

# Customer Satisfaction: Gap B/W Consumer Expectations and Companies Performance

## Abstract

The present study is undertaken to understand the customer satisfaction towards mobile service providers. The study was done to find out the customer satisfaction level in mobile service providers in the market and to know the customer perception towards other mobile service providers, this survey was done in Chandigarh. Acquisition of new customers and retention of customers plays a major role in success of a company and product. Continuous relationship building is necessary to stop customers from switching to competitors product.

Telecommunication industry is facing tough competition and it has grown further after the introduction of MNP (Mobile number portability). As mobile number played very significant role in stopping customers from switching even when they were not satisfied with the service provider. The data was processed using computer aided tools such as MS-EXCEL, SPSS frequency tables were used for analysis.

**Keywords:** Customer Satisfaction, Telecom Service Providers, Service Industry, Expectations And Actual Performance

## Introduction

### Customer Satisfaction

According to Philip Kotler, **“satisfaction is a person’s feelings of pressure or disappointment resulting from product’s perceived performance (outcome) in relation to his or her expectations. Customer satisfaction is the level of a person’s felt state resulting from comparing a product’s perceived performance(outcome) in relation to the person’s expectations”.**

This satisfaction level is a function of difference between perceived performance and expectations. If the product’s performance exceeds expectation the customer feel highly satisfied or delighted. If the performance matches the expectations the customer is satisfied. If the products performance fall shorts of expectations the customer is dissatisfied.

Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch when a better offer comes along. High satisfaction or delight creates an emotional affinity with brand.

Variety of factors that affect customer satisfaction includes product quality, product availability and after sales support such as warranties and services. Customer satisfaction is seen as a proof of delivering a quality product or service. It is believed that customer satisfaction brings sales growth, and market share. A company can always increase customer satisfaction by lowering its price or increasing its services but this may result in lower profits. Thus the purpose of marketing is to generate customer value profitability.

India chose for global economy, exposing her to winds of change in the market place, which has expanded vastly and become fiercely competitive. In the changed environment, decision makers view the marketing concept as the key to success. Marketing in practice has to manage products, pricing, promotion and distribution.

A successful product can be developed by exploring these opportunities. While delivering the value of the consumer we make use of marketing support. This support is based on the knowledge of consumers and distribution. Marketing support both at the introduction of products and maturing is considered Marketing, as suggested by the American Marketing Association is "an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders".

Acquisition of new customers and retention of customers plays a major role in success of a company and product. Continuous relationship building is necessary to stop customers from switching to competitors product.



**Rajesh Kumar**

Assistant Professor  
Department of BBA and  
Commerce  
Post Graduate Govt. College,  
Chandigarh

**Priyanka Gautam**

Assistant Professor  
Organization Affiliation  
Post Graduate Govt. College,  
Chandigarh

Telecommunication industry is facing tough competition and it has grown further after the introduction of MNP (Mobile number portability). As mobile number played very significant role in stopping customers from switching even when they were not satisfied with the service provider.

#### **Methods to Measure Customer Satisfaction**

Companies use the following methods to measure customer satisfaction.

- 1) **Complaints and suggestion system:**  
companies obtaining complaints through their customer service centres, and further suggestions were given by customers to satisfy their desires.
- 2) **Customer satisfaction surveys**  
Responsive companies obtain a direct measure of customer satisfaction by periodic surveys. They send questionnaires to random sample of their customers to find out how they feel about various aspects of the company's performance and also solicit views on their competitor's performance. It is useful to measure the customer's willingness to recommend the company and brand to other persons.
- 3) **Lost Customer Analysis.**  
Companies should contact customers who have stopped buying or who have switched to another supplier to learn why this happened.
- 4) **Consumer Behavior Vs Consumption Behavior**  
Consumer behavior refers to the manner in which an individual reaches decision related to the selection, purchases and use of goods and services. Walters and Paul says that, consumer behavior is the process whereby the individuals decide what, when, how and from whom to purchase goods & services. Consumer behavior relates to an individual person (Micro behavior) where as consumption behavior relates to and to the mass or aggregate of individuals (Macrobehavior) consumers behavior as a study focuses on the decision process of the individual consumer or consuming unit such as the family. In contrast the consumption behavior as a study is to do with the explanation of the behavior of the aggregate of consumers or the consuming unit. Consumer is a pivot, around which the entire system of marketing revolves. The study of buyer behavior is one of the most important keys to successful mark.

#### **Service Sector**

A service has been defined as, "any act or performance that one party can offer to another that is essentially intangible, and does not result in the ownership of anything..." (Kotler, 2004) Unlike physical products, service products cannot be seen, tasted, felt, heard, or smelled before they are bought (Parasuraman et al; 1985; Lovelock, 1981). Since services are intangible, consumers are often faced with not knowing what to expect of a service until they have consumed it, and hence perceive services as risky (Murray and Schlacter, 1990). Further, research has demonstrated that the need for trust arises in any situation characterized by a high degree of risk,

uncertainty, and/or a lack of knowledge or information on the part of the interaction participants (Mayer et al., 1995). Thus, customers have an inherent need to trust in their service provider to deliver the desired service outcome.

Services sector is the fastest growing segment as compared to other sectors of the Indian economy. A major stimulus in this shift is the movement to information age spurred by invention of computer and advancements in telecommunications. As countries continue to shift from agricultural base to services orientation, the demand for services further holds huge potential.

Additional factors contributing to the growth of service sector are higher per capita income, increased time pressure, advances in product technology (Kurtz, 2002), spiraling competition, rise of individualism (Seth & Seth, 2005) technological advances, globalization, (Balchandaran, 2004), competition, greater life expectancy and cost effectiveness drives (Rampal and Gupta, 2002) and growth of service chains and networks and service quality movement. Thus, tremendous growth of services sector implies the role of marketing in terms of vast opportunities and implications, marketing opportunities arising from new technology, in franchising from fewer regulations and professional restrictions, in servicing physical goods and international markets (Lovelock, 1999).

#### **Indian Telecom Sector**

##### **Subscribers Base**

- Indian telecom network has about 900.04 million connections as on 31st May 2013.
- Active wireless subscribers on the date of Peak VLR in May 2013 are 727.92 million, 83.65% of the total subscribers.
- Mobile Number Portability requests increased from 91.73 million subscribers at the end of April 2013 to 93.56 million at the end of May 2013. In the month of May 2013 alone 1.83 million requests have been made for MNP.

##### **Focus on Rural Telephony**

- The rural Telephone connections have reached 354.75 million in May 2013.
- 41.60% rural teledensity by May 2013.
- Provide high speed and high quality broadband access to all village panchayats through a combination of technologies by the year 2014 and progressively to all villages and habitations by 2020.

##### **Broadband**

- Broadband subscription reached 15.13 million in May 2013 from 15.09 million in April 2013.
- Provide affordable and reliable broadband-on-demand by the year 2015.
- To Provide fiber connectivity to 2,50,000 Gram panchayats thru BBNL
- Requirement of massive infrastructure in broadband.

##### **Manufacturing**

- Telecom Export promotion Council (TEPC) set up to promote the export of telecom equipment.

- Attracting 100% investment in telecom sector by offering liberalized FDI policies.

#### R & D

- Promotion of R&D activities in Telecom Centers of Excellence.
- Setting up of Telecom Entrepreneur Development Center (TEDC) for promoting entrepreneurship.

#### Objective & Services

- Strive to create **One Nation - One License** across services and service areas.
- Achieve **One Nation - Full Mobile Number Portability** and work towards **One Nation - Free Roaming**
- Recognize telecom as **Infrastructure Sector** to realize true potential of **ICT for development**.
- Address **the Right of Way (RoW)** issues in setting up of telecom infrastructure.
- Enhanced and continued adoption of **green policy** in telecom and incentivize use of renewable energy sources for sustainability.

#### Literature Review

The growth in demand for telecom services in India is not limited to basic telephone services. India has witnessed rapid growth in cellular, radio paging; value added services, internet and global communication by satellite (GMPCS) services. The agents of change, as observed from international perspective, have been broadly categorized into economic structure, competition policy and technology. Economic reforms and liberalization have driven telecom sector through several transmission channels of which these three categories are of major significance.

**RajanBharti Mittal (2005)** explains the paradigm shift in the way people communicate. There are over 1.5 billion mobile phone users in the world today, more than three times the number of PCOs. India today has the sixth largest telecom network in the world up from 14th in 1995, and second largest among the emerging economies. It is also the world's 12th biggest market with a large pie of \$ 6.4 billion. The telecom revolution is propelling the growth of India as an economic powerhouse while bridging the developed and the developing economics.

**Aisha Khan and RuchiChaturvedi (2005)** explain that as the competition in telecom area intensified, service providers took new initiatives to customers. Prominent among them were celebrity endorsements, loyalty rewards, discount coupons, business solutions and talk time schemes. The most important consumer segments in the cellular market were the youth segment and business class segment. The youth segment at the inaugural session of cellular summit, 2005, the Union Minister for Communications and Information Technology, DayanidhiMaran had proudly stated that Indian telecom had reached the landmark of 100 million telecom subscribers of which 50% were mobile phone users. Whereas in African countries like Togo and Cape Verde have a coverage of 90% while India manages a merely mobile coverage of 20%.

**Marine and Blanchard (2005)** identifies the reasons for the unexpected boom in mobile networks. According to them, cellphones, based on Global System for Mobile Communication (GSM) standard require less investment as compared to fixed lines. Besides this, a wireless infrastructure has more mobility, sharing of usage, rapid profitability. Besides this, usage of prepaid cards is the extent of 90% simplifies management of customer base. Moreover, it is suitable to people's way of life-rural, urban, and sub-urban subscribers.

**G. Dhananjayan (2005)** did a case study on mobile users of Punjab and concluded that despite the presence of only four mobile operators in Punjab (against six in most of other states), due to aggressive market expansion and segmentation strategy followed by two key operators (Airtel and Spice), the total mobile population crossed 3.2 million by October 2004 for a population of just 24.35 million, thus achieving a penetration level of a whopping 13%. Most states which are industrially advanced had just 6% mobile penetration, clearly illustrating the lead achieved by Punjab.

**Seth et al (2008)**, in their study titled "**Managing the Customer Perceived ServiceQuality for Cellular Mobile Telephone:**

An Empirical Investigation" analyzed that there is relative importance of service quality attributes and showed that responsiveness is the most importance dimension followed by reliability, customer perceived network quality, assurance, convenience, empathy and tangibles. This would enable the service providers to focus their resources in the areas of importance. The research resulted in the development of a reliable and valid instrument for assessing customer perceived service quality for cellular mobile services.

#### Research Methodology

##### Research Problem

The present study has been undertaken to study the level of customer satisfaction among telecom service providers.

##### Objectives of the Research

Study aims at studying the present market scenario. The major players in the market today are Airtel, Vodafone, BSNL, Tata Indicom, Reliance, and Idea. All the companies want to capture the market. Study concerns with evaluating fast developing areas and so all the service providers were taken to measure the satisfaction of customer.

➤ To study the customer satisfaction towards mobile service providers.

➤ To understand the performance of different brands in the market on various parameters like product quality, performance of the network provider, service quality and selection of products available.

##### Sample Size: 100 respondents

##### Data Collection:

The data is collected randomly irrespective of the category of the people in the Chandigarh city in the form of questionnaire and the sample size is 100 respondents. The study undertaken there to be mainly based on the primary data i.e. structured questionnaire is designed. The study also contains

secondary data i.e. data from authenticated websites and journals for the latest updates just to gain an insight for the views of various experts.

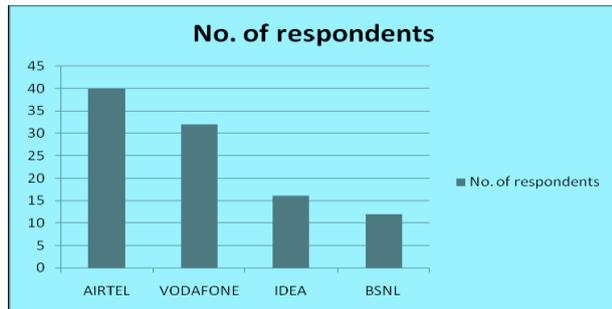
**Presentation of Data & Analysis**

The data collected is then coded in the tables to make the things presentable and more effective. The results are shown by tables which will help me out in easy and effective presentation and hence results are being obtained. In this study the technique used for interpreting the results is CHI SQUARE test. It is used as because sample size is 100.

**Data Analysis**

**Q1: - Which mobile connection do you have?**

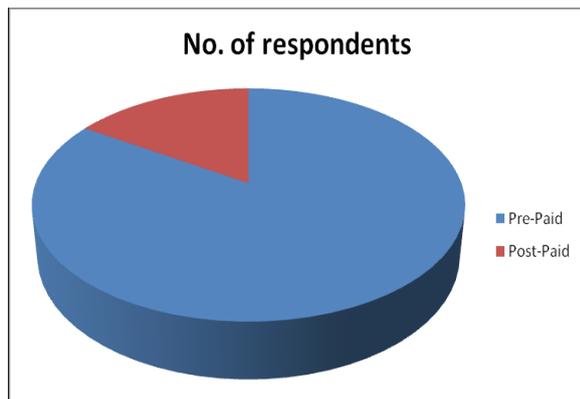
Particular	No. of Respondents
Airtel	40
Vodafone	32
Idea	16
BSNL	12



As the area of the study is Chandigarh, where the market leader is Airtel. Above data analysis shows that majority of the market that is approximately 50% is covered by two market leaders Airtel and Vodafone. Minor is BSNL.

**Q2:- What kind of service you have?**

Particulars	No of Respondents
Pre Paid	84
Post Paid	16

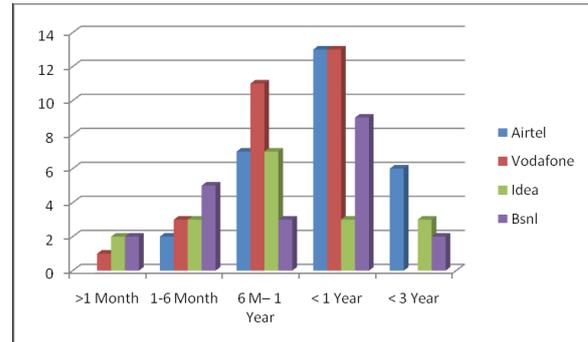


**Interpretation:** - Above data shows that most of the respondents in the area have pre-paid connections. And only 16% questionnaire got filled by post-paid users.

**Q3:- How long have you used the service of that company?**

Brands	>1month	1-6 months	6-1Months	>1year	>3 year
Airtel	2	7	13	6	

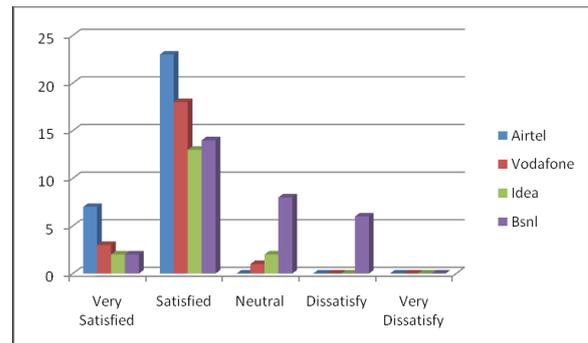
Vodafone	1	3	11	13	
Idea	2	3	7	3	3
BSNL	2	5	3	9	2



**Interpretation:-**Above table analysis depicts that most of the users are using their telecom service from last one year. Some of the users are also using it from last 3 year, where majority of the users are BSNL connection holders. Most of the users of the Vodafone are using it from last 6 months.

**Q4:- Overall, how satisfied are you, with network service of your company?**

Brands	Very satisfied	satisfied	neutral	dissatisfied	Very dissatisfied
Airtel	7	23	0	0	0
Vodafone	3	18	1	0	0
Idea	2	13	2	0	0
BSNL	2	14	8	6	0



**Interpretation:** Above table data analysis shows that the satisfaction rate of network service is headed by Airtel as not a single user of service is neutral or dissatisfy. Vodafone network service satisfaction rate is also good. And it can be also found that BSNL network service is not good as compare to others competitors as 14 respondents are found to be not satisfied with the company network service.

**Q5:- What kind of problems occurs the most for which you need to contact customercare/service department of your service provider?**

Brands	Billing related	Activation/ deactivation	Information on VAS's	Network Problem	Expected Values
Airtel	1	8	10		25
Vodafone		18	7		25
Idea	6	12	5	3	25
BSNL		6	11	13	25

Chi square value: 9.351 Table value: 7.815

**Interpretation:** -It means People contact customer care mostly for activation and deactivation of the

service. From the above data analysis it has been found that most of the users of telecommunication contact to their customers care for activation and deactivation of various services. Then they also contact for information about various value added services provided by companies like validity, call rates, SMS pack, caller tones etc. Network service has been found a problem of mainly BSNL users and to some extent of Idea users as well.

### Conclusion

Competition in telecom industry is heating up its time for Indian telecom players also to align up in the new dynamic business environment. Telecom majors should think to launch the product according to the needs of customers to satisfy them and make them brand loyal as very soon this blue ocean of Indian telecom scenario will convert into red ocean where the loss of one is the gain of other. They should also think for searching new space or we can say either creating a new blue space to sustain their growth in long run.

According to the results, the most important determinant for consumers are price and sacrifice perception (monetary and non-monetary sacrifice).

The results indicate that the minute charge is the most influential factor when a customer assesses to purchase. The second most important factor is the periodical fixed cost and another factor is the opening cost. These indicate, not surprisingly, that communication firms need to deeply consider. Also, this indicates that a lot of effort must be put in the pricing strategy.

Quality of service and the ability to attract and retain customers dictate the success or failure of next-generation communications service providers. In today's competitive environment, customers are quick to abandon services that do not meet expectations.

The ease with which customers can switch from their current service to another, demands that providers deliver the highest possible levels of service quality and performance. To be successful, communications service providers must deliver positive customer experiences with rich, value-added services supported by comprehensive service quality management.

### References

1. Seth et, Etal, "Managing the Customer Perceived Service Quality for Cellular Mobile Telephone: an Empirical Investigation", 2008  
<http://www.emeraldinsight.com/Insight/viewContentItem.do;jsessionid=2086527F0757A565F9A6CBAC8800F658?contentType=Book&hdAction=Inkhtml&contentId=1758667&history=true>
2. Annual report on Telecommunications, Department of Telecommunications, Government of India, [www.dotindia.com](http://www.dotindia.com).
3. Lee J, Lee J and Feick L (2001), "The Impact of Switching Costs on the Customer Satisfaction-Loyalty Link: Mobile Phone Service in France", *The Journal of Services Marketing*, Vol. 15, No. 1, pp. 35-48.
4. Lovelock, C.H. (1981), "Why management needs to be different for services", in Donnelly, J.H. and George, W.R. (Eds.), *Marketing of services*, American Marketing Association, Chicago, IL, pp.5-9.
5. Parasuraman A, Zeithaml V A and Berry L L (1988), "SERVQUAL: A Multiple Item Scale for Measuring Customer Perception of Service Quality", *Journal of Retailing*, Vol. 64, pp. 12-40, spring.
6. [www.airtelworld.com](http://www.airtelworld.com)
7. [www.businessworldindia.com](http://www.businessworldindia.com)
8. [www.economictimes.com](http://www.economictimes.com)