

Impact of Brand Image, Service Quality and price on customer satisfaction in Pakistan Telecommunication sector

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Abstract

Over the last decade, the telecommunication sector of Pakistan has witnessed immense growth and is now catering to almost 100 million subscribers. To make sure that these customers remain loyal, the telecom companies are working to achieve high customer satisfaction through improved service quality, better price and superior brand image. This study particularly looks at all of these aspects and their association with customer satisfaction. Data was collected from educational and business sector of Gujranwala region of Pakistan using stratified random sampling technique. Sample size was 200 and 165 complete questionnaires were received back with response rate of 82.5%. Results of this research are favorable and will help the telecom service providers to shape their products and pricing policies in such a way that they could maximize customer satisfaction and maintain their customers in order to achieve higher market share.

Key Words:Service Quality, Price, Brand Image

1. Introduction

For the long term success the organizations work very hard. The organizations success is determined by numerous factors. Those organizations which earn lot of profit are not thought to be a powerful organization, because the profit generation, is one task of the organization. So, not just the organizations now have to focus the shareholders but also the customers because now the customers are the king. In the existing world maintaining the old ones and drawing the attention of the new customers is considered to be a victory (Ahmed, Nawaz, Usman, Shaukat, Ahmad, & Iqbal, 2010). Now the telecommunication sector is growing to be the vital sector of the world. Voice communication, graphics, data and delivering of video at a very high speed is provided by the telecommunication sector. A world economy is being influenced by the telecommunication sector. Competition is going to be more intense. For the purpose of achieving the maintained competitive edge, the telecommunication industries are compelled to carve innovation and to execute the best thing for the satisfaction of their customer's. So the marketing relationship performs the vital part in the industry of telecommunication (Grönroos, 2004).

Customer satisfaction is defined as the determinant that how much the firm's goods, maintained, services and improvements are capable of meeting the expectations of the customers. The customer satisfaction can be measured by various ways one of the way of measuring the customers satisfaction is the expectation of customers about the benefits and the cost association depends upon the experience of the past suggested by Mouri (2005), and the other way is through the life cycle of the relationship of the customer proposed by the Spath and Fahrnich (2007).

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One of the major factors which influence the customer satisfaction is the quality of service; Quality of service is not only an important factor of customer satisfaction in manufacturing industries but also in service firms. Tangibles, reliability, assurance, responsiveness and empathy are five dimensions that construct the service quality. According to Henkel *et al.* (2006) the high level of utilization and the aim of purchasing again in future is found in the customers' of telecom industry which are found to be satisfied. The customer's satisfaction and trust are influenced by the perceived quality service. The high quality service will have a positive impact on the customer satisfaction. When the customers will not get the quality of service which they were expecting before the purchase their trust will shake which in turn makes the customer dissatisfied and this ends up in customer switch to other service provider. For building long term good trust worthy relation with the customers the firms should provide the customers what they need and want.

The customer satisfaction is also directly influenced by the price factor. The price fairness effect the customer satisfaction in a positive way but the perceived price fairness can be negatively affected by the customer's vulnerability (Herrmann, Xia, Monroe & Huber, 2007). The customer perceives the price in accordance with the quality whose result end up in satisfaction or dissatisfaction (Oliver, 1997). Price reasonability also plays an important role in creating the customer satisfaction. The reason of customer switching to any other cellular industry is the price reasonability from where they get it they went there (Imran, Safwan, Rehman, Afzal, Ali, & Ali, 2010). The high, unreasonable and unreliable pricing policies effect the customer satisfaction negatively. Customer wants the good quality products with reasonable prices which they can afford easily and if any firm provides this to the customer it will build long term good relation with the customer (Peng & Wang, 2006).

Brand image also play a role in creating the satisfaction of the customers. Foxall and Goldsmith (1994) proposed that the perception of the customer about the characteristics of the product and service is influenced by the Perceptions about the brand and branding. The vital aim of the brand and product management is to build strong brand image which in turn generate the huge short term and long term profit (Aaker, 1997). The brand image is negatively influenced by the brand extensions (Arslan and Altuna 2010). So there is a positive impact of brand image on the customer loyalty and commitment towards the offerings of the market.

Pakistan telecommunication industry had shown a tremendous growth rate in current years. Numerous new competitors have entered in this sector to gather the advantages of this rising sector. This has created the situation of intense competition among the main Pakistan's cellular service firms. So, every company is now striving hard to launch attractive and innovative products and services in order to attract the new customers. Those firms which consist of large number of customers they are trying to retain their customers. Therefore the main issue of firms is not only to attract the new customers and earn huge profit but also to retain their customers for the longer period of time. And this retention is possible when the customers are satisfied by their service providers. So, the objective of this study is to find the impact of brand image, price, and service quality on the customer satisfaction in the telecommunication sector of Pakistan.

2. Literature review

Building of brand image is also an important matter for service firms as it is a powerful determinant for products marketing. Keller (1993) defined the brand image as the "the brand relations retained in consumers' mind causes the assumptions about a brand." According to the Arslan and Altuna (2010) the product brand image is negatively affected by the brand expansion, but the negative effect is being reduced by the relation between the original and expansion brands. The great fall in the brand image will be occurred due to the brand expansion if the supposed image and quality of the original brand are superior. There have been positive effects of apparent quality of the brand, consumers' brand awareness, fit perceived by the consumer, consumers' attitudes towards the expansion on the product brand image after the expansion. Ogba and Tan (2009) argued that the behavioral study reveals that there is a positive effect of brand image on the customer loyalty and dedication towards market offering. Pina, Martinez, Chenatony and Drury (2006) proposed that the supposed quality of the expansion is being affected by the degree of the relationship between the corporate brand and service extension which as a result affect the corporate image particularly for those corporate brands which have very high rated images.

Prayag (2010) found the strong and weak points of every method used in his study. For instance Expression relationship is useful at extracting the positive images and holistic impressions but is helpless in recognizing affective images.

The greater extend perception of positive, negative, cognitive and affective images of a brand can be achieved through a free-choice technique. Matthiesen and Phau (2010) suggested that the perception about the brand varies among different channel members. The variation in brand image occurs due to the presence of differentiation among the perception of brand among wholesalers and retailers. Even though the whole attitude of the end consumers' is positive towards the Hugo Boss brand but the consumers fondness to buy the Hugo Boss brand appearing to be comparatively low down as the trend is being seen that the consumers are liking the other brands. The customer satisfaction is directly effected through the price perception and is indirectly being influenced by the perception of price fairness. The outcome of the study also signifies that the perceived price fairness is negatively influenced by the consumers' vulnerability, which has been provoked by a perceived demand supply association and the necessity from the customer's point of view Herrmann, Xia, Monroe and Huber (2007). Imran, Safwan, Rehman, Afzal, Ali and Ali (2010) found that price reasonability and consumer satisfaction are significantly associated with each other. The customers can switch to any other cellular service provider who offers fair prices this reveals that the consumers can be hold on to for a longer duration by offering them the fair prices so; the customer satisfaction is caused by the fairness of price. Peng and Wang (2006) proposed that for buying the product and services the customer has to pay some price which is the financial cost for the customer. Price is the important factor which persuades the customer decision for buying the products and services. Perceive price play a vital role in deciding from whom to get the service. Every consumer has its own needs and wants which are different from the others and this factor influence that to what extent they want to pay for the goods and services. So, for the same products and services the price perceptions of every customer differentiate from the others and the customers who perceived high prices may affect their purchasing possibilities.

According to Oliver (1997) mostly the price is being judged by the consumers in accordance to the service quality which in turn creates the satisfaction or dissatisfaction, which depends on the principle of equity. The consumer wants to do the deal with the service provider in the case when the price is being perceived by the consumer's price fairness. Cheng *et al.* (2008) suggested that there are two ways in which the price perception can be calculated. One of them is price reasonableness, which tells that how the costumers perceive the price while relating it to the competitors. The second one is: value for money that involves the comparative position of the service provider according to the price. Commonly, the services which are of high quality are well thought to be of more cost than those which are of low quality (Chitty *et al.*, 2007). According to many researchers the customer satisfaction and trust is being influenced by the price perception (Oliver, 1997; Peng & Wang, 2006; Chen *et al.*, 2008; Kim *et al.*, 2008). The major reason of customers switching is the issue of price, for instance the high, unreasonable and unreliable pricing policies (Peng & Wang, 2006).

So, the service firms should handle their customer's perceptions about price by providing them the reasonable, attractive and low prices without decreasing the quality for the purpose of increasing the customer satisfaction. Grönroos (2000) proposed that a procedure in which mostly the relations exist among service provider and customer is called a service. Therefore, from the point of view of service, approximately a relationship is present between service provider and customer, so, this type of relationship becomes the source of marketing. For the purpose of retaining the loyal customers for a longer period of time, which in turn generate the huge profit for the firm. The service provider should utilize this relation in such a way that it can handle the customers by providing them what they want and what they need. When the customers interact with the service provider every customer assumes the service quality individually. According to Parasuraman *et al.* (1988) service quality is about what consumer makes an opinion of an overall firm's brilliance or superiority. Grönroos (2000) argued whatever the customer experience in the interaction phase will definitely have the strong effect on the customer's estimation about the service quality.

The quality of the product is easily evaluated as compared to the service quality; the reason behind the difficulty in valuation of the service quality is that the service is composed of strange characteristics; earlier researches have projected many ways of measuring the quality of the service. Parasuraman *et al.* (1988) has proposed the famous model for measuring the service quality, known as the *servqual* model. This model measures the variation which occurs among what the customers expecting and what he/she perceives on the basis of five factors which are tangibles, reliability, assurance, responsiveness and empathy. Grönroos (2000) later on argued that there are seven factors to perceive the service quality and those are: skills and Professionalism, behavior and attitude of employees, flexibility and convenience, trustworthiness and reliability, recovery of services, scope of service, credibility and reputation.

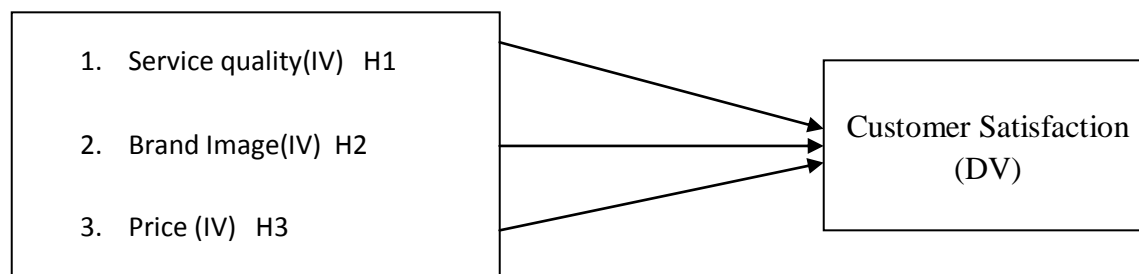
According to Parasuraman et al. (1988), Aydin and Özer (2005), Ismail et al. (2006), high service quality is considered to be the mean to compete in the service markets. In the service firm Perceived quality service has a direct impact on the customer's satisfaction along with their trust. When the customers get more and better services than what they have expected before the purchase from the service firm the customers may become satisfied. When the customers get good quality service from the service provider, than the trust of the customers also take place and he assume that more useful result will be provided by the service firm. To evaluate the performance of the service provider the quality service is a vital determinant in the mobile telecommunication sector which is a service industry. To, provide customer satisfaction, build trust worthy relationship with the customer for a longer period of time and in return getting the competitive edge all this is possible by providing high quality service.

Satisfaction of the Customer is an estimated result of executed activities of marketing; in this highly competitive business world the firm can obtain the success by offering the quality products and services. According to the Fornell (1992) the satisfaction depends upon the overall buying and utilization of the target service and products presentation which is compared with the expectation of repurchase with the passage of time. Oliver (1997,1999) argued that the customer's satisfaction is an enjoyable completion which the customers get in the utilization, which means that consumers feel that the utilization has completed his/her some wants, wishes, requirements, aim etc and this complete ion is enjoyable.

(Mouri, 2005) suggests that an expectation of customers about the benefits and the cost association depends upon the experience of the past, and if the customer had a satisfying experience the customer's enthusiasm and his/her probability of staying in the relationship will be increased. Customer's expectations about the services and products are a mean to calculate the satisfaction of the customers. Li (2008) proposed the emotions' which the customers expected to be satisfactory: these emotions are Satisfaction, Relieved, Content, Surprise and Novelty. Moreover, Spath and Fähnrich (2007) found that the satisfaction of the customer can also be measured through the life cycle of the relationship of the customer that contains different phases of relationship of the customer and need to focus on definite goal and expectations of the customer in different phases.

So, the relationship quality among the service provider and the customers is increased through the customer satisfaction which in return enhances the re purchase by the customers.

3. *Theoretical Framework*



4. *Hypotheses*

H1: There is significant association between service quality and customer satisfaction.

H2: There is significant association between Price and customer satisfaction.

H3: There is significant association between brand image and customer satisfaction.

5. *Methodology*

The purpose of this study is to examine the effect of service quality; price and brand image on the customer satisfaction. In order to collect the data from the targeted population, a questionnaire survey was developed.

The survey is composed of two parts:

- Demographic
- Subjective

The Demographic section contains the factors: Gender, Age, occupation and income level whereas the subjective part deals with the factors of service quality, price, and brand image and customer satisfaction. In order to measure the highly significant features that are very important in analyzing the effect of service quality, price and brand image on customer satisfaction 22 items are used. Where 5-point likert measurement scale is used. 200 questionnaires were distributed among students, employees, businessman and professors and 165 out of 200 were received at the response rate of 82.5%. Data is collected from educational and business sector of Gujranwala region of Pakistan. The sample size of the study was 200 which were selected through stratified random sampling technique. 100 questionnaires were distributed in manufacturing organizations, and 100 questionnaires were distributed among educational sector. In order to collect data close ended questions were used to measure the effect of service quality, price and brand image on customer satisfaction. There were 75.8% male and 24.2% female.

6. Results and Discussion

In order to examine the effect of service quality, price and brand image on customer satisfaction descriptive statistics and Pearson moment correlation is being applied, whilst Cronbach's alpha was also calculated to test the reliability of the analysis. Pearson correlation coefficient was used to calculate and examine the relationship among each variable and through Descriptive statistics Mean and standard deviation were calculated to observe the tendency of respondents about each phenomenon. In Table 1 mean, standard deviation, Cronbach's alpha and Correlation of each variable is given. Mean value of service quality was 4.10 that is close to 4 which means 165 respondents on average were agree about quality service and there is 54% total variation among their responses and Cronbach's alpha was 0.87 that shows 87% reliability of the survey about service quality of the respondents this table also shows that service quality is strongly correlated with customer satisfaction. Mean value of 165 respondents about price was 4.24 that shows positive tendency of respondents. 4.24 is close to 4 it means 165 respondent's response on average were agree about price. There was 79% total variation among responses and Cronbach's alpha was 0.90 that shows 90% reliability of the survey about price of the respondents, Table 1 also shows price is strongly correlated with customer satisfaction.

Mean value of brand image was 3.89 that is close to 3 which means that 165 respondents on average were indifferent about brand image and there is 78% total variation among their responses and Cronbach's alpha was 0.73 that shows 73% reliability of the survey about brand image of the respondents, it also shows that brand image is strongly associated with customer satisfaction. Mean value of customer satisfaction was 4.06 that is close to 4 which means that 165 respondents on average were agree that affect organizational performance and there is 53% total variation among their responses and Cronbach's alpha was 0.66 that shows 66% reliability of the survey about customer satisfaction of the respondents, and Table 1 also shows that customer satisfaction is strongly associated with the predictors.

To test the relationship of service quality, price, and brand image and customer satisfaction linear regression was computed although to test the normality of data and nature of correlation Durbin-Watson was also applied. Table 2 shows $R = 0.94$ shows 94% variation in service quality, price, and brand image and customer satisfaction. R square is the coefficient of determination which shows 90% total variation in customer satisfaction due to predictors. Durban Watson test is applied to test the nature of autocorrelation; the value of d is less than 2 so there is positive autocorrelation. Table 3 of ANOVA shows significance level while the P value is less than significance level which is 0.05 so it is accepted that service quality, price, and brand image has signification association with customer satisfaction.

Customer satisfaction = .372+.925 (service quality)

Above linear equation shows that 100 percent change in service quality will bring 92.5% change in customer satisfaction.

In Table 4 $A = .372$ which shows that the average of customer satisfaction will be .372 when service quality, is zero whereas .925 is the value of beta that shows one unit increase in service quality will bring .925 units change in customer satisfaction.

Customer satisfaction = .372+ (-.336) (price)

Above linear equation shows that 100 percent change in price will bring 33.6% change in customer satisfaction.

In Table 4 A=.372 which shows that the average of customer satisfaction will be .372 when price is zero whereas, -.336 is the value of beta that shows one unit increase in price will bring -.336 units change in customer satisfaction.

Customer satisfaction = .372+ .340 (Brand Image)

Above linear equation shows that 100 percent change in brand image will bring 34.0% change in customer satisfaction.

In Table 4 A=.372 which shows that the average of customer satisfaction will be .372 when brand image is zero whereas.340 is the value of beta that shows one unit increase in brand image will bring.340 units change in customer satisfaction.

Table1: Mean, Standard Deviation, Cronbach`s Alpha and Pearson Moment Correlation (N=160)

	Mean	Standard Deviation	Alpha	SQ	P	BI	CS
Service Quality (SQ)	4.10	0.54	0.87	1			
Price (P)	4.24	0.79	0.90	0.88**	1		
Brand Image (BI)	3.89	0.78	0.73	0.89**	0.96**	1	
Customer Satisfaction (CS)	4.06	0.53	0.66	0.94**	0.81**	0.85**	1

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

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.949 ^a	.901	.899	.17039	1.583

a. Predictors: (Constant), Brand image, Service quality, Price

b. Dependent Variable: Customer Satisfaction

Table 3: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	42.504	3	14.168	487.982	.000 ^a
Residual	4.674	161	.029		
Total	47.178	164			

a. Predictors: (Constant), Brand image, Service quality, Price

b. Dependent Variable: Customer Satisfaction

Table4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.372	.113		3.281	.001
Service quality	.925	.055	.942	16.682	.000
Price	-.336	.066	-.501	-5.112	.000
Brand image	.340	.070	.495	4.875	.000

a. Dependent Variable: Customer Satisfaction

7. Implications of the research

The results of this study suggest that brand image, service quality and price are correlated to customer satisfaction. Increase in price has shown to have a negative impact on customer satisfaction.

Whereas, improvements in brand image have resulted in increased customer satisfaction and improved brand loyalty. Service quality has the strongest correlation and any increase results in a positive impact on customer satisfaction. This study aims to help telecom service provider's to gain a competitive edge in the market by getting an idea of the preferences of the people and then focusing the areas that require improvement.

8. Limitations and future directions

This paper is aimed to study the impact of service quality, price and brand image on customer satisfaction. Being a student it was not easy to access a wider area of respondents. Furthermore, I didn't have enough time to study the moderating role of any factor between those already discussed and customer satisfaction. The findings of this study will be helpful for telecom service providers to shape their product and pricing strategies for improving customer satisfaction and retaining customers to gain a higher market share. Inclusion of a moderating variable like customer trust and customer education will expand the horizon of the study.

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9. References

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