CHAPTER 1
INTRODUCTION
This chapter explores concept of service quality and customer satisfaction and provide a theoretical framework for the present study. It further elaborates the Direct To Home (DTH) industry in India.

1.1 Introduction

In the present competitive scenario, management has considered quality as top most competitive priority and prerequisite for growth of a firm. In the past two decades, many research finding have appeared concerning quality, but still there exist so many different conceptualization of quality. In marketing quality often has been viewed as reliant on the level of product or service attributes. In operation management, quality is defined as having two main dimensions, fitness of use (which means that whether the product or service possesses features that meet the needs of customers and does what it is supposed to do) and reliability (to what extent the product or service is free from deficiencies). In literature, Parasuraman, et al., (1988) sighted quality as an overall assessment. Quality improvement directs an organization to sustainable competitive advantages and considered quality management leads towards enhanced business performance, (Sureshchander, et al., 2002). Garvin (1987) has given eight attributes of quality named as, Performance refers to the product’s primary characteristics; Features show the added features or the “bells and whistles” of the product; Conformance represents the extent to which a product’s operating characteristics and design meet the established standards; Reliability signifies the probability that a product will perform properly over a specified period of time under stated environment of use; Durability expresses the amount of use the user gets from a product before it physically deteriorates; Service ability refers to the competence, speed and courtesy of repair; Aesthetics refers to how a product appeals to five senses of consumer and Customer-perceived quality specifies the customer’s perception of a product’s quality based on the status of the firm. Juran (1986) has considered one of the most important contributors to quality management and said that quality must be planned that planning should be the part of quality trilogy which consists of planning, control and improvement.
Customer satisfaction has been widely accepted in marketing thoughts and practice as a fundamental concept as well as main goal of all business activities. Customer satisfaction has wide levels of specificity in various studies. Although customer satisfaction associated with product attributes and consumption experience with a product or service, Oliver (1980). Further, Oliver (1989a) describes a relationship between customer satisfaction and service quality and found that service quality would be ancestor to customer satisfaction. Andreassen & Sullivan (1993) gave an empirical support for above viewpoints. Spreng & Mackoy (1996) customer satisfaction is a consequence of service quality.

Organizations must have to focus on to provide quality of services because of two main reasons, first, industry has become so competitive and varieties of alternatives are available to customers. It can very be difficult to win back the customers, if once lost. Second, most of the customers do not complain and simply take their business elsewhere, when experience any problems. If customers are not satisfied they will communicate to other customer about their dissatisfaction and it will further create negative word of mouth advertisement. Therefore for service providers must have to understand service quality dimensions, empower their employees to deliver quality and make sure that customer are delighted with their experience, are likely to return back, and will inform other about their acquaintances in relation to the positive service encounter.

1.1.1 Quality Concept

Nowadays, Quality has gained significant place in service industry with reference to customer expectations and need. In the present competitive world, quality must be at central point to make a long term relationship with customers. Garvin (1987) has categorized quality into five different approaches.

1.1.1.1 Transcendental Approach

It is a judgmental perspective of quality. Quality in judgmental or personal sense is equated with product goodness or innate excellence, a mark of uncompromising standards and high achievement. Quality cannot always be defined objectively because it
sometimes transcends rational analysis. It cannot be defined rationally; it can only be experienced and felt. Quality is both absolute and universally recognizable.

1.1.1.2 Product-Base Approach

The product-base approach has considered quality as a specific and measurable variable and argued that difference in quality reflects difference in amount of ingredient or attributes of the product or service. It often implies that a higher amount of the variable is equivalent to higher quality. For instance, quality of a car can be measured in term of it mileage, looks or comfortableness. But, in all cases, a straight conversion of higher amount of attribute or variable into higher quality may not be corrected. For example, higher price is often taken as higher quality, but in reality, it may not be so.

1.1.1.3 User-Base Approach

This approach gives a subjective, perception-based view of quality and determines quality in terms of customer desire or needs. Quality lies in the eyes of customers and depends upon what they look for a product or service. Different customers are likely to perceive quality differently. The user-based approach defines quality as fitness for intended use. For example, quality for a product like a T-shirt may mean comfort or fit or durability or style depending upon what the user is looking for.

1.1.1.4 Manufacturing Base Approach

Manufacturing-based approach focused the supply side of product. Production standards or design specification reflects quality. Quality is seen as an outcome of engineering and manufacturing practices.

1.1.1.5 Valued-Based Approach

This perspective defines quality in terms of cost and price. Value is the quality customers get for the price they pay. Quality and benefits offered by a product are judged in relation to the price or sacrifice made by the customers.

Garvin (1987) stated that these different approaches help to explain the conflicts which sometimes take place between the various functional departments of an
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organization. He further argued that each approach has its predictable blind spots therefore reliant on a single definition is a frequent source of problems. Companies are likely to suffer problems if they employ multiple viewpoints on quality or actively shifting the approach.

1.1.2 Dimensions of Quality

Up to now, a general approach to quality has been emphasized. However to develop, design, produce and deliver a service or product we must have to look into the dimension of quality. Garvin (1987) has given following eight dimensions of quality for products which might be useful as a framework for strategic planning and analysis of product quality.

1.1.2.1 Performance: It refers to the product’s primary operating characteristics. For instance, picture clarity in a television, high accuracy, functionality and durability of a branded watch. Differences in performance are not necessarily due to quality differences.

1.1.2.2 Feature: These are bells and whistles which supplement the basic functioning of products. For example, remote facility with television set. But one should have to be very careful while adding features and only those should be added that add value and enhance customer satisfaction.

1.1.2.3 Reliability: Probability of product’s failure or breaking down during a specific period of time. Reliable products have very low failure rate in effective life of the product, and apply to consumer durable such as refrigerators, television, and to industry machinery, such as, printing press, lathe machine.

1.1.2.4 Conformance: Conformance refers to the degree to which operating characteristics and design meet the established standards. For example ISI mark on a product certifies conformance to standards.

1.1.2.5 Durability: Durability measures the operating life of a product and can be seen from two viewpoints: economic and technical. Economic durability represents the amount of use one gets from a product before it physically breaks down and has to be
either replaced or repaired. Technical durability denotes the time after which technology used in product become obsolescence.

1.1.2.6 **Serviceability**: Serviceability represents the speed and competence of repair and courtesy received, if product starts malfunctioning. For example, strong service network of Maruti Authorized Service Station in India.

1.1.2.7 **Aesthetics**: Aesthetics refers to appeal of a product to five senses. It describes how a product looks, sounds, feels, tastes and smell. For example, Samsung is well known in smart phone market.

1.1.2.8 **Perceived Quality**: Consumers do not always possess entire information about the product attributes or even understand the information that they do have. So, they often use brand name, market reputation of price, style and advertisement etc., to form opinion about the product quality.

In this section, an insight was given into quality concept. Different approaches and dimensions of service quality were discussed. The present study is focusing on DTH sector which is an emerging service sector in India. After discussing the quality concept, it is important to have an insight into service concept. In the following section, a service concept has been discussed.

1.1.3 **Service Concept**

In the second half of the 20th century service operations became more important than product manufacturing that results a gradual shift from product quality to service quality. This section presents a comprehensive overview of academicians, researchers and practitioners that contributed to service quality concept and to the shift from product quality to service quality.

In the beginning, the main focus was to debate over the definition of services and the difference from products. Regan (1963) was the first one to recognize distinctive nature of services from the products and laid foundation for service quality revolution. He has claimed intangibility, perishability, heterogeneity and ubiquity as main characteristics of services. Zeithaml, et al., (1985) have given the most cited characteristic difference
between products and services and were intangibility, simultaneity, heterogeneity and perishability. Sasser, et al., (1978), Parasuraman, et al., (1985) and Fisk, et al., (1993) also recognized these four characteristics for understanding of service quality.

After 1980, second service quality wave emerged out which is still in progress. Over the last few years various authors have argued that these four characteristics inaccurate to differentiated services from products. This debate was initiated by Rathmell (1996) who argued that all economic offering can be arranged along a product-to-service continuum. Vargo and Lusch (2004) argued that the four characteristic differences between services and products were not sufficient to delineate services from products. Lovelock and Gummesson (2004) advocated the need to redefine the services based on customer perspective as opposed to producer perspective. Shostack (1997) has proposed tangibility spectrum to arrange offering from tangible-dominant to intangible-dominant and define offering as services that are arranged on the intangible-dominant half of the spectrum. This was also support by cf. Kerin, et al. (2003), Solomon & Stuart (2005), Pride & Ferrell (2006). Lovelock and Gummesson (2004) also argued that many services possess one or more characteristics named as tangibility, durability, homogeneity and separability.

This section contained the information about the service concept. After discussing the service concept and finding the various characteristics of service, it is very important to have an insight into service quality concept which is very much concerning with the present study. In the following section an attempt has been made to talk about service quality concept.

1.1.4 Service Quality

In this section, an overview of various concepts of service quality has been discussed. First of all, two contradicting paradigms that laid foundation for measuring service quality will be discussed. Next, subsections informs about the importance of service quality followed by the dimensions of the service quality. Present section ends with the discussion on various service quality models as developed by various leading academicians and researchers. Different researchers have different opinions on service
quality, one group of researchers and academicians advocating the disconfirmation paradigm of perceptions-minus-expectations; and second group supporting the performance-based paradigm of a perceptions only version of service quality.

1.1.4.1 Disconfirmation Paradigm: - According to Gronroos (1984) consumers evaluate service quality by comparing experience received with their expectations from the services. In the same line Lewis & Booms (1983) said that service quality is a measure of how well the service level provided matches customer expectations. Delivering quality service therefore means ensuring to match service level delivered with customer expectations. Parasuraman, et al., (1985) conducted an extensive focus group interview and affirmed that service quality is resulting from the comparison between consumer expectations for service quality performance verses performance actually perceived i.e. perception-minus-expectations.

Adding more to it, Parasuraman, et al., (1988) stated that “perceived service quality is viewed as the level of discrepancy between consumers’ perceptions and expectations”. On the basis of extensive focus group interview followed by research, Parasuraman, et al., (1985 and 1988) concluded that service quality is: a) an overall evaluation like attitude, b) ) the ‘expectancy disconfirmation’ model is a most suitable operationalization of service quality, and c) service quality results from the comparison of customer’s perceptions with expectations.

1.1.5 Importance of Service Quality

In the present competitive world the quality has appeared as a key component of strategies of service organizations. It is hard to describe adequately the management of services without taking into account the growing emphasis on quality management. Following are the main reasons, which may account for essential relevance of service quality management.

1.1.5.1 Service providers have to provide better service quality to gain competitive advantage.

1.1.5.2 Service providers have to be more responsive to quality issues because of the greater media attention on quality and rising level of consumerism.

1.1.5.3 Non price factors like product positioning, image and service delivery process are becoming more important in growing sophisticated consumer market.

1.1.6 Dimensions of Service Quality

In service sector, human side of service is a key to deliver quality and it is the consumer who defines quality. No doubt, many of the dimensions of product’s quality can be applied to the service but the human aspect of the service is missing to a considerable extent in such case.

Parasuraman, et al., (1985) have proposed ten quality dimensions in their research. Originally, their study consisted of following ten dimensions of service quality given in Table 1.1.
### Table 1.1
Dimensions of Service Quality

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Core Feature</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Consistency of performance and dependability, getting it right first time keeping promises.</td>
<td>Airlines ensuring that the baggage arrives on same flight as, passenger at same destination.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Willingness and readiness of employees to provide service Timeliness of service.</td>
<td>Responding to a customer enquiry. Transport operations keeping to timetable.</td>
</tr>
<tr>
<td>Competence</td>
<td>Existence of required skill and knowledge especially in contact personnel.</td>
<td>Tourist information staff knowledge exactly where place are located and best to arrive there.</td>
</tr>
<tr>
<td>Access</td>
<td>Ease of contact.</td>
<td>Tourist information centers being located near flows of visitor and open seven days work.</td>
</tr>
<tr>
<td>Courtesy</td>
<td>Respect and considerations, friendliness.</td>
<td>Visitors’ attraction staff helping families to enjoy these days without being over familiar.</td>
</tr>
<tr>
<td>Communication</td>
<td>Informing customers in language they can understand explanation of service offered.</td>
<td>Coach driver assuring passengers that the party will reach the ferry in good time.</td>
</tr>
<tr>
<td>Credibility</td>
<td>Trustworthiness, believability and honesty.</td>
<td>Travel agent offering advice about long hard travel.</td>
</tr>
<tr>
<td>Security</td>
<td>Freedom from danger, risk of doubt.</td>
<td>A hotel providing safes for expensive items.</td>
</tr>
<tr>
<td>Understanding the customer</td>
<td>Making the effort to understand customers’ needs.</td>
<td>Hotel reception staff making guests feels welcome arrival.</td>
</tr>
<tr>
<td>Tangibles</td>
<td>Physical evidence facilities and appearance.</td>
<td>Entrance to a country park being designed to travel around on foot rather than by car.</td>
</tr>
</tbody>
</table>

**Source:** Parasuraman, et al., (1985)
Later in 1988, five dimensions have emerged out from refinement of these initial ten dimensions of service quality as given below (Fig.1.1):

**Source:** Parasuraman, et al., (1988)

**Fig.1.1: Dimensions of Service Quality**
In order to provide magnificent service quality, it is important to consider these five dimensions which are discussed as follow:

**1.1.6.1 Reliability**

Reliability is the consistent ability to perform the promised service both accurately and dependably. This means to provide the on time service in the same manner without any error. Reliability means that:

1.1.6.1.1 Service provider does what it is supposed to do.
1.1.6.1.2 Service provider does it in a right manner.
1.1.6.1.3 Service provider does it right at the very first time.

**1.1.6.2 Assurance**

Assurance is based upon knowledge, courtesy, trustworthiness, and accuracy of employees of service provider. Assurance has important role to create feelings of credibility and honesty which in turn inspires trust and confidence. Assurance has a significant role in the services like medical, legal, stock and share market etc., where customers perceived high risk. Service providers provide most of the services through channel members who acts as a link between customers and companies. The honesty, knowledge, genuineness and capability to perform the service by the front office staff or middle members generate trust and confidence in the customers.

**1.1.6.3 Responsiveness**

The service industry has now recognized responsiveness as a key determinant of competitive strategy. Responsiveness is the willingness to help and to provide prompt service to the customer. This dimension mainly focuses our promptness and attentiveness in dealing with customer’s queries, i.e., questions, problems, requests and complains of customer. From customer point of view, responsiveness is related to time taken by service providers to answer the queries and problem handling, duration for which they have to wait for assistance and queuing time. Service providers have to set standards for speedy service delivery from customer’s point of view. Service provider has to focus on
the training of its employees and the middlemen to respond quickly up to customer’s expectations.

1.1.6.4 Tangibles

Tangibles represents exterior of physical facilities, communication materials and personnel equipments. Tangibles present image or physical representation of services to customer and helps customer to evaluate the quality of services. Most of the service providers combine tangibles and other dimensions to form a service quality strategy. The service providers often use tangibles to enhance their market image, provide continuity and signal quality to customers. For example, some saloons provide fast, efficient service, clean waiting area thus combining tangibility and responsiveness in service quality.

1.1.6.5 Empathy

Empathy refers to the ability to provide caring, individualized attention that a service provider provides to its customers. The employees should treat the customers as individuals, give personal attention to each, be sensitive to their demands and make effort to understand individual needs. Empathy aimed to make the customers feel special and unique. The best way to be empathic is to make the customer feel important to the organization and make efforts to understand customer completely. For example, customer care of service provider makes calls for customized services.

Today, service providers understand the importance of service quality and consider customer their first priority. Service providers have emphasized all the dimensions of service equally. To keep customer happy and satisfied, service providers continuously upgrade their products and services based upon feedback from its customers. Organizations are keeping a careful watch not only on product or service delivery but also on after sale service and customer care department etc.

1.1.7 Conceptual Models of Service Quality

To understand the main concepts incorporated under the service quality, many conceptual models have been proposed. The main models of service quality existing in marketing literature are discussed in Appendix-I.
In the light of aforesaid fact, it comes to knowledge that service quality is very important concept found on two main contradicting paradigms. Here, a focus was putted upon the dimensions and some important models of service quality. In next section, an insight has been made to explore customer satisfaction concept and its main attributes given in Kano model.

1.2 Customer Satisfaction

Customer Satisfaction is of a great concern and a fast growing concept in modern business world. Increased demand for quality coupled with stiff competition has moved service providers to spend a huge amount to determine the critical attributes that result in customer satisfaction. In past, number of research studies had been conducted to develop various approaches to customer satisfaction. The most commonly accepted and straightforward approach require only basic knowledge of research methods and to achieve that statistical analysis and simple to implement model has been developed, in which customer satisfaction is a function of disconfirmation developed to meet organizational needs.

In the marketing literature, satisfaction has been defined as customer’s post-purchase assessment of a product or service. A customer is satisfied when a product’s performance exceeds expectations and dissatisfied when expectations exceed performance. These lines also represent the expectation-disconfirmation model. This model states that when a product performs as expected, an individual’s expectations are confirmed; when product performance better than expected, individual’s expectations are positively disconfirmed; when product performance poorly than expected, individual’s expectations are negatively disconfirmed. First two cases, resulted satisfaction, while third lead to dissatisfaction. Satisfaction leads to the continued use of products or consumption of product; on the contrary, service is likely to be discontinued in case of dissatisfaction. Customer’s satisfaction is successfully explained and predicted by these three constructs- expectation, performance and disconfirmation. These constructs have been studied across a wide range of products to explain the customer satisfaction.
1.2.1 Defining Customer Satisfaction

In last many years, several researchers have defined customer satisfaction in different ways. Oliver (1980) combined these different definitions in the following form:

“Satisfaction is the consumer’s fulfillment responses. It is a judgment that a product or service feature, or the product of service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment including levels of under-or-over fulfillment” Oliver (1980). This theory have been tested and confirmed in numerous studies and clearly states that customers purchase products and services with pre-purchase expectations about probable performance. After the purchase and use of product or service, outcomes are compared against expectations. A match between outcomes and expectation leads to confirmation and disconfirmation occurs when outcomes stand apart from expectation.

According to Oliver (1980), it is consumer satisfaction that is determined by disconfirmation judgments (better-than-expected or worse-than-expected) on the basis of comparing the actual performance of a product with consumer expectations. In the case of services, however, where performance dimensions are hard to quantify, consumers may not be able to make such calculated comparisons between (perceived) performance and expectations. Smith and Houston (1982) argued that consumer satisfaction is related to confirmation or disconfirmation of expectations. Churchill and Surprenant (1982) claimed that disconfirmation is related to a consumer’s initial expectations and satisfaction is related to the extent and direction of the disconfirmation experience. Tie and Wilton (1988) suggested another definition as “Satisfaction is the consumer’s response to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product as perceived after its consumption.” It was also found that customer satisfaction has mainly focused on the present and past evaluation of the product or service made by the customers, Oliver (1980), and Oliver and Swan (1989b).
Cronin and Taylor (1992) stated that consumer satisfaction mediates the effect of earlier perceptions of service quality to cause revised insight of current service quality. This finding proposed that difference between disconfirmation of perceptions and expectations is more related to consumer satisfaction than to service quality. Third, service quality is a precursor of consumer satisfaction. In the similar way, Anderson and Sullivan (1993) suggests that “Satisfaction can be broadly characterized as a post-purchase evaluation of product quality gives pre-purchase expectation”. Vavra (1997) has defined customer satisfaction as an outcome resulting from the experience of consumption. He has defined the satisfaction based on an outcome or a process. This outcome may be an emotion, a cognitive state of reward and costs to expected consequences. Vavra also made assessment of customer satisfaction during service delivery process and put attention on perceptual, evaluative and psychological processes, which are responsible for customer satisfaction.

The above definitions proposed that customer satisfaction is the pleasure or feeling or disappointment resultant from comparing a perceived outcome (or performance) in relation to customer’s expectation. Customer satisfaction links the various stages of consumer’s buying behaviour, and is a main outcome of marketing activity. Customer satisfaction is accepted as a key controller in the formation of future purchase intentions. Satisfied customers engage themselves in positive word of mouth advertisement. On other hand, dissatisfied ones are like to switch and get involved in negative word of mouth advertisement. Both word of mouth advertisement and repeat purchase directly affects the profitability and viability of an organization. After discussing the customer satisfaction concepts, it is important to describe the Kano model (discussed in Appendix-II) of customer satisfaction that further explains the different attributes of customer satisfaction.

Here, we have deals with service quality and customer satisfaction their dimensions and different models related to these concepts. In coming section, an attempt has been made to establish the relationship between service quality and customer satisfaction which is very important from this study point of view.
1.3 Relation between Service Quality and Customer Satisfaction

World economy has understood the importance of service and service quality during the late of 1970s. Service quality is one of the latest research area and in customer satisfaction and service marketing. Since the late 1970s, world economy has realized the importance of services and this is reflected in the increasing numbers of scholarly article, research papers and dissertation devoted to the topic on service quality, customer satisfaction, customer service and service marketing and their inter-relationship with each other. Companies are focusing on strengthening their relations with customers and considering service quality and customer satisfaction as an integral part of Total Quality Management (TQM).

In 1980s, many researchers have worked on service quality and defined it in many ways. Among these pioneers, Gronroos (1990) has established a research agenda service quality management; followed by Berry et al., (1994) have developed a scale for quality rating; Shostack (1977) has argued that it is extremely different to manage services than to manage products. Brown and Teresa (1989) has established first Interstate Center for Service Marketing at Arizona, USA and conducted some of very important research works which further led by the people as Crosby (1997) and Bitner (1990). This first wave of management researchers has contributed a lot to service marketing and had an extraordinarily large impact on management.

In 1990s, management researchers have investigated the service quality and introduced several new unexplored concepts in the area. Throughout the world, researchers have made attempts to explore the service quality in many new sectors mainly in banking, tourism, hospitality and telecommunication etc.

It can be said that both service quality and customer satisfaction are running side by side and in order to achieve customer satisfaction organization have to concentrate regularly to improve its service quality. In coming sections, customer satisfaction and service quality and their measures in Direct To Home (DTH) Sector has been described.
1.4 Customer Satisfaction in Direct To Home (DTH) Sector

DTH sector is one of the fastest growing sectors in India with annual growth rate in double digit. Over the last five years, sector has added about 35 million subscribers (11.1 million in 2008 and now 46.25 million in 2012). Service providers should have to ensure high level of customer satisfaction to meet future challenges. Customer satisfaction has been central point of managerial decisions making worldwide. It is remarkable that all the major business giants have understands the significance of assessment of customer satisfaction on business and are using sound methodology to make assessment. The work Anderson et al., (1994) has inspired researchers to construct National Customer Satisfaction Index, which further promote the concept of customer satisfaction in markets of the various countries such as USA, Sweden and Denmark etc.. Schnelder and Bowen (1999) the focus on customer satisfaction has advanced from being a simple measurement concern to a strategic imperative that affects firm competitiveness. Chase (1981), and Soteriou and Chase (1998) have introduced the concept of customer construct, and distinguished customer contacts on three main dimensions, communication time, intimacy, and information richness. The empirical evidences from such service classification have revealed that the customer contact dimensions can be used for the prediction of customer behaviour with regard to their perceived service quality levels across the five dimensions of the SERVQUAL model (assurance, reliability, tangibles, empathy and responsiveness). Dhinakaran (2012) elucidated that Direct To Home (DTH) Services are in a emerging stage in our country and 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. Srinivasan (2011) customers are highly sensitive to price and quality both. For service providers, it is becoming very difficult to satisfy customer because of their increasing exposure and expectations. Attractive price strategy and feature rich packages targeted at the critical mass are the mantra for sustaining the success and growth. Umapathy (2007) said that apart from the volumes business, the substitutes and complements are also the key concerning points to take a serious look to be the frontrunner in the DTH industry to satisfy their customers having high perceptiveness for quality and price with increasing awareness and expectations toward DTH services. TRAI has to set down quality of services (QOS)
parameters for DTH operators. Government also recognized that qualities of services (QOS) parameters are very important and have a huge impact on investment and roll-out decisions of service providers (TRAI Act, 1997). TRAI and Government 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.

Over the last 20 years a strong management research literature has emerged relating to the empirical assessment and theoretical definition of customer satisfaction Parasuraman and Grewal (2000). This literature has covered different fields of knowledge and practice varying from the measurement and corroboration of customer satisfaction, Harvey (1998). The marketing literature has played a pivotal role in studies on customer satisfaction, specially for developing an appropriate scale of construct measurement, Smith (1999). On the other hand, literature from operations management has made a distinct position in the debate on satisfaction and without focusing on the measurement of customer satisfaction it primarily focusing on the execution related issues that impact customer satisfaction, Heskett, et al., (1997). We have seen that the literature available on customer satisfaction has been influenced by the constructive debate on appropriateness of measurement scales like SERVQUAL for assessing service quality, (Cronin and Taylor, 1992; Teas, 1993; Berry, et al., 1994). SERVQUAL measured the service quality as the gap between service expectation and service perception by using a list of 22 service quality criteria. Lee, et al., (2000) has conducted a study across different service industry and proposed a performance model for measuring service quality that opposed Gap model given of Parasuraman, et al., (1985). Woodside, et al., (1989), Cronin & Taylor (1992), and Spreng and Mackoy (1996), have given evidence that service quality leads to perceptions of customer satisfaction, while on the other hand Bolton and Drew (1991) argued that customer perception of service quality follows customer satisfaction.
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The literature from operation management supports a more unified approach to customer satisfaction. Researchers namely Harvey (1998), Rosen and Karwan (1994), Soteriou and Zenios (1999) and Athanassopoulos (2000) have contributed a lot to customer satisfaction in operation management. Performance quality can be better by using various methods like quality function deployment, conformance quality and line of visibility, (Harvey, 1998). In the views of Rosen and Karwan (1994), Soteriou and Zenios (1999) and Athanassopoulos (2000) operations management is mainly focused on improvement rather than measurement of customer satisfaction and operations management perspective of customer satisfaction is more action oriented. The operation based research on customer satisfaction measurement is promoted in the present study as an appropriate medium for assessing satisfaction in situations having multiple service contact points between service providers and customer.

The literature on customer satisfaction in telecommunication services has also made contribution to the present study. Schul and Schiff (1993), studied the impact of different research designs on customer satisfaction and also examined the impact of sequence of questions on overall customer satisfaction in the questionnaire. Woo and Fock (1999), studied the customer behaviour of mobile users in Hong Kong and reported that transmission quality and network coverage are the key factors responsible for customer satisfaction. In the same way, Lee, et al., (2001) have studied the interaction between customer satisfaction switching cost and customer loyalty in mobile communication.

DTH sector is one of the fastest emerging sectors and apart from the high business volume, the DTH service providers have to focus on the substitutes and complements to be the frontrunner in the industry, Umapathy (2007). Sekar (2010) has studied the consumer behaviour patterns of the DTH users and identified key factors that are influencing purchase decision of customers. Advertising, promotion and product innovation are the main marketing strategies to maintain growth in competitive market. Sharma (2011), for 2010 with a net subscriber base of 28 million, DTH service providers are the highest gainers and by 2013 DTH subscriber base is expected to supersede analog subscribers in India. Gulati, et al., (2011) have undergone a depth study of Dish TV and
market mix that Dish TV offers to its subscribers all over the India. Srinivasan (2011) have considered that attractive price strategy and well designed packages targeted at the critical mass are the mantra for growth. Dhinakaran (2012) elucidated that Direct To Home (DTH) Services are in an emerging stage in our country and most of the people are puzzled with which connection can be obtained. Network coverage and picture clarity are the areas where DTH service providers have to concentrate, so latest technology must be incorporated in DTH services. Raj (2015) has found Price, Other Factor and Assurance as significant predictor of customer satisfaction in DTH services. TRAI has understood that qualities of services (QOS) parameters have a huge impact on investment and roll-out decisions of service providers in 1997 set down quality of services (QOS) parameters for DTH operators (TRAI Act, 1997).

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. Government and TRAI both have focused upon the service quality and other value added service offered by the DTH service provider. For customer, they have to select the service provider after analyzing the various aspects of the service like package pricing, plans, picture quality, VAS services and functioning in bad weather conditions.

Such research supports the need of having an integral approach that comprises the effects of different aspects of the DTH service on customer satisfaction of users. In order to define the assessment components of customer satisfaction for DTH services, we have to describe the basic service contact points between the service provider and the customers and also, service delivered by DTH operators, the performance of basic DTH products, the performance of the repair and maintenance system of the service provider, performance of the customer care department, and the perceived satisfaction of customers with the billing system of the service providers. All these contact points are coupled with the perceived corporate image of the DTH service provider that enable service provider to constitute a hyper-contact point with its customers. After discussing the customer satisfaction in context to DTH service, it is significant to describe the determinants of customer satisfaction. In the following part determinant of customer satisfaction for DTH service has been discussed.
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Introduction

It is expected that perceived performance has a positive effect on overall customer satisfaction (Fornell, et al., 1996). Therefore, it can be said that overall customer satisfaction is primarily determined by perceived performance that is how customer served evaluate the latest experience in consuming a service. Hence, it is very important to study what customers perceive about the performance of service providers? In this section, a discussion has been made on the following four components of the overall perceived performance.

**Overall Satisfaction:** Overall satisfaction of the customers constitutes a global viewpoint about the perceived fitness of service provider to deliver adequate services and to keep its promise made with customers. During a survey on customer satisfaction, most important aspect is the timing of raising questions about overall satisfaction.

**Value for Money:** Parasuraman, et al., (1988) explained the value in terms of a trade-off salient “give “and “get” components. Perceived value is considered as “the customer’s assessment of the utility of a product or service based on perception of what is received and what is given.” The price paid by consumers for products and services play an important role in the conceptualization and empirical definition of value. Chen, et al., (1994) have pointed out that there is service specific relationship between perceived price and perceived quality. The results did not accept the statement that higher perceived quality lead to higher perceived price, which improve the consequence of perceived quality on perceived customer satisfaction. In the same way, Kerin, et al., (1992) and Ostrom and Lacobuci (1995) have also made a research on the interaction between quality, price, customer service and perceived customer value. Voss, et al., (1998) suggested that the interaction between price, expectation and performance is determined by discrete service exchanges. Varki and Colgate (2001) stated that satisfaction from price charged was found to positively affect overall customer satisfaction. Sekar (2010) has studied the consumer behaviour patterns of DTH users and identified price as key factors that influencing purchase decision of customers.

**Relationship Marketing:** Gronroos (1990) outlined the following 6 dimensions of relationship marketing: (a) ensure long-term focus on customer (b) ensure to make and to keep the promises to customers (c) ensure the organization-wide involvement of

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personnel in marketing activities, (d) ensure to implement an interactive process to 
marketing (e) ensure to develop a customer-orientation service culture in the organization 
(f) ensure to obtain and utilize customer information. Morgan and Hunt (1994) 
“relationship marketing refers to all marketing activities directed towards establishing, 
developing and maintaining successful relation exchanges.” This definition specifies the 
ultimate goal of relationship marketing. So, one can say that relationship marketing is 
mainly oriented towards the execution of relationship marketing principles mentioned 
above, with a view to develop and maintain marketing relationships with customers.

**Recommendation Behaviour:** Parasuraman, et al., (1988), Reichneld and Sasser 
(1990), Parasuraman and Grewal (1991 a, b) and Boulding, et al., (1993) have studied on 
recommending behaviour and indicated that consumer are more willing to recommend 
the company to other, if their perception of service quality is high. Singh (1988) and 
Richins (1993) have indicated that consumers are likely to engage in a complaining 
behaviour or shows negative word-of-mouth advertisement whenever they perceive to 
have experienced inferior service performance. Zeithaml, et al., (1996) conducted a 
multi-industry study and inferred that service quality is positively associated with 
behavioral intensions (recommending behaviour and customer complaining behaviour). 
Positive recommendations are the most useful indicators of customer loyalty, since the 
positive behaviour of customers cannot easily expressed in term of increased 
consumption, repurchase and intensified use of the service/product offered by service 
providers/companies.

It can be said that customer satisfaction is a highly concerning area for DTH 
service providers. In order to give a close look into customer satisfaction, it is very 
important to know, whether customer is extremely satisfied with any overall dealing with 
DTH service provider or not? DTH customers have some expectations with their service 
providers. So, here it becomes essential to know whether DTH service provider always 
meet with their expectations or not? Since, money plays an essential role for one’s life 
and it very important to know whether service providers are providing value for money to 
users or not? For the present study, customer satisfaction is taken as one of the most
important concept and has been measured by using four statements which reflects customer overall attitude to service.

Since, DTH sector is among the top growing industry in our nation, so, to maintain this growth in future, it is important to satisfy customers. Both Government and companies are highly concerned to ensure the higher level of customer satisfaction. Here, an insight was made regarding customer satisfaction and its determents but to achieve customer satisfaction, it is essential to study the service quality in DTH Sector. In the following section, an attempt has been made to describe the service quality and its dimensions for DTH sector.

1.5 Service Quality in Direct To Home (DTH) Sector

Quality of service is a broad concept and available literature from management and economics, however, interprets quality in every aspect of product/service and not in price only. Quality is single obvious attribute just like price and is shorthand for the bundle of notions. The word quality has several different meaning such as fitness, superiority, distinction, value, merit, superiority, worth and many more. For the present study it is the value that would focus more. Hence, service quality means providing of value quality in services as per the promises made.

In India, TRAI is the regulatory body to lay down the parameters of quality, to ensure the quality of service to be provided by various service providers. On 31st August, 2007, TRAI has issued “Direct To Home Broadcasting Services (Standards of Quality of Service and Redressal of Grievances) Regulation 2007” to set down Standards of Quality (SOQ) of Service benchmarks for Direct To Home (DTH) Services, (TRAI Annual Report 2008-09, p. 26).

On 12th March, 2009, TRAI issued “The Direct To Home Broadcasting Services (Standard of Quality of Service and Redressal of Grievances)(Amendment) Regulations, 2009”, and many important amendments have been made for DTH services such as, service providers can not charge extra for repair and maintenance of equipments during warranty period, set standards for any change in composition of subscription packages or
to remove or replace any channel from the list, to enable subscribers to choose the channels of their own choice etc., (TRAI Annual Report 2008-09, p. 26).

In case of DTH services, it is quite difficult to understand and apply the world service quality; Service quality for DTH services must be infinitely more complex and need to reply to several queries like; What exactly service quality is as applied to DTH services and how service quality is measured? How technological development, industrial rivalry and other changes affects the different aspects of service quality? How do customers differ in their quality requirements?

Sometimes, economists have treated quality as a scalar index representing several attributes (Sheshinski, 1976) or as a linear function equivalent to the total sum of service provided by a unit of a given commodity (Richard and Levhari, 1977). Adding more, Collier (1994) observed the many dimensions of service quality as a part “consumer benefit package”. He describes consumer benefit package as “a clearly defined set of tangible (good-content) and intangible (service-content) attributes (features) the customer recognizes, pay for, use or experience. Excellent service quality consistently meeting or exceeding customer expectation (external focus) and service delivery system performance criteria (internal focus) during all service encounter”. Collier further wrote from the view point of the profit-maximizing-firm, that service quality is a way of gaining a competitive advantage. The service providers, who put their efforts to provide consumer benefit package will get competitive edge in the market.

Therefore, it can be said that service quality is a multidimensional concept. For DTH companies, service quality is a multitude of attributes that facilitate service providers to gain market share for their products and services by exploiting their advantages, whether it is getting consumer where he or she wants a clear picture quality than a competitors, providing DTH service in remote and rural areas, or providing Value added services (VAS) on more reasonable price or not.

Here, a discussion was made on service quality in DTH services; in next part, an attempt has been made to identify the dimensions of DTH service quality by putting lights on the service quality criteria identified by various authors.
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1.5.1 Dimensions of Service Quality in Direct To Home (DTH) Sector

To determine the important characteristics of DTH consumer benefit package is a crucial task and in this section different approaches has been discussed as the basis for dimensions of DTH service quality.

Garvin (1987) identifies qualities criteria that can be applied across a wide range of industries, and proposed eight dimensions of service quality that can be employed by a company to distinguish its products on quality niches. Although, majority of the dimensions identifies by Garvin are more easily associated with goods, so he claimed that his dimensions are applicable to less tangible products and all of them are not directly applicable to quality criteria in DTH services. Parasuraman, et al., (1985) has given ten dimensions of service quality for general applications and most of them are associated to goods. Zeithaml, et al., (1990) developed “SERVQUAL” instrument for the measurement of customer perception of service quality. Table 1.2, represents their five dimensions, consolidated from a list of ten dimensions in their previous research. Competency, courtesy, credibility and security merged into “Assurance” and “Empathy” includes access, communication and understanding the customer. Richter and Dvorak (1988) developed service quality criteria to judge the quality of communication services and identified five dimensions of service quality for communication services.

Westbrook and Peterson (1998) has confirmed the original work of Parasuraman, et al., (1988) and further laid a strong theoretical foundation for understanding the consumer’s perception about service quality in a business-to-business setting. However, they found some additional variables of service quality and listed twelve service quality dimensions (table 1.2). The important thing here is that three service quality dimensions (reliability, responsiveness and tangibles) identified by Parasuraman, et al., (1988) remains same, while assurance splits into competence and credibility, and empathy splits into accessibility and interpersonal skills. Gronroos (2000) have identified seven different dimensions of service quality (refer to table 1.2). Kalia (2008) conducted a study on telecom user at Chandigarh on the basis of seven dimensions of service quality. Her study consist of assurance, reliability, tangibles, empathy, responsiveness, network quality, and others factors including recharge facility, awareness of the new plans and services offered and
facility provided by service providers for bill payments. Rajput and Sharma (2012) applied five dimension of “SERVQUAL” to analysis the general perception of customer about DTH services. He has added two more dimensions to it “convenience” and “network quality”.

Furthermore, Sandhu and Bala (2011) has used seven dimensions named as: proficiency, media and presentations, physical and ethical excellence, service delivery process and purpose, security and dynamic operations, credibility, and functionality for measuring customers’ perception towards service quality. Khan and Raj (2013) confirmed assurance, reliability, tangibles, empathy, responsiveness, network quality, convenience, price, and other factors, as dimensions of DTH service quality. Raj (2015) has identified Assurance, Empathy, Network Quality, Convenience, and Tangibles as the main determinants of DTH service quality. Therefore, it can be said that network quality, price and convenient to use Direct To Home (DTH) service plays an important role in determining customers perception of the overall service quality in the Direct To Home (DTH) services.

Service operations plays very significant role in the success of any service provider. Service operations consist of many activities that are organized to help the customer to utilize the service in better way which enhance their satisfaction level in turn. Companies have to organize various activities to ensure high performance of its operations, such as, the use of information technology to inform and serve customers better, to provide them facilities for payments and security in financial transactions. It refers to the ability of the DTH service provider to aware the customer about new services and plans, to provide adequate facilities of recharge, and to ensure an accurate billing system to their subscribers. It is also very important to provide the sufficient information about the new services and plans to the customers on time, so that they can make the best use of their money and avail the services according to their choice. Next considerable thing is to strengthen the facilities to get account recharge where customers can make payments. It is also important to make customers feel safe and secure in their transactions, and it is possible only by building billing system accurate. For example, DTH service providers are making aware their customers about the new plans and services by various tools such as making calls to avail running or upcoming offers. Service providers have to focus on this dimension
to make best use of money, provide better options for money payments and to make customers feel safe and secure in transactions. Therefore, it can be said that Service operations involve customer's awareness about the new service and plans offered, accurate billing system of services availed, and provide conveniences for the payment of bills along with recharge facilities are also very important factors to determine the service quality of Direct To Home (DTH) services. In the present research, dimension of other factors is termed as service operations.

Combining the research work by Parasuraman, et al., (1985), Zeithaml et al., (1990), SERVQUAL, Westbrook and Peterson (1998), Gronroos (2000), Kalia (2008), Rajput and Sharma (20012), Sandhu and Bala (2011), and Khan and Raj (2013), it was agreed that service quality of DTH services should be evaluated using nine service quality dimensions: assurance, reliability, tangibles, empathy, responsiveness, network quality, convenience, price and service operations that includes adequate recharge facilities, accurate billing system, awareness about new products and services.

Therefore, it can be concluded that for the present research assurance, reliability, tangibles, empathy, responsiveness, network quality, convenience, price, and service operations are used as dimensions of service quality in DTH sectors.

After deciding the determinants for service quality in the coming sections, an insight was given to Indian DTH industry but before that it important to pay a close look on Indian Entertainment and Media industry and the status of Television in India.

1.6 Indian Entertainment and Media Industry–An Overview

Indian economy is one of the largest fastest growing and very effectively dealing with current economic crisis. Mainly, Indian service sector is continuously showing high growth rate as compared to other sectors. Today, television becomes the integral part of our life and by March 2012, about 142 Million Indian houses have accesses to television, (TRAI Annual Report 2011-12, p. 35). Television is not just a source of entertainment but also become symbol of growth, success and development of our society. Globalization, earning capacity and increasing education levels has changed the consumption pattern of Indian consumers. The last decade really belongs to Indian entertainment sector, where many revolutionary incidents take places and
have improved immediately in the last ten years. With strengthening the basic infrastructure sectors like Roads, Railways, Power and Telecommunication; Govt. also has reduced the regulatory and technological barriers for DTH operators. To create a knowledge society, we can’t avoid the importance of Entertainment and Media industry. In 2011, Indian Entertainment and Media industry was estimated 805 billion INR with an increase of 17.5 percent over the previous years (Indian Entertainment and Media Outlook, 2012, p.5). Television segment with an annual growth rate of 16 percent, contributes more than 40 percent to the industry and accounting for the revenue of 340 billion INR, (Indian Entertainment and Media Outlook, 2012, p.19).

Talking about globally, the Indian Entertainment and Media industry with a growth rate of 17.5 percent is one of the fastest growing, followed by China at number two and Russia is on number three, (TRAI Annual Report 2011-12, p.5). By 2016, Indian Entertainment and Media Industry is expected to grow at an average CAGR of 17 percent to reach a size of 1,764 billion INR (Indian Entertainment and Media Outlook, 2012, p.5) and television is expected to add 38 percent with a contribution of 674 billion INR, (Indian Entertainment and Media Outlook, 2012, p.25).

We have seen tremendous changes and developments in Indian DTH industry. At first glance, these developments related to regulatory, structural, investment and technological factors are extensively changing the DTH environment throughout the world. Regulatory frameworks become more liberal and reduce cross-border barriers for expansion. Reduced structural barriers have allowed DTH operators to serve their customers with greater range of activities like value added services (VAS) services, video recording etc. Changing investment patterns allowed foreign investors to put more money in the sector and technological changes have enabled operators to serve customer with latest and modern technology. Indian entertainment and media industry has undergone a revolutionary phase and one can see its direct impact on television sector.
1.7 Television in India

The journey of television in India dates back with the launch of “Doordarshan” in 1959. It was a black and white transmission then, which ended in 1982 with the broadcast of 9th Asian games from New Delhi. In 1991, Indian economy has opened its doors for foreign players by adopting liberalization and taking some major initiatives like inviting foreign direct investment, and by initiating de-regulations on domestic business front. This leads to the creation and development of private domestic satellite channel like Zee TV and Sun TV and invite many foreign channels into India. The year 1992, added a milestone in Indian broadcasting sector by started Cable TV industry. These local cable operators (LCOs) also known as “local cablewalas” taking in charge of channel distribution by setting up a complex network of co-axial cables in our cities and towns.

In 2011, Indian television sector was estimated at a size of 340 billion INR, with annual increase of 15.8 percent. Globally, in terms of growth rates, television industry in India is surpassed only by Brazil and followed by Russia. Increasing revenue from advertisement and a sharp rise in DTH subscribers are two main contributors to total revenue of Indian Television Industry. By the end of 2011, the DTH subscriber base in India has reached to 44 million; this was because of technological advancement in this sector like introduction of HD channels, movies on demand and video recording facility etc. Presently, about 113 million Indian homes access to cable television and introduction of Conditional Access System (CAS) system could be a revolutionary step to improve quality of television. By March 2012, there are estimated 60,000 Local Cable Operators (LCO), 6,000 Multi-System Operators (MSO), seven DTH operators and other broadcasting platforms, offering more than 686 channels out of 831 totals registered.

In this section, it was observed that Indian market is very attractive both in terms of volume as well as growth rate of television sector that provides a strong foundation for DTH companies to expand their wings. In the following section, Indian DTH industry has been discussed followed by advantages of DTH services and DTH service providers in India.
1.8 DTH Industry in India

The DTH (Direct To Home) service is basically a digital satellite service that enable subscribers to receive digital signal of television programs directly from broadcasters to their home anywhere in the country. This technology does not involve any cable and wiring infrastructure and employ wireless technology to transmit programs to the subscriber’s television directly from the satellite. Currently, popular DTH providers in India are Tata Sky, Airtel Digital TV, Videocon D2H, Sun Direct, Dish TV, Reliance Digital TV and government owned DD direct plus.

From its beginning in the year 2003, Indian DTH sectors have shown a phenomenal growth in double digit, adding new subscribers at a rate of about one million per month, attaining a subscriber base about 46.25 million of paid DTH service operators, provide by 6 paid DTH operators by March 2012, (TRAI Annual Report 2011-12, p. 30). During this period, apart from the adding more and more conventional TV channels, the DTH operators continuously have been adding frequent innovative value added services (VAS) and interactive services such as shopping, movie on demand, video recording, gaming, dictionary facility, etc. Now one more thing attracted attention that is the advantages of DTH services over Cable TV which magnetize customer to avail this service. After its launch in India, DTH sector has drawn the attention of many business houses. There are seven DTH service providers serving Indian customer and discussed in next sub-section.

1.8.1 DTH Service Providers in India

At present in India, there are total seven players providing DTH services to the Indian customers. Out of these seven, six are paid DTH service providers and one Government owned DTH service provider named as DD Direct Plus providing free DTH services across the country.

1. DD Direct Plus
2. Airtel Digital TV
3. Dish TV
4. Reliance Digital TV
5. Sun Direct
6. Tata Sky
7. Videocon d2h
**DD Direct Plus:** DD Direct Plus is a government owned DTH service provider. DD Direct Plus was launched by the public television broadcaster of India, Doordarshan and broadcasting TV channels as well as radio channels without any monthly charges. It started its operation in December, 2004 which is envisaged for the coverage of the remote areas of the nation with ‘Ku-Band Broadcasting’ technology. DD Direct Plus has provided an economical option as compared to the coverage through terrestrial transmission and providing coverage in all uncovered areas including tribal, hilly, remote, border and inaccessible locations in one go within a short time.

**Airtel Digital TV:** Bharti group in India is a well known telecommunication service provider under the brand name Airtel and launched its DTH services in the October, 2008. Airtel Digital TV also provides interactive services apart from TV channels such as iDarshan, iKidsworld, iMusicSpace, etc. Interactive Service (ITV) of Airtel Digital TV also comprises an add-on service that permits a user to shop or book movie tickets etc. It also provides a Gaming Zones to its subscribers. Airtel Digital TV is one of the leading DTH Company in India and has increased its subscriber base with rapid pace. It has adopted a customer oriented approach and incorporated latest technology to DTH services.

**Dish TV:** Dish TV is India’s first DTH service provider started operations in 2003 and brought finest television viewing technology to the living rooms by digitalizing. Dish TV is launched by Zee Network Enterprise (Essel Group Venture), recognized nationally and internationally for businesses like broadcasting and distribution, media programming, specialty packaging and entertainment. Dish TV provides stereophonic sound effects, coverage across the country and the DVD quality picture to the customers. Dish TV is among the fastest growing DTH service providers of India and has shown gradual increase in its customer base as well as in its revenue from its inception. It is providing Hi-Definition (HD) DTH services to experience higher resolution and superior picture quality combined with video recording facility.

**Reliance Digital TV:** It is Navi-Mumbai (Maharashtra) based DTH service provider. Reliance Digital TV was the fifth DTH service launch in India by Reliance Communication Ltd., a subsidiary of Reliance Anil Dhirubhai Ambani Group. It started operations from August 2008 under the name BIG TV and has fantastic feature like pure digital viewing experience, easy programming guide, more channel choice,
interactive services, many exclusive movie channels, 24X7 customer care and many more.

**Sun Direct:** - Sun Direct launched its operations in 2007, transmits digital satellite television and audio to households in India. Sun Direct uses modern technology that enable customer to experience DVD quality picture and CD quality of sound with lower tariffs rates. Sun Direct confirms to provide quick and efficient next-generation DTH services in an emerging market having high growth rate and vast potential. It provides both TV and radio channels to its customers to its subscribers at economical rates. Sun Direct provide both Hi-Definition (HD) and Standard Definition (SD) set top boxes (STB’s) with ultimate USB video recording facility.

**Tata Sky:** - Tata Sky is a Joint Venture (JV) between the TATA and STAR group and was launched in August, 2004. TATA Sky delivers 3D contents by it Tata sky HD and Tata Sky+ HD set top boxes (STB’s). Tata Sky offers a wide range of TV channels to meet the varying needs of subscribers. Tata Sky has paid high attention on new-age interactive services like Active Fun, Active Music, Active English, Active Darshan, Active Cooking, Active Games, etc. Tata Sky is highly concerned about its channel packages that include the TV channels from national, international and regional broadcasters. Tata Sky is paying proper attention on value added services (VAS) and recently it has introduced a new VAS known as Tata Sky+ facilitates subscribers to record the programs and view later.

**Videocon d2h:** - Videocon group has introduced its DTH services in Dec 2008 under the brand name Videocon D2h and now it is one of the fastest growing DTH services. It is providing the DTH services through Satellite TV, Satellite DVD as well as a Satellite Set Top Box (STB). Recently it has introduced its new range of satellite LCDs that enables the LCD to receive signals directly from the satellite, without employ any set top box (STB), enable subscribers freedom from wire network, additional contraptions and multiple remotes. It is also providing the 3D content and HD channels to its subscribers and highly focusing upon value added services (VAS) like Movie on Demand, Multi Lingual call centers (9 languages), Parental Control, Tickers, and many more.
DTH sector in India has shown phenomenal growth in last few years. Table 1.3 represents the total subscriber base of DTH service providers in India.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Subscriber Base (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>2008</td>
<td>11.10</td>
</tr>
<tr>
<td>2.</td>
<td>2009</td>
<td>19.10</td>
</tr>
<tr>
<td>3.</td>
<td>2010</td>
<td>32.05</td>
</tr>
<tr>
<td>4.</td>
<td>2011</td>
<td>44.21</td>
</tr>
<tr>
<td>5.</td>
<td>2012</td>
<td>54.52</td>
</tr>
</tbody>
</table>

**Table 1.3**

Growth of Paid DTH Service Sector in India

From the above table 1.3, is illustrated that DTH sector is growing with rapid pace in India. The sector has shown remarkable growth in last five years and DTH subscriber reach to 54.52 million in the year 2012 as comparable to 11.10 million in 2008 (TRAI, Letter No. 1(516)/2013-RTI). In comparison within a short span of five years the DTH users have increased approximately five times. This sector is expected to grow with the same pace in the near future specially in rural Indian market which accounts for a major part of total DTH subscriber base.

Since price is an important determinant of customer satisfaction Srinivasan (2011), Umapathy (2007), Varki and Colgate (2001), Sekar (2010) and therefore for the present study only Paid DTH service providers were selected, as Government owned DD Direct plus is providing free DTH service throughout the nation.

### 1.8.2 Advantages of DTH over Cable TV

In the most of the part of the country cable TV in India is analog, so DTH service provides better picture quality than cable TV. DTH service providers also provide stereophonic sound effects to subscribers. DTH service providers provide batter coverage than cable TV and can also reach to remote areas where cable TV and terrestrial transmission have failed to penetrate. Beside this, DTH service provides an option to choose channel packages to customers. Subscribers need not to deposit any kind of security to the operators as in case of cable TV. Furthermore, DTH services providers offer many value-added-services (VAS) and interactive services like movie-on-demand, games and video recording facility, etc.
1.9 DTH in Rural India

After getting independence, India is considered primarily as an agricultural economy, but now our nation is developing with great pace and is on its path of becoming a knowledge economy. India is among those few nations having largest pool of doctors, teachers, engineers, scientists and experts in various fields and they all contributing in its progress. In 2004, Indian Government has launched Bharat Nirman programme with a view point to improve rural infrastructure, provide electricity, safe drinking water, telephone and broadband connectivity, construction of all weather roads and to develop irrigation potential. Schemes like MNREGA are not only strengthening the rural economy but also rural infrastructure. Francis Kanoi, a marketing research firm has presented a report on Indian DTH services and highlights that cities like Delhi and Mumbai are contributing only 2-3 percent to total DTH customer base. This report also states that about 70 percent of DTH customers are in rural areas and townships with a population under one million. Many DTH companies are now considering the importance of rural market and designing their services, offers, design, style, promotional and advertisement activities by keeping these areas in mind. Dish TV is a leading player in this sector and having about 30-35 percent of its customer base from rural areas. Rural market continues to generate revenue for all the private DTH service providers. Demand of regional channel at low cost is drawing the attention of more and more rural subscribers and aggressive push by the DTH operators coupled with increasing disposable income of rural viewers is enhancing this attraction.

Today, DTH service providers have admitted the importance of rural and semi-urban areas as a potential market, which is contributing about 50 percent to total cable TV homes. So, it is important to consider rural areas while DTH service providers are framing their marketing strategies and other key activities. Due to its rapid growth rate Indian DTH sector has drawn the attention of foreign investors as well.

1.10 Emerging Trends in DTH Services

In this section, latest trends in DTH industry have been discussed. The globalization, new technological intentions and financial revolutions are proceeding apace in the DTH sector and industry is bound to have an impact on how service
quality is defined and the form and impact of quality deficiencies. At present latest

trends are prevailing in the market with regards to DTH services which are as follow:

1.10.1 Shift from Price Wars to Value Added Services (VAS)

From last five years, Indian DTH industry have shown remarkable growth and
successfully faced the global economic slowdown. There was the time service
provider were very careful about the pricing of their service, but now the scenario
have been changed, high earning Indian consumer are ready to pay high, if served
with great attention and care. Now the every DTH service providers have diverted
their attention to provide best of the best Value-Added-Services (VAS) and other
interactive service instead of price because service providers know that only to
provide basic service is not enough for increase Average Revenue Per User (ARPU).

1.10.2 Movie Partnerships

There was a time when conventional theaters were the only medium for movie
release, but with the growing popularity of alternate mediums like DTH services and
internet TV, small to medium budget films are expected to increasingly shift towards
these mediums. Digitalization of film distribution and initiation of new features like
Value-added-services (VAS) has started a new trend in Indian market, where film
producers are releasing their movies on DTH platform. Digitalization is helping film-
makers reach out to a wider audience. This DTH-Movie partnership is going to start a
new era in Indian entertainment and media industry.

1.10.3 High Growth Rate of Indian DTH Industry

DTH sector have shown high growth rate since its commencement from 2003.
Today, DTH operators have more than 46 million subscriber base and are increasing
continuously with rapid pace. DTH sector has shown growth rate in double digit
from its beginning even though during the period of economic slowdown. Research
has shown that the DTH industry is estimated to grow at 23 percent compounded
annual growth rate (CAGR) over four years.
1.10.4 Increasing HD Channels

The competition amongst DTH service providers is expected to rise further with government is going to approved about 75 licenses for re-launch of existing channels in HD format or launch of new channels. The major players who are launching new channels or HD channels are STAR, UTV, Fox, ZEE and Discovery amongst others.

1.10.5 Fixed Cost Going Down

High cost of Set-Top-Box (STBs) and initial installation charges are the main reasons that prevent the reach of a common man to DTH services. Indian market has seen most significant developments in the DTH industry that the cost of the Set-Top-Boxes (STB’s) has declined steadily over the past four years and this trend is likely to continue. This decline in the cost of Set-Top-Boxes (STBs) has made the service quite affordable for the common man.

1.10.6 Technological Advancement and Innovations

We have seen many technological advancement and innovations in the DTH sectors since its inception. All the service providers are trying their best to cash the market opportunities. Size of dish has became smaller and attractive, two receivers can be fixed on same dish, introduction of high definition (HD) channels, audio-video signal has become more clear, more flexibility in channel selection and introduction of value-added-services (VAS) like movie on demand, etc. has provided many advantages to the DTH subscribers over its competitors.

It was observed that Indian market is very attractive both in terms of volume as well as growth rate that provides a strong foundation for DTH companies to expand their wings. Within a short period of time, DTH sector has experienced a growth rate in double digit and its total customer base crossed a mark of 50 million. Government of India has shown its full support to grow DTH services by increasing the limit of FDI and introducing The Television Networks (Regulation) Amendment Bill in 2011. DTH sector has seen so many changes in last few years such as Government has increased FDI limit, beginning of Value added services, market share is increasing
specially in rural areas. But still low Average Revenue Per User (ARPU), service quality and customer satisfaction are the areas that needs to be focused upon to ensure high growth rate in future.

1.11 Emergence of the Problem

It is because of government policies on globalization, foreign investment and liberalization; the consumers have become more critical with regards to the quality of service. Now, consumers are very much aware of the alternative available in relation to service and service providers. Service providers should be aware of the rising expectation of consumer for their own survival. So, it is very important to explore the main dimensions of service quality for DTH services to match customer perception of service quality with their expectations. After knowing about the various dimensions of service quality, next important thing is to find out the relation between various dimensions and service quality. Here, two main questions emerge; first, what are the key dimensions of service quality for DTH services? Second, what are the significant drivers of overall customer’s perceived service quality in the Direct To Home (DTH) sector?

Beside service quality, customer satisfaction is a highly concerning concept that needs attention. According to Dannenberg and Kellner (1998), to replace a customer is five times costlier affair as compared to retain existing one. So, it can be said that DTH service provider must put its efforts on customer retention, which is only possible by improving level of customer satisfaction. In order to achieve higher customer satisfaction, it is very important to find out the relation between various dimensions of service quality and customer satisfaction for DTH service. After knowing the relationship between them, next major task is to identify which dimensions of service quality has significant positive influence on customer satisfaction. In context to customer satisfaction, two main questions have arisen. First, what is the relationship between service quality dimensions and customer satisfaction? Second, which aspects of service quality have significant positive influence upon customer satisfaction? So, the service providers have to put efforts to strengthen dimensions of service quality specially having positive influence on customer satisfaction. Research of Anderson, et al., (1993) shows that about 33 percent of the customers switch in search of the quality of service they want.
Presently, service quality has become most concerning concept for service providers not only to improve customer satisfaction but also to motivate customers to use the services for a long time.

On the basis of conceptual framework, reviewing available literature and problems rose above; the following research questions are raised:

1.11.1 What are the main determinants of service quality for Direct To Home (DTH) services?

1.11.2 How service quality perception varies across different DTH service providers?

1.11.3 How service quality influences the customer satisfaction and behavioural outcomes?

Over the last 20 year customer satisfaction has been a central theme of managerial decision making worldwide. The ability of the DTH service providers to focus successfully on the customer has emerged as one of the most competitive issue and must be handled critically. Service quality, customer satisfaction and focus on customers have emerged as most competitive issues at present time. However, it is contrary to the industry practice since almost all major DTH companies across the globe gather information about the quality of their service and level of satisfaction of their customers.

This study is focused upon to identify the relationship between service quality and customer satisfaction in DTH context. On the basis of above discussion, the present study is entitled as: “A Study on Service Quality and Customer Satisfaction in Paid Direct To Home Service Providers in Himachal Pradesh”. The main purpose of the present study is to identify the key determinants of service quality and to compare the service quality perception of customer across the various DTH service providers.

1.12 Objectives of the Study

The present study is focused onto explore the varied dimensions of service quality among assurance, reliability, tangibles, empathy, responsiveness, network quality, convenience, price and service operations. The research is oriented to assess the performance of Direct To Home (DTH) service provider on the basis of service
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quality in selected areas of Himachal Pradesh. Further, it evaluates the influence of service quality on customer satisfaction. Following main objectives are framed to carry out the present research.

1. To explore the key dimensions of service quality for Direct To Home (DTH) services.
2. To ascertain which aspects of service quality has significant impact on customer satisfaction.
3. To compare the service quality perception of customer across selected Direct To Home (DTH) service providers.
4. To investigate the effects of service quality on selected behavioural outcomes i.e. ‘propensity to recommend’ and ‘switching intention’.

1.13 Research Hypothesis

The following hypotheses are formulated for the present study:

**H_0**: 1; Dimensions associated with service quality are not significant drivers of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

**H_0**: 1(a); Assurance is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

**H_0**: 1(b); Reliability is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

**H_0**: 1(c); Tangibles is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

**H_0**: 1(d); Empathy is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

**H_0**: 1(e); Responsiveness is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

**H_0**: 1(f); Network is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.
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H$_{0}$: \textbf{1(g)}; Convenience is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

H$_{0}$: \textbf{1(h)}; Price is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

H$_{0}$: \textbf{1(i)}; Service operations is not significant driver of overall customer’s perception of service quality in the Direct To Home (DTH) sector.

H$_{0}$: \textbf{2}; Service quality dimensions do not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(a)}; Assurance does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(b)}; Reliability does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(c)}; Tangibles does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(d)}; Empathy does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(e)}; Responsiveness does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(f)}; Network quality does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(g)}; Convenience does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(h)}; Price does not have significant positive influence on customer satisfaction.

H$_{0}$: \textbf{2(i)}; Service operations does not have significant positive influence on customer satisfaction.
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**H₉: 3:** Customer’s perception of service quality does not vary across selected Direct To Home (DTH) service providers.

**H₉: 4:** Service quality dimensions do not have significant influence on propensity to recommend.

**H₉: 5:** Service quality dimensions do not have significant influence on switching intentions.

Thus, from the above discussion, it can be said that service quality and customer satisfaction are becoming highly concerning areas for DTH sector. Present study looks into the complex construct of DTH service quality and focus on the development and testing of a measurement instrument to measure service quality, customer satisfaction and selective behavioural outcomes in DTH sector. The main aim of the study is to identify the service quality dimensions for DTH sector and their influence on customer satisfaction that are highly beneficial not only for service providers but also for DTH subscribers. So, this section provides an overview on the concepts of service quality and customer satisfaction and DTH sector. In the next chapter, an attempt has been made to review the available literature in the field of service quality, customer satisfaction and DTH services.