2.1 Introduction

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 various books which give broad perspectives on the conceptual framework of the study undertaken. The main objective is to identify the current research situation regarding the study in such a manner that we would be able to identify what research work is already exists and what are the major research gap which would be filled by the current research study.

There is a general consensus in the marketing literature about the importance of customer satisfaction in business success. Higher customer satisfaction leads to improved financial performance by lowering customer switching, improving loyalty, reducing price elasticity and transaction cost, promoting positive word of mouth and enhancing firm image and reputation (Garvin, 1988; Anderson, 1988; Kandampully and Suhartanto, 2000; Homburg and Giering, 2001; and Kim et al., 2004)

Since mobile services are continuously provided services, the customer – provider relationship and relational constructs such as trust become an important consequence of customer satisfaction (Selnes, 1988). Further, Ranaweera and
Prabhu (2003), show that customer satisfaction and trust have strong association with repurchase intentions and loyalty.\(^{16}\)

While the Indian mobile market is poised to grow at an increasing rate, the mobile service providers have not been able to either maintain or increase customer satisfaction. According to Voice and Data mobile user’s satisfaction survey 2008, there was a significant drop in the overall satisfaction of all major service providers against the benchmark set by Telecom Regulatory Authority of India (TRAI). This is a major cause of concern with Prasanto K Roy, Chief Editor of Cyber Media saying “We see rapidly declining quality of service stemming from poor network availability and lack of customer care as the top issues for the mobile players”. In addition, the churn rate is high at 41% with customers often switching service providers. With the increased competition and more new entrants in the market, the quality of services provided and customer satisfaction becomes the determinant of customer loyalty. According to Claes Fornell, “satisfied customers represent a real, albeit intangible, economic asset that generates future income streams for the owner of that asset”.\(^{17}\)

In 1994 government had issued licenses for cellular mobile services only for metropolitan cities: Delhi, Mumbai, Kolkata & Chennai. India has shown tremendous growth in past few years in telecommunication sector. The change in technology has changed the consumer mind. From fixed lines to wireless lines the number of subscribers have shown remarkable growth.


Earlier the concept of quality was very limited and was restricted to manufacturing & production industries only. The goal was maximum production. With change in technology, approach, customer perception and with industrial growth the quality concept was incorporated even with service industry also. Authorities have framed several quality standards in order to meet the quality of delivered service. With the awareness of quality, today’s customer is more demanding and the change in technology has brought the quality awareness among customers.

2.2 Service and Its Attributes

The service concept has gained much attention from scholars and practitioners since the first three service marketing articles were published by Regan. Service has been variously defined by many authors including the following:

- “A service is the non-material equivalent of a good. A service provision is an economic activity that does not result in ownership, and this is what differentiates it from providing physical goods. It is claimed to be a process that creates benefits by facilitating either a change in customers, a change in their physical possessions, or a change in their intangible assets”;\(^\text{18}\)

- “Services—broadly defined as acts, deeds, performances, or efforts—have different characteristics from goods—defined as articles, devices, materials, objects or things” (Rathmell 1966; Berry 1980 cited in C. Lovelock 2005);

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• Services refer to “economic activities offered by one party to another, most commonly employing time-based performances to bring about desired results in recipients themselves or in objects or other assets for which purchasers have responsibility.” Lovelock and Wirtz (2007).

• Services can be defined “as changes in the condition of a person or something in the possession of the customer.” Hill (1977 in Edvardsson et al., 2005);

• Services “a process or performance rather than a thing.” Lovelock (1991);

• “As part of the wider concept of the product.” Edvardsson

• “Services are deeds, processes and performances” Zeithaml and Bitner

• “The application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” Vargo and Lusch (2004)

• “A service is a process that leads to an outcome during partly simultaneous production and consumption processes” (Gronroos 2001).

Many scholars such as Gronroos (2000), Kotler & Keller (2006); Lovelock and Wirtz (2007), agree on four attributes that characterise services: inseparability, heterogeneity, intangibility and perishability. One significant characteristic which Lovelock and Wirtz (2007) identified is benefit without ownership. They focused that while customers expect to obtain value from their services purchased in exchange for their money, time, and efforts, this value
comes from access to a variety of value-creating elements rather than from transfer of ownership. They further maintain that services involve a form of rental, and that service customers obtain benefits by renting the right to use a physical object, to hire the labour and expertise of personnel, or to pay for access to facilities and networks. In this way customers benefit without owning the property.

However, Edvardsson et al., (2005) maintains that the description of the attributes of a service is not useful because “they do not portray the essence of value creation through service in a meaningful way, and therefore they should be avoided; they do not capture the process and interactive nature of services. These characteristics, however, may be useful in some special situations. The service concept may be replaced by the service perspective on value creation, focusing on value-in-use for the customer.”

Edvardsson et al., (2005) found out that scholars use the term ‘services’ variously to refer to ‘performance, deeds, and process, activities, experiences and value to customers.” Solomon et al., 1985; Lovelock, 1991; Zeithaml and Bitner, 2003; Vargo and Lusch, 2004, identified that scholars’ definitions of services and service have different meanings in that, “[service] involves the whole organization’s performance in providing the customer with a good experience, while [services] implies that services are something that can be offered to the customer.” Thus, on one hand ‘services’ definitions are outcome-related or directed at the value-created since it is something of value delivered to or a performance to meet customers needs. In a typical mobile telecom company, ‘services’ may include specific services like: replacement of lost SIM cards, providing MMS, SMS, free call services to customers, etc. These ‘services’ definitions are supported in the work of Lovelock (1991,1992); Gronroos (1990); and Normann,(1991).
On the other hand, ‘service’ definitions are process-related or value creation process in that ‘service’ is perceived as a set of activities performed by an organisation that aim at creating value, which includes specific services or economic activities, acts or performance to customers as well as other organisational activities that are part of the value creation process such as leadership and management styles, structure of operations, customer relationship initiatives, etc and not services as market offerings only. This ‘service’ perspective implies that service involves the whole process of interacting with and involving customers before, during and after production, distribution and consumption of an organisation’s offering. This view is supported in the work of Edvardsson et al., (2005); Kauppinen-Raisanen H. et al.,(2007).

Edvardsson et al., (2005) in their critical review of definitions of service and services concluded that ‘services’ are as different from each other and from products as products are different from each other, and that “It has to be determined at a specific time, in a specific company, for a specific service, from a specific perspective.”

### 2.3 Service Quality

The Service Quality can be defined from both the customer perspective as well as service provider perspective. From service provider’s perspective, service quality can be defined as the degree to which the service features meet the service specifications & standards. But from the customer perspective the service quality is defined as that how much the customer is satisfied with the delivered service and how well these services meet the customer expectations. Higher the quality higher will be the satisfaction & vice-versa from customer perspective as well as service provider perspective.
It is the difference between customer expectations and perceptions of service or the customers’ satisfaction or dissatisfaction formed by their experience of purchase and use of the service (Gronroos, 1984 and Parasuraman et al. 1988).\textsuperscript{19}

From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and advertisement. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed.

Oliver (1993) reported that service quality is a casual antecedent of customer satisfaction, due to the fact that service quality is viewed at transactional level and satisfaction is viewed to be an attitude. Dabholkar et al. (1996) and Zeithaml et al. (1996) reported that the service quality divisions are related to overall service quality and or customer satisfaction. Fornell et al., (1996) expressed that satisfaction is a consequence of service quality. Hurley and Estelami (1998) argued that there is causal relationship between service quality and satisfaction, and that the perceptions of service quality affect the feelings of satisfaction.

There are various classifications of the components of service quality in marketing science. Gronroos (1984) stated that in service environments, customer satisfaction will be built on a combination of two kinds of quality aspects; technical and functional. While, technical quality is related to what customer gets (transaction satisfaction); functional quality is related to how the customer gets the result of the interaction (relationship satisfaction).

\textsuperscript{19} Estimation of Customer Dissatisfaction Based on Service Quality, ccsenet.org/journal/index.php/ijbm/article/download/9696/6949.
Lewis (1987) suggested that service quality can be classified as essential and subsidiary. Essential refers to the service offered and subsidiary includes factors such as accessibility, convenience of location, availability, timing and flexibility, as well as interactions with the service provider and other customers.

The classification can also be the core (contractual) of the service, and the relational (customer-employee relationship) of the service. The core or the outcome quality, which refers to what is delivered and the relational or process quality, which refers to how it is delivered are the basic elements for most services. (Grönroos, 1985; McDougall and Levesque, 1992; Parasuraman et al., 1991; Dabholkar et al., 1996).

Parasuraman et al. (1988) identified five dimensions of service quality (SERVQUAL) that must be present in any service delivery. SERVQUAL helps to identify clearly the impact of quality dimensions on the development of customer perceptions and the resulting customer satisfaction. SERVQUAL includes:

**Reliability** - the ability to perform the promised services dependably and accurately;

**Responsiveness** - the willingness to help customers and provide prompt service;

**Assurance** - the knowledge and courtesy of employees as well as their ability to convey trust and confidence;

**Empathy** - the provision of caring, individualized attention to customers; and

**Tangibles** - the appearance of physical facilities, equipment, personnel and communication materials.
The model conceptualizes service quality as a gap between customer’s expectations (E) and the perception of the service providers’ performance (P). According to Parasuraman et al. (1985), service quality should be measured by subtracting customer’s perception scores from customer expectation scores \( Q = P - E \). The greater the positive score the greater the positive amount of service quality or the greater the negative score, the greater the negative amount of the service quality.

Apart from the five dimensions of service quality mentioned above, Zeithaml et al. (1990) proposed a comprehensive perception of quality assessment and claimed that there are some other factors in service quality which are as follows:

- **Access** – how easy it is to come into contact with the supplier. This is where the location, opening hours, supplier availability, and other technical facilities belong.

- **Communication** – the ability to communicate in an understandable way that is natural to customer.

- **Credibility** – referring to being able to trust the supplier.

- **Courtesy** – refers to the supplier’s behaviour, e.g. politeness and kindness.

A customer’s expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap.

Ten determinants that may influence the appearance of a gap were described by Parasuraman, Zeithaml and Berry.\(^{20}\)

**Competence** is the possession of the required skills and knowledge to perform the service. For example, there may be competence in the knowledge and skill of contact personnel, knowledge and skill of operational support personnel and research capabilities of the organization.

**Courtesy** is the consideration for the customer's property and a clean and neat appearance of contact personnel, manifesting as politeness, respect, and friendliness.

**Credibility** is the factors such as trustworthiness, belief and honesty. It involves having the customer's best interests at prime position. It may be influenced by company name, company reputation and the personal characteristics of the contact personnel.

**Security** is the customer feeling free from danger, risk or doubt including physical safety, financial security and confidentiality.

**Access** is approachability and ease of contact. For example, convenient office operation hours and locations.

**Communication** means both informing customers in a language they are able to understand and also listening to customers. A company may need to adjust its language for the varying needs of its customers. Information might include for example, explanation of the service and its cost, the relationship between services and costs and assurances as to the way any problems are effectively managed.

**Knowing** the customer means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on. This in turn helps in delighting the customers i.e. rising above the expectations of the customer.
**Tangibles** are the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other customers in the service facility.

**Reliability** is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up to date and schedules are kept.

**Responsiveness** is to the readiness and willingness of employees to help customers in providing prompt timely services, for example, mailing a transaction slip immediately or setting up appointments quickly.

Later, the determinants were reduced to Five: tangibles; reliability; responsiveness; service assurance and empathy as discussed above.

In the 1940’s and 1950’s W. Edwards Deming, had proposed an innovative approach towards the quality management. Deming had stressed on the importance of the *voice of the customer*. Later on, during 1950 it was observed that in US the companies were concerned with profit & so started compromising with quality unknowingly. But this had created a huge gap between the companies & their customers, which resulted in loss for companies. But during the same period Japanese had gained as they had taken in to consideration the customer’s opinion while formulating the business strategies. This had brought the concept that customer opinion should be included in order to satisfy the end users. This was the major movement towards the quality improvement & this was when Taguchi method was introduced in market.

Taguchi & Deming both share a common goal of increasing the quality by considering the voice of customer. Taguchi basically uses the Kaizen concept, which means continuous improvement with the involvement of every one. They
defined the quality in terms of the customer satisfaction and so they had stressed on the need of understanding the customer need thoroughly.

2.4 Customer Needs and Expectations

The achievement of strong customer satisfaction is closely related to the understanding of customer needs and expectations (William and Bertsch, 1992).

According to the Kano Model (2001), customer needs can be divided into:

Basic needs – obvious needs of customers and if not met, he is dissatisfied, however meeting this needs may not be enough for customer satisfaction. Its satisfaction results in ‘must be quality’.

Expected needs – these are important needs that customers are fully aware of and satisfaction is expected in every purchase; their satisfaction creates ‘expected quality’.

Excitement needs – these are unconscious and unspoken needs of customers. By identifying and satisfying such needs, companies will have added large value to customers and can win loyal customers. This satisfaction creates ‘attractive quality’.

2.5 Perceived Value

Holbrook, 1994 and Zeithaml, 1988 defined perceived value as the result or benefit customers receive in relation to total costs (which include the price paid plus other costs associated with the purchase) or the consumers’ overall assessment of what is received relative to what is given.
Additionally, Zeithaml (1988) found that customers who perceive that they receive value for money are more satisfied than customers who do not perceive they receive value for money.

Several studies have shown that perceived value is a significant determinant of customer satisfaction (Anderson et al. (1994); Ravald and Gronroos (1996); and McDougall and Levesque, (2000)). Turel and Serenko (2006) in their investigation of mobile services in Canada suggested that the degree of perceived value is a key factor affecting customer satisfaction.

Past research studies suggested that there are four features, which are key drivers of the customer value of cellular services: network quality, price, customer care, and personal benefits (Booz, Allen & Hamilton, 1995, Danaher & Rust, 1996; Bolton, 1998; Gerpott, 1998; Wilfert, 1999).

- The network quality refers to excellent indoor and outdoor coverage, voice clarity, and no connection breakdowns.

- Price refers to what is paid to obtain access to use the network.

- Customer care refers to the quality of the information exchanged between customer and supplier or network provider in response to enquiries and other activities.

- Personal benefits refer to the level of perception of the benefits of mobile communications services by individual customers.

In the above mentioned key factors, customer care system has three major stages-listening, responding and improving and mobile phone service provides need to put in place a system for all these stages of interactions with the customers. The main objective of this study is to evaluate the impact of customer care services on the satisfaction of mobile phone subscribers of U.P. (East) circle.
2.6 Customer Satisfaction

Customer satisfaction, as a construct, has been fundamental to marketing for over three decades. As early as 1960, Keith (1960) defined marketing as “satisfying the needs and desires of the consumer”. Hunt (1982) reported that by the 1970s, interest in customer satisfaction had increased to such an extent that over 500 studies were published. This trend continued and by 1992, Peterson and Wilson estimated the amount of academic and trade articles on customer satisfaction to be over 15,000. Several studies have shown that it costs about five times to gain a new customer as it does to retain an existing customer (Naumann, 1995) and this result into more interest in customer relationships. Thus, several companies are adopting customer satisfaction as their operational goal with a carefully designed framework. Hill and Alexander (2000) in their book state that companies now have big investment in database marketing, relationship management and customer planning to move closer to their customers.

According to Jones and Sasser (1995) achieving customer satisfaction is the main goal for most service firms today. Increasing customer satisfaction has been shown to directly affect companies’ market share, which leads to improved profits, positive recommendation, lower marketing expenditures (Reichheld, 1996; Heskett et al., 1997), and greatly impact the corporate image and survival (Pizam and Ellis, 1999).

Parker and Mathew (2001) expressed that there are two basic definitional approaches of the concept of customer satisfaction. The first approach defines satisfaction as a process and the second approach defines satisfaction as an outcome of a consumption experience. These two approaches are complementary, as often one depends on the other. It was also noted that the process of satisfaction definitions concentrates on the antecedents to satisfaction rather than satisfaction itself.
Satisfaction as a process is the most widely adopted description of customer satisfaction and a lot of research efforts have been directed at understanding the process approach of satisfaction evaluations (Parker and Mathews, 2001). This approach has its origin in the discrepancy theory (Porter, 1961), which argued that satisfaction is determined by the perception of a difference between some standard and actual performance.

Satisfaction is often confused with loyalty. Satisfaction is an emotional or feeling reaction (Westbrook, Newman, Taylor, 1978). It is the result of a complex process that requires understanding the psychology of customers. Satisfaction is influenced, in the end, by expectations and the gap between perceived quality and expected quality, called “expectancy disconfirmation”.

Weiner (1980, and 1985); and Folkes (1984) proposed the attribution theory, which states that when a customer purchases a product or service and the performance of that product or service is below expectation, the customer is convinced that the supplier causes the dissatisfaction. The complaining customer is focused on restoring justice and the satisfaction outcome is driven by perceived fairness of the outcome of complaining.

### 2.7 Service Quality Models

Many different models have been developed to explain and measure service quality in different settings of business operations (Nitin S. et al., 2005). There is the need to review literature on service quality models since customer satisfaction relates to dimensions of service quality that are conceptualised differently in different service quality models.

#### 2.7.1 Technical and functional quality model (Gronroos 1984)

Christian Gronroos developed a service quality model that has three components of service quality, namely: technical quality; functional quality; and image. He
maintains that the customer evaluations of perceived performance of service against his/her perceived service quality result in a measure of service quality.

Figure 2.1: Grönroos Model of Service Quality

Source: Grönroos (1984)

1. Technical quality is the quality of what consumer actually receives as a result of his/her interaction with the service firm and is important to him/her and to his/her evaluation of the quality of service.

2. Functional quality is how he/she gets the technical outcome. This is important to him and to his/her views of service he/she has received.

3. Image, which could be referred to as reputational quality, is very important to service firms and this can be expected to build up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations).

2.7.2 GAP model (Parasuraman et al. 1985)

The GAP model was proposed by Parasuraman, A., Zeithaml, V.A. and Berry, L.L in 1985. The model presupposes that that service quality is the differences
between expectation and performance relating to quality dimensions. These differences are referred to as gaps.

The gaps model conceptualises five gaps which are:

**Gap 1**: Difference between consumers’ expectation and management’s perceptions of consumers’ expectations (not identifying what consumers expect);

**Gap 2**: Disparity between management’s perceptions of consumer’s expectations and service quality specifications (inappropriate service-quality standards);

**Gap 3**: Variations between service quality specifications and service actually delivered (poor delivery of service quality);

**Gap 4**: Difference between service delivery and the communications to consumers about service delivery (promises mismatch delivery);

**Gap 5**: Difference between consumer’s expectation and perceived service; this gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer’s side.

**Figure 2.2: The Gap Model of Service Quality**

*Source: Parasuraman et al. (1985)*
2.7.3 Attribute Service Quality Model (Haywood-Farmer, 1988)

This model proposes that a service organization has “high quality” if it consistently meets customer preferences and expectations. According to this
model, the separation of attributes into various groups is the first step towards the development of a service quality model. It generally groups services into three basic attributes: physical facilities and processes; people’s behaviour; and professional judgment. Each attribute, involving several factors, forms an apex of the triangle as shown in figure 2.4. This model emphasises that too much concentration on any one of these attributes sets the exclusion of others may lead to disaster; for example, too much emphasis on procedures may give an impression to the customer that he will be processed as per his sequence. Different type of service settings is related as per degree of contact and interaction, degree of labour intensity and degree of service customization in this model.

**Figure 2.4: Attribute Service Quality Model**

Source: Haywood-Farmer (1988)
2.7.4 Synthesised Model of Service Quality (Brogowicz et al. 1990)

According to this model, it is possible for service quality gap to exist even before the customer experiences the service. The customer learns through word of mouth, advertising or through other media communications. This implies that it is necessary to incorporate potential customers’ perceptions of service quality offered in addition to the actual customers’ perceptions of service quality experienced. This model attempts to integrate traditional managerial framework, service design and operations and marketing activities. The synthesised service quality model (figure 2.5) focuses on identifying the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control. It considers three factors, i.e. company image, external influences and traditional marketing activities as the factors influencing technical and functional quality expectations.

Figure 2.5: Synthesised model of service quality

Source: Brogowicz et al. (1990)
2.7.5 Performance Only Model (Cronin and Taylor 1992)

Performance only model presupposes that Performance instead of “Performance-Expectation” determines service quality. Service quality is evaluated by perceptions only without expectations and without importance to weights. The authors investigated the concept and measurement of service quality and its link with consumer satisfaction and purchase intentions. They compared estimated difference scores with perception to conclude that perceptions only are better predictor of service quality. They challenged the framework of Parasuraman et al. (1985) with its SERVQUAL instrument that it confounds satisfaction and attitude. As a result they developed measurement instrument based on performance only and called it SERVPERF. By this they portray that service quality is a form of consumer attitude and the performance only measure of service quality is an enhanced means of measuring service quality. They stated that service quality can be conceptualized as “similar to an attitude”. and can be operationalised by the adequacy-importance model.

2.7.6 Ideal value model of service quality (Mattsson, 1992)

Most studies on service quality describe service quality as a customer’s evaluation of perceived product/service performance against his/her expectation or desires. However, this evaluation of product/service performance need to be examined against other cognitive standards like experience based, ideal, minimum tolerable and desirable. The Ideal value of service quality model argues for value approach to service quality. It conceptualises value as an outcome of satisfaction process, and suggests the use of a perceived ideal standard against which the experience is compared.

Figure 2.6 shows that implicit negative disconfirmation on a pre-conscious value level, is then hypothesized to determine satisfaction on a “higher” attitude level. This negative disconfirmation is the major determinant of
consumer satisfaction; more attention should be given to cognitive processes in the formation and dynamism of consumers’ service concepts.

**Figure 2.6: Ideal value Model of Service Quality**

![Diagram of Ideal value Model of Service Quality](image)

*Source: Mattsson (1992)*

### 2.7.7 Evaluated Performance and Normed Quality Model (Teas 1993)

The author raised a number of criticisms against the conventional disconfirmation model that it has theoretical and measurement problems in the measurement of service quality *SERVQUAL* (Parasuraman et al., 1988). The criticisms relate to conceptual definition ambiguity; theoretical justification of expectations in the measurement of service quality; the usefulness of the probability specification in the evaluated performance (EP) measurement; and link between service quality and consumer satisfaction/dissatisfaction.

The author proposed the following two frameworks for service quality: Evaluated performance (EP) framework and normed quality framework. The EP framework assumes that an individual evaluates an object with perceived certainty and that the object has a constant amount of each attribute also with Minkowski space parameter equals to unity. This assumes that perceived product/service ability to deliver satisfaction can be conceptualized as the product/service’s relative similarity with the consumer’s ideal product features.

Normed quality framework states that if the object is defined as the excellence norm, that is the focus of revised *SERVQUAL* concept, statistical equations can be used to define the perceived quality of excellence norm in terms
of the similarity between the excellence norm and the ideal object with respect to several attributes.

2.7.8 IT Alignment Model (Berkley and Gupta 1994)

The IT alignment model describes the use of IT for improving service quality which is also reflected in customer satisfaction. It was developed through a number of case studies from variety of sectors (banking, courier, transportation, manufacturing, and services industries). The model seeks to correct the deficiency that occurs when organisation's investments in information technology (IT) mainly aims at productivity of efficiency gains but little on improving customer service and long-run customer retention and loyalty. This model links the service and the information strategies of the organization.

Figure 2.7: The IT Alignment Model

![Diagram](source: Berkley and Gupta (1994))

The model emphasises that it is vital for IT based-organisations to closely co-ordinate and align information system (IT) strategies to service quality. It explains the service-strategies alignment process. It demonstrates through case studies, where IT had been used and could be used for quality control and to
improve specific service quality dimensions such as reliability, responsiveness, competence, access, communications, security, understanding and knowing the customers.

2.7.9 Retail Service Quality and Perceived Value Model (Sweeney et al. 1997)

This model maintains that service quality influences value and willingness to buy in a specific service encounters through two alternative models. The model (Figure 2.8) considers value to be “value for money” and defines value in terms of a comparison between what the consumers get and what they give, or a comparison of benefits and sacrifices (Zeithaml et al., 1988).

Figure 2.8: Retail Service Quality and Perceived Value Model

The whole model is divided into two models. Model one depicts that functional service quality and technical service quality perceptions significantly influence service quality perceptions in addition to product/service quality and price.
In model two, the authors postulate that customers’ willingness to purchase is directly influenced by customers’ perceptions of functional service quality. Functional service quality perceptions also influence technical service quality perceptions, which in turn influence product quality perceptions. However neither of the two directly influences value perceptions. It is possible from an analysis of the model to allow technical service quality to influence perceived value directly since model two appears to exert much influence on model one.

2.7.10 Service quality, customer value and customer satisfaction model (Oh 1999)

This is an integrative model of service quality, customer value and customer satisfaction. In this model (figure 2.9), the author incorporates key variables such as perceptions, service quality, consumer satisfaction, customer value and intentions to repurchase. Word of mouth communication intention is depicted to have multiple influencers: perceptions, value, satisfaction and repurchase intentions.

Figure 2.9: Service Quality, Customer Value and Customer Satisfaction Model

The model supports that customer value has a significant impact on customer’s post-purchase decision-making process. Value is also an immediate
antecedent to customer satisfaction and re-purchase. It however indicates that perceived price has a negative impact on perceived customer value and no relationship with perceived service quality.

2.7.11 Antecedents and Mediator Model (Dabholkar et al., 2000)

The authors propose a comprehensive model of service quality that attempts to examine the antecedents of service quality as well as the consequences of service quality and its mediators. The authors maintain that the main determinants of service quality are product/service features, comfort, personal attention and reliability of services. The model (figure 2.10) portrays customer satisfaction as a mediator between service quality and behavior intention. It seeks to provide a deeper understanding of conceptual issues related to service quality and behavior intentions.

Figure 2.10: Antecedents and Mediator Model

Source: Dabholkar et al. (2000)

2.7.12 Internal Service Quality Model (Frost and Kumar, 2000)

The Internal Service Quality Model is based on concept of GAP model proposed by Parasuraman et al., (1985). The model (figure 2.11) focuses on the
internal quality that must exist between a service organisation and its internal customers (front-line staff) and internal suppliers (support staff). It evaluates the dimensions, and their relationships that determine service quality among internal customers and the support staff.

Figure 2.11: Internal Service Quality Model

![Internal Service Quality Model Diagram]

Source: Frost and Kumar (2000)

It points out three main gaps that can exist which must be managed effectively.

The **internal gap 1** indicates the variation in support staff’s perception (internal supplier) of front-line staff’s expectation (internal customers).

The **internal gap 2** is the significant disparity between service quality specifications and the service actually delivered resulting in an internal service performance gap.

The **internal gap 3** is the difference between front-line staff’s expectations and perceptions of support staff’s (internal supplier) service quality.
2.7.13 Model of e-Service Quality (Santos 2003)

In this model, the author proposes a conceptual model of e-service quality with its antecedents. The model basically focuses on the role of e-service quality in electronic commerce. E-service quality is conceptualised to have two main dimensions: the incubative and active dimensions. The incubative dimension represents the proper design of a website, how technology is used to create easy access for consumers, how consumers can be attracted to a website. The active dimension refers to other e-services supports that increases hit rate and customer stickness to websites, which eventually leads to customer retention and loyalty. Such active components include good support, fast speed, and active support from website.

**Figure 2.12: Model of e-Service Quality**

*Source: Santos (2003)*
2.8 Disconfirmation Models

Disconfirmation models are models that suggest that customer satisfaction/dissatisfaction is the disparity that exist between the performance of a product/service and some cognitive or emotional standards of the consumer. Oliver (1980) was the first to propose and developed the expectancy disconfirmation theory. This theory has been tested and confirmed in several studies (Oliver and DeSarbo, 1988; Satari, 2007). According to expectation disconfirmation theory, customers after consuming a product/service, compare their perception of product/service performance against their expectations before the service encounter. When outcome or perceived performance is equal to expectations, confirmation occurs. Negative disconfirmation occurs when perceived performance of product/service is less than expected. Positive disconfirmation occurs when product/service performance is better than expected. Customer satisfaction occurs by confirmation or positive disconfirmation of consumer expectations, and dissatisfaction is caused by negative disconfirmation of consumer expectations. Within the disconfirmation school of thought, more recent researches opine that ‘desire’ instead of ‘expectation’ in comparison with perceived performance should be used in determining customer satisfaction (Suh et al. 1994 & Spreng et al. 1996 in Satari 2007). Expectation disconfirmation model has been challenged as unsuitable since an expectation of a service can be rated as better than expected though it might not necessarily meet consumers desired set of services. Therefore desire disconfirmation has been suggested as a better substitute. Desire and expectations are both cognitive standards and it is not clear which one provides a better explanation of customer satisfaction. Khalifa and Liu (2002) proposed, in an empirically justified study, a contingency theory that incorporates both expectation and desire disconfirmations. They conclude that both desire and expectation simultaneously affect overall satisfaction (OCS)
significantly. This implies that desire could be used in addition to expectation and not instead of it.

### 2.9 Satisfaction-Loyalty link

High-quality products and associated services designed to meet customer needs will create customer satisfaction. This high level of satisfaction will produce increased customer loyalty. According to conventional wisdom, we would be tempted to believe that the link between satisfaction and loyalty is a simple, linear relation. But reality proves us wrong: it is neither linear nor simple. The relation reacts differently according to time and circumstances. Unless they are totally satisfied, there is always a chance you will see your customers be lured away (Jones & Sasser Jr., 1995).

![Figure 2.13: The effect of satisfaction](Source: Rust, Zahorik, Keiningham, 1996)
### Table 2.1: Relevance of Quality Dimensions in Mobile Services

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Quality Dimensions</th>
<th>Meaning</th>
<th>Relevancy with Mobile services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tangibles</td>
<td>These are the physical facilities available with appearance</td>
<td>Mobile handset</td>
</tr>
<tr>
<td>2</td>
<td>Reliability</td>
<td>It is the ability to perform the promised service consistently with full accuracy</td>
<td>Network service, billing, VAS, customer care</td>
</tr>
<tr>
<td>3</td>
<td>Responsiveness</td>
<td>It is the ability and willingness to help customers and provide prompt service</td>
<td>Customer Care service</td>
</tr>
<tr>
<td>4</td>
<td>Competence</td>
<td>Possession of required skill and knowledge to perform service</td>
<td>Service provider personnel</td>
</tr>
<tr>
<td>5</td>
<td>Courtesy</td>
<td>Politeness, consideration respect, and friendliness of contact personnel</td>
<td>Service provider personnel</td>
</tr>
<tr>
<td>6</td>
<td>Credibility</td>
<td>Trustworthiness, believability, honesty of service provider</td>
<td>Better network connectivity, reduced tariff</td>
</tr>
<tr>
<td>7</td>
<td>Feel secure</td>
<td>Freedom from danger, risk, or doubt</td>
<td>Secured transaction</td>
</tr>
<tr>
<td>8</td>
<td>Access</td>
<td>Approachable and easy of contact</td>
<td>Effective Customer care</td>
</tr>
<tr>
<td>9</td>
<td>Communication</td>
<td>Listens to customers &amp; acknowledges their comments</td>
<td>Effective Customer care</td>
</tr>
<tr>
<td>10</td>
<td>Understanding the customer</td>
<td>Making efforts to know customers and their needs</td>
<td>Effective Customer care</td>
</tr>
</tbody>
</table>
2.10 Complaint Management

Albrecht and Zemke (1985) found that out of the customers who register complaints, between 54% and 70% will do business again with the company if their complaints are resolved. This figure increases to 95% if the customer feels that the complaint was resolved promptly. Customers who have complained to a company and had their complaints satisfactorily resolved tell an average of five people about the good treatment they received. Moreover, when the service provider accepts responsibility and resolves the problem when customers complain, the customer becomes “bonded” to the company - Hart, et al., (1990). 

About 5% of the customers who are not satisfied actually complain to the appropriate companies but they easily tell their friends, colleagues and acquaintances about their experiences - McNeale (1994). Thus, companies ought to be aware or routinely investigate how well or badly their customers are treated. On the basis of studies conducted on wholesalers, manufacturers, etc of several companies in the UK, Ovenden (1995), in his book argued that companies need to be aware how well or badly its customers are treated and that customers rarely complain and when they do, it might be too late to keep such customers.

Levesque and McDougall (1996) in their case study on retail banking found out that if a service problem or customer complaint is ill or not properly handled, it has a substantial impact on the customer’s attitude towards the service provider. However, the study did not support the notion that good customer complaint management leads to increased customer satisfaction. They reported that at best, satisfactory problem recovery leads to the same level of customer satisfaction as if a problem had not occurred.

Nyer (2000) expressed that encouraging customers to complain increased their satisfaction especially the most dissatisfied customers and stated that the more a customer complains, the greater the increase in satisfaction. Complaint management, not only results into increased customer satisfaction, but also leads to operational improvement and improved financial performance - Johnston (2001).

Fornell (1992) investigated customer satisfaction with 100 corporations in over 30 industries in Sweden and expressed that the benefits of customer satisfaction include the following; highly satisfied customers –

- Stay longer (i.e. prevent customer churn)
- Purchase more as the company introduces new products and upgrades existing products
- Talk favorably about the company and its products or services
- Pay less attention to competing brands
- Less sensitive to price
- Offer product or service ideas to the company
- Cost less to serve than new customers because transactions are routine
- Enhances business reputation

These benefits make customer satisfaction and its measurement an important marketing construct, which is especially essential to the mobile telecommunication industry in which the long-term links between operators and customers are of greater importance to business performance.
Several research works have shown that customer satisfaction is positively associated with desirable business outcomes namely; Customer Loyalty, Customer Retention, and Customer Profitability. Gerpott et al. (2001) reported that these consequences are important goals for telecommunication operators to have superior economic success.

2.11 Customer Relationship Management

Customer Relationship Management (CRM) is rapidly becoming an integral part of many organizations. The concept itself is relatively simple. Rather than market to a mass of people or firms, market to each customer individually. In this one-to-one approach, information about a customer (e.g., previous purchases, needs, and wants) is used to frame offers that are more likely to be accepted. This approach is made possible by advances in information technology.

CRM thus requires organizational and business level approaches – which are customer centric – of doing business rather than a simple marketing strategy. CRM involves all of the corporate functions (marketing, manufacturing, customer services, field sales, and field service) required to contact customers directly or indirectly. The term ‘touch points’ is used in CRM to refer to the many ways in which customers and firms interact.22

Most notable among these are the beliefs that existing customers are more profitable because the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current

customers (Berry, 1995; Peppard, 2000; Sheth and Paravatiyar, 1995). In addition, more studies have shown that the cost of retaining current customers is lower than the cost of acquiring new ones (Blattberg and Deighton 1996, Filiatrault and Lapierre 1997) and that economic benefits of high loyalty are important, and in many industries it is this which determines the differences between companies (Reichheld 1996).

The objective of customer relationship management is to unite and join information technology and business processes in a fashion that enables the firm to acquire new customers, to retain existing customers, and maximize the lifetime value of its customers (Peppard, 2000). Most importantly, CRM allows firms to differentiate customer treatments based on specific customer needs and preferences.

An analysis of the above different definitions shows, all have common concepts of: customer focus (customer satisfaction, loyalty and retention), technology, knowledge management, change management and leadership. According to Newell (2000) there are often three distinct types of relationship customers: the top, middle and lower groups. The top group (top 10 %) consists of customers with excellent loyalty and high profitability for the organization. CRM is needed to retain and offer them the best possible services in order to avoid them defecting to hungry competitors. Middle group customers (next 40% to 50%) are ones delivering good profits and who show good potential for future growth and loyalty. These are the customers who are probably giving some of their business to competitors. The idea is to use CRM to target middle group customers effectively as they are the greatest source of potential growth. Lower group relational (bottom 40% to 50%) customers are those who are only marginally profitable. Some may have potential for growth but the expense and effort involved in targeting such numbers, hinders the effectiveness of servicing existing relational customers in the top and middle groups.
2.11.1 Benefits of CRM project

- Identification

  Source of benefits - Clean data about customer, Single Customer View
  Benefits - Help sales force, Cross selling

- Differentiation

  Source of benefits - Understand customer
  Benefits - Cost effective marketing campaign, Reduce direct mailing cost

- Interaction

  Source of benefits - Customer satisfaction and loyalty
  Benefits - Cost effective customer service

- Customization

  Source of benefits - Customer satisfaction and loyalty
  Benefits - Lower cost of acquisition and retention of customer, Maximize share of wallet

In India, rapid diffusion of telecom, at least in the urban areas, has been progressing, thanks to the hyper-competitive telecom markets with the post-liberalization entry of several Indian and global players. In such a competitive

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environment, survival and success of the Indian players will depend on competitiveness.

For service providers, the pursuit of service quality is essential for competitiveness and is gaining momentum. As a result, service quality has become an important means of differentiation and is critical for achieving corporate success. The proven positive relationship of service quality with customer satisfaction (Danaher and Mattsson, 1994; Leisen and Vance, 2001), customer loyalty and retention (Ranaweera and Neely, 2003), profitability (Thompson, DeSouza and Gale, 1985; Bloemer, Ruyter and Wetzels, 1999) and competitive advantage (Hampton, 1993) provides a base to explore the subject in the mobile context.

Previous studies in this area 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 mobile communication (Wang and Lo, 2002; Johnson and Sirikit, 2002) have emphasized that technical quality attributes play an important role in forming service quality perceptions of customers. In light of this, extended SERQUAL (Seth et al., 2008) instrument determines service quality structure by combining both functional as well as technical quality (i.e., network quality in cellular mobile context) attributes.

Service business success has been associated with the ability to deliver superior service (Gale, 1990; Rudie & Wansley, 1984). Delivering superior service by maintaining high quality is a prerequisite for success (Parasuraman et al., 1988). While service organizations aim to gain customers’ loyalty, customers, on the other hand, seek an organization’s service loyalty (the assurance of a consistent and superior quality of service) as proof of the organization’s
commitment to offer superior service, for both the present and the long term. Berry (1987) proposed the idea of earning loyalty by being loyal.

Research addressing loyalty within the context of the service industry has traditionally focused on the means by which loyalty may be acquired. Snyder (1986) studied how customers’ loyalty to a service organization may be measured accurately. Czepiel and Gilmore (1987) proposed a model showing the development of customer loyalty in services. Gremler and Brown (1996) argued that the loyalty of the service customer is a multi-dimensional construct, comprising three dimensions: behavioural loyalty, attitudinal loyalty and cognitive loyalty.

The challenge for today’s organizations is not merely to reach the top, but to stay there. If that is an organization’s aim, its primary focus should be not merely to attract customers, but to obtain their loyalty and, thus, their patronage, not only for the present, but also for the long term. This loyalty, however, is the end result of an on-going, long-term relationship. Such relationships are founded on an organization’s ability to maintain and extend its relationships with customers (Gummesson, 1994).

Various studies in the context have also been undertaken from time to time by various researchers and academicians. The results of these studies have been summarized in the table that follows:

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<table>
<thead>
<tr>
<th>S. No</th>
<th>Author</th>
<th>Year</th>
<th>Area of Study</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leisen and Vance</td>
<td>2001</td>
<td>Fixed line telephone user</td>
<td>Focused on SERVQUAL model and established that service quality is a key factor for overall customer satisfaction in US and Germany. In US reliability was considered important whereas in Germany - responsiveness, reliability and empathy were given importance.</td>
</tr>
<tr>
<td>2</td>
<td>Johnson and Sirikit</td>
<td>2002</td>
<td>Fixed line and cellular service mobile</td>
<td>Tangible aspect of SERVQUAL model is extremely popular and received excellent rating in Thai telecom sector.</td>
</tr>
<tr>
<td>3</td>
<td>Van Der Wal, Pampallis and Bond</td>
<td>2002</td>
<td>Cellular Mobile Service</td>
<td>Used SERVQUAL model to match perception and expectation of customer service.</td>
</tr>
<tr>
<td>4</td>
<td>Ranweera and Neely</td>
<td>2003</td>
<td>Fixed line telephone services</td>
<td>The study revealed that perception of service quality has direct linear relationship with customer retention in mass telephone services with low customer contact.</td>
</tr>
<tr>
<td>5</td>
<td>Kim, Park and Jeong</td>
<td>2004</td>
<td>Cellular Mobile Service</td>
<td>Call quality has significant impact on mobile user’s satisfaction.</td>
</tr>
<tr>
<td>6</td>
<td>Pravinder Arora, Ajay Garg and Amrit Singh</td>
<td>2007</td>
<td>GSM Mobile user</td>
<td>In the study, Problem solving, Information and Records, Network, Appearance and Employee Attention were identified as parameters of service quality.</td>
</tr>
<tr>
<td>7</td>
<td>Chang Ee Ling and Ernest Cyrill de Run</td>
<td>2009</td>
<td>Fixed line and cellular service mobile</td>
<td>Conducted study on customer satisfaction and customer loyalty in Malaysian telecom sector. It is revealed that service is important in making customer more loyal.</td>
</tr>
<tr>
<td>8</td>
<td>Rakshit Negi</td>
<td>2009</td>
<td>Mobile Communication</td>
<td>Overall service quality of mobile communication was below average. The highest gap was observed in the case of Networking. Therefore, better transmission quality, network coverage will improve the customer perceived quality.</td>
</tr>
<tr>
<td>9</td>
<td>M. Satish, K. Santosh Kumar, K.J. Naveen and V. Jeevanantham</td>
<td>2011</td>
<td>Consumer Switching Behaviour in Cellular Service Provider</td>
<td>There is a relation between switching the service provider and the factors (Customer Service, service problem, usage cost, etc.). Poor network coverage, frequent Network Problems, High call rates, Influence from family and friends are the most important factors which affects the Switching behaviour.</td>
</tr>
</tbody>
</table>
2.12 Major Research Gaps

Till date the research on service quality, customer value, customer satisfaction, and customer loyalty issues have dominated the services marketing literature, but a very few studies on mobile telecommunication services sector have been conducted to investigate the impact of the customer care services on customer satisfaction after the introduction of MNP in 2011 with special reference to one of the fastest growing telecom circle of India i.e U.P.(East) Circle.

The study reviewed major theoretical leanings to develop a conceptual framework which suggests that customer satisfaction in the mobile telecommunications industry is a function of various factors/attributes. Satisfaction as a latent variable is measured through several variables. Customer satisfaction holds the potential for increasing an organisation’s customer base, increase the use of more volatile customer mix and increase the firm’s reputation. One path to achieve customers’ satisfaction is through customer service. This study analysis the impact of customer care services on customer satisfaction in U.P. (East) circle.

Past researches explain the factors affecting the customer satisfaction but telecom circle wise the importance of these factors may vary. So there is certainly a need to understand the major factor(s) affecting satisfaction of subscribers. It is also important to study and analyze the relationship between satisfaction/dissatisfaction and switching intention of subscribers of U.P. (East).

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 customer care service, quality dimensions, effectiveness of the network, call charges/billing, multimedia and value added services after the introduction of MNP in U.P.(East) circle.

So, after the introduction of MNP in 2011, there has been a felt need to evaluate the performance of service providers from subscribers’ point of view. For subscribers, MNP provides the freedom or flexibility to retain their mobile
numbers, while moving from one service provider to another, based on their satisfaction levels. This study empirically examines the potential construct of customer intention from customer satisfaction perspective.

Voice of the customer (VOC) is considered as a technique to effectively understand the customer’s needs. It is a relationship in which both the business and the customer can come out ahead if the relationship steadily builds over time, driving business results, and subsequently inspiring a fierce loyalty of the customer towards the brand. This study identifies the status of relationship between service providers and their subscribers in U.P. (East) telecom circle.

Although this circle has seen growth in all the constituents of the telecom infrastructure but the subscribers are not fully satisfied with their respective service providers and the service providers should identify what they have to do in order to make their service more effective and fulfill their subscribers’ expectations.

There is need to evaluate the role of TRAI in mobile telecommunications considering its key role in ensuring that service providers are responsive to customer and community needs and that customers’ interest is protected.

Service providers of U.P. (East) circle should focus on satisfying and retaining their subscribers by formulating the strategies in critical areas of their operations after considering the following factors/gaps

- Major gaps in terms of the services offered by the mobile phone service providers and expectations of the customers.
- Major complaints of mobile phone subscribers.
- Various issues related to customer service and its quality in U.P. (East) circle.
- Impact of customers care services on customer satisfaction.
- Role of MNP in mobile telecommunication services in U.P. (East) circle.
Specific reasons for switching intention of mobile phone subscribers

2.13 Conclusion

On the basis of above review of literature, it is observed that the rapid change in technology has changed the subscribers’ expectations towards the various quality dimensions. As a result, service providers are compelled to give importance to Service Quality, Voice of the Customer, Customer Satisfaction, CRM and Satisfaction-Loyalty link.

In India, rapid diffusion of telecom, at least in the urban areas, has been progressing, thanks to the hyper-competitive telecom markets with the post-liberalization entry of several Indian and global private players. In such a competitive environment, survival and success of the telecom players will depend on competitiveness. The existing level of competition has forced the mobile service providers to focus on various customer centric strategies wherein the service providers concentrate on acquiring the new customers. There is cut-throat competition among the mobile service providers.

The concept of customer care has its significance in mobile telecommunication services as it involves huge set of customer base. One outcome of good customer service, which depends on the service quality of the telecom providers, is customer satisfaction.

Due to the nature of competition in U.P. (East) circle, service providers should evaluate their performance time to time for retention of their existing subscribers because MNP has given freedom to subscribers to select the best service provider while retaining their existing number. So it is important to
identify the major critical areas for the service providers of U.P. (East) so that the necessary recommendations can be made.

The findings and results of this study will provide invaluable insights and a reliable guide to evaluate performance of service providers of U.P. (East). Also, the Telecom Regulatory Authority of India can ensure that these operators are responsive to customer and community needs, and that customers’ interest is protected. The next chapter provides the valuable insights about the background of the study.