Importance of Customer Loyalty in Telecommunication Sector

Kamaldeep Singh
Turiba University, Latvia

ARTICLE INFO

Keywords:
Customer loyalty
Relationship marketing
Relational dimension
Customer satisfaction
Telecommunication industry

ABSTRACT

Customer loyalty is a serious matter of concern for every business where it measures the customer’s likeliness to give repeat business with a brand or organization. In other words, it is the outcome of a positive experience for customers as well as customer satisfaction. In this paper, the role of the relational dimension will be studied in the context of customer loyalty. The aim of this paper is to analyze the concept of relationship marketing and the key variables of the dimension relationship and their role in customer loyalty. South Asian telecommunication industry is selected to analyze the role of relational dimension in the context of customer loyalty. Previous studies will be reviewed to analyze the concept of relationship besides demonstrating the role of relationship marketing in the telecommunication industry. Additionally, the concept of customer loyalty and multiple theoretical approaches to customer loyalty is appropriately discussed here. Another important part of this study is that this paper will discuss the different phases of loyalty. The primary research will be accomplished through a questionnaire survey method and the collected data will be analyzed with statistical analysis. A positive relationship between the elements of relationship marketing and customer loyalty is analyzed through multiple correlations and regression tables. It shows that all the components of relationship marketing have a good impact on customer loyalty and will prove that more customers will confident more they will be loyal to the brand.

1. Introduction

In developing as well as developed countries, customer capital is at the heart of business concerns. The latter are in perpetual search for any source of growth that can guarantee the “sustainability” that several companies have not been able to achieve, particularly in a market characterized by increasingly fierce competition in almost all areas. However, nothing is guaranteed yet because the latter face a type of clientele that is more informed and therefore more demanding and volatile, and better still, more suspicious and resistant.

For a company, the implementation of a relational dimension, therefore, seems the most relevant solution to make in the face of these challenges. In the context of this paper, we will focus on the role of the relational dimension in customer loyalty, in the context of the telecommunication industry primarily in South Asian countries. The choice of this sector is due to the progress that knows the latter in these South Asian countries, as well as the number of customers recruited by telephone operators which continues to increase according to the latest statistics provided by the National Telecommunications Regulatory Agency. The reason for which, the study of this sector interested us, is to be able to draw from it the possible key factors which explain the role of relational dimension on loyalty. In addition, we
insist on the elements of relationship marketing and loyalty because we consider these elements to be the key factors of business success. Thus, we know that a customer faithful offers many advantages to the company: it is less expensive to satisfy, it also shows itself less and less rigid to prices, he will certainly recommend the offer to other consumers, and he will acquire new products. However, it seems difficult to retain today's customers given their volatility.

The objective of this paper is to dissect the concept of relationship marketing while relating the different phases that have marked the history of the customer-supplier relationship over time, as well as the key variables of the dimension relationship and their role in customer loyalty. Therefore, we will try to answer this question: The variables keys to relationship marketing have an impact on customer loyalty in the telecommunication sector? The answer to this question will allow us to validate and strengthen our point of view concerning the need to establish such an approach within telecom companies which seek to maintain the relationship with their customers by building their loyalty, thus presenting readers and interested parties with a concrete study of what power can do relational.

1.1. Research Hypotheses
H₁: When customers have confidence in the telephone operator with which they do business, they are increasingly more faithful.
H₂: When the customers of the telephone operators are engaged, they become more and more loyal to the company.
H₃: When customers feel satisfied with their telephone operator, they are more and more loyal

2. Literature Review
2.1. The Concept of Relationship Marketing
When it comes to defining the notion of relationship, we can say that it is a “link of dependence or reciprocal influence between people”, also the notion of relationship is often considered in the literature as a “state of association”. It can be defined by the customer differently because each client has its determinations of the relationship, some see it as frequent and warm interactions, while others are in the search for a distant and less intimate relationship (Yoo & Choi, 2019). Currently, the concept of customer relationship is the subject of great interest in particular in the field of services (Cénophat, 2018). Today, the relational sense that all companies adopt would not be what to promote exchanges and transactions in a climate that encourages customers to buy more, to trust companies, and to spend more money while receiving a consideration (product and/or service) but in a platform relational based.

However, in a commercial exchange, the relationship can take on several dimensions and levels. Indeed, there are five relationship levels (Buttle & Maklan, 2019), the latter highlight the following levels:

- The basic level: the seller sells the product but no longer contacts the buyer.
- The reactive level: the seller encourages the buyer to contact him for any possible problem.
- The responsible level: the seller ensures with the buyer that the product satisfies him, all complaints or suggestions for improvement are taken into consideration.
- The proactive level: the seller keeps contact with the buyer, and asks from time to time about his satisfaction as to the use of the product.
- The partnership level: the producer is in permanent contact with the consumer.

As marketing has long been product-oriented, nowadays this approach is no longer adequate with what knows the market, and as a result, a customer-oriented approach seems more and
more adapted to the evolution of markets. As for customers, they have become more demanding, more informed about the offer, and above all volatile because they seek novelty, quality of service, security, pride, etc. Indeed, keeping them is a priority for companies. According to (Srai & Lorentz, 2019) the company is not obliged to enter into intimacy with its customers to meet them or they retain, because the latter considers that the behavior of “transactional” customers on the one hand and of “conditional relationships” on the other hand, indicates that a close bond is not always desired by customers. Indeed, the relational approach involves risks, especially if it is not supported and reinforced by real knowledge of the client’s attitudes towards the relationship (Ryle & Kerr, 2020). These authors underline that the major stake for companies today is that of submitting to the demands and demands of the customers by trying, to present offers adequate with an appropriate quality of service to give customers the desire to buy and redeem.

2.2. Relationship Marketing in Telecommunication Industry

At the beginning of the 2000s, we witnessed the emergence of a very specific and determined concept: it is the one-to-one marketing that results in a specific and personalized offer for each client. In other words, treat customers in an individual and personalized way. Indeed, the practices of this type of marketing consist of a first time by collecting customer data, then analysis and finally stimulation by proceeding by the individualization of promotional and marketing communication actions according to the expectations and profile of each customer or prospect. Each individual must have a specific, possibly unique, action, or offer. In this Indeed, one to one marketing goes beyond a simple personalization of the communication and its practices are enriched over time through the learning relationship. Relationship marketing has been considered for many years as the marketing paradigm (Šerić, et al., 2020) given its importance in terms of the approaches developed in the marketing of services. Indeed, offering services and selling to existing consumers is proving to be just as important for the success of long-term marketing as attracting new consumers (Sutherland, 2020). To get a clear idea of relationship marketing, the Table 1 groups together some definitions of this concept.

Table 1. Some Definitions of Relationship Marketing

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Van Tonder &amp; Petzer, 2018)</td>
<td>“Relationship marketing aims to attract, maintain and develop relationships with customers”</td>
</tr>
<tr>
<td>(Boateng, 2019)</td>
<td>“Relationship marketing is building long-term, satisfying relationships with main parts”</td>
</tr>
<tr>
<td>(Srai &amp; Lorentz, 2019)</td>
<td>“Relationship marketing refers to all marketing activities oriented towards the establishment, development, and maintenance of successful exchange relationships in lateral, internal, purchasing and supply partnerships” Definition given by The Direct Marketing Association “Relationship marketing is defined as the use of a set of media to interact with a customer whose profile is entered in a database” “The concept of one to one marketing, very global, brings together all the tools and techniques allowing an individualized relationship with a prospect or a client. She understands marketing direct, but also the direct relationship between a salesperson and a prospect or a customer. From a personalized relationship, the goal of one-to-one marketing is to prospect and sell a solution adapted to the needs of a prospect or a client.” “Customer marketing or one-to-one marketing aims at customer satisfaction through value creation, via 1) A suitable offer (product and associated services) that responds to real benefits for the customer. 2) An individualized relationship that builds loyalty throughout the customer lifecycle.”</td>
</tr>
<tr>
<td>(Itani, et al., 2019)</td>
<td></td>
</tr>
<tr>
<td>(Wu &amp; Li, 2018)</td>
<td></td>
</tr>
</tbody>
</table>
Relationship marketing places more emphasis on building a long-term relationship and aims to introduce a genuine dialogue, as it also aims to renew the meaning of the relationship (Ngoma & Ntale, 2019). For some, relationship marketing has been associated mainly with attempts by sellers to buy buyer loyalty rather than causing an engagement located in depth (Yeboah-Asiamah, et al., 2018).

Relationship marketing can only succeed in its missions through a certain number of techniques that come together between them to carry out any relational perspective approach. It is aimed at the company's customers in using a set of communication tools mainly outside the media intended to establish and develop a relationship individualized, interactive, and sustainable with the customer to increase their turnover and profitability.

2.3. The Concept of Consumer Loyalty

Researchers and practitioners have found that there is an inextricable link between satisfaction and customer loyalty. Consumers, as well as the relationship between satisfaction and loyalty, is asymmetric. (De Mooij, 2019) defines loyalty as a deep commitment to buy back the product and/or service regularly in the future, which leads to the act of buying repeated the same brand despite situational factors that may influence consumer behavior. The concept of loyalty is also defined by many authors according to the sector of activity which concerns them, according to the strategic objectives pursued as well as according to the currents of thought to which they are attached (Yeboah-Asiamah, et al., 2018). Indeed, loyalty as a concept plays a very important role in particular through its relationship with the concept of customer satisfaction and also by the link between a customer's loyalty and profitability for the company (Schirmer, et al., 2018), the latter adds that the concept of loyalty is not limited to the traditional definition which is characterized by repeat purchase, but it also includes an attitude component thus satisfaction is a determining factor of loyalty. According to (Kaur, et al., 2020), brand loyalty is a favorable attitude that the consumer shows towards a brand are through a regular purchase with time. For their part (Srai & Lorentz, 2019) define consumer loyalty as the strength of the relationship between attitude relating to an individual towards a brand and his repeated purchases of the same brand, this attitude is influenced by cognitive, affective, conative antecedents and by situational factors as well as social norms.

3. Theoretical Approaches to Customer Loyalty

The Behaviorist Approach

As the name of this (behaviorist) approach suggests, loyalty, in this case, is identified from observation of consumer behavior vis-à-vis a brand. However, this behavior according to (Prentice, et al., 2018) is only the recognition of a series of repeated purchases of a given brand. As per (Fernandes & Moreira, 2019) brand loyalty is only the result of consumer research and its processes for evaluating attributes about a brand, leading to a conviction and personal belief in the superiority of this brand, which pushes consumers to exhibit repeated buying behavior. The behaviorist approach is qualified by (Prentice, et al., 2018) as “conversion” when it is absolute loyalty to a given brand, qualified as “experimentation” when it comes to testing systematically the various commercial proposals related to the offer, qualified as “transition” when the consumers are gradually abandoning the brand and looking for other alternatives, as it is described as “Diversity” when consumption is alternated by several brands at the same time.

The cognitive approach

This approach is considered richer than the behaviorist approach; in particular through the notion of attitude which has been introduced to enrich the precision measures which were
limited in the old approach (Samudro, et al., 2019), as for (Coelho, et al., 2018) the consumers will not be loyal to a brand until they develop a positive attitude towards that brand. Indeed, the attitude that the consumer manifests towards a mark always precedes the triggering of the behavior that will result in a repeated buying act. However, this approach requires that the consumer is strongly involved and that cognitive needs are high. In other words, the information needs are very demanded by this type of consumer, and therefore companies must put in place means of communication and interaction with consumers with much greater emphasis on investment in advertising communication.

3.1. The Different Phases of Loyalty

There are different phases and evolution of consumer loyalty especially for highly competitive industries such as that of the telecommunication industry. In the first place comes the formation of beliefs linked to the attributes of a brand, in the second place we find an emotional preference for the brand, and ultimately the commitment to buy the brand.

Cognitive phase
In the first phase, (Galvão, et al., 2018) argue that the attribute information of the mark which is available to the consumer indicates that a brand is preferable over its alternatives, and therefore the author speaks of loyalty cognitive. It is formed from the information received by the potential client, from his beliefs, and especially from prior knowledge available to the consumer as well as successful experiences. This is very fragile and sensitive to the actions of other brands such as lower prices or improved performance.

Affective phase
In this phase of the development of loyalty, the bond of affection or the positive attitude towards a brand is developed through a satisfaction accumulated through the occasional use of the brand, so this reflects a dimension of pleasure that the consumer feels. This remarkable engagement between the customer and the brand is called emotional loyalty. In this phase, the customer feels in addition to the cognitive aspect affection or sympathy towards the brand (Shanti, et al., 2019).

Conative phase
The third phase of the loyalty development process is called conative loyalty expressed by behavioral intention. (Ahn & Back, 2018) described this as due to the repetition of emotional experiences during the use of the mark. We also speak of intentional loyalty. At this level, the customer expresses a certain commitment to the brand, but it would still be possible that this commitment does not lead to a purchase, because of the arguments of the advertising of competitors or deterioration in brand performance.

Loyalty phase
Finally, the fourth phase is that of loyalty-action, which corresponds to real loyalty to the brand. (Han, et al., 2019) explained that, at this stage, the client is prepared for action (buy and redeem) and, besides, is ready to overcome the obstacles created by the actions of the competition (price reductions, promotions, advertising, etc.) or by the deterioration of the brand image. The concept of loyalty is important in many respects, in particular by its relation to the concept of satisfaction and by the connection which exists between the loyalty of a customer and its profitability for the company as shown below.
4. Research Methodology
In this paper, we have opted for carrying out a survey in the data collection. Information is gleaned from a questionnaire administered to customers of the three telecommunications operators in India, Sri Lanka, Bangladesh and Nepal. The choice was to go and meet the surveys in several agencies of each company, located in these countries. This was carried out using a self-administered questionnaire. Three main parts make up our questionnaire: the first part concerns the components of relationship marketing (The elements mentioned above), the second part studies the notion loyalty with its four dimensions namely: cognitive loyalty, emotional loyalty, conative loyalty and loyalty action. Finally, the third part deals with the socio-professional data of the respondents. We measured the relationship between the relational dimension of marketing and customer loyalty using questions on a semantic scale 5-point Likert differential.

For the survey the questionnaire was shared with 60 respondents via email among which a total of 52 responses were received. Two of the responses were incomplete so a total sample size of 50 was considered for the analysis. The collected data was statistically analyzed using SPSS. The statistical tests conducted were Multiple Correlation test and Multiple Regression analysis.

5. Empirical Results
Using the factorial analysis of the independent variables, also that the variable fidelity (dependent variable) we were able to identify the principal components that will be used for the correlation and regression test between the variables independent and the dependent variable. As in the context of this paragraph we will try to see if there is a positive relationship between the components of relationship marketing and the loyalty variable. To do so, we will proceed from the following way: first of all, we will carry out a correlation analysis which will help us to detect the intensity and meaning of the relationship that exists between the elements of relationship marketing and loyalty. Therefore, the existence of a positive and significant relationship between these variables will allow us to validate our hypotheses and consequently our objective through this study will therefore be achieved.

5.1. Multiple Correlation and Regression
Through the empirical study, we related the key variables of relationship marketing with the variable of fidelity, thus we assumed the existence of a positive relationship between these variables. So, we can notice that there is a positive relationship between the elements of relationship marketing and customer loyalty. The correlation index is between 0.429 and 0.767 and significant at the 0.01 level, in other words: the more the company adopts a strategy of relationship marketing, the more the loyalty of these customers also increases in a positive direction, and therefore we come to the confirmation of the initial hypotheses.

Table 2.
Pearson correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Loyalty Evaluation</th>
<th></th>
<th>Loyalty Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Correlation of Pearson</td>
<td>Sig. (bilateral)</td>
<td>Correlation of Pearson</td>
</tr>
<tr>
<td>Trust</td>
<td>0.767</td>
<td>0</td>
<td>0.429</td>
</tr>
<tr>
<td></td>
<td>N 50</td>
<td></td>
<td>N 50</td>
</tr>
<tr>
<td>Commitment</td>
<td>0.575</td>
<td>0</td>
<td>0.667</td>
</tr>
<tr>
<td></td>
<td>N 50</td>
<td></td>
<td>N 50</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.763</td>
<td>0</td>
<td>0.693</td>
</tr>
<tr>
<td></td>
<td>N 50</td>
<td></td>
<td>N 50</td>
</tr>
</tbody>
</table>

Satisfaction
The linking of the different variables via a multiple regression model also allowed the confirmation hypotheses. The following tests were verified in order to validate the results of the regression along with the test of collinearity. The various tests are satisfactory, and therefore we can accept the results of the model.

Table 3.

**Multiple regression model summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>R square adjusted</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.823a</td>
<td>.678</td>
<td>.663</td>
<td>.58072343</td>
</tr>
</tbody>
</table>

a. Dependent variable: Loyalty Evaluation
b. Predicted values: (constant), Communication, Proximity, Customization of the relationship, Commitment, Confidence, Satisfaction

The Table 3 clearly indicates that the Through the analysis of the table above, we can say that we have a good model given that R² value was found to be 0.678 which not only indicates that the model is good but also explains that the explanatory variables contribute almost 68% in the variability of the variable to be explained.

5.2. Discussion of The Results

Through these results, it should be said that all the components of relationship marketing led to clearer customer loyalty in the telecommunication sector in developing countries, so each variable can impact the loyalty of the latter. Indeed, trust, for example, is a very important variable in customer relations. So, our study allowed us to conclude and say that the more customers feel confident the more they are loyal to the brand or company with which they do business and collaborate. In this article, the variable trust has been presented in three dimensions.

The analysis of the first dimension of trust which is credibility, which we measured with this item (Confidence - Credibility) (I have confidence in the quality of the products of this operator), among the 138 respondents, 42.03% agree and 10.8% strongly agree on this question. The second dimension is integrity, we have measured it through the following item "(Trust - Integrity) (This operator is honest with these customers)" so the results obtained are: 50.0% of respondents agree and 20.8% totally agree. The third dimension is measured benevolence by the following item: (Confidence - Benevolence) (I think that this operator is continually seeking to improve his answers the needs of consumers) the results are: 52.5% of respondents agree and 22.5% are still completely Okay. The confidence variable is strongly correlated (0.767) with the reliability and therefore, the operator’s telephone companies have an interest in establishing a climate of solid trust with customers.

The issue of engagement is also important. In fact, in the literature review, we had witnessed Reference articles that address the issue of customer engagement with the business and vice versa. This relationship is seen as essential nowadays, as the commitment of customers to the company is part of a conscious and responsible consumption: I am committed to my relationship with my company, which means that I am aware when making this decision, and that my business has more advantages over others. Since then, this variable was presented in two dimensions and was measured in our case by two items “As a client, I am very involved in the relationship with this operator” the results are: 40.58% of respondents agree and 10.14% completely agree as well as a second item: “The number of purchases from my operator is important by compared to other operators” whose results are: 39.13% agree and 24.67% totally agree. Analysis correlation and regression shows that the effect of the engagement variable on customer loyalty is quite significant despite the fact that it is weak.

Satisfaction is as important as the other variables; it represents the beginning of a loyalty process. Through this study we studied this variable with four items in order to measure it by
more comprehensively among clients. The first item (I am satisfied with the decision I made to choose this operator) had very good results: 43.48% of respondents agree and 15.94% totally agree on this question. Thus, the second item (my experience with this operator has always been pleasant) also presents good results: both 37.5% of the respondents agree and 41.7 completely agree. The empirical study through the analysis of correlations and regression, shows that satisfying customers is the start of loyalty (correlation coefficient between loyalty and satisfaction is 0.763).

The proximity of access variable was introduced in this case because of its importance, so we studied the role of this element of relationship marketing in customer loyalty in the telecommunications sector. Indeed, the proximity of easy access to customers access to agencies and points of sale and therefore can lead to some loyalty among customers. This variable was measured by two items; the first (agencies and points of sale my operator is easy to access), the results of which are: 34.78% of respondents agree and 28.99% are completely agree on this issue. The second item (the agencies and points of sale of my operator are well located) also shows good results: either 30.43% of respondents agree as well as 24.64% of the latter are completely made okay.

The personalization of the relationship arouses the interest of several researchers today given the advanced level of the relationship marketing in customer-company, in the context of this paper; this variable was introduced in order to strengthen the study with variables relevant and directly related to the issue. Indeed, customization practices are not yet present in developing countries in a remarkable way; this new approach has just been established little by little, in particular on Internet. Therefore, we measured this variable with three items in order to assess in a relevant way the vision of customers vis-à-vis the staff in contact. The first item (my operator's staff put themselves in my place to understand my needs) displays the following results: i.e., 27.24% of respondents agree and only 5.8% still strongly agree on this question. The other people do not agree with the attitude of the staff, efforts should be made to strengthen this element. The second item (my operator's staff adopts really my point of view to find the best solution) also displays satisfactory results: 40.8% of people questioned agree and 27.5% still completely agree. Similarly, the third item (the operator's staff are really trying to understand what I want) displays the following results: i.e., 35.0% of respondents agree and 30.0% therefore totally agree. Although there is an impact of the customization of the relation on reliability, the estimation of the regression parameter (which does not exceed 0.09) shows that the Customization provided are still limited and need to be applied by telecom companies.

6. Conclusion

Through this article, we have tried to inspect the relationship between the notion of relationship marketing and loyalty clients in the telecommunications sector in the chosen countries. The shift from the definition of the concept of the customer relationship to the definition of relationship marketing proved to be essential to better illuminate the context of the study. For this purpose, it was necessary therefore dissect relationship marketing and in particular its fundamental components which can be summed up by: trust, commitment, listening to customers, personalized relationships and communication. Analysis of loyalty through the review of literature, made it possible to focus on the phases of loyalty which can be summed up in: cognitive loyalty, loyalty affective, conative loyalty and action loyalty. The objective of this paper is summed up in the analysis of the role of each component of the relationship in consumer loyalty, in order to confirm the assumptions related to these components. The analysis of the results of the survey carried out allowed the confirmation of the initial hypotheses. Indeed, our model was validated, and we can say that the role of the relational dimension in fidelity therefore seems clear. So, we have proven that the key
elements of relationship marketing are positively and significantly related to loyalty. It seems like the variables trust and communication are the elements that most impact customer loyalty, their parameters estimate in the multiple regression equation show positive and significant signs. The other elements (Namely: commitment, satisfaction, proximity, and personalization of the relationship) have little impact, but there is still positive and meaningful. As a result, we can conclude that telephone operators in the developing countries have an interest in establishing a good climate of trust with the customer, while keeping the latter well informed at all times of the company's offers. In On the other hand, ignoring the other elements of relationship marketing is not a well-founded strategy; they do have an impact (despite its weakness) which can make the difference between one operator and another.

References


De Mooij, M., 2019. Consumer behavior and culture: Consequences for global marketing and advertising. s.l.:SAGE Publications Limited.


