

Attaining Customer Loyalty! The Role of Customer Satisfaction and Customer Retention (Mobile Handset Industry-University of Gujrat, Pakistan)

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Abstract:

Purpose - The purpose of this paper is to show how customer satisfaction and customer retention contribute towards customer loyalty and which is better contributing towards customer loyalty.

Design / methodology / approach - A sample of 150 students was taken on basis of convenient sampling method. Results were analyzed in SPSS 16 to run t-test, regression and correlation technique, factor analysis and a descriptive analysis. To test hypothesis we used the Regression technique.

Results - The results of the study indicate that Customer Satisfaction has more contribution for customer loyalty in comparison of Customer Retention. The theoretical framework of the study shows that Customer Satisfaction is based on 'Product Quality' and 'Perceived Values'; it is concluded that University of Gujrat students of Gujrat city-Pakistan, become loyal for mobile handsets because of Customer Satisfaction.

Research limitations / implications - Results of the study depends on the customer survey responses that have been collected in one country and one sector. To generalize the results, it's not yet been tested.

Practical effects - Customer satisfaction contributes better for the mobile handset industry to retain the customers' loyalty.

Social implications- This study helps mobile handset industries to focus better towards attributes of customer satisfaction to earn loyalty of customers and make good ethical relationships.

Originality / value - This is the first study to show that customers' satisfaction amplify a positive impact towards customer loyalty.

Keywords: Customer satisfaction, Customer retention, Customer loyalty, Perceived Quality, Perceived Value, Product attributes, Customer relationship, Trustworthiness.

I. Introduction

Increasing customer loyalty is an important issue for manager's academics and consultants. The importance of loyal customers is that if they become loyal then there is higher retention rate and which result higher share for the firm in a particular category and they also promote the respective product of the firm with good word of mouth or buzz marketing. Product quality is a critical determinant of consumer satisfaction. Product demand depends on the quality that a manufacturer is providing to their consumers.

The field of customer loyalty-marketing has been around for many years, but expansions from it merely being a model for conducting business to becoming a vehicle for marketing and advertising have made it omnipresent in consumer marketing organizations since the mid- to late-1990s.

Loyalty researches show that most of the companies lose 45 to 50% of their customers every five year and then capturing new customers is 20 time more expensive than to retain existing customers. And even 5% reduction in customer's defection rate can increase profits by 25 to 85% depending on the industry. Every business in this competitive world is trying to maximize their profit and to do this they try to provide best product and best service to their loyal customer.

In Current market the concept of customer loyalty is of great importance. Making a consumer loyal toward a specific company product is not an easy work. Loyalty of customer plays vital role to achieve competitive advantage and sustain it. The two main variables **Customer retention** and **Customer satisfaction** are of extreme importance. These variables ought to be depending upon various other variables.

Customer retention is dependent on trustworthiness, attributes of a product and customer relationship while **Customer satisfaction** is dependent on product perceived value and product quality.

Customer loyalty is an important issue. Many consider it an attitude based phenomenon that can significantly influenced by customer relationship management. However empirical research shows that loyalty in competitive repeat purchase is shaped more by the passive acceptance of brand then a strong attitude about them.

Many empirical studies have shown that customer satisfaction secures future revenues (Bolton, 1998; Fornell, 1992), Customer satisfaction plays the most important role in total quality management. In comparison with other performance measures (traditional), customer satisfaction is less sensitive to variation in accounting practices, changes in cost or seasonal fluctuations. (Kotler, 2006).

Aim of the study

The purpose of this paper is to show how customer satisfaction and customer retention contribute towards customer loyalty and which is better contributing towards customer loyalty. It is community based study and we will use the simple non random convenient sampling and collect data from people to know that what the role of customer satisfaction and customer retention in loyalty is.

Objectives of the study

The objective of the study is to access to the variables of customer satisfaction and customer retention which are perceived quality, perceived values, trustworthiness, customer relationship and attributes of a product and evaluate which variables lead to customer loyalty. This would be a replicate study; the original research was conducted in different universities of Peshawar during a time period of March to May 2012. We are going to conduct the research in Gujrat by taking surveys from the students of University of Gujrat. The original study took a time period of 3 months and we ought to conduct it within a period of 2 months from May 2014 to June 2014.

Research Question

What is the role of customer satisfaction and customer retention towards customer loyalty? And whether customer retention or customer satisfaction plays more important role in it?

Significance/rationale of the study

The variables important for creating customer loyalty will be identified and if organizations start focusing on those variables they would be benefiting by making their customers loyal. Loyalty of customers can lead to long term life time value for companies. Loyal customers can promote the brand name by word of mouth and a cycle of new customers could start coming to an organization.

Theoretical contribution

The theoretical contribution of this study will provide valuable information about the importance of customer satisfaction and retention for customer loyalty and create value for companies. The theoretical framework and the result of this study will provide initial two contributions. It will provide a theoretical understanding and experimental testing of the mechanisms by which the value-creating effects the customer satisfaction and customer retention towards customer loyalty, including the study of the potential effects of differential factors that contribute towards customer satisfaction and customer retention.

II. Literature Review

Customer Loyalty

Loyal customers are familiar with their favourite brands and more willing to try out and explore recommendations and any innovative new products. Metrics (marketing) evaluated that the probability of selling something to new prospects is only about 5-20%, whilst the probability of selling something to an existing customer is 60-70%. For the same amount of effort to sell something, projected sales are higher from loyal customers.

Loyalty is something that consumers may exhibit to brand service and activities. Loyalty is future of people rather than something inherent in brand. Loyalty is an attitude that sometimes leads to relationship with brand it is expressed in term of revealed behaviour. Attitude may be measured by asking how much of the people are interested toward a certain brand, feel like engaged to it and also recommend that brand to others, and strongly show feelings for it, relative of competing brands (Basu & Dick, 1994).

There are number of approaches to customer's loyalty. Jacoby et al 1973 say that loyalty can be measured in two approaches for brand loyal customers which are behavioural and attitude loyal. Until 1970 loyalty is consider as the function of total purchase function of buying pattern or buying probability. An extension of the 'attitudes define loyalty' perspective is to suggest that consumers form relationships with some of the brands. A pet example for this point is exemplified by Fournier (1998), who sees loyalty as a committed and affect-laden partnership between brands and consumers. It's a relation that will be more gripping when supported by other members of a household or group of buyers, and where consumption is related with community identity.

Loyal customers make purchases repeatedly, refer the brand to their professional colleagues, family and friends and provide constructive feedback. They are less-price sensitive. Loyal customers are more inclined to share their positive experience and making recommendation of a business. Humans are generally more influenced by people they are familiar with. Marketing through word of mouth is a powerful channel of marketing. This re-images brand of consumers in their mind that are unfamiliar and new.

It is 6 to 7 times more expensive to acquire new customers than servicing your regulars. By focusing on customer loyalty and building your brand your loyal customers will be a strong influencer to get new prospects to try out your brand substantially reducing the associated costs in acquiring customers, harvest loyalty and get a group of free sales people to spread the love of your brand.

Customer Satisfaction

If a company provides a product according to the requirements of their consumers it will lead the satisfaction of consumers. The lower or higher satisfaction of a consumer will depend upon the quality of brand characteristics that are offered by a company (Gerpott Rams & Schindler2001). The reason why customer satisfaction directly affects bottom line profitability is quite simple it costs far less to retain a happy client. Businesses that have been successful retaining their loyal clients have shown over time to consistently increase profits. The impact of customer loyalty is impossible to overlook.

A totally satisfied customer contributes 17 times to revenue as somewhat dissatisfied customer. Dissatisfied customer decreases revenue at a rate equal to 18 times what a totally satisfied customer contributes towards company. Researchers have shown that if a customer is satisfied with a company or service he/she is likely to share their experience with other people. While dissatisfied customers likely tell another ten people of their bad experience. Social media-readily available, tell that story of bad experience to online users etc. You can easily go to Twitter or Facebook and read about some experiences regarding a company or service.

Customer satisfaction customer relationships and service quality leads to profitability and market share Rust and Zahorik (1993). Customer satisfaction leads to customer loyalty and this also leads to profitability Hallowell (1996). When customers are satisfied with a high quality service offering after its use then they can be expected to engage in repeat purchase and even try line extensions and thus market share can be improved.

Achieving customer focus requires leveraging existing customer information to gain deeper insight into the relationship a customer has with the company and enhancing customer-service related processes so that the services are not erroneous and free of error for the customers. Marketing aspect contributes towards customer satisfaction with a product of purchase repetition, acceptance of extension for the product line and a positive word-of-mouth advertising, Cardozo (1965).

Perceived Value

Perceived value occurs at the intersection of what customers want and what they get from product or services what they could get from competition. Company can only sustain customer loyalty by continually meeting customer's product/service qualifications specifications or expectations. Company should strive to meet customers' needs in the order they deem important while maintaining a favourable comparison between you and your competition. In marketplace, competitors are the alternative suppliers customers use to form their comparative value perceptions. How would customer define perceived value?

According to the framework of the ACSI theory and research it was revealed that perceived quality is considered as the first determinant of overall customer satisfaction and research strongly recommends that expectation and experienced services have a direct and positive effect on overall customer satisfaction (Fonell et al., 1996,p. 9). ACSI measures perceived quality based on two main components of consumption experience: (1) customization and (2) reliability (Fonell et al., 1996). From the responses the perceived service quality can be calculated or computed (Fonell et al., 1996). One more aspect contributed by Tkala et al, (2006) is that while calculating customer satisfaction individual score is not important but aggregate score is important.

Perceived service quality is defined as consumers judgment about a business overall distinction or dominance (Zeithaml, Berry & Parasuraman, 1988). Jiang and Wang (2006) defined it as the consumer evaluation of the service performance received and how it compared with their expectation. Another aspect Jiangand Wang, (2006) pointed out that evaluations are not based on service attributes rather these depend on customer's memory and emotions. So customers measure service quality in terms of how much pleasure they have received from a service. The role of perceived service quality in customer satisfaction is established but the conditions under different dimensions of effect will or will not influence service quality evaluation and customer satisfaction.

Parasuraman et al, (1988), Perceived service quality is therefore viewed as the degree and direction of discrepancy between consumers expectations and perceptions". Turel & Serenko, (2004) claimed that perceived quality (PQ) is the actual experience of a customer about service. Jamali (2007) found a positive relationship between service quality and customer satisfaction.

Perceived Quality

Perceived product quality is one of the most important constructs in marketing. Perceived quality has been the subject of considerable interest by both practitioners and researchers mainly in services marketing (Taylor and Cronin, 1992; Zeithaml, Berry and Parasuraman 1996). However work that integrates the role of perceived product quality within the context of other marketing variables like product involvement consumer satisfaction and purchase intentions has received less attention. Moreover the relationships between these constructs for goods rather than services have not been studied extensively in marketing.

Perceived quality has attracted the interest of practitioners and researchers because of a belief in its beneficial effects on performance in marketing. The belief that a higher level of perceived quality leads to repeated purchases is the bedrock of business. A better understanding of the connection between perceived product quality and product involvement consumer satisfaction and purchase intentions may help academics develop a model of consumer decision making for products. Practitioners may also get indications as to where best to devote marketing attention and scarce corporate resources.

The customer perception about a product is another important dimension which is under consideration now days in eyes of marketers. Customer thinking about the quality of a product is an important factor. The word quality is defined by Shahzad (2012) freedom from errors. It is the combination of characteristics and features that exist in a product which can satisfy a customer want or need. Product quality is a direct factor influencing customer satisfaction which leads a customer towards loyalty afterwards. Enhancement in customer perceived quality will increase customer satisfaction loyalty and profitability (E.Gummesson, 1998). But does each and every segment in the market accept the same quality? The issue arises by Grönroos (1997) that each and every segment in the market wants different quality products depending on their purchasing power and requirements.

Customer relationships & Attributes of a product

Keller (1993) defined that brand image refers to a particular frame of reference by which the consumer is associating a certain brand. A good image enhances the value of the brand in the eyes of the consumer by increasing its likeability/desirability and differentiating it from other competing brands (Hsieh, Pan, and Setiono 2004). The outcome of the favourable image is the increase in equity, loyalty, consumer buying behaviour and overall performance of brand (Koo, 2003). Brand image is measured in terms of benefits a brand is offering or some attributes the brand is having or the usage of the brand.

The evolution of the consumption goods market presents in most of the classifications, a variety of brands more known than others and it is believed that consumers associate quality of the product with the image of the brand because of various factors. As a result the consumers prefer only one brand or sometimes a group of brands adopting a loyalty behavior (Bothe, 1996).

On the other hand one factor that characterizes the brand preference by the costumer is the attitude favorable or unfavorable relative to the brand. Thus knowing the consumers attitude is a factor that can determinate the degree of competitiveness of an organization (Aggarwal, 2004). To know this reality a research was conducted in the segment of margarine because this product category is in essence a commodity a fact that only increases the complexity of the consumers' decision process.

The attributes of margarine possess different importance in each brand. Anyhow, important attributes, for the consumers are packing, creamily, to become a well known brand, and brand quality besides the notion that all brands of margarine are the same flavour such as with and without salt.

III. Methodology

This research paper demonstrates to discover the factors that influence customer loyalty.

Data collection: In this research paper a questionnaire has been used for the collection of data. It was distributed among the students of University of Gujrat in Gujrat city of Pakistan

Sample size: The sample size for this study is of 150 respondents.

Time period: The time period to complete our research paper took almost 2 months.

Instrument

A simple non random sampling technique is used and a questionnaire is distributed to the respondents for collection of the data. The instrument contains a total of 21 questions of which 1 is related to gender(nominal), 1 is related to age(ratio), 3 questions(interval) are related to our each independent variables and dependent variable i.e. Perceived quality, Perceived values, Product attributes, Customer relationship, Trustworthiness and Customer Loyalty(dependent variable) respectively.

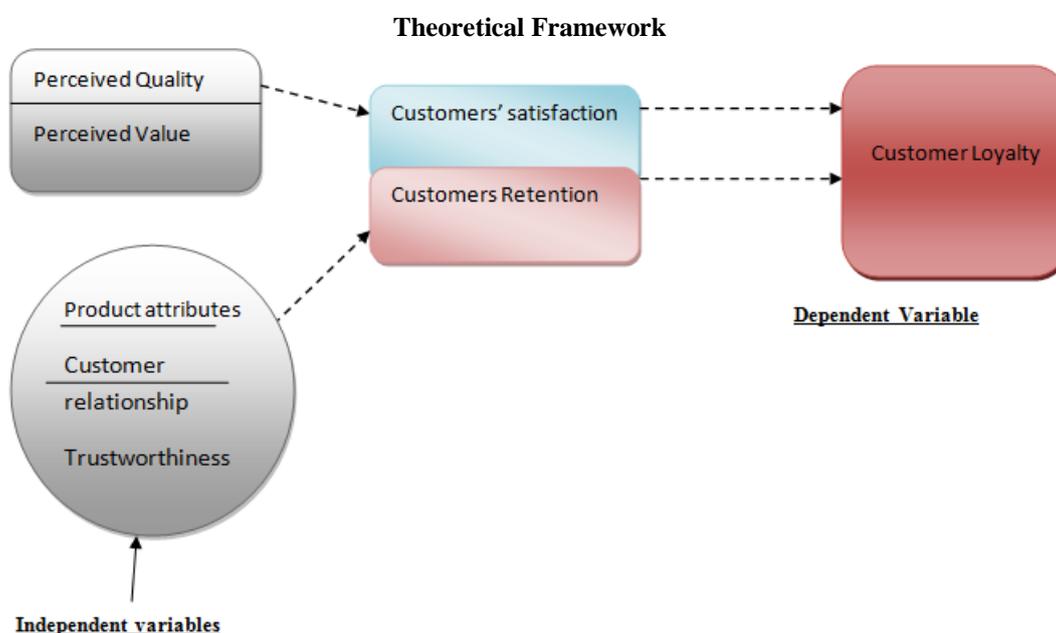
IV. Data Analysis Method

For the statistical measurements descriptive analysis, one-sample T-test, correlation, regression and a factor analysis are adopted. Data will be analyzed on SPSS 16.0.

To test Hypothesis we are using the Regression technique.

In addition, our hypothesis is:

Objectives	Hypothesis
Relationship between customer loyalty and customer satisfaction and Customer Retention.	H1: There is a positive relationship between customer loyalty and perceived value. Ho1: There is not a positive relationship between customer loyalty and perceived value. H 2: Perceived quality has a positive impact on customer loyalty. Ho2: Perceived quality has a negative impact on customer loyalty. H3: A positive relationship between product attributes and customer loyalty. Ho3: A negative relationship between product attributes and customer loyalty. H4: Customer relationship has an impact on customer loyalty. Ho4: Customer relationship does not have an impact on customer loyalty. H5: Trustworthiness has a positive impact on customer loyalty Ho5: Trustworthiness has a negative impact on customer loyalty.



Perceived Quality: It is consumers’ judgment about product's overall excellence.

Perceived value: The worth that a product has in the mind of the consumer.

Product attributes: These are the descriptors used to define kinds of products.

Customer relationship: The ways in which a company communicates deals and try to build new customers and retain with existing customers.

Trustworthiness: Trustworthiness is a moral value. A trustworthy person is someone in whom we can place our trust and rest assure that the trust will not be betrayed.

Customer loyalty: It is the result of consistent experience of emotions in a positive way, attribute-based satisfaction and perceived value of an experience, which involves the services or the products.

V. Results & Interpretations

Table 1 shows reliability test:

Reliability test shows how much the variables are internally consistent. Its value should be at least 0.4 for the data to be reliable and valid making it possible for different tests to be applied in the software on our data. The Cronbach’s Alpha value is 0.786 which concludes that our data is 78.6% internally consistent and we can apply our tests on the data for further study.

Table 2 shows Descriptive Analysis:

Gender and the educational qualification question represent a nominal scale question. Its measure of central tendency is on mode, the most repeated value. The results interpret that the most repeated value is representing males to be in greater ratio than females and the 3rd option of educational qualification i.e. MBA/MS students are greater in ratio respectively.

Age is a ratio scale question. Its measure of central tendency is on mean, the average results. The results interpret that average population lies between 20-24 years (2nd option) of age.

The dependent and independent variables are based on interval scale questions. Its measure of central tendency is on mean, the average results.

Dependent variable is Customer loyalty and independent variables are Perceived quality, Perceived values, Customer relationship, Trustworthiness and Product attributes. Their results predict that average results been chosen are slightly deviating above the 4th option.

Table 3 shows T-TEST:

The T-test interprets the significance level of all the variables.

T-test being applied on dependent variables and independent variables gives a 0.000% level of significance which is less than 0.05% declaring the results to be 100% significant.

Table 4 shows Correlation Test:

Correlation is the relationship between two or more than two variables. But it is not known which variable is dependent and which are independent.

There are six variables present which include Perceived Quality, Perceived Value, Product attributes, Customer relationship, Trustworthiness and Customer Loyalty.

Perceived quality shows positive or direct relation with perceived value, product attributes, customer relationship, trustworthiness and customer loyalty. 1% change in perceived quality brings 0.322%, 0.569%, 0.391%, 0.348% and 0.411% change in perceived value, product attributes, customer relationship, trustworthiness and customer loyalty respectively but in same direction.

Perceived value shows positive or direct relation with product attributes, customer relationship, trustworthiness and customer loyalty. 1% change in perceived value brings 0.346%, 0.299%, 0.028% and 0.305% change in product attributes, customer relationship, trustworthiness and customer loyalty respectively but in same direction.

Product attributes shows positive or direct relation with customer relationship, trustworthiness and customer loyalty. 1% change in product attributes brings 0.276%, 0.320% and 0.861% change in customer relationship, trustworthiness and customer loyalty respectively but in same direction.

Customer relationship shows positive or direct relation with trustworthiness and customer loyalty. 1% change in customer relationship brings 0.062% and 0.286% change in trustworthiness and customer loyalty but in same direction.

Trustworthiness shows positive or direct relation with customer loyalty. 1% change in customer relationship brings 0.281% change in customer loyalty but in same direction.

Regression Test: Regression is the relationship between two or more than two variables. It is clear in regression that which variable is dependent and which are independent.

Table 5 shows the Model Summary. R square interprets the overall fitness of the model. Higher the value more fit the model is. R square value is 0.758 which shows that our model is fit.

Table 5.1 (Anova-test)- This table represents the level of significance. From the table it is obvious that the factors are jointly significant as compared to alpha value = 0.05.

Table 5.2 (Regression Co-efficient): The un-standardized co-efficient explain that all the factors that are positively influencing the buying behaviour.

From the table it is obvious that all the factors are significantly associated to “customer loyalty of students for mobile handsets”. The standardized co-efficient prove that “Product Quality” is the vital & most essential factor influencing the customer loyalty of students for mobile handsets with standardize co-efficient of ‘0.435’. The next important variable is “Perceived Value” with a standardize coefficient of ‘0.305’ and the third important variable is “Product Attributes” with standardize co-efficient of ‘0.209’. So there are three main important factors that are liable in respect of customer loyalty of University of Gujrat students.

The rest of factors have weak impact on customer loyalty such as ‘Customer Relationship’ (b=0.020) and ‘Trustworthiness’ (b=0.031).

The regression equation for our model is:

$$Y = a + b(\text{Perceived quality}) + c(\text{Perceived value}) + d(\text{Product attributes}) + e(\text{Customer relationship}) + f(\text{Trustworthiness})$$

Where:

Y=Customer loyalty, a= Constant, b=coefficient of Perceived quality, c=coefficient of Perceived value, d=coefficient of Product attributes, e=coefficient of Customer Relationship, f=coefficient of Trustworthiness.

Now applying the values of coefficients in equation:

$$\begin{aligned} \text{Customer loyalty} &= 0.198 + 0.967 \text{ Perceived Quality} + 0.183 \text{ Perceived Value} \\ &+ 0.126 \text{ Product Attributes} + 0.017 \text{ Customer Relationship} \\ &+ 0.052 \text{ Trustworthiness} \end{aligned}$$

Interpretation of Equation:

1% change in perceived quality brings 0.967% change in customer loyalty but in same direction.

1% change in perceived values brings 0.183% change in customer loyalty but in same direction.

1% change in product attributes brings 0.126% change in customer loyalty but in same direction.

1% change in customer relationship brings 0.017% change in customer loyalty but in same direction.

1% change in trustworthiness brings 0.052% change in customer loyalty but in same direction.

Factor analysis

Table 6: The mean, standard deviation and number of respondents (N) are given. Viewing the mean, one can conclude that Trust building attributes with a company could be different for every customer and is dependent on varying psychological attributes of every individual is the most important variable. It has the highest mean of 4.5933.

Table 6.1: KMO test measures the strength of relationship between variables, if the value is above 0.5 than it is a satisfactory and reliable factoring analysis. The value of KMO test is 0.658 which shows the results are satisfactory.

Bartlett's test is another test to measure the strength of the relationship among variables. Its significance is 0.000% which means the results are 100% significant.

Table 6.2: Table of communalities shows how much of the variance in the variables has been accounted for. 81.9% of the variance in **Quality of a product influence customer satisfaction** is accounted for while 40% of the variance in **Customer retention is dependent on product price** is accounted for.

Table 6.3: This table shows all the factors extractable along with their Eigen values, the % of variance attributable to each factor, cumulative variance of the factors and the previous factors. The first factor accounts for 23.937% of the variance, the second factor accounts for 11.457% of the variance, the third factor accounts for 9.491% of the variance, the fourth factor accounts for 8.270% of the variance, the fifth factor accounts for 7.271% of the variance, the sixth factor accounts for 6.869% of the variance and the seventh factor accounts for 5.633% of the variance. All the remaining factors are not significant.

Table 6.4: The scree plot is a graph of the Eigen values against all the factors. The scree plot graph is useful for determining how many factors to keep. The curve begins to flatten between factors 7 and 8. Note also that factor 8 has an Eigen value of less than 1, so only 7 factors have been retained.

Table 6.5: The table shows the loadings of the eighteen variables on the 7 factors extracted. The bigger the absolute value of the loading, the more the factor contributes to the variable. The gap represents the loadings that are less than 0.5 which makes reading the table easier. All the loadings are suppressed less than 0.5.

Table 6.6: The rotation matrix reduces the number of factors under investigation which have high loadings. It does not actually change anything but makes the interpretation easier. Looking at the table, **My mobile handset price is reasonable considering the value I receive** and **Different Brand offerings matters in strong building of customer relationship** are loaded on Factor (Component) 7 while **I believe that my mobile handset company is honest in delivering the promised value propositions** and **I believe that my mobile handset company is honest in providing the after sales services** are loaded on Factor 6. **I feel that i am getting a good deal of usage from my mobile handset** and **a strong brand image leads to new bonds of relationships and customer retention** is loaded on Factor 5. **Whatever the purchasing power of a customer is, the customer always prefer quality product** and **Building strong relationship with customers** lead to

customer retention are loaded on Factor 4. **Product attributes influence customer retention and I would classify myself as a loyal customer of this mobile handset** are loaded on Factor 3. **Quality product matters, Quality of a product influence customer satisfaction and Customer retention is dependent on product price** are loaded on Factor 2. All the remaining variables are substantially loaded on Factor 1. These factors can be used as variables for further analysis.

VI. Analytical Analysis

Our hypotheses were;

H1: There is a positive relationship between customer loyalty and perceived value.

Ho1: There is not a positive relationship between customer loyalty and perceived value.

H 2: Perceived quality has a positive impact on customer loyalty.

Ho2: Perceived quality has a negative impact on customer loyalty.

H3: A positive relationship between product attributes and customer loyalty.

Ho3: A negative relationship between product attributes and customer loyalty.

H4: Customer relationship has an impact on customer loyalty.

Ho4: Customer relationship does not have an impact on customer loyalty.

H5: Trustworthiness has a positive impact on customer loyalty

Ho5: Trustworthiness has a negative impact on customer loyalty.

To test hypothesis we analyze the association of perceived quality, perceived values, customer relationship, trustworthiness and product attributes with customer loyalty through Regression of coefficients. The table demonstrate positive values and factors are significant at value = 0.05. Hence it is approved that the list of hypothesis is correct and valid.

Thus according to Regression of coefficients results we can conclude that;

Ho1 is rejected and H1 is accepted;

Ho2 is rejected and H2 is accepted;

Ho3 is rejected and H3 is accepted;

Ho4 is rejected and Ho4 is accepted;

Ho5 is rejected and H5 is accepted.

VII. Conclusion

The main objective of this research was to find the role of customer satisfaction and customer retention towards loyalty of customers. From the results, following conclusion is drawn.

It is concluded that Product Quality, Perceived Value and Product Attributes are the key factors contributing towards customer loyalty. From the findings of this research it is very obvious that the companies should always continue to emphasize on Product Quality, Perceived Value and Product attributes in order to make customers loyal towards their products.

Secondly it is also clear from the result of the study that Customer Satisfaction has more contribution for customer loyalty in comparison of Customer Retention. The theoretical framework of the study shows that Customer Satisfaction is based on 'Product Quality' and 'Perceived Values'; it is concluded that University of Gujrat students of Gujrat city Pakistan become loyal for mobile handsets because of Customer Satisfaction.

Finally it can be concluded that firms should emphasize on Product Quality and Perceived Values because these two dimensions have greater influence on customer loyalty and should focus on making the third variable of 'Product Attributes' strong so that the factor of customer retention as a whole could be made even stronger. Greater the Customer Satisfaction greater the students will be loyal towards mobile handsets and vice versa.

VIII. Limitations/Future Research

This study has several limitations that future research can address.

First, we used responses from customers of University of Gujrat (educational sector) only. Even if the sector same different universities could be targeted instead of only one. Second, survey-based research imposes time limitations as customers are unwilling to spend too much time answering questions. Thus the model tests or other constructs may mediate or moderate the impact of value on customer loyalty. Third, the variables we used for customer satisfaction and customer retention could be increased or changed and worked upon. Fourth, we worked on mobile hand set industry customer loyalty. The industry could have been changed. This study could be replicated in other settings such as B2B sales, retail market as well as with customers who buy products on the web etc. Fifth, we performed our research in Gujrat city. Changing the city could have given different results based upon the values, norms and culture of every society.

IX. Recommendations

After sale services and warranties affect the purchasing decisions of the customers. Therefore companies should acquire the feel of the importance of after sale services and warranties if they want their customers to be loyal with them. Special discounts on special events give extra value to the customers. So the company should make such arrangements that would give extra value to the customers. This would make customers loyal with the company. In order to make the customer loyal, the businesses should adopt the strategy of 'customer is always right'. This will tell the customer that he and his suggestions have valuable importance for the company. Quality of the product is an important factor in increasing customer loyalty. Quality seeking customers are more profitable for the business in the long term. So the company should be focused on the quality of the product so that they can sustain the loyalty of their quality seeking customers.

Companies should stay in contact with existing and past clients on a consistent basis. They won't forget you obviously if you do not forget them. Phone calls, note cards or postcards, newsletters, and email are only some ideas. They should consider the opportunities for personal contact which is a good idea in our high-tech and low-touch world. The customers should be given more than they expect. A need should be anticipated and filled, the answers should be provided on time. Delivering more than expectations is one of the most powerful ways to gain customer loyalty. Employers should challenge their employees. They should not assume that their employees care about their customers; they probably don't. It is their job to let them know that they expect them to deliver an experience of great worth, and help them in understanding that it will make their job much more rewarding. Customer seeks respected attitude from the company. A company should give respect to every customer whether he/she is new or old to make ethical reputation better. A humble and respected attitude towards customer builds the image of the company in return.

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**Appendix
Table-1**

Reliability Statistics	
Cronbach's Alpha	N of Items
.786	18

Table-2

Descriptive Statistics										
		What is your Gender	Mark where your age falls in	What is your educational qualification	Perceived Quality	Perceived Value	Product Attributes	Customer Relationship	Trustworthiness	Customer Loyalty
N	Valid	150	150	150	150	150	150	150	150	150
	Missing	2	2	2	2	2	2	2	2	2
Mean		1.4000	2.0600	2.1200	4.1311	4.1511	4.1311	4.0844	4.1844	4.1867
Median		1.0000	2.0000	3.0000	4.0000	4.3333	4.3333	4.0000	4.3333	4.3333
Mode		1.00	2.00	3.00	4.00	4.67	4.67	4.00	4.67	4.33
Std. Deviation		.49154	.45214	1.02270	.37021	.63173	.57137	.54913	.50727	.49075
Variance		.242	.204	1.046	.137	.399	.326	.302	.257	.241
Minimum		1.00	1.00	1.00	3.33	1.67	2.67	2.33	3.00	2.67
Maximum		2.00	3.00	4.00	4.67	5.00	5.00	5.00	5.00	5.00
Percentiles	25	1.0000	2.0000	1.0000	4.0000	3.6667	3.6667	3.9167	3.6667	4.0000
	50	1.0000	2.0000	3.0000	4.0000	4.3333	4.3333	4.0000	4.3333	4.3333
	75	2.0000	2.0000	3.0000	4.3333	4.6667	4.6667	4.4167	4.6667	4.6667

Table-3

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
PerceivedQuality	51.033	149	.000	3.54222	3.4051	3.6794
PerceivedValue	55.634	149	.000	3.43111	3.3092	3.5530
ProductAttributes	42.834	149	.000	3.20667	3.0587	3.3546
CustomerRelationship	59.823	149	.000	3.40222	3.2898	3.5146
Trustworthiness	50.274	149	.000	3.08889	2.9675	3.2103
CustomerLoyalty	41.441	149	.000	3.30000	3.1426	3.4574

Table-4

Correlations							
		Perceived Quality	Perceived Value	Product Attributes	Customer Relationship	Trustworthiness	Customer Loyalty
PerceivedQuality	Pearson Correlation	1	.322**	.569**	.391**	.348**	.411**
PerceivedValue	Pearson Correlation		1	.346**	.299**	.028	.305**
ProductAttributes	Pearson Correlation			1	.276**	.320**	.861**
CustomerRelationship	Pearson Correlation				1	.062	.286**
Trustworthiness	Pearson Correlation					1	.281**
CustomerLoyalty	Pearson Correlation						1
**.		Correlation is significant at the 0.01 level (2-tailed).					

Regression Test

Table-5

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.871 ^a	.758	.750	.48783	.758	90.306	5	144	.000
a. Predictors: (Constant), T, PV, CR, PA, PQ									

Table-5.1

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107.454	5	21.491	90.306	.000 ^a
	Residual	34.269	144	.238		
	Total	141.722	149			
a. Predictors: (Constant), Trustworthiness, PerceivedValue, CustomerRelationship, ProductAttributes, PerceivedQuality						
b. Dependent Variable: CustomerLoyalty						

Table-5.2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.198	.282		.703	.483
	PerceivedQuality	.967	.062	.435	2.947	.000
	PerceivedValue	.183	.059	.305	.297	.040
	ProductAttributes	.126	.055	.209	17.523	.004
	CustomerRelationship	.017	.064	.020	1.974	.020
	Trustworthiness	.052	.058	.031	.892	.034
a. Dependent Variable: CustomerLoyalty						

Table-6

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
Quality product matters	4.5267	.78318	150
Quality of a product influence customer satisfaction	4.4467	.89395	150
Whatever the purchasing power of a customer is, the customer always prefer quality product	3.4200	1.05085	150
I would continue to do business with this mobile phone company even if the prices were increased somewhat	4.2267	1.01761	150
My mobile handset price is reasonable considering the value i receive	4.2933	.98680	150
I feel that i am getting a good deal of usage from my mobile handset	3.9333	.91715	150
Product attributes influence customer retention	4.3867	.89583	150
Customer retention is dependent on product price	3.8200	1.22650	150
Positioning of the product can play vital role in creation of customer retention	4.1867	.92240	150
Building strong relationship with customers lead to customer retention	4.5867	.66743	150
A strong brand image leads to new bonds of relationships and customer retention	3.7533	.96194	150
Different Brand offerings matters in strong building of customer relationship	3.9133	1.11690	150
I believe that my mobilehandset company is honest in delivering the promised value propositions	3.9733	1.14661	150
I believe that my mobilehandset company is honest in providing the after sales services	3.9867	1.08675	150
Trust building attributes with a company could be different for every customer and is dependent on varying psychological attributes of every individual	4.5933	.59185	150
I would classify myself as a loyal customer of this mobilehandset	3.9800	1.03930	150
If asked, i would say good things about this mobile handset	4.1867	.90031	150
I would recommend this mobile handset to a friend	4.3933	.90410	150

Table-6.1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.658
Bartlett's Test of Sphericity	Approx. Chi-Square	955.388
	df	153
	Sig.	.000

Table 6.2

Communalities		
	Initial	Extraction
Quality product matters	1.000	.717
Quality of a product influence customer satisfaction	1.000	.819
Whatever the purchasing power of a customer is, the customer always prefer quality product	1.000	.761
I would continue to do business with this mobile phone company even if the prices were increased somewhat	1.000	.659
My mobile handset price is reasonable considering the value i receive	1.000	.589
I feel that i am getting a good deal of usage from my mobile handset	1.000	.452
Product attributes influence customer retention	1.000	.653
Customer retention is dependent on product price	1.000	.400
Positioning of the product can play vital role in creation of customer retention	1.000	.696
Building strong relationship with customers lead to customer retention	1.000	.748
A strong brand image leads to new bonds of relationships and customer retention	1.000	.630
Different Brand offerings matters in strong building of customer relationship	1.000	.390
I believe that my mobilehandset company is honest in delivering the promised value propositions	1.000	.607
I believe that my mobilehandset company is honest in providing the after sales services	1.000	.591
Trust building attributes with a company could be different for every customer and is dependent on varying psychological attributes of every individual	1.000	.811
I would classify myself as a loyal customer of this mobilehandset	1.000	.544
If asked, i would say good things about this mobile handset	1.000	.508
I would recommend this mobile handset to a friend	1.000	.750
Extraction Method: Principal Component Analysis.		

Table 6.3

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.309	23.937	23.937	4.309	23.937	23.937	2.722	15.125	15.125
2	2.062	11.457	35.394	2.062	11.457	35.394	2.258	12.542	27.666
3	1.708	9.491	44.885	1.708	9.491	44.885	2.062	11.457	39.123
4	1.489	8.270	53.155	1.489	8.270	53.155	1.928	10.711	49.834
5	1.309	7.271	60.426	1.309	7.271	60.426	1.420	7.891	57.725
6	1.236	6.869	67.294	1.236	6.869	67.294	1.369	7.605	65.330
7	1.014	5.633	72.928	1.014	5.633	72.928	1.368	7.598	72.928
8	.873	4.852	77.779						
9	.789	4.383	82.162						
10	.670	3.723	85.885						
11	.612	3.400	89.285						
12	.585	3.250	92.535						
13	.503	2.793	95.328						
14	.409	2.271	97.600						
15	.264	1.467	99.066						
16	.166	.924	99.990						
17	.002	.010	100.000						
18	2.830E-17	1.572E-16	100.000						
Extraction Method: Principal Component Analysis.									

Table 6.4
Scree Plot

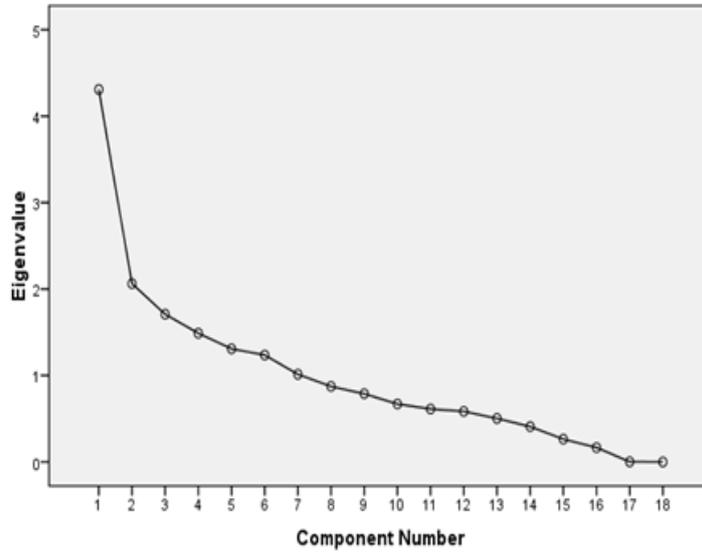


Table 6.5

Component Matrix^a

	Component						
	1	2	3	4	5	6	7
Quality product matters	.595						
Quality of a product influence customer satisfaction		.540					
Whatever the purchasing power of a customer is, the customer always prefer quality product			-.509	.529			
I would continue to do business with this mobile phone company even if the prices were increased somewhat							
My mobile handset price is reasonable considering the value i receive							
I feel that i am getting a good deal of usage from my mobile handset							.538
Product attributes influence customer retention		-.533	.581				
Customer retention is dependent on product price	.553	.531					
Positioning of the product can play vital role in creation of customer retention	.806						
Building strong relationship with customers lead to customer retention	.528		-.502	.505			
A strong brand image leads to new bonds of relationships and customer retention							
Different Brand offerings matters in strong building of customer relationship						.675	
I believe that my mobilehandset company is honest in delivering the promised value propositions						.500	
I believe that my mobilehandset company is honest in providing the after sales services		.617					

Trust building attributes with a company could be different for every customer and is dependent on varying psychological attributes of every individual	.586						
I would classify myself as a loyal customer of this mobilehandset		-.532	.583				
If asked, i would say good things about this mobile handset	.806						
I would recommend this mobile handset to a friend	.572						
Extraction Method: Principal Component Analysis.							
a. 7 components extracted.							

Table 6.6

Rotated Component Matrix ^a							
	Component						
	1	2	3	4	5	6	7
Quality product matters		.506					
Quality of a product influence customer satisfaction		.860					
Whatever the purchasing power of a customer is, the customer always prefer quality product				.918			
I would continue to do business with this mobile phone company even if the prices were increased somewhat							
My mobile handset price is reasonable considering the value i receive							.814
I feel that i am getting a good deal of usage from my mobile handset					.811		
Product attributes influence customer retention			.976				
Customer retention is dependent on product price		.851					
Positioning of the product can play vital role in creation of customer retention	.901						
Building strong relationship with customers lead to customer retention				.903			
A strong brand image leads to new bonds of relationships and customer retention					.710		
Different Brand offerings matters in strong building of customer relationship							.623
I believe that my mobilehandset company is honest in delivering the promised value propositions						.780	
I believe that my mobilehandset company is honest in providing the after sales services						.614	
Trust building attributes with a company could be different for every customer and is dependent on varying psychological attributes of every individual	.585						
I would classify myself as a loyal customer of this mobilehandset			.976				
If asked, i would say good things about this mobile handset	.901						
I would recommend this mobile handset to a friend	.726						

Rotated Component Matrix ^a							
	Component						
	1	2	3	4	5	6	7
Quality product matters		.506					
Quality of a product influence customer satisfaction		.860					
Whatever the purchasing power of a customer is, the customer always prefer quality product				.918			
I would continue to do business with this mobile phone company even if the prices were increased somewhat							
My mobile handset price is reasonable considering the value i receive							.814
I feel that i am getting a good deal of usage from my mobile handset					.811		
Product attributes influence customer retention			.976				
Customer retention is dependent on product price		.851					
Positioning of the product can play vital role in creation of customer retention	.901						
Building strong relationship with customers lead to customer retention				.903			
A strong brand image leads to new bonds of relationships and customer retention					.710		
Different Brand offerings matters in strong building of customer relationship							.623
I believe that my mobilehandset company is honest in delivering the promised value propositions						.780	
I believe that my mobilehandset company is honest in providing the after sales services						.614	
Trust building attributes with a company could be different for every customer and is dependent on varying psychological attributes of every individual	.585						
I would classify myself as a loyal customer of this mobilehandset			.976				
If asked, i would say good things about this mobile handset	.901						
I would recommend this mobile handset to a friend	.726						
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.							
a. Rotation converged in 8 iterations.							