

Complaint Handling, Customisation & Service Quality- Impact on Customer loyalty in Mobile services, India

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Abstract: Worldwide, telecom services have been recognized as an important tool for a nation's socio-economic development, and thus telecom infrastructure is treated as a crucial factor in achieving socio-economic goals in India also. But telecom service providers are facing a huge competition and involving in mergers. To survive in this scenario service providers should look into customer loyalty for designing and delivering services to attract and retain customer. This paper highlights the importance of the same by studying the impact of three factors namely service quality, personalisation and complaint handling in mobile services. 414 respondent's data were collected by the help of well-designed questionnaire and SEM analysis was performed to validate the model. The findings of the study revealed that in the three factors service quality is having major impact on loyalty then personalisation and next complaint handling. And the model is a good fit for the constructs. The paper consists of conclusion and implications of the study.

Keywords: Mobile service providers, Complaint Handling, Personalisation, Service quality, customer loyalty

1. Introduction

In India, Mobile phones are considered a privilege of the wealthy, but now an everyday device for all categories of people across the globe (Olla & Patel, 2002). Mobile value-added services are set to become new telecom opportunities for all operators. However, telecom service providers classified mobile value-added services into four types, namely information, communication, transaction, and entertainment, and this classification applies to nearly all providers. For survival and sustenance of the telecom operators, retaining customers than attaining new customers in a saturating point should be the core strategy of every business. It is well known that the most significant success factors in competitive market for either manufacturers or service providers were perceived service quality, consumer value and satisfaction of the consumer (Buzzell and Gale, 1987; Zeithaml, 1996; Bolton and Drew, 1991; Parasuraman et al., 1988, 1991, 1997).

According to Hansemark and Albinson (2004), "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers expect and what they receive when it comes to fulfilling certain needs, goals or desires." In the age of digital transformation, when the appeal of consumers is personalized with affordability of high price for high-quality goods, the market cannot survive by offering low prices. For mobile service providers, personalisation is a vital success factor for providing a unique customer experience. One of most operators' key goals is to create customer loyalty. To achieve this telecom operators are targeting individual customer to cater individual needs with a technique called CRM that is termed as personalisation.

The other factor enhances the loyalty of the customer is complaint handling. The telecom service providers how they are reacting to complaints will be one of the factors to retain and make the customer loyal to the service provider (Fornell, 1992, p. 12). Complaints handling and recovery system necessarily occurs before the customer is studied; it is problematic to view them to overall loyalty as anything other than antecedents "(Johnson et al., 2001, p. 230). Negative experiences will influence customers to complain and even will leads to exit (Nagendra et al 2019). In heightened competition in the country's telecom industry over the past three years there is a need to study the factors that influence the loyalty of the customer. This study is focused on identifying the impact of quality of services, personalization and complaint handling on loyalty of customer to retain him/her from alienating to competitor with concern to mobile services in India.

2. Review of literature

Personalization and customer loyalty

Personalization can be defined as a service to user / customer by customizing multimedia content with technology and information services to meet individual needs and ultimately deliver the satisfaction of the customer (Zhang, 2003). Morris-Lee's (2002) brochure personalisation research found that personalisation helps to improve awareness and participation. Personalized service was found to have a positive effect on customer satisfaction (Schneider and Bowen, 1999; Brown and Swartz, 1989; Surprenant and Solomon, 1987). According to (Light & Maybury, 2002) Personalisation can be measured as the crucial aspect for success / failure of mobiles and services.

From the above, a generalization was formed as an hypothesis as below:

H₀ 1: There exists no significant impact of personalisation of mobile services on customer loyalty.

Value of service and happiness of customers

Quality is used as an overall evaluation in the service literature (Parasuraman, Zeithaml, and Berry, 1988). Traditionally the quality of service was described as the difference between customer expectations and service perceptions (Parasuraman, Berry and Zeithaml, 1988, 1991). As the Disconfirmation model fits poor to find the gaps SERVQUAL scale was developed, even this was also criticized by many researchers.

From the above, a generalisation is formed as an hypothesis as below:

H₀ 2: There exists no significant impact of Service Quality of mobile services on customer loyalty.

Complaint Handling and customer loyalty

Complaint handling can be defined as proactive or reactive and centralized or decentralized process in the organisation. A proactive term looks for complaints by actively ascertaining the loyalty of the customer with the product or service. Complaints are characterized as a representation of the self-affirmation of the consumer, which involves an emotional aspect, and are also a means of expressing loyalty, which must be extemporaneous. The treatment of grievances ensures customer service. This requires a behavioural approach that takes into consideration customer emotions. Whatever the way in which the complaint is submitted, there should be fairness in terms of the procedures used in the online and offline to handle customer complaints, where the customer who submitted the complaint online must feel the same degree of loyalty with the solutions presented to him as compared to the customer who submitted the same complaint in the traditional manner (offline). This creates a sort of justice in the successful and effective resolution of complaints in both ways (Harris. et al., 2013). The primary aim of handling complaints from customers is to satisfy them. Many companies now considering this as input and enhancing their offerings and build loyalty among their customers. (Shuangping et al., 2015).

From the above, a generalisation is formed as an hypothesis as below:

H₀ 3: There exists no significant impact of complaint handling of mobile services on customer loyalty.

3. Method

The final data for the model has been obtained from a well-designed survey of smart phone users from various providers. The scale was constructed using a 7-category Likert scale like. Usage of group information, literature survey and feedback from Mobile service providers, 698 people were involved in the final survey. By eliminating the unfilled and half-filled questionnaires 414 completed questionnaires were selected. For validating the measuring instrument and determining constructs internal reliability, Confirmatory Factor Analysis (CFA) and Cronbach's Alpha were performed. An in-depth descriptive statistic was summarized in table 1.

4.

5. Results

Table 1: Descriptive Statistics

S.no.	Particulars		Frequency	Percentage
1	Gender	Male	287	69.23
		Female	127	30.67
2	Age	15-30	194	46.85

		31-45	128	30.91
		46-60	76	18.35
		Above 60 years	16	3.86
3	Qualification	Below SSC	88	21.25
		10+2/Diploma	38	9.17
		Degree	134	32.36
		PG	124	29.95
		Ph.D.	41	9.90
4	Type of Service use	Postpaid	143	34.54
		Prepaid	271	65.45

Table 2: Reliability of Variables using Confirmatory Analysis

Variables	Number of Indicators	Cronbach's Alpha	Estimated Reliability	Average variance extracted
Personalisation	4	0.805	0.809	.613
Service Quality	3	0.824	0.828	.742
Complaint Handling	4	0.791	0.795	.714
Loyalty	3	0.837	0.839	.771

Table 3: Goodness- of- fit of SEM Model

Fit Indices/Model	Base Model	Final Model	Cross-Validation
S-B Chi-Square	207.14	220.87	191.21
df	127	128	128
Chi-Square/df	1.621	1.571	1.354
GFI	0.912	0.941	0.974
AGFI	0.935	0.985	0.985
CFI	0.971	0.972	0.967
NNFI	0.954	0.964	0.972
IFI	0.987	0.989	0.996
RMSEA	0.038	0.039	0.031

Note: χ^2/df . = Chi-square/degree of freedom

GFI= Goodness of fit index

AGFI= Adjusted Goodness of fit index

CFI = Comparative Fit Index

NNFI = Non-normed Index

IFI = Bollen Fit Index

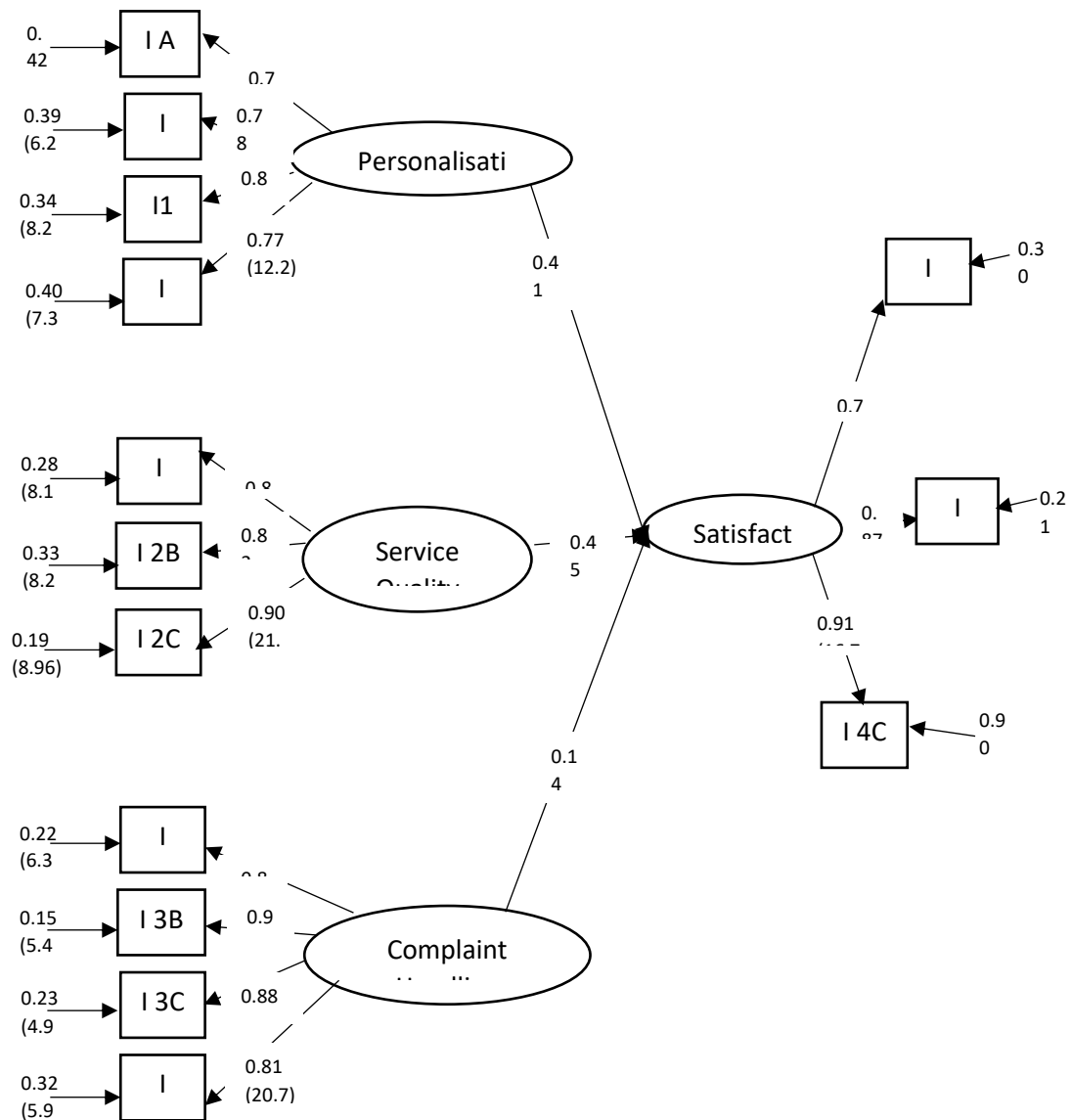
RMSEA = Root Mean Square Error of Approximation

In applying all the parameters suggested for this methodology by Bollen (1989) and Batista-Fogueat et al. (2004), sorting, convergent, and nomological validity are checked. The results are given in Table 3.

It can be observed that the results for an indicator of "estimated reliability" (column 4) are above 0.6 for all the variables indicates that they are reliable.

The calculated mean variance that shows the amount of variance present in the construct relative to the sum as a measurement error (Bollen 1989), is above the appropriate minimum of 0.5 (Hair et al., 1999). Cronbach's Alpha derived and attained was above 0.7 which specifies internal reliability.

Fig. 2:Model



The values for a number of goodness-of-fit indices are given in Table 3. The indices of the original model were close to 0.9 which specifies the model is a good fit. The last row in table 3 specifies that even there are changes in sample from the same population the model fit is good ultimately specifying predictive validity. In particular, there is evidence of a positive influence on loyalty in the three exogenous latent parameters, the greatest effect is service quality followed by configuration (with a parameter that is not as high as quality) and finally complaint handling with a small, but still statistically significant impact. It means mobile phone users are expecting Service quality than the personalisation aspects in mobile services provided by the operators. It also specifies that personalisation towards mobile services should be in terms of price of plans that customers are using but not on the technical services which is of similar to the findings of Hsu, H.Y.S. and Kulviwat, S. (2006). As far as

complaint handling is concerned even though its impact is less, it still significantly impacts loyalty of customer in mobile services.

6. Conclusion and implications

Customer loyalty is a crucial factor for retaining the customers in India concerning the mobile services. The exogenous factors representing Service quality, Personalisation and complaint handling all are positively impacting loyalty. Even though complaint handling factor was showing less impact the study found that efficient handling of complaints has affected positively Satisfactory. Poor handling of complaints, however, could indirectly lead to customers leaving the Service. In future studies, researchers can adopt perceived quality in mobile service instead, because their perceptions will vary from person to person so that more insight can be provided in finding an association with customer loyalty. Other factors like Value added services in mobile services will be a significant factor in finding the relation with loyalty.

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