CHAPTER 2

LITERATURE REVIEW

This chapter covers a detailed overview of the literature reviewed by the researcher in order to have an insight into the theoretical framework and methodological issues related to the study undertaken. For this purpose the researcher has reviewed research papers and articles published in both International and National journals and also several popular and focused books which give broad perspectives on the conceptual framework of the study undertaken. The details of the literature reviewed by the researcher are arranged chronologically in the following sections.

2.1 INDIAN TELECOM INDUSTRY

Rekha Jain (1993) reviewed the policy changes in the Indian Telecom Sector during the initial stages of post liberalization. The author explained that in response to the business needs of faster, cheaper, and more varied modes of communication, the telecommunication sector in many countries had undergone rapid technological and structural changes.

Athreya (1996) described about the significant changes in the Indian Telecommunications sector during the NTP 1993. He identified three phases of changes. First, there was a policy vacuum almost up to 1990. Second, there was a shift in telecommunication policy brought about by a paradigm shift in government economic policy. Third, difficulties were experienced in implementing the new policy.

Jain (2001) explained that spectrum auctions had been used with significant success in many developed countries. He analyzed that while India was one of the early adopters of spectrum auctions, its success in service provision had
been low. The author examined the issues in auction design that contributed to the delay and reviewed the key elements in the design process namely a coherent regulatory framework, choice of service areas, flexibility for service area consolidation, standards and their role, convergence, managing public service regulation and managing defaults.

2.2 CUSTOMER RELATIONSHIP MANAGEMENT

Sheth and Parvatiyar (1995) focused their work on understanding the motivations of consumers to engage in relationships. They emphasized that in order to develop an effective theory of relationship marketing, it is necessary to understand what motivates consumers to reduce their available market choices and engage in a relational market behavior by patronizing the same marketer in subsequent choice situations.

Baker et al (1998) noticed that it is more productive to consider Relationship Marketing to be a third dimension of the existing Transactional Model than to develop a separate paradigm. According to the authors, two-dimensional marketing model is described as reflecting the marketing of products (dimension one) to market segments (dimension two), facilitated by channels and supported by promotion and pricing. The third dimension, relationships, is introduced as a spiral diagram that elevates the customer above the two planes of products and markets, and in doing so, generates a barrier to entry of predator sellers.

Joe Peppard (2000) has emphasized that CRM should not be looked from a narrow perspective. He presented a CRM framework which was based on incorporating e-business activities, channel management, relationship management and back office / front-office integration within a customer centric strategy.

Veith Körner et al (2000) developed a conceptual model for CRM in Business Media. They used a case study to conceptualize the CRM practices in a financial industry.
Russell S. Winer et al (2001), gave a framework for the CRM concepts. They analyzed the needs for CRM as a strategy and explained in detail the intrinsic activities involved in CRM practices.

Injazz and Popovitch (2003) emphasized that Customer Relationship Management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development.

Payne and Frow (2005) developed a conceptual framework for customer relationship management (CRM) that helps broaden the understanding of CRM and its role in enhancing customer value and, as a result, shareholder value. The authors explored definitional aspects of CRM, and they identified three alternative perspectives of CRM. The authors emphasized the need for a cross-functional, process-oriented approach that positions CRM at a strategic level.

Kumar and Reinartz (2006) explained that Customer Relationship Management (CRM) deals with applying database marketing techniques at the customer level to develop strong company-to-customer relationship. CRM involves identifying different types of customers and developing specific strategies for interacting with each customer. Examples of such strategies are developing better relationships with profitable customers, locating and enticing with new customers that will be profitable and finding appropriate strategies for unprofitable customers.

Chieko Minamia and John Dawson (2008) focused on the effects of customer satisfaction with CRM, customer retention and profit management, and the effects of CRM technique on performance. CRM is regarded as the integration of relationship technology (i.e. data consolidating and data mining) with loyalty schemes. In this analysis a direct effect of CRM implementation on return on equity (ROE) was supported; however, a negative impact of customization on ROE was found.
Robert Gee (2008), highlighted that organizations must understand what drives both value and delight for their customers. Adopting a customer centric vision enables an organization understand their customers, deliver customer delight and drive for loyalty. Different customers have different requirements and will be delighted in different ways. Database segmentation and data analysis are critical if an organization is to generate loyalty from different customer segments. A win-back strategy is recommended as previous customers are less costly to win-back compared to the costs of acquiring of new customers.

Hyunchul Ahna et al (2011) points out that as the competition between mobile telecom operators become severe; it becomes critical for operators to diversify their business areas. Especially, the mobile operators are turning from traditional voice communication to mobile value-added services (VAS), which are new services to generate more average revenue per user (ARPU). That means, cross-selling is critical for mobile telecom operators to expand their revenues and profits. In this study, the authors propose a customer classification model, which may be used for facilitating cross-selling in a mobile telecom market. This model uses the cumulated data on the existing customers including their demographic data and the patterns for using old products or services to find new products and services with high sales potential.

2.3 SERVICE QUALITY

2.3.1 Service Quality Definition based on Functional Quality

According to Berry et al (1988), Service Quality is defined as global judgement or attitude relating to the superiority of the service. Bitner, Booms and Tetreauy (1990) defines it as the customer's overall impression of the relative inferiority/superiority of the organization and its services.

Carman (1990) describes the replication and testing of the SERVQUAL battery (A. Parasuraman et al; see record 1986-10681-001), which measures the perceived quality of a service situation. The scale was tested in 4 service settings different from those of the original test: a dental school patient clinic, a business
school placement center, a tire store, and an acute care hospital. Six basic questions of interest to the retailer were discussed: (1) the number of dimensions and how generic they are, (2) the extent to which item wording can be changed, (3) service situations that include multiple service functions, (4) the validity of analyzing differences between expectations and perception, (5) the point at which expectation information should be obtained, and (6) the relationship between expectations and importance.

Asubonteng and Swan (1996) define it as the difference between customer’s expectations for service performance prior to the service encounter and their perceptions of the service received.

These studies primarily focused on functional quality aspects (i.e., pertaining to service delivery process or how the services are delivered) and inadequately addressed technical quality aspects (i.e., issues concerning what is actually delivered). However, researchers in cellular mobile communication emphasized that technical quality attributes play an important role in forming service quality perceptions of customers.

### 2.3.2 Positive Relationship between Service Quality with Customer Satisfaction

Danaher and Gallagher (1997) used the study of an actual hotel service delivery process and partitioned into five distinct service encounters; check-in, the room, the restaurant, the breakfast and check-out and investigated how quality factors were related to their respective encounters and how cumulative satisfaction levels impact on each other and over time. Average satisfaction levels for each of the five encounters were found to be significantly different. Moreover, there was a clear trend in the cumulative satisfaction results. Check-in resulted in high satisfaction, the room was not so satisfying and the restaurant rated the worst. Satisfaction scores rose after the breakfast experience and rose again after check-out.
Ko de Ruyter et al (1997) argued that there is a conceptual overlap as well as distinctions between, the role of expectations and perceptions and the questions whether service satisfaction is a super ordinate concept to quality or vice versa. They developed an empirical model which was tested in a health care setting to determine the nature of the relationship between service quality and service satisfaction. The results suggest that service quality should be treated as an antecedent of service satisfaction. It was also found that service satisfaction, in addition to service quality, is a direct function of disconfirmation and perception.

Christine and Binks (1999) emphasized that within any service there is scope for considerable variation in the degrees to which both parties become involved in the relationship; beyond a certain minimum level, customers and service providers may be more or less participative. However, participative behavior should yield benefits. Customers who are more willing to share information and develop closer personal contacts might be expected to benefit in terms of a higher quality of service provision, because the provider will be more knowledgeable about their needs and expectations.

Leisen and Vance (2001) emphasized that the successful standardization of service quality in the telecommunication industry across multiple nations demand, as a precondition, that the countries in question expose similar service quality dimensions and that the importance of these dimensions to overall satisfaction with the service is also similar. The authors investigated if these conditions were met in the telephone services sector of the telecommunication industry in the USA and Germany. Confirmatory factor analysis results of various alternative dimensionalities provided the best support for a five-dimensional conceptualization in both countries. However, the two countries differ in their respective importance evaluations of particular service quality dimensions, which make it difficult to provide a standardized service quality solution.
2.3.3 Positive Relationship between Service Quality with Customer Loyalty and Retention

Ranaweera and Neely (2003) presented a holistic model of customer retention incorporating service quality perceptions, price perceptions, customer indifference and inertia. Data from a large-scale postal survey of telephone users in England showed that perceptions of service quality have a direct linear relationship with customer retention even in mass services with low customer contact. Price perceptions and customer indifference too were found to have a direct linear effect on retention.

2.3.4 Positive Relationship between Service Quality with Profitability

Bloemer et al (1999) et al, argued that the relationship between perceived service quality and service loyalty is an issue which requires conceptual and empirical elaboration through replication and extension of current knowledge. The authors focus on the refinement of a scale for measuring service loyalty dimensions and the relationships between dimensions of service quality and these service loyalty dimensions. The results of an empirical study of a large sample of customers from four different service industries suggest that four dimensions of service loyalty can be identified: purchase intentions, word-of-mouth communication; price sensitivity; and complaining behaviour.

2.3.5 SERVQUAL in Telecom

Wang and Lo (2002) identified that service quality, customer satisfaction and customer value are the most important factors of business success for either manufacturers or service providers. The authors have paid attention to the measurement model of service quality in China’s mobile phone market based on the well-known SERVQUAL model, but with modification on the basis of focus group discussions and expert opinions to reflect the specific industry attributes and the special culture of China. Emphasis is then paid to the study of the dynamic relationships among service quality, customer value, customer satisfaction and their
influences on future behaviors after the key drivers of customer value and customer satisfaction are identified.

Johnson et al (2002) provided an overview of service quality and discussed its potential for offering a competitive advantage; to test several research propositions concerning service quality in the Thai telecommunications industry; the results indicated that perceptions and expectations of service quality level showed no significant difference. A post hoc analysis found that the telecommunication industry received excellent ratings on tangibles, particularly customer service staff’s dress, and low ratings on empathy, particularly service providers’ interest differences. Tangibles are an aspect of service quality that is extremely important to the Thai telecommunication customer.

According to Hannikainen et al, (2002), service quality is capability of a network to provide services and to fulfill user's expectations. According to Telecom Authority of India (2007), service quality is an indicator of performance of a network and of the degree to which the network conforms to the stipulated norms.

2.3.6 Service Quality Measurement and Models

Berry et al (1990) conducted a study on improving customer service quality. They identified five dimensions that customers use to judge a company's service; discussed the potential causes of service role ambiguity and identified the possibilities that arise when a customer experiences a service problem. According to their study, the principal dimensions that customers use to judge a company’s service are:

- **Tangibles** - The appearance of physical facilities, equipment, personnel, and communication materials.
- **Reliability** - The ability to perform the promised service dependably and accurately.
- **Responsiveness** - The willingness to help customers and to provide prompt service.
- **Assurance** - The knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy** - The provision of caring, individualized attention to customers.

Berry and Parasuraman (1992) emphasized that a well designed and implemented service quality information system raises the possibility that a company will invest service improvement money in ways that actually improve service. The five elements of the service quality information system are; (i) measure service expectations, (ii) emphasize information quality, (iii) capture customers' words, (iv) link service performance to business results, and (v) reach every employee.

Carvalho and Leite (1999) extended the Parasuraman – Berry - Zeithaml conjecture to assess the quality of postal services in Brazil. A qualitative stage yielded a list comprising 39 attribute items. In the quantitative stage the three-column format of a SERVQUAL questionnaire was employed to permit the computation of importance weights and tolerance widths for each attribute item. There was an inverse association between importance and tolerance of service quality attributes.

Hanjoon Lee et al (2000) explained that service quality is an elusive and abstract construct to measure, and extra effort is required to establish a valid measure. The authors investigated the psychometric properties of three different measurements of health-care service quality as assessed by physicians. The multitrait-multimethod approach revealed that convergent validity was established for measures based on the single-item global rating method and multi-item rating method. Furthermore, discriminant validity for the seven health-care service quality dimensions measured by the three methods was not well established. The high levels of inter-dimensional correlations found suggested that the service quality dimensions may not be separable in a practical sense.
Michael K Brady et al (2002) described that service quality be measured using a performance-only index (SERVPERF) as opposed to the gap-based SERVQUAL scale. The intent of the research was to examine the ability of the performance-only measurement approach to capture the variance in consumers' overall perceptions of service quality. The results of their studies indicate that service quality is properly modeled as an antecedent of satisfaction.

Parasuraman (2005) used the means-end framework as a theoretical foundation to conceptualize constructs refines, and tests a multiple-item scale (E-S-QUAL) for measuring the service quality delivered by Web sites on which customers shop online. Using two stages of empirical data collection, the study revealed that two different scales were necessary for capturing electronic service quality. The basic E-S-QUAL scale developed in the research is a 22-item scale of four dimensions: efficiency, fulfillment, system availability, and privacy. The second scale, E-RecS-QUAL, is salient only to customers who had nonroutine encounters with the sites and contains 11 items in three dimensions: responsiveness, compensation, and contact.

Mahapatra and Khan (2006) provided a systematic integrated approach for modeling customer evaluation of service quality applied to technical education. The authors identified that the quality of service largely relates to human behaviour, the quality dimensions and items under each dimension of the measuring instrument widely differ depending on the application to the type of service setting. The stakeholders in an educational setting range from students to recruiters, with varying levels of interaction with the system and expectations from the system. Therefore, it is advisable to identify the minimum number of service items that suit all the stakeholders before implementing any quality improvement programme. To this end, EduQUAL, a survey-based model, has been specially developed to suit a technical education system.

Anita Seth et al (2008) developed a valid and reliable instrument to measure customer perceived service quality incorporating both service delivery as well as technical quality aspects. The resulting validated instrument comprised of
dimensions including reliability, responsiveness, assurance, empathy, tangibles, convenience, and customer perceived network quality.

2.3.7 Service Quality Dimensions

Researchers have tried to operationalize service quality from different perspectives for different service applications. Based on their conceptual/empirical studies, researchers derived and proposed different service quality dimensions for various service applications.

Berry et al (1988), identified five dimensions namely, reliability, responsiveness, assurance, empathy and tangibles. The application areas are telecom companies, brokerage and insurance companies and banks.

Lehtinen and Lehtinen (1991) identified five dimensions namely, physical quality, corporate quality, interactive quality, process quality and output quality. The application areas identified are restaurants, disco and pub restaurants.

Rosen and Karwan (1994) identified six dimensions namely, reliability, responsiveness, tangibles, access, knowing the customer and assurance. The application areas are teaching, restaurant, bookstore and health care.

Johnson et al (1995) identified three dimensions namely, input quality, process quality and output quality. This study was based on bank customers in the UK.

Siu and Cheung (2001) identified six dimensions namely, personal interaction, policy, physical appearance, promises, problem solving and convenience. The study was based on the service quality delivery of a department store chain.

Alzola and Robaina (2005) identified five dimensions namely, reliability, design, guarantee, empathy and security. This study was based on Electronic Commerce – B2C. Improvements in service quality can also enhance
competitiveness. Several dimensions of competitiveness have become relevant in India and have been researched across levels.

2.4 SERVICE LOYALTY

2.4.1 Defining Service Loyalty

Service loyalty is the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises.

This definition suggests service loyalty is a matter of degree, ranging from the completely loyal customer to one who will never consider using a provider in the future. According to this definition, an extremely loyal customer is one who (a) regularly uses a service provider, (b) really likes the organization and thinks very highly of it, and (c) does not ever consider using another service provider for this service. Conversely, an extremely “non-loyal” person (a) will never use the provider again, (b) has negative feelings toward the organization, and (c) welcomes suggestions about other providers and is willing to try any other provider. This three-dimensional definition is consistent with Zeithaml, Berry, and Parasuraman’s (1996) operationalization of the “loyalty to company” factor in their behavioral-intentions battery. The five items they use to measure loyalty include (1) saying positive things about the company, (2) recommending the company to someone who seeks advice, (3) encouraging friends and relatives to do business with the company, (4) considering the company the first choice to buy services, and (5) doing more business with the company in the next few years. Thus, in effect, their measure includes items from all three dimensions of the proposed service loyalty definition listed above.

Jacoby et al (1978) have explored the psychological meaning of loyalty in an effort to distinguish it from behavioral (i.e., repeat purchase) definitions. Their analysis concludes that consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or a preference for convenience and that
inconsistent purchasing could mask loyalty if consumers were multi-brand loyal. Because of these possibilities, the authors conclude that it would be unwise to infer loyalty or disloyalty solely from repetitive purchase patterns without further analysis.

Czepiel and Gilmore (1987) emphasized that essentially social nature of service encounters, a short-run phenomenon, provides the occasions in which buyer and seller negotiate the terms of their exchange relationship, a long-run phenomenon. Defined as the mutual recognition of special status between exchange partners, exchange relationships insure efficacy for the buyer, as they mitigate market volatility for the seller. Understanding how economic exchange is played out against a background of social exchange can yield actionable insights.

Murray (1991) explored the information needs of service consumers. In the purchase decision process, search behavior is motivated in part by perceived risk and the consumer's ability to acquire relevant information with which purchase uncertainty can be addressed. Marketing theory suggests that consumers use information sources in a distinctive way to reduce the uncertainty associated with services.

Dick et al (1994) explained that Customer loyalty is viewed as the strength of the relationship between an individual's relative attitude and repeat patronage. The relationship is seen as mediated by social norms and situational factors. Cognitive, affective, and conative antecedents of relative attitude are identified as contributing to loyalty, along with motivational, perceptual, and behavioral consequences.

Kandampully (1998) explained the premise of 'quality of service' as the competitive edge in gaining market leadership which has been well recognized both in academic research and by leading service organizations. However, it has become increasingly important for organizations to find ways, not only to reach the top, but to maintain that leadership in an ever increasing competitive market-place. In order to protect their long-term interest, service organizations are seeking ways to forge
and to maintain an on-going relationship with their customers. It is argued that long-term superiority of a service firm is dictated by the organization’s ability to maintain their relationship with the customer by offering ‘service loyalty’: a demonstration of the organization’s commitment to maintain the service promise. The author argues that service loyalty precedes customer loyalty. The author emphasizes how a firm’s service employees develop the emotional connection with customers which leads to exceptional service and the ability to exceed customer expectations.

Gustafsson et al (2005) in their study of telecommunications services, examine the effects of customer satisfaction, affective commitment, and calculative commitment on retention. The study further examines the potential for situational and reactional trigger conditions to moderate the satisfaction-retention relationship. The results support consistent effects of customer satisfaction, calculative commitment, and prior churn on retention. Prior churn also moderates the satisfaction-retention relationship.

Recently to evaluate Service Loyalty, a Servloyal construct based on seven dimensions has been introduced by Sudhahar et al (2006). The authors emphasize that besides the behavioural and attitudinal dimensions there figure cognitive, conative, affective, trust and commitment dimensions.

### 2.4.2 Dimensions of Service Loyalty

A review of the literature suggests the service loyalty construct consists of three separate dimensions: behavioral loyalty, attitudinal loyalty, and cognitive loyalty.

**Behavioral Loyalty**: Early definitions of loyalty focused almost exclusively on its behavioral dimension. In particular, loyalty was interpreted as a form of customer behavior (such as repeat purchasing) directed toward a particular brand over time. Although current thought infers that loyalty includes more than just a behavioral dimension, some researchers continue to measure loyalty exclusively on the behavioral dimension.
**Attitudinal Loyalty:** Scholars have questioned the adequacy of using behavior as the sole indicator of loyalty. Day (1969), in particular, criticized behavioral conceptualizations of loyalty and argued brand loyalty develops as a result of a conscious effort to evaluate competing brands. Others have suggested this attitudinal dimension includes consumers’ preferences or intentions (e.g., Pritchard 1991). After Day’s criticism, attitude gained increasing attention as an important dimension of loyalty. Over time, scholars began to consider customer loyalty as having two dimensions: behavioral and attitudinal.

**Cognitive Loyalty:** In additional to the behavioral and attitudinal dimensions, a few scholars include what has been termed a “cognitive” form of loyalty (Lee and Zeiss 1980). Some studies suggest loyalty to a brand or store means it comes up first in a consumer’s mind when the need for making a decision as to what to buy or where to go arises, while others operationalize loyalty as a customer’s “first choice” among alternatives. Similarly, Dwyer, Schurr, and Oh (1987, p. 19) argue that being committed to a relational exchange virtually precludes considering other exchange partners)) such customers “have not ceased attending to alternatives, but maintain their awareness of alternatives without ‘constant and frenetic testing’.” This suggests alternative organizations are not seriously considered by truly loyal customers when subsequent purchases are made) a viewpoint strongly supported by others. That is, a customer who is considered extremely loyal does not actively seek out or consider other firms from which to purchase.

### 2.5 LOYALTY INDICES

Bob E. Hayes (2007) felt while many objective measures of customer loyalty exist (e.g., defection rate, number of referrals), customer surveys remain a frequently used way to assess customer loyalty. There are a few reasons for the popularity of customer survey use in customer experience management. First, customer surveys allow companies to quickly and easily gauge levels of customer loyalty. Companies may not have easy access to objective customer loyalty data or may simply not even gather such data. Second, results from customer surveys can be
more easily used to change organizational business process. Customer surveys commonly include questions about customer loyalty as well as the customer experience (e.g., product, service, support). Used jointly, both business attribute items and loyalty indices can be used (e.g., driver analysis, segmentation analysis) to identify reasons why customers are loyal or disloyal. Finally, objective measures of customer loyalty provide a backwards look into customer loyalty levels (e.g., defection rates, repurchase rates). Customer surveys, however, allow companies to examine customer loyalty in real-time. Surveys ask about expected levels of loyalty-related behavior and lets companies “look into the future” regarding customer loyalty.

Customers' ratings of a set of loyalty questions suggest that there are three, very general, loyalty constructs, Advocacy, Purchasing and Defection;

Advocacy Loyalty : reflects the degree to which customers will advocate of the company

Purchasing Loyalty : reflects the degree to which customers will increase their purchasing behavior

Defection Loyalty : reflects the degree to which customers will show symptoms of defecting to competitors

The evidence from previous studies (Bob E. Hayes, 2007) shows that the Advocacy Loyalty Index (ALI), the Purchasing Loyalty Index (PLI) and Defection Loyalty index (DLI) measure three different types of loyalty. Even though these types of loyalty are correlated (advocates tend to be purchasers), the relationship between the ALI and PLI is not perfect, suggesting that these loyalty indices measure unique constructs. Customer loyalty is not a unidimensional construct, but rather a multidimensional construct that can help reliability measured. When we say a customer group has high vs. low loyalty, we need to clarify to which loyalty we are referring. It is possible that a given customer group can have different levels of loyalty (e.g., high advocacy, low purchasing). It is clear that a blanket statement about levels of "customer loyalty" can be ambiguous.
2.6 LITERATURE RELATING TO LINKAGE OF SERVICE QUALITY, SATISFACTION AND LOYALTY

Torsten J. Gerpott et al (2001) have done a study on the relationship between customer satisfaction (CS), customer retention (CR) and customer loyalty (CL) in the German Mobile Telecom Market. They developed a two-staged model in which overall CS has a significant impact on CL which in turn influences a customer's intention to terminate/extend the contractual relationship with his mobile cellular network operator (CR). They identified mobile service price and personal service benefit perceptions as well as (lack of) number portability between various cellular operators as supply-related variables which has strong effects on CR. Mobile network operators' perceived customer care performance had no significant impact on CR.

Chih-Ping-Wei and I-Tang-Chiu (2002) studied on churn prediction in telecom. The authors emphasized that a mobile service provider wishing to retain its subscribers needs to be able to predict which of them may be at-risk of changing services and will make those subscribers the focus of customer retention efforts. In response to the limitations of existing churn-prediction systems and the unavailability of customer demographics in the mobile telecommunications provider investigated, they proposed a churn-prediction technique that predicts churning from subscriber contractual information and call pattern changes extracted from call details. The technique is capable of identifying potential churners at the contract level for a specific prediction time-period.

Moon-Koo Kim et al (2004) had studied the effects of customer satisfaction and switching barrier on customer loyalty in Korean mobile telecommunication services. The study was undertaken when the Korean telecom industry was shifting its strategic focus away from attracting new customers, towards retaining existing customers through the promotion of customer loyalty.

John Hadden et al (2007) analyzed that a business incurs much higher charges when attempting to win new customers than to retain existing ones. As a
result, much research has been invested into new ways of identifying those customers who have a high risk of churning. However customer retention efforts have also been costing organisations large amounts of resource. In response to these issues, the authors suggested that the next generation of churn management should focus on accuracy.

Sung Ho (2007) used the customer relationship management perspective to investigate customer behavior. The authors differentiate between customers through customer segmentation; tracks customer shifts from segment to segment over time, discovers customer segment knowledge to build an individual transition path and a dominant transition path, and then predicts customer segment behavior patterns.

Koustuv Dasgupta et al (2008) examined the communication patterns of millions of mobile phone users, to study the underlying social network in a large-scale communication network. The key purpose is to address the role of social ties in the formation and growth of groups, or communities, in a mobile network. In particular, the study focused on the evolution of churners in an operator’s network spanning over a period of four months. Based on their findings, they proposed a spreading activation-based technique that predicts potential churners by examining the current set of churners and their underlying social network. The efficiency of the prediction is expressed as a lift curve, which indicates the fraction of all churners that can be caught when a certain fraction of subscribers were contacted.

Ying-Feng Kuo et al (2009), studied the relationships among service quality, perceived value, customer satisfaction, and post-purchase intention in mobile value-added services. The main findings are as follows: (1) service quality positively influences both perceived value and customer satisfaction; (2) perceived value positively influences on both customer satisfaction and post-purchase intention; (3) customer satisfaction positively influences post-purchase intention; (4) service quality has an indirect positive influence on post-purchase intention through customer satisfaction or perceived value; (5) among the dimensions of service quality, “customer service and system reliability” is most influential on perceived
value and customer satisfaction, and the influence of “content quality” ranks second; (6) the proposed model is proven with the effectiveness in explaining the relationships among service quality, perceived value, customer satisfaction, and post-purchase intention in mobile added-value services.

Fujun et al (2009) proposed and tested an integrative model to examine the relationship among service quality, value, image, satisfaction, and loyalty in China. The authors reveal that service quality directly influences both perceived value and image perceptions, that value and image influence satisfaction, that corporate image influences value, and that both customer satisfaction and value are significant determinants of loyalty. Thus, value has both a direct and indirect (through satisfaction) impact on customer loyalty. Other variables mediate the impact of both service quality and corporate image on customer loyalty.

2.7 INSIGHTS AND INADEQUACIES

The review of literature has provided insights on the following areas:

1. The impact of privatization of telecom sector on the mobile service providers and the subsequent penetration into the market has given rise to cut-throat competition among the mobile service providers.

2. This rising level of competition in turn has forced the mobile service providers to focus on various customer centric strategies wherein the service providers concentrate on sustained competitive advantage.

3. Customers on the other hand are well educated, demanding and willing to spend for better value for money. This and the above aspects have turned the attention of the service providers to depend on a technology-driven strategies where there is a need to collect, maintain, manage and analyse customer details and their purchasing behaviour which would help them to bundle up offers which would satisfy a specific need of a specific segment of customer in a specific
period of time. This is the Customer Relationship Management, a contemporary management practice.

4. Though CRM evolved in a very short duration, its application is widespread in services which involve huge set of customer base.

5. The impact of CRM practices in various countries and on various industry verticals gives a positive insight as to the level of maturity of its practices.

6. When deciding to choose a telecommunication service provider, customers often take into account the service quality, service price and customer service. While the first two factors can be controlled by the telecom company, the last factor seems to be the most influential and the hardest to get right as well. One outcome of good customer service, which depends on the service quality of the telecom providers positively results in a certain degree of behavioral attitude within the customers which in turn grows into loyalty. Thus a loyal customer may turn advocate to the company; purchase more frequently, purchase more quantity or purchase more variety of services or if disloyal switch to competitors.

The literature reviewed above indicates certain inadequacies in the following areas:

1. While there are individual studies on CRM implementations (Payne & Frow, Finnegan & Willcocks, Robert Gee), Service Quality (Danaher and Mattsson, Wang and Lo, Johnson and Sirikit, Gale, Rudie and Wansley, Zeithaml & Bitner), Relationship between CRM and Customer Loyalty (Mosad Zineldin, Majumdar, Terblanche and Boshoff, Gustafsson et al) and Loyalty Indices (Bob E. Hayes), it is noticed that a study on the linkage especially with the changing demographic patterns of the customers, if any, arising out of these concepts seems to be missing. Hence it is felt that such an existing
gap can be further explored and studied and the present attempt is
towards such a linkage. It is also a fact that the CRM practices in
Indian Telecom is in the matured stage. Hence such a linkage study
particularly in the telecom industry would be timely to provide
managerial insights in order to further strengthen the CRM practice in
this highly competitive industry.

2. Identifying the influence of service quality dimensions, service
loyalty dimensions on each of the loyalty indices, namely advocacy
loyalty index, purchase loyalty index and defection loyalty index.

3. Even though some of these aspects have been explored by previous
researchers to a great extent, it is felt that not much attention has been
drawn into measuring the effectiveness of loyalty, particularly for
sustained presence.

2.8 SUMMARY

This chapter provides an overview of the literature reviewed by the
researcher. The crux of each material reviewed by the researcher is presented
chronologically. It also includes a section on the insights obtained and inadequacies
present in the literature review, which the present study is aiming to bridge.