



CUSTOMER LOYALTY AT VODAFONE

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Abstract

The main objective of customer satisfaction programs is to increase customer retention rates. In explaining the link between customer satisfaction and loyalty, switching costs play an important role and provide useful insight. The presence of switching costs can mean that some seemingly loyal customers are actually dissatisfied but do not defect because of high switching costs. Thus, the level of switching costs moderates the link between satisfaction and loyalty. The moderating role of switching costs in the customer satisfaction-loyalty link; and to identify customer segments and then analyze the heterogeneity in the satisfaction-loyalty link among the different segments. An empirical example based on the mobile phone service market in France indicates support for the moderating role of switching costs. Managerial implications of the results are discussed. The study investigated the determinants of customer loyalty in Vodafone. The main variables of concern were service quality, customer satisfaction and image, even though other factors were also considered.

Keywords: *Customer Retention, Customer Satisfaction, Customer Loyalty.*

Introduction

Consumers usually face a broad array of products and services that might satisfy a given need. How do they choose among these many marketing offers? Customers form expectations about the value and satisfaction that various marketing offers will deliver and buy accordingly. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers often switch to competitors and disparage the product to others.

Marketers must be careful to set the right level of expectation. If they set expectations too low, they may satisfy those who buy but fail to attract customers value and customers satisfaction are key building blocks for developing and managing customer relationships. Customer satisfaction depends on a products perceived performance in delivering value relative to buyer's expectations. If the products performance falls short of the customer's expectations, the buyer is dissatisfied. If performance matches expectations, the buyer is satisfied. If performance exceeds expectations, the buyer is delighted.

Competition in the globalization is hard. The company that can survive is a company that has the ability to increase customer loyalty. Sustainable customer loyalty is the competitive advantage key for a company. Not just efficiency, market share, customer satisfaction, customer retention, zero defection, but also customer loyalty should be a focus of concern of the company. Why? Intense competition affect the company is difficult to increase the number of customers, enter new markets on the other hand also requires considerable cost. A research states that the cost needed to get new customers six times grater than the cost to retain customers. Therefore, company should focus on customer loyalty. In general, marketer wants that customers who are created by him can be sustained forever. This is not an easy task. This is not an easy task. Marketers need the right strategy and innovation in implementing marketing programs to achieve that.

Loyalty

Loyalty refers to consumer's commitment to repurchase a preferred product or service consistently in the future. In traditional marketing research, earlier efforts of loyalty studies placed an emphasis on establishing measurement of customer loyalty. For example, Dick and Basu (1994) argued that repeat purchasing alone is insufficient to explain antecedents and procedures of loyalty development because it can be constrained by situational factors such as promotions and stock availability of alternatives at the point of purchase.

Definitions of customer loyalty

- Likelihood of previous customers to continue to buy from a specific organization (or)
- loyalty as a deeply held commitment to re-buy a preferred product or service consistently in the future, thereby causing repetitive purchase of same brand despite situational influences and marketing efforts having the potential to cause switching behavior.

Loyalty driven consumer typology

A first approach of classifying consumers considering their degree of loyalty is that of George H. Brown, according to whom buyers can be divided in to four groups:

* Hard core loyal – always buy the same brand;



- * Split loyal – loyal to two or three brands;
- * Shifting loyal – loyal to one brand for a period of time, but easily shifting from one brand to another, due to certain advantages offered by the new brand;
- * Switchers – show no loyalty to any brand, switching the brand with almost any buying situation.

A second approach is that of David A. Aaker who sees five levels of brand loyalty and groups customers accordingly in to a loyalty pyramid

- a) The first level represents non loyal buyers, who are completely indifferent to brands, each brand being perceived to be adequate if the price is accepted.
- b) The second level includes satisfied or at least not dissatisfied buyers with no dimension of dissatisfaction sufficient enough to stimulate a change, but vulnerable to competitors that can create a perceived benefit in the case of switching.
- c) The third level consists of satisfied customers with switching costs (loss of time, money, or acquired loyalty advantages, performance risks associated with switching etc.). Switching incentives from competitors must compensate with switch costs.
- d) The fourth level contains customers who truly like the brand and have an emotional attachment to the brand, based upon associations such as a symbol, a set of use experiences, or a high perceived quality. The emotional attachment's reason is sometimes just the fact that there has already been a long-term relationship.
- e) The fifth level represents committed customers, proud to have discovered and used the brand, and to whom the brand is very important both functionally as an expression of their personality. The value of this category of customers stays in the impact they have upon others through their recommendations.

Customer satisfaction

The principal purpose of a business is to create satisfied customers. Increasing customer satisfaction has been found to lead to higher future profitability: lower costs related to defective goods and services; increased buyer willingness to pay price premiums, provide referrals, and use more of the product; and higher levels of customer retention and loyalty.

According to the philipkotlar customer satisfaction is defined 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.

Benefits of customer loyalty

- Reduce marketing costs :
To a new customer costs greater than to retain customer. Those costs include the cost of advertising through various media, other promotions, the cost of education to prospective buyers, and so on. Therefore loyal customer can reduce marketing costs.
- Trade leverage :
A product with a popular brand and has a loyal customer will make the distributors and shop owners to give grater space compared to other brands. Even if there are prospective buyers who want to ask about a product, they will be offered that brand. So the brand will be purchased by prospective buyers.
- Word of mouth :
Customers who are loyal to certain brands would be willing to tell the good things about the company and its products to others. This is far more persuasive and effective than advertising.

Objectives of the Study

1. To study the perception of Vodafone customers towards customer loyalty at Warangal.
2. To find the customer satisfaction towards Vodafone
3. To find out the services and benefits provided by the vodafone.
4. To know different brands which are preferred by customers in vodafone.
5. To offer some suggestion to improve the level of satisfaction of Vodafone.



Need For the Study

The importance of monitoring customer loyalty is gaining steam in our ever changing business world. Every day a new product launches into the market that lures customers to jump ship to the next best thing. In India Vodafone is giant in telecom industry, it has been very interesting to understand how Vodafone is managing customer relations and building the loyalty.

Scope of the Study

The study is confined to Vodafone postpaid customers at Vodafone store located in Warangal.

Hypothesis

H0: NULL HYPOTHESIS: The perception of Vodafone customers towards loyalty is Low.

Research Methodology

Research Methodology is a way to find out the result of a given problem on a specific matter or problem that is also referred as research problem. In Methodology, researcher uses different criteria for solving/searching the given research problem. Different sources use different type of methods for solving the problem. If we think about the word “Methodology”, it is the way of searching or solving the research problem. It is a careful investigation or inquiry specifically through search for new facts is any branch of knowledge.

Research Design

A research design is considered as the frame work of plan for a study. That guides as well as helps in collection and analysis of data. A sound research is the basis of success of any formal market research. The present study is descriptive type.

Data Collection

The method adapted to elicit information from telecom customers through well designed structured questionnaire that contains closed, open ended questions. The reasons for choosing the questionnaire method are primary due to qualitative nature of the study

Primary data

The primary data are that information which is collected a fresh and for the first time, and thus happen to be original in character. Primary data can be collected in marketing research by three basic methods viz., survey, observations and experiments.

Secondary data:

The secondary data are those which have already been collected by some other agency and which have already been processed. In this study researcher used the secondary method for collecting details from the company website, magazines and journals.

Sample Design

Sampling:

Samples of 100 telecom customers are taken up for the study through simple convenient sampling, located at Warangal.

Statistical tools applied:

For the purpose of analysis chi square method is used with SPSS 17 Version.

Data Analysis and Interpretation

The perception of vodafone customers towards customer loyalty is analysed through Chi-square Test

Questions	Df	Cv	Pvalue	Tv	Significant / non-significant
Best Plans	16	15.467	.598	26.30	Significant
Billing	16	24.22	.336	26.30	Significant
Coverage	16	12.218	.041	26.30	Non-significant
Connectivity	16	32.987	.053	26.30	Non-significant
Price	16	24.752	.697	26.30	Significant
Tariffs	16	22.720	.234	26.30	Significant
Offers	16	14.030	.553	26.30	Significant
Service quality	16	14.01	.043	26.30	Non-significant



Interpretation

From the above table, out of 8 alternatives p-value of 5 alternatives were found greater than 0.05 at 5% level of significance. Hence the null hypothesis is rejected i.e., we may conclude that the perception of Vodafone customers towards customer loyalty is high.

Occupation of the Respondents

Occupation	Frequency	Percent
Govt service	15	15
Private service	31	31
Student	41	41
Self employed	8	8
Others	5	5
Total	100	100.0

Interpretation

From the above table it is observed that 41% of the respondents are Students, 31% of them are private service, and 15% are Govt services.

Monthly Expenditure on Mobile Service

Expenditure	Frequency	Percent
Less than 300	50	50
301-600	33	33
601-900	7	7
901-1200	4	4
1201-1500	3	3
More than 1500	3	3
Total	100	100

Interpretation

From the above table it is observed that, 50% of the respondents expenditure is less than 300, 33% respondent's expenditure is between 301-600.

USAGE OF CURRENT SERVICE

Current service	Frequency	Percent
Less than 2 years	30	30%
2-4 years	38	38%
4-6 years	23	23%
More than 6 years	9	9%
Total	100	100

Interpretation

From the above table it is observed 38% of the respondents having 2-4years,30% of having less than 2years,23% of having 4-6years.

Offers Provided By the Service Provider Meet My Needs

Offers satisfactory	Frequency	Percent
Strongly Agree	14	14
Agree	63	63
Neutral	15	15
Disagree	6	6
Strongly disagree	2	2
Total	100	100



Interpretation: From the above table it is observed that 77% of respondents agree , 15% of respondents neutral, 8% of respondents disagree to the offers provided by the service provider are meeting their need

Customers about Their Products/Services

Response	Frequency	Percent
Strongly Agree	12	12
Agree	53	53
Neutral	15	15
Disagree	18	18
Strongly disagree	2	2
Total	100	100

Interpretation

From the above table it is observed the service provider educates their products/services that, 65% of respondents agreed,15% of respondents Neutral,20% of respondents disagree.

Customer Service Representative of the Company Is Rude

Response	Frequency	Percent
Strongly Agree	6	6
Agree	27	27
Neutral	18	18
Disagree	45	45
Strongly disagree	4	4
Total	100	100

Interpretation

From the above table it is known that the customer service representative of the company is rude, 33% of respondents agreed, 18% of respondents neutral, 49% of respondents disagree.

I'M COMPLETELY SATISFIED WITH THE SERVICES DELIVERED BY THE COMPANY?

Response	Frequency	Percent
Strongly Agree	20	20
Agree	60	60
Neutral	14	14
Disagree	5	5
Strongly disagree	1	1
Total	100	100

Interpretation: From the above table it is observed that the services delivered by the company is satisfactory that, 80% of respondents are agreed,14% of respondents neutral, 6% of respondents disagreed.

Generlly Speaking The Costs In Time, Money And Efforts To Switch From The Company Would Be High?

Response	Frequency	Percent
Strongly Agree	2	2
Agree	3	3
Neutral	54	54
Disagree	24	24
Strongly disagree	17	17
Total	100	100



Interpretation

From the above table it is known that the switching cost in time, money and efforts would be high, 5% of respondents agreed, 54% of respondents neutral, 41% of respondents disagreed.

Overall, i would spend a lot and lose a lot if i switch from existing service to another

Response	Frequency	Percent
Strongly Agree	2	2
Agree	14	14
Neutral	28	28
Disagree	48	48
Strongly disagree	8	8
Total	100	100

Interpretation: From the above table it is observed that the cost of spending and lose if switching from existing service to another, 16% of respondents agreed, 28% of respondents neutral, 56% disagreed.

I say positive things about the using service to other people

Response	Frequency	Percent
Strongly Agree	19	19
Agree	58	58
Neutral	12	12
Disagree	9	9
Strongly disagree	2	2
Total	100	100

Interpretation, From the above table it is observed that they say positive things to others, 77% of respondents agreed, 58% agree, 12% neutral, 11% disagreed.

The Connectivity of the Network Is Satisfactory

Response	Frequency	Percent
Strongly Agree	23	23
Agree	59	59
Neutral	1	1
Disagree	15	15
Strongly disagree	2	2
Total	100	100

Interpretation: From the above table it is known that the connectivity of the network is satisfactory, 82% of respondents agree, 1% of respondents neutral, 17% of respondents disagree.

The Brand Has Good Functional Quality

Response	Frequency	Percent
Strongly Agree	49	49
Agree	39	39
Neutral	7	7
Disagree	3	3
Strongly disagree	2	2
Total	100	100

Interpretation: From the above table it is known that the brand has good functional quality, 88% of respondents agree, 7% of respondents neutral, 5% disagree



Conclusions

The main objective of customer satisfaction programs is to increase customer retention rates. In explaining the link between customer satisfaction and loyalty, switching costs play an important role and provide useful insight. Study on perception of customer towards customer loyalty at Vodafone results indicated that the perception towards Vodafone among post-paid customers is highly satisfactory.

Suggestions

1. Company may concentrate on special offers and introduce rate cutters so as to stop the customers from shifting to other brand due to higher prices and tariff rates.
2. Company may train the customer service representatives and front office executives in such a way that they respond to the customer queries politely and show the concern towards customers failing which dissatisfaction levels of the customers may raise and customer loyalty may go invisible.

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