.

Meera, et al., (2012) in their study “A study on customer perception towards telecom service providers - with special reference to Pattukkottai town” and made an attempt to identify the customer perception towards telecom service providers. For the study, stratified random sampling was employed to select 150 respondents in Pattukkottai town of Tamilnadu. They have studied service quality on the basis of five different dimensions like customer care, network coverage, performance, price and accessibility. It was found that all these factors needed to be improved continuously to gain competitive advantages. Results of the study also clarified the fact that no association exists between the service providers and their customer’s satisfaction level.

Rahman, et al., (2012) conducted a study “A conceptual study on the relationship between service quality towards customer satisfaction: Servqual and Gronroos’s service quality model perspective” to studied the effect of service quality on customer satisfaction under perspective of Groonroo’s service quality model and SERVQUAL model. They have proposed a model based upon the relationship between technical quality, functional quality, internal & external influences arbitrated by corporate image of service provider and service quality towards customer’s satisfaction. Further, this model also made an attempt to construct the relationship between customer satisfaction and price perceived, when service quality acts as a
mediator. It was found that functional quality, technical quality and perceived price by the customer are strongly related with customer satisfaction. So it can be said that this research has drawn the critical steps of service quality and its association with customer’s satisfaction. This study further explained that all these factors are dynamic and relationship between them continuously varied and evolved.

**Nimako (2012)** examined the satisfaction/dissatisfaction among complainers and non-complainers customers. It was found that level of satisfaction and dissatisfaction is different for complainers and non-complainers. Study revealed that most common complaining behaviour are to file complain to the customer care, refraining from using the services, and complaining to the mass media. This study contributes to the body of knowledge on consumer complaining behavior and customer satisfaction. It specifically, provides empirical support to the fact that dissatisfaction does not necessarily cause to complaining but even satisfied customer complain. It also provides empirical evidence on complaining responses of customers and the influence of customer demographic variables on complaining responses.

**Lee (2012)** in his study “Major moderators influencing the relationships of service quality, customer satisfaction and customer loyalty” looked at some major variables moderators influencing the relationships of service quality, customer satisfaction, and customer loyalty in mobile phone services. Researcher used a stratified sampling technique to identify 283 respondents residing in Seoul and resulted out that customer loyalty positively affected by service quality and customer satisfaction. It was found that price and service quality positively influences customer satisfaction, and an increase in customers’ perception of reasonable price leads to increase the impact of service quality on satisfaction. The study revealed that as perceived switching cost increases, the relationship between satisfaction and customer loyalty strengthens. The results shows service quality as the significant antecedent of customer satisfaction, and elucidated service quality as a critical factor for retaining existing customers. The results also revealed that by delivering a high service quality, operators having many competitive advantages such as customer may be more likely to continue with their existing service provider, recommend the service provider to others, and make word to mouth advertisement for service provider, etc.
Chapter 2

Review of Literature

Nowadays, service quality is widely accepted as a critical determinant for the growth and success of an organization. A little decline in customer satisfaction due to poor service quality would be a matter of highly concern. Consumers being more aware of rising standards in service, prompted by competitive trends, have developed higher expectations. In other words, service quality aspects possess a substantial strategic role for companies. Service quality plays a prominent role as a source of sustainable competitive edge for the companies.

2.2 DTH Sector

In the previous section, an insight has been given to the available literature on service quality, customer satisfaction and their interrelationship. In this section, an attempt has been made to review the available literature on DTH services which included the research studies, case studies, reports and articles etc. This review has provided considerable knowledge, information and deep understanding of the research topic.

TRAI Act 1997, TRAI has to set down quality of services (QOS) parameters for DTH operators. Government recognizes that qualities of services (QOS) parameters are very important and have a huge impact on investment and roll-out decisions of service providers. We can say that TRAI and Govt. both are very serious about service quality and other value added service offered by the DTH service provider. The DTH industry in India is going through evolutionary phase and market is set to witness significant and rapid growth in DTH subscriber’s base. The main reasons behind this advancement include changes in consumer preference and improved standards of television viewership. Customers have to carefully select the DTH service provider after analyzing the various aspects such as transmission in inclement weather, package pricing, plans, picture quality and other value added services provided by different DTH services providers.

Broadband Policy 2004, Telecom Regulatory Authority of India (TRAI) (Government of India, Ministry of Communications & Information Technology, Department of Telecommunications, Broadband Policy 2004, Value Added Services.) has given emphasis on satellite media, and states that to serve remote and inaccessible areas; Direct To Home (DTH) service providers would be encouraged for penetration
of internet and broadband services with the additional advantages. It was very clear in the policy to not to allow DTH companies to provide any value-added-services like voice calling, fax, data, communication, internet, etc. without a specific license from the competent authority. Government also recognized the importance of QOS parameters that have an impact on investment and roll-out choices of service providers. TRAI was asked to prescribe QOS parameters for service providers. Thus TRAI binds DTH operators to provide standardized service quality.

Varma and John (2006) published a case study: “DTH vs. Cable TV: Sky wars in India”. This case study states that DTH sector is employing the latest technology and provides customers more options to utilize. This study highlighted the main features of DTH services like hundreds of channels, clearer picture quality customer care support and various value-added-services provided to customers as deciding factors. A discussion was also made on current scenario of home entertainment in India and emphasizes the need of technological advancements in television broadcasting. They also found that Indian customers are well prepared to select different mode of home entertainment like DTH, IPTV and Cell Phone TV etc. So, it can be said the Indian market could provide DTH operators a wide opportunities to serve people.

Aseambankers Report, Press Trust of India (PTI), (2007), published a report entitled as “India set to become Asia’s largest DTH market”. This report forecasted India as largest DTH market in Asia by 2010 and most profitable market in pay-TV segment by 2015. Report also highlighted that service quality is the main differentiator in the industry and service providers need to keep close eyes on the market situations. It was found that increasing product knowledge and customers’ awareness made the things more complicated for DTH operators. Furthermore, any good or bad experience with service directly leads to behavioural outcomes of customers. So, it can be said that DTH service providers have to focus on service quality and customer satisfaction both for their own growth.

Umapathy (2007) published his literature, “Industry analysis-DTH industry in India”. He has applied Porter’s five forces model for environmental analysis of DTH industry and identify the problems and challenges faced by the same. He also analyzed the existing opportunities for DTH industry in the Indian scenario. It was
found that customers very sensitive for quality as well as for price and increasing customers’ awareness and expectations have made the thing difficult for DTH operators to satisfy customers. To be a convergent player in the industry, service provider has to put its efforts to offers all in one package of services to the price sensitive and value-conscious consumer. Thus, it is very important to identify the main factors contributing for service quality in DTH sector.

**The Indian Readership Survey (2008)** “Understanding Indian DTH market from IRS window”, findings of the survey shows that 103.3 million Indian household owning Television, out of these, 64 percent are using cable or satellite television and remaining 36 percent go for terrestrial antenna or some other mode. DTH services are used by 6.5 million households which is only 6.3 percent of the total TV household. Dish TV is the largest player with over 3.1 million subscribers, followed by DD Direct, Tata Sky and Sun Direct. The reasons to prefer DTH services are high cable costs and poor services of cable operators or no accessibility of Cable & Satellite (C&S) service. Further report states that growing income level and improving standards of living provided an extra base for DTH companies to grow with high rate. In DTH sector, competition is increasing day by day and service providers are highly concentrating to improve the quality of service.

**Indian Entertainment and Media Outlook (2009)** a report by PricewaterhouseCoopers Pvt. Ltd. published in 2009, discussed all about the Indian entertainment industry and highlight various facts about Indian DTH sector. Report informed us that Indian DTH sector has seen a huge addition in total customer base and most of them were from cable services. Main reasons behind this shift were subsidizes hardware, reduction in installation charges and beginning of value-added services etc. Report further enlightened that DTH companies have used aggressive marketing and promotional strategies that lead to the addition of about 8 million customers in single year. At the same time, new DTH players has started a Technology-War, by using latest and modern technology not only in broadcasting but also in feature, style, shape of instrumentation.

**A report on DTH, by RNCOS,** "Indian DTH market forecast to 2012” Indian consultancy firm market research solutions published this report in 2011. This research provides extensive research and rational analysis of the DTH market in India.
Chapter 2

Review of Literature

Report states that DTH sector in India has appeared as one of the most profitable markets and effectively resisted the impact of the present economic slowdown. The DTH industry has shown a CAGR of 30 percent and expected to add about 5 Lakhs subscribers per month during 2009. Rural and remote areas could be the potential market for DTH service providers, where setting up cable networks is highly expensive. This report also projected that because of superior service quality of DTH services about 21 percent of TV homes have DTH services by 2012.

Report helps to understand the underlying potential of DTH services in the Indian television industry. This report explain that DTH service provider considering various factors such that better service quality, technology up gradation, service packs etc. that leads to future growth of the DTH market in India. The report also helps in gaining insight into the prevailing key trends and developments that are contributing positively towards the growth of the market.

Sekar (2010) applied five forces model to DTH industry in “Forecast Indian Direct-To-Home Industry” and undergone an in-depth study on DTH sectors and service providers in the industry. He studied the consumer behaviour patterns and identified the main factors that influence customers’ purchase decision. These factors are price, customer services, reception, program choice, use of latest technology and technical support provided to customer. This work also highlights the strategies like advertising, promotion and product innovation have great role to maintain high growth in competitive market.

Sekar (2010) in “Forecast Indian Cable Television Industry” states that for the period 2009-13, the projected growth rate of the Indian television industry was 11.4% and sector expected to reach Rs. 420 billion in 2013. It was also informed that there were about 9 million DTH customers in 2008 that may reach to 35 million households by 2013 at a CAGR of 31.2%. Rural and semi-urban areas are mainly responsible for this high projected growth rate. It was expected that in 2013, about 35 million households will be using DTH which account for 26 % of the television homes.

TRAI Annual Report (2010-2011) report highlight the fact that DTH services in India have shown an extraordinary growth since its inception in the year 2003. Total subscriber base of six paid DTH service providers touches the mark of 35
million with averagely adding new subscribers at a rate of about 1 million per month. To attract the more and more customer from the market, apart from the increasing in the conventional TV channels, DTH service providers are adding Value-added-services (VAS) and other interactive service like movie on demand, shopping and gaming etc. Steady decline in the costs of Set-Top-Boxes (STB’s) is also one of the main factors, responsible for the growth of DTH sector.

**Analysis of Direct To Home (DTH) Service Providers Industry (2011)** this analysis shows that switching cost is an important factor in DTH service. High and upper middle classes don’t consider switching but it is the matter of high concern for middle and lower middle classes. If customers don’t have an option of cable TV, they generally do not switch. All DTH operators have realized the importance of rural as well as urban customers, so they are offering innovations like High Definition channels, foreign channels like FOX, recording facilities, movie on demand etc. The quality of service provided is almost same by every service provider. It was found that most of the DTH companies are spending huge amount on advertisement and promotional activities.

**Indian Media and Entertainment Industry Report (2011)** by FICCI-KPMG, this report informed that India is on third place after China and USA with almost 138 million TV households, and 80 percent of these households are enjoying cable and satellite transmission. In the recent years, DTH services have shown maximum growth rate and use of latest technologies have created further opportunities for innovation and expansion. Report further highlights the main reasons for the growth of Indian DTH sector. First, about 88 million homes does not access to television; second, currently near about 30 million TV homes does not have cable facility; third, opportunity for DTH companies to replace 68 million existing analog cable households with their services. Furthermore, this report also stated that better after sales service, lower cost of set-Top-Boxes (STB’S) and uninterrupted services in bad weather are the main reasons to prefer DTH services.

**Sharma (2011)** in his article “Indian broadcast industry witnesses growth in 2010, crosses 600 million mark” engraved that the television and broadcasting industry has grown massively over the last twenty years with an average growth rate in double digits. The industry touches the mark of 600 million viewers by adding
about 100 million viewers only in 2010 and offering about 550 channels as compared to 460 in 2009. DTH sector is the chief gainer of 2010 with a net subscriber base of 28 million. This article shows that future of Indian broadcasting industry and DTH sector is very bright, therefore, it very important to understand the concept of service quality and customer satisfaction to serve DTH customer better.

**Gulati, et al., (2011)** in their study “Dish TV- Marketing Mix and Growth” described Indian market as one of the largest consumer of media and entertainment industry. They have observed that a major segment in the market is dominated by private DTH Service providers. Dish TV is growing rapidly and need to create an image in mind of customers. It has many customers from the rural areas and hence properly considers the specific needs of rural consumers while design its service packages. Company is paying proper attention toward price as well as to the channel content; further, finding shows that customers are ready to pay more for great picture and sound quality. Services providers are investing to procure hi-tech equipments and operations. Thus for increase the revenue by maximizing the customer satisfaction, it is very important to pay attention towards picture and sound quality by using latest technology and improved service quality.

“**DTH Market in India**” (2011) cable operators have plenty of opportunities for growth in Indian market. However, quality of services that cable operators are providing is very deprived. Customers are highly dissatisfied with cable operators due to the strikes, irregular and unstated increase in tariff plan, selective channel. So it can be said that poor service quality and low satisfaction of cable users provides an opportunity to DTH companies to target Indian market with great potential. But to gain competitive advantages DTH companies have to focus on service quality and customer satisfaction.

**Srinivasan (2011)** in his work “DTH Industry in India-Future prospectus” has studied the problems and challenges faced by DTH service providers. Indian DTH companies are facing two main problems, first small revenue growth and second market is highly fragmented. Beside these, there are lots of other issues need to be attention such as strict Government policy and regulations, limit on foreign investment, no permission to offer content exclusively and non-availability of transponders etc. DTH service operators can create difference only at cost and service
level because content differentiation is not possible in near future so service. It was observed that present customer is highly sensitive to price and quality, so companies can’t ignore these aspects while framing policies to serve market. It was found that consumer’s awareness and expectations are increasing regularly that make thinks difficult for service provider to achieve customer satisfaction. So it can be said that attractive price strategy and feature rich packages are the mantra for sustaining the success and growth.

Dhinakaran (2012) used convenient random sampling to target 120 respondents from Palayamkottai area. In his study “A study on Customer Buying Behaviour of DTH Services in Palayamkottai” elucidated that Direct To Home (DTH) Services are in a emerging stage in our country. However, there is a hard competition among the present six service providers. Most of the people are puzzled while selecting their connection. Moreover, Direct To Home (DTH) service providers are also confused with what channel should be provide on free of cost and what channel should be charged. This study explains the main reasons to buy the DTH connections are, to avoid monthly charges paid to cable operators, to watch more channel on DTH, unavailability of cable operators in the area, clear transmission of DTH service and lastly to watch TV channels that are not provided by cable operators. This study also resulted out that maximum customer of DTH services belongs to middle or high income group and advertisement is an important factor to buy DTH service. He suggested that better network coverage and high picture clarity are very significant from customer point of view so latest technology must be incorporated in DTH services to serve customers better.

DTH service sector is in its growing stage, so service provider should focus on the quality of service they provide. Service providers should have to carry a paramount combination of quality and price to retain the existing and to add new one. They have to put together all their efforts to maximize customer satisfaction.

Madan, et al., (2012) conducted a study “Gap analysis in DTH service quality: An empirical study for exploring customer satisfaction towards DTH services using SERVQUAL” and observed that if the gap score reduces gradually, the service quality improves leading to more customer satisfaction. In this research work, 185 DTH subscribers were selected from National Capital Delhi. Here, SERVQUAL has
been used to identify the gaps in DTH services provided and expectation level of the customers. It was found that customers give maximum weightage to Tangibles dimension of the SERVQUAL. Study also revealed that the weakest part of the DTH companies is the Reliability dimension of the services. This analysis is very helpful in understanding the customers’ needs, their expectations and the various factors that affect the customers’ DTH buying decision. Thus we can say that SERVQUAL is an efficient tool in bridging the gap between the expectations and the perceptions of the customers in the DTH companies.

**Madankumar and Vignesh (2012)** carried out a research “A Study on Marketing Research on Customer Satisfaction of Sun Direct DTH in Cumbum city” by employing convenient sampling to select 50 Sun Direct users in Cumbum city to study general applications, awareness, advantages and preference of the customers of Sun Direct and found that there exists relationship between age and customer satisfaction. The main reasons to prefer Sun Direct are price, channel package, service quality and value added services (VAS). It was also found that DTH customers are highly satisfied if service providers offered a better picture and audio quality at reasonable price.

**Memdani (2012)** carried out the research “An overview of digitalization of rural India and its impact on the rural economy” to study various steps taken for strengthen the digitalization and its impact on Indian rural economy. It was found that digitalization has increased the employment opportunities in rural areas, provide market information to reduce the risk and uncertainties, and improve the living standards of the rural people. Further it stated that DTH service could have an important role in Digitalization expansion as it is very popular in rural areas.

**Rajput and Sharma (2012)** in their study “Customer satisfaction towards service quality of direct to home (DTH) with special reference to Gwalior and Chambal sambhag” found that steady growth in the business depends upon the kinds of services provided to the customers. Researchers employed convenience random sampling to obtain a sample of 460 respondents from Gwalior and Chambal regions. The study resulted out that in the semi urban areas the customers are not very satisfied with employee attitude and services offered to them. Researchers suggested DTH companies to receive customer feedback on regularly and differentiate not only at the
price level but their service quality. India being the home of entertainment hungry populace and huge market volume plays the role of a growth driver for DTH industry. Pricing properly and feature rich package targeted at the critical mass are the mantra for sustaining this growth. A prudent DTH service provider should also take a serious look at the substitutes and complements of the services.

“Background Paper on Digitizing Indian Broadcasting”, Associated Chamber of Commerce and Industry of India (ASSOCHAM), (2012) This paper has described the impact of Digitalization of cable TV in India and explained that instead of paying additional costs for Set-Top-Boxes (STB’s), about 20 percent analogue cable TV users are expected to move to DTH service and this shift could be much higher if Multi System Operators (MSO) fails to execute the digitalization. So, it could be an opportunity for DTH service providers to grab the customers from cable TV and Multi System Operators (MSO). It can be said that digitalization has increased the platform for DTH service provider to approach the customer and also creates an opportunity to gain high average revenue per user (ARPU) by maximizing its customer base.

Patel and Patel (2012) conducted a comparative study “Perception and satisfaction with direct to home services: A comparative study in Gujarat, India” to understand perception and satisfaction of rural and urban subscribers for DTH services. They have used non probability judgment sampling technique to select 630 respondents from North Gujarat (Visnagar and Mehsana), Ahmedabad and Gandhinagar. The study revealed that customers from both the areas (rural as well as in urban) perceived DTH service is costlier than cable service but shown favourable perception for picture quality in comparisons with cable. It was found that network performance, service competitiveness, reliability, customer convenience and market reputation of service provider are the main factors that customer consider while acquire DTH services. It was also found that customer satisfaction is not related to a specific DTH brands but DTH service as whole and demographic factors like age, gender, income and occupation would not affects the customer satisfaction in DTH services.

Jayashree and Sivakumar (2013) applied convenient random sampling technique to collect data from 300 DTH subscribers in Coimbatore city to conduct
their research “A study on customer perception towards DTH services in Coimbatore city”. They have studied the satisfaction level, the source of customers’ awareness and factors that motivate users to buy DTH service. It was found that majority of the users are satisfied with the DTH services. The study also revealed that best picture quality, reasonable price and well designed packages are the most important factors to buy DTH service. Results of the study supported the role of better picture quality, reasonable price and highly responsive customer care department to increase satisfaction of DTH users. Furthermore, service providers have to give individual attention to each customer by meeting their specific needs.

Reddy (2013) conducted a research “Factors motivating customers towards DTH services in Andhra Pradesh” and studied customer perception towards DTH services. He selected 500 respondents on the basis of convenient random sampling in Andhra Pradesh. The study resulted that superior picture quality, well organized service packages and more channels option at reasonable price are the main deciding factors while people selects a DTH operator. It was found that there exist a positive relationship between the advertisement and customer attitude towards DTH services. So we can say that DTH service providers can use advertisement as an effective tool to form supportive customers’ attitude formation towards DTH services.

Khan and Raj (2013) used convenient random sampling to select 120 DTH users to conducted a study “A study on direct to home service quality with special reference to Mandi district of Himachal Pradesh” and made an attempt to identify the dimensions of DTH service quality. The results indicated that most of the people prefer DTH services to watch more TV channels followed by reasonable price charged by the operators. This study explores the nine dimensions of service quality named as assurance, reliability, tangibles, empathy, responsiveness, network quality, convenience, price and other factors.

Gandla (2013) in his research work “Study of recent developments in DTH (Direct To Home) technology” described the recent trends and the main areas that need to focused to ensure growth of DTH sector. It was found that value added services (VAS) are very important for DTH service providers to attract the customers. The study has revealed that DTH player would have focused on Indian
rural market and service is expected to be launched on Internet platform in near future.

**Myilswamy (2013)** applied convenient sampling method to collected data from 100 respondents in Coimbatore to conduct a research entitled as “A study on consumer brand preference towards using DTH service providers in Coimbatore City” and found that there exists significant relationship between gender and customer satisfaction, cost and occupation of the DTH users. Study also highlighted the main factors to prefer DTH service and these are; offers given by service providers, sound clarity, price, more channels and good clarity. It was also stated that DTH service providers have to focus on price reduction and advertisement, to retain existing customer and to target potential one.

**Sutha and Jayanthi (2013)** conducted a research “A comparative study on the various Direct To Homes (DTH) Service providers in Chennai” on 300 respondents selected by convenient random sampling and found non-significant difference between the various attributes of customer satisfaction, while significant difference was found as customer preference is concerned. It was also resulted that superior audio-video signals and better quality of DTH service are making DTH services people first choice. Study further recommended to offering quality service at better price to convert non users into users. In last they suggested service providers to concentrate on price and network quality specially during rainy season.

**Patel, et al., (2013)** in their research work “An in-depth study on customer satisfaction of DTH services users in Mehsana district” have made an attempt to study and analysis the customer satisfaction in DTH services from different factors like service quality, staff behavior, price, and distribution channel etc. They have used non probability convenient sampling method to collect data from 300 respondents from the Mehsana region of Gujarat. From this research work, no difference was found between age groups for customer satisfaction level among various DTH service providers; mean all age groups have equal customer satisfaction level with all service providers, while gender has no effect on customer satisfaction level among DTH service providers. It was also found that customers of various DTH service providers are equally satisfied with various variables like customer care, channel packages, service outlets, promotion activities, modes of payments etc.
Jotheswari, et al., (2014) studied the customer beliefs and their perception about DTH brand and services provided. The study “Customer awareness and perception about DTH services in Kanchipuram district Tamil Nadu India” revealed that DTH service providers are performing very well in the field of customer awareness, perception, belief and acceptance of services but choice of channels and charges, packages, to provide prompt information to the customers, signal quality, and signal breakage in rainy season etc. are certain areas that require high concerns and improvements. It was also found that advertisement plays an important role in customer awareness followed by the information from friends and relatives. So it can be said that DTH operators have put their efforts to strengthen the various aspects of service and enhance level of customer satisfaction.

Malarvizhi and Geetha (2014) use purposive sampling to select 50 DTH users in Coimbatore city to conduct a study “Customer’s Satisfaction on DTH and Cable TV Services: A Comparative Study in Coimbatore City”, and reveals that the majority of the respondents prefer DTH services because of superior picture quality, reasonable price, various kinds of packages and to watch more TV channels. It was found that service providers have to focus on these factors to satisfy their customers.

A review of existing literature on the topic shows that service quality depends upon many determinants (Gronroos 1984, Parasuraman, et al., 1985, Parasuraman, et al., 1988, Gronroos 1993). Further, Siew-Phaik Loke, et al., (2011) have found that service quality and customer satisfaction are related with each other, and both have a positive impact on the loyalty of customer, Siddiqi (2011). Some researchers have found that better network coverage and high picture clarity are very significant from customer’s point of view and service providers must incorporate latest technology to satisfy the needs of their customer. These are: Dhinakaran (2012), Varma and John (2006), Sekar (2010), Gulati, et al., (2011). In the work of Gerpott, et al., (2001) Muthaly and Wing-To-Lo (2007), Akbar and Parvez (2009, Siew-Phaik Loke, et al., (2011), Nimako (2012) and Lee (2012), a positive relationship was found among service quality and customer satisfaction, price and service quality, customer satisfaction and customer loyalty, customer value and customer satisfaction, customer loyalty and word of mouth advertisement, price and customer loyalty, complaining behaviour and customer satisfaction. Researchers like Chen, et al., (1994), and Nai-
Chapter 2

Review of Literature

Hwa Lien and Shu-Luan Kao (2008) also stated that all the dimensions of service quality are interrelated and there exist service specific relationship between perceived price and perceived quality. Literature review clarify that satisfaction is multi dimensional construct and is highly influenced by innovative offers, price fairness, picture clarity, sound quality, uninterrupted transmission and responsiveness of customer care department (Mittle and Lassar 1998, Woo and Fock 1999, Muthaly and Wing-To-Lo 2007 and Hanif, et al., 2010).

Researchers, such as, Butt and Run (2009), Singh (2011) and Lee (2012) advocated that in service sector, customers are mainly concerned with signal reception, billing accuracy, attitude and response of customer service staff, recharge facility and Value-added-Services (VAS), which are indeed very important for customer satisfaction. Jayashree and Sivakumar (2013), and Patel et al., (2013) found that better picture quality, reasonable price and highly responsive customer care department are needed to increase satisfaction of DTH users. Also, the studies of Malarvizhi and Geeths (2014) and Jotheswari et al., (2014) pointed out superior picture quality, reasonable price, customer care, channel packages, service outlets, promotion activities and modes of payments as crucial factors in DTH sector. Some of the studies have accepted the importance of latest technology and proper advertisement campaign for attracting new customer (Menezes and Carvalho 2009, Dahari, et al., 2011, Dhinakaran 2012, Reddy 2013, Sekar 2010 and Myilswamy 2013). It was observed that customers select the DTH service provider after carefully analyzing the various aspects such as transmission in inclement weather, reasonable package pricing, plans, picture quality, reliability, customer convenience and value added services provided by different DTH services providers (TRAI Act 1997, Varma and John 2006, Patel and Patel 2012, Rajput and Sharma 2012, and Khan and Raj 2013).

To conclude, it can be said that service quality and customer satisfaction are related with each other and both have a positive impact on the loyalty of customer. Customer satisfaction and customer loyalty positively influence operating performance of the organizations. Some of the studies have shown that better network coverage and high picture clarity are very significant from customer point of views and service providers must incorporate latest technology to satisfy the needs of their
customer. In few studies, a positive relationship was found between service quality and customer satisfaction, price and service quality, customer satisfaction and customer loyalty, customer value and customer satisfaction, customer loyalty and word of mouth advertisement, price and customer loyalty, and complaining behaviour and customer satisfaction. However, in some cases, a negative relationship was also observed between price and customer value. It was also found that all the dimensions of service quality are interrelated and there exist service specific relationship between perceived price and perceived quality. From the literature reviewed, it was clear that satisfaction is a multi-dimensional construct and highly influenced by innovative offers, price fairness, picture clarity, sound quality, uninterrupted transmission and responsiveness of customer care department. It has been suggested in studies that quality of service delivered, network quality, performance of inquiry system, technical team of service provider, and billing system contributes a lot to the total service quality. Some studies even supported that customer experiences are thus directly related with behavioral outcomes of customers and customer loyalty results in better sales and strengthen financial position of a company. In service sector, customers are mainly concerned with signal reception, billing accuracy, attitude and response of customer service staff, recharge facility, and Value-added-Services (VAS), which are very important for customer satisfaction. The DTH industry in India is going through evolutionary phase and market is set to witness significant and rapid growth in DTH subscriber’s base. The future of DTH industry in India is much secured and service providers are mainly focusing to increase their customer base as well as to increase their Average Revenue Per User (ARPU). Some of the studies have accepted the importance of latest technology and proper advertisement campaign for attracting new customers. Few studies have highlighted that rural as well as urban market needs to be focused and it is important to grab the every opportunity generated because of poor service quality of the competitors. It is clear from the review of existing literature that customer are very sensitive to price as well as quality and their awareness and expectations are increasing day by day, so it’s an challenge for service providers to deal with them in term of price and quality. Study indicated that attractive price strategy and feature rich packages are the means for success and growth. Customers select the DTH service provider very carefully after analyzing the various aspects such as transmission in inclement weather, package pricing, plans,
picture quality and other value added services provided by different DTH service providers. Because of intense competition in Indian DTH sector, service providers have framed customer oriented strategies, focused on service quality and VAS and other interactive service to gain customer satisfaction and loyalty. Loyal customers not only act as marketing force by recommending the service providers and spreading positive WOMA, but also consume fewer resources as they require less information. In order to survive and succeed in this competitive environment, maintaining a loyal customer base seems to be meaningful strategy for DTH service providers. Superior service quality not only acts as a mean to retain existing but also add potential customers into the account of service provider. Therefore, it is obvious that DTH service providers need to provide high quality services to customers and in order to do so DTH service providers first have to understand attributes that customers use to assess service quality, and then to regularly watch and improve the service performance.

This review of literature has provided considerable knowledge and information on the concepts of service quality and customer satisfaction. But many of these studies are either from abroad or from any other service sector like telecom or banking. Generalization of related results from these studies is not necessarily appropriate, as DTH industry in India is still on its growing stage. No detailed study from DTH sector in the state of Himachal Pradesh seems to have been reported so far, which provides a strong case in favour of the present study. Hence, it is a worthy exercise to study the relationship between service quality and customer satisfaction in context to DTH sectors that contribute enough to industry as well as to society.

In this chapter, an insight was made into existing available literature that clarifies the concept and provides an understanding about the present study. Next chapter of this thesis contains research methodology which is followed in the thesis that represents the flow activities ranging from problem formulation to research design, development of questionnaire study.