

SERVICE QUALITY AND CUSTOMER BEHAVIOUR INTENTIONS IN INDIAN TELECOM SECTOR

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Abstract- The intent of this paper is to examine the customer expectation and perceptions of service quality delivery and then examine the relationship between service quality and customer behavioural intentions in the Indian telecom service sector. In telecom service sector customers are more and more demanding better service quality or else switching over to other better service provider. To sustain these customers these service providers are struggling to make sure what customers perceive and anticipating that they are responding to their strategies. This study will add to service quality research by examining whether high service quality ratings lead to positive behavior intentions to continue a business relationship and will focus on Indian telecom sector where presently they are facing intense competition. Further, this study will also enable service providers to identify key service quality indicators leading to strong future intentions and useful for operational service quality managers and to academics investigating the reliability and value of service quality comparison tools.

I. INTRODUCTION

Indian cellular mobile service market has experienced a remarkable growth over the last few years and have been recognized the world-over as an important tool for socio-economic development for a nation. The number of telephone subscribers in India increased from 1,188.55 million at the end of Feb-17 to 1,194.58 million at the end of Mar-17, thereby showing a monthly growth rate of 0.51%. (Source: TRAI 19th May 2017). It is one of the prime support services needed for the rapid growth and modernization of various sectors of the economy. This increase in telecommunication capabilities allows business to benefit from the information revolution in numerous ways, such as reforming of inventories, increasing productivity, and identifying new markets. But at the same time, in cellular mobile service sector, the customer switch over rate is much higher than any other service sector. With higher expectation and increasing awareness, Indian consumers are increasingly demanding better quality of service or else switching over to other better service. To sustain their customers, these operators are struggling to ensure what customers perceive and expecting that they are responding to their suggestions.

In sum, customers want their expectations to be met utterly and constantly. They tend to perceive the quality of a service by comparing the actual service experiences to what their expectations were before purchasing it. This study will also add to service quality research by examining whether high service quality ratings lead to positive behavior intentions to continue a business relationship. This study will focus on Indian telecom sector where presently they are facing intense competition. Further, this study will also enable operators to identify key service quality indicators leading to strong future intentions.

II. THEORETICAL FRAMEWORK:

Service Quality

Service Quality has been studied for years now because as the markets have become more competitive, marketing management has transferred its focus from internal performance such as production to an external interest such as satisfaction and customer satisfaction and customer's perception of service quality (Gronroos 1990). No business organization can survive without building its customer satisfaction and brand loyalty; likewise no organization can make a healthy living without meeting the needs of its customers. That is what organizations do and serve people's needs. Service quality helps in cementing the relationship between customers and the organization and it is a two-way flow of value. Measuring and improving quality is more difficult for services than for products. Unsatisfactory service cannot be replaced or repaired. This means that customer derives real value from the relationship which translates into value for the organization in the form of enhanced profitability and sustainability over a long period of time. Quality has been defined in various ways by quality gurus like Juran, Deming, and Crosby. Crosby (1979) says that quality means conformance to requirement. In Japanese philosophy, quality means zero defect (or defect-free) product and service. It emphasizes doing the things right for the first time. Garvin (1983) defines quality by counting the incidence of internal (before product leaves the factory) and external failure (after the product is installed). Research has proved many times that quality helps the firm in gaining market share and return on equity, lowering production cost and improving productivity. Parasuraman et al. (1988) defined perceived service quality as "global judgment, or attitude, relating to the superiority of the service." Parasuraman (1988) define service quality as the degree and direction of discrepancy between the consumer's perceptions and

expectations, or the extent to which a service meets or exceeds customer expectations. Research has shown SERVQUAL to be an effective and stable tool for measuring service quality across service industries (Bebko, 2000). Parasuraman, Zeithaml, and Berry (1988, 1990) projected a service quality model SERVQUAL that identified perceived service quality into five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

Among many concepts of service quality, the service quality gaps model plays an unquestionably significant role in the service management literature. Gaps approach proposes precious propositions on how the notion “service quality” might be understood and how the service quality emerges across a service organization (Urban, 2009). Parasuraman et al. (1985) think that the cognition level of service quality is evaluated by the difference between pre-sell service expectation and after-sell service perceptions. Therefore, the bank, credit card, security agent and product maintenance, etc industries were processed using exploration study to further establish service quality model. The model is mainly to explain the reason that the service quality of the service industry cannot meet the customer demands, and considers that in order to meet the customer demands, it is necessary to break through the five service quality gaps in the model.

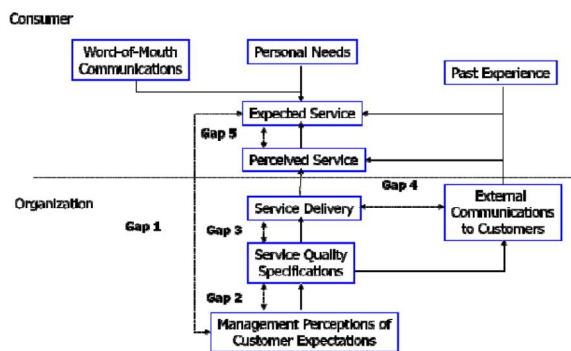


Fig.1. Service Quality Gap Model

These five gaps are showed respectively in Fig.1. (Large & Konig, 2009): Gap1: between customers' expectations and management's perceptions of those expectations. Gap2: between management's perceptions of customers' expectations and service quality specifications. Gap3: between service quality specifications and service delivery. Gap4: between service delivery and external communications to customers about service delivery. Gap: 5 between customers' expectations and perceived.

III. PERCEIVED SERVICE QUALITY

The service received or experienced (Parasuraman et al., 1985). The extent and nature of the difference between the customer's perceptions and expectations is the perceived quality. (Parasuraman et al., 1988).

According to Parasuraman et al. (1988) study, the difference between one's expectations of a service compared to the perception of the outcome of the encounter, or experience. High perceived service quality occur when customers have an assurance and see the importance of services, follow-on in good attitude, satisfaction and use of services. Therefore, building strong brand personality is to differentiate its brand from another and to make customers understand the emotions and feelings as created by telecom operators so that customers will be satisfied and be able to better perceive the good service quality. Parasuraman, Zeithaml, and Berry (1988, 1990) projected a service quality model SERVQUAL that identified perceived service quality into five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Parasuraman, Zeithaml, and Berry (1985) identify the differences between customer's paired expectations and perceptions. They define perceived service quality using three possible scenarios:

Expectations of service quality are exceeded (quality exceeds expectations).

$$PS > ES \text{ or } PS - ES > 0 \quad (1)$$

Expectations of service quality are met (quality is acceptable).

$$PS = ES \text{ or } PS - ES = 0 \quad (2)$$

Expectations of service quality are not met (quality is unacceptable).

$$PS < ES \text{ or } PS - ES < 0 \quad (3)$$

IV. CUSTOMER BEHAVIORAL INTENTIONS

Several researchers suggested that behavioral intentions were indications whether customers would remain with or go away from an organization (Alexandris et al., 2002; Zeithaml et al., 1996). Various studies have examined the association between service quality and more specific behavioral intentions. In earlier studies (Parasuratnan. Berry, and Zeilhaml 1991a; Parasuraman. Zeithaml, and Berry 1988) there is a positive and significant relationship between customers' perceptions of service quality and their willingness to recommend the company.

Behavioral intentions are defined in terms of four categories: (a) Word-of-mouth communications, (b) Purchase intentions, (c) Price sensitivity, and (d) Complaining behavior (Cronin & Taylor, 1992; Zeithaml, Berry, & Parasuraman, 1996). Recent research offers some evidence that service-quality perceptions positively affect intentions to behave in these ways. By adding research findings, a list of specific indicators of favorable behavioral intentions can be compiled saying positive things about the company to others (Boulding et al. 1993), recommending the company or service to others (Parasuraman.Berry, and Zeithaml 1991a; Parasuraman. Zeithaml. And Berry 1988; Reichheld

and Sasser 1990), paying a price premium to the company, and remaining loyal to the company (LaBarbera and Mazursky 1983; Newman and Werbel 1973; Rust and Zahorik 1993). In general, behavioral intentions were associated with customer retention and customer loyalty (Alexandris et al., 2002). Zeithaml et al. (1996) noted that increasing customer retention, or lowering the rate of customer defection, was a major key to the ability of service providers to produce profits. James (2007) indicated that behavioral intentions were verbal indications based on an individual's intention. Alternatively, the concept of behavioral intentions was referred to as people's beliefs about what they intended to do in a certain situation (Ajzen & Fishbein, 1980).

Many researchers agree that the affects of high perceptions of service quality on behavioral intentions are positive and linear (Bearden & Teel, 1983; Rust & Zahorik, 1993). Based on these empirical studies, this research also assumes that the relationship between behavioral intentions and service quality are positively correlated and the purpose of this research is to examine the relationship between perceived service quality and customer behavioral intentions in Indian telecom sector.

This theoretical framework gives a brief summary of literature review of the studies on overall cellular services scenario's, customer perception over satisfied quality services and their behavioral intentions. Based on the review this research highlights the existing gaps and present the theoretical framework for undertaking the research in this area. The objective of the research is to examine the customer perception and their expectations from Indian telecom sector and then to examine the relation between perceived service quality and customer behavioral intentions. In the first phase, through survey we will find the customer perception and their expectations from the Indian telecom sector using the five dimensions of service quality model adopted from Parsuraman, A., Zeithaml. In the second phase this research will access whether the perception of the service quality are related to behavioral intentions of the customer to return to the service provider as a customer and examine the relationship between perceived service quality and customer behavioral intentions. In the third phase this research will study the impact of customer demographic variables like age, gender, marital status, occupation, education and income on perceived service quality. Morgan and Dev (1994) examined the impact of consumer characteristics, in addition to usage situation and marketing mix variables, on brand switching. In the final phase this research, the study will provide an operational framework to the policy makers about the customer expectations and perceptions of service quality and their behavioral intentions in Indian Telecom Sector.

CONCLUSION

This is observed that though various studies have been conducted on relationship between customer expectation, perception and behavioral intentions in Hotel Industry, Retail stores, Banking, and some in telecommunication industry outside India, but the same has not been clearly identified in the Indian telecom sector. To sustain their customers, these telecom operators are struggling to ensure what customers perceive and expecting and that they are responding to their suggestions. The outcome of the Research will be beneficial to Indian telecom sector to understand the impact of behavioral intentions of the customers and service quality parameters from customer perception & expectation point of view and adopting new strategies for improvement. This study will concentrate on telecommunications services provided in India, particularly the private companies and will also provide an operational framework to the policy makers about the customer expectations and perceptions of service quality and their behavioral intentions in Indian Telecom Sector. Useful for academics, business in the field of marketing and management researchers of customer satisfaction and service quality especially in telecom service sector organizations.

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