DETERMINANTS OF CUSTOMER SATISFACTION AND LOYALTY IN THE NIGERIAN TELECOMMUNICATIONS INDUSTRY

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ABSTRACT: Customer satisfaction and loyalty have been identified as critical success factors in any business organization. Recent developments in the Nigerian telecommunications industry indicate that the operators engage in several marketing activities to ensure that their subscribers are satisfied and brand loyal. However, most subscribers complain about the quality of services and some switch from one operator to the other or use several lines. Consequently, this paper examined the marketing activities that influence customer satisfaction and the factors that determine customer loyalty in the industry. Based on a contemporary definition of marketing, five constructs (product, price, distribution, promotion and customer service) were identified and tested. For the purpose of the study, a sample size of one thousand (1000) respondents was selected from Lagos State, Nigeria through purposeful sampling technique and data were obtained employing a structured close-ended questionnaire. The results revealed that product (core service), promotion and distribution have a higher impact on the level of customer satisfaction. It was also found that, apart from customer satisfaction, trust is a major determinant of customer loyalty in the telecoms market. On the bases of these findings, a number of recommendations for telecom operators and the Nigerian government were outlined.

KEYWORDS: Marketing activities, customer satisfaction, loyalty, subscribers, operators, Nigeria
INTRODUCTION

For any country to achieve national development, several aspects of the economy are expected to change positively. A strategic aspect of these expectations is the quality of services of the telecommunications industry (Bello-Iman and Obadan, 2004). The introduction of the Global System of Mobile communications (GSM) into the Nigerian market in August, 2001 brought amazing transformation to the telecommunications industry. It made telephone lines available to most Nigerians. Telephone lines increased from 656,461 in 2001 when GSM was introduced to 81,195,684 in 2010 (Onwuegbuchi, 2010). It has also enhanced the revenue base of government as well as generated employment opportunities in the country. The rationale and motivation for this study lies on the fact that despite these benefits, Magbagbeola (2004); CPC (2010) noted that the operations of GSM have been shrouded in controversy notwithstanding the fact that it has been of utmost benefit to consumers and the economy generally. GSM services have been criticized over time for high tariffs, drop calls, acute network congestion, wrong billings, poor signals, call jamming, speech breakages, echoing of speech, delay or non-delivery of text messages after necessary charges have been deducted, inability to load recharge cards and general poor services (CPC, 2010).

In July, 2007, the National Assembly summoned all GSM operators to give explanations for their inefficiency. A committee was also set up to investigate the inefficiency of GSM operators. They maintained that this became necessary due to public outcry on the epileptic services as well as its economic and social implications (Adegoke, Babolola and Balogun, 2008). NCC (2006) reported that the Nigerian GSM market is the fastest growing market in the world but at the same time, the industry has been lagging behind most other sectors in terms of customer satisfaction and loyalty. Aminu and Hartini (2008) observed that rapid diffusion of GSM services is accompanied by low satisfaction and high switching behaviour. Customer satisfaction is a fundamental goal of marketing as the purpose of marketing is to satisfy customers. According to Bloemer and Odekerken-Schroder (2002) customer satisfaction is the result of successful marketing that creates competitive value for consumers. Contemporary marketing efforts are geared towards meeting consumers’ needs and ensuring customer satisfaction and strategizing on how to retain such customers. Unfortunately, most marketing efforts focus on attracting new customers rather than retaining the existing ones (Hassan, 2008). A comprehensive definition of marketing was given by Bearden, Ingram and LaForge (2007). They defined marketing “as an organizational function and a set of processes for creating, pricing, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders”. This indicates that the objective of marketing is to deliver value (satisfaction) to customers as well as build a long-term and mutually profitable relationship with the customers. This can be achieved by a right combination of marketing variables that are under the control of the company.

In today’s competitive market, customer loyalty has become a major concern of firms. Loyal customers not only increase the value of the firm but they also enable it to maintain costs lower than those associated with attracting new customers (Boora and Singh, 2011). The telecoms industry in Nigeria is highly competitive with several operators (MTN, Airtel, M-Tel, Glo Mobile, Etisalat, Visafone, Starcomms and Multi-links). In order to offer better services and gain...
competitive advantage, operators have to understand the antecedents of customer satisfaction and customer loyalty so as to provide better services to customers. Some studies (Cronin, Brady and Hult, 2000; Aminu and Hartini, 2008; Chang, Wang and Yang, 2009) have indicated that customer satisfaction determines customer loyalty while others (Jones and Farquhar, 2003; Irit and Barak, 2011) have shown that customer satisfaction is not sufficient for customer loyalty in some industries. On the basis of this argument, Boora and Singh (2011) called for further empirical research in different service settings on the relationship between customer loyalty and its antecedents. This study intends to examine these relationships by investigating two specific research questions as follows:

• What are the key marketing variables that significantly influence customer satisfaction with respect to telecom services?
• What are the determinants of customer loyalty in the telecoms market?

LITERATURE REVIEW

Historical Background of Telecoms Industry in Nigeria

The Nigerian telecommunications industry has gone through series of development efforts to make services available to consumers and to provide quality services. Telecommunication facilities were first established in 1886 by the colonial administration. At independence in 1960, the total number of telephone lines was only 18,724 for a population estimated at about 40 million. Between 1960 and 1985, the provision of telecommunication services in the country was also limited because of the huge capital outlay required. Consequently, government set up two organizations namely, the Department of Posts and Telecommunication (P&T) to take charge of the internal network and the Nigerian External Telecommunication (NET) to provide a gateway to the outside world (FGN, 2000). During this period, the quality of both the internal and external telecommunication services was unsatisfactory. The unsatisfactory situation had to do with equipment obsolescence, unreliable and congested lines, expensive service delivery and customer unfriendly services (Englama and Bamidele, 2002).

Arising from the foregoing, in January 1985, the P&T Department was split into Postal and Telecommunication Division. The later was merged with NET to form Nigerian Telecommunication Limited (NITEL) while the Postal Division was reconstructed into another organization called the Nigerian Postal Services (NIPOST). The main objective of establishing NITEL was to harmonize the planning and coordination of the internal and external telecommunication services, rationalize investments in telecommunications development and to provide accessible, efficient and affordable services.

Despite the reorganization, many of the problems facing the sector prior to the reorganization were still noticeable. Given the observed shortcomings, the government set out to deregulate the industry to make it more result-oriented. This began with the establishment of the Nigerian Communication Commission (NCC) by Decree 75 of 1992 which since its inauguration in July 1993, set out guidelines for private sector participation. However, due to bureaucratic bottlenecks and insufficient political will on the part of successive governments, much progress could not be achieved in the liberalization of the sector. According to Bello-Iman and Obadan (2004) another
factor responsible for the lull in the liberalization of the sector was the ostracization of the country by the outside world during the military rule of late General Sani Abacha (1993-1997).

Nevertheless, with the advent of democratic rule in May 1999, the sector has witnessed much liberalization resulting in increased private sector participation in Information and Communications Technology (ICT) service provision. In September, 2000, a National Telecommunication policy was formulated to provide Nigerians with the basic framework and primary building block for the much desired telecommunication revolution in the country. A major event was the launch of Global System of Mobile (GSM) communications service in 2001 and the privatization of NITEL. Three GSM licenses were granted to Mobile Telephone Network (MTN), Econet Wireless now known as Airtel and the privatized NITEL Ltd (M-Tel). Later in 2003, Globacom now known as Glo Mobile came into being. Subsequently, other networks such as Starcomms, Multi-links, Visafone and Etisalat joined the crew. This development brought about great changes in telecommunication services in Nigeria.

**Previous Empirical Studies**

It is over a decade now that the Nigerian government successfully liberalized its telecommunications sector and brought into existence GSM services. Over these years, a lot of studies have been conducted on GSM communication. Oyeniyi and Abiodun (2010) examined switching cost and customer loyalty in the Nigerian mobile phone market. The study revealed that customer satisfaction positively affects customer retention and that switching cost affects significantly the level of customer retention. Serenko, Ofir and Sert (2006) investigated the moderating roles of user demographic employing the American customer satisfaction model with GSM services. The study showed that customer satisfaction was influenced by age, income, gender, perceived quality and perceived value but not by pre-purchasing expectations. Cengiz and Yayla (2000) tested the relationship between marketing mix, perceived value, perceived quality, customer satisfaction and customer loyalty. Marketing mix elements were found to have a significant effect on customer loyalty especially price.

Adegoke *et al.* (2008) appraised the performance of GSM operators in Nigeria and discovered that as revolutionary as GSM may seem to be, many problems have bedeviled the sector. The problems identified were instability in power supply, security of infrastructure, menace of social miscreants in host communities, multiple regulations and taxation as well as inter-network connectivity. They stated that all these factors contribute in one way or the other to the quality of services rendered by GSM operators in Nigeria. These variables are exogenous variables which the firm may not be able to control however, marketing mix variables are endogenous variables and the firm has full control over them. So they could be used effectively to ensure customer satisfaction.

**THEORETICAL FRAMEWORK**

The theory underpinning the study is assimilation-contrast theory. In a highly competitive marketing environment like the telecom industry in Nigeria, an understanding of assimilation and contrast effects is of substantial interest. The theory was introduced by Anderson (1973) in the context of post-exposure product performance based on Sherif and Hovland’s (1961) seminal research which suggest that judgements of objects can be affected by contextual factors (Joan and
Brian, 1993). For the purpose of this study, the contextual factors that can affect consumers’ judgements of telecom services include the core product, pricing system, distribution strategy, promotion tools and customer service. The theory states that if performance is within a customer’s latitude (range) of acceptance, even though it may fall short of expectation, the discrepancy will be disregarded, that is, assimilation will operate and the performance will be deemed as acceptable whereas if they fall within the customer’s latitude of neutrality, there will be minimal change. On the other hand, if performance falls within the latitude of rejection, contrast will prevail and the difference will be exaggerated and the good or service will be deemed unacceptable (Oxford, 2014).

The theory suggests that satisfaction is a function of the magnitude of the discrepancy between expected and perceived performance. When the expectations and the actual product performance do not match, the consumer will feel some degree of tension. In order to relieve this tension, the consumer will make adjustments either in expectations or in the perception of the product’s actual performance. Consumers will tend to assimilate or adjust differences in perceptions about product performance to bring it in line with prior expectations if the discrepancy is relatively small. However, if the discrepancy is relatively high, contrast will occur and consumers will magnify or exaggerate the discrepancy and the product would be rejected as totally un-satisfactory.

Conceptual Framework and Research Hypotheses
Based on the definition of marketing and the theoretical framework, we proposed a conceptual framework for customer satisfaction and customer loyalty. The model is important because it consists of variables that can be controlled by a firm to meet the needs of customers and other dynamics of the marketing environment in any given market. The significance of the model is that it will enable researchers, operators and regulatory bodies to know the marketing variables that significantly affect customer satisfaction and customer loyalty.

**Figure 1: The Research Model**

Marketing Variables

- Product (Core Service)
- Price
- Distribution
- Promotion
- Customer Service

Customer Satisfaction

- Trust
- Commitment

Social Networks

Customer Loyalty

\( H_0 \) 1
\( H_0 \) 2
\( H_0 \) 3
\( H_0 \) 4
\( H_0 \) 5
\( H_0 \) 6

Source: Authors
Figure 1 depicts the research model and the relationship among its constructs. It indicates that customer satisfaction as a dependent variable could be influenced by the core product, price, distribution, promotion and customer service. Moreover, customer loyalty as a dependent variable could be influenced by customer satisfaction, trust, commitment and social networks. The constructs are conceptualized as follows:

**Product (Core Service)**
Product is anything that can be offered to a market to satisfy a need or want (Kotler and Keller, 2006). It could be a good or service. Effective marketing starts with the recognition of customer needs and wants and then the firm works backward to develop appropriate products to satisfy the needs and wants (Onwuchuraba, 2006). With telecoms service, customers want to be able to communicate with people unhindered and also enjoy value-added services. Picard (2005) is of the view that product which includes the core service and value-added services are the most important elements of telecom services. Parasuraman and Grewal (2000) and Chang et al. (2009) have found a positive relationship between product quality and consumer satisfaction. Grepott, Rams and Schindler (2001) discovered that product/service quality is not the only parameter of customer satisfaction and loyalty. Price, complaints, expectation about the product and value addition of the product were also identified. However, in this study, only the core of telecom services is considered. Thus, this paper hypothesized that:

\[ H_o1: \text{The product (core service) of telecom services has no significant positive effect on customer satisfaction.} \]

**Price**
Price is the amount of money a buyer pays to a seller in exchange for a good or service (Kotler and Keller, 2006). When the cost of acquiring and using telecom services is low, does it lead to customer satisfaction? Dodds, Monroe and Grewal (1991) stated that people not only may refrain from purchasing a product when they consider the price too high but may be suspicious of the quality of a product if its price is below what they consider acceptable. According to Oyeniye and Abiodun (2010) customers want a fair price for a product; otherwise they will switch to other service providers offering lower prices. The following is thus hypothesized:

\[ H_o2: \text{The price of telecom services has no significant positive effect on customer satisfaction.} \]

**Distribution**
Distribution is the mechanism through which goods or services are moved from the manufacturer to the consumer (Onwuchuraba, 2006). The telecoms consumer will want the SIM cards and recharge cards to be available at the right places, at the right time and in the right quantities. In the telecoms market, customers want operators to do more than connect them; they also want network to be available at all times and at every place (Adebayo, 2008). The above viewpoint leads to the following hypothesis:

\[ H_o3: \text{The distribution of telecom services has no significant positive effect on customer satisfaction.} \]
Promotion
Promotion involves a marketer’s initiated techniques directed at a target audience in an attempt to influence attitudes and behaviour (Bearden et al., 2007). There are five major categories of promotion: advertising, public relations and publicity, sales promotion, personal selling and direct marketing. Do consumers derive satisfaction and become loyal as a result of the level of advertisement, sales promotion, personal selling, public relations and direct marketing practices of telecom service providers? Do bonus-offers and discounts make customers to be satisfied? In the telecoms market, it has become the most important marketing activity that operators focus on (Ndukwe, 2008). Hence, this paper hypothesized that:

H₀₄: The promotion of telecom services has no significant positive effect on customer satisfaction.

Customer Service
Excellent customer service is more than what is said to or done for the customers. It also means giving customers a chance to make their feelings known. Will subscribers be satisfied as a result of the manner in which complaints are handled by the service provider? Does communication and information provision of the service provider determine customer satisfaction? Oluwo (2007) posited that the key to building customer confidence in the long-run lies in achieving sustained customer satisfaction and loyalty through:

- **Listening to customers**: For a firm to satisfy its customers, it must not lose any opportunity to listen to its customers. They can provide useful ideas for improvement in the product.
- **Provide mechanism to hear from the customers**: Provision should be made to encourage customers to talk back to the firm about its services.
- **Response to complaints**: Firms must locate consumer help desk nearer to the customer and work to resolve each complaint and inquiry that is received individually and promptly. It is hypothesized therefore that:

H₀₅: Customer Service with regard to telecom services has no significant positive effect on customer satisfaction.

Customer Satisfaction and Customer Loyalty
Schiffman (2007) defined satisfaction as a person’s expression of pleasure or disappointment resulting from comparing a service outcome in relation to the expectations. If the performance falls below expectation, the customer is dissatisfied. If performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. Mei-Lien and Green (2010) defined customer loyalty as a deep-held commitment to re-buy or re-patronize a preferred product in the future despite situational influence and marketing efforts having the potential to cause switching behaviour and recommending the product to friends and associates. With the fierce competition in the Nigerian telecoms market, operators need to watch switching behaviour of their customers. The telecoms market is a subscription market whereby consumers subscribe with no initial intention to switch and they are expected to remain loyal until some factors trigger them to switch (Oyeniyi and Abiodun, 2010). Mei-Lien and Green (2010) posited that loyal customers are willing to re-buy products despite the fact that there are competitive alternatives that may cause switching.
Several studies have identified a significant positive relationship between customer satisfaction and customer loyalty (Cronin and Taylor, 1992; Zeithaml, Berry and Parasuraman, 1996; Oliver 1999; Cronin et al., 2000; Aminu and Hartini, 2008; Chang et al., 2009). Zeithaml et al. (1996) noted that when customers are satisfied, they tend to have favourable behaviour and remain with the current service provider but when they are dissatisfied; they exhibit unfavourable behaviour and defect. Aminu and Hartini (2008) are of the opinion that customer satisfaction leads to loyalty, continuous patronage, positive word of mouth, recommendation, paying less attention to advertisements of competitors and ultimately increased market-share, profitability and customer retention. This suggests that customer satisfaction has strong effect on customer loyalty. However some studies (Anderson and Sullivan, 1993; Lee and Cunningham, 2001; Jones and Farquhar, 2003; Irit and Barak, 2011) have shown that customer satisfaction is not enough to explain customer loyalty despite the fact that it is an important factor. They included other factors such as trust, commitment and social network. Trust has been defined as the willingness to rely on an exchange partner in whom one has confidence (Garbarino and Johnson, 1999). It is the belief that a partner’s word or promise is reliable or that a party will fulfill his/her obligation in a relationship. Commitment is defined as an enduring desire to maintain a valued relationship. This implies a high level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial. Irit and Barak (2011) examined the role of customers’ social network in their defection from a service provider using cellular company. The results of the study indicated that customer’s defection is influenced by the past defection of other members in his/her direct personal social network. Hence, it affects customer’s willingness to remain loyal with current service provider. Based on the above, the following hypothesis is posited:

\( H_6 \): Customer satisfaction is not the only significant determinant of customer loyalty with regard to telecom services.

**METHODOLOGY**

**Population and Sample**

The research design for this study is a cross-sectional survey research design. The population of the study consists of subscribers of telecom services in Lagos State, Nigeria. Lagos State was chosen for this study because it is the most cosmopolitan state in Nigeria and also the nation’s commercial capital and is highly industrialized. In addition, Lagos State is one of the states where telecom services were first launched. Fifty (50) respondents were sampled from each of the twenty (20) Local Government Councils in Lagos State (LSG, 2011) and a total of 1000 respondents were sampled for the study from Alimosho, Agege, Ajeromi Ifelodun, Apapa, Amuwo Odofin, Badagry, Epe, Eti Osa West, Ibeju-Lekki, Ifako-Ijaiye, Ikeja, Ikorodu, Kosofe, Lagos Island, Lagos Mainland, Mushin, Ojo, Oshodi Isolo, Shomolu and Surulere using purposive sampling technique. The selected individuals are those who currently use a cell phone and must have been using it for more than five (5) years. This condition which influenced the choice of sampling technique is important because of the nature of the dependent variables. For respondents to provide valid judgements, they should have experienced the service for quite sometime.

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The Research Instrument
Questionnaire was used to collect data for the study. Some of the items selected for the constructs were adopted from the study of Aminu and Hartini (2008). The questionnaire attempted to isolate items on product (core service), price, distribution, promotion and customer service as identified in Bearden et al. (2007) definition. The thirty-three (33) item questionnaire used a 5-point Likert scales ranging from strongly agree (5) to strongly disagree (1). Selected demographic data were also collected. These include gender, marital status, age, level of education, occupation, monthly income and the telecoms service provider of the respondents. A pilot study involving thirty (30) respondents obtained through systematic sampling of mobile phone users from Ojo Local Government Council was conducted in order to detect any ambiguities or questions that were not easily understood by the respondents. Based on the responses obtained from the pilot study, it was observed that the instrument was response-friendly. The questionnaire was also subjected to expert opinion for content validity before it was administered. Cronbach Alpha was used to determine the internal consistency and reliability of the items. Product (core service) indicated Cronbach Alpha of 0.73; price, 0.8; distribution, 0.76; promotion, 0.82, customer service, 0.79; customer satisfaction, 0.76 while customer loyalty, 0.75. They all indicated acceptable construct reliability as the Cronbach Alpha recorded are under acceptable range α ≥ 0.7 (Girden, 2001). One thousand (1000) copies of the questionnaire were administered but only eight hundred (800) were returned and these were used for the analysis.

RESULTS
Demographic Analysis

Table 1. Characteristics of Respondents, (N = 800)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>413</td>
<td>51.6</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>387</td>
<td>48.4</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td>310</td>
<td>38.7</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>490</td>
<td>61.3</td>
</tr>
<tr>
<td>Age</td>
<td>Less than 20</td>
<td>164</td>
<td>20.5</td>
</tr>
<tr>
<td></td>
<td>21-40</td>
<td>311</td>
<td>38.9</td>
</tr>
<tr>
<td></td>
<td>Over 40</td>
<td>325</td>
<td>40.6</td>
</tr>
<tr>
<td>Level of Education</td>
<td>SSCE</td>
<td>82</td>
<td>10.2</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>436</td>
<td>54.5</td>
</tr>
<tr>
<td></td>
<td>Post-Graduate</td>
<td>282</td>
<td>35.3</td>
</tr>
<tr>
<td>Occupation</td>
<td>Student</td>
<td>182</td>
<td>22.8</td>
</tr>
<tr>
<td></td>
<td>Civil Servant</td>
<td>336</td>
<td>42.0</td>
</tr>
<tr>
<td></td>
<td>Private Employee</td>
<td>282</td>
<td>35.2</td>
</tr>
<tr>
<td>Monthly Income</td>
<td>Less than N100,000</td>
<td>301</td>
<td>37.6</td>
</tr>
<tr>
<td></td>
<td>N101,000-N300,000</td>
<td>385</td>
<td>48.1</td>
</tr>
<tr>
<td></td>
<td>N301,000 and above</td>
<td>114</td>
<td>14.3</td>
</tr>
</tbody>
</table>
Among the 800 respondents, 48.4% were females while 51.6% were males; majority of the respondents (61.3%) were married and there were aged 21 years and above. Majority of the respondents (89.8%) were educated to tertiary institution level. 42% of the respondents were civil servants and their monthly income range from N101, 000 to 300, 000. 55% of the respondents have more than one line. The demographic analysis further demonstrated diversity amongst respondents and data collected can therefore be said to be balanced and reliable for the purpose of the study.

**Determinants of Customer Satisfaction**

**Table 2: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.896</td>
<td>.803</td>
<td>.802</td>
<td>.39169</td>
<td>.497</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Service, Distribution, Product (Core Service), Price, Promotion  
b. Dependent Variable: Customer Satisfaction

**Table 3: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>620.683</td>
<td>5</td>
<td>124.137</td>
<td>809.121</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>152.501</td>
<td>994</td>
<td>.153</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>773.184</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Service, Distribution, Product (Core Service), Price, Promotion  
b. Dependent Variable: Customer Satisfaction
Table 4: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(.Constant)</td>
<td>-.454</td>
</tr>
<tr>
<td></td>
<td>Product (Core Service)</td>
<td>.444</td>
</tr>
<tr>
<td></td>
<td>Price</td>
<td>.194</td>
</tr>
<tr>
<td></td>
<td>Distribution</td>
<td>.255</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>.294</td>
</tr>
<tr>
<td></td>
<td>Customer Service</td>
<td>.052</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction

Tables 2, 3 and 4 showed the result of regression analysis in examining the relationship between marketing activities and customer satisfaction. The mean of the scale item ratings within a given factor was used to form measures of the variables. The R-Square is 0.803 while F value is 809.1 with sig level of 0.00. This implies that the regression equation achieved a satisfactory level of goodness of fit in explaining the variation in the dependent variable by the independent variables in the study. From the results, the independent variables explained 80.3% of variation in the dependent variable. All the independent variables are significant and they have a positive impact on customer satisfaction in the telecoms industry but product (core service) ($\beta = 0.444$) has the highest impact on customer satisfaction followed by promotion ($\beta = 0.294$), distribution ($\beta = 0.255$), price ($\beta = 0.194$) and lastly customer service ($\beta = 0.052$).

4.3 Determinants of Customer Loyalty

Table 5: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.886</td>
<td>.786</td>
<td>.785</td>
<td>.41090</td>
<td>.478</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Social Networks, Commitment, Customer Satisfaction, Trust
b. Dependent Variable: Customer Loyalty
Table 6: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>593.638</td>
<td>4</td>
<td>148.410</td>
<td>878.993</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>161.918</td>
<td>959</td>
<td>.169</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>755.556</td>
<td>963</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Social Networks, Commitment, Customer Satisfaction, Trust
b. Dependent Variable: Customer Loyalty

Table 7: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-.009</td>
<td>.056</td>
<td>-.168</td>
<td>.867</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>.656</td>
<td>.018</td>
<td>.638</td>
<td>35.468</td>
</tr>
<tr>
<td>Trust</td>
<td>.385</td>
<td>.018</td>
<td>.391</td>
<td>21.597</td>
</tr>
<tr>
<td>Commitment</td>
<td>.014</td>
<td>.014</td>
<td>.015</td>
<td>.946</td>
</tr>
<tr>
<td>Social Networks</td>
<td>-.093</td>
<td>.016</td>
<td>-.091</td>
<td>-5.814</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty

Tables 5, 6 and 7 showed the result of regression analysis to examine the relationship between customer satisfaction and customer loyalty. The R-Square is 0.786 while the F value is 878.9 with sig level of 0.00. This implies that the regression equation achieved a satisfactory level of goodness of fit in explaining the variance of the independent variables in relation to customer loyalty. The independent variables explained 78.6% of the variation in the dependent variable. The result in table 7 indicates that all the independent variables (customer satisfaction, trust and social networks) except commitment are significant and they have a positive impact on customer loyalty except social networks. Customer satisfaction (β = 0.656) has the highest impact on customer loyalty followed by trust (β = 0.385), social networks (β = -0.093) and Lastly commitment (β = 0.014).
Table 8: Hypotheses Result

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₀₁ The product (core service) of telecom services has no significant positive effect on customer satisfaction.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₂ The price of telecom services has no significant positive effect on customer satisfaction.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₃ The distribution of telecom services has no significant positive effect on customer satisfaction.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₄ The promotion of telecom services has no significant positive effect on customer satisfaction.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₅ Customer Service with regard to telecom services has no significant positive effect on customer satisfaction.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₀₆ Customer satisfaction is not the only significant determinant of customer loyalty with regard to telecom services.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

DISCUSSION

In this study, a research model was developed to examine the nature and strength of relationship between the elements of marketing activities and customer satisfaction as well as the impact of customer satisfaction on customer loyalty. Product has the highest impact on customer satisfaction with respect to telecom services and the finding that it has a significant positive impact on customer satisfaction is supported by the findings of Parasuraman and Grewal (2000), Grepott et al. (2001) and Chang et al. (2009) that there is a positive relationship between product quality and customer satisfaction. This shows that telecom users want network availability, accessibility and reliability. They want network to be available at all times and they also want their calls to go through whenever they make calls. This corroborates the view of Picard (2005) that product which includes the core service and value-added services are the most important elements of telecom services. The next construct with a high impact on customer satisfaction is promotion. This indicates that telecom users will be satisfied if their service providers are involved in promotion activities. This finding justifies the way and manner operators in the industry focus on promotional strategies especially sales promotion that serves to make more air-time available at reduced cost.

Customer service has the least impact on customer satisfaction after price. This indicates that customer service and price are not the main sources of satisfaction in the telecom industry. It appears that users of telecom services will have no need to complain if the core service which represents the objective for buying the line is achieved. In addition, it seems that because lines are sold at a very cheap rate now and the billing is per second, price has ceased to be a major determinant of customer satisfaction. Hence, the finding of Cengiz and Yayla (2000) that price has a significant effect on customer satisfaction is not supported in this study.

Several studies have identified a significant positive relationship between customer satisfaction and customer loyalty (Cronin and Taylor, 1992; Zeithaml et al., 1996; Oliver 1999; Cronin et al., 2000; Aminu and Hartini, 2008; Chang et al., 2009; Oyeniyi and Abiodun, 2010). The finding of
this study that customer satisfaction is the major determinant of customer loyalty supports Zeithaml et al. (1996) view that when customers are satisfied, they tend to have favourable behaviour and remain with the current service provider but when consumers are dissatisfied; they have unfavourable behaviour and defect. However, as observed by (Anderson and Sullivan, 1993; Lee and Cunningham, 2001; Jones and Farquhar, 2003; Irit and Barak, 2011) that customer satisfaction is not enough to explain customer loyalty despite the fact that it is an important factor, trust was also found to be important. Trust which can be referred to as the belief that a partner’s word or promise is reliable and that a party will fulfill his/her obligation in an exchange relationship can significantly determine customer loyalty. The finding of the study of Irit and Barak (2011) that customer’s direct personal social network affects customer’s willingness to remain loyal with current service provider is also sustained in this study. The result shows that social network is a significant factor that affects customer loyalty but it has a negative impact.

IMPLICATION AND CONTRIBUTIONS

The research makes significant contributions to the field of services marketing especially telecom services. The first contribution is the identification of customers’ perceptions of the marketing variables that influence satisfaction. This will help operators to understand the dimensions that subscribers consider when evaluating telecom services. This is particularly important because the Nigerian telecoms industry is highly competitive and subscribers can easily switch from one service provider to another. Moreover, there are mobile phones that can accommodate two to three SIM cards and the customer can decide which of them to recharge regularly which of course will depend on the variables identified in this study. Therefore, the study will provide guidelines for operators to gain competitive advantage. The study also provides insight into the determinants of customer loyalty. It indicated that customer satisfaction is not the only determinant of customer loyalty and so there is need for operators to build customer confidence and be committed in providing reliable services to subscribers. This research will assist telecom operators in the formulation of marketing strategy and to boost customer loyalty.

In addition, the study has made a significant contribution to the assimilation-contrast theory by identifying the contextual factors (product, promotion and distribution) that determine customer satisfaction in telecom services. This will be useful to academia and researchers in further studies by applying the research model in other service industry.

CONCLUSION AND RECOMMENDATIONS

Five marketing variables in Bearden et al. (2007) definition of marketing, product, price, distribution, promotion and customer service were examined in this study to determine their relative impact on customer satisfaction with regard to telecom services and by extension if customer satisfaction is sufficient in determining customer loyalty. From the results, all the marketing variables positively affect customer satisfaction. It is important therefore for telecom operators to see how they can improve on customer satisfaction and subsequently customer loyalty. When customers are not satisfied, they will switch to alternatives (Cronin et al, 1992), (Oliver, 1999) and (Oyeniye and Abiodun 2010). That is why people end-up acquiring services from other networks. This also accounts in part, why many Nigerians carry multiple handsets. If more people
are satisfied with an operator’s service, the customer base is likely to increase and subsequently profit margins will improve.

Since all the marketing variables have significant impact on customer satisfaction, it is necessary for telecom operators to make network available everywhere and every time, improve on the reliability of their network, reduce network congestion and poor signals. Operators should upgrade and optimize all existing base stations so as to improve network for better services. They should also respond quickly and favourably to customer complaints, create avenues to hear from the customers and also to communicate with them. It is also imperative for the Nigerian government to address incessant power failure. This will stop the over-dependence of telecom operators on generators for power supply. Government at all levels should also deal with the issue of insecurity in the country. This can be achieved by creating an environment that can engage the youths who are usually enticed into vandalizing telecom infrastructure and extortion of large sums of money from operators thus limiting their ability to provide adequate services.

REFERENCES


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