

## **The Determinants of Customer Loyalty in Nigeria's GSM Market**

**Dr. Adepoju ADELEKE**

Lecturer

Department of Economics and Business Studies

Redeemer University

Mowe, Ogun State

Nigeria

**Suraju Abiodun AMINU**

Doctoral Research Student

&

Lecturer

Department of Marketing

Lagos State Polytechnic

Isolo Campus, Lagos

Nigeria

### **Abstract**

*The objective of the study is to investigate the determinants of customer loyalty in the GSM market in Nigeria. Primary data was obtained through a questionnaire. 252 questionnaires were self-administered by the researchers to the subscribers of the four major GSM providers in Lagos State. 198 of the questionnaires were returned, properly filled. The questionnaires were analyzed using SPSS 17. Pearson Product Moment Correlation was used to establish the relationship between the independent and dependent constructs of the research. The findings revealed that service quality, customer satisfaction, and corporate image are important determinants of customer satisfaction and loyalty in the Nigeria's GSM market. The fourth factor, price/tariff is found not to be a determinant of customer satisfaction and loyalty in market. A conclusion was drawn to the effect that since factors influencing customer loyalty have been established, GSM companies should note these and emphasize them in their marketing strategy.*

**Keywords:** Customer satisfaction and loyalty, GSM, GSM Providers, subscribers, market, and Nigeria.

### **1. Introduction**

In 1992, the Federal Government of Nigeria established the Nigeria Communications Commission (NCC) by decree 75 to regulate the activities of telecommunications services in the country. The need for the establishment of this commission was partly due to the poor performance of NITEL, the nation's telephone service provider and partly to open up the telecommunications sector and attract private investors. This poor performance had resulted in the low tele density of 0.04 in Nigeria up till 1999, a situation that was considered one of the lowest in sub-Saharan Africa. With the coming into existence of the commission, there was the liberalization of the telecommunication sector which allows private sector participation leading to the licensing of Global System of Mobile Communications (GSM) operations in 2001. Through this policy, the nation moved from a monopolistic telecommunication market towards a fully liberalized one which allows competition.

The GSM revolution started Nigeria in August 2001, with the licensing of three mobile operators, MTEL, Econet (now Airtel) and MTN by NCC, and since then the face of information and communications technology in Nigeria has been transformed. Globacom and Etisalat were later licensed to operate thereby making the GSM operators to be five (5). Since the GSM launch, mobile telephony has rapidly become the most popular method of voice communication in Nigeria, relegating CDMA (Coded Division Multiple Access), a much earlier introduced telecommunication platform, to the background.

Nigeria has maintained its lead as African's largest telecom market with active subscribers of 92,006,608 by the end of February, 2012 (Nigerian Communications Commission, 2012), relegating South Africa to second place with about 60 million subscribers. This represents a tele-density of 68.68% up from a tele-density of 0.73% in 2001. The explosive growth rate in the market has thrown up intense rivalry among the GSM operators and necessitated the need to engage in marketing activities that would enable them to retain a large chunk of their customers and make them loyal. This is more so as the market has become saturated and with little opportunity to attract new customers. The resultant competition has led to the reduction in tariff, introduction of new and innovative products, advertising blitz, rising sales promotion, and innovative customer service (care). All of these are aimed at both attracting new customers and retaining the existing customers. The high growth of subscribers resulting in impressive financial performance of the GSM providers has necessitated the need to examine the factors that influence customer loyalty in the market.

The astronomical growth in the subscriber base of the GSM has led to intense and cut-throating competition in the GSM market of Nigeria. The competition is exacerbated by the lower switching costs among the subscribers of the various networks, which manifest in the frequency with which they (subscribers) freely enter and leave the networks. In term of financial outlay it costs subscribers as low as N100 to acquire SIM (Subscriber Identification Module) and this makes it cheaper for subscribers to traverse from one network to another. The negative effect of this is the inability of the operators to retain and make existing customers loyal. With the competition becoming tough, service providers realized that retaining one's existing customer base is important as much as the acquiring of a new customer (Coyles and Gokey, 2005). There is also a problem of the declining growth in the GSM subscriber base in Nigeria making it more difficult to attract new subscribers and necessitating again the need to retain the acquired customers. The situation, according to Long and Chun (2004) makes mobile telecommunication companies not only to promote their service quality, but also change their marketing core strategy to holding their existing customers by enhancing and optimizing the customer loyalty.

In the light of this intense competition, the major challenge confronting all the mobile operators in Nigeria, therefore is the determination and execution of various marketing initiatives that would not only lead to attraction of new subscribers, but also retention of the existing ones who would then become loyal customers. There are overwhelming arguments supporting that it is more expensive to win new customers than to keep existing ones (Reichheld and Sasser, 1990; Ennew and Binks, 1996; Harmozi and Giles, 2004; Pfeifer, 2005;).

The objective of this study is therefore, two folds. The first objective is to understand the concept of customer loyalty in GSM sector in Nigeria. The second objective is to investigate the determinants of customer loyalty in the sector. In doing this, the paper is organized as follow. Section 2 presents a review of relevant literature. Section 3 describes the research method employed. Data analysis and findings are presented in section 4. Finally, conclusion is drawn.

## **2. Literature Review**

### **2.1 The Concept of Customer Loyalty**

The need for customer loyalty in business has been recognized by many scholars. Customer loyalty is one of the most frequently discussed subjects in the marketing and service literature (Eshghi *et al.*, 2007; Heskett and Sasser, 2010). There is a plethora of definitions of loyalty and/or customer loyalty in the extant literature. Customer loyalty is customer repeating purchase intention to some specific products or services in the future (Jones *et al.*, 1995). It is making customers feel committed: When the benefits are meaningful to them, they will stay on (Grossman, 1998). Loyalty is used to describe the willingness of a customer to continue patronizing a firm's goods and services over a long period of time and on a repeated and preferably exclusive basis, and voluntarily recommending the firm's products to friends and associates (Lovell, 1996). Customer loyalty is the result of an organization's creating a benefit for customers so that they will maintain and increasingly repeat business with the organization (Anderson and Jacobsen, 2000).

From the forgoing, loyalty in GSM market is concerned with the length of time and the frequency with which customers stay and remain on a network. The longer the time a customer remains on and the more frequently a customer patronizes a GSM network, the more that customer becomes loyal. It is therefore the desire of all GSM firms in Nigeria to retain large number of their customers on their networks.

Customer loyalty provides the foundation for a company's sustained competitive edge. Different researchers have given credence to the reason why developing customer loyalty is beneficial to firms, including GSM providers. Developing and increasing loyalty is a crucial factor in companies' growth and performance (Reichheld, 1996 and Lee and Cunningham, 2001). Customer loyalty is one of the key factors and can help a company achieve long-term success (Andres, 2007). The significance of customer loyalty is that it is closely related to the company's continued survival and to strong future growth (Fornell, 1992). Hence, for a company to maintain a stable profit level when subscription level has reached saturation point, the market is mature and competition is fierce, a defensive strategy which strives to retain existing customers is more important than an aggressive one (Fornell, 1992 and Ahmad and Buttle, 2002). Ndubisi (2005) and Pfeifer (2005) point out that the cost of serving a loyal customer is five or six times less than a new customer. Walsh *et al.* (2005) state that it is better to look after the existing customer before acquiring new customers.

From the above, it is evident that a telecom firm that promotes customer loyalty has a lot to benefit from. The current saturated level of GSM growth and intense competition in Nigeria has left the operators with no option other than seeking to maintain the existing customers and lock them into loyalty. Bulk of the current marketing efforts by these firms is aimed at retaining and making customers loyal.

## **2.2 Determinants of Customer Loyalty**

Since customer loyalty has become paramount for organizations, a major concern is to find out the determinants or drivers of customer loyalty (Kumar *et al.*, 2011). This section discusses the determinants of customer loyalty.

### **2.2.1 Service Quality, Customer Satisfaction and Customer Loyalty**

Quality is conformance to requirements (Crosby, 1996). Quality is the comparison of perceived performance and expected performance (Kang, 2006). Service quality is the customer's overall impression of the relative inferiority/superiority of an organization and its service offerings (Bitner *et al.*, 1990). The firm's ability to create and sustain competitive advantage depends upon the high level of service quality provided by the service provider (Yoo and Park, 2007). Therefore, providing a consistently high quality service quality can differentiate one GSM provider from others.

Theoretically, positive relationships between service quality, customer satisfaction, and customer loyalty are well documented in the extant literature. Services Quality is considered as a major determinant in customer retention and building value relationship (Venetis and Ghauri, 2004). Service quality results in repeated sales and increased market share, which leads to customer loyalty (Buzzell and Gale, 1987). Providing a high service quality can lead an organization to charge premium price (Brown *et al.*, 1992). High service quality enhances customers' favorable behavioral intentions while simultaneously reduces their unfavorable intentions (Zeithaml *et al.*, 1996). The implication of the above discussion is that with high service quality, GSM customers are attracted, and when happy and satisfied, and have an increased propensity to stay longer with their GSM service provider.

Empirical findings have shown positive relationships existing between service quality and customer satisfaction, on one hand and between service quality and customer loyalty, on the other hand in a number of industries. For example, Elnan and Andersen (1999) found a positive relationship between service quality and customer satisfaction in the bus industry in Norway. Coner and Gungor (2002) found that service quality would lead towards more loyal customers in the Turkish Metropolitan retail market. Turel and Serenko (2006) found that perceived service quality and perceived value are the key constructs affecting the customer's satisfaction with mobile services. Satisfaction in turn leads to customer loyalty.

Zeithaml *et al.* (2008) develop a conceptual model that correlates service quality, customer satisfaction and customer loyalty. The model shows that service quality results from reliability, assurance, responsiveness, empathy and tangibles. Service quality is determined by reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman *et al.*, 1985). These can be considered as the determinants of the broad service quality, but what are the specific determinants of telecommunication service quality? Jahanzeb and Tasneem (2011) discuss these under the following broad headings: communication guarantee, settlement service, value added service (VAS) and technology innovation. Communication guarantee results when the quality of network of the service provider is satisfactory and there are negligible rates of call failure. The settlement service refers to the prompt and accurate billing service that also enhances customer satisfaction.

Customer satisfaction level can also be influenced by VAS, for example, GPRS, Media file sharing, news updates and so on. Finally, technology innovation refers to the feature where in the service provider rolls out new technology on a regular basis.

### **2.2.2 Price, Customer Satisfaction and Customer Loyalty**

Price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service (Kotler and Armstrong, 2010). In a competitive market, service providers are expected to compete on both price and quality of services and also it is necessary for the service providers to meet the consumers' requirements and expectations in price and service quality (Melody, 2001). Nowadays, due to breathtaking competition, the telecommunication service providers tend to offer innovative services as well as competitive prices just to attract handful magnitude of customers (Haquea *et al.*, 2011).

Price plays a vital role in telecommunication market especially for the mobile telecommunication service providers (Kollmann, 2000). The price here is not limited to price of a SIM card, but also covers the price of recharge voucher, call rate, SMS charge, the Internet charge, price of phones, and so on. A network with lower prices has a high tendency to attract a large subscriber base leading to an impressive market and financial performance. Kollmann (2000) states that income from the number of call minutes determines the basic commercial success for the network providers. He also adds that the success of the telecommunication sector in a market place largely depends on continuing usage and pricing policies, which need to be considered on several levels.

The implication of this is that offering a high service quality is not sufficient to attract and retain customers in the telecom market; offering the service at an attractive and affordable price is equally necessary to achieve a competitive advantage in the market. Specifically, price has been used by all the firms in the GSM market of Nigeria, as a strategic tool both to attract new subscribers and more importantly to retain current ones. In the market, where it is difficult to perceive any significant difference in the service quality of most of the GSM firms, price competition has become widespread and an important competitive tool. However, the reality of the price competition in the market is existence of price war with subscribers traversing from one network to another to take advantage of the latest price cut, thereby giving no room for any loyalty to be developed.

The poser is can price be used to achieve customer loyalty in the telecommunication market? In the study concerning the behavior of mobile telecommunication consumers, it was found that the loyalty of individual customers is affected by price considerations (Bolton and Drew, 1991). This finding was also corroborated by Athanassopoulos (2000) and Varki and Colgate (2001), whereby customer satisfaction from pricing was found to positively affect overall customer satisfaction.

GSM firms in Nigeria should charge tariff that is fair and acceptable to their subscribers, taking into cognizance their price sensitivity. This is because there is a relationship between the level of customer loyalty and price sensitivity. According to Xia *et al.* (2007) price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable. Customers are satisfied and become loyal when they feel that the price they pay corresponds to the quality of service they receive. Choi *et al.* (2006) found that disloyal customers were more price sensitive, in the sense that changes in price motivated them to move to other organizations, whereas loyal customers were not affected by price. Marti'n-Consuegra *et al.* (2007) also found that perceived price fairness influences customer satisfaction and leads to loyalty.

### **2.2.3 Customer Service/Care, Customer Satisfaction and Customer Loyalty**

Customer service is a process that takes place between a buyer, a seller, and third party and can influence demand in the market (Innis and La Londe, 1994). The third party may include companies that have been licensed by a marketing company to provide customer service. Customer care is used in a wider sense and goes far beyond the traditional role of customer service and support; it encompasses all the functions along the entire service delivery value chain (Katz *et al.*, 1998). Customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim *et al.*, 2004). Customer service is one of the most important considerations in the evaluation of a supplier (Jackson *et al.*, 1985).

A supplier's reputation for good service attracts potential customers and keeps existing customers loyal. Good service additionally provides protection from price competition (Hartley, 1989). Customer service can produce customer behaviors that can indicate whether a customer will remain with or defect from an organization (Zeithaml *et al.*, 1996). Specifically, the high levels of competition among service providers in Nigeria necessitate adoption of different customer service techniques to satisfy and retain the customer. The effectiveness of the level of customer service will enhance customer retention and reduce switching between and among service providers (Oyeniya and Joachim, 2008).

Therefore, customer service includes all help and assistance GSM providers offer to customers directly or indirectly prior to, during, and/or after purchase to provide exciting customer experience with their products. If well leveraged, it has a potential to offer a competitive advantage to GSM service providers and make them to attract and retain customers. GSM providers in Nigeria provide customer through toll free customer care line, help desk and websites. Because of its convenience, cost free and availability, majority of subscribers in Nigeria are most likely to be served by their network providers through toll free customer care line.

McDougall and Levesque (2000) found that all telecommunication service providers in Malaysia differentiate themselves a high level of customer service and this has become the most important and significant driver in customer satisfaction. Lucas (2005) is of the opinion that by providing excellent customer service and dealing with dissatisfaction as soon as it is identified, companies can ensure that customers remain loyal and keep coming back. From the foregoing discussion, GSM providers, in addition to the provision of a high service quality and offering of an attractive and fair price, should also pay more than a passing attention to the delivery of high and effective customer service/care. They should invest substantial resources on infrastructure, information technology (IT) and human resources that would provide leverage for effective and quality customer care. They should remember that the entire idea of customer care in the telecom-sector is about delivery exciting customer experience.

#### **2.2.4 Corporate Image and Customer Satisfaction and Loyalty**

Corporate image is defined as perceptions of an organization reflected in the associations held in consumer memory (Keller, 1993). It is the sum of people's perceptions of an organization. Images and perceptions are created through all the senses: sight, sound, smell, touch, tastes and feelings experienced through product usage, customer service, the commercial environment and corporate communications (Smith and Taylor, 2004). It is external perception of all human and physical resources of an organization, especially characteristics as employees' behaviors and attitudes, communication levels, clothing etc. (Pampaloni, 2006). It is defined as the perception of an organization that customers' hold in their memories. Because it works as a filter through which a company's whole operation is perceived, a corporate image reflects a company's overall reputation and prestige (Kim and Lee, 2011). It is obvious that corporate image is concerned with the impression an organization forms in consumers' minds and the perception of consumers arising from this impression. It is therefore essential that GSM operators show concern about the way it is perceived by their variety of stakeholders such as employees, customers, shareholders, government, media, and the general public, as this affects initial and repeat purchase.

The role of corporate image is pivotal in today's business environment (Gioia *et al.*, 2000). A positive and reinforcing corporate image is capable of generating customer satisfaction and loyalty in organizations. Corporate and brand image have also emerged as determinants of customer loyalty (Gronroos, 1988). There is a relationship between corporate image, customer satisfaction and loyalty. Higher levels of customer satisfaction increases loyalty by building a positive corporate image (Anderson *et al.*, 1994). A well-managed corporate identity unconsciously reassures customers (Smith and Taylor, 2004). Corporate image is influenced both by service quality and customer satisfaction, which in turn influences customer loyalty (Kandampully, 2007). The high point of the above discussion is that the reassurance keeps customers coming to do a repeat business and lock them into loyalty.

Empirical findings have also shown the relationship between corporate image and customer satisfaction and loyalty. Groholdt *et al.* (2000) found that corporate image is an important driver of customer satisfaction and loyalty in the industries of soft drinks, banking and telecommunications. Liu (2008) found that corporate image has a significant impression on services quality, customer value, customer satisfaction and customer loyalty in the Chinese telecommunication market. Chen (2002) concludes that building up image is one of the important tasks to retain customers in the Taiwan telecommunication sector.

### 3. Methodology

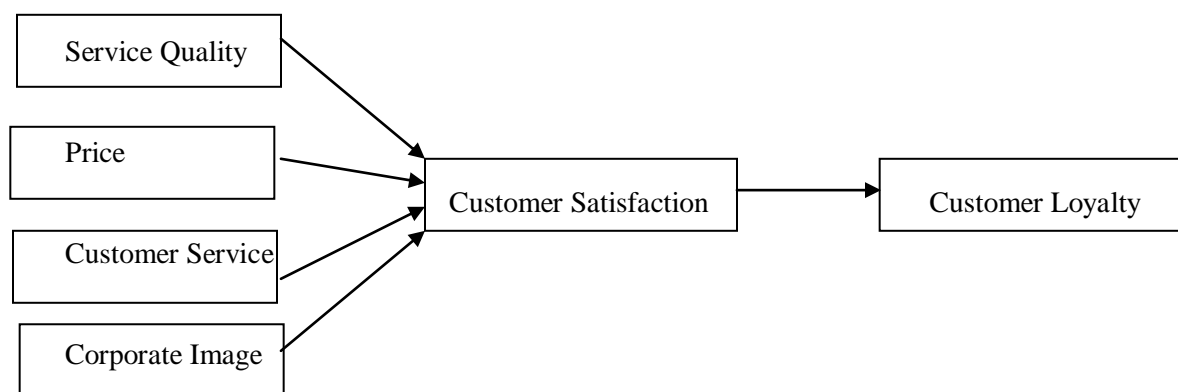
#### 3.1 Study Population, Sample Size, Sampling, and Research Instrument

The study was a cross-sectional survey that was carried out in Lagos State, the commercial capital of Nigeria, with the highest number of GSM subscribers. The sample size of 252 respondents was used, determined by convenience sampling. The sample consisted of the customers of the 4 major GSM companies in Nigeria, including MTN, Airtel, Glo, and Etisalat. MTN, Airtel, and Glo account for over 85% of mobile subscriptions in the Country (Pyramid Research, 2010). The main research instrument was a structured questionnaire, which had 2 sections (bio-data and research questions). The questionnaire had 5 constructs, namely customer satisfaction and loyalty (dependent variable), service quality, price/tariff, customer service/care, and corporate image (independent variables), each had 3-5 related questions on a 5-point Likert scales with 5 point allocated to strongly agree and 1 point to strongly disagree. Questions used in the questionnaire were collected from different literature sources and were adjusted to conform to the study objectives. The questionnaire was personally administered by the researcher to ensure timely filling and return. This led to majority of the questionnaire being returned. 198 of the questionnaires were correctly filled and returned, translating into 84 per cent response rate. The data for the study was analyzed using the SPSS 17.0 computer software. The hypotheses were tested with Pearson Product Moment Correlations.

#### 3.2 Research Model and Hypotheses

A research model is developed to establish the interrelationships between factors influencing customer loyalty, customer satisfaction and customer loyalty in the Nigeria's GSM market.

**Figure I: The Research Model**



Source: Constructed by the Author

Also based on the model and review of literature, the following hypotheses are stated:

1. There is no correlation between service quality and customer satisfaction and loyalty in the GSM market of Nigeria.
2. There is no correlation between price/tariff and customer satisfaction and loyalty in the GSM market of Nigeria.
3. There is no correlation between customer service and customer satisfaction and loyalty in the GSM market of Nigeria.
4. There is no correlation between corporate image and customer satisfaction and loyalty in the GSM market of Nigeria.

#### 3.3 Research Instrument Validity and Reliability

Validity is the degree to which a measure accurately represents what it is supposed to (Hair *et al.*, 2007). Validity determines the extent to which a scale measures a variable of interest. Since all the constructs are comprehensively addressed through the review of the relevant literature, they are valid. Reliability measures the extent to which a research instrument is consistent. Internal consistency of the questionnaire is measured. The Cronbach's Alpha is used to measure the internal consistency of the research questionnaire.

Cronbach's alpha reliability coefficient normally ranges between 0 and 1 with higher values indicating higher reliability among the indicators (Hair *et al.*, 2007). This is to say the closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale.

**Table 1: Reliability of Questionnaire**

Variables	No. of Items	Cronbach's Alpha
Customer Satisfaction and Loyalty	4	0.649
Service Quality	5	0.690
Price/Tariff	3	0.639
Customer Service	4	0.659
Corporate Image	4	0.681

Table 1 shows different Cronbach's Alpha for the 5 constructs of the questionnaire (1 dependent variable and 4 independent variables). Price/tariff has the lowest Alpha of 0.639, followed by Customer satisfaction and loyalty with 0.649, customer service with 0.659, corporate image with 0.681 and service quality with the highest alpha of 0.690. Overall, all the items in each variable in the questionnaire have a good reliability. This is because all Cronbach alpha values are in excess of minimum value of the 0.60 recommended by Cronbach (1951) and Nunnally (1978).

#### 4. Analysis

The mass of data collected from the research respondents was analyzed to determine how the respondents respond to the different research variables investigated. Descriptive statistics and Pearson Product Moment Correlations were employed to analyze the data collected.

**Table 2: Analysis of the Respondents' Demography**

VARIABLES	FREQUEN	PER	VARIABLES	FREQUEN	PER
<b>SEX</b>			<b>YRS ON THE</b>		
Male	131	66%	2-4 Years	48	24%
Female	67	34%	5-7 Years	61	31%
<b>TOTAL</b>	<b>198</b>	<b>100%</b>	8 Years and	89	45%
<b>QUALIFICATION</b>			<b>TOTAL</b>	<b>198</b>	<b>100%</b>
O' Level	21	10%	<b>OCCUPATION</b>		
ND	41	21%	Civil Servants	64	32%
HND/BA/B. Sc.	71	36%	Private	40	20%
Post-	65	33%	Self-employed	37	19%
<b>TOTAL</b>	<b>198</b>	<b>100%</b>	Students	57	29%
<b>GSM Network</b>			<b>TOTAL</b>	<b>198</b>	<b>100%</b>
MTN	65	33%			
Glo	36	18%			
Airtel	70	35%			
Etisalat	27	14%			
<b>TOTAL</b>	<b>198</b>	<b>100%</b>			

Source: Questionnaire, 2011.

Demographic analysis in table 1 shows that 131 (66%) of the 198 respondents are male, while the remaining 68 respondents (34%) are female. In terms of the educational qualification of the respondents, 21 of the respondents (10%) have O' Level certificate; 41 (21%) have ND and its equivalent; Majority of them totaling 71 (36) have HND, B. Sc. or B. A.; while the remaining respondents, 65 about 33% have post-graduate and professional qualifications. Therefore, a large number of the respondents, 136 representing 69 % are well educated to participate meaningfully in the study. As regards the GSM network of the respondents, majority of them are connected to Airtel. 70 respondents (35%) are on the network; 65 of them (33%) are on MTN network; 36 respondents (18%) are connected to Glo network; the last 27 (14%) respondents are Etisalat's subscribers.

With regards to the number of years the respondents have been on their respective networks, 89 of them representing 45% have been connected to their networks for a period of 8 years and above; 61 of them (31%) have been on their networks for between 5 and 7 years; while the remaining 48 respondents (24%) claim they have been hooked to their networks for a period ranging from 2 to 4 years. In all, 170 respondents (76%) have really stayed long on the various networks to be able to respond to various issues raised on the questionnaire. This also indicates that a large number of the respondents are loyal to their respective networks. Finally, the respondents' occupation distribution shows that civil servants accounts for the majority of them, 64 (32%); followed by students who account for 57 respondents (29%); while private employees and self-employed people account for 40 respondents (20%) and 37 respondents (19%) respectively.

**Table 3: Descriptive Statistics**

	N	Mean	Std. Deviation
Customer Satisfaction and Loyalty	198	13.11	3.39
Service Quality	198	16.12	3.27
Price/Tariff	198	10.21	2.53
Customer Service	198	14.46	3.00
Corporate Image	198	13.98	3.35

Table 3 shows that customer satisfaction and loyalty has a Mean of 13.11 and the Standard Deviation of 3.39. Service quality has the Mean of 16.12 and Standard Deviation of 3.27. Price/tariff has the Mean of 10.21 and Standard Deviation of 2.53. Customer service has the Mean of 14.46 and Standard Deviation of 3.00. Finally, corporate image has the Mean of 14.46 and the Standard Deviation of 3.35. It has been observed in the table 3 that almost all the Mean are similar. High Standard Deviation means that the data are wide spread, which means that customers give variety of opinion and the low standard deviation means that customers express close opinion.

**Table 4: Pearson Product Moment Correlations**

		Correlations				
		Satisfaction & Loyalty	Price	Prompt customer Service	Corporate image	Service quality
Satisfaction & Loyalty	Pearson Correlation	1	.058	.196**	.423**	.300**
	Sig. (2-tailed)		.449	.010	.000	.000
	N	198	198	198	198	178
Price	Pearson Correlation	.058	1	.187**	.168*	.232**
	Sig. (2-tailed)	.449		.008	.018	.001
	N	198	198	198	198	198
Prompt customer Service	Pearson Correlation	.196**	.187**	1	.439**	.268**
	Sig. (2-tailed)	.010	.008		.000	.000
	N	198	198	198	198	198
Corporate image	Pearson Correlation	.423**	.168*	.439**	1	.290**
	Sig. (2-tailed)	.000	.018	.000		.000
	N	198	198	198	198	198
Service quality	Pearson Correlation	.300**	.232**	.268**	.290**	1
	Sig. (2-tailed)	.000	.001	.000	.000	
	N	198	198	198	198	198

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

\* . Correlation is significant at the 0.05 level (2-tailed).



Table 4 shows the Pearson Product Moment correlation for the five ordinal scaled variables. The sample size (N) is 198 and the significant level is 0.01 ( $p \leq 0.01$ ) and 0.01 ( $p < 0.05$ ).

**Hypothesis 1: Service quality** - There is no correlation between service quality and customer satisfaction and loyalty in the GSM market of Nigeria.

In the table, it can be seen that the correlation of service quality is 0.300 and the significant level is 0.01 ( $p \leq .01$ ). The table shows that the p-value is 0.000, which is less than 0.01. We therefore reject the null hypothesis, and conclude that there is a medium positive (0.300) relationship between service quality and customer satisfaction in the GSM market in Nigeria.

**Hypothesis 2: Price/Tariff** - There is no correlation between GSM price/tariff and customer satisfaction and loyalty in the GSM market of Nigeria. The table shows that the correlation is 0.058 for GSM price and the p-value is 0.49, which is greater than the significant level (0.01). Therefore, the null hypothesis is accepted and we can conclude that GSM price and customer satisfaction and loyalty are negatively correlated in the GSM market of Nigeria.

**Hypothesis 3: Customer service/care** - There is no correlation between customer service/care and customer satisfaction and loyalty in the GSM market of Nigeria.

It can be observed in the table that the correlation of customer service/care is 0.196 and the p-value is 0.010, which is less than 0.01. Therefore, the null hypothesis is rejected and it can be concluded that customer service/care is positively (weakly) related to customer satisfaction in the GSM market of Nigeria.

**Hypothesis 4: Corporate Image** - There is no correlation between corporate image and customer satisfaction and loyalty in the GSM market of Nigeria.

The table shows that corporate image is 0.423 and p value is 0.000, which is less than 0.01. Therefore, there is a positive correlation between corporate image and customer satisfaction and loyalty in the GSM market of Nigeria. So, the null hypothesis is rejected.

**Table 5: Summary of the Hypotheses Test**

S/N	HYPOTHESES	STATUS
1.	There is no correlation between service quality and customer satisfaction and loyalty in the GSM market of Nigeria.	REJECTE D
2.	There is no correlation between GSM price/tariff and customer satisfaction and loyalty in the GSM market of Nigeria.	ACCEPTT ED
3.	There is no correlation between customer service/care and customer satisfaction and loyalty in the GSM market of Nigeria.	REJECTE D
4.	There is no correlation between corporate image and customer satisfaction and loyalty in the GSM market of Nigeria.	REJECTE D

## 5. Discussion of Findings

The issue of customer loyalty is close to the heart of all companies, especially GSM operators in Nigeria. The study operationalized and tested 4 constructs (service quality, price/tariff, customer service/care and corporate image) that determine customer loyalty in the GSM market in Nigeria. Three of the 4 constructs (service quality, customer service/care and corporate image) show positive correlations with customer satisfaction and loyalty, while price/tariff is negatively correlated with customer satisfaction and loyalty. Corporate image and service quality respectively are most correlated with customer satisfaction and loyalty in the Nigeria's GSM market. The correlation of customer service with customer satisfaction and loyalty, though positive is very weak. Finally, price/tariff is negatively correlated with customer satisfaction and loyalty.

Corporate image is the most correlated construct with customer satisfaction and loyalty in the Nigeria's GSM market. It has a positive correlation of 0.423. This confirms some of the findings of the earlier researchers (Groholdt *et al.*, 2000; Chen, 2002; and Liu, 2008). Since corporate image is concerned with the perceptions of an organization reflected in the associations held in consumer memory (Keller, 1993), we can say that all the 4 surveyed GSM operators in Nigeria are favorably perceived by some of their customers.

The positive perception is aided mostly by promotion, which is a major element of the marketing mix marketers use to project and reinforce both brand and corporate image. Some also think that service quality of these companies is not bad and this also contributes to this favorable image. The implication is that corporate image of GSM providers is an important determinant of customer loyalty in Nigeria.

Service quality is the next most correlated construct with customer satisfaction and loyalty, with a positive correlation of 0.300. This also empirically relates to earlier research findings on the construct (Mittal and Lassar, 1998; Elnan and Andersen, 1999; Coner and Gungor, 2002; and Turel and Serenko, 2006). A large number of respondents are satisfied with the coverage of and call clarity on their networks; some of them consider provision of value added services such as GPRS, free midnight calls, and so on as a measure of a service quality; a large number of the respondents does not perceive quality in networks with high rate of call failure. That service quality has this much correlation with customer satisfaction and loyalty in Nigeria is worthy of commendation. This is because Nigeria is a country where business environment is hostile and anti-business. The GSM providers' operating costs, like every other companies' operating costs, is prohibitive. The GSM providers, in particular, are confronted with the challenges of power supply, which is almost non-existent; unabated security problem, which causes vandalization of their equipments; multiple taxation, which raises operating costs; bad roads, which increases maintenance costs for vehicles, and high cost of petroleum products. In spite of these daunting challenges, the rating of service quality by Nigerians is a welcome development. This implies that service quality determines customer loyalty to GSM operators.

The correlation between customer service and customer satisfaction and loyalty in the Nigeria's GSM market is low. It has a low positive relationship with customer satisfaction and loyalty. This finding is worrisome because evidence abounds in literature that there is a significant relationship between customer service and customer satisfaction and loyalty in all sectors (Jackson *et al.*, 1985; and Hartley, 1989). In other countries, telecoms operators use customer service to achieve and sustain differential advantage. For example, McDougall and Levesque (2000) found that high level of service is the most important and significant driver in customer satisfaction in Malaysia. An overwhelming majority of the respondents agreed that excellent customer service is one of the important criteria they use to evaluate GSM operators. However, majority of them reported disappointment with the quality of customer care they receive from their operators. Even though many respondents (55%) regarded their operators' customer care personnel as courteous and friendly in handling their grievances, there are two grey areas in customer service: delay in getting through to their network customer care personnel and their service providers' poor reputation for services. 70% of the respondents reported that they are not happy with the long delay they experience each time they have complaints or want to make enquiries. About 60% considered their networks' reputation for good customer service as not cheering and thereby giving them headache. We can conclude that customer service determines customer loyalty to GSM operators.

Price is the only research construct that is negatively correlated with customer satisfaction and loyalty in the Nigeria's GSM market. It has a negative correlation of 0.058. The survey shows that about 38% of the respondents did not think that the price they pay is commensurate with the service quality they receive; 45% considered the price as justifying the quality received. About 70% of the respondents held the opinion that they are not ready to pay a higher price for the current service quality; while 49% reported increasing the price will make them switch to any of the competitors and about 29% reported they will remain on the network irrespective of the increase in price. From these findings, it is obvious that some of Nigeria's GSM customers are not contented with the tariff they are made to pay on their networks. It could be that they do not consider what they pay as fair price. Xia *et al.* (2007) found that price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable. In this case, not many subscribers consider the price as reasonable and acceptable. This finding negates some of the earlier research findings (Bolton and Drew, 1991; Athanassopoulos, 2000; and Varki and Colgate (2001), but confirms the finding by Choi *et al.* (2006) who found that disloyal customers had a significance influence on price sensitivity but not for loyal customers in South Korea. This is to say that those who reported they would switch to competitors when the price goes up may not be considered loyal to their networks. We can infer that the price is not a determinant of customer satisfaction and loyalty in Nigeria.

## 6. Conclusion

The study examines the factors influencing customer loyalty in GSM market in Nigeria. In doing so, 4 independent variables (service quality, price/tariff, customer service/care, and corporate image) were identified as possible constructs that can influence customer satisfaction and loyalty (dependent variable). Previous researches have explored the relationship between some of these constructs and loyalty. But this study examines more constructs. Therefore, the major findings of this research provide insights into the influences on customer loyalty in Nigeria. The findings reveal that a good corporate image of GSM operators (driven by promotion, service quality and price) can make customers to become loyal. Thus, the first hypothesis was rejected. The findings also establish that service quality is very important in providing customer satisfaction and loyalty in the GSM market of Nigeria. If GSM operators strive to improve the service quality (wide network coverage, call clarity, low call failure rate, and so on) they will get the benefit of satisfied and loyal customers. Hence, the second hypothesis is also rejected. Customer service is also found to cause satisfaction and loyalty in the market, thus leading us to reject the third hypothesis. Finally, the findings reveal that price does not yield customer satisfaction and loyalty in the Nigeria's GSM market. This is because many of the respondents believe the price they are paying now is not commensurate with service quality, especially in the area of high call failure rate, as reported by most of them (70%). Hence, the last hypothesis is accepted. In conclusion, all the 4 GSM companies should note all the factors that are found to cause customer satisfaction and loyalty and the one that detracts customers from being satisfied and loyal, and emphasize them in their marketing strategy.

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## Appendix - Questionnaire

### Questionnaire on Determinants of Customer Loyalty in the Nigeria’s Gsm Market

We humbly request you to fill the questionnaire below by ticking the most suitable option. Please be informed that all information obtained through this questionnaire is to expand the frontier of knowledge and will be kept confidential.

#### Key to Options

1 - Strongly Disagree; 2 – Disagree; 3 – Uncertain; 4 – Agree; 5 – and Strongly Agree.

#### Section A: Biodata

1. Sex:                      a. Male ( )    b. Female ( )
2. Qualification:        a. O’ Level ( ) b. ND ( )        c. HND/B.Sc./BA ( )    d. Post-graduate/professional qualification ( )
3. GSM network(s)    a. MTN ( )    b. Glo ( )        c. Airtel ( )              d. Etisalat ( )
4. No. of years on the network:    a. 2 – 4 yrs ( )    b. 5 – 7 yrs ( )        c. 8 yrs and above ( )
5. Occupation:        a. Civil/public servant ( )    b. Private company’s employee ( )    c. Self-employed ( )    d. Student ( )

#### Section B: Research Question

S/N	Statement on Research Variables	1	2	3	4	5
	<b>Customer satisfaction and loyalty</b>					
1.	Overall I am satisfied with my service provider.					
2.	The services rendered by my service provider are close to what I expect.					
3.	As a result I am loyal to my service provider and consider it a first choice of GSM firm.					
4.	I will recommend my GSM network to friends.					
	<b>Service Quality</b>					
5.	My GSM network is wide and extensive.					
6.	Call clarity on my network is high.					
7.	The rate of call failure is on my network is substantial.					
8.	My service provider’s range of value added services (VASs) such as GPRS, free midnight calls, news, and so forth are important to me.					
9.	My service provider rolls out new technology on a regular basis,					
	<b>Price</b>					
10.	The price/tariff I pay commensurates with the quality of service I receive on my network.					
11.	I am not ready to pay higher price/tariff on my network.					
12.	A higher price/tariff will make me switch to a competitor.					
	<b>Prompt Customer Service/Care</b>					
13.	I consider prompt and quality customer service as one of the most important considerations in the evaluation of a network.					
14.	I am not happy with the long delay I experience each time I make call to my network’s customer care to make enquiry or lodge complaints.					
15.	My service provider members of staff are courteous and friendly in handling my grievances and complaints.					
16.	My network’s reputation for good service is not cheering, and has been a source of concern to me.					
	<b>Corporate image</b>					
17.	My company’s name, variety of products offered, quality of services, and so on project it favorably in my mind.					
18.	Promptness in response to my call and in grievances handling by customer care employees projects the service provider positively in my mind.					
19.	My networks offers a range of promotion (advertising, sales promotion, direct marketing, and road show).					
20.	A fair and acceptable price by my service provider promotes its image positively.					

We appreciate your timely filling and return of this questionnaire.

The Researchers