

Factors Affecting Customer Satisfaction: An Empirical Study on Telecommunication Sector in Bangladesh.

*Md. Habibur Rahman*¹

*Md. Mahmudul Huq*²

*Mohammad Enayet Ullah*³

¹Lecturer, Faculty of Business, ASA University Bangladesh

²Senior Lecturer, Faculty of Business, ASA University Bangladesh

³Senior Lecturer, Faculty of Business Studies, World University of Bangladesh

Abstract: Factors affecting customer satisfaction is of worth importance in order to know the reasons or the factors which are responsible to create satisfaction among customers for a particular brand. Customer satisfaction is established when brand fulfills the needs and desires of customers. In this research study, the subscribers of telecom sector of the mobile service providers like Grameenphone (GP), Banglalink, Robi, and Airtel operating in Bangladesh were targeted as the population while Price Fairness and Customer Services were taken as predicting variables towards Customer Satisfaction as criterion variable. The results showed that both the factors significantly contributed to explain customer satisfaction but comparatively price fairness had the larger impact on customer satisfaction than customer services.

Keywords: Customer satisfaction, Price Fairness and Customer Service.

1 Introduction

The origin of telecommunication service in Bangladesh was in 1995. Before that telegraph and telephone services known as T & T and postal department were the main ways for communication. Later on developments were made in the provision of telecommunication services to the customer on consistent basis but from the last one and half decades revolutionary changes in the telecom sector have taken place with the introduction of mobile telephony. This shift brought Bangladesh telecommunication sector into a new era of growth and progress that had a great impact on its subscribers who became more sensitive about the service quality, pricing and switching barriers. Telecommunication is the dominant industry from the last one and half decades comparing others in Bangladesh and its contributions to the national economy. Not only national but also international companies started operations in Bangladesh and created stiff competition nationwide. This competitive environment caused brand consciousness among subscribers and potential buyers. Researches show that various factors impart in creating the awareness, satisfaction, loyalty, and sense of belongingness toward brands of any kind but in some circumstances customers themselves are unaware of the reasons for the brand preferences. In the contemporary environment the only constant is change. Therefore, businesses have to develop different strategies in order to survive in long run. One of the best strategies is about satisfying the customers that ensure a long term growth of business. Nowadays organizations are well aware of the benefits lies with retaining customer and strive to know the reasons in black box of customer that have impact on the brand choice to reduce the turnover rate. Since satisfied customer is the core concern of any organization therefore they pay close attention toward the factors that

influence a customer's decision towards brand. The main purpose of this research study was to investigate the key variables that are having strong influence on customer satisfaction in telecom sector and influence purchasing decision of customers. This study has considered the two main important factors as pricing and customer's services to know its effects on customer satisfaction. Factors affecting customer satisfaction are key concern for any organization, department or country because through customer satisfaction any business can establish long term profitable relationship with customer. The reason behind is once a firm loses its loyal customers it has to incur a cost of acquiring them again in addition to acquiring the new ones.

2 Literature Review

2.1 Customer Satisfaction

Customer satisfaction is defined as an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product" (Tse and Wilton, 1988, Oliver 1999). Satisfaction of customers with products and services of a company is considered as most important factor leading toward competitiveness and success (Hennig-Thurau and Klee, 1997). Customer satisfaction is actually how customer evaluates the ongoing performance (Gustafsson, Johnson and Roos, 2005). According to Kim, Park and Jeong (2004) customer satisfaction is customer's reaction to the state of satisfaction, and customer's judgment of satisfaction level. Customer satisfaction is very important in today's business world as according to Deng et al., (2009) the ability of a service provider to create high degree of satisfaction is crucial for product differentiation and developing strong relationship with customers.

Customer satisfaction makes the customers loyal to one telecommunication service provider. Previous researchers have found that satisfaction of the customers can help the brands to build long and profitable relationships with their customers (Eshghi, Haughton and Topi, 2007). Though it is costly to generate satisfied and loyal customers but that would prove profitable in a long run for a firm (Anderson, Fornell and Mazvancheryl, 2004). Therefore a firm should concentrate on the improvement of service quality and charge appropriate fair price in order to satisfy their customers which would ultimately help the firm to retain its customers (Gustafsson, Johnson and Roos, 2005). It is a common phenomenon that the services a brand offers and the price it charges actually determine the level of satisfaction among its customers, than any other measure (Turel et al. 2006). Customer's involvement is also important as when buyer consider the product important and invests time to seek information then it ultimately enhances the satisfaction level (Russell-Bennett, McColl- Kennedy and Coote, 2007). This satisfaction may influence the concerned company by repurchase, purchase of more products, positive word of mouth and willingness of customer to pay more for the particular brand. Any business is likely to lose market share, customers and investors if it fails to satisfy customers as effectively and efficiently as its competitors is doing (Anderson, Fornell, and Mazvancheryl, 2004).

2.2 Customer Services

Customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004). Customer services are the opportunities for telecom service providers that are added to mobile network other than voice services in which contents are either self produced by service provider or provided through strategic compliance with service provider (Kuo, Wu and Deng, 2009). The improved customer services are the focal point of the telecom service providers for social as well as for

economic reasons. From a social point of view, services should be available to the customers on reasonable terms. As far as economic factor is concerned, services should satisfy the needs of the customers (Turel and Serenko, 2006; Melody, 1997). For developing satisfaction among customers, the telecom service providers need to be extra careful for the customer services they provide. Satisfaction of customer is determined by his evaluation of service provided by a brand (Gustafsson, Johnson and Roos, 2005). The study of (Ahn, Han and Lee, 2006) shows that when the customers, do not get their complaints considered properly, they start looking for other brands. It happens because either the customer service centers do not handle the complaints or the customers are not able to address them properly. Sometimes, telecom service providers take considerably longer time to resolve the problems like network coverage or call quality, the customers do not wait for long and hence they lose satisfaction with that particular brand (Ahn, Han and Lee, 2006).

Furthermore, the friendly attitude and courteous behavior of the service workers at service firms leaves a positive impression on the customer which lead towards customer satisfaction (Soderlund and Rosengren, 2008). On the other hand, if a telecom service provider lacks in providing services (call drops) to its customers, it experiences customer churn. Kim, Park and Jeong (2004) argued that service provider should provide customer oriented services in order to heighten up customer satisfaction. It was also found that the customers get satisfied to a brand more if they get all the needed services accumulated in that very brand (Ahn, Han and Lee, 2006).

2.3 Price Fairness

According to Kotler and Armstrong (2010) price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service while Stanton, Michael and Bruce (1994) defined price as the amount of money or goods needed to acquire some combination of another goods and its accompanying services. But the marketing literature showed researchers' inclination towards price fairness in relation with customer satisfaction (Herrmann et al., 2007; Kukar-Kinney, Xia and Monroe, 2007; Martin-Consuegra, Molina and Esteban, 2007). Price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable (Xia et al., 2004; Kukar-Kinney, Xia and Monroe, 2007). Price fairness is a very important issue that leads toward satisfaction. Charging fair price helps to develop customer satisfaction and loyalty. Research has shown that customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty. In another study of Herrmann et al., (2007), it was concluded that customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness. The price fairness itself and the way it is fixed and offered have a great impact on satisfaction. According to Lommeruda and Sorgard (2003), telecommunication services are like undifferentiated products therefore, customers are not price sensitive all the times and sometimes brand loyalty takes part in brand preferences. This is the reason; some consumers are retained with old monopolists (Shamim, 2022).

Literature explored substantive role of price fairness and quality service with customer satisfaction, therefore, this study also comprised these two factors and their effects at customer satisfaction in the telecom sector of Bangladesh.

3 The Objectives of the Study

The following objectives were pursued in this study:

1. To observe the relationship among price fairness, customer service, and customer satisfaction.
2. To know what extent customers' loyalty is influenced by price fairness and customer service.
3. To get an overall scenario in telecom sector of Bangladesh.

4 4.0 Methodology of the Study

4.1 Population

General public having cell phone within Dhaka city of Bangladesh were treated as the population of this study. Survey was targeted to the mobile phone operators such as Grameenphone, Banglalink, Robi and Airtel.

4.2 Procedure

150-sample size was used. The sampling technique used is non-probabilistic in nature; more specifically sample was purposively taken to accommodate a certain number of male and female respondents and different occupational groups. The respondents were asked to apprise about their feelings or emotional bonding with preferred mobile phone operator / brand. In most of the cases self administered approach was used to solicit factual responses in timely manner. Five-point Likert Scale was used. Data obtained in this regard were analyzed through SPSS 16.0.

4.3 Measures

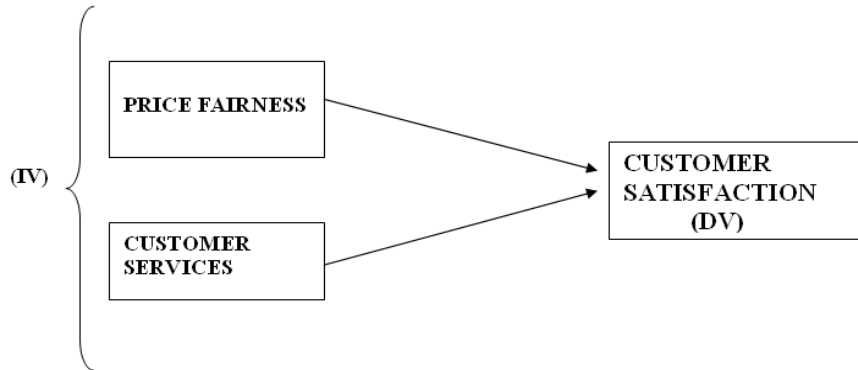
Questionnaire as an instrument was used for this study which contained brief description about the purpose and the significance of the study. The first part was consisting of eight items to know the demography of the customer such as age, gender, type of connection, network using and years with their respective network.

Table 1: Cronbach's Alpha Reliability Coefficient

Reliability Statistics		
Constructs	Cronbach's Alpha	N of Items
Satisfaction with the network	0.88	10
Price fairness	0.65	8
Customer services	0.75	9
Overall	0.87	27

Customer satisfaction was measured with 10 items, price fairness with 8 and customer service with 9. All the items were supported with 5 point Likert scale ranging from 1. Strongly Disagree to 5. Strongly Agree. The questionnaire was self-developed however some items regarding customer satisfaction were taken from the study of (Sweeney and Swait, 2008). Cronbach's Alpha values in respect of each variable are given in table-1. Respondents were also ensured about the confidentiality as information shared in this regard would be used for the academic and research purposes.

5 Theoretical Framework and Research Model



IV: Independent variable, DV: Dependent Variable

5.1 5.1 Hypothesis

In order to check the relationship between the independent and dependent variables, two hypotheses were developed.

H_1 : When increases in the price fairness by a brand that would lead to decreased customer satisfaction.

H_2 : Good customer services increase the number of satisfied customers and hence, enhance Customer satisfaction.

6 Data Analysis

Collected data were analyzed to determine how the sample of the research responds to the items under investigation. Descriptive statistics, correlation and regression methods were employed to analyze the collected data. Demographical analysis shows that out of sample of 150, 79 are men and 71 are women and most of them are young students of graduate program. Majority of them are using the network of Grameenphone. Out of 150, almost 71 respondents are frequent users of this network. 83 respondents have experience of 1 to 5 years with their network and 30 respondents have more than 5 years of experience with particular network and rests of them are new users with experience less than 1 year. Connection type that most of them are using was prepaid and only 24 respondents are using post paid connections.

Table 2: Demographical Analysis

Measures	Item	Frequency	Percentage
Age	Up to 20	46	31%
	21 to 25	82	55%
	26 to 30	8	5%
	31 to 35	3	2%
	36 to 40	2	1%
	41 or above	9	6%
Gender	Female	71	47%

	Male	79	53%
Type of connection	Post paid	24	16%
	Pre paid	126	84%
Network	Banglalink	24	16%
	Grameenphone	71	47%
	Robi	30	20%
	Airtel	25	17%
Experience with network	More than 5 years	30	20%
	1 to 5 tears	83	55%
	Less than 1 year	37	25%

Descriptive statistics is used to determine the main features of the collected data in quantitative terms. It is used to examine the central tendency of the data in terms of mean, median, mode and standard deviation. All the items used in the instrument (questionnaire), were based on 5-point Likert scale therefore, the mean values greater than 3.00 for all the three variables (Customer Satisfaction, Price Fairness and Customer Services) are showing the significant positive trend. The result shows the intensity and strength variables which are negatively skewed. Standard deviation is also very important as it indicates the deviation from the mean value. Here standard deviation varies from 0.51 to 0.66 which shows that most of the observations fall around the mean value for all the variables. The correlation analysis is used to find the strength of the relationship between several variables. Correlation analysis results show that price fairness is positively correlated with the customer satisfaction. A correlation value of 0.51 between price fairness and customer satisfaction is indicating strong positive relationship. The correlation value between customer services and customer satisfaction is calculated as 0.50 which also shows significantly high association between these two variables.

satisfaction is created once the primary needs of customer are met by the brand. Especially the results highlighted the satisfaction of mobile subscribers with their respective networks. They expressed high level of allegiance with their current brands on account of good coverage quality. Furthermore, they claimed the tariff rates of their network operator are reasonable and comparatively low. Moreover, in case of any problem customer service centers located nationwide are accessible and actively responsive. Price fairness also plays a major role. If a brand is providing compatible price and increase in price are fair then customer takes it positively which create a sense of satisfaction among customers and vice versa. In Bangladesh most of the customers are price sensitive so price fairness of any brand is a major deriver of repurchase decision. Telecommunication is almost homogenous in Bangladesh so even a small difference in price would influence customer behavior. Consequently, it can be deduced that price fairness is a major contributor towards creating customer satisfaction. This research study has shown that most of the customers are influenced by the call charges and SMS (short message service) packages and if they feel that price are fair and brand is providing worth giving packages, it would help in making customers more satisfied and even in long-term retention in future.

Customer satisfaction and customer services are found having positive relationship. Now a day's relational marketing is considered very important on the realization of the fact that customer satisfaction is quite essential for the lasting relationship between service organization and customer. As in telecommunication service industry a special care is taken to develop good relationship. This study also validates this notion as if customers feel valued then they make a long term relationship with brand. Valued

doesn't mean that they are just welcomed at the time of purchase. It means they are given importance even in case they are not satisfied with the services of network or their complaints regarding cellular services are given due importance and solved timely. So when customer services are good enough to make customer feel that they are important to the organization and the organization cares about them, then all it would lead to positive image toward a brand and eventually customer satisfaction would be enhanced. It can be argued that both customer services and price fairness are important in creating customer satisfaction. These factors also influence each other in one regard or the other. Customer satisfaction and price fairness has strong relationship, if price fairness exist then it would add to customer satisfaction. Similarly customer services and customer satisfaction also have great link, good services would make customers feel more satisfied. These independent variables do not only influence dependent variable but also have strong relationship with each other. Price fairness and customer services also complement each other if customers services are good then customers are willing to pay more for the product or service. Regression analysis showed that if customer service officers are responsive to fix the customer's problems in timely manner and tariff rates are comparative then all it lead towards customer satisfaction. Providing better packages may cause long term association with existing networks, therefore mobile operators may enjoy long term relations with their current subscribers due to price fairness and courteous customer services.

Table 3: Descriptive and Correlation Results

	Mean	Std. Deviation	Satisfaction with the network	Price fairness	Customer services
Satisfaction with the network	3.78	0.66	(0.88)		
Price fairness	3.51	0.51	0.512 (**)	(0.65)	
Customer services	3.54	0.55	0.499 (**)	0.323 (**)	(0.75)

** Correlation is significant at the 0.01 level (2-tailed).

Note: Internal reliability (Cronbach's alpha) estimate shown on diagonal.

The regression analysis is used to determine the dependence of customer satisfaction upon the independent variables i.e. price fairness and customer services. The results showed that up to 37.8% of the variation in criterion variable (customer satisfaction) is explained by two of the predicting variables i.e. price fairness and customer services. The values of coefficients of were found as 0.507 and 0.447 for price fairness and customer services respectively. Hence, the results found that up to 37.8% of customer satisfaction depends on price fairness and customer services whereas; the rest of the 62.2% depends on other factors or variables which were not taken in this research study.

Table 4: Regression Results

Dependent variable	Independent variable	Adjusted R Square	β	t Stat	P- value
Satisfaction with the network	Price fairness	0.378	0.5070	5.7370	0.0000
	Customer service	0.378	0.4470	5.4490	0.0000

7 Discussions and Findings

Customer satisfaction is very important because that would create sense of belongingness, emotional binding and brand loyalty among customers. Satisfaction was operationalized as “if needs or demands of customers are fulfilled through particular product or service” or if customer feels that he gets the desired benefits from the goods or services for which they have paid to a particular firm. The main motive of this study was to check that how factors of customer services and price fairness add value toward creating satisfied customers or otherwise. Results show that all the factors selected affect the customer satisfaction to great extent. Customer service is the most powerful stimulant of brand loyalty. The results of the study focusing at customers of telecommunication companies shows that if a brand is fulfilling its promises, it would enhance customer satisfaction and create a feeling in customer that he has chosen one of the best brand. This paper has taken into account all the dimensions that would be accounted for customer satisfaction like coverage quality, over all experience and fulfillment of communication needs. Research has shown that customer

8 Conclusion

The research study has shown that independent variables that are customer services and price fairness play a very important role in making customer satisfied. Each independent variable not only influences dependent variable but complement each other as well. Customer satisfaction is very important as satisfied customer would add value to the brand and spread a positive word of mouth and help in making good reputation of brand. Satisfied customers would be able to make long term profitable relationship with brand. There is significant effect of price fairness on customer satisfaction. If tariff rates charged are fair and affordable to customers then they use telecom services of that brand for longer period of time which consistently satisfies their all communication needs.

Similarly if customers are provided with good services such as courteous behavior of sales person or complaint officer then they feel emotional attachment with their brand of cellular company. Similarly if their complaints are solved promptly and commitments are fulfilled then it would provide a sense of belongingness to the brand. It can be concluded that if any firm wants to be successful over longer period of time then it has to make its customers satisfied through charging fair tariffs and memorable customer services so that they can reign over the market.

9 Recommendations

In this research study, customer satisfaction has been taken into account which is a very important element for the success of any business. Our study can practically be used by telecommunication sectors in creating customer satisfaction.

1. This can be suggested that by making customers feel satisfied, by establishing good relationship with customers through efficient customer services would lead toward brand loyalty and simply by keeping the price fairness of services compatible a firm can establish long term profitable relationship with customers.
2. The findings can be practically implemented on service firms and apart from that those business which give due importance to relational marketing. This paper suggests managers of such firms to have belief in “best customer services and price fairness” for success and growth of business or in making customer satisfied.
3. The framework of this paper suggests the central importance of customer satisfaction in telecommunication sector that how it should be created among customers and how to get benefits out of it. That would practically help out telecom sector for making customer satisfied, happy and loyal by making customer feel valued.

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