

# **An Investigation on Cell Phone Subscribers of Dhaka City, Bangladesh- Are they Happy and Loyal?**

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## **ABSTRACT**

*This research intends to investigate the relationships of variables under consideration in two different steps. First, it examines the relationship between service quality and customer satisfaction and second, it sheds light on the relationship between service quality, switching cost, trust and customer loyalty in the telecom industry of Bangladesh. Several hypotheses are extracted from the research framework and are tested using regression and correlation analysis. A sample of 200 respondents (subscribers of mobile phone operators) participated and convenience sampling method was used. The correlation and regression analysis in the research provided full support for hypotheses related to reliability, responsiveness, switching cost and trust. The findings suggest that managers of these mobile operating companies should put more focus on escalating switching cost and analyze more carefully, the activities to grow trust among clients to increase loyalty. Moreover, service quality was seen to affect customer satisfaction but its impact on customer loyalty was not significant to a greater extent.*

**Keywords:** Satisfaction, Loyalty, Quality, Switching Cost, Trust

## **INTRODUCTION**

The growth and development of telecommunication sector in Bangladesh has been phenomenal. The use of mobile telephone has largely been familiar and increased in the late 90's and became one of the fastest growing area of the

economy. The growth potentials will continue to remain robust for the foreseeable future. The country has six mobile operators (Grameenphone, Robi, TeleTalk, Banglalink, Citycell and Airtel) of which, five have majority foreign ownership. Most of the mobile operators are in the acquisition phase and the competition for subscriptions is very strong and clients are price sensitive. The fierce competition among the mobile telecom operators led to a nosedive in call rates within the domestic market. Some operators offer calls for only 0.4 cents per minute, the flat rate fixed by the regulator. Among South Asian countries, Bangladesh offers the lowest mobile phone call rates (Samarajiva & Zainudeen, 2008).

The primary watchdog of the telecom industry BTRC (Bangladesh Telecommunications Regulatory Commission) nurtures innovation and monitors impact of cell phone operators in improving peoples' lives by formulating policies for easy access to cell phone services at an affordable price. According to BTRC, the total number of mobile phone active subscribers has reached 61.845 million at the end of July 2010. Among the total subscribers, Grameen Phone Ltd. (GP) 27.276, Axiata (Bangladesh) Limited 11.326 (Robi), Orascom Telecom Bangladesh Limited (Banglalink) 16.804, PBTL (Citycell) 1.996, Teletalk Bangladesh Ltd. (Teletalk) 1.147 and Airtel Bangladesh Ltd. (Airtel) possesses 3.296. The reasons behind competitive rivalry among six companies is declining call rates, falling prices of handsets and rising competition among operators for their value added customer services. Consequently, the mobile phones have undoubtedly become cheaper and affordable for people in the country with the increase in disposable income that improves the quality of life in Bangladesh. People are showing curiosity in new technologies like Internet service on mobile phone. In addition, mobile companies are also offering improved service qualities and features in their customer services.

As competition is increasing day by day, companies are facing difficulties in retaining customers and some of them are fighting hard to survive. The intensified competition gives people more bargaining power which forces the operators to fight hard against each other. Companies are racing to improve their services, grow trust and create barriers so that clients remain loyal. They are interested in focusing on factors affecting satisfaction and loyalty among clients (Islam, 2010). The present study is an extension of the previous work (Islam, 2010) in this field. Marketing literature indicates that service quality, trust and switching cost affect customer satisfaction and loyalty. The previous work undermined the role of service quality as a determinant of customer loyalty, and rather intended to focus on corporate image. In addition to that, no effort was put to study relationship between service quality and customer satisfaction. Since, research in the telecommunication industry recognized service quality as one of the major contributor to satisfaction and loyalty, the author added this independent variable

to the previous model and excluded corporate image. Corporate image was omitted due to the notion that, people in the third world countries are more rational and price sensitive and are less guided by the image factor. The purpose of the current study is to crosscheck the previous findings and know more about service quality and satisfaction so that, it helps companies formulate effective marketing strategies to become successful.

## **LITERATURE REVIEW**

### **Service Quality**

Service quality has become a useful weapon for organization since it helps them differentiate from other competitors (Berry et al. 1988). The output of the comparison between expected and perceived service is the definition of service quality (Lewis & Booms, 1983; Lehtinen & Lehtinen, 1982; Gronroos, 1984; Parasuraman et al., 1985, 1988, 1994) and the fact is, it includes both technical and functional quality which explains “what is done” and “how is done” respectively. According to Lehtinen and Lehtinen (1982), overall service quality of an organization is decided by ‘interaction’, ‘physical’ and ‘corporate’ quality.

Service quality is also defined as attitude which is formed on the basis of long term evaluation of the service and both service quality and attitude are considered as parallel constructs (Parasuraman et al., 1988; Bitner, Booms, & Tetreault, 1990; Bolton & Drew, 1991; Cronin & Taylor, 1992; Bitner & Hubert, 1994). Since attitude indicates a consistent positive or negative direction toward an object (Allport, 1935), it actually matches with the definition of service quality of “global value judgment on the superiority of overall satisfaction with the service” (Sureshchandar et al., 2002). That is why service quality is viewed as similar to attitude.

To measure service quality, Parasuraman et al. (1988) used ten dimensions and named it SERVQUAL. After some empirical study on service companies, the instrument was revised in 1991, and brought down to five dimensions- reliability, responsiveness, assurance, empathy, and tangibles. The present study will use these dimensions to measure service quality.

### **Dimensions of Service Quality**

#### *Reliability, Responsiveness, Tangibles, Empathy, Assurance*

Customers always look for steady and trustworthy service (Gilbert, Churchill, & Paul, 1999), and reliability is a measure of how unvaryingly and precisely

organizations provide this service to the customers (Kotler 1999; Bitner & Zeithaml, 2003). Responsiveness can be defined as offering quick service and willingness to aid customers in solving problems (Kotler, 1999; Bitner, & Zeithaml, 2003). Customers want service provider to be prepared to act fast in response (Gilbert, Churchill, & Paul, 1999). Customers judge service in terms of physical facilities, equipment, personnel, and communication materials (Kotler, 1999; Bitner & Zeithaml, 2003). These are called tangibles and it is important to use hi-tech equipments, well decorated facilities and eye-catching communication materials to claim superior services (Gilbert, Churchill, & Paul, 1999). Thoughtful and person specific consideration is labeled as empathy and customers value them when it comes to rating the service quality (Kotler, 1999; Bitner & Zeithaml, 2003).

According to Kotler (1999); Bitner and Zeithaml (2003), assurance means “the knowledge and courtesy of employees and their ability to convey trust and confidence”.

#### *Switching Cost, Trust, Customer Loyalty and Customer Satisfaction*

The cost that customers incur to move from one company to another is switching cost (Porter, 1998). The cost not only includes monetary cost, it even broadens the scope by taking other costs like psychological and physical effort, economic cost and time cost associated with dealing uncertainties in trying new service provider or unfamiliar brand (Dick & Basu, 1994; Gultinan, 1989; Klemperer, 1995; Kim et al., 2003; Patterson & Sharma, 2000; Sharma, 2003). Switching cost normally varies from person to person (Shy, 2002). Trust is built on the notion by one party that the other party will assure favorable outcome to him (Anderson & Narus, 1990) and it has been considered as a means to create a platform for constant, long lasting and mutual relationships (Geyskens et al., 1996; Rousseau et al., 1998; Singh & Sirdeshmukh, 2000; Anderson & Narus 1990). This means, it is not only the expectations about positive outcome by the customers but also the belief that such good things will be consistent and persistent in the future (Doney & Cannon, 1997). Because of this trust, a positive attitude is formed and that leads to affirmative buying intentions (Lau & Lee, 1999) towards a certain brand. There will always be a possibility to fail in delivering trust and without such vulnerability the concept of trust is meaningless (Bigley & Pearce, 1998; Singh & Sirdeshmukh, 2000). The importance of trust in relationship building has been confirmed by many research work and literatures are available on that (Blois, 1999).

Repeat purchase of customers and their positive word of mouth communication to others represents customer loyalty and it can be measured by the repeat sales (Heskett et al. 1994). A loyal customer has positive feeling about



a certain brand, and this loyalty results in quantifiable financial benefits. Loyalty shows long term preference for brands and act as a barrier for switching (Feick & Lee, 2001), and hence, help companies maintain customers and increase market share (Duffy, 2003). Faithful relation as such, lead people to establish exchange on the basis of past experience (Czepiel & Gilmore, 1987). Attitudinal (intention to patronize) measure of loyalty is better than behavioral measure (repeat purchase) since, that gives an in-depth understanding of the dynamics of loyalty development and variation (Oliva et al., 1992). Cronin & Taylor (1992), defined loyalty as repurchase intention while others treated this variable as resistance to superior products (Narayandas, 1996), and readiness to pay price difference (Bitner & Zeithaml, 2003).

Satisfaction results from the difference between expected and perceived or actual performance of organizations. It is a positive feeling of contentment when they receive a service performance which matches with their expectation and is also a measure of need fulfillment (Armstrong & Kotler, 1996; Bitner & Zeithaml, 2003). Our behavior to achieve satisfaction is influenced by our mental state of gratification (Fe & Ikova, 2004). Satisfaction is a multi facet construct and numerous encounters with the service provider are needed to form an idea about the overall satisfaction level (Sureshchandar et al., 2002).

#### *Relationship between Service Quality and Customer Satisfaction*

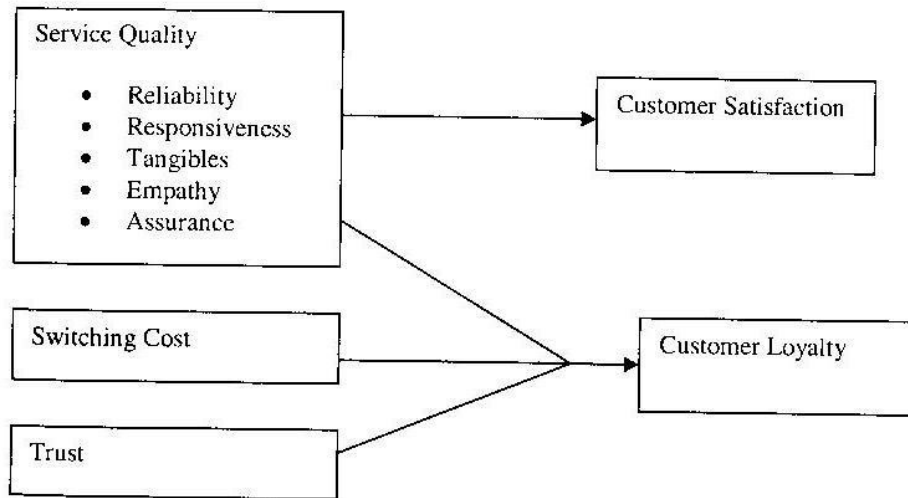
Literature review indicates that service quality and customer satisfaction are two separate constructs (Bitner, 1990; Boulding, Kalra, Staelin, & Zeithaml, 1993). That is, they are independent of each other and there is a relationship between these two variables (Sureshchandar et al., 2002). Borrowing Oliver et al.'s (1992) model, Spreng and Mackoy (1996), studied the relationship further by integrating two constructs and concluded that service quality is one antecedent of customer satisfaction among others. That is, service quality leads to customer satisfaction (Bitner, 1990; Bolton & Drew 1991; Woodside et al., 1989).

#### *Relationship between Service Quality, Switching Cost, Trust and Customer Loyalty*

Using repurchase intention (Cronin & Taylor, 1992) and repurchasing and willingness to recommend (Boulding et al., 1992) as dependent variable, relationship between service quality and loyalty had been studied. Although no significant positive relationship was found in Cronin and Taylor study, Boulding et al. came up with empirical evidence in establishing the relationship between the two variables considered in their study. An evidence of relationship between service quality perceptions and customer loyalty was also found by Rust and Zahorik (1993).

Influence of switching cost on customer loyalty has long been studied before and positive relationship had been discovered (Anderson & Fornell, 1994; Dick & Basu, 1994; Fornell, 1992; Gremler & Brown, 1996). The finding is also similar in the case of medical services (Andreasen, 1982; 1985). Apart from the uncertainty factor, fierce competition and loyalty programs like membership programs, etc. plays a vital role in erecting barriers to switch (Gruen & Fergusson, 1994; Gummesson, 1995). To summarize, switching cost stop people from preferring similar brands which in fact indicates a positive relationship between them (Klemperer, 1987).

Trust, as an antecedent of customer loyalty had been experimented and rationally justified in literature (Moorman et al., 1993; Morgan & Hunt, 1994). Customers will not show loyalty if they do not trust service provider and this relationship had also been confirmed by Lim et al. (1997), Garbarino and Johnson (1999), Chaudhuri and Holbrook (2001), Singh and Sirdeshmukh (2000), and Sirdeshmukh et al. (2002). However, it should be noted that, appropriate alternative choices of product or services in the market can lessen the impact of trust on loyalty and therefore, lead customer to switch. This suggests, despite having positive relationship, it is not unusual to observe the relationship as weak in some cases.



*Figure I - Conceptual Framework and Hypothesis*

Based on the literature review, we therefore propose the following hypotheses:

- H1:** There is a significant relationship between service quality (reliability, responsiveness, assurance, empathy, and tangibles) and customer satisfaction in the telecom industry of Bangladesh.
- H2:** There is a significant relationship between service quality (reliability, responsiveness, assurance, empathy, and tangibles) and customer loyalty in the telecom industry of Bangladesh.
- H3:** There is a significant relationship between switching cost and customer loyalty in the telecom industry of Bangladesh.
- H4:** There is a significant relationship between trust and customer loyalty in the telecom industry of Bangladesh.

## **METHODOLOGY**

### **Research Design**

The pictorial depiction of the framework (Figure-I) shows the structure of the relationship among the set of measured variables. The independent variables are service quality, trust, switching cost and dependent variables are customer satisfaction and loyalty. First, the purpose is to investigate the relationship between service quality (reliability, responsiveness, assurance, empathy, tangibles) and customer satisfaction and second, whether service quality, switching cost and trust have any influence on customer loyalty or not.

### **Sampling Method**

A total of 200 participants who were cell phone subscribers were chosen randomly from the close vicinity of universities and shopping mall. The respondents were clients of different cell phone operators in Dhaka, Bangladesh. Out of the total participants, 25% were Grameen phone users, 22% Banglalink, 19% Robi, 12% Citycell, 17% Airtel and Teletalk 5%. The sample consisted of 60% male and 40% female.

### **Survey Instrument and Data Collection**

The study requires first hand data and therefore questionnaire was used to collect information. Service quality was measured in terms of - reliability (5 items), responsiveness (3 items), assurance (4 items), empathy (4 items) and tangibility (5 items), based on the scale developed by Zeithaml and Bitner (1996).

The reliability of this scale was also confirmed in the work of Brown et al. (1993), Carmen (1990), Cronin and Taylor (1994, 1992). Switching cost and trust included (7 items) and (5 items) and was developed by Burnham et al. (2003) and Morgan and Hunt (1994) respectively. A three (3) items scale (Americian Customer Satisfaction Index Study, NQRC, 1995; Feick et al., 2001) of customer satisfaction and five (5) items scale of customer loyalty (Narayandas, 1996) were employed for the present study. All the questions asked respondents to show their agreement or disagreement on a five point Likert scale with 1 as "strongly disagree" and 5 as "strongly agree".

### **Data Analysis**

Descriptive statistics were utilized to summarize data. Mean and standard deviation of service quality dimensions as well as for other dependent and independent variables had been calculated. Cronbach's Alpha of each construct was measured to check the reliability of questionnaire. To investigate the relationship between service quality and customer satisfaction, and the influence of the first on the latter, correlation (Pearson product-moment correlation) and multiple regression model was used. Since service quality encompassed few dimensions, a linear regression model would not fit. The second phase of the study which intends to show the influence of three independent variables on customer loyalty availed the opportunity of using multiple regression analysis since, it involved more than one independent variable. SPSS version 11 was used as the statistical data analysis tool as it offers greater flexibility and visualization.

## **FINDINGS**

### **Reliability Coefficient and Descriptive Statistics**

Table I depicts Cronbach's alpha, means and standard deviations of all the dependent and independent variables under consideration. Generally, a reliability coefficient of .50-.60 is considered acceptable for any research at the beginning stage (Nunnally, 1978). All the reliability coefficients of this study meet Nunnally's standard.

*Table 1: Cronbach's Alpha and Descriptive Statistics of Service Quality, Trust, Customer Satisfaction and Customer Loyalty*

Scale	No. of Items	Alpha	M	SD
Reliability	5	.70	4.12	0.40
Responsiveness	3	.75	4.15	0.59
Assurance	4	.74	4.35	0.65
Empathy	4	.85	4.50	0.79
Tangibility	5	.72	4.35	0.55
Switching Cost	7	.70	4.00	0.55
Trust	5	.53	4.40	0.25
Customer satisfaction	3	.69	4.32	0.50
Customer loyalty	5	.89	4.35	0.60

Note: n=200

Mean score of the dimensions of service quality ranges from 4.12- 4.50 on a five point scale which is a measure of service quality. It indicates the fact that customer's perception regarding the service quality in the telecom sector is high. From the standard deviation we can conclude, that responses are more or less clustered around the mean. It is visible that, customers do not want to bear financial burden or put extra energy and effort in changing operator. Moreover, the uncertainty involved in trying a new service provider is a factor that they consider in their decision making. Customers over all have trustworthy relationships and are satisfied and that, customer loyalty coefficient of 4.35 explains loyalty to their respective service provider. For almost all the constructs, responses did not vary to a greater extent.

#### *Correlation Analysis*

A bivariate correlation analysis was performed to investigate the relationship between the independent and dependent variables. The analysis was supported by a two tailed statistical significance test and relationships are interpreted as highly significant ( $p > .01$ ) and significant ( $p < .05$ ).

Table II below shows all possible combinations of relationship between the variables under study. In studying relationship between service quality and customer satisfaction, coefficients of service quality and customer satisfaction were considered. And, since service quality was measured in terms of reliability ( $r = .40$ ,  $p > .01$ ), responsiveness ( $r = .50$ ,  $p > .01$ ), assurance ( $r = .24$ ,  $p < .01$ ), empathy ( $r = .39$ ,  $p < .01$ ) and tangibles ( $r = .49$ ,  $p < .01$ ), each of these dimensions' coefficient were looked at. All of these positively influence customer

satisfaction and the relationships are highly significant. The service quality influence on customer loyalty reliability ( $r = .30$ ,  $p < .01$ ), responsiveness ( $r = .49$ ,  $p < .01$ ), assurance ( $r = .27$ ,  $p < .01$ ), empathy ( $r = .35$ ,  $p < .01$ ) and tangibles ( $r = .30$ ,  $p < .01$ ) was also found positive and highly significant. Influence of switching cost ( $r = .45$ ,  $p < .01$ ), trust ( $r = .55$ ,  $p < .01$ ) on customer loyalty revealed the same positive relationship with high statistical significance.

*Table II: Correlation Matrix for Service Quality (Reliability, Responsiveness, Assurance, Empathy, and Tangibility), Switching Cost, Trust, Customer Satisfaction, and Customer Loyalty*

	REL	RES	ASSU	EMP	TAN	SWI COS	TRU	CUS SAT	CUS LOY
REL	-	.62**	.71**	.75**	.70**	.45**	.075	.40**	.30**
RES		-	.60**	.69**	.59**	.50**	.40**	.50**	.49**
ASSU			-	.70**	.60**	.59**	-.015	.244*	.27**
EMP				-	.69**	.60**	.013	.39**	.35**
TAN					-	.71**	.013	.49**	.30**
SWI COS						-	.149	.55**	.45**
TRU							-	.40**	.55**
CUS.SAT								-	.80**
CUS.LOY									-

Note: \* $p < .05$ , \*\*  $p < .01$

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Influence of switching cost ( $r = .45$ ,  $p < .01$ ), trust ( $r = .55$ ,  $p < .01$ ) on customer loyalty revealed the same positive relationship with high statistical significance.



*Regression Analysis*

Multiple regression analysis was performed at two separate levels. One is between service quality (reliability, responsiveness, assurance, empathy, tangibles) and customer satisfaction and the other one is between service quality and customer loyalty.

*Table III: Standardized (simultaneous) Regression on Customer Satisfaction*

Variable	B	SE B	B	R <sup>2</sup>
				.318
Reliability	.295	.155	.325*	
Responsiveness	.301	.115	.335*	
Assurance	.198	.129	.299*	
Empathy	.099	.101	.175*	
Tangibles	.295	.130	.335*	

Note: \*p < .05, p\*\* < .01, p\*\*\* < .001

All dimensions of service quality in Table III, showing positive relationship with customer satisfaction. Positive  $\beta$  of reliability (.325), responsiveness (.335), assurance (.299), empathy (.175) and tangibles (.335) is indicating that fact. The p value (< .05) for all the variables confirming that, the relationship is statistically significant. The five variables that are considered, together explains ( $R^2 = .318$ ) or 31% of the total variation in customer satisfaction.

*Table IV: Standardized (simultaneous) Regression on Customer Loyalty*

Variable	B	SE B	$\beta$	R <sup>2</sup>
				.349
Reliability	.135	.191	.139*	
Responsiveness	.165	.140	.199*	
Assurance	.045	.139	.061	
Empathy	.021	.121	.030	
Tangibles	.031	.145	.019	
Switching Cost	.174	.125	.167*	
Trust	.711	.149	.375**	

Note: \*p < .05, \*\*p < .01, \*\*\*p < .001

Table IV shows a positive relationship between trust and customer loyalty ( $\beta = .375$ ) and the relationship is highly significant ( $p < .01$ ). Although not highly significant, switching cost also influence customer loyalty ( $\beta = .167$ ) and statistically that is significant ( $p < .05$ ). Among all the dimensions of service

quality, only reliability ( $\beta = .139$ ) and responsiveness ( $\beta = .199$ ) positing a statistically significant relationship ( $p < .05$ ) while in spite of the fact that, assurance ( $\beta = .061$ ), empathy ( $\beta = .030$ ) and tangibles ( $\beta = .019$ ) are associated with customer loyalty, they do not bear statistical significance. All the variables in Table IV accounted for ( $R^2 = .349$ ) or 34% of the total variation in customer loyalty.

#### *Hypothesis Assessment:*

H1: Significant Relationship between Service Quality and Customer Satisfaction.

*Table V*

Hypothesis	r	p<	$\beta$	p<	$R^2$	Decision
H1a: Reliability	.40	.01	.325	.05	.318	Supported by both Correlation and Regression analysis
H1b: Responsiveness	.50	.01	.335	.05		Supported by both Correlation and Regression analysis
H1c: Assurance	.24	.01	.299	.05		Supported by both Correlation and Regression analysis
H1d: Empathy	.39	.01	.175	.05		Supported by both Correlation and Regression analysis
H1e: Tangibles	.49	.01	.335	.05		Supported by both Correlation and Regression analysis

Note:  $p < .05$  (statistically significant)

H2: Significant Relationship between Service Quality and Customer Loyalty.

H3: Significant Relationship between Switching Cost and Customer Loyalty.

H4: Significant Relationship between Trust and Customer Loyalty.

*Table VI*

Hypothesis	r	p<	B	p<	$R^2$	Decision
H2a: Reliability	.30	.01	.139	.05	.349	Supported by both Correlation and Regression analysis
H2b: Responsiveness	.49	.01	.199	.05		Supported by both Correlation and Regression analysis
H2c:	.27	.01	.061	No		Rejected

Assurance				Signific.	
H2d:	.35	.01	.030	No	Rejected
Empathy				Signific.	
H2e:	.30	.01	.019	No	Rejected
Tangibles				Signific.	
H3:	.45	.01	.167	.05	Supported by both
Swit. Cost					Correlation and Regression
					analysis
H4:	.55	.01	.375	.01	Supported by both
Trust					Correlation and Regression
					analysis

Note:  $p < .05$  (statistically significant);  $p < .01$  (highly significant)

Hypotheses 1 and 2 were broken down into further five different aspects since, the study incorporated five dimensions to measure service quality. Hypotheses 1, 3, and 4 were accepted, whereas hypothesis 2 received partial support since assurance, empathy and tangibles failed to show any relationship with loyalty. Table V & VI shows correlation ( $r$ ) and regression coefficients ( $\beta$ ) of the variables considered for the study and their corresponding significance level ( $p$ ). Adjusted  $R^2$  value from the regression analysis is also shown to explain the variance caused by the independent variables considered for this study.

## DISCUSSION AND MANAGERIAL IMPLICATIONS

The data analysis reveals few facts which the cell phone operators in Bangladesh should seriously take under consideration. Companies can improve their performance in creating more satisfaction and making more loyal customers. The effect of identified independent variables on customer satisfaction and loyalty will help equip companies with better knowledge to coordinate their marketing activities in that regard. The information will also aid cell phone service providers to direct their effort on the right influencing factors while putting less emphasis on others that do not create any impact on the above mentioned dependent variables. Although the established theories guide marketers in formulating strategies to achieve organization objective, they do not always follow a predictable pattern. The present study will be informative for today's managers since, some of the results are seen as deviations from the normal assumption. Based on the current study, following are some of the suggestions that marketers can practice to solve their marketing problem regarding customer satisfaction and loyalty.

Reliability and responsiveness are found to be important determinants of customer satisfaction. This means, customers want service in the same way every time they buy it and they want the same service as service provider promised. This is the reliability aspect in which a variation or imprecise service shows inconsistency and makes service providers unreliable. Customer satisfaction will result if actual performance matches with expected performance. Their expectation is formed on the basis of service provider's claim. It would be wise therefore, that service provider does not claim anything that their services cannot deliver. They should only promise on issues that they are capable of delivering. The involvement of human aspect in services organization makes it difficult to provide services without variation. To overcome this problem, companies need to ask people to come up with their best consistent performance. Hiring more workforce, providing them training, motivating them would be some of the steps that management can take to help employees work without fail.

Service providers in the telecom industries in Bangladesh have to listen carefully to customer requirements and respond as fast as possible. Customers want quick solution to their problems or requirements and such problems could arise from billing department, network facility, and customer service, call rate, call centre etc. It is of utmost importance to identify those problems and solve them on a priority basis. A late response can erode market share and thus pave the way for the competitors to fight back. Whenever customers complain or if they experience any problem which cannot be solved right away, an effort should be put to instill confidence in customer's mind that they will be taken care of. The view should be that- customers' problem is basically company's problem. If a customer is not communicated the notion that he/she is a part of the organization, or the fact that companies do not show the same concern as customers, for any given problem, customer satisfaction is easier said than done. Designing advertisement messages and developing caring attitude are needed to assure customers and to make them feel that individual customer's problem is company's personal problem. Cell phone operators should also notice the fact that, like the restaurant business, customers also value tangible aspects of the services. Such tangibles make the organization more visible and add to the total satisfaction. To make customers' visit pleasant, the physical facility of the service provider i.e waiting lounge, large sitting capacity, temperature controlled spaces should be arranged.

The analysis could only find partial relationship between service quality and customer loyalty and that emphasizes the need to provide more reliability and responsive related activities discussed above since these two hypotheses were supported by the present study. According to the study, all the service quality dimensions in the study generated satisfaction but only two of them contributed to

the formation of loyalty. This might be because first, empathy, assurance and tangibles do not play a vital role in creating loyal customers in the telecom industry of Bangladesh or second, the peculiar nature of answering questions altered the results. In the first case, companies should be more concerned with being more responsive and reliable while further research should be carried out to understand the relationship better in the second case.

The key to create loyal customer base is to post barriers so that customers do not switch. The philosophy is also supported in this study. A trustworthy relationship should be built to stop customers from trying new operators which includes activities like accurate billing system, non deceptive marketing practices and showing concern to do everything in the interest of customers. Tricky marketing practices that deceive people should be avoided to grow trust. Even if there are any discrepancies in the billing, corrective action should be taken. Customers' intention of not switching is also due to the financial reason. Discounts on call rate and other financial benefits should be offered so that customers stay loyal. Comparison between call rates and competitors billing complexities could be highlighted to discourage switching. Moreover, companies should constantly introduce innovative services and portray the inconvenience associated with switching to retain customers for their benefit. Due to the unexpected findings about service quality and its impact on loyalty, more thoughts should be given on building trust and increasing switching cost. It should be noted that, satisfying customers and keeping them loyal are separate issues. Customers being satisfied, still can think of moving to different company out of their variety seeking behavior. Organizations want to satisfy their customers as well as to retain them. Improving service quality will ensure satisfaction but not possibly keep them with one company for along time. If the objective is to achieve both, all three independent variables from this study should be dealt with care in formulating marketing strategies in the telecommunication industry of Bangladesh.

## **LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH**

The findings of the study are only confined to only telecom industry of Bangladesh. Customers show different behavior for different product and services. Although service industries can benefit to a certain extent from this study, little could be understood about consumers about their product buying behavior. Even in the case of service sector, the service of a doctor for example, is different from the service of cell phone operators. Switching cost associated with changing doctors does not stop a dying patient to try a more specialized one.

Therefore, results from this study cannot be generalized for other industries blindly.

A stratified random sampling would have been chosen to yield more concrete findings. The study relied on simple random sampling due to the unavailability of complete sampling frame. In spite of the fact, that the sample included both male and female respondents of an acceptable proportion, respondents across other demographic variables like occupation and income etc. should have been considered. Future researchers are expected to shed light on that.

Literature suggests, customer satisfaction and loyalty are influenced by numerous factors. The present study only investigated the impact of service quality, switching cost and trust on customer satisfaction and loyalty. The consideration of other independent factors could have shown a different effect on the dependent variables. Hence, future research should bring other variables under light to validate the findings of this study.

Multiple regression analysis between service quality and customer loyalty could not explain the relationship in the sense that, it contradicted with the established theory. A factor analysis could have produced a better result.

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