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Determinants of Customer Satisfaction in Zimbabwe Telecommunication Industry

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ABSTRACT An essential factor for the growth and performance of telecommunication firms in the current competitive environment is the establishment and enhancement of customer loyalty. The purpose of the study was to investigate determinants of customer satisfaction in Zimbabwean telecommunication industry. Due to the impact of competition, deregulation, privatization and globalization, customer loyalty is vital in highly competitive industries like the telecommunication sector. The rate of customer defection ranges from twenty percent to forty percent in several global telecommunication industries. Customer defection adversely affects organizational price premiums, a firm's competitiveness, and it is reflected in the decline in profitability and possible loss of referral marketing opportunities. Indeed, customer defection seems to be a vexing problem in the Zimbabwean telecommunication industry due to widespread availability of smartphones and affordability of SIM cards among other factors. Such developments necessitate the need to understand determinants of customer satisfaction in the industry. The population of the study included six telecommunication firms in Zimbabwe. Data was gathered from telecom customers, staff and senior management. The findings of the study reveal that most subscribers prefer reduced tariffs, sales promotions, improved network coverage and service delivery. It can be concluded that the majority of telecom customers are dissatisfied with the services being offered by firms. It is, therefore, recommended that Zimbabwean telecommunication operators should consider providing affordable tariffs, providing value added products and services and they should consolidate their promotional campaigns, improve network coverage and service delivery.

INTRODUCTION

Since the country attained independence from Britain in 1980, the Zimbabwean telecommunication industry has been operating as a sole monopoly under the Post and Telecommunication Corporation (PTC). This industry has experienced major transformation with regards to deregulation, competition, liberalization, privatization and changes in consumer tastes and preferences. Increasing competition and changing industry dynamics create serious challenges to telecommunication firms in both developing and developed countries (Yee et al. 2015).

After independence in 1980, the government deregulated the industry in year 2000. Since then, the industry has been infiltrated by other private operators like Econet Wireless, Telecel, Powertel and Africom Pvt Ltd. Furthermore, Post and Telecommunication Corporation was unbundled into NetOne, TelOne and Postal services thereby increasing the number of operators in the industry. Consequently, competition became rife in the industry and due to this, firms face the challenge of retaining customers (Joshi et al. 2015).

Customers are becoming difficult to please, getting smarter, more demanding, price conscious, less forgiving and they are being approached by several rival firms with similar and even better offerings (Kwabena and Denanyoh 2014). Despite the fact that Zimbabwean telecommunication operators undertake massive sales promotions programs in order to attract customers, customer dissatisfaction and churn is quite prevalent. Therefore, a serious problem in the industry is customers switching from one telecommunication operator to the other. This has serious implications for operator revenue, market share, profitability and competitiveness.

Customer retention is one of the most pressing challenges in maturing mobile telecommunication industries. Rajeswari and Srinivasulu (2015) established that customer loyalty seems to be waning in most industries, especially in the telecommunication sector. As telecommunication services are becoming saturated in Zimbabwe, it is imperative for operators to implement customer retention strategies (Lee 2010). Zimbabwean telecommunication firms should realize the importance of customer-focused strategies which can assist them to maintain their competitiveness through controlling customer switching. In a fast maturing and highly competitive mobile telecommunication market, implementing a defensive strategy is critical.

Instead of attempting to lure subscribers from rival firms, defensive strategy is concerned with reducing chances of customer exit and brand switching (Fornell and Wenernefelt 1987). Reichheld (1996) estimated that an improvement in retention rates by five percent increases the net present value of customer by thirty-five to percent in software firms. Research confirms that it is five times more expensive to acquire a new customer than to retain an existing one (Tawinunt et al. 2015). Loyal customers purchase more, accept premium prices, are immune to competitor offers and practice referral marketing (Joshi et al. 2015). It is essential for telecommunication firms to understand what influences their subscribers and potential customers in their choice of mobile operators (Yee et al. 2015). If telecommunications intend to retain customers in such competitive mature markets, they need to understand factors that influence customer attrition but unfortunately there is shortage of such vital information in contemporary literature (Ahn et al. 2006). Previous researches concentrated only on customer loyalty and customer dissatisfaction without investigating empirically several causes of customer churn.

Objectives

(a) To identify the determinants of customer satisfaction in the Zimbabwean telecommunication industry.
(b) To investigate the impact of service quality on customer satisfaction in the Zimbabwean telecommunication industry.

Research Questions

(a) What are the determinants of customer satisfaction in the Zimbabwean telecommunication industry?
(b) What is the impact of service quality on customer satisfaction in the Zimbabwean telecommunication industry?

METHODOLOGY

A descriptive case study research design was adopted in this study and data were collected from six Zimbabwe telecommunications operators, namely Econet Wireless, Net One, Telecel, Tel One, Africom and Powertel using semi-structured interviews and questionnaires. Data were gathered from telecommunications customers, staff and senior management. Due to limitations of financial resources and time, the study was cross-sectional. Data were gathered from Harare, Gweru, Bulawayo, Masvingo, Mutare and other towns. SPSS version 17 was used to analyse data.

RESULTS

Population

This included subscribers of Econet Wireless, Net One, Tel One, Telecel, Africom and Powertel in the Zimbabwean Telecommunication sector.

Sample

A sample of 65 students participated in the study. Sampling provided advantages of accuracy, being economical, reliable and time saving. In the case of the telecommunications industry with a huge subscriber base, sampling is the only practical way of gathering data. However, sampling has inherent weaknesses. It can introduce bias and compromise accuracy. There is also the difficulty of getting a representative sample so that findings can be generalized to the whole population.

Study findings show that age group < 20 and 21-30 are heavy users of telecommunication products and services (Table 1). Operators should focus their marketing campaigns on that age range in order to improve revenue and profits.

The results of the study show that more females than males participated in the study (Table 2). The ten percent difference is too insignificant to bias research findings.

Table 3 shows that 82.6 percent of customer experience problems with their service providers against only 17.4 percent who are contended.

Table 1: Age of respondents

		Frequency	*Percent*	*Valid percent*	*Cumulative percent*
Valid	<20	9	15.0	15.0	15.0
	21-30	49	81.7	81.7	96.7
	31-40	2	3.3	3.3	100.0
	Total	60	100.0	100.0	

Table 2: Gender of respondents

		Frequency	*Percent*	*Valid percent*	*Cumulative percent*
Valid	Male	27	45.0	45.0	45.0
	Female	33	55.0	55.0	100.0
	Total	60	100.0	100.0	

Table 3: Do you have problems with any of your current service providers?

		Frequency	*Percent*	*Valid percent*	*Cumulative percent*
Valid	Yes	313	81.7	82.6	82.6
	No	66	17.2	17.4	100.0
	Total	379	99.0	100.0	
Total		383	100.0		

One-sample Statistics

Empirical research findings demonstrate that about eighty-three percent of customers either switched operators or own multiple SIM cards of different operators. The study further revealed that most customers experience problems with their service providers and this encourages customer switching. The majority of customers switch operators because of expensive tariffs, competitor offerings, the quest for convenience and existence of low switching costs in the industry. Other factors promoting customer defection include poor network coverage, poor customer services and disappearance of airtime on mobile phones among others.

Research findings from structured questionnaires responded by telecom customers revealed that determinants of customer satisfaction in the Zimbabwean telecommunication industry include efficient customer service, network coverage, favorable organizational image, provision of value-added products and services and affordable tariff charges (Table 4). Other determinants of customer satisfaction in the industry include provision of credible loyalty programs prompt complaint handling, favorable organizational image and switching costs incurred by customers when changing operators.

Table 4: Determinants of customer satisfaction in the Zimbabwean telecommunication industry

		N	*Mean*	*Std. deviation*	*Std. error mean*
1.	Efficient customer service delivery	383	4.24	.916	.047
2.	Network coverage quality	383	4.23	.888	.045
3.	Organizational image	383	4.08	.872	.045
4.	Value added products and services	383	4.21	.787	.040
5.	Tariff charges	383	4.17	1.033	.053
6.	Sales promotional programs	382	4.19	.884	.045
7.	Efficient dealer networks	383	4.18	.829	.042
8.	Prompt complain handling procedures	383	4.18	.943	.048
9.	Switching costs incurred from changing operators	383	3.77	1.102	.056
10.	Brand image	383	4.13	.940	.048

However, findings from semi-structured questionnaires administered to telecom employees and management disclosed that determinants of customer satisfaction in the industry include the provision of high quality service, implementation of effective service recovery strategies and prompt complaint handling procedures. Other factors include provision of affordable tariffs, service availability, value-added products and services, and accessibility of services. Due to sporadic power outages in Zimbabwe, network coverage is unreliable.

DISCUSSION

The study demonstrated that key determinants of customer satisfaction in Zimbabwe telecommunication industry are: effective network coverage, affordable tariffs, loyalty programs, value addition and improved service quality. These findings coincide with those found in Bangladesh by Rahman (2014) where he recommended that telecommunication firms should focus on improving price, service quality, network quality, value- added products and customer satisfaction. Similar studies carried out by Lee (2010) in South Korea confirmed that service quality greatly influences customer loyalty, besides customer satisfaction and perceived value. Related studies undertaken by Khan and Afsheen (2012) in the telecommunication industry in Pakistan revealed that determinants of customer satisfaction in the industry included signal strength, network coverage, sales promotions price fairness and customer satisfaction.

CONCLUSION

Based on above research findings, it can be concluded that subscribers in the Zimbabwean telecommunication industry prefer provision of promotional offers, value-added products and services, network quality, service quality and reduced tariffs. These promote customer satisfaction, loyalty and customer retention.

RECOMMENDATIONS

Due to the economic and financial challenges adversely affecting the country, operators should provide affordable tariffs. Firms should concentrate on improving promotional programs to entice subscribers. Promotional campaigns promote customer satisfaction, loyalty and retention. Furthermore, telecommunication firms should consolidate their corporate social responsibility initiatives in order to improve their image. In addition, operators should strive to improve network quality and quality of services. Above all, operators need to embrace a customer-centric culture and to improve their customer experience. In order to control customer switching, telecom firms are advised to increase customer switching costs through establishing good relationships with customers.

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