CHAPTER - 1
CHAPTER-1
INTRODUCTION OF STUDY

1.1 Introduction

What can business leaders in service organisations do to enhance customer trust and loyalty? There may be series of actions required by marketers that results in customer trust and loyalty. In the late 1960s, in his article on marketing management Guru Ted Levitt advocated that the entire business process consists of a tightly integrated effort to discover, create, arouse, and satisfy the customer needs. The purpose of marketing is achieved by focusing on customer needs, integrating them within the organisation's strategy, people, technology and business processes. Historically, the sales and marketing people always attempt at influencing the behaviour of present and potential customers by identifying new customers, retaining, upgrading existing customers and cross selling to existing customers. Changing global markets, demographics, more sophisticated international competitors, and overcapacity in many industries means difficulty in attracting & retaining customers.

Why to focus on customer trust and retention? It has been established that it costs five times as much to attract a new customer as to keep a current one satisfied. Losing a customer means losing the entire stream of purchases over a lifetime of patronage, the customer lifetime value. The higher levels of customer trust and commitment, leads to customer retention and inevitably, organisational profitability. However, little consideration had been given to what actually constitutes a trusting relationship, customer loyalty a (Barnes, 1997; Sheaves and Barnes, 1996).

Marketers attempt to market goods or services. A service includes, "any act or performance that one party can offer to another that is essentially intangible experience and does not result in the ownership of anything" (Kotler, 2004). Unlike physical products, service products cannot be seen, tasted, felt, heard or smelled before they are bought and experienced (Parasuraman et. al 1985;
Lovelock, 1981). Since services are intangible, consumers do not know in advance what to expect of a service until they consume it, and hence they perceive services as risky (Murray and Schlacter, 1990). Further, research has demonstrated that the need for trust arises in any situation characterised by a high degree of risk, uncertainty, and/or a lack of knowledge or information on the part of the interaction participants (Mayer et al., 1995). Thus, customers have an inherent need to trust in their service provider to deliver the desired service outcome.

Globalisation, Liberalisation and Privatisation have brought unprecedented changes in the economic, trade, and industrial scenarios in India. The dynamic environment has exposed various organisations including the service sector to the challenges of competition, service quality, cost, customer relationship and the competitive environment. The RBI Report (http://www.rbi.com, 2007-08) highlights that services sector is the fastest growing segment as compared to other sectors of the Indian economy. A major stimulus in this shift is the movement to information age spurred by invention of computer and advancements in telecommunications. Other factors contributing to the growth of service sector are changing customer needs and life style, higher per capita income, increased time pressure, advances in product technology (Kurtz, 2002), spiralling competition, rise of individualism (Seth & Seth, 2005), technological advances, globalisation, (Balchandaran, 2004), competition, greater life expectancy and cost savings (Rampal and Gupta, 2002). Tremendous growth of services sector demands effective marketing efforts in order to exploit the opportunities. The dilemma of marketers is how to develop truly loyal customers. Many researchers (Morgan and Hunt, 1994, Sichtmann Christina 2007) have studied and found that trust is very important drivers of customer loyalty and company profitability. What question is what actions marketing leaders should undertake for realising their corporate objectives? Where should they focus?

The purpose of current research was to develop a trust enhancing marketing model that may lead to loyalty behaviour. But, what drives trust and? How it influences customer behaviour is an important problem for many marketers? In order to solve this question, many researchers (Kay Storbacka, et
all 1994, Morgan and Hunt, 1994, Sichtmann Christina 2007) have tried to associate trust with variables such as service quality, customer satisfaction, commitment, dependence, identification or even relation to the brand. A model by Kay Storbacka, ET all (1994) of customer satisfaction, trust and loyalty has concluded that customer satisfaction would be higher when the customer’s recent experience exceeds his prior expectations and the customer's expectations are low. They argued existence of customer bonds leads to customer retention and relationships because ‘bond’ acts as an exit barrier. The fundamental assumption of all such or similar models of customer trust and loyalty is that keeping existing customers is less expensive than acquiring new ones. It is claimed by Reichheld and Sasser (1990) that a 5% improvement in customer retention can cause an increase in profitability of between 25 and 85 percent in terms of net present value depending on the industry. According to Buchanan and Gilles (1990), Customer trust leads to long term customer retentions and relationships and long term customers tend to be less inclined to switch to competitors, are less price, initiate free word of mouth promotions and referrals, are more likely to purchase ancillary products and high margin supplemental products. Customer dissatisfaction may negatively affect customer trust.

Therefore, first question markers face is, that, what drives customer trust? The literature shows that many researchers (Anderson and Sullivan 1993, Cronin and Taylor 1992) have found that perceived quality affects customer satisfaction. The overall satisfaction and customer value generates trust (Ganesan, 1994; Selnes, 1998) because it indicates the brand consistency in the fulfilment of its promise. The higher level of perceived trust increases customer involvement, intentions to purchase and loyalty (Steenkamp, 1990). In order to develop customer trust, researchers (Rumple et al 1985, Raval and Gronroos, 1996) suggest that trust evolves from past experience and prior interaction and it develops over the time. Researchers have argued that the trust is needed because customers feel vulnerable and perceive a risk attached with buying condition, particularly with services (Andaleeb, 1992; Mayer et al 1995; Rempel et al 1985).

Next question marketers face is, what are the consequences of customer trust and how it helps in developing customer loyalty? Concerning consequences,
of trust; Larzelere and Huston (1980) and Morgan et al (1994) view trust as a central construct of any long-term relationship. Trust is seen as an important contributor to the kind of emotional customer commitment that leads to long-term loyalty (Hess, 1995). Morgan and Hunt, (1994) supported the importance of customer trust in developing positive and favourable attitudes and resulting in commitment and loyalty. Literature mentions that different authors has elaborated construct of trust differently; such as altruism (Frost et al. 1978), benevolence and honesty (Larzelere and Huston, 1980) or dependability and responsibility (Rempel et al. 1985). But all these concepts share the same idea: trust in a person is a feeling of security based on the belief that his/her behaviour is guided and motivated by favourable and positive intentions towards the welfare and interests of his/her partner. Therefore, the lesser the doubts that his/her purposes are questionable the lower is the risk to the relationship. Elena Delgado-Ballester et al (2001) also found that brand trust leads to consumer loyalty; which in turn leads to entry barrier to the competitors, increase in the firm’s ability to respond to competitive threats, greater revenue and a customer base less sensitive to the marketing efforts of competitors. Customer loyalty is seen as repurchase intentions (Anderson and Sullivan, 1993; Oliver 1980) or as an emotional and psychological bond or commitment (Bloomer et al., 1990 Samuelsen and Sandvik, 1997). Sandvik and Duhan ((1996) found that brand reputation acts as a mediating variable between satisfaction and loyalty.

Thus, in general, many previous studies observed that quality of product or service leads to customer satisfaction, which in turn increases customer trust and this when moderated by certain contingency factors leads to customer loyalty, which leads to organizational profitability.

But, the key question, here, is that in Indian context is, how to create customer trust and what are its consequences? Many of the previous studies have been undertaken in western world with little inputs from Indian context. India is a culturally and economically diverse and different society as compared to western world. Hence scope of present research presents Indian economic context. The economy of India is the third -largest in the world as measured by purchasing power parity (PPP), with GDP at PPP equal to at US$ 5.16 trillion (2008) and 10th
largest in exchange rate terms, with a GDP at factor cost equal to of Rs. 46,93,602 crore in 2008 (US$ 1.16 trillion in nominal exchange rate) (http://indiabudget.nic.in). India was the second fastest growing major economy in the world, with a GDP growth rate of 8.1% in 2007-08. Services are the major source of economic growth in India and are growing at 12.1% (2007-08). Since the early 1990s, India has gradually opened up its markets through economic reforms by reducing government controls on foreign trade and investment. Gross fiscal deficit (GFD) as percentages to GDP, was at 2.8 percent in 2007-08 (provisional accounts) was lower by 0.7 percentage point each than those in 2006-07(http://www.rbi.org.in). The poverty ratio (based on uniform recall period) also declined from 36.0 percent in 1993-94 to 27.5 percent in 2004-05 (http://www.rbi.org.in). Global financial markets witnessed turbulent conditions during the most part of 2007-08 as losses on US sub-prime mortgage loans escalated into widespread financial stress, rising fears about stability of banks and other financial institutions (http://www.rbi.org.in) the surge in demand for liquidity, coupled with growing concerns about counterparty risk, led to unprecedented pressures in manor inter-bank markets. However, Financial markets in India remained, by and large, orderly during 2007-08, barring the equity market, which witnessed occasional bouts of volatility during lat quarter of 2008 and middle of 2009 (http://www.rbi.org.in). To sum up, the Indian economy continued to exhibit robust growth amidst growing uncertainties in the global economy.

One more dimension of current study is, that, why service industry is chosen in the present study? This is because, the services sector continued to propel the overall growth in India. The share of services in GDP (http://www.economywatch.com) increased from 27.9% (year 1950) to 54.2 % (2000-01). In contrast, the industrial sector's share in GDP has changed from 14.7% (FY1950) to 26 % (2004) respectively. The share of agriculture saw a corresponding decline from 57.4% to 20.0% in the respective years. The services sector continued to record double digit growth since 2005, at around 12.1% in 2007-08 (http://www.rbi.org.in). The Indian services sector is now growing the fastest across 130 countries (http://www.freelists.org). India’s services sector has
grown at an average rate of 7.9 per cent over the period 1990-2007, second only to China. One reason for the growth in the services sector in India is the liberalisation, innovation and higher exports from the services sector. The service sector benefited from rise in tourism, retail trade boom, improved performance of railways and civil aviation, surge in export of business process outsourcing. As the latest data show India's export of services has crossed US $25 billion. WTO figures show that in 2007, India has occupied 11th slot among 30 leading exporters of commercial services stands at US$ 90.1 billion (2007-08) accounting for 2.7 percent of share in global trade in such services (http://www.thehindubusinessline.com). Software services grew at 26 percent, while financial services registered a robust growth of 45.7 percent despite the global financial crisis in 2007-09 (http://indiabudget.nic.in). During 2007-08, Transport, IT & communication had a share of 44% growing at 11.2%. Financing, insurance, real estate and business services which occupy 22.9 percent share has grown by 6.8 percent (http://www.deccanherald.com)

The growth & performance potential of any economy, to a large extent, is dependent on the performance of the banking infrastructure and communication technologies.

The main function of a bank is to provide services related to the storing of value and the extending credit. The Indian Banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified into two major categories, non-scheduled banks and scheduled banks. Scheduled banks (79) comprise commercial banks and the co-operative banks. In terms of ownership, commercial banks can be further grouped into nationalised banks. As at end March 2008, SCBs comprised 28 public sector banks (State Bank of India and its 7 associates, 19 nationalised banks and the IDBI Bank Ltd.), 91 regional rural banks (-RRBs), 4 local area banks (LABs), 8 new private sector banks, 15 old private sector banks, 28 foreign banks, 1170 Urban Co-operative Banks and 98,343 Rural Co-operative Credit Institutions (http://rbidocs.rbi.org.in), in 2008, these banks have over 61,129 branches and 34,789 ATMs in India out of total branches, 19,557 are spread in rural India (http://rbidocs.rbi.org.in).
The Indian banking and telecom sector have seen huge changes recently. As per the Reserve Bank of India (RBI) Annual Report (RBI 2008-09) Demand for bank credit was broad-based with agriculture, industry and retail sectors absorbing 11 percent, 43 percent and 12 percent, respective (http://www.rbi.org.in). There was a trend of increased capital inflow to India, the aggregate deposits Scheduled Commercial Banks (SCBs) has increased from 80.7 percent in 2005-06 (Rs 2,109,049 crore) to 102 percent (Rs 3,196,939 crore) of the Gross Domestic Product (GDP) at factor cost by 2007-08(http://www.igovernment.in).

Looking at unprecedented growth of financial sector in India, recently; the reserve bank has emphasised upgrading risk management practices, credit quality, improvement of the credit delivery system (with specific focus on agriculture, micro, small and medium enterprises) and financial inclusion. These measures resulted in fast growth in financial sector (http://www.rbi.org.in). India has already migrated to the standardised approach for credit risk and the basic indicator approach for operational risk under Basel ll with effect from March 31, 2008. New guidelines pertaining to lending to priority sector (2007) ensured adequate flow of bank credit to those sectors of the society/economy that impact large segments of the population and weaker sectors and to the sectors that are employment-intensive such as agriculture, and tiny and small enterprises. The priority sector lending targets were retained at 40 percent and 32 percent for the domestic and foreign banks respectively. According to RBI, (http://www.rbi.org.in) the share of total bank credit extended by SCBs to GDP has increased from 46% (2006) to around 51 % (March 2007). Public and private sector banks achieved the overall target for priority sector lending (March 2008) (http://www.rbi.org.in).

Since liberalisation, Revenues of the banking sector have grown at 6 percent CAGR over the past few years to reach a size of US $15 billion. Overall income of SCBs during 2007-08 has increased at a significantly higher rate of 34.3 % to Rs 3, 68,886 crores as compared with 24.4 per cent increase in the previous year. Among bank-groups, income of new private sector banks grew at the highest rate (45.8 percent) during 2007-08(http://rbi.org.in), followed by
Table: 1.1 Operating Profit and net Profit—Bank Group-wise

<table>
<thead>
<tr>
<th>Bank Group</th>
<th>Operating Profit 2006-07</th>
<th>Percentage</th>
<th>Operating Profit 2007-08</th>
<th>Percentage</th>
<th>Net Profit 2006-07</th>
<th>Percentage</th>
<th>Net Profit 2007-08</th>
<th>Percentage</th>
<th>Variation</th>
<th>Variation</th>
<th>Variation</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled Commercial Banks</td>
<td>65,977</td>
<td>21.3</td>
<td>83,665</td>
<td>26.8</td>
<td>31,203</td>
<td>26.9</td>
<td>42,726</td>
<td>36.9</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Public Sector Banks</td>
<td>42,655</td>
<td>12.3</td>
<td>50,441</td>
<td>18.3</td>
<td>20,152</td>
<td>21.9</td>
<td>26,592</td>
<td>32.0</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Nationalised Banks</td>
<td>27,456</td>
<td>24.0</td>
<td>31,663</td>
<td>15.3</td>
<td>12,905</td>
<td>29.2</td>
<td>16,856</td>
<td>30.2</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>State Bank Group</td>
<td>14,297</td>
<td>-4.9</td>
<td>17,444</td>
<td>22.1</td>
<td>6,572</td>
<td>10.3</td>
<td>9,006</td>
<td>37.0</td>
<td></td>
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<tr>
<td>Other Public Sector Bank</td>
<td>807</td>
<td>13.2</td>
<td>1,333</td>
<td>47.0</td>
<td>630</td>
<td>12.4</td>
<td>739</td>
<td>15.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old Private Sector Banks</td>
<td>3,021</td>
<td>33.8</td>
<td>3,665</td>
<td>19.3</td>
<td>1,122</td>
<td>29.6</td>
<td>1,976</td>
<td>76.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Private Sector Banks</td>
<td>10,662</td>
<td>42.2</td>
<td>15,632</td>
<td>45.3</td>
<td>5,343</td>
<td>30.0</td>
<td>7,544</td>
<td>41.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Banks</td>
<td>9,619</td>
<td>44.5</td>
<td>13,988</td>
<td>45.4</td>
<td>4,585</td>
<td>49.4</td>
<td>6,812</td>
<td>44.2</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Balance sheets of respective banks

While commercial banks cater to short and medium term financing requirements, national level and state level financial institutions meet longer-term requirements. This distinction is getting blurred with commercial banks extending project finance and offering universal banking. The IBA Committee had cited four trends in banking as; consolidation through mergers and acquisitions, globalization of operations, development of new technology and universalisation of banking.

Present research had surveyed customers of two banks and two mobile phone service providers in India. The two banks surveyed were State bank of India and ICICI, while two mobile phone service providers were BSNL and Airtel. The banks studied for present research were chosen based on ownership, control and financial performance in the year 2004. Since then ranking position of Indian banks has changed. The 14th Business Today—KMPG survey of India’s Best banks (BT-2008) found that the HDFC Bank has remained top bank since five years. HSBC and ABN Amro remained at number 2 and 3 respectively. ICICI Bank has slipped to position number nine. Although the three year compounded annual growth rare in deposits at ICICI is 50% as compared to 31% of HDFC. In the past two years, the unsecured loans on the books of ICICI bank (ranked #9 in
BT- KPMG survey) have surged from 7 percent in March 2005 to 15-16 percent in March 2007. Further, the survey revealed that there are four PSU banks in the top 10. The Indian bank is ranked at 4th position and SBI is at number 29.

The growth of the telecom sector like banking sector in India during post-liberalization has been phenomenal. The telecom sector has been experiencing strong demand for cellular phones largely in the rural areas, small towns and cities, and steady growth in broadband connections, the monthly addition to mobile subscribers has multiplied in recent years, making communications as one of the fastest growing segments. Therefore, the second Industry chosen in the present study is Telecommunication. This is chosen because Telecommunications is one of the prime support services needed for rapid growth and modernization of various sectors of the economy. The history of the Indian Telecom sector goes way back to 1851, when the first operational land lines were laid by then British Government in Calcutta. Till date, the Indian Telecom Sector, like most other infrastructure sectors is controlled by the state. The Department of Telecommunications (DoT), reporting to the Ministry of Communications (MoC) is the key body for policy issues and regulation, apart from being a basic service provider to rest of country. India, like many other countries of the world, has adopted a gradual approach to telecom sector reform through selective privatisation and managed competition in different segments of the telecom market. The telecom sector in India has been witnessing a continuous process of reforms since 1991. Basic services were opened to private participation in 1994 by dividing the country into 21 telecom circles and allowing one private operator per circle to compete with DoT. Private Telecommunication development began with National Telecom Policy (NTP) in 1994, which provided for migration from fixed license fee to revenue share regime, and introduction of Telecom Tariffs. By an act of Parliament, In 1997 Telecom Regulatory Authority of India was set up, whose main objective is to increase efficiency, access to telecommunications services at affordable prices in India. From 2003 onwards, as a result of certain more government decisions viz., introduction of Calling Party Pays (CPP) regime, Unified Access licensing regime, lowering of access deficit coupled with introduction of revenue share regime etc. have triggered further growth.
According to Lehman Brothers, (2006) Mobile Value Added Services (VAS) market in India is expected to grow more than ten fold to greater than $9 billion by 2010.

Internationally, during 2007-08, India became the second largest wireless network in the world after China by overtaking USA. (http://www.trai.gov.in) The growth of subscriber base during the past decade (1998-2008) is indicated below in a chart.

**Figure 1.1 Growth of Subscriber Base from 1998 to 2008**

![Growth of Subscriber base (in million) from 1998 to 2008](http://www.trai.gov.in)

Source : http://www.trai.gov.in

Data from TRAI (http://www.trai.gov.in) shows that, the total number of telephones has reached 429.725 million as on March 31, 2009 as compared to 14.88 million for the same period in 1997. The total wireless subscriber base {GSM, CDMA and WLL (F)} stood at 261.07 million at the end of 2008. Overall pan India, Tele-density reached at 36.98% as on 31st March 2009 as compared to 2.30 for the same period in 1998, whereas, Rural tele-density at the end of March 2008 was 15.11 % (123.513million connections) as compared to 0.40 for the same period in 1998. Subscriber base of internet reached 11.09 million on 31st March 2008 (and broadband connections on 31st March 2009 was 6.22 million) as compared to 0.09 million in 1997 (http://www.trai.gov.in , http://www.dot.gov.in).
Recently, the US 100 billion (Rs. 425,000 crore) Indian telecom industry (Corporate India 2008), which has been growing at a fast pace, has concerns about falling average revenue per user (ARPU), which is down from Rs 356 for the January March 2006 quarter to Rs 261 in the Dec 2008 for GSM players(http://www.dot.gov.in, http://coai.in).

By 2012, the prepaid subscriber base will cross 683 million and post-paid subscriber base will exceed 50 million subscriber. The churn rate in India is 41% 2008, and despite a maturing market the ratio is expected to go up to 49 percent in 2012 (Singh Y., 2008). According to Gartner, the industry will witness several changes like; introduction of new technologies such as WIMAX, 3G and Mobile Number Portability (MNP). A Business India report cites that ( BI, 2008 ) roughly an equal number will now he added within four years to take the total subscriber base to 500 – 550 million by 2010. According to Gartner (BI 2008), India’s mobile subscriber base is set to exceed 737 million by 2012 growing at a CAGR of 21 percent in the same period.

As competition in the telecom sector intensified, service providers took new initiatives to woo customers. Prominent among them were celebrity endorsements, loyalty rewards, discount coupons, business solution and talk time schemes. By March 2009, Bharti Tele-Venture emerged as an unprecedented leader commanding the largest marketing share in GSM service providers. In Indian Telecom Industry, there are two kind of mobile service providers namely GSM & CDMA. Of total growth, GSM contributes 76% whereas CDMA contributes 24% (http://www.trai.gov.in). Major telecom services of Indian economy cover fixed access, cellular national long distance, international long distance, internet access, VSAT, radio trunking. Amongst them, international long distance services and cellular services have recorded 89% and 75% growth respectively. Another area is 3G Technology which requires large bandwidth of as much as 15.20 MHz (http://www.trai.gov.in).

The growth in telecom is not only due to demand side factors but also due to demand side factors and increasing investment in the sector. As a result, of liberalised FDI policy, the total FDI equity inflows in telecom sector have been USD 2447 million during 2008-09. Current Telecom market structure shows that
there are three types (http://www.trai.gov.in) of players in telecom services viz. (a) state-owned companies. (BSNL and MTNL) (b) Private Indian owned companies (Reliance Communications) and (c) foreign-invested companies (VodafoneEssar, Bharti Airtel, Idea Cellular, Loop mobile etc.). By year 2008, there were a total of 9 players in the market with the five major players being Bharti-Airtel, Vodafone-Essar, BSNL, Idea Cellular and Reliance Communications (RIM). All the players except RIM offered services based on the Global System for Mobile (GSM) technology whereas RIM provided services based on code division Multiple Access (CDMA) technology. At the end of March, 2008, following operators were providing mobile service (GSM & CDMA) in the service areas mentioned in Table (table 1.2). Since liberalisation, the share of wireless phones therefore, has increased from 14.85% in March 2002 to 91.17% in March 2009 (http://www.dot.gov.in). Latest statistics show that the erstwhile telecom giants – the government owned BSNL and MTNL are wading through rough weather, and private operators have also shown remarkable growth in a highly competitive environment. The share of private sector in total telephone connections has steadily increased to 79.16% in March 2009 from 39.27% in 2004. Thus private sector grew at a rate of 79.16% in 2009 as against public sector that grew at the rate of 20.84% (http://www.dot.gov.in).

1.2 Table: Group Company Wise % Market Share - Aug'2009

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Company</th>
<th>Total Sub Figures</th>
<th>% Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bharti Airtel</td>
<td>107996533</td>
<td>32.19%</td>
</tr>
<tr>
<td>2</td>
<td>Vodafone Essar</td>
<td>80874460</td>
<td>24.11%</td>
</tr>
<tr>
<td>3</td>
<td>BSNL</td>
<td>52056417</td>
<td>15.52%</td>
</tr>
<tr>
<td>4</td>
<td>IDEA</td>
<td>50058471</td>
<td>14.92%</td>
</tr>
<tr>
<td>5</td>
<td>Aircel</td>
<td>24415514</td>
<td>7.28%</td>
</tr>
<tr>
<td>6</td>
<td>Reliance Telecom</td>
<td>13281225</td>
<td>3.96%</td>
</tr>
<tr>
<td>7</td>
<td>MTNL</td>
<td>4352781</td>
<td>1.30%</td>
</tr>
<tr>
<td>8</td>
<td>Loop Mobile</td>
<td>2417446</td>
<td>0.72%</td>
</tr>
<tr>
<td>9</td>
<td>All India</td>
<td>335452847</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: http://www.trai.gov.in
While Bharti Cellular was the first mobile player to cover most of the country with cellular technology based on the Global Services Mobile (GSM) technology, increasing liberalization saw companies like Aircel, BPL, Hexacom, Hutch, Idea and Spice become household. The public sector BSNL and MTNL entered the lists with affordable options exploiting the Wireless in Local Loop (WLL) technology for local users.

In Indian Telecom market, Bharti Airtel occupies number one position in mobile telephony (GSM) in India. In September 2004, Bharti Televentures limited has brought all its telecom services under the ‘Airtel’ brand umbrella. Bharti, with over 32.19% share of the wireless market. Currently, its network is present in 5023 census town and 3.42 lakh non census towns and villages in Indian covering 71 percent of country’s populations (Singh Y. 2008). The company is also tailoring its services according to the needs of the new customers. It recently joined hands with the Indian Farmers Fertilized Cooperative (IFFCO) to form a joint venture company called IFFCO Kisan Sanchar. In the quarter ended June 2008, its consolidated total revenues have amounted to Rs. 8,483 crore on which it has earned a net profit of Rs. 2,025 crore, Indicating a growth of 44% and 34% respectively over the same quarter last year(Singh Y. 2008 ). The Second telecom player surveyed in present is Bharat Sanchar Nigam Limited (BSNL). BSNL is the largest Public Sector Telecom service provider in the country it cover 75 percent of the country and has 81.491 million customers as on March 31, 2009 .It had 52.144 million Wireless (WLL-M +GSM-M) connections as on March 31, 2009 . BSNL has earned total revenue of Rs. 38,053 crore in the financial year 2007-08 (http://www.dot.gov.in).

Summing up, as a result of liberalisation, privatisation and globalisation, of Indian economy, service sector and particularly the telecom & Banking industry are experiencing a historical unprecedented growth. The beneficiaries of the increasing competition are the consumers, who are offered a wide variety of services. But growth in industry along with more competitive markets, highly active & aware various stakeholders, pressure groups and consumers need active business strategies and effective marketing programs. Marketing efficiency and effectiveness demands an understanding customer needs so that long-term
trustworthy customer relationships may be developed. The customer trust is the key to win customers. Creating and maintaining customer trust and loyalty is a difficult question in front of marketers of services. Hence, present study is a spirited attempt to provide a general answer to market managers and academicians.

1.2 Emergence of the Problem

In Indian Market, Service sector is facing increased competition and very demanding customers. Banking and Mobile Telecom Services Providers (MTSPs) industries where customer satisfaction, customer trust, customer retention and customer loyalty are very important, has attracted the attention of many researchers (Kassens-1998, Firoz M. et. al. 1994, Yavas, et. al. 1997). Moreover, various changes from supply side and from customer demand sides have squeezed margins and have emphasized the need to sell new services, adopt new dynamic marketing strategies and emphasis on both the tangible and intangible aspects of their services. Further, retail banks and Mobile Telecom Services Providers (MTSPs) have discovered that increasing customer retention has a significant impact on their profitability. It is estimated that a 5% increase in customer retention adds 25-150% in bottom line (Holmlund et. al. 1996). Thus, many retail banks and Mobile Telecom Services Providers (MTSPs) are directing their marketing strategies towards increasing service quality, customer delivered value customer, customer satisfaction, Customer trust, customer retention and loyalty. The customer trust is being considered as main focus, and marketers are concerned with enhancing customer trust, which may influence profitability through customer loyalty and customer retention. In the light of above facts, the present research was undertaken to study and investigate empirically the antecedents & consequences of customer trust in service sector i.e. what leads to customer trust and how it drives customer loyalty as well as retention.

The above variables have many direct drivers and many moderating variables that influence them. The Service Quality and customer delivered value leads to Customer Satisfaction, customer delivered value impacts Customer Trust and which in turn affects Customer intentions and Customer Loyalty. This study is
a first empirical study in India, for establishing relationships between antecedent and consequences of customer trust in service industry, particularly in the two industries namely banking and Mobile Telecom service providers. Specifically the Research topic for this study was identified as: 'An Empirical Study of Antecedents and Consequences of Consumer Trust in Service Industry'. The purpose was to compare and contrast inter-industry perceptions of customers for service quality, service satisfaction, customer trust, retention and loyalty and to find relationship between drivers and consequences of customer trust in service industry. In this backdrop, the present study makes a spirited attempt to investigate these issues from the perspective of the customers in the service sector of the developing economy-India. It is hoped that the information presented in this study will provide service executives with insights into the usefulness of products and services customers find most appropriate to their service needs. Further in order to win customer loyalty, winning the customer trust is basic requirement, but how to do it is a million dollar question. Although internationally much work is done in this regard but these were either theoretical, fragmented studies or studies in single industry. It's also observed that very fewer studies are done in India in this context. This study is an endeavour to fill the gaps in previous research. Therefore, the present study is an attempt to find relationships among drivers of customer trust and customer loyalty in banking and telecom industry.