Customer Retention: With Special Reference to Telecommunication Industry in Sri Lanka

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ABSTRACT

The landscape of the telecommunication industry in Sri Lanka has been changed drastically since the deregulation of telecommunication sector in early 1990s. Number of service providers has been increased from one, i.e state monopoly, to more than 70 within a short period of time. With the increased competition telecom service providers find it difficult to retain the existing customers. In that context the objective of this research explanatory study was to identify the main factors that determine the customer loyalty of corporate telecommunication customers. A questionnaire survey done among 131 users of corporate sector revealed that the most important factor determining the customer loyalty was the ability of the service provider to add value to customer's business process, contrary to the common belief that the low price keeps the customer with the same provider. However, it was found that relative importance of the factors is not the same between two different groups, i.e. IT personnel and Non-IT personnel. Therefore, the findings of this research provide a guideline for service providers in designing customer loyalty programmes.

Keywords : Customer Loyalty, Telecommunication Industry, Information and Communication Technology

INTRODUCTION

The world has taken cognizance of the emergence of the service industry as a prominent contributor to its economy over the last century. A number of countries in the last few decades have experienced a dramatic change in the importance of services and the role of the services sector in their economies (Sharma, 2002; Nankervis and Pearson, 2002; Edwards and Croker, 2001).

Sri Lanka too experienced a significant growth in the services sector in the last few decades. Its share of contribution to the Gross Domestic Product (GDP) and employment in the sector rose considerably between 1970 and 2006 [Central Bank of Sri Lanka (CBSL), 2007].

In the last couple of decades, a large portion of growth of the service industry in Sri Lanka was attributed to the development of Telecommunications industry.

Telecommunications industry as a whole in the global sphere expanded and made dominance due to the convergence of it with Information Technology (IT), which resulted in the emergence of Information & Communication Technology (ICT) and Multi media. ICT dramatically changed the world socially, politically and economically.

The deregulation of the telecom industry in Sri Lanka in the early 1990s brought multiple players/ service providers to the country. The number of telecom operators stands at 75, as of October 2007 (www.trc.gov.lk). With the competition becoming tough, service providers realized that retaining one's existing customer base is important as much as the acquiring of a new customer (Coyles and Gokey, 2005). In that context, service providers realized the importance of knowing the attributes that customers consider as relevant, in deciding whether to continue or not to continue with a particular service provider.

OBJECTIVES OF THE RESEARCH

This research intended to make an explanatory study into the aspects/ attributes that customers consider relevant in deciding whether to continue with the current service provider (retain) or to switch to an alternative provider (migrate) or to switch off completely (defect). However, the customer decision making process is not the same for individual customers and the corporate customers. Therefore, it is difficult find a set of characteristics common to both categories. Hence, this research was restricted to corporate customers. The main objective of this research was to ascertain the relative importance of characteristic/s towards loyalty of corporate telecom customers.

LITERATURE REVIEW

Customer Loyalty

Customer loyalty is viewed as the strength of the relationship between an individual's relative attitude and repeat patronage. The relationship is seen as mediated by social norms and situational factors. Cognitive, affective, and conative antecedents of relative attitude are identified as contributing to loyalty, along with motivational, perceptual, and behavioural consequences (Dick and Basu , 1994).

In the customer centred business, survival remains to the degree that customer satisfaction is met. Previous research studies have shows that the repurchase intent was the main benefit of customer retention. However, some had identified multiple benefits like repurchase intent, price tolerance, willingness to recommend etc. In reaching retention, vendors should manage satisfaction and consequences of Customer Loyalty (Naranyandas, 1998). Loyalty too has a pyramid effect that suggests of having hierarchy in loyalty levels between customer and vendor. Change in loyalty level will manifest itself in the presence of specific attitude and behaviour (Aaker, 1991).

Customer loyalty and satisfaction are integral part of customer retention process. Customer Retention is a primary measure of loyalty. There is a positive relationship between changes in satisfaction and share of wallet. In particular, the initial satisfaction level and the conditional percentage of change in satisfaction significantly correspond to

changes in share of wallet. Income and length of the relationship negatively moderate this relationship (Cooil *et al*., 2007). Loyalty and retention although positively moderate with share of wallet it is necessary to examine the cost of maintaining the particular customer. It is not guaranteed that every customer retention generates contribution. Therefore the concept of Customer lifetime Value (CLV) plays an important role.

In creating loyalty and thereby CLV, it would be prudent to explore qualities of loyalty. Two types of primary loyalty qualities had been identified in the previous researches, i.e. Attitudinal Loyalty and Behavioural Loyalty, out of which attitudinal loyalty could be the most important dimension for marketers to monitor (Rundel –Thiele, 2005).

Rust *et al*., (1999) discuss the Customer – Perceived Quality and Role of Customer Expectation Distribution. According to them exceeding customer expectation will still be required if the company seeks to delight customer. In the event of having low expectation of service quality and meeting it, researchers had found, had raised preference. Given the option to general customers two equally priced options, the customer will choose the one with higher expected quality, the research had established. They argued that a company should always focus on its most loyal customers. Retention point of view, less loyal customers' tendency to defection is grater hence that sector should be defended with force. This research further suggested greater the experience a customer with a service provider greater the chances of meeting expectation in perceived value, hence retention. Services Quality is considered as a major determinant in customer retention and building value relationship (Venetis and Ghauri, 2004). The quality of the service has various elements namely ; a)Reliability b) Responsiveness c) Assurance d) Empathy e) Tangibles. as identified by Parasuraman et al.(1985).

According to Lovelock and Wright (2001), marketing managers in service organizations make decisions regarding "8Ps" i.e. Product, Place, Promotion and Education, Price and other user outlays, Process, Productivity and Quality, People and Physical evidence.

Finally, Since this research focused on ICT used by businesses it is appropriate to cite what business to business (B 2 B) transactions means. Business customers means, those buy goods and services for use in producing their own products and services or for resale to others (Kotler and Armstrong, 2005).

ICT and its Strategic Importance to Business

The importance of ICT as a strategic tool is a moderating factor in determining the customer loyalty. The information revolution is sweeping through the economies. No company can escape from its effects. Dramatic reduction in the cost of obtaining, processing and transmitting information is changing the way business is done (Porter and Millar, 1985). They have further elaborated that IT changes the rules of competition. Advances in IT itself is changing the industry structure. It has become an increasingly important lever that companies can use to create competitive advantage. In addition IT developments have created a set of new businesses such as call centres and business processing outsourcing.

ICT has become a tool of value creation, net return to IT capital is (37.9 per cent) two and half times higher than that from Non –IT capital (14.6 per cent) (Wong 2001). Emergence of Internet and web technology application complimented each other in the recent drive in globalization. E–Commerce applications enabled companies opening up their products to the customers world wide.

This has not been limited to consumer market. B2B (Business to Business) market too enjoyed those. B2B e- commerce in 2003 reached almost US$ 4 trillion, compared with just US $ 282 billion in 2000 (Kotler and Armstrong, 2005). According a recent report of Boston Consultancy Group, by 2005 this has exceeded US $6.8 trillion. A recent report (National Geography, December, 2007) states that US shops experienced 20% drop in customers visiting them, mainly due to on-line ordering.

With regard to availability of ICT services in Sri Lanka, Dassanayake (2003) suggests that changing development and competitive dynamism have created backward and forward integration in the economy of Sri Lanka.

Relationship Marketing

In competitive business environment where there is an ongoing / continues desire for a particular product or services , organizations focus their strategies not only on acquiring customers, but also keeping them as long as possible and encouraging them to increase purchase frequency   by developing lasting relationships Relationship marketing recognizes long term value to the company of keeping customers.

Berry (1983), defined relationship marketing as "attracting, maintaining, and enhancing customer relationships". He further emphasized that "relationship marketing can be applied: when there are competitive product alternatives for customers to choose from and when there is an ongoing and periodic desire for the product or services '.

In service industry particularly in ICT industry such strategies play a very critical role in enhancing retention. Attraction of new customers is an intermediate step in marketing process. Solidifying relationship and transforming them as loyal customers, serving customers as clients too should be a part of marketing (Berry, 1983).

Subsequent thinking on relationship marketing further expanded and stressed on profitability of relationship management. "Companies are building customer relationship management to build profitable, long term relationship (Kotler and Armstrong, 2005). It implies discouragement to maintain relationship in the event profits are not foreseen.

Relationship marketing in recent past has emerged as a leading strategic element of business. It has a direct effect on firm's objective performance and also suggest that relationship marketing is more effective when the relationships are more critical to customers. Furthermore effectiveness is greater when relationships are built with an individual than a firm/ institution (Robert et al., 2006)

Payne and Holt (2001) dealt in to diagnosing customer value: integrating value process and relationship marketing .There they have argued that value creation was a dynamic element to existing value concept. Value creation shall be looked over a time on multiple transactions. Creation of mutual value will become focus of both customer and the firm , value is jointly shared among all the parties involved on relationship.

According to Gordon (1999), marketing mix should be replaced by the alternative models of relationship marketing where the focus on customers, relationships and interaction over the rather markets or products. In the same light, to be effective in relationship marketing, entire firm should be geared towards the successful implementation. Many of the relationship marketing attributes such as collaboration , loyalty and trust determine what employees ; " internal customers" , do. (Gordon, 1999)

Relationship marketing in the ICT service industry plays more important role due to unique features in the services. It is an accepted fact that purchase frequency is the value generator in the ICT industry. The stronger relationship marketing will enhance trust and customer bonding thereby increase exit barriers in addition to purchase frequency and mutual value generation (Berry, 1995).

To end up this literature review it is to be noted that, business is meant to generate value to all share holders. In that, whilst serving the customer and establish long term relationship, this should be done only up to the extent that customer retention delivers value for shareholders. Therefore it is essential that answer is found for the question "Does customer satisfaction and retention lead to profitability?"

TELECOM INDUSTRY IN SRI LANKA

The telecommunications sector is governed by the Sri Lanka Telecommunication Act, No.25 of 1991 as amended by Act, No.27 of 1996, and by the institution formed under the Act, the Telecommunications Regulatory Commission of Sri Lanka (TRCSL).

The Act defines 'telecommunication' as *the making of any transmission, emission or reception of signs, signals, writing, images, sound or intelligence of any nature by optical means or by wire or radio waves or any other electromagnetic system.*

The history of Telecommunication in Sri Lanka (then Ceylon) commenced in 1858 with the commissioning of the first telegraphic circuit between Colombo and Galle. 1880 signifies the installation of the first telephone line. Until the government took over in 1896, it remained with private ownership of Oriental Telephone Company (CBSL, 1998). Telecommunication has been a government monopoly until early 1991, when Sri Lanka embarked on a policy of deregulation and liberalization of telecommunication sector. The first private operator license was issued to Lanka Communication Services (Pvt) Limited, a subsidiary of Singapore Telecommunications (SingTel) in 1993. Since then Sri Lankan telecommunication market has been an attractive investment ground for local and foreign investors.

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As at June 2007, the TRCSL has issued license to 75 operates as follows.

Service Category	Number of Licenses
Fixed Access telephone services	4
Cellular Mobile telephone services	5
Data Communications (Facilities based)	6 *
Data Communications (Non-facilities based) & ISPs	20*
Radio Paging	4 **
Trunk Mobile Radio	2
Leased Circuit Providers	1
Licensed Payphone Service Providers	1
External Gateway Operators	32
Total	**75**

Table 1: Cumulative number of licenses granted as of June 2007
Note: *Revoked - 4 non-facilities based licenses and 1 facilities based license.
        ** Lapsed - 4 paging licenses
Source: TRCSL

Statistics confirm the dynamism of the industry where 4 paging operators could not/ did not obtain renewal of their licence due to decline in the market and 5 licenses were revoked due to non performance of/ non-compliance by the companies.

Telecommunications Sector can proudly boast of the most profitable company listed in the Colombo Stock Exchange (CSE), Dialog Telekom, a subsidiary of Telekom Malaysia, and has two institutions among the top ten in terms of market capitalization, namely, Sri Lanka Telecom and Dialog Telekom (www.cse.lk). Foreign Direct Investments (FDIs) in telecommunications sector brought Technology and Management know-how at a decisive moment to Sri Lanka. Over 80% of investments in value is owned by regional telecommunication giants and kept the industry aligned to global trends. Telekom Malaysia with Dialog Telekom, Nippon Telegraphic & Telephone Corporation with Sri Lanka Telecom and Mobitel (Telstra at the beginning), Hutchison HK in Hutchison Lanka, Telia in Suntel, Singapore Telecom in Call link and Lanka Com made significant contributions in the way of technology and management inputs.

Number of Persons per Telephone was as high as 840 in 1948 to 246 in 1980, up to the time of deregulation. It improved to 72 in 1996: but far below the figures in other developing countries in the region which averaged at 7 (CBSL, 1998). With the deregulation and private sector participation it has now improved to 36.7 persons per telephone, in 2006 (TRCSL) (See Table 2).

Year	Fixed telephony	Cellular telephony	Total
1990	0.7	n/a	0.7
1994	1.0	0.2	1.2
1997	1.8	0.6	2.4
2000	4.0	2.2	6.2
2003	4.8	6.9	11.8
2004	5.1	11.2	16.3
2005	6.1	17.5	23.6
2006	9.5	27.2	36.7
2007	13..0	40	53.(Estimate)

Table 2: Tele-density - 1990 – 2006 (Number of Telephone lines per 100 inhabitants)
Source: TRCSL

Number of System Licenses	75
Total number of Fixed phones	2, 215, 430
Tele-density (Fixed Phones per 100 inhabitants)	11.0
Tele-density (Fixed) in Colombo District	35.2
Total Switching Capacity of Fixed Operators	2,500,000*
Waiting list (Fixed) – December 2006	77, 724
Number of Cellular Mobile Subscribers	6, 447, 042
Mobile Phones per 100 people	32.1
Total Telephone Subscribers (Fixed & Cellular)	8, 662, 472
Total Teledensity (Fixed & Cellular)	43.1
Internet & Email Subscribers	150, 000*
Number of Public Pay Phone Booths	7, 678*
Number of Paging Subscribers	N/A
Trunk Mobile Radio Subscribers	233*

Table 3: Statistical overview of Telecommunication Industry (2nd Quarter 2007)
* Estimates
Source – TRCSL

Sri Lankan customers seeking telecommunication services in 2007 are offered with the luxury of 75 different service providers instead of the one they had prior to the 1990s (See Table 3). Customers had the choice and made the industry customer centric than supplier centric, different to pre–liberalized era.

RESEARCH METHODOLOGY

Conceptual Model

The telecommunication industry, up until the deregulation and private partnership was introduced in 1990s, remained a government monopoly without competition and resulting an absence of customer focus. Since the deregulation of telecom industry in Sri Lanka, the behaviour and aspirations in the customer has remarkably changed and the service providers have been forced to formulate new strategies for existence/ survival. As a result, new ways and approaches to meet the customer demand have been emerged whilst competitive environment among the service providers have become severe. Customers are now blessed with the ability to choose from wide array of services to meet their ICT/ telecommunication needs from a number service providers. Customer with voice communication needs will have the choice of product, whether fixed line, Wireless or Mobile, and further has the opportunity to select from 7 different service providers. Untapped market that prevailed due to state owned monopoly gave opportunity for acquisition and lack of credit monitoring gave a room to consumer to hop from one provider to other leaving unsettled debts to the service provider.

Over a period, the decision on Customer Retention dynamism has changed from no option but with one monopoly provider to multiple options that resulting from several forces. These forces are shown in figure 1.
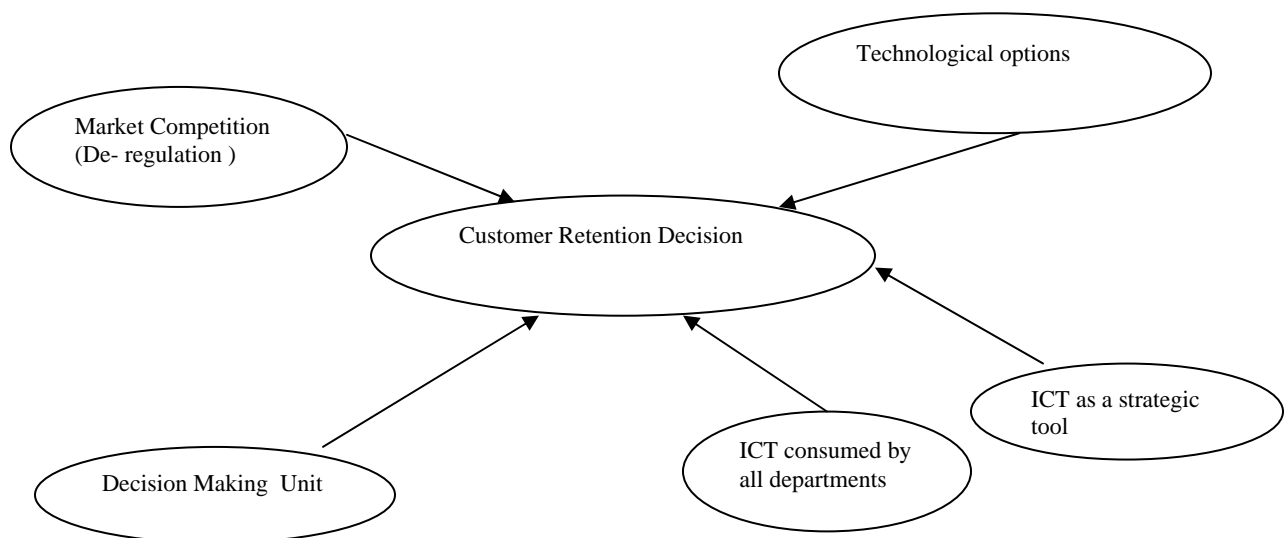

Figure 1: Present day dynamism in the Customer Retention Decision

As mentioned in section 2, this was an exploratory study. Therefore, questionnaire method was adopted to collect data to find out the relative importance of the factors that affecting the customer loyalty. Twelve factors (see Table 6) which will have an impact on customer loyalty, basically categorized into technology, support services and payment/value related, were identified from the literature. A pilot survey was done among a selected group of respondents and the questionnaire was modified based on the feedback received from these respondents.

Data Collection Methodology and the Sample

Among 75 telecommunication service providers who possess a licence issued by the TRCSL, six organizations have been licensed to maintain their own infrastructure and they provide corporate telecommunication services. To make a fair representation, customers of the top two and bottom two were selected for the questionnaire survey.

Telecom services are used for different purposes by IT people and non-IT people in organizations. Therefore the factors that determine the loyalty may not be the same for these two different groups. Further, in making of decision regarding continuing or discontinuing the service provider the top management of the company may obtain the views of both IT personnel, i.e. the group that performs the tasks that are directly in to planning, implemanting and managing the the ICT Services, who are basically responcible for operatinal aspect of ICT in an organization and non IT personnel, i.e. the group of people who are the users who do not posses that much of knowledge of ICT and its opeartonal aspects. So, from each customer/ user organization two groups of representatives, one from operational and one from planning/implementation included into the sample to obtain different view points. It was targeted to select 120 respondents, by randomly selecting fourteen (14) existing customers and one ex–customer from each group in each service provider to administer the questionnaire. Those Customers were selected from companies that maintain their own corporate website and has a minimum of three branch locations that are connected for voice and data transmission applications. This criterion was used to ensure the size, the geographical spread and use of telecommunication infrastructure for business process and/or value addition. The respondents rated the above mentioned 12 factors in a 5- point Likert scale, 1 being the least important to 5 being the most important.

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FINDINGS

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The questionnaire was sent/ delivered to 160 personnel representing both IT specialists who are involved in planning, maintenance of IT infrastructure and users of ICT services as a tool in their given tasks. These two groups were equally represented in the sample. In order to ensure that views of all users are taken into consideration, all possible efforts were made to include all disciplines including production, support, marketing, finance, HR etc. Out of 160 questionnaires delivered, 131 were duly filled and returned. This included responses from 8 customers those who have at least once had changed the service provider.

General Information about the Sample

The sample included approximately the same number of customers from each of the selected four service providers. In the responded sample there were 94 (74%) males and 37 (27%) females. With the employed population ratio of male to female in Sri Lankan corporate sector, 2.5:1 (Employers' Federation of Sri Lanka) ratio in the sample has given a reasonable representation in gender difference. 53% of the respondents were from ICT planning/implementation/maintenance divisions while the remaining 47% were end users of ICT for operational purposes. Table 4 shows the division of respondents based on the usage of various telecom services.

Category	Percentage of Responses
Voice only	1.0 %
Video only	4.0%
Data only	12.0%
Voice and Data only	54.0%
All 3 services	29.0 %
Total	100%

Table 4 : Telecommunication Services used
Source: Interview Data

Table 5 shows the distribution of telecom expenses of respondents. 83% of the respondents work in companies that use two or more services in their business. This is an opportune climate to service providers to consolidate their business and growth. 103 (78%) of the respondents had a secondary telecom service provider while the remaining, i.e. 28(22%) had only one service provider.

Telecom Expenses Range	Percentage from the Responses
Rs. 50 k < Rs. 75 k	10%
Rs. 75 k < Rs. 100 k	23%
Rs. 100 k < Rs. 150 k	30%
Rs. 150 k < Rs. 200 k	20%
Rs. 200 k <	17%
Total	100%

Table 5 : Monthly expenditure in ICT Services
Source: Interview Data

Determinant of Customer Loyalty

The responses for identified 12 determinants are given in the Table 6. It shows the relative importance of each factor in retaining the existing service provider for the entire sample as well as for the two selected groups.

Factor	Relative importance of each factor in retainning the present service provider				
	Entire Sample	Group Intend to Continue	Group Intend to switch	IT Personnel	Non-IT personnel
Value Delivery – Value addition to the customer	1	1	1	1	1
Assuarence – Ability to gain confidence on knowledge and dependability	2	2	2	3	2
Responciveness – Ability to support customer	3	3	**4**	4	**4**
Reliability – Ability to offer assured services	4	**5**	3	**6**	3
Ability ot Offer Solutions – Service providser's ability to address requirements	5	4	5	2	5
Empathy – Attention and understanding of cutomer issues	6	6	6	5	6
Scalability and Flexibility - - Ability in technology and features of the services to adopt to changing requirements	7	7	9	7	9
Intro of New Technology – Whether keep up with the trends in technology development	8	8	7	8	8
Price – Payment outlay	9	9	8	9	7
Payment Terms – Flexibility in payments, credit limits/periods etc.	10	10	10	10	10
Legal Undertaking – Contractual obligations	11	11	11	12	11
Tangibility- Appearaance and availability of tools/support	12	12	12	11	12

Table 6 : Comparision of ratings of the respondents

The common belief is that the price or the low cost is the most important factor that determines the customer loyalty. However, the findings of the present research revealed that the most important factor for all the groups was value delivery, i.e. value addition to the customer. Further, it was found that the first nine factors have been rated above average (i.e. more than 2.5) by the entire sample while the rest have been rated below average in terms of importance.

In the comparision of responses received from the group that intend to discontinue and the group that intend to continue it appears the former group had ranked reliability two position higher in importance than the latter group. This may be due to the reason that relibility issue experinced by the usrs lead to the decision of discontinuation.

It is also important to know the relative importance of determinants to different user groups as it will provide an opportunity for service providers to formulate stategy and to develop action plans to address the interest of all related parties.

At 95% confidence level only the mean of the responses to question 13: Ability to provide solution, and scalability, significantly differ between two groups, IT and non-IT. IT personnel are naturally looking at the factors that significant at the time of acquisition and planning such as ability to provide solutions and scalability (ability to upgrade or configure with different scales/ stages). Non IT personnel may not recognize such aspects.

In the comparison it was found that ability to offer solutions, scalability of the technology/ systems and availability of new technology have been figured prominently by the IT personnel who are mainly responsible for planning, designing and maintenance of the ICT Services. In contrast non-IT personnel who are mainly the users have evaluated reliability and assurance which associate with the day to day operation/ use of the services. Non –IT personnel wants to ensure the uninterrupted services are have identied with assured features and quality. Both parties are looking at the point of view of their individual responsibilities. However, both groups have identified value delivery as the most important determinant.

Ratings from two categories of staff do not have a significant difference except IT personnel have rated ability of the service provider to offer technical solutions as the second most important determinant. This is quite understandable as formulating solutions is the primary responsibility of IT personnel. Non IT Personnel have emphasized more in to quality aspects as they have given a higher rating for responsiveness and reliability, when compared with IT personnel. This is a sign of insecurity from the point of view on general users who wants to offer uninterrupted service for their customers. The next section explains the impact of findings on the telecom industry.

Implications to the Telecommunication industry

Corporations are increasingly using telecommunication as a tool in business process for the purpose of value addition. The respondents have rated the importance/ contribution of ICT in serving customers with a mean of 4.06 in a scale of very low (1) to very high(5). This may be the reason that the value delivery became the most important factor in customer loyalty. Therefore, it is very important that the service provider's identify the needs of different corporate customers separately and provide the service accordingly. The analysis of data showed that respondents with higher education qualifications had greater inclination towards recognizing technology related determinants as important determinants. This may be due to the fact that those people have had exposure/ knowledge of technology and its current advancement. Therefore it is appropriate to train the service provider's staff involved in relationship building in the development of technologies to understand the view points of the professional people who probably are a party to decision making process.

However, it is to be noted that the 45% of the dissatisfied customers have indicated that the major reason for dissatisfaction was customer services whereas only 17% have indicated that the major reason was the price. Further, when 54% of the respondents have indicated that the main cause for disappointing/unpleasant experience with the service

provider was people whereas 24% of the respondents have identified price as the major factor. So it is clear that price plays a minor role in customer loyalty.

Regarding the existing loyalty programmes, only 55% of the respondents have ranked the importance of loyalty programmes in continuing the existing service provider above average, i.e 45% of the sample considers the impact of loyalty programmes on the retention low or very low. When the respondents were asked about the most persuasive loyalty programmes the highest ranked selection was complementary services and special service arrangements with 27% response rate while price discount and special service arrangements came second with 24% rate. This is an indication that it is time for service providers to redesign their loyalty programmes.

In the developed countries such as USA and UK, telecom companies provide attractive packages to its customers under the contract obligation of using the service for a minimum period of 12 months or 18 months. However, the present study found that the respondents do not consider contractual obligation as a major factor in retaining the existing service provider. The reason for this may be the weak legal and financial system prevails in Sri Lanka in this respect. There is no proper credit rating system or direct debit system that make sure the payment of dues in Sri Lanka. If the policy makers take corrective actions, service providers may be able to provide better packages to customers under contract of minimum usage. That will be beneficial to the customers as well as the service provider.

Further Research

In this research the researchers found out the factors affecting the customer loyalty from the customer's point of view. The researchers are presently engaged in a research to find out the actions taken by service providers in keeping their customers with them. This may help to identify the gap between the service provider's perspectives and the customer perspectives. The findings of the research revealed that the loyalty programmes offered by the service provider's do not have a substantial impact on customer decision making process. A detailed study about loyalty programmes may provide service providers a better understanding of the corporate customers. Further, This research was carried over in to corporate communication market and the consumer market has not been considered. It is noticed service providers are engaged in both sectors and share resources to corporate and consumers to great extent. Therefore a detailed study in customer retention to consumer market might lead to findings where the common resources can be optimized.

CONCLUSION

The objective of this research was to find out the factors affecting the corporate customer loyalty towards telecom service providers in Sri Lanka and the relative importance of these factors. Results of the questionnaire survey done among 131 corporate telecom users found that most important factor in continuing an existing service provider was the ability of the service provider to add value to users business value delivery. This was followed by assurance and responsiveness. The least important factors were tangibility,

legal undertakings and payment terms. Further it was found that people factors/ contributors paly a more important role in customer satisfaction than the technology, price and payment terms. Higher ranked factors such as value delivery and solution provisioning and support characteristics are mainly delivered through people contribution. The results indicate that service providers should invest more on developing skills of people in increasing the customer retention. The findings of the research can be used by service providers in building relationship with corporate customers and in designing loyalty programmes.

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