Report on

An Analysis of Customer Loyalty: A study on Bangladesh Telecommunication Industry

SUBMITTED TO:

Naiem Jalal Uddin Ahamed

Associate Professor
Department of Business Administration

Stamford University Bangladesh

SUBMITTED BY:

Name: Md. Zillul Karim

ID: MBA05716148

Major: Marketing

STAMFORD UNIVERSITY BANGLADESH

Letter of Transmittal

Date: August 07, 2016.

Naiem Jalal Uddin Ahamed
Associate Professor
Department of Business Administration
Stamford University Bangladesh

Sub: Submission of Report titled "An Analysis of Customer Loyalty-A Study on Bangladesh telecommunication Industry.

Sir,

This is informing you that I have done this report on "**An Analysis of Customer Loyalty: A study on Bangladesh Telecommunication Industry**". It is a great pleasure for me to present you such type of report. To prepare this report I collect essential data. I learnt a lot of unknown issues of relationship marketing, customer loyalty, while preparing this report. This report was a challenging experiences for me a theoretical as well as practical. I tried my best to make the report a sound one as per your valuable counseling and proper guidance.

I express my gratitude to you for giving me the opportunity to making this report. I would be obliged if you kindly call me for any explanation or any query about the report as and when deemed necessary.

Sincerely Yours,

_____
Name: Md.Zillul Karim
ID: MBA05716148
Major: Marketing
Stamford University Bangladesh

Declaration

I am **Md.Zillul Karim** student of Master of Business Administration (MBA), 57th batch ID No: MBA 05716148, Major in Marketing from Siddeswary Campus**,** declare that this thesis report on An Analysis of Customer Loyalty: A study on Bangladesh Telecommunication Industry of Bangladesh is completely of my own work. References are provided, as it is free of plagiarism.

_____

Name: Md.Zillul Karim
ID: MBA05716148
Major: Marketing

Stamford University, Bangladesh

To Whom It May Concern

This is to certify that the Thesis Report on "**An Analysis of Customer Loyalty: A study on Bangladesh Telecommunication Industry**" has submitted for the award of Master of Business Administration (MBA) with major in "Marketing" from Stamford University Bangladesh carried out by Md.Zillul Karim, 57th batch bearing ID No. MBA 05716148 under my supervision. This report is free from plagiarism.

She is permitted to submit the thesis.

_____

Naiem Jalal Uddin Ahamed

Associate Professor

Department of Business Administration
Stamford University Bangladesh

Acknowledgement

In preparing the report **"An Analysis of Customer Loyalty: A study on Bangladesh Telecommunication Industry.** I do hereby express my deepest thanks and appreciation to **Mr.Naiem Jalal Uddin Ahamed,** who is my honorable supervisor, for giving me valuable time and sincere guidance during the study period, which has inspired me in preparing this report. I pray to almighty Allah for his good health & long life.

Executive Summary

Relationship marketing is a strategy designed to promote customer loyalty, interaction and long-term engagement with customers by providing them with information directly suited to their needs and interests and by promoting open communication. While a vast number of studies have pointed out the keys of relationship marketing practices in consumer markets, little attention has been paid to the value the organization can get from such strategies in the market. The purpose of this research is to produce some evidence of the association between customer relationship marketing strategies which are attraction activities and Loyalty programs (Bonus, Contact, Customer satisfaction, Contact) and the market performance. The proposed hypotheses are tested in the case of telecommunication service firms, where long-term relationship is needed. This research involved collecting data to understand the relationship exists between attraction and loyalty programs (Bonus-Contact-Satisfaction and complaint) with market performance of the companies and the market performance is measured by market position, customer perception about the firm and customer's loyalty. Furthermore, this means that, loyalty and interaction programs are more influential on companies' awareness and penetration in the market (market position). Attraction activities (service quality) has greater impact on customer's perception, however bonus and customer satisfaction are more associated with customers' loyalty also customer satisfaction has greater impact on customers' loyalty than service quality. The study employed a survey as its research design, making the results statistically significant even when analyzing multiple variables. The population of interest comprised individuals who obtain services from the mobile telecommunication companies in Bangladesh. A sample size

of 40 respondents was utilized. With a target sample of 40 respondents, a sample distribution per each company was based on the percentage market share of each company. This study collected primary data from customers using a questionnaire to collect the data. Statistics technique was used to analyze the quantitative data. The study has collected the perceptions of 40 mobile subscribers through self administered survey questionnaire. The result shows that' a significant linear relationship exists between service quality and customer satisfaction. The result also shows that service quality, switching cost, and trust are significant predictors of customer loyalty. Bangladesh is a very lucrative market for mobile telecommunication because of huge customers it has. This opportunity is attracting the foreign giants to enter into this market; as a result the competition is getting intense day by day. To cope with the situation the mobile telecommunication service providers of Bangladesh Telecommunication Industry are seriously considering customer expectations, service quality and other add-on-services. This research demonstrates how the local and international mobile telecommunication service providers are trying their best to bring the services to the satisfactory level for the demanding customers. It also analyses how the MTSPs are customizing their offers as per the necessity of the prospective customers. The service providers are going for segmented marketing and trying to develop focused marketing programs so that they can reach and offer the superior service to the targeted segment. When an MTSP is targeting the young segment another MTSP is targeting the ladies segment. This paper analyses the collected information about the expectations of the customers of mobile telecommunication service and tries to find out the factors affecting selection of an MTSP and subsequently lays out some recommendations to the mobile telecommunication service providers (MTSPs).In the context of service oriented organization, trust is the most significant predictor of customer loyalty. The study found

that, the quality of a service is subjectively perceived by customers during the interactions with a firm and has critical impact on customers' evaluation of service quality. The study also found that effective communication of pricing policies as well as flexible pricing for various services offered play a great role in customer loyalty. The study further concluded that a positive brand image makes it easier for a firm to convey its brand value to consumers and also generates favorable customer loyalty among people. This study recommends that businesses operating in an intensely price based competitive environment, dependent on high economies of scale and with low levels of staff-customer interaction are bound to suffer in their market positions and profitability unless huge investments are made in more relational strategies like building trust, commitment, communication and satisfaction.

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Chapter 1
Introduction

1.1History of Telecommunication Industry in world:

It began with the use of smoke signals and invention of telegraph in 1844 made possible wired communication, telephone enabled voice transmission. The history of telecommunication began with the use of smoke signals and drums in Africa, the Americas and parts of Asia. In the 1790s, the first fixed semaphore systems emerged in Europe; however it was not until the 1830s that electrical telecommunication systems started to appear. This article details the history of telecommunication and the individuals who helped make telecommunication systems what they are today. The history of telecommunication is an important part of the larger history of communication. Early telecommunications included smoke signals and drums. Talking drums were used by natives in Africa, New Guinea and South America, and smoke signals in North America and China. Contrary to what one might think, these systems were often used to do more than merely announce the presence of a camp.

In 1792, a French engineer, Claude Chappe built the first visual telegraphy (or semaphore) system between Lille and Paris. This was followed by a line from Strasbourg to Paris. In 1794, a Swedish engineer, Abraham Edelcrantz built a quite different system from Stockholm to Drottningholm. As opposed to Chappe's system which involved pulleys rotating beams of wood, Edelcrantz's system relied only upon shutters and was therefore faster. However semaphore as a communication system suffered from the need for skilled operators and expensive towers often at intervals of only ten to thirty kilometers (six to nineteen miles). As a result, the last commercial line was abandoned in 1880.Telecommunications began with the successful innovation of Samuel Morse's telegraph system in 1844. For three years, the U.S. Post Office ran the pioneering

Washington to Baltimore line. By that time other private telegraph companies had developed (the first connected New York and Philadelphia) and were rapidly growing. Telegraph expansion paralleled and aided the growth of the America's network of railroads. The latter provided a prepared right of way, while the former offered vital communication links for the often single-track networks that moved people and goods. The first coast-to-coast telegraph line was opened in 1862 (seven years before rail links extended that far) and immediately made money, demonstrating the value of telecommunications over great distances. Western Union, the first telecommunications monopoly, was formed as a regional alliance of several smaller firms in 1856 and rapidly expanded, often following railway lines. Just a year later the six largest telegraph companies developed a cartel, dividing up the country and business among themselves. The Civil War demonstrated the value of telegraph links (the Union was far better equipped than the Confederacy) and drove up rates and company profits. Western Union took over some 15,000 miles of government-built lines at the end of the war and became by far the largest company in the field.

Telegraph systems initially served only land routes, as it was presumed impossible to lay lines underwater. After experiments running insulated telegraph lines under lakes and across rivers, in 1858 an American-led consortium laid the first cable connecting Britain and the United States, which eventually failed in few months. After a failed attempt to lay a cable in 1865, success came in 1866; soon others were added. The Pacific was not crossed until 1902 because of the great distances involved. Availability of global telegraphy rapidly changed the face of business and government affairs. The ability to "instantly" communicate had great positive impact on business and other human aspects of daily life. Success of telegraph industry and rising electrical manufacturing businesses formed the context for the telephone. The electric telephone was invented in the 1870s, based on earlier

work with harmonic (multi-signal) telegraphs. The first commercial telephone services were set up in 1878 and 1879 on both sides of the Atlantic in the cities of New Haven and London. The first telephone switchboard was placed in service in New Haven, Connecticut, in early 1878, and demonstrated its greater efficiency over individual lines between each customer. The first use of telephone numbers and directories of telephone users appeared about the same time. Telephone exchanges (using many switchboards) appeared about two decades later.

Telephone was largely the creation of Alexander Graham Bell, who received his first patent in March 1876. Early development of the telephone was fraught with technical and financial problems. Alexander Graham Bell held the master patent for the telephone that was needed for such services in both countries. The technology grew quickly from this point, with inter-city lines being built and telephone exchanges in every major city of the United States by the mid-1880s.

Restricted by crude technology to providing local service (initial iron wires rarely extended 100 miles), telephone service developed slowly before the Bell patents expired in 1893. Initial Bell business strategy focused on licensing use of its patents and selling equipment to companies building systems in cities and towns, largely to serve business and the wealthy.

By 1904 there were over three million phones in the US, still connected by manual switchboard exchanges. By 1914, the U.S. was the world leader in teledensity and had more than twice the teledensity of Sweden, New Zealand, Switzerland, and Norway. The relative good performance of the U.S. occurred despite competing telephone networks not interconnecting.

For the next half century, the network behind the telephone grew progressively larger and much more efficient, and after the rotary dial was added the instrument itself changed little until touch-tone signaling started replacing the rotary dial in the 1960s.

Despite all these developments, transatlantic voice communication remained impossible for customers until January 7, 1927, when a connection was established using radio. However no cable connection existed until TAT-1 was inaugurated on September 25, 1956 providing 36 telephone circuits. Transcontinental telephone service became possible only around 1915 by use of amplifiers based on Lee De Forest's "Audion" vacuum tube.

Improved technology would begin to change the face of telecommunications after 1945. Paced by wartime needs and spending, Bell Labs and other researchers produced coaxial cable and microwave links that were first used commercially in the years after the war. No longer was it necessary to build an expensive telecommunication network using copper wires. Microwave links required the use of many antenna towers— and a license to use the high-frequency spectrum—but this was less expensive than a traditional wired network. Coaxial cable offered the broadband capacity needed to transmit thousands of telephone calls or full-motion video.

Development of satellite communication was first hinted at in a 1945 article by Arthur C. Clarke in which he postulated a geostationary orbit 22,300 miles high that would keep a satellite above the same part of Earth. Pushed by the cold war missile race, the world's first artificial satellite came just 12 years later as the Soviet Union launched Sputnik into a low Earth orbit in October 1957. Early military satellite communications followed the same low-orbit path until the first commercial geostationary satellites appeared in the 1970s.

The history of mobile phones can be traced back to two-way radios permanently installed in vehicles such as taxicabs, police cruisers, railroad trains, and the like. Later versions such as

the so-called transportable or "bag phones" were equipped with a cigarette lighter plug so that they could also be carried, and thus could be used as either mobile two-way radios or as portable phones by being patched into the telephone network.

Bell Labs developed the notion of "cellular" systems allowing for frequency reuse (and thus far greater capacity) and developed it through the 1970s. On April 3, 1973 Motorola manager Martin Cooper placed a cellular phone call (in front of reporters) to Dr. Joel S. Engel, head of research at AT&T's Bell Labs. This began the era of the handheld cellular mobile phone. Meanwhile the 1956 inauguration of the TAT-1 cable and later international direct dialing were important steps in knitting together the various continental telephone networks into a global network. The FCC approved operation of an analog cellular mobile telephone system in 1982, sparking a new growth sector.

Digital technology first appeared in American telecommunications with AT&T's introduction of its T1 Carrier System in 1962. A T1 line offered far more capacity and a cleaner (less noisy) signal. Soon digital telephone switches appeared, allowing for more flexible network design and operation. But the most sweeping change came with the installation of fiber-optic cables to carry voice, data, and video signals. The huge carrying capacity of fiber—constantly rose with further technical improvements— finally placed telecommunication networks well ahead of projected growth (and planted the seeds for disaster in the early 2000s).

On September 11, 1940, George Stibitz was able to transmit problems using teletype to his Complex Number Calculator in New York and receive the computed results back at Dartmouth College in New Hampshire. This configuration of a centralized computer or mainframe with remote dumb terminals remained popular throughout the 1950s. However it was not until the 1960s that researchers started to investigate packet switching — a

technology that would allow chunks of data to be sent to different computers without first passing through a centralized mainframe. A four-node network emerged on December 5, 1969 between the University of California, Los Angeles, the Stanford Research Institute, the University of Utah and the University of California, Santa Barbara. This network would become ARPANET, which by 1981 would consist of 213 nodes. In June 1973, the first non-US node was added to the network belonging to Norway's NORSAR project. This was shortly followed by a node in London.

Two popular link protocols for local area networks (LANs) also appeared in the 1970s. Internet access became widespread late in the century, using the old telephone and television networks. The Internet, based on government networks dating back to 1969, became a widely used public network in 1995. Development of the World Wide Web and the graphic user interface making it possible opened up a wealth of expanding information resources and growing public acceptance. By the early 2000s, more than half of American households were connected to the Internet, a slowly growing number of them linked by broadband connections. Projections of Internet growth sparked bullish plans for the underlying telecommunication services and manufacturing that made the Web possible. Many of those projections were wide of the reality.Internet Protocol (IP) telephony (also known as 'Internet telephony') is a service based on the Voice over IP communication protocol (VoIP), a disruptive technology that is rapidly gaining ground against traditional telephone network technologies. In Japan and South Korea up to 10% of subscribers switched to this type of telephone service as of January 2005.

IP telephony uses a broadband Internet connection to transmit conversations as data packets. In addition to replacing the traditional Plain Old Telephone Service POTS system,

IP telephony is also competing with mobile phone networks by offering free or lower cost connections via WiFi hotspots.

1.2 History of Telecommunication Industry in Bangladesh:

The liberalization of Bangladesh's telecommunications sector began with small steps in 1989 with the issuance of a license to a private operator for the provision of cellular mobile services to compete with Bangladesh Telegraph and Telephone Board (BTTB), the previous monopoly provider of telecommunications services within Bangladesh. Significant changes in the number of fixed and mobile services deployed in Bangladesh occurred in the late 1990s and the numbers of services in operation have subsequently grown exponentially in the past five years.

The incentives both from government and public sectors have helped the industry grow and it is now one of the biggest industries in Bangladesh. As a populous country, its huge market has attracted many foreign investors. Bangladesh, the then territory of British India got very limited introduction of telecommunication. The Telegraph Act of 1885 was the first legislation on this evolving technology service. It was further enhanced by the wireless Telegraphy Act, 1933.

Bangladesh Telegraph and Telephone Board Ordinance of 1979 created the constitutional body "for the purpose of efficient management, operation and development of telegraphs and telephones in Bangladesh".

The BTTB Ordinance of 1979 was further revised in 1995 and the responsibilities of managing the total telecommunications. BTTB remained as the sole provider of basic telecommunication services. Then came the era of convergence! Telephony broke the barrier of traditional means of just voice conversations. Too many elements got part of the

platform-mobile, PSTN, data, internet, imaging, messaging, media, entertaining, banking, advertising etc.

The liberalization of Bangladesh Telecommunications Sector began with small steps in 1989 with the issuance of a license to a private operator for the provision of inter alia cellular mobile services to complete with the previous monopoly provider of Telecommunications services the Bangladesh Telegraph and Telephone Board (BTTB). Significant changes in the number of fixed & mobile services deployed in Bangladesh occurred in the late 1990 and the numbers of services in operation have subsequently grown exponentially in the past few years. The initiatives both from government and public sector have helped to grow this sector.

Bangladesh Telecommunication Act of 2001 is the outcome of such booming development of technology and service parameters .Bangladesh Telecommunication Regulatory Commission (BTRC) an independent Regulatory Commission established under the Bangladesh Telecommunication Act, 2001, (Act no18 of 2001) published by the parliament in the Bangladesh Gazette extraordinary in new on April 16, 2001. BTRC started his journey from 31st January 2002 to conduct the activities of the said act. With a initiation of its activates, necessary authority, responsibilities and related concern of the ministry of posts and Telecommunications were vested on to BTRC.

According to the Telecommunication act, the Commission is assigned with various responsibilities. Out of those, establishing, operating, regulating, maintaining telecommunication establishments and providing various telecom services in the country are the major ones. Besides, fixing charges on the subscribers, ensuring the services for the subscribers and to ensure people's right are also tasks of BTRC. The social and economic

behavioral patterns of the telecom service providers are also monitored by the BTRC to ensure that the users are not subjected to harassment and not indifferent in nature.

As a statutory organization, the Commission has to maintain its official seal and continuity as provided in Bangladesh Telecommunication Act 2001, Clause 6(9). The law vests the Commission with such responsibilities as procuring and keeping under possession of movable and immovable properties, transferring authority, right to execute agreements and accomplishing other activities within the purview of the telecom law.

Meanwhile, The Telecommunication Act (Corrected) bill has been passed in 2010. According to the bill, approval of the government will be needed to provide telecom services, to route international calls, importing Telecommunication equipments and in transferring the ownership of such equipments. According to the act, If an operator keeps violating even after being fined of taka 300 crore, the said operator would be further fined at the rate of taka 1 crore par day as an administrative fine. In case of individuals, the act has the provision of charging and administrative fine of taka 100 crore and maximum imprisonment for 5 years.

After the amendment of Bangladesh Telecommunication Regulatory Act 2001, issuance of any telecom license would require prior government approval. At the same time, such approval will also be required for transferring ownership of to cancel any license. Earlier, different tariffs, call charge and other charges used to be determined by BTRC, now in such cases, which need prior governmental approval.

The introduction of telecommunication industry has been pretty late in our country compared to that of the neighboring countries. This is very much attributable to the political unrest in early 1990s. Though the first telecom company, Citycell, was introduced ages ago, the device has not become so pervasive until 1997, the year when the biggest

telecom of the country, GrameenPhone (GP) hit the market with its GSM technology. Since then there was no looking back. The industry grew at such an incredible rate in just a decade that anyone could hardly imagine. Now there are a number of players battling so hard for their respective market share and the consumers as well as the economy benefitted tremendously from this fierce competition. The following sections elaborate on almost every aspect of the industry, ranging from how it become so big, what fueled the growth to what are the risks and opportunities that it currently renders for the players. The telecom industry is one of the few technical industries that have intense internal competition. With majority of the telecom companies of the country being multinational subsidiaries, who have vast finances at their disposal, and the Bangladesh market providing a population of roughly (and unofficially) around 200 million many of whom are intent of carrying more than one subscription, competitive price wars are ever present. During the early years, Pacific Bangladesh Telecom Limited (Citycell) dominated the industry due to the absence of competition (Sheba Telecom struggled horribly to gain market share because of poor infrastructure). However, during that period, customers were deprived of benefits as Citycell ran a monopoly market focusing more on profit than on expansion. But with the introduction of GrameenPhone and Aktel, The scenario changed significantly as call rates started to falter, with GrameenPhone racking up market share through its improved area coverage and customer driven products. The later injection of Egyptian company Orascom into Sheba Telecom, which renamed its brand to Banglalink, triggered a price war that created a massive drop on both registration and call rates. In December 2004 Government owned Teletalk BD Ltd. started its journey with the slogan "Desher Taka Deshey Rakhun" ("Keep your Money in your Country"). Teletalk is the first operator in the country that gave BTTB (now BTCL) incoming facility to its subscribers. Warid Telecom International

LLC, an Abu Dhabi based consortium, was the sixth mobile phone carrier to enter the Bangladesh market, and launched commercial operations in May 2007. It has since sold a majority 70% stake in the company to India's Bharti Airtel Limited.

1.3 Companies Engaged in Telecommunication Industry of Bangladesh:

Pacific Bangladesh Telephone Ltd. (Citycell):

Citycell, the 1st mobile telecommunications company of Bangladesh, is the only CDMA network operator of the country. In 1989, Bangladesh Telecom Limited (BTL) got a license to operate in cellular, paging and other wireless communications network. In 1990, a joint venture was taken place between BTL and Hutchison Telecommunications (Bangladesh) Limited which was incorporated as Hutchison Bangladesh Telecom Limited (HBTL). In 1993, HBTL started its commercial operation in Dhaka. It was the first cellular operator in South Asia. In the last part of that year Pacific motors bought 50 % of BTL and as a result by 1996 HBTL was renamed as Pacific Bangladesh Telecom Limited (PBTL) which started business using the brand name `Citycell Digital` for marketing of their products.

Telenor Bangladesh Ltd. (Grameenphone):

Grameenphone, popularly known as GP, got its cellular mobile license in 1997. It is the largest mobile phone operator in the country. It is the joint venture of Telenor (a Norwegian multinational telecommunications company having 55.8 % share) and Grameen Telecom Corporation− a sister concern of Grameen Bank having 34.2 % share)

Banglalink Digital Communications Limited (Banglalink):

It is the 2nd largest mobile phone operator in Bangladesh. The original company was Sheba Telecom (Pvt.) limited which initially got license to operate only in the rural areas of 199 upazillas. In 1997 it got GSM license and allowed to operate all over the country. It could start giving its full fledged service in the last part of 1997 as a Bangladesh-Malaysia joint

venture Company using the brand name Sheba. Orascom Telecom Holdings (an Egyptian company) purchased 100 % shares of Sheba Telecom (Pvt.) Limited in September, 2004. After that in February, 2005 the company re-branded the service as Banglalink. Now banglalink digital communications limited is fully owned by telecom ventures ltd.

Robi Axiata Limited (Robi):

It was founded in 1997 and popularly known as Aktel. It is a joint venture between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, Japan. On 28 March 2010, it was rebranded as „Robi‟, a Bengali word which means „sun‟ and from then the company is known as Robi Axiata Limited

Airtel Bangladesh Ltd. (Airtel):

Formerly this operator was known as Warid Telecom (sister concern of Warid Telecom International LLC, an Abu Dhabi based consortium) that started its journey in December 2005, however in 2010 when Bharati Airtel bought its major shares (70%) the name was converted into Airtel

Teletalk Bangladesh Ltd. (Teletalk):

It is a Public Limited Company of Bangladesh Government. It was incorporated as GSM based state owned company in 26 December 2004. It is the introducer of 3G mobile phone service in Bangladesh.

The telecommunication industry in Bangladesh is experiencing an uprising market where operators are competing with all their weapons like unique services and facilities for customers to ensure a secured leading position. The market for telecommunication is predicted to be highly competitive with new multinational cellular services companies entering the Bangladeshi market. It seems that children below 14 years are not considered as prospect of mobile phone operators. According to the information provided by BTRC,

the total subscribers of mobile telecommunication as on April, 2014 is 115.627 million. All these figures indicate that maximum prospects have already been converted into actual consumers of mobile telecommunication service. So it is obvious that the industry has almost reached its mature stage. And the companies in the field are facing a tough fight while expanding resulting in their offering various Value Added Services (VAS) to attract the customers.

Chapter 2
Research Methodologies

2.1 Research Objective

2.1.1 Broad Objective

The broad objective of the study was to analyze the relationship between customer relationship marketing and customer loyalty in the mobile telecommunication industry in Bangladesh.

2.1.2 Specific Objectives

- To determine the Customer Relationship marketing practices in the mobile telecommunication industry in Bangladesh.

- To determine the level of loyalty programs in the mobile telecommunication industry in Bangladesh.

- To examine the relationship between Customer Relationship marketing and customer loyalty in the mobile telecommunication industry in Bangladesh.

2.2 Value of the Study

The study focuses on the topic of customer relationship marketing and customer loyalty, in this regard. Customer Relationship marketing (CRM) has become a strategic imperative for all companies as its effective implementation can increase customer satisfaction, loyalty and retention and so, overall sales and repeat purchases.

Further, adopting CRM would be the platform for building a good partnership with customers which consequently leads to services development and improvement. Moreover, other public sector enterprises could benefit from the study as this study would highlight the importance of building a good relation with customers which could result in performance improvements and better decision making process.

2.3 Data Collection

This study collected primary data. For primary data, the researcher collected first hand information from customers. The study utilized a questionnaire to collect the data. The preference for a questionnaire is based on the fact that respondents are able to complete it without help, anonymously, and it is cheaper and quicker than other methods while reaching out to larger sample. The questionnaire was divided into 5 sections. Section A Background information; section B entailed questions on customer relationship marketing practices; Section C entailed questions on Customer loyalty in mobile telecommunication while Section D sought Relationship Marketing and Customer Loyalty. Section E inquired general views. The questionnaires were administered to the respondents to be filled.In addition an explanation was provided to the customers who may not understand the marketing concepts in order to ensure their understanding.

Some secondary data was collected from companies' website, different magazines, newspaper, internet etc.

2.4 Data Analysis

Before processing the responses, the completed questionnaires were sorted, checked and edited for completeness and consistency. The data was then coded to enable the responses to be grouped into various categories. Statistics technique was used to analyze the data. Coding was done, analyzed and the output interpreted in frequencies, percentages, mean scores and standard deviation. This was enhanced by an explanation and interpretation of the data.

2.5 Limitations of the study

The following limitations have been identified;

First, Due to time frame, most of the respondents did not respond.

Secondly, Convincing customers to answer the questionnaires was rather challenging as some of them claim they are busy and therefore do not have time. Besides, some people could not respond to all the items on the questionnaire which makes them invalid and therefore have to exclude from the data.

**Chapter *3*
Literature Review**

3.1 Theoretical Foundation

A theoretical basis that explains the relationship between customer loyalty and service quality, customer satisfaction and value was drawn from the social exchange theory. The theory attempts to explain the nature of the relationships between service quality, perceived value, satisfaction and loyalty. The theoretical model adopted for this study was derived from the social exchange theory (Homans, 1958), which posits that all human relationships are formed by the use of cost-benefit analysis and comparisons of alternatives. Homans suggested that when an individual perceives the cost of a relationship outweighs the perceived benefits, then the person will choose to leave the relationship. The theory further states that persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. The social exchange relationships between two parties develop through a series of mutual exchanges that yield a pattern of reciprocal obligations to each party. Social exchange theory indicates that individuals are willing to maintain relationships because of the expectation that to do so will be rewarding. Individuals voluntarily sacrifice their self- benefits and contribute these benefits to other individuals with the expectation for more future gains. Thibaut and Kelly (1959) propose that whether an individual retains a relationship with another one depends on the comparison of current relationship, past experience and potential alternatives. The constant comparison of social and economic outcomes between a series of interactions with current partners and available alternatives determines the degree of an individual's commitment to the current relationship.

The theory is appropriate for this study because service encounters can be viewed as social exchanges with the interaction between service provider and customer being a crucial component of satisfaction and providing a strong reason for continuing a relationship

(Barnes, 2007). Social exchange theory attempts to account for the development, growth and even dissolution of social as well as business relationships. In other words, people (or business firms) evaluate their reward – cost ratio when deciding whether or not to maintain a relationship. Rewards and costs have been defined in terms of interpersonal (e.g. liking, familiarity, influence), personal (gratification linked to self esteem, ego, personality) and situational factors (aspects of the psychological environment such as a relationship formed to accomplish some task). In a services context, considering the level of interpersonal contact needed to produce services, there is a range of psychological, relational and financial considerations that might act as a disincentive for a hypothetic change of service providers.

3.2 Relationship Marketing

During the last decade of the 20th century, relationship marketing has been seen as the mainstream of thought in planning a marketing strategy both in industrial marketing and consumer marketing. According to Morgan and Hunt (1994), relationship marketing is defined as all the marketing activities that are designed to establishing, developing, and maintaining successful relational relationship with customers. Hougaard and Bjerre (2009,) also defined relationship marketing as "company behavior with the purpose of establishing, maintaining and developing competitive and profitable customer relationship to the benefit of both parties". Wulf et al. (2008) suggested that different levels of relationship duration would result in different levels of consumption experience, producing different results, satisfaction and loyalty with different relationship marketing tactics. Compared with traditional marketing, relationship marketing is more concerned about building customer relationships in order to achieve long-term mutual benefits for all parties involved in the exchanges. Relationship marketing essentially means developing customers as partners, where the approach is different from traditional transaction.

Another view of RM is that it deals with the analysis, planning, realization and control of measures that initiate, stabilize, intensify and reactivate business relationships with the corporation's stakeholders (mainly customers) and the creation of mutual value (Bruhn,2003). In other words, RM is about mutually beneficial relationships between customers and service providers. In the exchange process, its economic nature is manifested in goods, services, delivery systems, financial solutions, material administration and the transfer of information (Gilbert and Choi, 2003).Gummerson (1994) explains that the building of relationships is the key to reaching and maintaining a successful market share. Gummerson defines the benefits as retention whereby learning relevant information about the customers such as; names, habits, preferences and expectations one-on-one relations can be formed and customers can be kept coming back continuously; maybe even become friends. Also through the use of IT a feeling of intimacy can be created with the customer as no matter whom they come in contact with, they "know" them. The major benefit being that once the relationship has taken form increased profits can be attained by both parties adapting better to each other. Zeng, Weng & Yen (2003) describe the characteristics of well working CRM as: increased customer satisfaction. Through the use of smart I.T. CRM can provide instant service responses based on customer inputs and requirements. Also by automatically analyzing the customer's purchases & previous history, trends and estimations of future buying behavior can be made.Since the final purpose of relationship marketing is to gain the maximal value of a customer, customer loyalty should be emphasized to achieve this goal. The benefits of relationship marketing derive from the continuing patronage of loyal customers who as a partnership are not sensitive to price cut over time (Bowen and Shoemaker, 2003). Interdependence, mutual cooperation and commitment between supplier and customer tend to be essential in relationship marketing,

as such whole relationship is viewed as the key to competitive advantage (Hougaard and Bjerre, 2009).

3.3 Relationship Marketing Practices

There have been various ways for marketers to implement relationship marketing practices, which are expected to have impact on customer retention and loyalty. Bansal, Taylor and James (2005) suggested that relationship marketing practices can be executed through service quality, price perception, value offered, alternative attractiveness, and so on. Tseng (2007) discussed that tactics as direct mail, tangible rewards, interpersonal communication, preferential treatment and membership which could enhance long-term relationship and increase relationship satisfaction, trust and commitment. Peng and Wang (2006) also examined the application of relationship tactics in service quality, reputation (brand), price perception, value offers.

Service is different from physical products. Compared with physical products, Service is thought to be intangible, heterogeneous, produced and consumed simultaneously, unable to be kept in stock, etc. A widely accepted definition of *service* is proposed by Grönroos as: "A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems" (Grönroos, 2004, p.46).High service quality is regarded as a key to succeed in competitive service markets. Many researchers have showed that service quality perceived by customers will directly influence customers' satisfaction, as well as their trust in the service firm (Aydin andÖzer, 2005; Ismail et al., 2006; etc.) Customers might be satisfied when a firm provides better services than their pre-purchase expectations.

Price is the monetary cost for a customer to buy products or services. It is the critical determinant that influences customer buying decision. Customers usually select their service providers strongly relying on perceived price. How much consumers are willing to pay differs due to their different needs and wants. Thus, the price perceptions to the same service products may differ among individuals. Higher pricing perceived by consumers might negatively influence their purchase probabilities (Peng and Wang, 2006). Many researchers have pointed out that price perception influences customer satisfaction and trust (Peng and Wang, 2006; Cheng et al., 2008; Kim et al., 2008). Customer often switches mainly due to some pricing issues, e.g. high price perceived, unfair or deceptive pricing practices (Peng and Wang, 2006). Therefore, in order to increase customer satisfaction, it is essential for service firms to actively manage their customers' price perceptions, e.g. carrying out attractive pricing, offering reasonable prices mix, lower prices without decreasing quality, etc.

Brand concept has been frequently discussed in marketing literatures. Brand building is not only an important driving force for marketing physical products, it is also a vital issue for service firms. Brand image was defined by Keller (1993) as the "perceptions about a brand as reflected by the brand associations held in consumers' memory." It is thought as the perception or mental picture of a brand formed and held in customers' mind, through customers' response, whether rational or emotional (Dobni and Zinkhan, 1990). The concept of relationship marketing within services displays the importance of one-to-one relationships between businesses and customers as well as relationships between consumers and the brands (O'Loughlin, Szmigin, and Turnbull, 2004). The development of a brand relationship with customers is based on a series of brand contacts experienced by customers (Grönroos, 2004).

Customers will judge the value of consumption after contrasting benefits gained from products and services with their costs (Zeithaml, 2008). Service firms provide superior value through enhanced offers which can improve customer satisfaction by increasing the customer's perceived benefits and reducing the sacrifice so that customer retention is improved. It is clear that companies which execute certain value-adding strategies can increase customer's perceived benefits and reducing customer's perceived sacrifices, which in turn stimulate customer repurchasing activities and remain in the same service provider. In a long-term relationship, customer perceived value offered is related to both episodes and expectations (Grönroos , 2004).

In mobile telecommunication sector, it is essential for operators to offer something valuable to customers in service interaction process, such as reward, refund activities and promotional offers, in order to gain customer satisfaction and trust, which consequently enhance customer loyalty.

3.4 Customer Loyalty

Loyalty is defined as a deeply held commitment to re-buy and re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behaviour (Kumar et al, 2006). On the same note Shoemaker and Lewis (1999) argues that loyalty occurs when the customer feels that the firm and its products and services can best meet his/her relevant needs that competitors are virtually excluded from the consideration set. According to Novo loyalty to a customer is the tendency to choose one business or a product over another.

The concept of customer loyalty often used in the literature incorporates behavioral and attitudinal measures. Loyalty is also defined as building and sustaining a trusted relationship with customers that leads to the customers' repeated purchases of products or

services over a given period of time (Lau and Lee, 1999). Customer loyalty, in general, increases profit and growth to the extent that increasing the percentage of loyal customers by as little as 5% can increase profitability by as much as 30% to 85%, depending upon the industry involved (Ganesh et al, 2000). Loyal customers are typically willing to pay a higher price and more understand when something goes wrong.

Approaches to study of customer loyalty fall into three broad categories namely; Behavioral approach which examines the customers continuity of past purchases, then measures customer loyalty by rate of purchase, frequency of purchase and possibility of purchase. Secondly, Attitudinal approach, which infers customer loyalty from psychological involvement, favoritism and a sense of good will towards a particular product or service and thirdly, integrated approach, which takes account of both the two approaches in order to create its own concept of brand loyalty (Lau and Lee, 1999). One can conclusively say that for brand loyalty to exist consumers exhibit certain behavior towards the brand. This behavior reflects some degree of attachment to the brand, repeat purchase, possible attitude towards the brand and some level of commitment towards the brand.Customer loyalty is the most important goal of implementing relationship marketing activities. Oliver (2007, p.392) defined customer loyalty as a "deeply held commitment to rebury or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" .Customers are the driving force for profitable growth and customer loyalty can lead to profitability (Hayes, 2008). For a customer, loyalty is a positive attitude and behavior related to the level of re-purchasing commitment to a brand in the future (Chu, 2009). Loyal customers are less likely to switch to a competitor solely because of price, and they even make more purchases than non-loyal

customers (Bowen and Shoemaker, 2003). Loyal customers are also considered to be the most important assets of a company (Blackton, 1995). It is thus essential for vendors to keep loyal customers who will contribute long-term profit to the business organizations (Tseng, 2007). Attempt to make existing customers increase their purchases is one way to strengthen the financial growth of a company (Hayes, 2008).

There are evidences suggesting that stronger relationship commitment leads to buyers' repeat patronage, the construct of behavioral loyalty as a composite measure based on a consumer's purchasing frequency and amount spent at a retailer compared with the amount spent at other retailers from whom the consumer significant relationships between the level of a buyer's relationship commitment and his acquiescence, propensity to leave, and cooperation, all of which can be regarded as behavioral outcomes of relationships.

3.5 Measurement of customer loyalty

Three groups of studies reflect both the major approaches to defining and/or measuring customer loyalty and the limitation of these approaches. These three groups are: (1) loyalty as repeat purchase behavior (e.g., Liljander and Strandvik, 1993), (2) a composite approach of repeat patronage combine with an attitudinal component (e.g, Dick and Basu, 1994), and (3) a psychological state of loyalty (e.g, Czepiel, 1990a). The first approach is to treat loyalty as either actual purchase behavior or repeat purchase intentions. This approach has long been criticized for leading to spurious loyalty (Day, 1969) while the composite approach lacks theory (Jacoby and Chestnut, 1978). Customers may be loyal due to high switching barriers or lack of real alternatives. Customers may also be loyal because they are satisfied and thus want to continue the relationship. History has proven that most barriers to exit are limited with regard to durability; companies tend to consider customer satisfaction the only viable strategy in

order to keep existing customers. Several authors have found a positive correlation between customer satisfaction and loyalty Customer loyalty is a buyer's overall attachment or deep commitment to a product, service, brand, or organization (Oliver, 1999). Customer loyalty fall into two broad categories: the behavior and the attitude. As a behavior, customer loyalty has been measured as the long-term choice probability for a brand, including hard-core loyalty, repeat purchase probability. Attitudinal approaches focused mainly on brand recommendations, resistance to superior products, repurchase intention, and willingness to pay a price premium. Oliver, (1999) defines loyalty as a deeply held commitment to re-buy product/service consistently in the future, thereby causing repetitive same brand or same-brand set purchasing. The customer attitude toward a service or product (brand) including attitudinal preference and commitment has a greater impact on forming loyalty cite quality in a relationship as a necessary element in defining loyalty.

3.6 Relationship marketing and customer loyalty

The ultimate goal of RM is to bolster already strong relationships and convert indifferent customers into loyal ones .It is considered an effective strategy, not only for promoting loyalty and retaining customers, but is also crucial in moving target customers up the ladder of loyalty (Payne et al., 1995). RM brings stability and decreased uncertainty to the company by acting as a barrier to competitor entry and by keeping a stable and solid base of customers Relationship marketing orientation measures the extent to which a company engages in developing a long term relationship with its customers. Relationship marketing orientation is a multi-dimensional constructs consisting of five behavioral components: Trust; Commitment; Communications; Bonding, and Satisfaction. Trust, which exists when one party has confidence in an exchange partner's reliability and integrity," is a central

component in all relational exchanges. As Moorman (2005) argues, trust is important because it provides a basis for future collaborations. While service providers would like to work with a service provider whom they can trust, trust is not really the most important factor in shaping consumers loyalty. What consumers really want is value, which they define as the optimal combination of time, effort and cost savings given the benefits obtained

Customers will be loyal to the mobile telecom companies if they trust that service providers will meet their needs and provide what they promise. Customers are likely to switch from one service provider to another in search for trustworthiness. Earlier researchers like (Berry 2010) actually stress that in Telecom services, trust is the basis for loyalty, and that the biggest cause of failure to retain customers and make them loyal is the lack of trust. If customers trust a company and share personal information, they will trust it to make recommendations about other products and services to their friends. Therefore; trust is inversely related to self orientation (Buttle, 2004). Liu Yu (2008) defined commitment as the desire to continue a relationship along with the willingness to work towards that continuance, and the expectation that the relationship will continue. Relationship commitment is a key aspect in building and maintaining business relationships (Morgan and Hunt, 1994; Ellis et al., 1993). If a firm is committed to a relationship with its customers, the customers are also likely to be committed to maintaining the relationship with that organization, thereby becoming loyal to it. Thus, customer loyalty can be explained to some degree by the extent to which the customers of a firm are committed to maintaining their relationship with that firm .Relationship commitment is also an important component of relational exchanges. Research suggests that relationship commitment is at the core of all successful working relationships and that it is an essential ingredient in

successful long-term relationships, including supplier–buyer relationships. In marketing-practice and research it is agreed that mutual commitment among partners in business relationships produces significant benefits for companies .Commitment is important to the study of relationships because it not only signals enduring stability at the conceptual level, but also serves as a reliable surrogate measure of long-term relationships at the operational and empirical level. Several relationship marketing studies have highlighted the importance of information exchanges in business relationships. The depth or value of communication is likely to influence the customers' perceptions of the firm and the relationships they build with this firm, which will subsequently determine the extent of loyalty of the customers. Different methods of communicating have been used to develop customer satisfaction and loyalty. These include; Word of mouth, on phone, in writing, by email and through the internet (Woods 2008). Further, noted that communication among boundary-spanning personnel produces a shared interpretation of expectations and goals, and a common understanding of the processes and responsibilities necessary to achieve those goals. Communication comprises a combination of relationship building communication attributes. These include communication frequency, bi-directionality, formality, and influence activities.

Reciprocity is positioned as an important interpersonal norm of stable marketing relationships given recent findings that relationships develop most strongly at the individual level. It is suggested that reciprocity leads to personal well-being; thus providing an additional motivation, over and above economic incentives, to develop and maintain relationships Scholars have indicated reciprocity as a pertinent component of relationship marketing. They perceive reciprocity as a basis for the interference between exchange transactions and marketing activities.. An organization that reciprocates to its customers is

also likely to make them loyal. Another relationship mediator, relationship satisfaction, is a customer's affective or emotional state toward a relationship. Relationship satisfaction reflects exclusively the customer's satisfaction with the relationship and differs from the customer's satisfaction with the overall exchange (McDonald et al., 2002.) The focal point of marketing revolves around satisfying customer needs in a dynamic environment. Previous research indicates that relationship marketing offers retailers a means to make their customers satisfied (Bowen, 2003). Others perceive customer satisfaction as primarily an outcome of the interactive relationship between the service provider and the customer. Where there is a network of mutual benefits as a result of long term relationships with its customers, a firm can add perceived value to its offerings, thereby satisfying customers' .Value adding programmes include loyalty schemes, customer clubs and sales promotions.

Chapter 4
Data Analysis and Findings

4.1 Introduction

This chapter presents the findings and their interpretation based on the main objective of the study which was, to establish the relationship between customer relationship marketing and customer loyalty in the mobile telecommunication industry in Bangladesh. The findings are presented using frequency table.

4.2 Response Rate

This study targeted 40 respondents; questionnaires were distributed to all targeted respondents. The findings are illustrated below:

4.2.1 Gender of the respondents

The study sought to establish the gender of the respondents; the results are as depicted in table 4.1 below.

Table 4.1: Gender of the respondents

Gender	Frequency	Percentage
Male	20	50%
Female	20	50%
Total	40	100%

4.2.2 Period of dealing with Network

The study went further to establish the period of time the respondents had been dealing with the stated networks.

Table 4.2: Period of dealing with Network

Period of time	Percentage
Less than 1 year	10%
1-5 years	25%
6-10 years	58%
Over10 years	7%
Total	100%

The results in the table above indicate that majority, 58% of the respondents had been with their networks for a period of between 6-10 years. Those who had been with their networks for a period of 1-5 years came in next at 25%. 10% had been with their networks for a period of less than 1 year while 7% said they had been with their networks for more than 10 years. This indicates that the customers have been dealing with this networks for a long period.

4.3 Customer Relationship marketing practices

The study sought to determine the extent of relationship marketing undertaken by the telecommunication companies. The findings are elaborated below.

4.3.1 Service quality statements

In a service context, there is almost a relationship between customer and service provider; such relationship can be used as a basis for marketing. In order to retain loyal customers who will bring long-term profit to the firm, the key issue for service provider is to make use

of this relationship in the way it manages customers by offering what customers' need and want. The respondents were asked to describe the extent they agreed with the following service quality statements in relation to Customer Relationship marketing practices in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and summarized in table 4.3. The results in the table above indicate that majority, 58% of the respondents had been with their networks for a period of between 6-10 years. Those who had been with their networks for a period of 1-5 years came in next at 25%. 10% had been with their networks for a period of less than 1 year while 7% said they had been with their networks for more than 10 years. This indicates that the customers have been dealing with the networks for a long period.

Table 4.3: Service quality

Service quality statements	Mean	Std Dev
The company offers personalized services to meet customers' needs	3.64	0.147
The company follows up in a timely manner to customer requests	3.99	0.214
The frontline employees of this operator are always willing to help customers	4.02	0.168
The company is consistent in providing good quality service	4.21	0.354
The response to consumers' complaints are always taken quickly	4.25	0.257
The company provides timely information when there are new services	4.36	0.412

According to the study findings, the respondents strongly agreed that; the company provides timely information when there are new services with a mean score of 4.36, the response to consumers' complaints are always taken quickly with a mean score of 4.25 and the company is consistent in providing good quality service with a mean score of 4.21. The respondents also agreed that the frontline employees of this operator are always willing to

help customers as depicted by a mean score of 4.02, they agreed as well that the company follows up in a timely manner to customer requests as indicated by a mean score of 3.99 and that the company offers personalized services to meet customers' needs as shown by a mean score of 3.64. The findings confirm the literature that, improvements in service quality may be beneficial to a firm as it helps to promote customer satisfaction, which eventually lead to customer loyalty. The quality of a service is subjectively perceived by customers during the interactions with a firm. What is perceived by customers in the interaction process will obviously have critical impact on customers' evaluation of service quality.

4.3.2 Price related customer relationship practices

Price is the monetary cost for a customer to buy products or services. It is the critical determinant that influences customer buying decision. Customers usually select their service providers strongly relying on perceived price. The respondents were asked to describe the extent they agreed with price related Customer Relationship practices in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and presented in table 4.4.

Table 4.4: Price related customer relationship practices

Price related customer relationship practices	Mean	Std
The company took effective ways to help us know its pricing policies of products and services	3.56	0.268
The pricing policies of products and services from the company are attractive to customers	3.87	0.128
The calling rate/ internet rates offered by the company is reasonable	4.12	0.369
The company is offering flexible pricing for various services that meet customers' needs	4.28	0.148

The findings indicate that the respondents agreed that; the company is offering flexible pricing for various services that meet customers' needs with a mean score of 4.28, the calling rate/ internet rates offered by the company is reasonable with a mean score of 4.12, the pricing policies of products and services from the company are attractive

customers with a mean score of 3.87, and the company took effective ways to help them know its pricing policies of products and services with a mean scores of 3.56. This implies that effective communication of pricing policies as well as flexible pricing for various services offered play a great role in customer loyalty. Customers often switch mainly due to some pricing issues, example, perceived high prices, unfair or deceptive pricing practices; therefore, in order to increase customer loyalty, it is essential for service firms to actively manage their customers' price perceptions. From the findings, low values of standard deviation indicated a consensus on statements regarding price related customer relationship practices.

4.3.3 Brand Image

Brand building is not only an important driving force for marketing physical products, it is also a vital issue for service firms. The respondents were asked to describe the extent they agreed with the following brand image statements in relation to Customer Relationship marketing practices in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and summarized.

Table 4.5: Brand Image

Brand Image Statements	Mean	Std
Customers have a good feeling about the company's social responsibility	4.18	0.146
The company delivered a good brand image to its customers	4.36	0.127
The customers consider that this company's reputation highly	4.42	0.125

With regard to brand image, the respondents strongly agreed that brand image was a crucial determinant in attracting and retaining customers as most said they would want to be associated with a company whose brand image is good. This was indicated by a mean score of 4.36 for the company delivered a good brand image to its customers statement, the customers consider that this company's reputation highly had a mean score of 4.42 while customers have a good feeling about the company's social responsibility had a mean score of 4.18. This implies that a positive brand image makes it easier for a firm to convey its brand value to consumers and also generates favorable word of mouth among people.

4.3.4 Value related to customer retention practices

Value offers to a customer means adding something to the core product that the customer perceives important, the respondents were asked to describe the extent they agreed with the following value offers statements in relation to Customer Relationship marketing practices in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and summarized.

Table 4.6: Value Offers

Value Offers statements	Mean	Std
It is highly likely that customers achieve the proposed reward from the company.	3.32	0.149
The proposed rewards from the company are what customers needs.	3.96	0.125
The promotional offers from the company are worth client's money	4.01	0.359
It is easy for customers to get benefits from the promotional offers	4.23	0.298

The findings demonstrate that, the respondents were of the opinion that; it is easy for customers to get benefits from the promotional offers as indicated by a mean score of 4.23, the promotional offers from the company are worth client's money with a mean score of 4.01, the proposed rewards from the company are what customers needs with a mean score of 3.96. However the respondents were pessimistic about; it is highly likely that customers achieve the proposed reward from the company as indicated by a mean score of 3.32. This implies that companies should concern about customer's value.

4.4 Customer loyalty in mobile telecommunication industry in Bangladesh

Customer loyalty is the most important goal of implementing relationship marketing activities. Organization's financial growth is dependent on a company's ability to retain existing customers at a faster rate than it acquires new ones. Managers should understand that the road to growth runs through customers not only attracting new customers, but also holding on existing customers, motivating them to spend more and getting them to recommend products and services to the other people. The study therefore sought to establish the extent to which the respondents agreed with the following customer loyalty statements in relation mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and summarized in next page.

Table 4.7: Customer loyalty in mobile telecommunication industry in Bangladesh

Customer loyalty	Mean	Std Dev
This service provider stimulates me to buy repeatedly	3.79	0.234
Even if another operator' price is lower, I will go on using this provider	3.87	0.254
If I want to change a new mobile telecom service, I am willing to continue selecting this operator	3.96	0.125
I am willing to say positive things about this operator to other people	3.99	0.128
I really care about the fate of this telecom service provider	4.03	0.421
I have bought from this service provider for a number of years because they offer satisfactory services	4.08	0.254
I intend to continue using mobile services from this operator for a long time.	4.13	0.564
I will encourage friends and relatives to use the services offered by this operator.	4.23	0.113
To me, this operator clearly is able to provide the best service	4.29	0.118
I get the services from this service provider on a regular basis	4.31	0.111

The findings illustrate that the respondents strongly agreed that; they get the services from this service provider on a regular basis with a mean score of 4.31, the operator clearly is able to provide the best service to them with a mean score of 4.29, they will encourage friends and relatives to use the services offered by the operator with a mean score of 4.23, they intend to continue using mobile services from this operator for a long time depicted by a mean score of 4.13, they have bought from the service provider for a number of years because they offer satisfactory services indicated by a mean score of 4.08, they really care about the fate of the telecom service provider as indicated by mean scores of 4.03. The respondents further agreed that; they were willing to say positive things about the operator

to other people shown by a mean score of 3.99, if they want to change a new mobile telecom service they would be willing to continue selecting the operator with a mean score of 3.96, even if another operator' price is lower they would go on using the provider by a mean score of 3.87, and the service provider stimulates them to buy repeatedly as depicted by mean a score of 3.79. The findings therefore point to very high levels of customer loyalty in mobile telecommunication industry in Bangladesh.

4.5 Relationship Marketing and Customer Loyalty

Relationship marketing involves an understanding of customers' needs and wants through their lifecycle and providing a range of products or services accordingly.

4.5.1 Trust and customer loyalty

In Telecom services, trust is the basis for loyalty, and the biggest cause of failure to retain customers and make them loyal is the lack of trust. If customers trust a company and share personal information, they will trust it to make recommendations about other products and services to their friends. The respondents were asked to describe their level of agreement with the following trust statements in relation to Relationship Marketing and Customer Loyalty in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and summarized. Mean scores and standard deviation were computed for each statement and summarized

Table 4.8: Trust and customer loyalty

Trust and customer loyalty	Mean	Std Dev
The company staffs are prepared to be asked questions of what is not being done right	3.86	0.365
The company staffs in the company treat customers fairly.	3.98	0.248
The company staffs respond to customers in constructive and caring manner	4.18	0.268
The company is consistent in providing quality service.	4.20	0.154
Customers trust the company and its staff	4.21	0.136
The staff of the company is quite knowledgeable about their products/Services	4.34	0.165
The company staffs are friendly and approachable	4.41	0.178

The findings demonstrate that the respondents agree that; the company staffs are friendly and approachable with a mean score of 4.41, the staff of the company is quite knowledgeable about their products/Services with a mean score of 4.34, customers trust the company and its staff with a mean score of 4.21, the company is consistent in providing quality service with a mean score of 4.20, the company staffs respond to customers in constructive and caring manner with a mean score of 4.18, the company staffs in the company treat customers fairly with a mean score of 3.98 and the company staffs are prepared to be asked questions of what is not being done right with a mean score of 3.86. This confirms that the level of relationship marketing strategies in customer service operation will determine how loyal your customer will be. Low values of standard deviation indicated a consensus on statements regarding Trust and customer loyalty.

4.5.2 Commitment and customer loyalty

The respondents were asked to describe their level of agreement with the following commitment statements in relation to Relationship Marketing and Customer Loyalty in

mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and summarized.

Table 4.9: Commitment and customer loyalty

Commitment and customer loyalty	Mean	Std
The staff of the company believes in betterment of their customers	3.75	0.146
The company makes adjustments to meet customers' needs	3.86	0.254
Staff in this company strongly value customers and processes that create useful change	3.94	0.365
Problem solving by the company staff is excellent/adequate	4.01	0.136
The staff of this company have commitment towards customers' needs	4.18	0.129
The company staff are always willing to help the customers	4.21	0.115

According to the findings, the respondents agreed that; the company staff are always willing to help the customers with a mean score of 4.21, the staff of the company have commitment towards customers' needs with a mean score of 4.18, problem solving by the company staff is excellent/adequate with a mean score of 4.01, staff in the company strongly value customers and processes that create useful change with a mean score of 3.94, the company makes adjustments to meet customers' needs with a mean score of 3.86 and the staff of the company believes in betterment of their customers with a mean score of 3.75. This implies that a company will prevent its customers from switching to competitors'

market offering if it implements good relationship marketing strategies in its customer service operation

4.5.3 Communication and customer loyalty

The depth or value of communication is likely to influence the customers' perceptions of the firm and the relationships they build with this firm, which will subsequently determine the extent of loyalty of the customers. A number of firms are increasingly encouraging their customers by communicating with them and receiving feedback as a means of maintaining regular contact and encouraging dialogue. The respondents were asked to describe their level of agreement with the following communication statements in relation to Relationship Marketing and Customer Loyalty in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation are given on next page for each statement and illustrated in table 4.10.

Table 4.10: Communication and customer loyalty

Communication and customer loyalty	Mean	Std
The customers show discontent towards the staff in the company through communication	3.74	0.162
The staff in the company frequently communicates to customers	3.96	0.365
The customers freely express opinions to the staff of the company	4.02	0.269
When there is a change in the policy, or any other relevant issue, the staff in the company communicates to customers in time	4.17	0.215

As per the findings, the respondents agreed that; when there is a change in the policy or any other relevant issue, the staff in the company communicates to customers in time with a mean score of 4.17, the customers freely express opinions to the staff of the company

with a mean score of 4.02, the staff in the company frequently communicates to customers with a mean score of 3.9 and the customers show discontent towards the staff in the company through communication with a mean score of 3.74. This demonstrates that communication can be helpful not only to retain, improve and establish a relation to in higher levels but also to beget amicable and warm forms from it. Therefore, the effectiveness of communication between the service provider and the consumer is very essential.

4.5.4 Reciprocity and customer loyalty

Reciprocity is positioned as an important interpersonal norm of stable marketing relationships given recent findings that relationships develop most strongly at the individual level. It is suggested that reciprocity leads to personal well-being; thus providing an additional motivation, over and above economic incentives, to develop and maintain relationships. The respondents were asked to describe their level of agreement with the following reciprocity statements in relation to Relationship Marketing and Customer Loyalty in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and the findings discussed below.

Table 4.11: Reciprocity and customer loyalty

Reciprocity and customer loyalty	Mean	Std
When customers give assistance to the company during times of difficulty, the staffs often returns their kindness	3.75	0.25
The staff in the company keep their promises to their customers	3.82	0.41
The company often gives a good turn to their customers	3.86	0.38

With regard to the level of agreement with the reciprocity and customer loyalty statements, the respondents agreed that; the company often gives a good turn to their customers with a mean score of 3.86, the staff in the company keep their promises to their customers with a mean score of 3.82, and when customers give assistance to the company during times of difficulty, the staffs often returns their kindness with a mean score of 3.75. This points out that a gift given to customers will result into customers returning the gift in form of loyalty to the organization. An organization that reciprocates to its customers is also likely to make them loyal.

4.5.5 Satisfaction and customer loyalty

The focal point of marketing revolves around satisfying customer needs in a dynamic environment. The respondents were asked to describe their level of agreement with the following satisfaction statements in relation to Relationship Marketing and Customer Loyalty in mobile telecommunication industry in Bangladesh. Mean scores and standard deviation were computed for each statement and the findings presented in the table below.

Table 4.12: Satisfaction and customer loyalty

Satisfaction and customer loyalty	Mean	Std
The company employees make sure that problems do not rise in business relationship	3.87	0.274
The company consistently meets customers' expectations	3.95	0.213
The company emphasizes customer satisfaction as opposed to rules and procedures	4.03	0.354
Customers are satisfied with the products/services from the company	4.21	0.258
The company has always responded to customers' needs	4.24	0.268
The company and all its service centres are easily accessible	4.36	0.364

From table 4.12 above, the findings depict that the respondents further agreed that; the company and all its service centres are easily accessible with a mean score of 4.36, the company has always responded to customers' needs with a mean score of 4.24, customers are satisfied with the products/services from the company with a mean score of 4.21, the company emphasizes customer satisfaction as opposed to rules and procedures with a mean score of 4.03, the company consistently meets customers' expectations with a mean score of 3.95, and the company employees make sure that problems do not rise in business relationship with a mean score of 3.87. This confirms that satisfaction will influence the relative attitude of customers, their repurchase intentions and willingness to recommend the customer to other customers. Hence, customer satisfaction could be taken as a good predictor of future purchase behavior, an indication of behavioral loyalty of the customer.

Chapter 5
Discussion

5.1 Summary of findings

The findings confirmed that, improvements in service quality may be beneficial to a firm as it helps to promote customer satisfaction, which eventually lead to customer loyalty. The quality of a service is subjectively perceived by customers during the interactions with a firm. What is perceived by customers in the interaction process will obviously have critical impact on customers' evaluation of service quality. The study also found out that effective communication of pricing policies as well as flexible pricing for various services offered play a great role in customer loyalty. Customers were found to often switch mainly due to some pricing issues, example, perceived high prices, unfair or deceptive pricing practices.

The findings further ascertained that a positive brand image makes it easier for a firm to convey its brand value to consumers and also generates favorable word of mouth among people. A negative image reduces sales, communication effectiveness, and trust and so on. The more customers consider a brand valuable, the more sales can be expected to be achieved. The findings additionally found that companies should concern about customer's value from customer's point of view and thoroughly understand customer's value chain and be able to reduce customer-perceived sacrifice.

The findings pointed to very high levels of customer loyalty in mobile telecommunication industry in Bangladesh. The study found out that the level of relationship marketing strategies in customer service operation will determine how loyal customer will be. The study also found out that a company will prevent its customers from switching to competitors' market offering if it implements good relationship marketing strategies in its customer service operation. The findings established that communication can be helpful not only to retain, improve and establish a relation to in higher levels but also to beget amicable and warm forms from it. The study pointed out that a gift given to customers will result

into customers returning the gift in form of loyalty to the organization. An organization that reciprocates to its customers is also likely to make them loyal. The findings drew to attention that satisfaction will influence the relative attitude of customers, their repurchase intentions and willingness to recommend the customer to other customers. Hence, customer satisfaction could be taken as a good predictor of future purchase behavior, an indication of behavioral loyalty of the customer. Satisfied loyal customers generate profits because they are responsible for a large percentage of sales and are less costly to develop than new customers.

The study ascertained that relationship marketing contributes to consumer loyalty because a customer is someone who has done business with the company only once or occasionally. The challenge for any organization is to reduce the number of times one of their key stakeholders tries the products or services offered by the competition.

5.2 Discussion of findings

- The positive relationship between price perception and customer loyalty also suggests that, customers who are happy about price offers are likely to stay connected to respective mobile operators.

- Value offered found to be positively related to customer loyalty suggests that the promotional offers by service provides are worth the money and people wish to always participate in the promos offered by these operators.

- In other words, customers who are happy about value offered are likely to stay connected to respective mobile operators. Customers will judge the value of consumption after contrasting benefits gained from products and services with their costs.

- The positive relationship between brand image and customer loyalty implies that increase in brand image may lead to increase in customer loyalty and vice versa.

- The study found out that companies must focus on those attributes of trust which consumers' base on to judge the trustworthiness of the services offered.

- The study also found out that if a firm is committed to a relationship with its customers, the customers are also likely to be committed to maintaining the relationship with that organization, thereby becoming loyal to it.

- The findings established that effectiveness of communication between the service provider and the consumer is very essential in influencing the trust that customers develop in the firm, their satisfaction with that firm and subsequently their loyalty to the firm.

- The findings drew to attention that customer satisfaction could be taken as a good predictor of future purchase behavior, an indication of behavioral loyalty of the customer. Satisfied loyal customers generate profits because they are responsible for a large percentage of sales and are less costly to develop than new customers.

**Chapter 6
Conclusion and Recommendation**

6.1 Conclusion

This study is done for to identify between customer relationship marketing and customer loyalty in the mobile telecommunication industry in Bangladesh. In particular, the study examined the relationships between the study variables. All the relationships were strongly, moderately significant positive related. It is evident that from the study that relationship marketing when emphasized in the trading relationships, will lead to repeated purchases hence consumer loyalty. This also enables telecommunication companies to ensure that the greater the relationship marketing, the higher the consumer loyalty levels. This research concluded that businesses operating in an intensely price based competitive environment, dependent on high economies of scale and with low levels of staff-customer interaction are bound to suffer shocks in their market positions and profitability unless huge investments are made in more relational strategies like building trust, commitment, communication, reciprocity and satisfaction. The quality of a service is subjectively perceived by customers during the interactions with a firm and has critical impact on customers' evaluation of service quality. Consumers feel advertisements can act as great way of convince them to purchase the targeted connection. Now-a-days, people are becoming more conscious about the brand image and their loyalty towards the brand. To the consumers, economical call rate is a very important factor. The importance of connection fee has somewhat contradictory responses, with most of the respondents stating that connection fee is not a big factor, while many of them disagreeing with such statement. People are also concerned about network availability. In this regard, international roaming facility has featured prominently .Friendly customer care service is also crucial in strengthening the bond between the consumer and the company .Convenience of getting the preferred SIM is an important factor in choosing mobile connection. Regardless of their occupation, or gender

or monthly income, consumers feel more convenient with prepaid connection. Welcome tunes, jokes etc. appear to be most unimportant, extravagant and useless features. On the other hand, SMS, MMS, discounts, bonus, and internet facility are very important feature for them. Effective communication of pricing policies as well as flexible pricing for various services offered play a great role in customer loyalty and a positive brand image makes it easier for a firm to convey its brand value to consumers and also generates favorable customer loyalty among people. Since highly satisfied customers are expected to make future purchases and recommend the source to other customers, high levels of customer satisfaction are likely to lead to customer loyalty. The study also concluded that there exist very high levels of customer loyalty in mobile telecommunication industry in Bangladesh. Customer satisfaction was found to have a direct relationship with customer loyalty. Thus, when customers are satisfied with the services offered them by mobile network operators, they are likely to be loyal to them.

Finally, Reliability has a direct effect on customer loyalty without necessarily using customer satisfaction as a conduit. The implication of this finding is that customers place a high premium on reliable mobile telecommunications services in Bangladesh.

6.2 Recommendations

- Advertisements can influence people to make choice on their purchase. So, the operators must make meaningful, convincing and instigating ads to make customers buy their connection.

- Lower call rate is always a dominant reason for people's preference for a particular connection.

- The mobile phone operators should work more on providing more dealers and franchise outlets to make their services more conveniently available.

- Welcome tunes, jokes are factors not worth spending money on, as respondents have termed them as the least important features. So budget on communicating those features to customers should be cut down, and that money should be invested in features such as ring tones, SMS, MMS, internet, credit transfer, etc. Segmentation would be a handy tool at this particular point.

- Customers always prefer some monetary return on their usage of the connection and by providing such facility; mobile phone companies can ensure the enhancement of relationship with the customers.

- To sustain in number one position, and to ensure that it maintains an increasing growth, rather than a stagnant one, like Grammenphone has to lower its call rate and provide more facilities to acquire more customers, retain the existing ones, and switch other operators" customers towards it.

- The strategy of creating a chaotic situation of decreasing price every day by. Banglalink has to improve its network and also introduce other services that the leading mobile phone companies are providing. Because people now demand more with a package other than low price.

The various features provided by the 6 telecom companies– Grameen Phone, Banglalink, Airtel, Teletalk, Citycell and Robi– are very alluring and competitive.. So, the companies should invest more on the telecom infrastructure to provide better network and reduce the call rate to make communication more convenient and economical.

References

- Website of telecommunication company

- Different journal

- Newspaper

- Internet

Appendix: Questionnaire

Section A: Background information (Tick where appropriate)

a) Gender: Male [ ]   Female [ ]

b) Age

Below 18 years [ ]

18 – 28 years   [ ]

28 – 38 years   [ ]

38– 48 years   [ ]

48 and above   [ ]

c) For how long have you been a customer of this company?

Less than 1 year

1-5 years   [   ]

6-10 years   [   ]

Over10 years   [   ]

Section B. Customer Relationship marketing practices in mobile telecommunication industry in Bangladesh

To what extent do you agree with the following Customer Relationship marketing practices in mobile telecommunication industry in Bangladesh? Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Service quality

Statement	1	2	3	4	5
The company follows up in a timely manner to customer requests					
The frontline employees of this operator are always willing to help customers					
The response to consumers' complaints are always taken quickly					
The company is consistent in providing good quality service					
The company offers personalized services to meet customers' needs					
The company provides timely information when there are new services					
Price					
The company took effective ways to help us know its pricing policies of products and services					
The pricing policies of products and services from the company are attractive to customers					
The calling rate/ internet rates offered by the company is reasonable					
The company is offering flexible pricing for various services that meet customers' needs					
Brand Image					
The customers consider that this company's reputation highly					
Customers have a good feeling about the company's social responsibility					
The company delivered a good brand image to its customers					
Value Offers					
The promotional offers from the company are worth of money					

Section C: Customer loyalty in mobile telecommunication industry in Bangladesh

Customer loyalty	1	2	3	4	5
I really care about the fate of this telecom service provider					
I intend to continue using mobile services from this operator for a long time.					
If I want to change a new mobile telecom service, I am willing to continue selecting this operator					
Even if another operator' price is lower, I will go on using this provider					
I am willing to say positive things about this operator to other people					
I will encourage friends and relatives to use the services offered by this operator.					
To me, this operator clearly is able to provide the best service					
I get the services from this service on a regular basis					
This service provider stimulates me to buy repeatedly					
I have bought from this service provider for a number of years because they offer satisfactory services					

Section D: Relationship Marketing and Customer Loyalty

Trust	1	2	3	4	5
Customers trust the company and its staff					
The staff of the company is quite knowledgeable about their products/Services					
The company is consistent in providing quality service.					
The company staffs in the company treat customers fairly.					
The company staffs are prepared to be asked questions of what is not being done right					
The company staffs respond to customers in constructive and caring manner					
The company staffs are friendly and approachable					
Commitment					
The company makes adjustments to meet customers' needs					
Staff in this company strongly value customers and processes that create useful change					
Problem solving by the company staff is excellent/adequate					
The staff of the company believes in betterment of their customers					
The company staff are always willing to help the customers					
The staff of this company have commitment towards customers' needs					
Communication					
The staff in the company frequently communicates to customers					
The customers freely express opinions to the staff of the company					
The customers show discontent towards the staff in the company through communication					
When there is a change in the policy, or any other relevant issue, the staff in the company communicates to customers in time					
Reciprocity					
The company often gives a good turn to their customers					
When customers give assistance to the company during times of difficulty, the staffs often returns their kindness					
The staff in the company keep their promises to their customers					
Satisfaction					
The company consistently meets customers' expectations					
Customers are satisfied with the products/services from the company					

Continued	1	2	3	4	5
The company emphasizes customer satisfaction as opposed to rules and procedures					
The company has always responded to customers' needs					
The company and all its service centres are accessible					
The company makes sure that problems don't rise in business relationship					

Section E: General Views:

1. In your view, do you think relationship marketing contributes to consumer loyalty in mobile telecommunication sector?

………………………………………………………………………………………………………

2. In your view, what should the mobile telecommunication companies do to strengthen its relationship with the customers?

………………………………………………………………………………………………………