

Analysing factors influencing customer satisfaction



**ASSIGN
BUSTER**

For this study, literature review will be based on several theoretical concepts such as discusses the relationship between, perceived quality, perceived value, customer expectation and corporate image that affects the customer satisfaction.

2. 1 Customer satisfaction:

The increase in technology has imposed mobile operators to provide customers with new features in their connection so that save existing customers. The relationship between service quality and perceived value should be freely brought to a focus by the service provider in curiosity with satisfaction. Customer satisfaction is there in general, appraisal after using a service for a stage set a time. Different factors have different influence on customers, these factors should be taken in order to account while making a strategy for customer satisfaction Heejin(2006). Heejin Lim A1 and Archana Kumar A2

<http://inderscience.metapress.com/app/home/contribution.asp?referrer=parent&backto=issue,4,8;journal,11,39;linkingpublicationresults,1:110880,1>

The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong & Kotler, 1996). Bitner & Zeithaml (2003) stated that satisfaction is the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations. According to

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

Boselie, Hesselink, and Wiele (2002) satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with another. The definition provided by Boselie et al. (2002) has been used for this study. (ØÙ,, Ù...Ø±Ø→Ø¹ Ù † ÙŠ Ù...Ø→Ù,, Ø⁻ ØÙ,, Ù... Ù^Ø"ØÙŠÙ,, article02_JanApr2009)

Introduction

In each company, customers are the most important element and are required to be handled and managed properly. The customers are satisfied when their expectations are fulfilled and delighted when their expectations are exceeded. Contented customers remain loyal buy more are less sensitive and speak positively about the company (Brown et al., 1992). Customer satisfaction normally indicates customer response to the state of fulfillment, and customer opinion of the fulfilled condition (Oliver, 1997). Kotler (1997) defines customer satisfaction as: " Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Recently the concept of customer satisfaction has received much attention. Satisfaction may be defined as a consumer's post-purchase evaluation of a product or service (Zeithaml & Bitner, 2003). In the past, many businesses took their customers for granted.

Brown, T. J., Churchill, G. A. & Peter, J. P. (1992). Improving the measurement of service quality"; School of Business, University of Wisconsin-Madison.

Oliver, C. (1997). Sustainable competitive advantage: Combining institutional and resource-based views. *Strategic Management Journal*, 18(9), 697-713.

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

Kotler, P. (1997). *Marketing management: Analysis, planning, implementation, and control*. New Jersey: Prentice Hall.

Ziethaml, V. A. & Bitner, M. J. (2003). *Services marketing: Integrating customer focus across the firm*. Boston, MA: McGraw-Hill.

In the business when debating factors for service provider quality of service, customer value and customer satisfaction are becoming important. That is why high service quality should be focused for greater user loyalty to achieve higher customer satisfaction and to profit exceptional competitive advantage, keep for the future customer satisfaction the operator should not disregard reliability and assurance because there is a positive effect of reliability, pledge, and network quality on their satisfaction (Hing-Po 2002). Yonggui Wang, Hing-Po Lo, (2002) " Service quality, customer satisfaction and behavior intentions: Evidence from China's telecommunication industry", *info*, Vol. 4 Iss: 6, pp. 50 – 60

Whereas both service quality and customer satisfaction have certain things in common, satisfaction is widely viewed as a broader concept than service quality consideration thus; perceived service quality is a component of customer satisfaction (Zeithaml and Bitner, 1996).

Attempts to understand customer satisfaction structure have produced several important insights. For example, disinformation and perceived quality were found to affect customer satisfaction more than expectations (Churchill and Surprenant, 1982) and expectancy-disinformation (Oliver and DeSarbo, 1988; Yi, 1990). Anderson and Sullivan (1993) also showed satisfaction to be a division of disinformation and perceived quality.

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

Accordingly, customer satisfaction programs were praised as important implements that can increase profits by averting customers from deserting (Reichheld and Sasser, 1990).

Customer satisfaction usually considered as customer reaction to the state of gratification and customer mind of the performed state (Oliver, 1997).

Customer satisfaction is totally anxious with the services provided to and perceived by the customers, if there is high similar between perceived and provided services than the customer satisfaction level is very high that directly leads to high customer loyalty for mobile service providers (MSP) and the opposite. There are many benefits for a firm from a high customer satisfaction level, they imprison a high market share and capable of keep and maintain it: a essential and core policy of every business that heightens customer loyalty and prevents customer switching costs, increases customer price endurance, reduces marketing cost (Fornell, 1992).

Customer satisfaction

The index indicates how much customers are satisfied and how well their expectations are met. This construct evaluates overall satisfaction level of customers, fulfillment of their expectations, and company's performance versus the ideal provider.

Customer satisfaction

Several studies have shown that it costs about five times to gain a new customer as it does to keep an existing customer (Naumann, 1995) and these results into more interest in customer relationships. Thus, several companies are adopting customer satisfaction as their operational goal with

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

a carefully designed framework. Hill and Alexander (2000) wrote in their book that “ companies now have big investment in database marketing, relationship management and customer planning to move closer to their customers”. Jones and Sasser (1995) wrote that “ achieving customer satisfaction is the main goal for most service firms today”.

Increasing customer satisfaction has been shown to directly affect companies’ market share, which leads to improved profits, positive recommendation, lower marketing expenditures (Reichheld, 1996; Heskett et al., 1997), and greatly impact the corporate image and survival (Pizam and Ellis, 1999).

Studies that supported the notion that expectations precede satisfaction include: Anderson, Fornell and Lehmann (1994), who conducted investigation on Swedish firms and reported that there is a positive and significant relationship between expectations and customer satisfaction.

Definition

Customer satisfaction as a process is defined as an evaluation between what was received and what was expected (Oliver, 1977, 1981; Olson and Dover, 1979; Tse and Wilton, 1988), emphasizing the perceptual, evaluative and psychological processes that contribute to customer satisfaction (Vavra, 1997, p. 4).

Parker and Mathews (2001) however noted that the process of satisfaction definitions concentrates on the antecedents to satisfaction rather than satisfaction itself.

Satisfaction as a process is the most widely adopted description of customer satisfaction and a lot of research efforts have been directed at understanding the process approach of satisfaction evaluations (Parker and Mathews, 2001). This approach has its origin in the discrepancy theory (Porter, 1961), which argued that satisfaction is determined by the perception of a difference between some standard and actual performance.

Customer satisfaction to some organizations is a key to success; the reason here is to check the ability of their product to satisfy as much customers as they can, so that they can be the market leaders in their field. Many organizations followed the strategy of customer satisfaction and became the living legends e. g. Coke, Nestle, Shell Petroleum, Nokia, Sony and the list goes on and on. Every company mentioned here are an innovator and a market leader in any one or two of their products.

Customer Satisfaction in Telecommunications

The academic literature on customer satisfaction in telecommunications is relatively scattered and primarily concerned with mobile telecommunications customers (Woo and Fock 1999; Lee et al. 2001). In particular, Woo and Fock (1999) examined the behavior of mobile telecommunication customers in Hong Kong. Transmission quality and network coverage were found to be the most important factors driving customer satisfaction in their study giving, therefore, high priority to product functionality in assessing the satisfaction of individual customers. In a similar vein, Lee et al. (2001) have examined the interaction between customer satisfaction, switching costs and loyalty behavior in mobile telecommunications in France. Schul and Schiff (1993),

studying the satisfaction function of telecommunications' customers in Israel, examined the impact of different research strategies on customer satisfaction ratings. That is, they examined the impact of placing the question of overall customer satisfaction either at the beginning or at the end of the customer satisfaction questionnaire. It was found that placing the overall customer satisfaction question at the end of the questionnaire increases the correlation between the partial satisfaction coefficients and the overall customer satisfaction ratings.

The current literature, however, addresses specific aspects of telecommunications but does not provide an overall understanding of the dynamics of customer satisfaction. In a series of articles Finkelman et al. (1992a, 1992b) sought to address the problem of how customer satisfaction systems should be designed on behalf of telecommunications providers. They propose customer satisfaction measures focusing on experience from sales, installation, product usage, repair, and billing. All different aspects of customer-provider contacts require a customer satisfaction framework that will facilitate the selection of unbiased customer opinion about their experience with the telecommunication operator. This research, along side the consulting contributions of Gale (1994) are among the first public material concerning the transaction-specific customer satisfaction measurement in telecommunications.

2. 2 perceived quality:

In recent years, there was the growing importance of service quality and customer satisfaction in business and academia alike. Sureshchandar et al, (2003) and determined that the balance of power between service quality

and customer satisfaction with an emphasis on these two constructs is the concept differs from the view of customers.

According to customer perception (Kim et al, 2004) Perceived quality depends on the combination of experience, word of mouth and the future intuition of quality of the mobile service. Every mobile customer requires best quality accordingly. Since companies are going on continuous improvement in quality through the latest technology, installing costly equipments, trying to improve call clarity and coverage.

It is also observed that customer satisfaction is as well dependent on perceived quality and has the positive role towards the dependent. Similarly, user loyalty equally important has the stronger link with user satisfaction. Hence, proper care should be taken while formulating any long term policy for customer satisfaction. At last for building, customer satisfaction is a main determinant (Serkan 2005).

Perceived quality is the limit up to which the product or service provided the necessary needs of users with more satisfaction.

They were seen consumer expectations and services to be main precedents for the perceived service quality. Measures the quality of service that focuses on a variety of such physical aspects, reliability and speed of response, and to ensure sympathy (Parasuraman et al, 1985).

(Zeithaml and Bitner, 1996) said both service quality and customer satisfaction has convinced things in common, satisfaction is generally

observed as a broader concept than service quality assessment; thus, perceived service quality is a component of customer satisfaction.

Service quality was defined as the difference between the dimensions in customers' perceived service and expectations of service (Parasuraman et al., 1988).

Service quality is usually defined as the customer's impression of the relative inferiority/superiority of a service provider and its services (Bitner and Hubert, 1994) and is often considered similar to the customer's overall attitude towards the company (Parasuraman et al., 1988; Zeithaml, 1988; Bitner, 1990).

Perceived service quality (Parasuraman et al., 1985, 1988). Gronroos (1982) suggests that the consumers' expectations are also influenced by marketing activities, external influences and word-of-mouth. He identifies two types of service quality; "technical", related to what the customer gets from a service and "functional", associated with how the service is delivered.

Perceived quality is the served market's evaluation of recent consumption experience. This construct evaluates customization and reliability of a given product or service. Customization is the degree to which a product or service meets a customer's requirements, and reliability is the degree to which the firm's offering is reliable, standardized, and free from deficiencies. PQ is expected to have a positive effect on PV and customer satisfaction (Fornell et al., 1996), and to be positively affected by image (Andreassen and Lindestad, 1998).

SERVICE QUALITY

Another factor that contributes to satisfaction is service quality. Service quality is defined as “ the difference between customer expectations and perceptions of service” or “ as the customers’ satisfaction or dissatisfaction formed by their experience of purchase and use of the service” (Gronroos, 1984 and Parasuraman et al. 1988).

Oliver (1993) reported that service quality is a casual antecedent of customer satisfaction, due to the fact that service quality is viewed at transactional level and satisfaction is viewed to be an attitude. Dabholkar et al. (1996) and Zeithaml et al. (1996) reported that the service quality divisions are related to overall service quality and or customer satisfaction. Fornell et al., (1996) expressed that satisfaction is a consequence of service quality. Hurley and Estelami (1998) argued that there is causal relationship between service quality and satisfaction, and that the perceptions of service quality affect the feelings of satisfaction.

Pizam and Ellis (1999) stated that the gap that may exist between the customers’ expected and perceived service quality is a vital determinant of customer satisfaction or dissatisfaction, and not just only a measure of the quality of the service.

Previous studies on mobile telecommunication services, measured services quality by call quality, pricing structure, mobile devices, value-added services, convenience in procedures, and customer support (Kim, 2000; Gerpott et al., 2001; Lee, Lee, & Freick, 2001).

Perceived quality is measured through three questions: overall quality, reliability, and the extent to which a product or service meets the customer's needs.

Satisfaction Measurement: Perceived Quality Measures

Perceived quality is often measured through three measures: overall quality, perceived reliability, and the extent to which a product or service meets the customer's needs. Customer perceptions of quality are the single greatest predictor of customer satisfaction.

2.3 perceived value:

According to Heinonen (2004) defined perceived value as “ the consumer's overall assessment of the usefulness of a product based on perceptions on what is received and what is given.” Companies are able to increase customer satisfaction by creating customer value through a lot of means such as providing customers with the comparative net value, the effectiveness, efficiency, and differentiation of services, which can be delivered via logistics (Langley & Holcomb 1992). Both time and place of service delivery are indicated to be important dimensions of customer perceived value, and when or where the service is delivered should be determined by consumers rather than by companies.

Perceived value is related to the price extent of mobile services. Because all the businesses in the world are done for profit so investment in mobile industry is also for some advantage in terms of profits. So those gratify the basic and awaited customer value companies do not have to put so much effort into what they are doing (Gunnar & Malin, 2006). On the assumption,

that everyone in the world is seeking his/her benefits so customers are also expecting benefits in terms of values. Intentions to adopt or reject a mobile service seem to be determined to a greater degree by perceived benefits than by a perceived limit (Ancker et al, 2003). As MSPs are investing a lot but still there are much badly in the real and perceived value of the customers, latest survey by Barnhoorn (2006) show that although there is progress but still perceived value from the telecom players has the lowest achieve, this is risen from 71% in 2005 to 76% in 2006. However, how and to which extent MSPs are charging their customers and give the value to the customers. MSPs have to increase the switching cost in order to increase natural life customer value and customer retention by implementing relationship-oriented marketing strategies (Hankel et al, 2006). As the companies give high value to customers in terms of charges than a satisfaction level gets high that leads to customer loyalty.

The impact of value on customer satisfaction is studied by Cottet, Lichtlé, and Plichon (2006). By adopting the definition suggested by Holbrook (1996, 1999), they defined customer perceived value as “ an interactive, preferential and relative experience.” Results of their research reveal that both utilitarian and hedonic values are positively related with customer satisfaction, and further, hedonic value is suggested to be more important for customer satisfaction than a utilitarian value.

PV Perceived value is measured through two questions: overall price given quality and overall quality given price. Although perceived value is of great importance for the (first) purchase decision, it usually has somewhat less impact on satisfaction and repeat purchase.

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

Satisfaction Measurement: Perceived Value Measures

Perceived value may conceptually refer to the overall price divided by quality or the overall quality divided by price. Perceived value is measured in many ways including overall evaluation of value, expectations of price that would be paid, and more rigorous methodologies including the Van Westendorp pricing analysis, and conjoint analysis (other Qualtrics white papers and tutorials are available on these topics).

Perceived value

PV is the perceived level of product quality relative to the price paid by customers. PV is the rating of the price paid for the quality perceived and a rating of the quality perceived for the price paid (Fornell et al., 1996). PV structure provides an opportunity for comparison of the firms according their price-value ratio (Anderson et al., 1994). In the CSI-TMPS model, PV is expected to be positively affected by PQ, and it has a positive impact on satisfaction.

Perceived value is defined as “ the results or benefits customers receive in relation to total costs (which include the price paid plus other costs associated with the purchase) or the consumers’ overall assessment of what is received relative to what is given” (Holbrook, 1994 and Zeithaml, 1988).

Additionally, Zeithaml (1988) found out that customers who perceive that they receive value for money are more satisfied than customers who do not perceive they receive value for money.

Several studies have shown that perceived value is significant determinant of customer satisfaction (Anderson et al. (1994); Ravald and Gronroos

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

(1996); and McDougall and Levesque, 2000). Turel and Serenko (2006) in their investigation of mobile services in Canada suggested that the degree of perceived value is a key factor affecting customer satisfaction.

Past research studies suggested that there are four features, which are key drivers of the customer value of cellular services: network quality, price, customer care, and personal benefits (Booz, Allen & Hamilton, 1995, Danaher & Rust, 1996; Bolton, 1998; Gerpott, 1998; Wilfert, 1999).

The network quality refers to excellent indoor and outdoor coverage, voice clarity, and no connection breakdowns.

Price refers to what is paid to obtain access to use the network.

Customer care refers to the quality of the information exchanged between customer and supplier or network provider in response to enquiries and other activities initiated by the network provider, for example presentation of invoices.

Personal benefits refer to the level of perception of the benefits of mobile communications services by individual customers.

It is apparent from this review that one of the factors customers use to determine satisfaction level is the benefits received from a product or service in comparison with what is spent. Perceived value is not a focus of this study (however customer satisfaction evaluation captures perceived value; the assessment shows what consumer's value in the service received). The suggested mobile services attributes (features) will be used to assess customer satisfaction in this study.

2. 4 Customer Expectation

Expectations are the consequences of previous experience with the company's products. This erected appraises customer expectations for overall quality, for product and service quality, and for fulfillment of personal needs. Customer expectations construct is anticipated to have a direct and positive relationship with customer satisfaction (Anderson et al., 1994).

Customer expectations

Expectations are the results of prior experience with the company's products. This construct evaluates customer expectations for overall quality, for product and service quality, and for fulfillment of personal needs. Customer expectations construct is expected to have a direct and positive relationship with customer satisfaction (Anderson et al., 1994). In the ACSI and ECSI, it is assumed that customer expectations have a direct effect on perceived value.

Customer Expectations

Expectations combine customers' experiences with a product or service and information about it via media, advertising, salespersons, and word-of-mouth from, other customers. Customer expectations influence the evaluation of quality and forecast (from. customers' pre-purchase perspective) how well the product or service will perform.

2. 5 Corporate Image

The image constructed appraises the fundamental image of the company. Image applied to the brand name, and the type of association customers get

<https://assignbuster.com/analysing-factors-influencing-customer-satisfaction/>

from the product/company (Andreassen and Lindestad, 1998). Martensen et al. (2000) indicates that image is an important component of the customer satisfaction model. For the companies, image is a result of being reliable, professional and inventive, having contributions to society, and adding good reputation to its user. It is expected that image has a positive effect on customer expectations, customer satisfaction and loyalty.

Corporate Image

The image constructs evaluates the fundamental image of the company. Image refers to the brand name and the kind of association customers get from the product or service /company (Andreassen and Lindestad, 1998). Martensen et al. (2000) indicates that image is an important component of the customer satisfaction model. For the companies, image is a result of being reliable, qualified and innovative, having contributions to society, and adding reputation to its customers. It is expected that image has a positive effect on customer satisfaction.

Corporate image

Andreassen and Lindestad (1998) posit that corporate image, through a filtering effect, impacts a customer's evaluation of service quality, value, and satisfaction. In other words, corporate image creates a halo effect on customer satisfaction. In this study, a cumulative or relational level measure reflecting a customer's overall impression and mental picture of the firm represents corporate image (Bloemer et al., 1998; Zimmer and Golden, 1988). Consumers who develop a positive mental schema of a brand will tend toward high customer satisfaction through a halo effect where all things

associated with the brand are similarly valence. As such ($\hat{\beta}_{11} > 0$, $\hat{\beta}_{12} > 0$, $\hat{\beta}_{13} > 0$, corporate image)

H 5 . Corporate image has a significant, positive effect on customer satisfaction.

Corporate image is a result of a customer's overall consumption experiences (Nguyen and Leblanc, 2001). The same mechanism is available for overall satisfaction. Since customer satisfaction and corporate image measures are collected simultaneously, customers' consumption experiences, which can be summarized as satisfaction, naturally affect the evaluations of corporate image (Johnson et al., 2001). For this reason, it is proposed that satisfaction positively affects corporate image in Turkish customer satisfaction index model. (National customer)

Concerning the role emotions play in customer evaluations, there is the indication shows that customer satisfaction is influenced by both perceptible and affective constituents (Homburg et al., 2006; Liljander and Strandvik, 1997; Westbrook and Oliver, 1991). In fact, recently there has been growing interest in studying the affective nature of satisfaction (Smith and Bolton, 2002; Zeelenberg and Pieters, 2004). Emotions experienced by individuals may leave affective follow in their memory associated with their experience with the service, and these people may admission them when judging their satisfaction level (MacInnis and de Mello, 2005). As emotions predict satisfaction, the positive and negative emotions experienced by customers after complaint handling will impact their level of satisfaction with the service (Liljander and Strandvik, 1997; Mano and Oliver, 1993; Szymanski

and Henard, 2001; Westbrook and Oliver, 1991). Consumer behavior literature defends a valence congruent relationship between emotions and satisfaction (Dube´ and Menon, 2000),

The CSI model is a structural model based on the assumptions that customer satisfaction is caused by some factors such as perceived quality (PQ), perceived value (PV), expectations of customers, and image of a firm. These factors are the antecedents of overall customer satisfaction.

one of the more commonly cited definitions is that supplied by Zeithaml (1988: 14), who defined ‘value’ as: the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given’. This view posits ‘perceived value’ as a uni-dimensional construct that can be measured simply by asking respondents to rate the value that they received in making their purchases.

Woodruff (1997: 142) defined perceived value as:[a] customer’s perceived preference for an evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations.

Woodruff, R. B. (1997) ‘Customer Value: The Next Source for Competitive Advantage’, *Journal of the Academy of Marketing Science* 25(2): 139-53.

Holbrook’s typology of perceived value Holbrook (1994: 22, 1996: 138, 1999: 5) defined perceived value as an ‘interactive relativistic preference experience’.

Customers determine satisfaction level of any purchased service by the perceptions of quality received.

The American Customer Satisfaction Model

According to the model, there exists a positive association between perceived customer expectations (PE) and perceived quality (PQ), perceived value (PV) and satisfaction. Canada.

H 1 . Service quality has a significant, positive effect on customer satisfaction.

In addition to the studies above, Fornell et al., (1996) report that the top two determinants of customer satisfaction are perceived quality and perceived value. Thus, the second hypothesis is:

H 2. Perceived value has a significant, positive effect on customer satisfaction.