CHAPTER 7

DISCUSSION

The objective of this chapter is to bring to light:

i. Insights from Literature and Gaps

ii. Attempts by this study to fill these gaps

iii. Research Implications

iv. Managerial Implications

7.1 INSIGHTS FROM LITERATURE AND GAPS

The insights from literature review are as follows:

- An extended service quality scale was proposed by Seth et al (2008) by including technical quality aspects in addition to functional quality aspects.

- To examine the behavioural aspects which play a bigger role in understanding customer loyalty, a SERVLOYAL scale proposed by Sudhakar et al (2006) which has seven dimensions is used.

- In order to assess the loyalty Loyalty Indices, Bob Hayes (2007) proposed loyalty indices which has three dimensions. This would clearly link to the CRM concepts of Positive Word of Mouth, in Up Selling and Cross Selling and Customer Churn.
There are no combined studies to provide a holistic suggestion as to enhancing CRM by improving service quality and service loyalty.

7.2 ATTEMPTS BY THIS STUDY TO FILL THE GAPS

This study has attempted to further strengthen the current knowledge on determining the relationship among perceived service quality, service loyalty and loyalty indices.

This study worked on the underlying premise that one area that remained relatively underdeveloped, is the relationship between evaluation of service quality and loyalty of service customers. (Glemer & Brown, 1996). This is in spite of the fact that loyalty is essential for service business survival (Reichheld, 1993).

This study proposed a conceptual framework to examine the relationships that exist between service quality, service loyalty and loyalty indices. Figure 7.1 depicts the conceptual framework proposed in this study.

![Figure 7.1 Conceptual Framework](image)
From the conceptual framework, the study attempted to test the following relationships.

- Relationship between Demographic Variables and Service Quality
- Relationship between Demographic Variables and Service Loyalty
- Relationship between Demographic Variables and Loyalty Indices
- Relationship between Service Quality and Service Loyalty
- Relationship between Service Quality and Loyalty Indices
- Relationship between Service Loyalty and Loyalty Indices

Figure 7.2 represents the relationship between demographic variables with service quality dimensions, service loyalty dimensions and loyalty indices based on data analysed.
Since service quality, service loyalty and loyalty indices are all multidimensional variables, it can be seen from the observed model that some of the demographic variables have relationship with some dimensions only. But Monthly Expenses is the demographic variable which has relationship with most of the dimensions. The confirmatory path depicted the relationship between service quality and service loyalty; service quality and loyalty indices and service loyalty and loyalty indices.

The study establishes that there is a strong linkage between (a) service quality and service loyalty; (b) service quality and loyalty indices and (c) service
loyalty and loyalty indices. Although Zeithaml et al. (1996) report a strong association between overall service quality and service loyalty across multiple companies, the findings clearly highlights the quality-loyalty relationship with reference to the Indian Mobile segment. This underlines the importance of a multidimensional approach to service loyalty. The findings have a number of research and managerial implications.

7.3 RESEARCH IMPLICATIONS

This study should be seen as a preliminary attempt at addressing an issue that has important implications for services marketing theory and practice. Any preliminary attempt will involve a number of limitations. However, acknowledgement of these limitations also suggests new directions for future studies.

In the first place, conceptual models as well as scales for measuring service quality and loyalty have been developed and refined over the last decade. Differences in the nature of service setting might require additional dimensions of service quality (Dabholkar et al., 1996).

With regards to the complaining behaviour part of the loyalty scale, the incidental nature of service problems may require incident-based measurement (such as the Critical Incident Technique) rather than service attitude-based measurement instruments. Further research should also incorporate multiple measures of the relevant constructs in order to increase the number of items that are used for the individual service loyalty dimensions. For instance, word-of-mouth should also be formulated in negative terms.

Moreover, the study focused on service loyalty intentions only and these intentions are an incomplete proxy for actual behaviour (Keaveney, 1995). They should be supplemented by behavioural measures in order to develop a composite index of service loyalty (Dick and Basu, 1994). Therefore, further research should also take actual (re)actions of consumers to perceived service
quality into account. An area that definitely also merits further investigation is the impact of loyalty on other organisational performance measures, such as profitability (Storbacka et al., 1994).

Furthermore, the use of multiple time frames allows for an investigation of the reinforcement effect of behavioural intentions on future service quality perceptions as well as other outcome variables that determine the strength of customer-organisation relationships such as commitment, trust and customer value.

Finally, for the purpose of cross-validation, additional exploration of the service quality-loyalty relationship needs to be extended beyond the settings reported here to markets in which switching barriers are perceived to be high.

### 7.4 MANAGERIAL IMPLICATIONS

The findings have several managerial implications as well. The results enable managers of service firms to nuance the intuitive relationship between service quality, service loyalty and loyalty indices and have a richer diagnostic value because both service quality and loyalty are measured at a detailed and specific level. In addition, information on the service quality-customer loyalty link may provide actionable benchmarks that individual firms may use to guide their service policies aimed at securing customer loyalty.

Furthermore, the results have specific indications for the different path models and service industries' research and budget allocations and personnel management decisions relating to the improvement of service loyalty on the basis of service quality.

The study used Data Envelopment Analysis to determine the effectiveness of the mobile service providers on each of the service loyalty dimensions where the service quality dimensions are used as the predictors in regression analysis. Aircel is found to be 100% efficient on most of the service loyalty dimensions; BSNL is found to be efficient on loyalty indices. But the other service providers performed well on some of the dimensions. DEA gives relative
efficiencies. In this study, DEA was used to analyse the relative efficiencies which is used to benchmark the service providers on various dimensions. For the other service providers to improve their performance they need to analyze the input and output parameters of the best performing service providers.

This study attempts to links many facets of business viz., CRM approach which is adopted by the telecom industry; comparison of its effectiveness using a quantitative approach like Data Envelopment Analysis. The output of this simulated model provides an insight to the industry practitioners an effective method of evaluating a technology which is being adopted by them. Though this study concentrates only on seven service providers in Chennai, it can further be extended with more parameters so that a holistic picture on the latest business trends which can be analysed and leveraged for further improvements. Indices based on loyalty may supplement measures of financial performance and market share with crucial information on the future health of a firm or industry.

Finally, company- and industry-level assessment of the service quality-customer loyalty link provides useful information to shareholders on the viability of performance in the future. Especially, when tracked over time, changes in service loyalty signal changes in the value of customer assets. The identification of service loyalty as a multi-dimensional construct may help corporate decision makers in an accurate assessment of service loyalty.

7.5 CONCLUSION

This study focuses on studying the relationship between service quality, service loyalty and loyalty indices. Though there are many studies on the service quality and loyalty, the behavioural aspects that influence loyalty had not been paid much attention with reference to the mobile service providers. With the current trend on cut throat competition and with low switching cost for the customers, the mobile service providers are facing challenges in keeping themselves steady in the competition. On the other hand, the high cost of customer acquisition is making today’s businesses understand the importance of retaining the customers for long-