A STUDY OF FACTORS AFFECTING SATISFACTION OF MICROMAX MOBILE PHONE CUSTOMERS, IN BANGALORE, INDIA

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Abstract: The purpose of this research is to examine factors affecting the satisfaction of customers using Micromax mobile phones in Bangalore city, India. The researcher has used five variables and six hypotheses in this study. The independent variables used by the researcher in this study are Perceived Value, Trust, Perceived Quality, Price and Flexibility. The dependent variable of this research is Customer Satisfaction.

The researcher investigated six hypotheses (H1, H2, H3, H4, H5 and H6). According to the result of H1, Perceived value is positively correlated with Customer satisfaction. According to the result of H2, Trust is positively correlated with Customer satisfaction. According to the result of H3, Perceived quality is positively correlated with Customer satisfaction. According to the result of H4, Price is positively correlated with Customer satisfaction. According to the result of H5, Flexibility is positively correlated with Customer satisfaction. According to the result of H6, Perceived quality is positively correlated with Perceived value. The r- value of all the hypotheses showed that the highest correlation was between Price and Customer satisfaction. From the results of this study the researcher concludes that the company should focus on improving the factors (Perceived Value, Trust, Perceived Quality, Price and Flexibility) which have an impact on Customer satisfaction. This will help the company in providing better satisfaction to its customers and hence increasing its sales and productivity.

Keywords: Perceived Value, Trust, Perceived Quality, Price, Customer Satisfaction and Flexibility.

Introduction: The use of mobile phone has increased around the world over the past decade. Consequently, the number of mobile phone users is increasing every day. Today, *mobile phones have become indispensable* and life without them is unimaginable that mobile users around the globe account to about five billion. This is more than 90 percent of the world's population (http://www.itu.int/ITU-D/ict/facts/201122/1/2015).

It has become an important concern to the companies to improve the quality of their products and customer services in order to maintain the customer satisfaction in most highly competitive markets. Customers' repurchase intention and loyalties are the important factors of customer satisfaction. Well satisfied customers do not hesitate to buy the same product again and also spread the good word about the product which leads to more purchase (Fornell, C., Johnson, M.D., Anderson, E.W., Cha, J. and Bryant, B.E. 1996). Improved brand image, lower transaction cost in the future and good employee efficiency are some of the benefits of customer satisfaction (Fornell, 1992). As the result it is valuable to analyse the various factors affecting customer satisfaction so that improvements can be made accordingly by the company.

In accordance with the topic of the thesis, the researcher analyses the various factors that affect customer satisfaction in using Micromax Informatics Limited mobile phones. The various independent variables taken into consideration in this thesis are:

- Perceived value
- Trust
- Perceived Quality
- Price
- Flexibility

The researcher studies how these independent variables have effect on the satisfaction of customers of Micromax Informatics Limited mobile phones. This study will help in finding out the areas that Micromax can improve on to increase the customer satisfaction of its customers.

Literature Review: The review of the literature of this study presents the dependent variable (Perceived Value, Trust, Perceived Quality, Price and Flexibility) and independent variable (Customer Satisfaction). The relation between the independent and dependent variables have also been explained by the researcher below.

Perceived Value: Perceived value consists of many elements like qualitative and quantitative, objective and subjective that together makes it a consumers

purchasing experience (Zeithaml, 1988). Perceived value is the level of standard quality of the product received for the price paid by the customer (Parasuraman *et al*, 1988). Perceived value is a trade-off between the quality and benefits received by the customer for the sacrifices and price paid for the product and services as perceived by the customer (Dodds *et al.,* 1991). Behavioural intentions can be affected by perceived value without much perceptible change in satisfaction levels (Batra *et al.,* 1995).

Trust: Trust is the willingness to rely on an exchange partner (Morman *et al*, 1993). Trust can be defined as the confidence in exchange partners integrity and reliability (Morgan and Hunt, 1994). Consumers have to feel secure and safe when they are purchasing the product which the seller should consider in order to retain the customers trust (Palvia, 2009). Trust is when the consumers are willing to depend or rely on their expectations about the future of a company's behaviour (Morgan and Hunt, 1994). Trust can help in the retention of customers and also affects customer satisfaction (Hsu, 2007).

Perceived Quality: Perceived quality can be defined as the judgement of the consumers about the quality and superiority of the product or service (Zeithmal, 1987, in Rowley, 1998). Perceived quality is an attitude related to but not similar to satisfaction. It is the result of comparing perception perceived by the customer with the customer expectation (Rowley, 1998). The judgement by the customer of the overall quality of the product depends on the gap between the service expected by the customer and the services perceived (Parasuraman *et al.,* 1985)

Price: Price is the monetary value given to a product when purchased by a buyer from a seller as a part of a purchase agreement (Nagle and Holden, 2002). Price is an important factor of customer satisfaction as the customers consider the price of the product that they purchase as the most important aspect (Zeithaml, 1988; Fornell, 1992; Anderson and Sullivan, 1993; Anderson *et al.,* 1994; Cronin *et al.,* 2000). The relationship between price and satisfaction was indicated by Zeithaml and Bitner, (1996). Price plays an important role in affecting the diffusion of new products and services as it is difficult to find the appropriate or best price for a product or service (Foxall, 1984; Munnukka, 2005).

Flexibility: Flexibility can be defined as increasing the product range, improving the ability of the firm to respond quickly whilst providing good performance (Upton, 1994; 1995). Flexibility should be viewed at from a value chain perspective and not a process perspective Day, (1994). The ability of the company to meet the customer needs by providing information horizontally across the value chain is called flexibility (Day, 1994). Flexibility is a very complicated, multidimensional and hard to capture concept (Sethi and Sethi, 1990).

Customer Satisfaction: Customer satisfaction is the attitude of the customer towards its service provider or the reaction of the customer to see the difference between the qualities anticipated to the quality received in regard to the fulfilment of a goal or need of the customer (Hansemark and Albinsson, 2004). Customer satisfaction is the attitude that a customer has towards its service provider (Ramayah. T, 2012). Satisfaction is the affective state of customers after judging the overall quality of the service experiences provided by the service provider (Dagger and O'Brien, 2010). Positive word of mouth and high retention rate and profits can be achieved by increasing the customer satisfaction (Zeithaml, 2000).
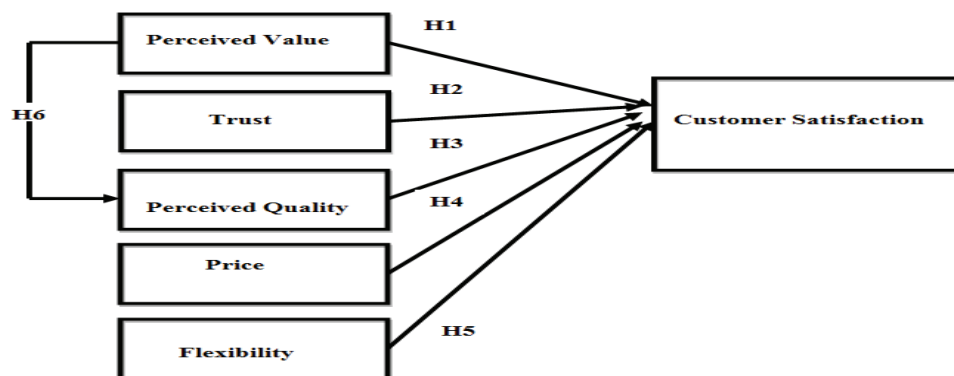

Figure1. Conceptual Frameworks for the Research

Research Framework And Methodology:

Research Framework: This framework has been developed by the researcher for better understanding the relationship between the dependent and independent variables. The conceptual framework is used by the researcher to find out the relationship between the various independent variables like Trust, Price, Flexibility, Perceived Quality, Perceived Value with Customer Satisfaction. These variables are tested to see their effect on customer satisfaction.

The researcher has also developed five hypotheses derived from the conceptual framework to find out the relationship between the dependent and independent variables. The hypothesis tests the significance of the relationship between the independent variables and the dependent variable which is customer satisfaction.

H1o: There exists no significant relationship between Perceived Value and Customer Satisfaction.

H1a: There exists significant relationship between Perceived Value and Customer Satisfaction.

H2o: There exists no significant relationship between Trust and Customer Satisfaction.

H2a: There exists a significant relationship between Trust and Customer Satisfaction.

H3o: There exists no significant relationship between Perceived Quality and Customer Satisfaction.

H3a: There exists significant relationship between Perceived Quality and Customer Satisfaction.

H4o: There exists no significant relationship between Price and Customer Satisfaction.

H4a: There exists significant relationship between Price and Customer Satisfaction.

H5o: There exists no significant relationship between Flexibility and Customer Satisfaction.

H5a: There exists significant relationship between Flexibility and Customer Satisfaction.

H6o: There exists no significant relationship between Perceived Quality and Perceived Value.

H6a: There exists significant relationship between Perceived Quality and Perceived Value.

Research Methodology: The purpose of this study is to determine the factors affecting the satisfaction of customers using Micromax mobile phones in Bangalore city, India. 430 respondents were collected using a well-structured questionnaire. The questionnaire was based on a five point Likert scale. The researcher applied non- probability sampling (convenience sampling) to collect the primary data from the respondents. The duration of data collection was one month i.e., May 2015. The researcher applied descriptive analysis in order to present a demographic profile and general information of the respondents and Pearson's correlation was carried out to find the correlation between the dependent and independent variables.

The process of testing and interpreting the collected data, descriptive as well as inferential statistics were used so that it could be easily understood is called Descriptive Statistics (Zikmund, 2003).

Reliability test is conducted using the Cronbach's alpha test as a common tool (Garson, 2002). This tool is applied to find the reliability of the questions in this questionnaire. There were 30 respondents that participated in this reliability test. SPSS (Statistical Package for Social Science) is used to find out the reliability using the Cronbach's alpha test. Variables will only be reliable if the alpha value is above 0.6. If the value of alpha is below 0.6 then the variable is unreliable. The detailed reliability value of each variable is presented in Table 1.

Table 1:- Reliability Analysis Value of Variables	
Questionnaire Components	**Cronbach's Alpha**
Perceived Value	0.736
Trust	0.629
Perceived Quality	0.675
Price	0.745
Flexibility	0.850
Customer Satisfaction	0.829

Research Findings:

Table 2:- Summary of the Descriptive Analysis of the Demographic Factors.		
Variable	**Frequency (f)**	**Percentage (%)**
Gender		
Male	262	65.5
Female	138	34.5
Income levels		
10,000 and below	40	10
10,001-20,000	113	28.3
20,001-30,000	154	38.5
30,001-40,000	75	18.8
40,000 and above	18	4.5
Total	400	400

Gender: - The results of the descriptive analysis of demographic factor gender are as follows. Out of 400 respondents collected by the researcher, 65.5% were male and 34.5% were female respondents.

Annual Income Level: - The results of the descriptive analysis of demographic factor income level of respondents in Rupees are as follows. Out of 400 respondents collected by the researcher, 10% of respondents were below the income level of 10,000. 28.3% were between the incomes levels of 10,001-20,000. 38.5% were between the incomes levels of 20,001-30,000. 18.8% were between the income levels of 30,001-40,000 and 4.5% were between the income levels of 40,000 and above.

Table 3:- Summary of Hypotheses Testing					
No.	**Hypothesis**	**r-value**	**Magnitude**	**Sig (2-tailed)**	**Result**
H10	There exists no significant relationship between Perceived Value and Customer Satisfaction.	0.652	Medium Positive Correlation	.000	Reject H10
H20	There exists no significant relationship between Trust and Customer Satisfaction	0.548	Medium Positive Correlation	.000	Reject H20
H30	There exists no significant relationship between Perceived Quality and Customer Satisfaction.	0.614	Medium Positive Correlation	.000	Reject H30
H40	There exists no significant relationship between Price and Customer Satisfaction	0.660	Medium Positive Correlation	.000	Reject H40
H50	There exists no significant relationship between Flexibility and Customer Satisfaction	0.595	Medium Positive Correlation	.000	Reject H50
H60	There exists no significant relationship between Perceived quality and Perceived value	0.643	Medium Positive Correlation	.000	Reject H60

Recommendations: According to the result of the hypothesis 1, there is a positive moderate correlation between Perceived Value and Customer Satisfaction as the (r) value for this hypothesis is 0.652. Hence, the researcher would like to recommend that Micromax Informatics Limited should be able to focus in increasing the Value Perceived of its products by their customers in order to increase satisfaction. Micromax should be able to provide better services and exchange offers to their customers in order to give them better satisfaction. Micromax can also increase the perceived value of their customers by improving on its resale value by manufacturing superior quality products, which would increase the customer satisfaction.

According to the result of the hypothesis 2, there is a positive moderate correlation between Trust and Customer Satisfaction as the (r) value for this hypothesis is 0.548. Hence the researcher would like to recommend that Micromax to make additional efforts to improve ways to gain more customer trust. This could be achieved by continuing to manufacture budgeted phones for its customers and to keep up the quality of the phones. This would gain the trust of the customers and in turn increase their satisfaction. Since Micromax is a budget mobile phone manufacturing company, it can also gain trust by continuing to produce phones with customers' best interest in mind.

According to the result of the hypothesis 3, there is a positive moderate correlation between Perceived Quality and Customer Satisfaction as the (r) value for this hypothesis is 0.614. Hence the researcher would like to recommend that Micromax should continue to manufacture reliable phones with reliable quality. Improving on the reliability of its phones would help increase the customer satisfaction. Perceived Quality customer satisfaction could also be increased by providing superior quality products and good quality customer service. This would help to increase customer satisfaction.

According to the result of the hypothesis 4, there is a positive moderate correlation between Price and Customer Satisfaction as the (r) value for this hypothesis is 0.660. This hypothesis showed the highest correlation when compared to the other hypotheses. Thus, the researcher would like to recommend that Micromax should focus more importantly on Price as it showed the highest correlation among the other variables. The company should be able to compete on price with the other competitors in order to provide more satisfaction to its customers. Customer satisfaction can also be increased by maintaining its low price for new phones compared to prices of other phones in the market. The company should continue manufacturing affordable phones with all the features required by a customer. This would provide the customers value for money and good satisfaction.

According to the result of the hypothesis 5, there is a positive moderate correlation between Flexibility and Customer Satisfaction as the (r) value for this hypothesis is 0.595. Hence, the researcher would like to recommend that Micromax should improve its flexibility by offering various promotional offers like seasonal sales, stock clearance sales and festival promotions. Micromax can also provide various value-added services like free sim cards, internet services, extended guarantee or warranty services to maintain customer satisfaction. In addition, as Micromax business grows, maintaining flexibility will help to cope with changing customer needs due to circumstances.

Limitations: Since the target population for this research are the people of Bangalore city the result will be restricted only to the specific population group. There is difficulty for the researcher to collect the data from people in different parts due to limitations of money and time. There are many other variables like

- Customer expectation
- Generic requirements
- Functional quality
- Innovative technologies

that can be used by the researcher to show the factors affecting customer satisfaction but the researcher has only focussed on Perceived Value, Trust, Perceived Quality, Price and Flexibility. Hence the result of this research will also be confined by these five independent variables. Since the data collection is done for the month of March 2015, the result will also be limited to this period only. Since Micromax Informatics Limited, is an Indian company, the research is limited within the boundaries of this city.

Further Research: The researcher provides a reference for future researchers who may study on this topic.

First, this research investigated only five determinants of satisfaction which are Perceived Value, Trust, Perceived Quality, Price and Flexibility. Thus, there might be other determinants of satisfaction that the researchers can focus upon such as Customer Expectation, Innovation, Functional Quality, Service Quality etc.

Secondly, the number of respondents for this research is 400 collected in Bangalore city. The future researchers could collect a bigger respondent size in another locality or city of India such as Kolkata, Mumbai etc. This would give the researchers a better understanding on customers and improve customer satisfaction.

Thirdly, this study focuses on an Indian mobile phone company called Micromax. The future researchers could study the same topic on other international mobile phone manufacturing companies like Apple Inc. or Samsung. The researchers could also do a comparative study between Micromax and any other mobile phone manufacturing company in order to study the differences and similarities between customers and determinants of customer satisfaction and its impact. Fourthly, the questionnaire in this research is only used to collect the primary data from the respondents. However, future researchers could use a qualitative method to get a better understanding of the variables by conducting focus group with customers, etc. This would reduce the risk of misunderstanding the questions in the questionnaire by improving relationship with user customers.

Finally, this research focused on customer satisfaction. Future researchers could focus on other variables like Brand Loyalty or how Customer Satisfaction could lead to Brand Loyalty.

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