

Customer Experience, Brand Image and Customer Loyalty in Telecommunication Services

Juthamard Sirapracha ¹⁺ and Gerard Tocquer ²

¹ PG Student, General Management, College of Management, Mahidol University, Thailand

² Assoc. Prof., General Management, College of Management, Mahidol University, Thailand

Abstract. This research explores the relationship between customer experience, brand image and customer loyalty in telecommunication services in Thailand. The methodology and hypothesis are given. With the convenient sample of 240 Thai universities students using mobile service, the results reveal significant relationship between customer experience, brand image and customer loyalty.

Keywords: Customer Experience, Brand Image, Customer Loyalty, Telecommunication Services.

1. Introduction

Customer experience is one emerging topic for building the strong service brand among practitioners and scholars in a service-dominated economy. In order to differentiate their brands, service firms should deliver a compelling customer experience. This compelling customer experience is the key driver of customer loyalty. The objective of this research is to investigate the relationship between customer experience, brand image and customer loyalty in telecommunication services.

2. The Concept of Customer Experience

It is noteworthy that the concept of experience is not new and has been covered by many disciplines. In marketing, Holbrook & Hirschman (1982), Arnould & Price (1993), Ritchins (1997) have theorized early that consumption has experiential effects. However in the past decade, an interest in the concept of customer experience has increased mainly from practitioners and consultants. Some brands like Google, Netflix, IKEA, Starbucks, or The Ritz-Carlton become powerful brands not only through the help of creative advertising campaigns, but more on the delivery of a compelling customer experience. In this new perspective, the customer experience is the driver of brand equity (Rondeau, 2005; Kimpakorn and Tocquer, 2010). Although there is a wide agreement on the relevance of customer experience, there are different views on how to define customer experience and to measure it. (Schank, 1990; Carbone and Haeckel, 1994; Alben, 1996; Pine and Gilmore, 1998; Schmitt, 1999; Forlizzi and Ford, 2000; Gupta and Vajic, 2000; Harris et al., 2003; Shaw, 2005; Kuniavsky, 2007; Patricio L, Fisk R, Cunha J, 2008; Verhoef et al., 2009; Brakus et al., 2009; Chang & Chieng, 2006; Palmer, 2010; Kim et al., 2011).

These definitions mainly focus on the service delivery process and stress that customer experience is an individual interpretation of the service process and its interactions or touch-points, that influence customers' feelings (Csikszentmihalyi, 2000; Ding et al., 2010; Johnston and Clark, 2008; Meyer and Schwager 2007; Pullman and Gross, 2004; Shaw and Ivens, 2002). Customer experience is considered as an outcome of interaction between service companies and customers.

In this research, customer experience is therefore defined as the outcome of customers' interactions with the firm, including the interaction with the staff, self-service technologies, and the service environment. These interactions influence not only what they think and feel about a brand but also the strength of their relationship with the brand (De Chernatony, L. and Dall'Olmo Riely, F., 1999; Russametummachot, 2003;

⁺ Corresponding author. Tel.: + 6686 628 8422.
E-mail address: poyya25@hotmail.com.

Grace and O’Cass, 2004; Rondeau, 2005; Chang and Chieng, 2006; Berry and Carbone, 2007; Brakus et al., 2009; Palmer, 2010; Xu and Chan, 2010).

3. Research Methodology and Hypothesis

Our research explores the key relationship between customer experience, brand image and customer loyalty.

H1: Telecommunication brands provides significant different customer experiences

H2: Brand image of telecommunication services brands are significant different

H3: Customer Experience significantly influences brand image

H4: Customer Experience significantly influences the Customer Loyalty in terms of Propensity to switch the brand

H5: Brand Image significantly influences the Customer Loyalty in terms of Propensity to switch the brand

We use a convenient sample of 240 university students from different Thai Universities. They were asked to evaluate their experiences with wireless telecommunication brands in Thailand and to indicate their perception on brand image and their propensity to switch the brand they used. Reliability of measures for brand image was tested for internal consistency with Cronbach’s alpha. The result .821 indicates that the reliability of these 18 items used for measuring brand image is acceptable.

An exploratory factor analysis was also performed to reduce the number of items. Two items “signal quality is good” and “brand delivers good value” were consequently deleted. Out of the valid 16 items, five underlying components emerged, i.e. price and promotion, brand image, competence of staff and convenience of interaction, billing system, and reliability of call. The five factors explain 64.76% of the variance.

4. Findings and Discussions

After the data editing and preparation, the hypothesis are tested by MANOVA (H1), ANOVA (H2), and Correlation (H3-H5) methods. Table 1 below summarizes all the results of our hypothesis.

Table 1 Hypothesis Testing Results

| Hypothesis | Sig. | Direction | Hypothesis Supported |
|--|------|-----------|----------------------|
| H1: Telecommunication brands provides significant different customer experiences | .00 | Positive | Yes |
| H2: Brand image of telecommunication services brands are significant different | .00 | Positive | Yes |
| H3: Customer experience significantly influences brand image | .00 | Positive | Yes |
| H4: Customer experience significantly influences customer loyalty in terms of propensity to switch the brand | .00 | Negative | Yes |
| H5: Brand Image significantly influence customer loyalty in terms of Propensity to switch the brand | .00 | Negative | Yes |

Using MANOVA and ANOVA, the findings reveal that different telecommunication brands provide significant different customer experiences and have different image. The results of F Test of H1 equal 4.164 (according to Wilks’ Lambda’s Method) and of H2 equal 0.8435.

Table 2 MANOVA Test Result Enumerated by Various Attributes of Brand Image

| Brand Image Attributes | F | Sig. | Brand Image Attributes | F | Sig. |
|--------------------------|-------|------|--|--------|------|
| Promotion is attractive | 4.752 | .010 | Call rate is attractive | 11.428 | .000 |
| Experience few drop call | 8.624 | .000 | Call rate for extra charge is reasonable | 1.207 | .301 |
| Service package choices | .127 | .881 | SMS fee rate is acceptable | 2.242 | .109 |

| Brand Image Attributes | F | Sig. | Brand Image Attributes | F | Sig. |
|--------------------------------|-------|------|---------------------------|-------|------|
| Bill statement is easy to read | .387 | .680 | | | 500 |
| Bill statement is accurate | .276 | .759 | Brand fits with lifestyle | 1.347 | .262 |
| Upgrade brand technology | 9.330 | .000 | Brand offers best choice | 9.050 | .000 |
| Brand is different from others | 8.536 | .000 | Ads are fun | 6.024 | .003 |
| Staff is friendly | 3.081 | .048 | Shops are convenient | .501 | .607 |
| Staff is competent | .696 | . | | | |

The results show also that customer experience has a positive relationship with brand image. It means that customer's perception of their interaction with brands can shape the brand image. Moreover, the customer experience also has a positive impact on customer loyalty in terms of propensity to switch the brand. A good customer experience tend to reduce significantly the propensity to switch to another brand.

5. Contribution of the Research

This research extends current service research by exploring the relationship between customer experience, brand image and customer loyalty. In other words, this study demonstrates that customers perception of their interaction with a service company is influenced by the delivered service experience. This research has also some managerial implications. The marketers of the service providers can use the research results to leverage their brand equity through the delivery of a compelling customer experience in many aspects.

By focusing on customer experience, service brands have a holistic view of what they deliver to customers. Indeed service is today defined by many scholars as an experience (Lusch and Vargo, 2006; Schembri, 2006; Zomerdijsk and Voss, 2010) and following this logic, we recognize that the customer experience is in fact the company "product". Therefore, all managerial functions and departments should be aligned to deliver an overall compelling customer experience through interactions with customers.

In the same way with all researches, the present study has some limitations. The telecommunication industry is not representative of the service industry. There is usually a high switching cost. Most mobile phone operators have increased switching cost to reduce their churn rate. This concern limits the opportunity for customers to experience other brands. For the future, this research should encourage researchers to explore the link between customer experience and brand relationships in different service sectors such as, banking, hospital industry, hotel industry, or airline industry. Third, it would be interesting to compare the impact of both customer experience and marketing communications on brand knowledge and brand relationships. Such comparison will help demonstrate that service branding requires really a different approach.

6. References

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Appendix A Variables Measurement

| Variables Description | Items for measurement | Scale | References |
|-------------------------------|---|----------------------|---|
| 1. Customer Experience | <ul style="list-style-type: none"> • Overall, would you say that your experience with this operator is... | 5-point Likert Scale | Adapted from Delgado et al. (2005) |
| 2. Brand Image | <ul style="list-style-type: none"> • The signal quality is always good. • The promotions are very attractive. • I experience very few drop call (The line is cut during your talk). • The services package gives me many choices. • The call rate is attractive. • The call rate for extra charge is reasonable. • The SMS fee rate is acceptable for me. • The bill statement is easy to read. • The bill is always accurate. • The brand always upgrades its technology to improve its services. • This brand is really different from the other operators. • The staff is friendly. • The staff is competent. | 5-point Likert Scale | Interview with Managers, Focus Group, Aaker (1996), Keller (1993) |

| Variables Description | Items for measurement | Scale | References |
|----------------------------|--|----------------|---|
| | <ul style="list-style-type: none"> • The brand fits very well with my lifestyle. • Overall the brand delivers a good value for the price I pay. • The brand offers the best choice of cell phones. • Its advertisements are very entertaining and fun. • The brand shops are very convenient. | | |
| 3. Customer Loyalty | <ul style="list-style-type: none"> • How likely would you switch to another brand operator in the future? | 10-point Scale | Aaker (1996), Gremler (1995), Zeithaml et al. (1996), Aydin and Ozer (2005) |