# Customer Satisfaction Factors in Pakistani Internet Users Market

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**Abstract**

*Purpose: This research is aimed at finding out customer satisfaction in Pakistani Internet users' market by keeping in view different variables related to customer satisfaction.*

*Design/methodology/approach: A structured questionnaire with five point Licket-Scale was used for the collection of data. A sample of 300 internet users, using different ISPs and belonging to different cities of Pakistan, were contacted. Out of these 300 users 250 users responded back with a response rate of 82%. For making research process faster convenient sampling was used. SPSS 18.0 is used for the analysis purpose.*

*Findings: The results indicate that Corporate Image, Customer Loyalty and Customer Expectation have high impact on the Customer Satisfaction showing that if customers are loyal to a certain Internet Service Provider (ISP) then it indicates their satisfaction from that ISP.*

*Practical Implications: According to this research, these factors are the driving force for achieving customer satisfaction in the Pakistani ISP market. Managers of different ISPs must focus on these factors for the attainment of higher customer satisfaction and customer loyalty.*

**Keywords:** *Internet Service Provider (ISP), Customer Loyalty, Customer Perceived Quality, Customer Expectation and Customer Complaint Handling*

## Introduction

Number of Internet users in Pakistan is increasing day by day. Total number of Internet users in Pakistan is 2,009,593 as per April, 2012 (www.pta.gov.pk). Internet users in Pakistan are showing an up-rise trend with the passage of time. According to International Telecommunication Union, 9% of total population of Pakistan is currently using internet which was only 1.32% in 2003. In fact Pakistan has the highest Internet penetration rate in the South Asian region. According to the Pakistan Telecommunication Authority, PTCL continues to lead the market with a market share of 58.4%, followed by Wateen, a newly entrant in the market but with excessive growth, with a market share of 13.5%, WorldCall 10.2%, WiTribe 9.1%, Qubee 3.6%, Link Dot Net 2.1% and 5.2% are others Internet Service Providers (ISPs). A brief snapshot and comparison with the previous year's figures is given in figure 1. All companies are offering several packages to increase their market share with high competition. They are covering all those areas which were ignored previously. Due to the high growth rate and increasing trend of customers, this industry has been selected for the customer satisfaction study.

Customer loyalty has become one of the key indicators in today's competitive business environment. Customer loyalty comes through customer satisfaction which is a result of increased repurchase rates, positive recommendation behavior, higher price-willingness and decreased rate of switching (Bruhn and Grund, 2000). Due to increased competition among companies, customers face many marketing offers which can be in the form of product or service. Every company wishes that potential customers must be attracted to their products or

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services. But customers are attracted to those companies whose marketing offers are matching their expectations which ultimately will lead to an increased satisfaction level.

*Figure 1*



**Broadband Operators - Market Share**
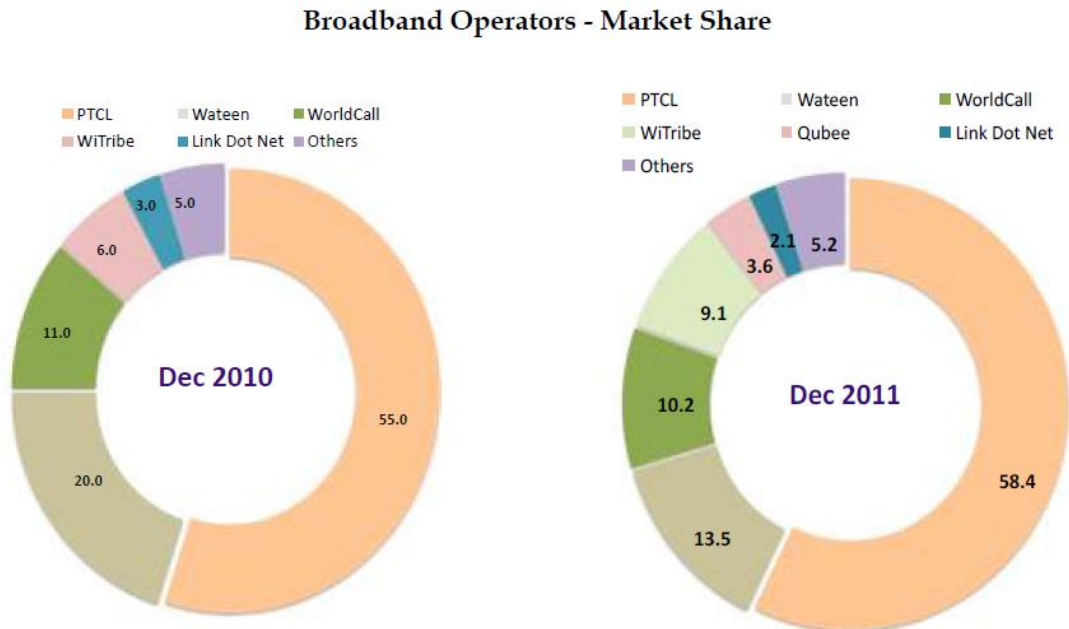
*Source:* www.pta.gov.pk

Customer satisfaction can be defined as the level of congruence between the customers' expectations and the performance of the products or services. So, the customer satisfaction will be resulted in the form of increased loyalty to the organization or its products or services as well as it will be resulted in increased mouth marketing. Marketing department of any organization also focuses on the expectations of the customers because customers are the major focus of any organization and its all departments. If customer is not feeling convenience with the products currently he/she is using, he/she will be dissatisfied and will switch to the competitors as well as there will be mouth marketing but in negative way.

Fornell et al., (1996) is of the view that analysis should be conducted between the relationship of customer satisfaction and loyalty and must also be compared among firms, industries, sectors and nations. Many customer satisfaction indexes have also been developed for this comparison and the first measurement tool for this comparison was Swedish Customer Satisfaction Barometer (SCSB). Earlier study by Fornell, (1992) has concluded that loyalty depends upon the customer satisfaction and customer complaint handling rate, so it can be said that a positive relationship between customers' satisfaction and customers' complaints handling rate results in increased customer loyalty and gives purposeful results.

The purpose of the current study is to find out the factors involved for customer satisfaction in the Pakistani internet users market. Relevant literature is reviewed which shows that there is a direct relationship between customer satisfaction and customer loyalty and negative relationship between customer satisfaction and customer complaints i.e. as customer satisfaction increases, customer complaints decreases and resultantly customer loyalty increases. So it can be stated that customer dissatisfaction results in increased customer complaints and if these complaints are resolved, increased customer satisfaction will be the result. Thus researcher emphasized on need for service recovery system and complaints management (Johnson et al., 2001).

In the current study customer loyalty, corporate image, customer perceived quality, customer perceived value, customer expectations and complaint handlings are independent variables and customer satisfaction is considered as dependent variable.

## Literature Review

Easiest and trust worthy source of superior performance and organizational growth is retention of existing customers when market is facing very strong competition and growth rate is not appreciate able (Fornell and Wernerfelt, 1987; Peters, 1988; Reichheld and Sasser, 1990). Customer satisfaction (Anderson and Sullivan, 1993; Rust and Zahorik, 1993; Anderson et al., 1994; Jones and Sasser, 1995), complaint handling (Hirschman, 1970; Fornell and Wernerfelt, 1987), and customer loyalty (Reichheld, 1996; Dowling and Uncles, 1997) are the major tools for any type of organization for the retention of its customers.

In the current study, major concentration is on the role of customer complaint handling and provision of service quality (Parasuraman et al., 1988) and also emphasized that what is the effect of quality service on the profit of the organization (Rust et al., 1995; Zeithaml et al., 1996). Keeping in view the perceived quality and their own expectations to a specific product or service, customers decide whether to remain loyal to the current product/service/organization or to go for another product/service/organization. Provision of service quality plays a vital role in the differentiation of a product as compared to the competitor and to increase the market share and profit (Phillips et al., 1983; Buzzell and Gale, 1987). Researcher has paid more attention to customer evaluation of service quality, customer expectation, customer loyalty, corporate image, complaint handlings and customer perceived value.

It is generally considered that customer loyalty and customer satisfaction has many things in common but still customer satisfaction is known as broader concept as compared to the customer loyalty. Highly reputed firms are based on the continued customer satisfaction which ultimately removes the price sensitivity of the customers for that (Andersonand Sullivan, 1993). As customer satisfaction is also affected by customer perceived value which means how much quality was perceived with respect to price paid. Customer perceived value is different in comparison of results across different firms, sectors and industries (Fornell et al., 1996). Because of this reality researcher was able to differentiate about customers' income, as income is also very important determinant (NQRC, 1995). There involves different potholes in the relation from quality to perceived value and form perceived value to loyalty and which can be removed from the model (Johnson et al., 2001).

Corporate image of any organization is also based upon the customer's overall consumption patterns (Nguyen and Leblanc, 2001). And if customers have some complaints on some specific issue, these complaints must be handled in a proper way to improve customer satisfaction (Fornell et al., 1996). That's why in the current study researcher has taken an ardent interest in the role of complaint handling of customer for increasing satisfaction of customer.

The aim of this study is to examine the customer satisfaction by using the data from Pakistani customers in internet service market. *Internet users are people with access to the worldwide network.* Internet in Pakistan has been available since the early 1990s. State owned institution of Pakistan, Pakistan Telecommunication Company Ltd (PTCL), was the first one to introduce internet in Pakistan. However current service providers in Pakistan are facing hard competition for retaining their current customer and to snatch the new customer from their competitors. Because of this, companies are offering more facilities to their customers like they are changing their pricing plans day by day, providing best coverage, reaching to the remote areas, providing value added services and similarly different types of attractive packages. Indeed it is playing a major role in economic condition of Pakistan. As the internet

market in Pakistan is at the boom situation, however service providers are still offering more value added services to attract the customers and to lead in the internet service market (Federal Communications Commission (FCC), 2004). According to Lean (2004) billions of internet users are there in different parts of the world. Thus the major emphasis of this paper is to construct a detailed framework for service quality, customer perceived value and customer satisfaction among internet users of Pakistan.

On the basis literature review discussed above, it is concluded that customer expectations, customer loyalty, customer perceived quality and customer perceived value have strong and powerful impact on customer satisfaction which may be negative or positive.

Keeping in view the above discussion and review of literature, researcher has developed the following model:
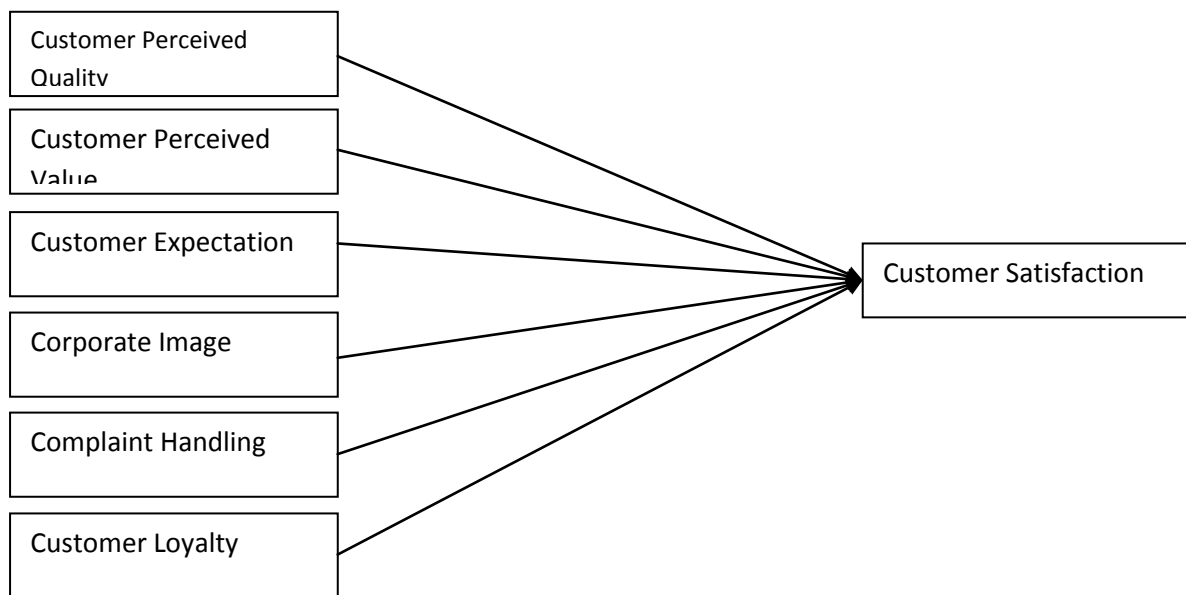


In this model a total of 7 variables are considered for analysis. Out of these 7 variables, 6 are independent variables including Customer Loyalty, Corporate Image, Customer Perceived Quality, Customer Perceived Value, Customer Expectation, and Complaint Handlings while Customer Satisfaction is taken as dependent variable. All the independent variables are affecting customer satisfaction.

Customer satisfaction is mainly dependent on two things i.e. Expectations of the customer before purchasing a product and the performance of the product after the purchasing, which is directly effecting the customer expectation. While both customer satisfaction and customer complaints directly affect loyalty of customer (Fornell, 1992). While enquiring about loyalty, customers were asked about their preference, recommendation to other and their intention to use the same service in future. Corporate image is known as the overall perception of society headed for the organization. For its evaluation customer identified the stability, innovation and image in the society of the operator.

Perceived quality is the limit up to which the product or service provide the necessary needs fulfillment of customers with more satisfaction value. To know about the service quality of an operator customer rated for the billing system, additional services, signal strength, speed and network coverage of respective ISP. Customer perceived value deals with quality perceived in accordance to the price paid. Customer perceived value was judged from the customers' ideas about the pricing plan with respect to quality, superiority of overall pricing option in market of service provider. Customer expectations are the wishes of customers for the quality and meeting of their expected needs from the service or product. To know about the expectations the customers were asked about their expectations for services, billing tariff

and their belief that the service will meet their expectations. When a customer pays for some product or service he/she is assuming that he/she will enjoy the desired services. But when there are some flaws in the purchased product/service, customer will go for complaints. For the growth and success of an organization, customer complaints must be handled carefully. Customer complaint handling means to what extent service provider is caring for its customers. Only one question was asked under this topic that how much your service provider is caring about your complaints.

## Research Methodology

*Population:* Population for the current study includes those people who have access to internet and living in Pakistan irrespective of their age, gender, profession, income level and other demographic variables.

*Sample:* Convenient sampling was used for the collection of date. Reason for the selection of convenient sampling is lack of time and lack of resources as the study is not funded by any agency but self-financed. A sample of 300 internet users, using different ISPs and belonging to different cities of Pakistan, were contacted. Out of these 300 users 250 users responded back with a response rate of 82%.

*Data Collection Tool:* Data was collected by using survey questionnaire. Seven variables (customer satisfaction, customer loyalty, customer perceived quality, customer perceived value, customer expectation, corporate image and complaint handling) were used to measure and explain customer satisfaction. Questionnaires were distributed among 300 users of internet. This whole data collection process took three weeks.

The questionnaire was adopted by the extensive literature review (Hirschman, 1970; Fornell and Wernerfelt, 1987 Peters, 1988; Reichheld and Sasser, 1990 Johnson et al., 2001 Phillips et al., 1983; Buzzell and Gale, 1987 Fullerton, 1998). In the mentioned research studies likert scale questionnaire was used so the researcher also used five-point likert scale (strongly disagree to strongly agree continuum) for the collection of data.

**Hypothesis**

On the basis of extensive literature review hypotheses are developed for the study as follows:

*Hypothesis 1:* There is a positive/significant relationship between the customer loyalty and customer satisfaction.

*Hypothesis 2:* There is a positive/significant relationship between the customer perceived quality and customer satisfaction.

*Hypothesis 3:* There is a positive/significant relationship between the customer perceived value and customer satisfaction.

**Hypothesis 4:** There is a positive/significant relationship between the corporate image and customer satisfaction.

**Hypothesis 5:** There is a positive/significant relationship between the customer expectations and customer satisfaction.

 **Hypothesis 6:** There is a positive/significant relationship between the complaint handling and customer satisfaction.

## Research Findings

In the current study to find out the strength of the relationship among several variables, "Pearson Product Moment Correlation Co-efficient" is used, in this tool, both the variables are treated symmetrically, i.e. there is no dissimilarity between dependent and independent variables. Two variables are said to be correlated if they have a propensity to concurrently change in same direction. If both the variables have a propensity to increase or decrease together, the correlation is known as direct or positive. When one variable have a propensity to increase and the other variable decreases, the correlation is known as negative or inverse.

Table 1 shows correlation for all the variables and Table 2 is showing descriptive statistics. Descriptive statistics include standard deviations, means, median, mode, minimum, maximum values and ranges. According to Table 1 there is a positive correlation amongst the independent and dependent variables. It can be seen that the correlation between customer satisfaction (CS) and customer loyalty (CL) is 0.42 while the mean of customer loyalty is 4.02 and standard deviation is 1.06. These values show that both the variables are moving in same direction and the ratio is 0.42. This shows that customers who are loyal to their internet service provider (ISP) are satisfied from them. If we see the correlation between corporate image (CI) and customer satisfaction (CS), it is showing a value of 0.39. This value is indicating a positive correlation, indicating that corporate image (CI) in the society is positively related to customer satisfaction (CS). As well as mean value of corporate image (CI) is 3.12 and the value of standard deviation is 0.59. Mean value for customer perceived value (PV) is 4.01 and the value of standard deviation is 0.71 while there is a positive correlation between customer satisfaction (CS) and customer perceived value (PV) with a correlation value of 0.36. This value is indicating that customers will be feeling more satisfaction if they get more quality as compared to price paid.

There is a positive correlation between customer perceived quality (PQ) and customer satisfaction (CS) with correlation value of 0.34 which shows that customer perceived quality (PQ) can increase customer satisfaction (CS) if quality is according to the perception of customers. Mean value for customer perceived quality (PQ) is 3.97 and standard deviation is 0.65 So it can be deduced that if customers are receiving more quality from their service provider they will be satisfied and will be recommending this ISP to other customers also. Another significant aspect which can direct these internet service providers to contribute to the satisfaction level of their customers is to execute the expectations of their customers, which they are having from their ISP. Keeping in view the scenario that customer expectations are very much important for the increased customer satisfaction, correlation value between customer expectations (CE) and customer satisfaction (CS) is 0.41. This positive correlation value is confirming the statement stated above. Mean value for customer expectations (CE) is 4.12 and the value of standard deviation is 1.01 as shown in table 2.

*Table 1: Correlation analysis*

|  | CS | CL | CI | PV | PQ | CE | CH |
|---|---|---|---|---|---|---|---|
| **Customer Satisfaction** | 1 | | | | | | |
| **Customer loyalty** | 0.42 | 1 | | | | | |
| **Corporate Image** | 0.39 | 0.26 | 1 | | | | |
| **Customer Perceived Value** | 0.36 | 0.32 | 0.37 | 1 | | | |
| **Customer Perceived Quality** | 0.34 | 0.21 | 0.19 | 0.19 | 1 | | |
| **Customer Expectation** | 0.41 | 0.31 | 0.35 | 0.40 | 0.29 | 1 | |
| **Complaint Handling** | 0.34 | 0.33 | 0.32 | 0.29 | 0.21 | 0.18 | 1 |

Customer complaint handling (CH) is also an important variable which effects customer satisfaction (CS). Correlation value between customer complaint handling (CH) and customer satisfaction (CS) is 0.34 which is showing that both variables are moving in the same direction showing positive impact on each-other. Value of positive correlation is also a warning to the ISP that they have to consider the complaints of customers very seriously and should provide quality service with immediate maintenance of signals. So it can be stated that serious consideration of complaint handling (CH) will lead to increased customer satisfaction (CS). The mean of complaint handling is 4.03 while the standard deviation is 0.58.

*Table2: Descriptive Statistics*

|  | CS | CL | CI | CP | CQ | CE | CH |
|---|---|---|---|---|---|---|---|
| **Mean** | 3.34 | 4.02 | 3.12 | 4.01 | 3.97 | 4.12 | 4.03 |
| **Standard Error** | 0.04 | 0.04 | 0.03 | 0.04 | 0.06 | 0.04 | 0.05 |
| **Median** | 4 | 4 | 3.7 | 4 | 4 | 4 | 3.56 |
| **Mode** | 4 | 3.8 | 3.5 | 4 | 4 | 3.7 | 4 |
| **Standard Deviation** | 0.89 | 1.06 | 0.59 | 0.71 | 0.65 | 1.01 | 0.58 |
| **Skewness** | -0.53 | -0.61 | -0.76 | -0.60 | -0.74 | -0.48 | -0.77 |
| **Range** | 4 | 4 | 4 | 4 | 4 | 3.5 | 4 |
| **Minimum** | 1 | 1 | 1.3 | 1 | 1 | 1.6 | 1 |
| **Maximum** | 5 | 5 | 5 | 5 | 5 | 5 | 5 |

## Regression

Dependence of a single variable which is random upon another variable is being checked when we go for regression analysis. Other variable on which dependence is being checked is non-random or fixed variable. In the current research, to find out the contribution of independent variable towards dependent variable, author used Multiple Regression. In table 3 results for regression have been shown.

Table 3 shows that with the increase of 1 unit of customer loyalty (CL), customer satisfaction will increase by (0.15) units. It indicates that there is a strong impact of customer loyalty (CL) on customer satisfaction (CS). The result is significant at a significance level of 0.00. Furthermore if there is 1 unit increase in corporate image (CI) it will produce (0.12) unit increment in the customer satisfaction (CS), which shows strong impact of corporate image (CI) over customer satisfaction (CS). This relation is significant at a significance level of 0.00.

*Table 3: Regression Analysis*

|  | *Regression Statistics* | |
|---|---|---|
|  | Adjusted R Square | 0.45 |
|  | Coefficient | P-VALUE |
| Intercept | 1.25 | 0.01 |
| Customer Loyalty | 0.15 | 0.00 |
| Corporate Image | 0.12 | 0.00 |
| Customer Perceived Value | 0.11 | 0.01 |
| Customer Perceived Quality | 0.13 | 0.05 |
| Customer Expectation | 0.18 | 0.01 |
| Complaint Handling | 0.19 | 0.00 |

Table 3 shows that if customer perceived value (PV) is increased by 1 unit, resultantly, it will show (0.11) unit increase in customer satisfaction (CS). This relation is significant at a significance level of 0.01.  This impact shows that customer perceived value (PV) has high impact on the customer satisfaction (CS). Similarly if customer perceived quality (PQ) is increased by 1 unit it will produce 0.13 unit increase in customer satisfaction (CS). This relation is significant at a significance level of 0.05. In addition if customer expectations (CE) are increased by 1 unit there will be (0.18) unit increase in customer satisfaction (CS). This relation is significant at a significance level of 0.01. In the end table 3 shows that by

increasing 1 unit of customer complaint handling (CH) the customer satisfaction (CS) will increase by 0.19 units. This relation is significant at a significance level of 0.01.

## Conclusion

Results of correlation and regression analysis shows that all the hypotheses have accepted as there is positive relationship between customer satisfaction and corporate image, customer satisfaction and customer loyalty, customer satisfaction and customer expectation, customer satisfaction and customer perceived value, customer satisfaction and customer perceived quality and customer satisfaction and customer complaint handling. So it can be stated that if customers are loyal, they have a good corporate image in their mind, they are getting what they are expecting from the product or service and their complaints are being handled timely, they will be very much satisfied. Keeping in view the results discussed above, it can be stated that these are the major factors for attaining customer satisfaction in the internet provision industry of Pakistan.

**Practical Implications:** According to this research, these factors are the driving force for achieving customer satisfaction in the Pakistani ISP market. Managers of different ISPs must focus on these factors for the attainment of higher customer satisfaction and customer loyalty. If managers keep in view these factors, their customer satisfaction will be higher and it will lead to increased growth of the organization.

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