

Customer Satisfaction in the Mobile Telecom Industry in Bahrain: Antecedents and Consequences

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Abstract

This study sheds some light on the importance and consequences of satisfaction in the competitive telecom industry in Bahrain. The factors related to payments and savings (such as offers, rents, charges) are the most significant in determining satisfaction, retention, and likelihood of switching from one mobile provider to another. Conversely, intercommunication factors (such as customer service, friendly employees, user-friendly websites) were found to be the least significant. A significant positive relationship was found between satisfaction and retention while a poor association was noticed between satisfaction/retention and loyalty.

Keywords: customer satisfaction, customer retention, customer loyalty, switching determinants

1. Introduction

The mobile telecommunications market in Bahrain is a competitive one, dominated by three companies: Batelco, Zain, and Viva. Batelco founded in 1981, was the only provider of mobile services in Bahrain until 2002 when Bahrain opened up its telecommunications market in response to one of the requirements of the World Trade Organization (WTO). In 2002, the Telecommunications Regulatory Authority (TRA) was established by the government of Bahrain. Among its major tasks, TRA is responsible for regulating the country's telecommunications industry for protecting the interests of telecom subscribers and users, and for protecting effective but fair competition among established and new licensed operators. The establishment of TRA enabled and encouraged other mobile service providers to enter the market. As a result, Zain entered Bahrain's telecommunications market in 2003 as the country's second licensed mobile operator. In 2009, the Saudi Telecommunications Company (STC) established STC Bahrain B.C.S. following its successful bid to be the country's third licensed mobile operator. In January 2010, the STC announced that its new telecom company in Bahrain will be called "VIVA", would begin operations in March 2010. Fair competition forces the three competitive mobile service providers to promote, innovate and differentiate their products and services in order to win first-time mobile users, to draw customers away from their rivals, and to retain their current customers. As a consequence, customer satisfaction has emerged as a major retention factor (Cronin, Brady, & Hult, 2000).

2. Research Objectives

The objective of this study is to investigate the importance, determinants, and consequences of customer satisfaction in the mobile telecom industry in Bahrain. Specifically, the study seeks answers to six crucial questions which have been extracted from the literature and a number of satisfaction conceptual and analytical models, as outlined below.

"Satisfaction itself is a desirable state of consumption or patronization; it is a reinforcing, pleasurable experience" (Oliver, 1997). This statement shows the importance of satisfaction to consumers. On the other hand, the literature also indicates that satisfaction data are equally important to firms because satisfaction results in profitability through increases in repeat purchase and positive word of mouth (Buzzle & Gale, 1987; Philips, Chang, & Buzzle, 1983; Pickle & Rungeling, 1973). On the governmental level, customer satisfaction data are used to draft legislation. For example, in the US, such data led to the Food, Drug, and Cosmetic Act, the Child Protection Act, and the Flammable Fabric Act (Oliver, 1997).

To identify potential causes of satisfaction, some firms rely on performance analysis. Thus, the identified features are given more attention in the firm's satisfaction strategies (Oliver, 1997). The feature list may differ from one industry to another because it is difficult to develop a common satisfaction feature list due to the diversity in products and services (Doll & Torkzadeh, 1988; Holmlund & Kock, 1995). Several studies have attempted to identify a comprehensive feature list to serve as a basis for measuring customer satisfaction. Levitt (1983) proposed a four-ring concept of the total product: core, expected, augmented, and potential products. Each of these four categories includes a number of features that can serve in measuring customer satisfaction. Based on Levitt's discussion, Clemmer (1990) provided a three-ring conceptual level for services: basic service, service support, and enhanced service. Another generally accepted categorization is the classification scheme called utilitarian versus hedonic product outcomes (Batra & Ahtola, 1990). Utilitarian features are those that provide the basic functions that the product is required to deliver, and the hedonic features are those that provide intangible pleasures. This indicates that consumption has two dimensions and both should be included in any feature list.

Another way to determine key satisfaction determinants is through focus groups (Fenn, 1982). One way to use focus groups is to employ means-end chain analysis (Gutman, 1991; Raynold & Gutman, 1988; Zeithaml, 1988), which is a probe-driven method to determine the hierarchy of benefits that consumers see in a product. Another focus group method is called critical incidence (Flanaghan, 1954) in which consumers who have used the product are asked to state the product's satisfying and dissatisfying elements.

To identify the determinants of satisfaction/dissatisfaction, researchers have proposed what is known as need theory, which is based on consumers' needs and their need fulfillment factors. It implies that a satisfying factor is one that fulfills the needs of customers. In this respect, Murray (1938) used interviews with 50 college-age men from which he devised a list of needs. Murray's (1938) work led to the emergence of three motivation-satisfaction models that have implications for consumer satisfaction: Maslow's need hierarchy (Maslow, 1943; 1968; 1970), Alderfer's existence, resistance, and growth (ERG) theory (Alderfer, 1969; 1972), and Herzberg's dual-factor theory (Herzberg, 1966; 1968). Herzberg conducted his original research in the work environment to discover "satisfiers" and "dissatisfiers" related to job outcomes. Herzberg argued that the two categories of satisfiers and dissatisfiers had separate and distinct influence on workers and, therefore, should be identified separately. This concept has been adopted by many subsequent researchers (Swan & Combs, 1976; Maddox, 1981).

The literature indicates that quality is a major determinant of satisfaction and has a positive relationship with satisfaction in both the short and long run (Oliver, 1997). Quality judgments should be based on consumer feedback and not on manufacturers' beliefs about product quality (Ozment & Morash, 1994; Gummesson, 1992). Quality is not a single-stimulus factor but a multi-stimulus factor (Devlin, Dong, & Brown, 1993; Gummesson, 1992) because quality is a subjective and not an objective matter (Garvin, 1984; Zeithaml, 1988; Steenkamp, 1990; Reeves & Bednar, 1994). In addition to quality, non-quality dimensions (e.g., color of a car, shape of a mobile phone) may also play a role in forming consumers' satisfaction (Oliver, 1997).

Product choice criteria and satisfaction determinants differ but may interact. Heide and Weiss (1995) supported this notion in their investigation of commercial vendor selection (choice purchase) and vendor switching (proxy for dissatisfaction) for purchase of high-end workstations. Henke (1995) also supported this concept in her study asking advertising agency clients about the reasons for choosing or switching agencies.

From the above discussion, the following conclusions can be drawn:

- Identifying customer satisfaction is crucial for consumers, firms, and governments.
- Customer satisfaction should not be identified through sales figures or through manufacturers' beliefs regarding product/service quality, but through customers' feedback.
- Customer satisfaction is subjective; therefore, it is not appropriate to treat it as a single-stimulus factor. Rather, it should be treated as a multi-stimulus factor.
- Determinants of satisfaction should be identified independently of determinants of dissatisfaction. The two differ and the absence of one does not automatically lead to the presence of the other.

Based on the above discussion and consistent with previous studies, highlighted in the literature review section, the following three research questions (objectives) have been proposed:

- 1) What are the major determinants of customer satisfaction?

- 2) What are the major determinants of customer switching? That is, what may lead customers to switch from one mobile service provider to another?
- 3) What are the major determinants of customer retention?

Identifying the determinants of satisfaction, switching (i.e., dissatisfaction), and retention (long-run satisfaction) is crucial for firms' profitability, survival, and competitiveness. Equally important is identifying the relationships among the three, which has been well researched in satisfaction studies.

According to Oliver (1997), retention and switching are short-term consequences of satisfaction, while loyalty is a long-term consequence. Hirschman (1970) proposed that individuals in commercial and institutional relationships have two response options if faced with unsatisfactory services, either to exit (leave the relationship) or to voice (communicate displeasure to the firm). Later, Hirschman added a third response, loyalty (decide to stay rather than to exit or voice). Timm (1990) reported that firms in the US lose 20% of their customers due to dissatisfaction. This is because dissatisfaction reinforces negative reactions in various ways, one of which is switching (Hart, Heskett, & Sasser, 1990; Anderson & Best, 1977; Berry, Parasureman, & Zeithaml, 1988). Another consequence of dissatisfaction might be complaining (Anderson & Best, 1977; Berry, Parasureman, & Zeithaml, 1988; Gilly, 1987; Resnik, Gnauck, & Aldrich, 1977). Other researchers have gone even further and reported that dissatisfaction may cause a number of consumer responses that generally go unnoticed by firms, referred to as a "hidden agenda." These consumer actions include boycotting the product, the brand, or the seller, negative word of mouth, and public complaining (Day, Grabicke, Schaetzl, & Staubach, 1981).

Richins (1987) also researched the positive correlation between dissatisfaction and switching using analytical techniques to predict the three dissatisfaction responses of complaining, negative word of mouth, and brand switching. He found that complaining (and negative word of mouth) are positively associated with brand switching. Singh (1990) factor-analyzed responses to dissatisfaction and found three responses: voice (complaining), private (negative word of mouth), and third-party (public complaining to a third-party institution). Schmidt and Kernan (1985) found that price is one of the factors that determine satisfaction. Anderson (1985) applied the Hirschman framework to the specific industry of medical care and found that for sophisticated medical care, 88% of dissatisfied clients decided to exit. Singh (1990) used medical care as an example of the unsophisticated consumer industry and grocery stores as the sophisticated consumer industry and found that dissatisfaction led to an exit in medical care (i.e., changing doctors) more frequently than it did to an exit in grocery stores. Maute and Forester (1993) also used Hirschman's concept but in the airline industry and found that higher levels of dissatisfaction led to increases in exit and decreases in loyalty. Ping (1993) studied the effects of dissatisfaction in supplier-client relations and found a positive relationship between dissatisfaction and exit. Kasper (1988) found a similar result for TV owners. Those who had no problems re-bought the same brand of TV while those who had experienced problems switched to another brand.

The relationship among satisfaction, retention, and loyalty has been widely researched. A noticeable number of studies have found that customer satisfaction leads to repurchase (i.e., retention) and positive word of mouth (Oliver, 1977; Kelly, Hoffman, & Davis, 1993). In his model of multi-brand loyalty, Jacoby (1971) examined the relationship between satisfaction and retention and between satisfaction and loyalty; he investigated the concept of loyalty in psychological terms. According to Jacoby, brands can be viewed as substitutes if they fall within latitude of acceptance on the basis of quality (he referred to this as multi-brand loyalty), while single-brand loyalty occurs when no competitive brand is in the acceptance region. Newman and Werbel (1973) also supported this concept.

In their book, Jacoby and Chestnut (1978) suggested that to determine whether repeat purchase is due to loyalty, one has to examine the customer's belief, attitude, and intention. Dick and Basu (1994) supported this claim in their integrated model, which assumes that loyalty requires consistency across cognitive, affective, and conative dimensions of the consumer's focal brand dimension.

Although loyalty might be the strongest determinant of purchase behavior (Tellis, 1988), there is no guarantee that loyal customers never switch. For example, Keaveney (1995) found that better prices and service delivery from competitors might break down loyalty. Other studies have reached similar findings; for example, regarding loyalty toward services, interpersonal communications and vendor-client relations have significant influence on switching and loyalty (Richins, 1983; Blodgett, Granbois, & Walters, 1993).

With regard to loyalty and switching, Dick and Basu (1994) reported that loyalty measures must include reference not only to a consumer's attraction to a brand but also to the consumer's vulnerability to switching. Oliva, Oliver, and McMillan (1992) also explained the relationships among satisfaction, loyalty, and switching in their catastrophe theory; they reported that satisfaction affects loyalty in a nonlinear fashion. In other words,

loyalty has a more complex relationship with satisfaction resulting from the tendency of loyalty to persist in the presence of switching incentives. Aaker (1992) and Oliver (1997) also supported the positive association between satisfaction and loyalty. The latter stated that satisfaction is a precursor of loyalty but the relationship between the two is weak and nonlinear.

From the above discussion, we can draw the following conclusions:

- The short-run consequence of satisfaction /dissatisfaction is retention/switching, respectively, while the long-run consequence is loyalty.
- There is a strong positive relationship between satisfaction and retention and between dissatisfaction and switching.
- The relationship between satisfaction and loyalty is complex. As per some studies, such relationship is positive but weak.

Based on the above discussion and the details presented in the literature review section, the following three research questions (objectives) were developed:

- 1) What is the relationship between customer satisfaction and customer retention?
- 2) What is the relationship between customer satisfaction and customer loyalty?
- 3) What is the relationship between customer retention and customer loyalty?

3. Literature Review

3.1 Customer Satisfaction

Customer satisfaction has been extensively studied by marketing scholars (Oliver, 1980 & 1999; Johnson, Gustafsson, Andreassen, Lervik, & Cha, 2001; Anderson, Fornell, & Mazvancheryl, 2004; McQuitty, Finn, & Wiley, 2000; Eshghi, Kumar, & Gangui, 2008). Kotler and Keller (2009) define satisfaction as “a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his/her expectations”. This definition is supported by many other studies, for example, Tse and Wilton (1988) and Oliver (1997). Others define customer satisfaction as the feeling or attitude of customers toward a product/service after it has been used (Solomon, 1996; Wells & Prenskey, 1996; Hansemark & Albinsson, 2004). Literature shows that many customer satisfaction studies have used the Disconfirmation of Expectations model which assumes that consumers evaluate product performance by comparing its perceived performance with their expectations (Parasuraman, Zeithmal, & Berry, 1985 & 1988; Cadott, Woodruff, & Jenkins, 1987; Oliver, 1997; Motley, 2003). When perceived performance matches or exceeds expectations, the customer becomes satisfied. Conversely, when perceived performance is below expectations, the customer becomes dissatisfied (Oliver, 1993; Mittal, Kumar, & Tsiros, 1999; Westbrook & Oliver, 1991; Banker, Potter, & Srinivasan, 2000). Satisfied customers will repeat the purchase, be brand loyal, convey positive word-of-mouth advertising, and all these will enhance sales (Dispensa, 1997; Aaker, 1992; Fornell, 1992; Oliver, 1997). Dissatisfied customers may stop buying the product, spread unfavorable word-of-mouth advertising, and may avoid the product manufacturer and the retailer (Day, Grabche, Schetzle, & Staubach, 1981; Hirschman, 1970).

All the above indicate the importance of identifying customer satisfaction (Gulledge, 1996; Metawa & Almossawi, 1998). However, this is not an easy task because customers’ expectations are difficult to measure and businesses come to know that after the product has already been delivered (Bamfo, 2009; Yi, 1989). Despite the difficulty and cost of measuring it, customer satisfaction remains a major concern of businesses because it is considered as an important tool for securing a competitive advantage (Metzler & Hinterhuber, 1998; Mittal, Sayrak, Takikamalla, & Anderson, 2005).

In order to secure customer satisfaction, organizations must identify the determinants of customer satisfaction and dissatisfaction (Motley, 2003). With regard to the factors that may affect customer satisfaction, Bamfo (2009) reports that such factors include “friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of bills, competitive pricing, and service quality”. Some customer satisfaction studies emphasize the importance of quality and its positive correlation with satisfaction (Cronin & Taylor, 1992; Taylor, Steven, & Baker, 1994;). Product quality results in the retention of existing customers and the attraction of new ones (Keiser, 1993; Lian, 1994; Vavra, 1995; Siddiqi, 2011). Some other studies refer to this scenario by using the term “service excellence” (Mahoney, 1994). Masden (1993) defines “service excellence” as efforts exerted by a firm to delight its customers and exceed their expectations. According to Masden (1993), “service excellence concentrates on listening, empowerment, innovation, and making customers and employees part of

the action". Firm employees (i.e. internal marketing) play a vital role in product quality and customer satisfaction (Gronroos, 1982; Bartell, 1993; Kotler & Armstrong, 1991; Bitner, 1990; Chitwood, 1996). Therefore, many companies realize that customer satisfaction must start from their employees' satisfaction (Bitner, 1990; Supernant & Solomon, 1987; Lian, 1994; Gremler, Bitner, & Evans, 1995).

Another importance of customer satisfaction stems from its role in customer retention (Metawa & Almosawi, 1998) but it is uncertain whether such satisfaction may also result in customer loyalty. Oliver (1997) defines customer loyalty as "deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior". This means that a loyal customer desires to repeat the purchase of the product or service and will have no other. Loyalty is a concept that is easy to discuss but becomes more obtuse when it is analyzed for measuring (Oliver, 1997; Griffins, 2002). The major question is: Does customer satisfaction leads to customer loyalty? In answering this question, a number of studies agree that there is no direct relationship between satisfaction and loyalty (e.g. Kotler, 2003; Hokanson, 1995). Such studies mention that being satisfied does not mean being loyal, and that the two have different determinants. However, other studies found the opposite, claiming that loyalty is a consequence of satisfaction (e.g. Winstanley & Martha, 1997).

3.2 Customer Satisfaction in Mobile Telecom Industry

Leelakulthanit and Hongcharn (2011) investigated the determinants of customer satisfaction by interviewing 400 mobile phone users in Thailand. Their study found that promotional value, quality of customer service at shops and corporate image play the most important role in determining customer satisfaction. In the same respect, Alom, Khan, & Uddinl (2010) interviewed 60 university students in Bangladesh who were also mobile users, to identify the determinant factors in selecting mobile service providers. Results of that study revealed two factors, brand image and perceived call rate, to have the most influence on the consumers' selection decision of a mobile service provider in Bangladesh.

Bugel, Buunk, & Verhoef (2010) examined commitment to companies, in The Netherlands, using the psychological investment model. The study examined the customer-company relationships in five sectors: the banking industry, health insurance, supermarkets, mobile telecom providers, and the automotive industry. The study recruited 300 respondents for each sector. With regard to satisfaction, the outcome of the study suggests that satisfaction plays an important role in determining customer commitment for service providers and there is a positive correlation between improving customer satisfaction and gaining customer loyalty.

Sadia, Tasneem, & Khan (2011) examined customer loyalty in the telecommunication industry in Pakistan, using 146 cell phone users. The study found that customer loyalty is shaped mainly by: trust, service quality, staff loyalty, and switching cost. The results of this study agree, partially, with a study by Boohene and Agyapong (2011) of 460 clients of Vodafone telecom company in Ghana. This study concluded that satisfaction does not necessarily lead to loyalty, while service quality was found to be strongly and positively correlated with loyalty. However, it can be noticed from the findings of this study that customer satisfaction is already built into service quality. Customers perceive service quality positively if they are satisfied with the service provider and with the services offered to them.

The importance of service quality in the choice decision for a mobile phone operator was also emphasized by Rahman, Haque, and Ahmad (2011) who conducted a study of 400 mobile telecom customers from major cities in Malaysia. This study concluded that network quality is one of the important factors in overall service quality. In addition to service quality, the study found that price plays an important role in the choice criteria for mobile telephone operators in Malaysia. Such a finding is not far from the outcome of a study conducted by Gupta and Sharma (2009) in India. They concluded that in order to retain customers and attract new customers, mobile service providers must provide "service with reasonable quality without any hidden price, the two most important determinants of consumer satisfaction".

The importance of service quality and price in determining customer satisfaction was also reported by Hafeez and Hasnu (2010) who investigated customer satisfaction in Pakistan. The same was found by Balaji (2009) who studied the antecedents and consequences of customer satisfaction with Indian mobile services, surveying 199 postpaid mobile subscribers in a major city in India. Balaji reported that "perceived quality is an important predictor of customer satisfaction, which ultimately results in trust, price tolerance and customer loyalty".

The impact of service quality on customer satisfaction was confirmed by a study conducted by Omotayo and Joachim (2011) on 148 subscribers of major telecom companies in Nigeria. They found that service quality has a positive impact on satisfaction and loyalty. Such a positive relationship between service quality and satisfaction is supported by many studies, for example (Sureshchandar, Rajendran, & Anantharaman, 2003; Cronin, Brady,

& Hult, 2000; Caruana, Money, & Berthon, 2000; Negi, 2009; Agyapong, 2011). How customers judge service quality in mobile telecom industry? The answer to such a vital question can be noted in a study by Boohene and Agyapong (2011) who state that “due to the fact that telecom firms do not provide tangible products, their service quality is usually assessed by measure of the service provider’s relationship with customers. Thus, telecom service management should pay attention to staff skill profession and offering fast and efficient services.”

Eshghi, Kumar, & Gangui (2008) recruited 238 mobile phone users in four major cities of India to identify the impact of service-related factors on customer satisfaction, repurchase intention, and the recommendation of a service to others. They found that “the most significant predictors of customer satisfaction are: competitiveness, relational quality, reliability, reputation, support features, and transmission quality”. Other studies found that satisfaction in telecom industry is determined by factors like voice call quality, wireless coverage, and the customer complaint process (Kim, Park, & Jeong, 2004).

An important consequence of customer satisfaction might be customer retention. Firms will not be able to retain their customers without satisfying them. In telecom industry, customer retention determines the success and survival of mobile service providers (Wong, 2010; Mittal & Kamakura, 2001; Leelakulthanet & Hongcharu, 2011). This might be due to fierce competition, the high cost of attracting new customers, and the similarity of services offered by the operators (Neslin, Gupta, Kamakura, Lu, & Mason, 2006; Kim & Yoon, 2004; Gerpott, Rams, & Schindler, 2001). In this respect, Wong (2010) conducted an interesting study using a usage and payment records of 1403 Canadian post-paid mobile customers over 3.7-year study period. Wong reported that greater loyalty, thus retention, is observed in customers with optimal rate plans than those with non-optimal ones. This indicates that in order to reduce churn rates (i.e. loss of customers), mobile service providers must seek effective customer retention strategies. According to some studies, the major churn determinant was found to be the dissatisfaction of customers on pricing (Wong, 2009; Kim, Park, & Jeong, 2004; Keavency, 1995).

Fazlzadeh (2011) studied customer retention from a dimension of loyalty. He examined the relations among service quality, corporate image, satisfaction, and loyalty in Iran. He collected data from 417 customers of an Iran mobile service provider. Results revealed that customer satisfaction plays a significant mediating role in relationships from service quality, corporate image, and perceived value to loyalty. Loyal customers tend to remain longer with their service providers. In this respect, Siddiqi (2011) argues that individual differences might play a role in consumer satisfaction, loyalty, and retention. To prove his argument, Siddiqi (2011) studied 500 university students who had mobile phones and credit cards. The outcome of this study revealed that gender, age, and income differences affect customers’ satisfaction, loyalty, and retention. For example, women are found to be more loyal, more satisfied, and less likely than men to switch mobile phone services. The same results were found for younger students, both mobile phone and credit card users. However, high income students were found to be less satisfied, less loyal, and more prone to switch both mobile phone and credit card services.

Ahmad et al (2010) studied customer retention through the quality of Short Message Services (SMS), using 331 university students using SMS of any cellular company in Pakistan. Their results indicate that service quality has a significant relationship to customer retention.

From all the above studies, it can be observed that customer satisfaction has a direct effect on the financial performance of a firm (Ittner & Larcker, 1998; Smith & right, 2004). Such a positive association between customer satisfaction and financial performance is explained by a number of studies to be a result of less customer switching, more loyalty, less price sensitivity, and positive word-of-mouth advertising (Kim, Park, & Jeong, 2004; Homburg & Giering, 2001; Garvin, 1988).

4. The Methodology

The required data were obtained using a structured survey questionnaire designed especially for this study. The questionnaire contained 20 questions related to satisfaction, retention, and loyalty. Nineteen of the twenty questions were closed-end questions. Satisfaction questions used a scale of three options: very satisfied (coded 3), somewhat satisfied (coded 2) and dissatisfied (coded 1). For switching and retention questions, the importance scale was used giving respondents three options: very important (coded 3), somewhat important (coded 2) and not important (coded 1). Customer loyalty was measured through the following question: “would you switch from your current provider if you have a better offer?” To answer this question, a dichotomous scale was used giving the respondents two options: yes (coded 2) and no (coded 1). The questionnaires were hand-distributed to 228 male and female mobile users in Bahrain, belonging to different age groups. From the 228 completed questionnaires, 203 were usable, resulting in an 89% response rate, which is reasonable for a survey of this type

(Malhotra, 2007). The required data were collected in three months and then analyzed using the Statistical Package for Social Sciences (SPSS).

5. Research Findings and Discussion

Data were analyzed for the whole sample as well as for different categories of gender and age. Gender and age difference analysis showed no noticeable difference from the overall sample analysis. Therefore, this section will report the findings related to the overall sample.

With regard to the findings shown in Tables 1, 4, and 5, the determinant factors were ranked according to their mean scores. Higher mean is an indicator of a higher importance of the factor. This is because higher codes were assigned to the more positive responses. For example, for satisfaction scale, “very satisfied” was coded 3, “somewhat satisfied” was coded 2, while “dissatisfied” was coded 1 and for switching and retention scales, “very important” was coded 3, “somewhat important” was coded 2, while “not important” was coded 1. In addition to the mean scores, Tables 1, 4, and 5 also show the percentage of the respondents voted positively for the determinant factors. Here it is crucial to clarify that the descending order of the mean scores is not necessarily corresponded with the descending order of the percentages. The reason for that is because the percentage scores reported in the three tables include those who responded very positive (i.e. “very satisfied” or “very important,” coded 3) and those who responded somewhat positive (i.e. “somewhat satisfied” or “somewhat important,” coded 2). In other words, the difference between the mean scores and the percentage scores is that the former takes into account the weight of the responses while the latter does not. Therefore, mean scores are a better indicator for ranking the factors (Sadia, Tasneem, & Khan, 2011; Metawa & Almossawi, 1998).

5.1 Determinants of Customer Satisfaction

Results indicate that majority of customers (61%) are somewhat satisfied with their current mobile service providers, while 34% are very satisfied and the remaining 5% are dissatisfied. When respondents were asked about the major determinants of their satisfaction, factors such as attractive offers, signal quality, fair charges, and voice quality were most influential in this respect, as shown in Table 1.

According to Table 1, financial factors (i.e. factors related to payments and savings – in Table 1 ranked as 1,3,5,7) are the most important in determining customers’ satisfaction with mobile service providers. On the other hand, intercommunication factors play the least role in determining customer satisfaction (in Table 1, ranked 8-13). This shows that mobile users do care the most about how much they pay and how much they save. Results of our interviews with the respondents reveal that intercommunication factors play a smaller role in determining customer satisfaction because mobile users do not usually put much emphasis on personal contacts with mobile operators, which can clearly be observed through the low ranking scored by the intercommunication factors such as: user-friendly website, provider keeping in touch, friendly provider, quality of services at call centers and shops.

Table 1. Determinants of customer satisfaction (ranked in terms of their importance in determining customer satisfaction)

Rank	Determinant factors	% of respondents voted for the factor	Mean
1	Attractive offers	99	2.85
2	Signal quality	97	2.85
3	Calls & SMS charges	97	2.80
4	Voice quality	97	2.75
5	Monthly calls rent	96	2.67
6	Using advanced technology	95	2.62
7	Monthly data rent	93	2.61
8	Quality of call center services	93	2.53
9	Quality of service at retail/service shops	92	2.44
10	Having retail/service shops in many places	90	2.44
11	Mobile provider being modern	85	2.26
12	Mobile provider being friendly	84	2.20
13	Mobile provider keeping in touch	78	2.10
14	Having user-friendly website	77	2.05

To confirm the above argument and given the importance of customer satisfaction in the survival of businesses, data in Table 1 were subjected to “factor analysis”. Using SPSS, the image factoring was carried out to explore the underlying factors associated with the 14 items considered to be determinants of satisfaction in the mobile industry in Bahrain. To determine whether the data set of this study is suitable for factor analysis, the strength of intercorrelations test was carried out applying Bartlett’s Test of Sphericity (Bartlett, 1954) and the Kaiser-Mayer-Olkin Measure of Sampling Adequacy (KMO) (Kaiser, 1970 & 1974). “Bartlett’s Test of Sphericity should be significant ($P < .05$) for the factor analysis to be considered appropriate. The KMO index ranges from 0 to 1, with .6 suggested as the minimum value for good factor analysis (Tabachnick & Fidell, 2007)” (Pallant, 2010). Results of this study indicate that the Bartlett test was highly significant and KMO test was close to .6, so it was concluded that factor analysis is suitable for use in this study. (see Table 2).

Table 2. KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.599
	Approx. Chi-Square	434.853
Bartlett's Test of Sphericity	Df	91
	Sig.	.000

Based on eigenvalue rule (i.e. only factors with an eigenvalue of 1.0 or more are considered), the factor analysis resulted in three factors including variables with loading greater than 0.30 which is considered to be significant as per (Hair, Anderson, Tatham, & Black, 1992). The result of factor analysis is shown in Table 3.

Table 3. Rotated factor matrix

Factor name	EV	PV	CV	Component variables	Factor loading
Financial aspect (Alpha = .618)	2.455	17.538	17.538	Fair monthly rent	0.776
				Fair monthly data charges	0.780
				Fair charges for calls and messages	0.471
				Attractive offers	0.446
Communication quality aspect (Alpha = .664)	2.062	14.729	32.266	Voice quality	0.814
				Signal quality	0.772
Intercommunication aspect (Alpha = .636)	1.521	10.862	43.128	Mobile provider being friendly	0.829
				Mobile provider being modern	0.752
				Quality of service at shops	0.502
				Keeping in touch	0.621
				Having retail shops in many places	0.602
				Having user-friendly website	0.824

EV: Eigenvalue, PV: Percent of variance, CV: Cumulative variance

Results of factor analysis can also be observed through using Catell’s Scree Test (Catell, 1966). “This involves plotting each of the eigenvalues of the factors and inspecting the plot to find a point at which the shape of the curve changes direction and becomes horizontal. Catell recommends retaining all factors above the elbow, or break in the plot, as these factors contribute the most to the explanation of the variance in the data set” (Pallant, 2010). Results of the Scree Test are shown in Figure 1.

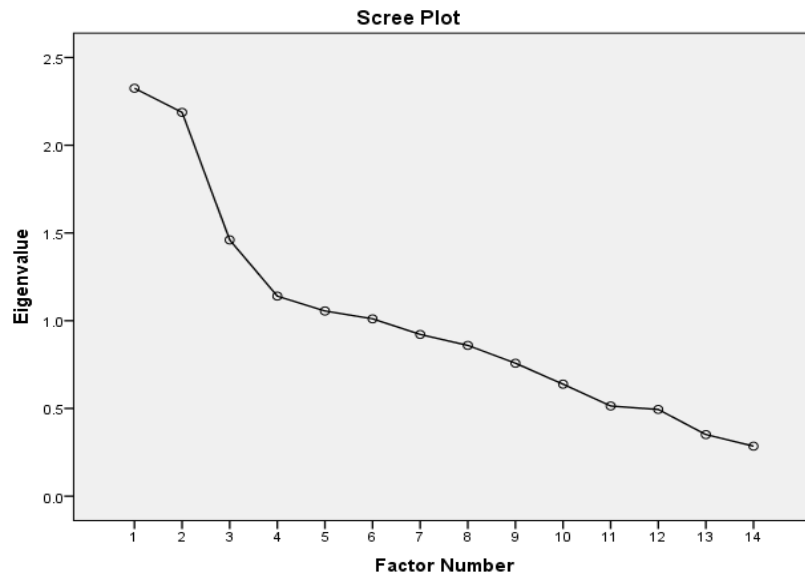


Figure 1. Factors Scree Plot

The results explained above and shown in Tables 1, 2, and 3 and Figure 1, reveal important issues. First, financial, communication quality and intercommunication factors are all significant predictors of customer satisfaction about the mobile service provider. Second, the financial factor is the most influential in shaping the satisfaction of mobile customers, followed by communication quality factor and then intercommunication factor.

5.2 Determinants of Switching

Losing a customer is the last thing a company wants. In some studies, this is referred to as "churn rate" (Wrong, 2010). Companies exert considerable efforts in developing marketing strategies that help to prevent or at least reduce their churn rate. Results of this study reveal that 69% of the respondents already switched from one mobile service provider to another. Such a high switching rate sends a signal to the telecom companies that they need to pay more attention to the issue of customer satisfaction and retention through identifying the reasons for switching. According to this study, the major reasons for switching are factors like: "had a better offer," "dissatisfaction with the charges," "dissatisfaction with the signal coverage," and "good reputation of the new provider." The findings related to this issue are shown in Table 4.

Table 4. Determinants of customer switching (ranked in terms of their importance in determining customer switching)

Rank	Determinant factors	% of respondents voted for the factor	Mean
1	Had a better offer	97	2.77
2	Dissatisfied with the charges applied by previous provider	86	2.46
3	The new provider has a stronger signal coverage	88	2.42
4	The new provider has a good reputation in the telecom industry	89	2.41
5	The new provider was recommended by friends/relatives who I trust	90	2.37
6	I was influenced by the advertisements of the new provider	82	2.22
7	The possibility of switching without losing my telephone number	72	2.17
8	The previous provider was very slow in responding to my enquiries/problems	84	2.07
9	I was dissatisfied with the customer service of the previous provider	63	1.92
10	Curious to try a new provider	53	1.62

As reported earlier for the satisfaction determinants, here also, it can be noted that financial factors (ranked 1, and 2 in Table 4) are ranked top in determining switching between telecom providers, while intercommunication factors (ranked 8 and 9 in Table 4) play the smallest role in switching. Table 4 also indicates that mobile users do not switch for fun, as it is reflected in the fact that the last switching determinant factor in Table 4 is "curious to try new providers". Information in Table 4 should be of a great help to telecom companies wishing to reduce churn rates. To achieve this, companies have to make attractive offers, review their charges, improve their signal coverage, and become involved in more public relations in order to improve their reputation and to generate more positive word-of-mouth advertising. All these are factors that telecom companies need to consider in their satisfaction and retention strategies.

5.3 Determinant of Customer Retention

As per the findings of this study, 80% of the respondents said that they have no intention to switch from their current mobile service provider. This means that the mobile operators are managing, to a great extent, to retain their customers. The major question here is how to retain customers. The answer is depicted in Table 5.

Table 5. Determinants of customer retention (ranked in terms of their importance in determining customer retention)

Rank	Determinant factors	% of respondents voted for the factor	Mean
1	I am satisfied with the provider's offers/promotions	97	2.69
2	I am satisfied with the provider's charges	96	2.63
3	I am satisfied with the provider's signal coverage	91	2.54
4	I am satisfied with the provider's monthly rent	88	2.41
5	I do not have a better option	83	2.38
6	I am satisfied with the provider's customer care	87	2.29
7	I feel happy and good in dealing with the provider	86	2.28
8	I am satisfied with the provider's website	64	1.78

Again, financial factors come on the top of the list. Table 5 shows that three of the top retention determinants are "financial" (ranked 1, 2 and 4). As with satisfaction and switching, "intercommunication" factors play the smallest role in customer retention (such factors are ranked 6, 7 and 8 in Table 5). Is there any significant relationship between customer satisfaction and customer retention? Is there a guarantee that satisfied customers would remain with the company? The logic says that customers would continue with their current mobile service providers as long as they are satisfied with their charges, offers, and services. This logic was confirmed with the result of this study where a crosstab analysis and a Pearson Chi-square test were carried out for customer satisfaction against customer retention. Results indicate a strong positive relationship between the two, where the majority of the satisfied customers (90% of very satisfied and 79% of somewhat satisfied) claimed that they have no intention to switch from their current providers. Such a relationship was statistically significant at less than 1% level (chi-square = 18.671). The relationship between customer satisfaction and customer retention is summarized in Table 6.

Table 6. Relationship between customer satisfaction and customer retention

Satisfaction level	Intention to switch		Total
	Yes	No	
Dissatisfied	7 (79%)	2 (21%)	9
Somewhat satisfied	26 (21%)	100 (79%)	126
Very satisfied	7 (10%)	60 (90%)	67
Total	40 (20%)	162 (80%)	202

5.4 Customer Satisfaction and Customer Loyalty

In this study, customer loyalty was identified by asking respondents the following question: "Would you switch from your current mobile provider if you have a better offer?" Eighty-eight percent of the mobile users responded positively to this question, which indicates lack of loyalty. Furthermore, results indicate no significant

relationship between customer satisfaction and customer loyalty as detailed in Table 7 which shows that 100% of dissatisfied, 91% of somewhat satisfied and 79% of very satisfied customers claimed that they would switch to another service provider that made a better offer. Such an insignificant relationship between customer satisfaction and customer loyalty was statistically insignificant at even 5% level (Chi-square = 5.621)

Table 7. Relationship between customer satisfaction and customer loyalty

Satisfaction level	Willingness to switch if have a better offer		Total
	Yes	No	
Dissatisfied	9 (100%)	0 (0%)	9
Somewhat satisfied	114 (91%)	11 (9%)	125
Very satisfied	53 (79%)	14 (21%)	67
Total	176 (88%)	25 (12%)	201

5.5 Customer Retention and Customer Loyalty

Result show that customer retention does not necessarily leads to customer loyalty. Eighty-six percent of those who claimed that they are remaining with their current mobile providers (i.e. retention) said that they would switch to another mobile service provider if it made a better offer. Such an insignificant relationship between retention and loyalty can also be observed through the insignificant chi-square (3.036) which found to be statistically insignificant at 5% level. The summary of all these findings is shown in Table 8.

Table 8. Relationship between customer retention and customer loyalty

Customer retention (Desire to remain with current provider)	Customer loyalty (Willingness to switch if have a better offer)		Total
	Yes	No	
Yes	140 (86%)	23 (14%)	163
No	38 (95%)	2 (5%)	40
Total	178 (88%)	25 (12%)	203

To confirm the relationship between customer retention and customer loyalty, further analysis was carried out for customer loyalty against each of the eight determinant factors of customer retention. All the results show insignificant association between the two, as outlined in Table 9.

Table 9. Relationship between customer loyalty and the determinants of customer retention

Determinant factors of retention (I have intention to remain with my current provider because I am):	% of retained customers willing to switch if have a better offer	Pearson Chi-square value	Asymp sig (2-sided)	Correlation (r)
Satisfied with the provider's offers/promotions	97%	0.047	0.977	- 0.008
Satisfied with the provider's charges	96%	0.025	0.987	- 0.012
Satisfied with the provider's customer care	90%	5.143	0.076	- 0.151
Satisfied with the provider's monthly rent	89%	1.756	0.416	- 0.092
Satisfied with the provider's signal coverage	90%	0.917	0.633	- 0.027
Satisfied with the provider's website	68%	1.729	0.421	- 0.057
Feeling happy and good in dealing with the provider	86%	0.212	0.900	- 0.021
Don't have a better option	83%	0.522	0.770	- 0.056

6. Conclusion

The competitive nature of the telecom industry in Bahrain obliges the mobile service providers to prepare and execute proper satisfaction and retention strategies. Companies which manage to satisfy their customers, retain them for as long as possible, and hopefully turn them into loyal customers, will certainly be in a better competitive position and achieve a better financial performance.

Results of the study reveal that 69% of mobile users in Bahrain already switched from one provider to another due to their dissatisfaction with their previous providers or due to better offers, image, and reputation of the new provider. In this study, the major determinants of switching are found to be factors such as “had a better offer”, “dissatisfied with the charges applied by the previous provider”, and “the new provider has stronger signal coverage.”

In order to reduce the churn rate, mobile service providers need to keep their customers satisfied. Results of this study show that only 33% of the respondents are very satisfied with their current operator, which means that the rest are very vulnerable to switching. Therefore, it is necessary for the firm to identify the major determinants of satisfaction so they can include them in their satisfaction programs and strategies. The outcome of this study reveals that satisfaction determinants fall into the following categories: financial, communication, and intercommunication. Financial factors (such as offers, charges, rents) are very important in determining customer satisfaction, followed by communication factors (such as signal and voice quality) and then by the intercommunication factor (such as customer service, keeping in touch, user-friendly websites). Satisfaction leads to retention. Results reveal a significant relationship between the two. Firms cannot convince dissatisfied customers to remain with them. So mobile service providers have to monitor the market continuously in order to ensure that their offers, charges, signal coverage, and quality of services are better than those of their competitors.

Although 95% of the respondents were satisfied with their mobile service provider (33% very satisfied and 62% somewhat satisfied), 85% of them said they would change to another provider that made a better offer. Such a weak association between satisfaction and loyalty comes in line with findings of many other studies, for example (Hokanson, 1995; Bamfo, 2009; Kotler, 2003). Therefore satisfaction does not guarantee loyalty.

Results also show that even customers who are remaining their current providers and said they have no intention to switch from them, 86% of such customers confirmed that they would switch as soon as they received a better offer from another provider. As with satisfaction, loyalty is poorly associated with retention. In this study, such a relationship was examined by analyzing relationship between overall retention scores and overall loyalty scores. In addition, loyalty scores were also analyzed against each of the eight determinant factors of retention using a Pearson's Chi-square test. Results of all the analysis revealed a poor relationship between retention and loyalty. Results of this study can be of a great help to the mobile service providers in Bahrain when they come to plan and execute their satisfaction and retention programs.

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