ABSTRACT

The Indian Telecom Industry has come a long way in achieving its dream of providing affordable and effective communication services to its customers. Faced with a growing market and increasing competition, companies in the telecom business are adopting to the new technological imperatives in order to out-perform their competitors. One such approach in the adoption of an information technology (IT) to move towards customers is the Customer Relationship Management (CRM).

CRM efforts aim at improving service quality and service quality is found to be having a definite impact on customer loyalty. This study aims at understanding the behavioral aspects that play a greater role in understanding customer loyalty, improving service quality and thereby enhancing CRM. Data collected from the residential users of mobile services from Chennai is used for the study.

In order to sustain in the competitive environment, this study provides insights to the practitioners on the paths that lead to customer loyalty. The path model uses three constructs, namely the Extended SERVQUAL Scale with seven dimensions, SERVLOYAL Scale with seven dimensions and Loyalty Indices with 3 dimensions. Using Data Envelopment Analysis (DEA), the study uses the insights from path model to provide a method to evaluate the effectiveness of CRM practices of the mobile service providers so that they can refine their strategies to improve loyal customer base.
Although Zeithaml et al. (1996) report a strong association between overall service quality and service loyalty across multiple companies, the findings of this study clearly portray the quality-loyalty relationship with reference to the Indian Mobile segment. This underlines the importance of a multidimensional approach to service loyalty. The path models confirm the relationship between service quality, service loyalty ad loyalty indices. This study further strengthens (Bloemer et al,1999) with a clear focus on linking perceived service quality and service loyalty as a multi-dimensional perspective.

The insight from this study can be used in other service sectors to measure service quality and service loyalty and develop robust CRM systems that can map and predict customer loyalty levels.