

Customer Satisfaction and its Impact on Customer Retention among BSNL Mobile Users

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Abstract:

In this paper, an attempt is made to analyze customer satisfaction and its impact on customer retention of BSNL mobile users. Customer satisfaction metric is very useful in managing and monitoring the businesses. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising. No doubt, customer satisfaction should be the primary objective of an organization to enhance customer retention. Customer retention is the activity that an organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. Customer retention is more than giving the customers what they expect, it's about exceeding their expectations so that they become loyal and advocate the brand to others. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy'.

Prelude: The telecom industry has been divided into different segments, that is, fixed and wireless, cellular services, internet services and value added services. In today's information age, the telecommunication industry has a vital role to play. Considered as the backbone of industrial and economic development, the industry has been aiding the delivery of voice and data services at rapid increase in speed and thus, telecom industry has been revolutionizing human communication.

Although the Indian telecom industry is one of the fastest-growing industries in the world, the current tele-density or telecom penetration is extremely low when compared with global standards. Further, the urban tele-density is over 59.75%, while rural tele-density is 40%, as of September 2013. As the majority of the population resides in rural areas, it is important that the government takes steps to improve rural tele-density. No doubt, the government has taken certain policy initiatives, which include the creation of the Universal Service Obligation Fund for improving rural telephony. These measures are expected to improve the rural tele-density and bridge the rural-urban gap in tele-density.

According to the Telecom Regulatory Authority of India (TRAI), India's total telephone subscriber base is 915.19 million which includes 886.30 million wireless and 28.89 million wire line connections as on October 2014.

Bharat Sanchar Nigam Limited (abbreviated BSNL) is an Indian state-owned telecommunications company headquartered in New Delhi, India. It was incorporated on 15 September 2000. It took over the business of providing of telecom services and network management from the Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from 1st October 2000 on going concern basis. It is the largest service provider of fixed telephony and fourth largest mobile service provider in India, and is also a provider of broadband services.

BSNL has installed Quality Telecom Network (QTN) in the country and now focusing on improving it, expanding the network, introducing new telecom services with ICT

applications in villages and winning customer's confidence. Today, it has about 43.74 million line basic telephone capacity, 72.60 million GSM capacity, 37,885 fixed exchanges, 68,162 GSM Towers, 12,071 CDMA Towers, 197 Satellite Stations, 50,430 Km. of microwave network connecting 623 districts, 7330 cities and 5.8 lakhs villages . BSNL has customer base of 121.65 million as on 31st March, 2013 and further plans to increase it to 189 million customers by March, 2017. However, in recent years the company's revenue and market share plunged into heavy losses due to intense competition in the Indian telecommunications sector.

Objective

To analyze the impact of customer satisfaction on customer retention among BSNL mobile users

Hypothesis

H₀ There is no relationship between customer satisfaction and customer retention.

Tools of Data Collection

The primary data is collected through a pre-tested structured questionnaire (to the sample respondents) and through personal interviews with the executives and responses of the sample respondents. The secondary data includes published sources like journals, magazines, Newspapers, annual reports of service provider (BSNL), Ministry of Telecommunications, Telecom Regulatory Authority of India (TRAI), and from various websites.

Tools of the Analysis

The data collected were processed, analyzed and interpreted by applying statistical tools like chi-square test, frequency tables (arithmetic averages) and for operationalisation of hypothesis and analysis 5- point Likert Scale technique were used.

Sample of the Study

For the present study, the samples were chosen from the customers who are having the BSNL mobile connections. A sample of 1000 respondents on the basis of stratified random sampling has been chosen for the study (arrived at by considering 0.377% of mobile users in Khammam district, as on June 2013, i.e 2,65,000). Sample respondents were selected from 46 mandals of Khammam district and 0.0357% of mobile users from each mandals population constitute the sample for the study. The respondents are from various strata Viz. employees, businessmen, housewives, students chosen as respondents for this present study. The geographical area of the study is restricted to khammam district only. In the first stage, stratified sampling is done from 46 mandals of the district and in the second stage; convenient sampling was used to identify the villages. In the final stage, simple random sampling is applied for selecting the respondents. A total of 1000 respondents are selected for the study.

Scope of the Study

The present study is aimed at understanding the BSNL services and to determine customer relationship management practices with reference to mobile phone services. The scope of the present study is to entirely focus on the mobile services rendered by BSNL in the Khammam District of Telangana state.

Customer Satisfaction

Customer satisfaction is a term frequently used in marketing. It is a measure of how products and services supplied by a company to meet or surpass customer expectation. Customer satisfaction is "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds

specified satisfaction goals". Customer satisfaction metric is very useful in managing and monitoring the businesses. The importance of customer satisfaction cannot be dismissed because happy customers are like free advertising. Many of us have heard of the current trend for businesses has become highly customer-centric, that is to put the customer at the centre of our business in terms of our strategies, actions and processes. For most of us, old truths still hold good; as such it is easier and more profitable to sell to existing customers than to find new ones. In practice, organizations are increasingly setting themselves strategies to measure and ensure customer retention, and charging their staff to be more customer-focused and service-oriented. Jayachandran and Satish (2005) concluded that the performance of CRM can be measured on the basis of customer satisfaction and customer retention and customer loyalty.

No doubt customer satisfaction should be the primary objective of an organization to enhance customer loyalty but a business that focuses exclusively on customer satisfaction runs the risk of becoming an undifferentiated brand whose customers believe only that it meets the minimum performance criteria for the category. (Clarke, 2001) Long-term customer retention in competitive markets requires the supplier to go beyond mere basic satisfaction and to look for ways of establishing ties of loyalty that will help ward off competitor attack. Sivadas and Baker-Prewitt (2000) stated that it is not merely enough to satisfy a customer. Bowen and Chen (2001) were of the view that customers must be extremely satisfied.

Customer Retention

Customer retention is the activity that an organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it serves its existing customers and the reputation it creates within and across the market place. Retaining customers is less expensive than acquiring new ones, and customer experience management is the most cost-effective way to drive customer satisfaction, customer retention and customer loyalty. Not only do loyal customers ensure sales, but also they are more likely to purchase ancillary, high-margin supplemental products and services. Loyal customers reduce costs associated with consumer education and marketing, especially when they become net promoters for an organization.

Customer retention is more than giving the customers what they expect, it's about exceeding their expectations so that they become loyal and advocate the brand to others. Creating customer loyalty puts 'customer value rather than maximizing profits and shareholder value at the center of business strategy'. The key differentiator in a competitive environment is more often than not the delivery of a consistently high standard of customer service. Omotayo and Joachim (2008) examined the potential constructs in customer retention by investigating the chain of effects of retention from customer service, satisfaction, value and behavioral intention. Hennig-Thurau & Klee (1997) customer satisfaction with a company's products or services is often seen as the key to a company's success and long-term competitiveness. In the context of relationship marketing, customer satisfaction is often viewed as a central determinant of customer retention. Rana Zehra Masood (2007) customer retention largely depends on service quality and satisfaction. It also depends on the ability of the organization to encourage the customers to complain and then recover when things go wrong.

Duration of Customer with BSNL

The duration of using a service establishes satisfaction towards a service. When customer needs and preferences are satisfied, they remain loyal to company. Retention can be judged by the tenure of a service. In order to identify retention customers, duration of connection is considered.

Table 1: How long customers have been using BSNL mobile

Options	Frequency	Percentage
Last one year	210	21.0
Three years	343	34.3
Five Years	168	16.8
More than Five years	279	27.9
Total	1000	100.0

Source: Primary data

Table 1 presents retention of customers with BSNL. The results of analysis reveals that nearly 34% of the customers have been using BSNL service for the last three years. It also indicates that 21% of respondents have started using the BSNL service in the last one year, are comparatively very less which indicates that the increase in number of mobile service players in the market reflects on attrition of customers towards other mobile networks. But still the majority of the respondents i.e. (27.9%) are using the BSNL services for a long period.

Descriptive Statistics: While analyzing the descriptive statistics, the mean value of all the attributes is less than 3.22 which means the tendency of all attributes is towards neutrality. So mode value is considered for analyzing and interpreting the data.

Table 2 Descriptive Statistics

Options	N	Mean	Median	Mode	Std. Deviation	Skewness	Kurtosis
Continuing and recommending of BSNL mobile services	1000	3.22	3.00	4	1.349	-.283	-1.139

Source: Primary Data

Table 2 infers that the majority of sample respondents agreed that they want to recharge BSNL cards and recommend others to have BSNL services. Skewness of the distribution of data is negative for all the factors indicating that the numbers of respondents who have given positive response are more than the number of respondents who have given negative or neutral response. Kurtosis of the distribution is platykurtic, which indicates that there are no extreme responses in the distribution.

HYPOTHESIS (H₀): There is no Relationship between Customer Satisfaction and Retention of Customers.

S .no	Hypothesis	Chi-Square Value	P- value	Null Hypothesis Accepted / Rejected
There is no relationship between customer satisfaction and customer retention				
1	There is no relationship between reliability and duration of customers using BSNL services	110.194	<0.001	Rejected
2	There is no relationship between reliability and continuing with BSNL and recommending others to have BSNL services	478.359	<0.001	Rejected
3	There is no relationship between responsiveness and duration of customers using BSNL services	88.713	<0.001	Rejected
4	There is no relationship between responsiveness and continuing with BSNL and recommending others to have BSNL services	333.356	<0.001	Rejected
5	There is no relationship between assurance and duration of customers using BSNL services	105.932	<0.001	Rejected
6	There is no relationship between assurance and continuing with BSNL and recommending others to have BSNL services	340.311	<0.001	Rejected
7	There is no relationship between empathy and duration of customers using BSNL services	74.273	<0.001	Rejected
8	There is no relationship between empathy and continuing with BSNL and recommending others to have BSNL services	349.181	<0.001	Rejected
9	There is no relationship between tangibility and duration of customers using BSNL services	94.384	<0.001	Rejected
10	There is no relationship between tangibility and continuing with BSNL and recommending others to have BSNL services	318.401	<0.001	Rejected

Source: Primary Data

Hypothesis

H₀: There is no relationship between customer satisfaction and customer retention.

H₁: There is a relationship between customer satisfaction and customer retention.

Testing of Hypothesis: The 'p' value of the test statistic is less than 1% for all the variables so, the null hypothesis is rejected and alternative hypothesis is accepted stating that there is a relationship between customer satisfaction and customer loyalty.

Findings

➤ The results of analysis reveals that nearly 34% of the customers have been using BSNL service for the last three years. It also indicates that 21% of respondents have started using the BSNL service in the last one year, are comparatively very less which indicates that the increase in number of mobile service players in the market reflects on attrition of customers towards other mobile networks. But still the majority of the respondents i.e. (27.9%) are using the BSNL services for a long period.

➤ The respondents who are with BSNL for five and more than five years are dissatisfied with the service quality of BSNL. Rural customers only are with BSNL for a long period because in rural areas BSNL is the only service provider who can provide better network than others. Majority of respondents who live in urban area are with BSNL for a short period compared to the customers of rural area. It can be attributed to the fact that in urban areas, there are many mobile networks available and so the churning of customers is in urban area.

Suggestions

➤ It is suggested that BSNL pays more attention on retaining the existing customers by providing quality of service and increasing level of satisfaction of loyal customers, so that they are retained with BSNL and recommend others to have BSNL services. Company should focus more on the customers who are with BSNL for a long time so that retention rate of customers increases.

➤ Telecommunication industry is facing tough competition as they have shifted to mass marketing to one to one marketing. The BSNL has to create the strategies to meet the competition. Any strategy cannot be perfect as there will be a constant change in lifestyles and attitudes of customers. Therefore, BSNL should adopt CRM based approaches to make their marketing more effective.

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