Factors Affecting On Customer Retention: A Case Study of Cellular Industry of Pakistan

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Abstract: **The aim of this study is to investigate the effect of price perception, customer satisfaction, brand image, switching barriers (switching cost, interpersonal relationship and attractiveness of alternative) and trust towards the Customer retention in the cellular industry of Pakistan. This study adds many other supporting materials especially for the literature review; a model is used by this study to find the effect of the factors on customer retention. The data was collected from the customers in Lahore who are subscribers one of the cellular company (Mobilink, U-Fone, Telenor, Warid, and Zong) of Pakistan. The data is analyzed with the help of the multiple regression analysis. Out of seven variables tested it is found that switching barriers (interpersonal relationship and switching cost), brand image, price perception, trust and customer satisfaction have the effect on customer retention. However, customer satisfaction has little to do to increase the customer retention. This study also provides evidence that the higher switching barrier of attractiveness of the alternative lower will be the customer retention. This current study has its own limitation since this research is only conducted in Lahore area. Therefore the finding of the study is unable to be generalized for the whole population of mobile users in Pakistan as the sample size is measured small. The findings can help the service providers to find the effect of customer satisfaction, price perception, trust, brand image and switching barriers towards the customer retention.**

Keywords: **customer satisfaction, brand image, price perception, trust, switching barriers, customer retention.**

I. Introduction

Financial significance of cellular industry encouraged many researchers, marketers and organizational intellectual to dedicate more teaching and research concentration in this industry. Since 1990s, cellular industry has become an economically key area for industrialized states. This is the consequence of huge technological progress over and above of increased number of service providers and the powerful competition that has developed.

It has been understood by earlier researches that when the contest and the costs of obtaining brand new customers boost; companies ever more give attention on customer retention, thus upholding customer long-term relationships turn out to be a vital mission for businesses. In the services industry, it is regularly noticed that once customers have been attained by the particular service providers, their long-term associations with their new customers are of great significance to the success of the organization.

Customer retention is a more dependable source of better performance, competitive advantage and a success factor for the cellular company in the rising competitive marketing. For developing customer retention, firms should commence the diversity of activities and surveys. Lee (2001) articulated that customer satisfaction is significant for cellular companies to develop elegant programs to boost customer retention.

As a consequence, a lot of studies were accomplished related to this important issue. They created and developed different dynamic models to investigate the relationship between customer satisfaction, brand image, price perception, trust, switching barriers and customer retention. In these days cellular service providers in Pakistan are continuingly dropping their switching cost in the price war as a strategy to increasing number of subscribers in their company.

Many researchers and academicians have been highlighted the importance of the customer retention. Colgate & Kinsella (1996), Woodruff (1997), and Jones et al. (2000) investigated that most valuable asset for the companies is their existing customer. Other researchers such as Reichheld and Sasser (1990), and Fornell (1992) exposed that longer customer associations are pleasing for the reason that they are very lucrative or profitable for organizations. Albinsson and Hansemark (2004) said satisfaction is a customer perception about the organization services.

Reichheld & Sasser (1990) and Storbacka et al. (1994) explored that the "more the customer stays with the existing organization, the more utilizes the organization product as a result; it is very beneficial for the organization to build a longer relation with the existing customers. Storbacka and Gronroos (1994) explored that consumers also rely on a number of other aspects. These consist of a wide-ranging of product options, better expediency, good prices, and increased returns. Garbarino and Johnson (1999) disclosed trust as a positive effect for retaining the existing customer. Eppie (2007) explored that customer satisfaction and trust are significant factors to increase the customer retention. Andreassen (1999) investigated that the corporate image has a significant positive impact on the customer retention.

In order to retain the existing customer cellular organization requires identifying the factors affecting the existing customer. Customer retention will make through raising the switching barriers and it will be a great benefit to organizations as it operates as free endorsement to them. Ali et al. (2009) investigated that higher the customer satisfaction and switching cost then higher will be the customer retention in the Cellular industry in Pakistan.

II. Objective of the study

The aim of the study is to investigate the effect of the customer satisfaction, brand image, trust, price perception, and switching barriers on customer retention in the Cellular industry of Pakistan. Some specific objectives are as follows:

- To find out the main influencing factors affecting the existing customer.
- To find out the main switching barriers those hinder the customers to stay with the current service provider.

III. Literature Review

Cellular services obviously show signs of an unexpected industry prototype change and warning sign of a market in evolution. Supported by the fast expansion of information and communication technologies and increasing demand from consumers, the prototype of Cellular services is now changing from voice centered communication to a merger of high speed data communication.

This change of prototype and indicators of a market in conversion are motivating the industry's reform efforts and growing competition between companies. Mobile movers are coming to a full understanding of the significance of a customer-oriented business strategy as a situation for supporting their competitive edge and sustaining a steady profit level and certainly for their continued existence. When the number of subscribers has arrived at its saturation point, generating and protecting new customers is not only hard but also expensive in conditions of market. Therefore, an industry-wide belief that the best core marketing plan for the prospect is to aim to retain existing customers by intensifying customer retention. Lee & Cunningham (2001) and Reichheld (1996) explored that customer retention provides the base of a company's getting competitive edge, and increasing customer retention is a vital factor in companies' growth and performance.

Cellular Industry in Pakistan

For the precedent few years, the telecom sector in Pakistan has done exceptionally well mainly due to privatization, foreign investment and introducing a test technologies.

Nowadays, cellular companies in Pakistan are fighting for supremacy and profits have started to focus on consumer retention than on acquisition. Last decade growth rate in the cellular industry in Pakistan has shown that the number of subscribers has enlarged from 68,000 in 1996 to 3.3 million in 2003, 80 million in 2007, 95 million in 2009 and accordingly the Pakistan telecommunication authority (PTA) report (2011) it's crossed the 100 million marked in 2010. Currently in the cellular industry in Pakistan there are five companies (Mobilink, U-Fone, Telenor, Warid, worldcall and Zong) operating, and fighting with each other for getting better market share.

Customer's retention is one of the most significant elements in marketing and it explains how much service provider can pay for to carry out the retention program amongst existing customers. Moreover customer retention will engender through mounting the switching barriers and it will be a huge benefit to organizations as it works as free endorsement to them. Ali et al. (2009) investigated that customer satisfaction and switching cost are the main determinants affecting customer retention in the cellular industry of Pakistan.

IV.   Hypotheses

Customer Satisfaction and Customer Retention:
Several companies are setting a lot of attempt into improving customer satisfaction from the time when it is believed that customer satisfaction produces superior economic returns. Fornell (1992) declared that the high is the customer satisfaction, the high will be the retention of existing customers, which helps to protect existing consumers from the opposition, decreases price elasticity, future transaction costs with the customers reduces, costs of failure decreases, need of attracting new customers reduces, and reputation of the organization increases. Rust and Subramanian (1992) confirmed from their research that customer satisfaction has a direct positive effect on customer retention and companies.
Reichheld (1996) investigated that even the unsatisfied consumers do not switch the existing service providers because they are not sure to receive better service from the competitors of the existing service providers.
Kordick (1988) investigated from their research that only forty percent of the satisfied customer said they buy again company products or services. Gierl (1993) investigated forty and sixty two percent buyers confirmed that the switch the existing service providers even though they are satisfied. Reichheld (1993) explored in his research paper that between 65 percent and 85 percent buyers confirmed that they leave the existing service providers even though they were very satisfied with the existing service providers. Based on the above discussion the following hypothesis is proposed:

H₁: Customer satisfaction has an effect on customer retention in the cellular industry of Pakistan.

Brand image and customer retention:
Many researchers have the same opinion that creating brand understanding and building affirmative awareness are snowballing and occasionally meticulous processes. Alvarez (2001) investigated that all brand should be aware competitors certain products or services features and principles such as quality of assurance, intensity of service and performance to expected. Bergstrom and Bresnahan (1996) investigated that brand with a powerful image can enhance customers and enhance retention level of these customers. Christopher et al. (2006) investigated that higher level of corporate image leads to higher level of the customer retention. Based on the above discussion the following hypothesis is proposed:

H₂: Brand image has an effect on customer retention in the cellular industry of Pakistan.

Price perception and Customer retention:
Abrat and Russell (1999) found that customer perception about the price of the company products or services are important requirement for the customers to keep on with the existing service providers. Customers switch the existing service providers if the prices are too high of the company's products. Schriver (1997) investigated if the customers are given more options, they are more eager to trying other service providers, particularly if they do not experience the satisfaction for continuing and they observe that many service providers to be the same of feature and services.

According to Martin-Consuegra (2007) customers those who are price conscious are usually not ready to pay prices for service or product if they seemed that the price is not reasonable. Munnukka (2005) investigated that the choice of suitable

value is comparatively fine for price conscious consumers. The company should charge that price which is really worth for the product.

Peng and Wang (2006) explored that customers often switch their service providers mainly due to some pricing issues. Based on the above discussion the following hypothesis is proposed:

H₃: Price perception has an effect on customer retention in the cellular industry of Pakistan.

Customer trust and Customer Retention

Garbarino and Johnson (1999) said trust has a significant positive effect on customer retention. Intermarket Group (2004) reported that trust leads to increase the customer retention. There is a direct relationship between customer trust and customer retention. Gounaris (2003) explored that trust is a significant factor in any kind of association between the customers and existing service providers. The more the consumer trusts a service provider, the greater the chances that the customer remains in the relationship. Based on the above discussion the following hypothesis is proposed:

H₄: Customer trust has an effect on customer retention in the cellular industry of Pakistan.

Switching Barrier and Customer retention:

Ranaweera (2003) mentioned that firms may hold their consumers by building switching barriers that must put in worth to their existing services. Valenzuela, Pearson et al. (2005) explored from their research that the positive switching barriers have a positive effect on all variables.

Switching cost and Customer retention:

Jones et al. (2000), Morgan & Hunt (1994) explored that switching cost is a key dimension that has a direct effect on the retention of the existing customers. Bumham et al. (2003) explored that switching cost is identified as a main cause of customer retention.

Hess and Ricart (2002) investigated the definite costs of switching are rising or emerging in the cellular industry; consequently of the progressively more networked atmosphere, service providers have latest cost of switching prospects that allow them to get better for retention of the existing customer. Based on the above discussion the following hypothesis is proposed:

H₅: Switching barriers have an effect on customer retention in the cellular industry of Pakistan.

H₅ₐ: higher the switching cost more will be the customer retention.

Interpersonal relationship and customer retention:

Peterson (1995) investigated the ongoing interpersonal relationship between the firm and consumers give lots of benefits to the consumers: such as individual identification, emotional benefits, and customization benefits, monetary benefits, and societal benefits. Therefore the interpersonal relationship between the firm and the consumers can be a significant dimension of the switching barrier.

Jones et al. (2003) investigated that powerful interpersonal relationship has an optimistic impact on the repurchase intent of the current consumers. From this following hypothesis is proposed:

H₅ᵦ: The higher the interpersonal relationship, the more will be the customer retention.

Attractiveness of alternatives and Customer retention:

Kim et al. (2004) investigated that attractiveness of alternatives is the term of a distinctive and unique service that opponent of the existing service providers can't offer. Benapudi and Berry (1997) explored that customer always stays with that firms which offer distinguished services. Ping (1993) and Tahtinen & Vaaland (2006) investigated that low attractiveness of

alternative favors the retention of customers. Colgate and Norris (2001) investigated that if customers consider that alternative firm has parallel feature, then the observation of high barriers to leave is emphasized.

Jones et al. (2000) investigated that when practical substitutes are absent; the possibility of switching a current association reduces. From this the following hypothesis is proposed:

H$_{5c}$: The higher the attractiveness of alternative, the lesser will be the customer retention.
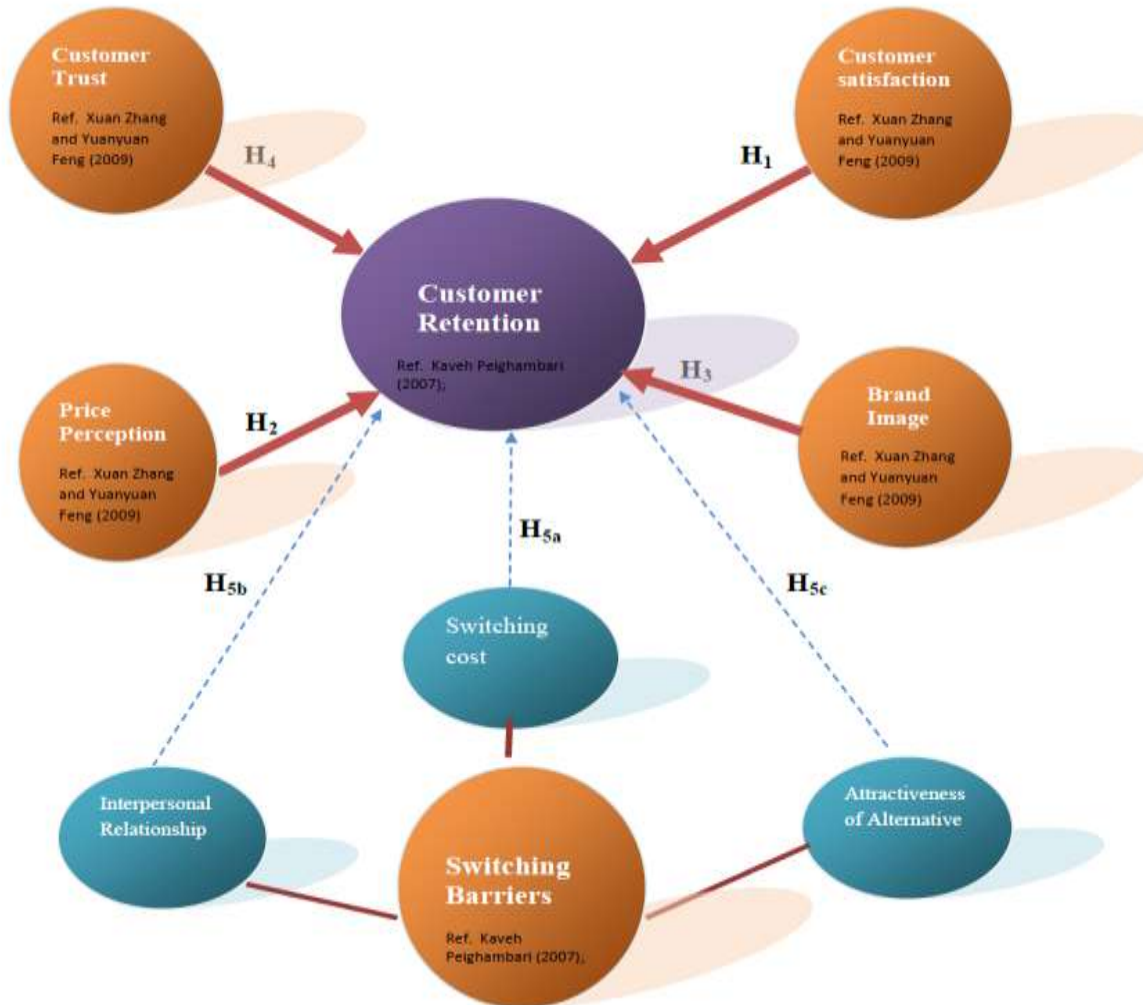
Theoretical Framework

Figure.1 theoretical framework

The above model shows that the dependent variable is customer retention, which is the variable of primary interest, in which the variance is attempted to be explained by the five independent variables of

1. Customer satisfaction
2. Price perception
3. Brand image
4. Customer Trust
5. Switching barriers

By reviewing of literature, this study explored that switching barriers contain some variables such as:

a. Switching cost
b. Interpersonal Relationship
c. Attractiveness of alternative

After studying lot of articles, due to the above mentioned facts it was figured out that Customer satisfaction, Trust, Price perception, Brand image and Switching Barriers have an effect on customer retention in the cellular industry. Anderson and Sullivan (1993) investigated that the greater the satisfaction of the customer, the greater is the probability of customer retention. Gerpott et al. (2001) investigated that customer satisfaction is a direct influential factor for retaining the customers in the mobile telecommunication industry. Schiffman and Kanuk (2004) argued that organizations need to focus on getting highly satisfied customers and that is necessary in order to get higher retention.

Christopher (1996), Peng (2006), Andreassen (1999), Boohene (2011) found that Brand image has a significant positive impact on customer retention. They investigated that the greater the brand image of the company, the greater is the chance of customer retention. From reviewing some other articles such as Abrat & Russell (1999), Schriver (1997), Martin (2007), Mouri (2005), Kollmann (2000) where they found that price is the most significant factor for retaining the existing customers. Mcknight et al. (1998), Gounaris (2003) investigated that customer trust is a vital factor for retaining the existing customers. Jones et al (2000) explained that switching barriers are the factors that force the customers to stay with existing service providers. They investigated that switching barriers such as switching cost, interpersonal relationship and attractiveness of alternative made the switching costly for the customers.

V.   Methodology

The proportional stratified sampling technique was used for collecting the data within the Metropolitan city Lahore. In august 2013, 600 questionnaires were distributed. A face-to-face customer survey was conducted for collecting the data from the customers.

Questionnaire Design

Questionnaire is having two parts. The first part consists of section-A and B. Section-A is requested the General characteristics of the participant such as the in which network (s) are you, type of Used. In section-B Personal Information of the customer is requested, there was an inclusive question related to gender, age, employment status, and education level. In Part-2 Likert Scales was applied in the questionnaire with coding of 1= strongly agree, 2= agree, and 3 = neutral, 4=disagree, 5=strongly disagree. The participants were asked the degree of agreement or disagreement with that statement in the questionnaire survey. This part consists of forty-three questions which measure the effect of Customer satisfaction, Price perception, trust, brand image and different switching barriers on Customer retention. Part-2 has five dimensions, Switching barriers was first dimension which consists of nineteen questions which have three sub-dimensions interpersonal relationship, Switching cost, and Attractiveness of the alternatives is adopted from Kaveh Peighambari (2007). The second dimension consists of four questions which measure customer satisfaction, the third dimension measures price perception of the customer and it consists of five questions. Fourth dimension measures Brand Image, it consists of three questions and the fifth dimension is Trust having five questions. Second, third, fourth and fifth dimension is adopted from the Xuanzhang and Feng (2009). The dependent variable customer retention contains 7 questions adopted from Kaveh Peighambari (2007).

Data collection and samples

A total number of 600 questionnaires were distributed among the subscribers of the five Cellular companies in the eight towns (Ravi town, Shalimar town, Gulberg town, Samanabad town, Iqbal town, Wagah town, Aziz Bhatti town, Data Ganj Bakhash town & Nishtar town) of Lahore. 510 questionnaires are returned and 10 were rejected because of uncompleted questionnaires (response rate 85%). Proportional Stratified sampling technique was used in this study for collecting the data within the Metropolitan city Lahore. Stratified sampling is a probability sampling design that first divides the population into

meaningful, non - overlapping subsets, and then proportionally chooses the subjects from each subset. Each subset is called strata. It was used in this study because it facilitated the researcher to comprehend a large number of interviews promptly and economically. Accordingly the Pakistan telecommunication authority (PTA) reported (2013) there are 131 million mobile phone subscribers in Pakistan and 7.5 million in the eight towns of Lahore. There are following proportional allocation of mobile phone users in the eight towns of Lahore.
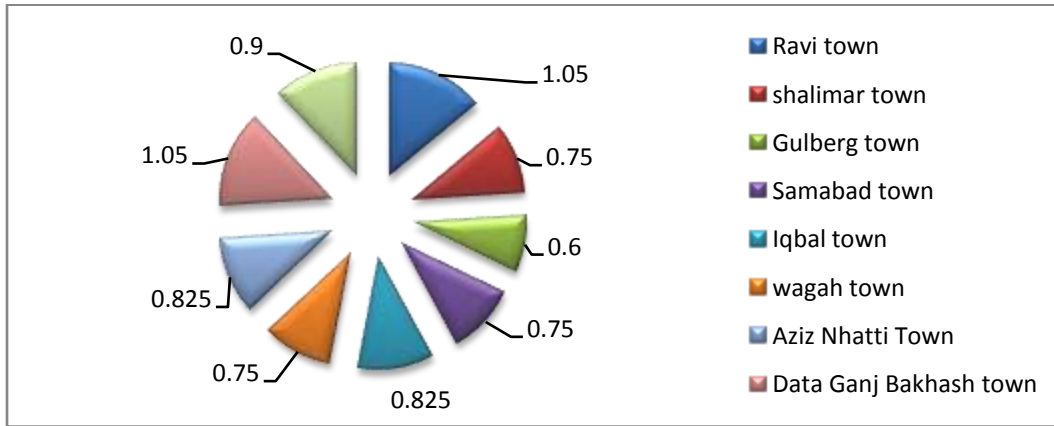
Base sample-size calculation

For a survey design based on a simple random sample, the sample size required is calculated according to the following formula

$n = \dfrac{t^2 \times p(1-p)}{m^2}$

n = required sample size, t = confidence level at 95% (standard value of 1.96), p = estimated prevalence of malnutrition in the project area, m = margin of error at 5% (standard value of 0.05)

Total population of Lahore is 11 million, Total mobile user in lahore =7.5 million

Percentage =7500000/11000000 x 100

= 68.2%

$n = \dfrac{t^2 \times p(1-p)}{m^2}$

= 1.96^2 x .68 (1-.68)/$.05^2$

= 3.8416 x .68 (.32)/ .0025

= 334 (minimum)

Generally, the larger the sample size, the more reliable the study results are that is why this study distributed 600 questionnaires for getting more reliable results**.**

This study taken a sample of 600 mobile phone users, stratified according to the above categories the first step is to find total number of mobile phone users in 7.5 million and calculate the percentage in each town.

100 percentage Ravi town =	1050000/7500000 * 100
	= 14%
100 percentage Shalimar town =	750000/7500000 * 100
	= 10%
100 percentage Gulberg town =	600000/7500000 * 100
	= 8%
100 percentage Samanabad town =	750000/7500000 * 100
	= 10%
100 percentage Iqbal town =	8250000/7500000 * 100
	= 11%
100 percentage Wagah town =	1050000/7500000 * 100
	= 14%

100 percentage Aziz Bhatti town =	825000/7500000 * 100	
	= 11%	
100 percentage Data Ganj Bakhash town =	8250000/7500000 * 100	
	= 11%	
100 percentage Nishtar town =	1050000/7500000 * 100	
	= 14	

Table .1

Data collection and Response rate		
Towns	**Distribution of Questionnaires**	**Collecting of Questionnaires**
Ravi town	14% of 600=84	70
Shalimar town	10% of 600=60	50
Gulberg town	8% of 600=48	40
Samanabad town	10% of 600=60	50
Iqbal town	11% of 600=66	58
Wagah town	10% of 600=60	52
Aziz Bhatti Town town	11% of 600=66	57
Data Ganj Bakhash town	14% of 600=84	72
Nishtar town	12% of 600=72	64
Total	600	510
Response rate 85% **10 Questionnaires are rejected because of incompletion**		

Reliability Coefficient

Cronbach's alpha or consistency reliability is calculated in provisions of the average inter correlations higher the internal consistency reliability. Consistency reliability is computed in provision of the average inter correlations between object determining concepts. The nearer coefficient of the reliability obtains to 1.0 the better. In common, reliabilities less than .60 are indicated to be poor, those in the .70 range, acceptable, and those over .80 good. Table 4.2 shows the rule of thumb which are commonly used for describing internal consistency by using Cronbach's alpha.

Table .2

Cronbach's alpha Rule of thumb		
Cronbach's Alpha		Internal Consistency
Equal to 1.0 or greater than .90	Alpha ≥ .9	Better or excellent
Less than .90 or greater than .80	.9 > alpha ≥ .8	Good
Those in the .70 range	.8 > alpha ≥ .7	Acceptable
Those in the .60 range	.7 > alpha ≥ .6	Questionable
Those in the .50 range	.6 > alpha ≥ .5	poor
Those in the .40 range	.5 > alpha	Unacceptable

Table .3 Reliability output

Variables	**Items**	**Cronbach's Alpha**
Switching barrier Interpersonal relationship	**7**	**.722**
Switching barrier Switching cost	**5**	**.873**
Switching barrier Attractiveness of alternative	**7**	**.906**

Trust	5	.866
Customer Satisfaction	4	.716
Price Perception	5	.908
Brand Image	3	.850
Customer Retention	7	.864

VI.   Data Analysis and Finding

Data obtained in this regard are punched and analyzed through "Statistical Package for Social Science" SPSS 16. The statistical tools are divided the two main streams, descriptive statistics and inferential statistics

Descriptive statistics

Table .4

General Characteristics of the Respondents			
General Characteristics	**Frequency**	**Valid Percent**	**Cumulative Percent**
1. Which Network(s) are you with			
Mobilink	160	32.0	32.0
U-Fone	102	20.4	52.4
Telenor	123	24.6	77.0
Warid	82	16.4	93.4
Zong	33	6.6	100.0
Total	**500**	**100.0**	
2. Types of Used			
Business	101	20.2	20.2
Personal	234	46.8	67.0
Both	165	33.0	100.0
Total	**500**	**100.0**	

Table .5

Personal Information of the Respondents			
Personal Information	**Frequency**	**Valid Percent**	**Cumulative Percent**
1. Gender			
Male	313	62.6	62.6
Female	187	37.4	100
Total	**500**	**100**	
2. Age			
18-33	310	62	62
34-49	140	28	90
50-65	40	8	98
Over 65	10	2	100

|			
Total	**500**	**100**	
3. Education Level			
Below Matric	31	6.2	6.2
Matric	62	12.4	18.6
Intermd'te	95	19	37.6
Bachelors	187	37.4	75
Masters/upper	125	25	100
Total	**500**	**100**	

Inferential Statistics:

Regression assumptions

Table 6 shows Durbin-Watson= 1.370 which means there is a highly positive correlations and there no autocorrelation of regression errors. Table shows that there no multicollinearity problem in this research. The **Table 8** shows there is no variable how's tolerance value close to the zero which means there have no multicollinarity among the items. Variance Inflation Factor (VIF) is another method for measure multicollinearity among the items. If VIF value greater than 10 then have multicollinearity among the items.
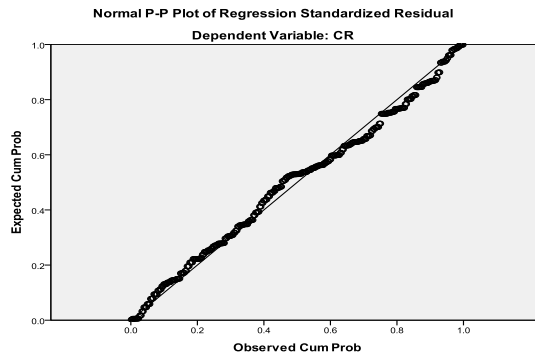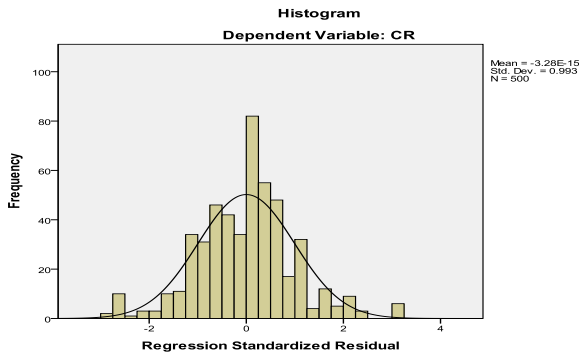
The **Table 8** shows that no variable have greater than 10 tolerance which mean they have no multicollinarity among the items. This study evaluating the normality of the variable through Bell shape of histogram shows that residuals are normally distributed which is good for the regression model. The normal PP Plot also shows that data is normally distributed only very minimum points are away from the line.
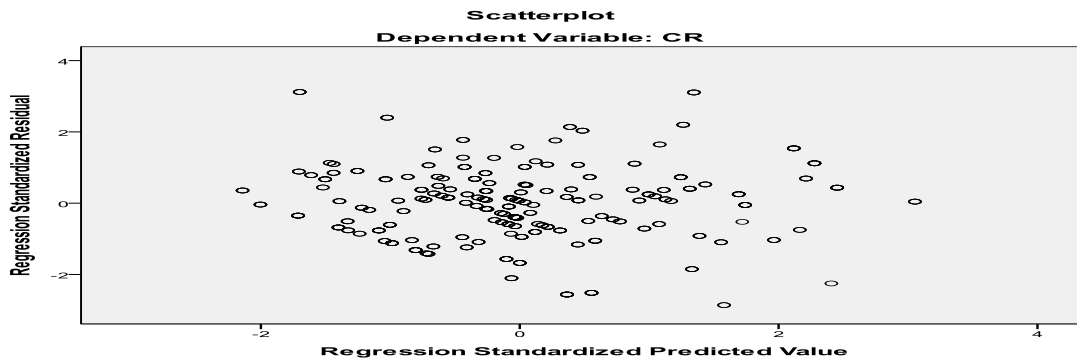
For evaluating variance of errors this study used the scatter plot, Scatter plot shows the variance of errors is same for all the data which is homoscedasticity in nature. Data is equally spread between +2 & -2.

Multiple Regressions

To test hypotheses, multiple regression analysis are used, the results of regressing the five independent variables (Switching Barriers, Brand Image, Customer Satisfaction, Trust and Price perception) against dependent variable (Customer retention). The **table 6** shown that five independent variables that are used into the regression model and R (.986) shown that there is highly positive associations between these independent variables and customer retention. R^2 (R square) is .973 indicate that 97.3% variation in customer retention items explained by its linear relationship with the independent variables (customer satisfaction, switching barriers, brand image, trust and Price perception).

Table.6

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.986[a]	.973	.973	.11209	1.370

a. Predictors: (Constant), BI, SC, CS, IP, AOA, PP, T

Table .7

ANOVA [b]							
			Sum of Squares	df	Mean Square		Sig.
Model	1	Regression	223.782	7	31.969		.000[a]
		Residual	6.181	492	.013		
		Total	229.963	499			

a. Predictors: (Constant), BI, SC, CS, IP, AOA, PP, T

b. Dependent Variable: CR

Overall Significance of the Retention Model

ANOVA **Table 7** shown that P-value is equal to .0001 which is less than .01 so model is highly significant which the goodness of its model.

VII. Analysis of Hypothesized Relationship

The following data were composed from the pulling out of the five independent variables that have been tested through regression analysis, as per results for customer retention showed in Table 6.

Table.8

Regression of customer satisfaction, Brand Image, Price Perception, Trust and Switching Barriers (Switching Cost, Interpersonal relationship & Attractiveness of Alternative against customer retention				
Dependent Variable Customer Retention				
Variables	**Coefficient (Beta)**	**T-value**	**Sig.**	**Outcome**
Constant		7.492	0	
Customer Satisfaction	0.007	0.532	.595 H_1	Not Supported

Brand Image	0.164	2.958	.003 H_2	Supported
Price Perception	0.798	12.836	.000 H_3	Supported
Trust	0.271	3.149	.002 H_4	Supported
Switching Barrier Switching Cost	0.057	7.048	.000 $H5_a$	Supported
Switching Barrier Interpersonal Relationship	0.233	7.002	.000 $H5_b$	Supported
Switching Barrier Attractiveness of Alternative	-0.496	-7.257	.000 $H5_c$	Supported
Adjusted R^2=.973		**DW Statistic=1.370**		
Model: Customer Retention= $\beta + \beta_1 IP + \beta_2 SC + \beta_3 AOA + \beta_4 T + \beta_5 CS + \beta_6 PP + \beta_7 BI + \varepsilon$				

Hypotheses 1: H_1: Customer satisfaction has an effect on customer retention in cellular industry of Pakistan.

The result showed in table 8 indicates that customer satisfaction does not make a significant contribution to customer retention P>.01, β = .007. Customer satisfaction is very near to Zero. Its mean it is not necessary for the customer retention. Therefore we reject H_1. The results support Christopher (1996), Gierl (1993) and Reichheld (1993) findings where they found that satisfaction of the customer little to do to increase customer retention when other variables taken into the consideration.

Hypotheses 2: Brand image has an effect on customer retention in cellular industry of Pakistan.

The result showed in Table 8 indicated Brand Image has a significant factor to affect the customer retention P<.01, β = .164. Therefore we accept H_2. The result support Christopher (1996), Peng (2006), Andreassen (1999), Boohene (2011) findings where they found that Brand image has a significant positive impact on customer retention.

Hypotheses 3: Price perception has an effect on customer retention in cellular industry of Pakistan.

The result showed in Table 8 indicated that price perception has significant positive effect on customer retention P<.01, β = .798. Therefore we accept H_3. The result support Abrat & Russell (1999), Schriver (1997), Martin (2007), Mouri (2005), Kollmann (2000) findings where they found that price is the most significant factor for retaining the existing customers.

Hypotheses 4: Trust has an effect on customer retention in cellular industry of Pakistan.

The result showed in Table 8 indicated that Trust has a significant factor of the customer retention P<.01, β = .271. Therefore we accept H_4. The result support Mcknight et al. (1998), Gounaris (2003) findings where they found that trust is a vital factor for retaining the existing customers.

Hypotheses 5a: higher the switching cost more will be the customer retention.

The result showed in Table 8 indicated that switching cost has a positive effect on customer retention P<.01, β = .057. Therefore we accept H_{5b}. The results support Peterson (1995), Berry & Parasuraman (1991), Gremler (1995), Young & Denize (1995).

Hypotheses 5b: higher the interpersonal relationship more will be the customer retention.

The result showed in Table 8indicated that Switching barrier Interpersonal relationship has a significant effect towards the customer retention P<.01, β = .233. Therefore we accept H_{5a}. The result support Jones et al. (2000), Burnham et al. (2003), Hess & Ricart (2002) findings where they found that switching cost have an significant barriers which have a important impact on customer retention towards the Cellular industry.

Hypotheses 5c: higher the attractiveness of alternative, lesser will be the customer retention.

The result showed in Table 8 indicated that Attractiveness of alternative has a negative affect towards customer retention P<.01, β = -.499. Beta negative mean if one unit of attractiveness of alternative increased the customer retention decrease .499. Therefore we accept H_{5c}. The results support Kim et al. (2004), Benapudi & Berry (1997), Peng (2006), Tahtinen & Vaaland (2006) findings where they found that low alternative of the attractiveness favors the retention of customers towards the service industry.

VIII.   Discussion

The study found that the majority of the respondents are male with (62.6 %) and (37.4 %) are female respondents. Majority of the respondents are 18 to 33 years old with (62%), 28% are 34 to 49 years old, (8%) are 50 to 65 years old, and only (2%) are over 65 years old. Most of the respondents are Bachelors degree holder with (37.4%) follows by Masters Degree 25%. Most of the respondents are students (45.8%) while from full-time job (28.8%) and (15.4%) are do the Part-time job. Most of the respondents (32%) use the network of Mobilink, while (24.6 %) use Telenor followed by U-Fone (20.4%), Warid (16.4%) and only (6.6%) respondents use the Zong network. Most of the respondents use the network for the personal use with (46.8%) while (20.2%) use for the business purposes and (33%) respondents use for both purposes.

The study found that when other variables are taken into consideration Customer satisfaction does not create significant part for building the customer retention. It has a very little effect on customer retention. Moreover, the coefficient among customer retention and customer satisfaction was near to Zero (β = .007, Table 8) suggesting that customer satisfaction does not essentially lead to increased customer retention in Cellular industry of Pakistan. Brand image has a significant positive factor that affects the customers to stay with existing mobile network service providers (β = .115, Table 8). The Brand image is small in magnitude comparatively to the other variables but still it has a very significant effect on customer retention towards the Cellular industry in Pakistan.

The study found that trust is another important factor that should not unnoticed. If Cellular customers no longer trust their existing service providers, the jeopardy of switching existing service providers is high. The study explored a significant positive association between trust and customer retention (B=.271, table 8), indicating a high degree of correlation between trust and customer retention. It is significant to make sure that specialized and common employees offer high value service to the existing customers as credible as possible.

Table 8 shows that the switching barriers (Interpersonal relationship & switching cost) have significant positive effect on customer retention in the Cellular industry of Pakistan. However, the interpersonal relationship (B=.278) most influencer than switching cost (B=.047). Table 8 also shows that switching barrier attractiveness of alternative has a negative effect on customer retention which is support H_{5c}.

Table 8 shows that price perception has a positive effect on customer retention in the Cellular industry of Pakistan. The study finds that price perception is the most influencing factor which affects the customer to stay with existing service providers.

IX.   Conclusion and Further Research

In general, all of the hypotheses tested were supported except for customer satisfaction that has a significant effect on the customer retention is rejected. This result supports Christopher Gan et al. (2006) and Boohene (2011) findings where customers can be very highly satisfied but still switch their existing organization. The findings in this study provide strong

support for the applications of customer retention Model in Cellular industry in Pakistan. It is very important for telecom executives to improve their competitiveness in the Cellular industry. Factors (customer satisfaction, switching barriers, Trust, Price perception and Brand Image) are considered to be necessary for retaining the existing customers and building long term association with consumers in order to attain joint benefits of all parties. Although these factors have been broadly executed by organization, customers still are inclined to leave to opponent. As a result, this study was accomplished to assess the effect of these factors on customer retention in the Cellular industry in Pakistan.

This study analyzed the structure and effect of the switching barriers, customer satisfaction, trust, price perception and brand image towards customer retention in the Cellular industry in Pakistan. There are other factors affecting customer retention, distant from the factors considered in this study such as the Environmental Dynamism is an unpredictable and rapid change factor which can increase the uncertainty for individuals such as customer preferences, and customer demand for their product. One of the most important areas of future research is the role of government policy in removal and formation of switching barriers and increasing or decreasing the price for the services particularly in an under developing country where government contribution is vital.

Since all the data were collected from a particular region, it would be fascinating to replicate the study on a nationwide sample. This would give a better generalization for the Cellular sector and obtain a broader view and analysis.

This study found that the factors (Switching barrier Interpersonal relationship & Switching cost, Trust, Brand Image and Price perception) have a significant effect on customer retention towards the Cellular industry in Pakistan. It also found that switching barrier attractiveness of alternative has a significant negative effect on customer retention. On the other hand customer satisfaction has very little to do to increase the customer retention.

Pakistan Cellular industry is not very diversified; holding customers is one of the most vital tactics accessible in Pakistani Cellular market to remain competitive. Cellular management should place more stress on customer retention than pulling new clients since it is economical to hold existing customers than to bring in new ones. This study also investigated that Customer satisfaction does not always direct or lead the customer retention towards the cellular industry in Pakistan but still it plays a very important part for retaining the existing customers. This point has been reverberate by Gerpott et al. (2001) who said that customer satisfaction is an essential determinant of customer retention in the cellular industry. Thus, companies must always try hard to make sure that their consumers are satisfied. The Cellular service providers in Pakistan make sure that price of the product should be low and the overall package provides by the companies should be better than the competitors.

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APPENDIX A

QUESTIONNAIRE

Dear Respondent:

I am Usman Ahmad Qadri and a student of National University of Modern Languages. I am glad to invite you to participate in a survey of customer retention in the telecommunication industry in Pakistan. This survey is designed as part of my work for a MSBA degree at the National University of Modern Languages, Lahore. Any information provided in this survey will be handled with confidentiality and used for research purpose only, and will not be passed on to any third party. If you feel any threat during the survey, feel free to withdraw any time. It will take about 8 minutes to complete this questionaire. Thank you for your precious opinions and participation.

Instruction:

Please answer Part 1 and Part 2.

Please circle the number that best matches your opinion.

Part 1:

A. General Characteristics

1.	Which network (s) are you with (you can tick more than one)	**a)** Mobilink	**b)** U-fone	**c)** Telenor	**d)** Warid	**e)** Zong
2.	Type of used	a) Business	b) personal	c) both		

B. Personal Information

1.	Gender	a) Male	b) Female			
2.	Age	**a)** 18-32	**b)** 33-47	**c)** 48-62	**d)** 63-77	**e)** Over 77
3.	Employment status	**a)** Full-time job	b) Part-time job	c) Retired	d) Not working	e) Student
4.	Education Level	**a)**Below matric	**b)** matric	**c)** Intermd'te	**d)** Bachelors	**e)** Master/upper

Part 2:

Please answer each statement below by putting a circle around the number that best reflects your degree of agreement or disagreement with that statement.

 1=SA-Strongly Agree, 2=A-Agree, 3=N-Neutral, 4=D-Disagree, 5=SD-Strongly Disagree

A. Factors that affecting customer retention

Sr.No.	Factor 1: Switching Barriers 1.1 Interpersonal Relationship	SA	A	N	D	SD
1.	I feel there is a bond between my mobile operator and myself.	1	2	3	4	5
2.	I have developed a personal friendship with my mobile operator.	1	2	3	4	5
3.	I would be more comfort interacting with the people working for my mobile operator than I will be if I switch my mobile service provider.	1	2	3	4	5
4.	I would miss my mobile operator if I switch operators.	1	2	3	4	5
5.	I will lose a friendly and comfortable relationship with my mobile operator if I change.	1	2	3	4	5
6.	I like the public image of my mobile operator.	1	2	3	4	5
7.	My mobile operator cares about its customers.	1	2	3	4	5
	1.2 Switching Cost				4	5
8.	In general switching to a new service provider would be a hassle.	1	2	3	4	5
9.	It would cost me a lot of money to switch from my mobile operators to another mobile operator.	1	2	3	4	5
10.	It would cost me a lot of time to switch from my mobile operator to another mobile operator.	1	2	3	4	5
11.	It would cost me a lot of effort to switch from my mobile operator to another mobile operator.	1	2	3	4	5
12.	Prices of other mobile operators are higher.	1	2	3	4	5
	1.3 Attractiveness of Alternatives					
13.	I do not care about the brand/company name of the service provider I use.	1	2	3	4	5
14.	I belief on my mobile operator more than other mobile service providers.	1	2	3	4	5
15.	I'm very likely to switch to another mobile service provider.	1	2	3	4	5
16.	I would feel uncertain if I have to choose a new mobile service provider.	1	2	3	4	5
17.	I hate spending time finding a new mobile service provider.	1	2	3	4	5
18.	I hate re-registering to another mobile service provider.	1	2	3	4	5
19.	I'm not certain about the quality of services that other operators will providing, there is a risk the new mobile operator won't be as good as my mobile operator.	1	2	3	4	5

	Factor 2: Customer satisfaction	SA	A	N	D	SD
20.	I am satisfied with the overall service quality offered by this operator.	1	2	3	4	5
21.	I am satisfied with the professional competence of this operator.	1	2	3	4	5
22.	I am satisfied with the performance of the frontline employees of this operator.	1	2	3	4	5
23.	I am comfortable about the relationship with this operator.	1	2	3	4	5
	Factor 3: Price Perception	SA	A	N	D	SD
24.	This operator took effective ways to help us know its pricing policies of products and services.	1	2	3	4	5
25.	The pricing policies of products and services from this operator are attractive.	1	2	3	4	5
26.	The calling rate offered by this operator is reasonable.	1	2	3	4	5
27.	This operator is offering flexible pricing for various services that meet my needs.	1	2	3	4	5
28.	I will continue to stay with operator unless the price is significantly higher for the same service.	1	2	3	4	5
	Factor 4: Brand Image	SA	A	N	D	SD
29.	I consider that this operator's reputation is high.	1	2	3	4	5
30.	I have a good feeling about the operator's social responsibility.	1	2	3	4	5
31.	The operator delivered a good brand image to its customers.	1	2	3	4	5
	Factor 5: Trust	SA	A	N	D	SD
32.	This operator is reliable because it is mainly concerned with the consumers' interests.	1	2	3	4	5
33.	The billing system of this operator is trustworthy.	1	2	3	4	5
34.	The reputation of this operator is trustworthy.	1	2	3	4	5
35.	The policies and practice of this operator are trustworthy.	1	2	3	4	5
36.	The service process provider by this operator is secure.	1	2	3	4	5

B. Customer Retention

		SA	A	N	D	SD
37.	If I had needed mobile services now, my mobile operator would be my first choice.	1	2	3	4	5
38.	I plan to continue my relationship with my mobile operators in future.	1	2	3	4	5
39.	I would recommend my mobile operator as the best mobile service provider in the area.	1	2	3	4	5
40.	I would encourage friends and relatives to do business with my mobile operator.	1	2	3	4	5
41.	I have said positive things about my mobile operator to others.	1	2	3	4	5
42.	The relationship with my mobile operator is important to me.	1	2	3	4	5
43.	I consider my mobile operator as my first choice for mobile services.	1	2	3	4	5