Customer Service and Customer Retention

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Abstract:Telecom Industry in India is undergoing through tough times. Telecom companies (Telcos) had been reeling under low margins for a few years already[20]. Just when there were a signs of revival, a new player entered into the market with free services. This has made customer retention a top priority item for existing operators. Most of the customer retention happens at the company operated stores where customers calk in for disconnection or to port out their post-paid mobile numbers. The paper develops a three-dimensional customer orientation framework constituting store ambience, social skills, and technical skills[8]. This paper aims to provide customer service and retention insights by exploring reasons of customer churn as well as retention[7].

Index terms: Employees, Customer satisfaction, Customer retention, Customer orientation, Service industries

I. INTRODUCTION

Telecom industry in India has witnessed exponential growth since 1995 and today as shared in the table below, it has more than 1,035.18 million subscribers(TRAI, 2015).

Table 1: Highlights of Telecom Subscription Data as on 30th Nov 2015

Particulars	Wireless	Wireline	Total
Total Telephone Subscribers (In Millions)	**1009.46**	**25.72**	**1035.18**
Urban Telephone Subscribers (In Millions)	577.84	21.08	598.92
Rural Telephone Subscribers (In Millions)	431.61	4.64	436.26
Overall Tele density	**79.78**	**2.03**	**81.81**
Urban Tele density	146.89	5.36	152.25
Rural Tele density	49.51	0.53	50.04

Source: Telecom Regulatory Authority of India Press Release No. 06/2016(www.trai.gov.in)

Indian Telecom Industry is now the second largest in the world[9]. However the rapid growth has lead to drop in user experience. The telecom operators in India are under pressure to provide better services to its customers. The call drops ratios for telecom customers in India are one of the highest in the world(Seth, 2007)[3][15]. While there are several technical reasons and regulations that the operators site as reasons for the poor quality of services, there is also the need to improve the way customers are dealt with. A telecom call centre agent is under pressure to reduce the average call handling time (AHT) and a store executive at a telecom retail store is primarily a sales person assigned with the responsibility to sell more[5].

A telecom company conducted a mystery audit by an external agency and found that while the walk-ins at its stores for sales are treated well with, the service requirements (of existing customers) were not 'welcomed'. This was an eye opener and the company decided to change this[12].

Telecom companies in India are trying several initiatives to change the way they serve their customers. This paper covers one such initiative wherein a project is initiated to make the store executives understand the value of serving the customers well, learn skills, demonstrate desired behaviours during customer interactions and eventually measure the change at the organisational level[6]. The company did not have evolved customer service processes and systems and the project involved creating the same for its retail stores.

II. LITERATURE REVIEW

In order to drive 'service quality' goals, the first step is to be able to define it well. The simplified 'Servqual' modelwas used to define the input parameters.(A. Parasuraman, 1988)

a. **Reliability**, what is defined by the "ability to perform the promised service dependably and accurately"(Buttle, 1996).
b. **Assurance**, which means the "knowledge and courtesy of employees and their ability to convey trust and confidence"(Buttle, 1996).
c. **Tangibles**, what contains the "appearance of physical facilities, equipment, personnel and communication materials"(Buttle, 1996).

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d. **Empathy**, what is the "provision of caring, individualized attention to customers".

e. **Responsiveness**, which expresses the "willingness to help customers and to provide prompt service".(Buttle, 1996)[2],[4]

The simplified RATER model allows customer service experiences to be explored and assessed quantitatively and has been used widely by service delivery organizations[10].
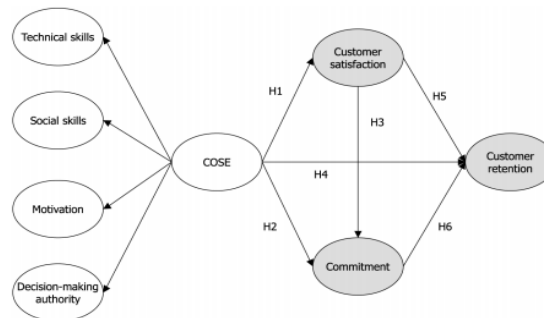
(Nyeck S. M., 2002) stated that the SERVQUAL measuring tool "appears to remain the most complete attempt to conceptualize and measure service quality"[13]. The SERVQUAL measuring tool has been used by several researchers to examine numerous service industries such as healthcare, banking, financial services, and education.

III. CUSTOMER CENTRICITY: DEFINITION

Customer-centric is an approach to doing business that focuses on providing a positivecustomer experience. The provision targets after-sale interactions, as well as at the point of sale.

IV. SERVICE QUALITY IN RETAIL

The futility of attempting to align technological infrastructures with business strategies has received continued recognition among authors. According to Magno, Boyle and Brunelli et al. (2014), globalization pressures have necessitated the incorporation of creativity and invention in enterprise operations towards user satisfaction and the achievement of organizational goals and objectives[11]. This trend accounts for the emergence of an inevitable technological drift (Silva, Ghanem & Guo, 2012)[16]. The drift operates on assumption that managerial teams are aware of its occurrence and that the end user groups are either in a constant quest to realign or allow the technology to gain momentum solely (Srivastava, Singh & Abbas, 2015)[17]. In service quality provision, the main objective has been perceived as that which involves improvisation in which the existing resources are used for purposes of creating a new order and form from the materials and tools at hand. Notably, materials at hand refer to information technology software and hardware artifacts[14]. Therefore, some of the past studies acknowledge the criticality of technological drifts and improvisations in which materials at hand (such as information technology software and hardware artifacts) can be used to align the technological infrastructures with business strategies.
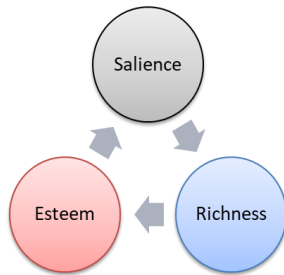

Service success through customer-oriented employees?
According to Tetteroo and Markopoulos (2015), the impact of service quality on enterprise operations is well documented[18]. According to Tuchinda, Knoblock and Szekely (2011), service quality benefits accrue to the organization, the information systems group, and the end user. Some of the implications on the part of the end user include improvements in user computer literacy, an increase in the effectiveness of decision making, improvements in the users' relationship with the information systems staff, and a faster response to requests concerning information. A study by Yeo, Venugopal Chu and Buyya (2010) indicated that service quality applications are associated with increased levels of satisfaction[21].

Apart from the impacts on the end users, service quality applications continue to be associated with information system department- and staff-related implications. For instance, service quality development is associated with reductions in the backlogs that the information system development projects face. Furthermore, service quality operations are perceived to reduce the proportion of information resources that the information system groups spend on programming and application maintenance (Adams et al., 2015). Additionally, service quality is perceived to account for the better utilization of limited resources, as well as improve relationships among users[1]. According to Humble and Farley (2010), service quality operations affect the management groups by reducing conflicts among the information system staff groups, as well as increasing levels of satisfaction on the part of information system staff groups and end users[19]. Another consequence is that service quality applications account for an increase in levels of productivity among end users, besides fostering a direct control over the environment, applications, and information at the departmental level. Element of Brand equity was measured using the Brand Equity Model presented by David Aker and Alexander L. Biel. It has three components:-

Category	Dimensions
Brand Equity	Salience – Measure of Brand Recall
	Richness – Perceived Quality (based on questionnaire A)
	Esteem – Brand price trade-off

V.   METHODOLOGY

- There was a need to define behaviours for a store executive that would lead to customer retentions. A construct was identified and further customised for telecom retail.
- Basis the customer service framework a capability building workshop was developed to ensure that the store executives are provided with requisite skills in order to serve the customers well. This would also provide uniformity of experience across all the stores.
- The approach focussed around technical skills, social skills and store ambience.
- During the implementation stage each of the store executive and their supervisors i.e. the store managers, were trained on customer handling skills.

A.   The measure:-

- The customer retention was measured during the course of the study. The key performance indicator was calculated as percentage of customer retained (from the total no. of customer asking for disconnection).

The Results

Sr. No.	Month	Subscriptions cancelled	Salience Score	Richness Score	Esteem Score	RATER Score
1	Sep	185	4.4	3.1	2.8	4.9
2	Oct	150	4.5	3.4	2.7	4.8
3	Nov	110	4.4	3.6	2.9	4.8

Sr. No.	Month	Agent Score	Technical	Social	Store Ambience
1	Sep	4.3	4.4	4.2	4.5
2	Oct	4.4	4.5	4.3	4.4
3	Nov	4.5	4.8	4.4	4.5

- Drop in subscription cancellation was observed however there was no increase/ trend for Salience, Esteem and Perception of Service Quality.
- Improved perception of Agent's technical score although no trainings/ development effort was conducted.
- Overall perception of service quality did not show any marked change / improvement

B.   The conclusions from the study:-

- Perception of Service Quality is hygiene.
- For Customer Retention brand equity is essential in highly competitive environment. Also the Richness score is more important in a competitive/ commoditised business and product scenario.
- Higher the brand equity with respect to the 'Richness' of the brand, more likely is customer retention.
- First mover advantage, technical superiority, economical plans etc. are mere inputs in tough competitive scenarios with commoditised products and offering
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