

# **Impact Of Brand Image, Service Quality And Trust On Customer Loyalty, Moderating Effect Of Perceived Price Fairness And Mediating Effect Of Customer Satisfaction: Case Study on Telecommunication Sector of Pakistan:**

Muhammad Aqeel Ashraf,<sup>1</sup>Dr, Abdul Aziz Khan Niazi,<sup>2</sup>Usman Zafar,<sup>3</sup>

<sup>1</sup>M.S Student of Institute of Business and Management, University of Engineering and Technology Lahore. ( IBM-UET)

<sup>2</sup>Lecturer at Institute of Business and Management, University of Engineering and Technology Lahore.

<sup>3</sup>M.S Student of Institute of Business and Management, University of Engineering and Technology Lahore. ( IBM-UET)

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**Abstract:-**The aim of this study is to investigate the Impact of Brand Image, Service Quality and Trust on Customer Loyalty, Moderating Effect of Perceived Price Fairness and the Mediating Effect of Customer Satisfaction on telecommunication sector of Pakistan. This research is helpful to capture and retain the satisfied and loyal customer and it is useful to identify the factors through which telecommunication sector may improve its performance. The survey research design method was used in this study. It involves a questionnaire for the collection of data from the respondents. Convenience-based Sampling was used in this research data was collected with the help of a questionnaire from 250 customers in the telecommunication sector of Pakistan (Warid, Zong, Mobilink, and Ufone Telenor). Correlation analysis was conducted utilizing SPSS to analyze the data. It is revealed that the correlation between customer loyalty and three independent factors that are quality service, brand image, and trust is very strong and mediator customer satisfaction in this relationship had an effect on customer loyalty. There exists a strong relationship between three dimensions of independent variables and the dependent; we can say that there is a strong effect of a mediator and moderator on these relationships. There is also a very strong correlation between customer loyalty and customer satisfaction.

**Keywords:** Customer Loyalty, Customer Satisfaction, Perceived Price Fairness, Brand image, Trust

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## **I. Introduction**

Telecommunication industry has emerged as an active service industry in the past three decades. Mobile phone service was introduced in 1990 in Pakistan, and since then this sector is becoming bigger and bigger every day. Prudent policies of Pakistan's government significantly amplified the growth of this sector in last decade. Tele-density of the country touched 76.2% in May 2017 showing growth of 6.27% from previous year. Numbers of subscribers of mobile phone were 12 million in 2004 which increased to 139 million in 2017. At present, five mobile telecom companies are offering their services in Pakistan, including Warid, Mobilink, Telenor, Ufone and Zong with more than 32000 franchises. In 2017-18 revenue from telecom swelled to Rs.235.5 billion and this sector contributed about 116.9 billion in national exchequer, (PTA, 2017-18).

Customers are considered as a decisive factor in any business organization, their loyalty and satisfaction is more important than making new ones ( Dick & Basu, 1994)(Saren & X, 1998)Loyal and satisfied customers are the great assets of any business organization( Probal & Marron, 1999). Concluded that customer retention is the most important concern of the companies which payback in the form of long-term profitable relationship. Marketing managers primarily focus on the Satisfaction of customers (Bennett, & Thiele, 2004). The prime motive of the marketing manager is to increase loyalty by creating a strong bond between customers and company.

Several factors influence the customer satisfaction and loyalty including, brand image, perceived price fairness, service quality etc. Brand image play an important role in developing the satisfaction of the customers. (Foxall, 1994). The key purpose of the product and brand management is to make strong image of brand which ensure the high short term as well as long term returns There is a significant role of image of brand customer satisfaction and loyalty Another major factors which influence the customer satisfaction is the quality of service; it is not only significant factor of satisfaction of customer in industries involved in manufacturing but also in firms providing service. Reliability Tangibles, assurance, empathy and responsiveness are five dimensions which assemble the quality of service. Concluded that satisfied customers are more likely to be at higher utilization level and repurchase in future in telecom industry. Perceived service quality has influence on the

satisfaction of customer and loyalty. Greater the quality of service, the higher was customer satisfaction and loyalty of customer (Aaker, 1997).

Price fairness also has direct impact on the customer satisfaction and loyalty. The fairness in price affects the satisfaction of customer positively, however, the perceived price fairness may be affected negatively by the vulnerability of customer (Oliver, 1999). Concluded that customers perceive the price according to the quality which led to the satisfaction or dissatisfaction. Reasonability of price also plays a key role in building the customer satisfaction found that price fairness was the reason behind the switching of customer to other telecom service provider. The high, unreliable and unreasonable pricing policies negatively affect the satisfaction of customers.

Trust has been identified as a major driver of loyalty (Chaudhuri, & Holbrook, 2001) (Garbarino & Johnson, 1999). A consumer who trusts in a product is more likely to develop favorable attitudes toward it, to pay a premium price for it, to remain loyal to it, and to spread positive word-of-mouth (Chaudhuri, & Holbrook, 2001). The impact of trust on customer loyalty becomes especially relevant when confronted with switching decisions with a high level of perceived risk and uncertainty.

### **1.1 Scope of Study**

Mobile telecommunication industry has emerged as a very competitive and vibrant sector of Pakistan. Many studies focused on the impact of price fairness and service quality on customer loyalty. However, literature is very sketchy about the impact of brand image and service quality on customer loyalty in the telecom sector of Pakistan (Cronin, & Taylor, 1992). Established that the fundamental dimensions of quality were positively related to customer satisfaction. Moreover, researches made on telecommunication services exhibited that service quality impacts customer satisfaction. Therefore, the proposed work aims to make such a comprehensive framework which not only includes quality of service and trust but also the brand image as predictors of customer loyalty while taking perceived price fairness as a moderator and customer satisfaction as a mediator in mobile telecommunication sector of Pakistan. In addition, the impact of customer satisfaction on customer loyalty was also being studied.

### **1.2 Problem Statement**

There is not enough research which has been conducting to measure the perceived price fairness as a moderator and its role to explore the relationship between factors affecting customer loyalty and the mediating effect of customer satisfaction. Most of the research work has been conducted to investigate the relationship between quality service and customer loyalty. They only cover different dimensions of quality service to measure the customer satisfaction and loyalty. There are only fewer studies in Pakistan which tried to explore the other factors such as brand image and trust which affect customer satisfaction and loyalty towards the telecom sector. That was the main reason to test the factors affecting customer loyalty and the moderating effect of perceived price fairness and mediating effect of customer satisfaction.

### **1.3 Significance of Study**

In this study we defined the conceptual framework which is helpful for the telecom sector in four ways to retain their customer as loyal and satisfied, 1: focusing how service quality, brand image and trust affects the telecom sector of Pakistan, 2: how telecom sector improve customer loyalty, 3: focus on moderating effect of perceived price fairness and mediating effect of customer satisfaction on independent and dependent variable, 4: how satisfied customer become loyal customer.

### **1.4 Research Questions**

- Does service quality have impact on customer loyalty?
- Does brand Image has impact on customer loyalty?
- Does trust has impact on customer loyalty?
- To what extent perceived price fairness moderates the relationship between service quality and customer satisfaction?
- To what extent perceived price fairness moderates the relationship between brand image and customer satisfaction?
- To what extent perceived price fairness moderates the relationship between trust and customer satisfaction?

- To what extent customer satisfaction mediates the relationship between service quality and customer loyalty?
- To what extent customer satisfaction mediates the relationship between brand image and customer loyalty?
- To what extent customer satisfaction mediates the relationship between trust and customer loyalty?

### **1.5 Objectives of Research**

- To investigate the relationship between service quality and customer loyalty.
- To investigate the relationship between brand Image and customer loyalty.
- To investigate the relationship between trust and customer loyalty.
- To investigate the moderating role of perceive price fairness in between service quality and customer satisfaction.
- To investigate the moderating role of perceive price fairness in between brand image and customer satisfaction.
- To investigate the moderating role of perceive price fairness in between trust and customer satisfaction.
- To investigate the mediating role of customer satisfaction in between service quality and customer loyalty.
- To investigate the mediating role of customer satisfaction in between brand image and customer loyalty.
- To investigate the mediating role of customer satisfaction in between trust and customer loyalty.

## **II. Literature Review**

Customer satisfaction is a post utilization opinion of the consumers that whether a product or service provides acceptable level of consumption-related fulfillment or not (Oliver & Rust, Customer delight: foundations, findings, and managerial insight., 1997) Study of (B. & C., 2004) argued that satisfaction doesn't depend upon the product or service itself rather it relies on the customer's perception. Likewise, (Jr. & Brady, 2000) states that satisfaction is a result of perception of the customer about the value received. Moreover, study of (Liker, & Choi, , 2004) found that there is a positive influence of perceived value on the satisfaction. Therefore, it is understood that satisfaction level varies to customers experiencing the same level of services (Ueltschy, Laroche, Eggert, & Bindl, 2007). Rapid technological improvements and sturdy competition are forcing the firms to camber their thoughts towards increased market share, for which, customer satisfaction is recognized as a central concept (Jones & Sasser, 2016). Achieving customer satisfaction leads the firms towards customer loyalty, improved profitability, positive word of mouth and depressed market expenditures (Reichheld, Teal, & Smith, 1996) Customer loyalty is the customer's commitment to repurchase the product or service consistently for future use, regardless of new situation or competitor offer ( (Oliver & Rust, 1997) Loyal customer show greater resistance to negative word of mouth and they are less price sensitive. Furthermore, (Garbarino & Johnson, 1999) observe loyalty as consumer preference towards goods or services and propose that loyalty leads the firm to capture greater market share.

Building of brand image is also an important matter for service firms as it is a powerful determinant for products marketing. Brand image is defined as the brand relations retained in consumers' mind causes the assumptions about a brand. (Ogba & Tan, 2009) Service quality is considered as a construct that measures the gap between expectations and perception of a customer. Importance of the service quality in this era of fierce competition can't be neglected. (Nikou, Selamat, usoff, & Khiabani, 1993-2016.) Stated that in order to survive and remain competitive, all businesses should develop quality of service that ultimately was lead towards customer's satisfaction and loyalty. Moreover, service quality is one of the predecessors of customer satisfaction and loyalty Study of (Sindhu & Arif, , 2017) stated that higher level of service quality is supposed to be an effective way to improve customer satisfaction, trust, and loyalty. Therefore, researchers conclude that service quality leads to perceived value, trust, and customer satisfaction (Hsu, Udo, & Olorunniwo, 2006) Price is considered as an instrument that highly affects the purchasing behavior of the customer. It is considered as an important ingredient in developing marketing strategies and creating customer satisfaction and trust. Researchers agree upon the fact that price perception is a vital instrument in setting the significant behavior of customers, either it increases or decreases customer satisfaction and trust (Sindhu & Arif, , 2017) Understanding the customer's behavior towards price perception assists the companies to develop such pricing strategies that create customer trust and satisfaction.

Researchers examined the impact of different variables on customer satisfaction and loyalty. For instance, study of telecommunication sector of china portray that service quality has a positive significant

relationship with the customer satisfaction. Moreover, their paper also demonstrates that service quality and customer satisfaction are the important factors for the success of any organization. Similarly, research paper of Akbar and (Akbar & Parvez, 2009) in the telecom sector of Bangladesh empirically investigates the relation between service quality and customer satisfaction and customer loyalty. Results exhibits that there is a positive relationship not only between service quality and satisfaction but also between service quality and loyalty. Likewise, in Pakistan, study of reveals that service quality and loyalty/customer retention positively relates with each other. Furthermore, their study argues that in order to be successful in the market of competition, telecom operators must provide better quality service.

(Srikanjanarak, Omar, & Ramayah, 2010) Recent study exemplifies that not only service quality but also fair price positively relates to satisfaction of the customers. In order to build long term profitable relationships with their customers, organizations must create satisfaction and loyalty of their customers which can be achieved through providing them fair price and good quality service. In the same context, (Hanif, Hafeez, & Riaz, 2010)stated that competition in the service sector particularly in the telecom sector is increasing and organizations are using variety of tactics to remain competitive. Therefore, their paper empirically studies the relation between price fairness and customer satisfaction. Moreover, their study links conceptually the satisfaction and the price fairness. Correspondingly, study shows that price fairness is positively associated with the customer satisfaction and loyalty.

Believe of one party that other party was fulfilling his/her need is known as Trust. It has been discussed broadly in literature Trust lead to long-term loyalty and relationship between two parties becomes stronger (Singh & Sirdeshmukh, 2000)According to (Rauyruen & Miller , 2007)there are two level of trust. Customer's trust on one specific sales representative is at first level. If trust exists, than it is obvious that person is likely to purchase something. In between buyer-seller transaction, trust acts as a catalyst and in terms of satisfying exchange relationship trust provides buyers with higher expectations. One's expectation of dependable and ethical behavior from other party is a trust, Moreover, commitment in business relationships are fulfilled by trusted parties (Gefen, Karahanna, & Straub, 2003)Customer's belief on trust in terms of service is the delivery of quality services that meets customer's expectations. According to (Milewicz & Herbig, 1994)corporates reputation is stability of its activities over time. Trust has the highest importance in assessing the quality of products and services from customer's viewpoint as reputation originates from the quality of its products and services.

### III. Theoretical Framework

The model for the research takes into account impact of brand image, service quality and trust on customer loyalty moderating effect of perceived price fairness and mediating effect of customer satisfaction: Case study on telecommunication sector of Pakistan.

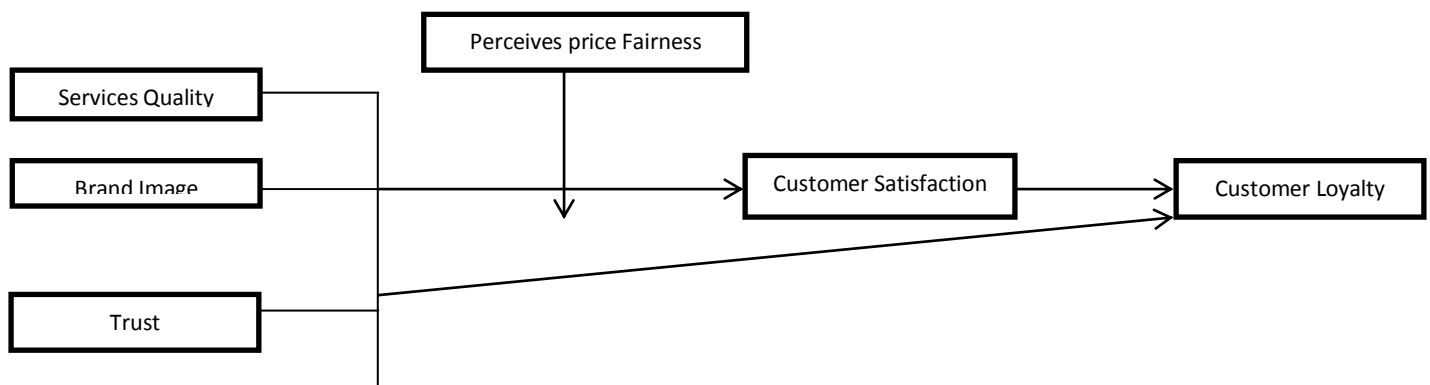


Figure 1: Research model

#### 3.1 Hypothesis:

**H<sub>1</sub>:** Service Quality has a positive impact on customer loyalty.

**H<sub>2</sub>:** Brand image has a positive impact on customer loyalty.

**H<sub>3</sub>:** Trust has a positive impact on customer loyalty.

**H<sub>4</sub>:** Perceive price fairness moderates the relationship between service quality and customer satisfaction.

**H<sub>5</sub>:** Perceive price fairness moderates the relationship between brand image and customer satisfaction.

**H<sub>6</sub>:** Perceive price fairness moderates the relationship between trust and customer satisfaction.

**H<sub>7</sub>:** Customer satisfaction mediates the relationship between service quality and customer loyalty.

**H<sub>8</sub>:** Customer satisfaction mediates the relationship between brand image and customer loyalty.

**H<sub>9</sub>:** Customer satisfaction mediates the relationship between trust and customer loyalty.

#### **IV. Research Methodology:**

The proposed study is drawn from a statement: impact of the brand image, service quality and perceived price fairness on customer satisfaction and loyalty in the telecommunication sector of Pakistan. The research design of this study is proposed to recognize whether brand image, service quality, and perceived price fairness have an impact on customer satisfaction and loyalty (Saunders, Thornhill, & Lewis, 2009).

##### **4.1 Research Design and Data Collection:**

The survey research design method was used in this study. It involves a questionnaire for the collection of data from the respondents. Data was collected with the help of questionnaire from 250 customers of the telecom sector of Pakistan. In this study, the questionnaire was developed and designed in the manner that it highlights all required information related to this research.

This method was selected to ensure that our study variables exist in real life and are comparatively economical in terms of time and resources. The main variables of this study are the brand image, quality service, perceived price fairness, trust, the loyalty of customer and customer satisfaction. Standard questions were used to measure variables that were adopted from past research. Five-point Likert scale rating from 1 (strongly disagree) to 5 (strongly agree) is used to measure the importance of study variables. In Likert scale with the use of the rating system, the respondent indicates that how they strongly agree or disagree with the question (Saunders, Thornhill, & Lewis, 2009) for the collection of data, questionnaire instrument was used. In questionnaire, we bound the respondents to reply fixed-response and the respondent was required to answer each question selected from the predetermined options. According to (Malhotra, Birks, Palmer, & Koenig, 2003) for the collection of primary data in marketing research survey is most approach and common method and advantages of this method are consistency in collected data and simple administration.

##### **4.2 Population/Sample size:**

Customers of all networks (Mobilink, Telenor, Ufone, Warid, and Zong) were being considered as the target population. About 250 questionnaires were being distributed to the target population in Lahore.

#### **V. Results And Analysis**

##### **5.1 Descriptive Analysis**

The basic purpose of the descriptive analysis is to describe the different aspects of a proposed study through the profile of respondents. In simple descriptive analysis provides basic information i.e. gender, age, income, status etc. of our relevant respondents.

Table 1.1 Frequency distribution of gender of customers

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	156	62.4	62.4
	Female	94	37.6	100.0
	Total	250	100.0	100.0

Table 1.1 shows the frequency distribution of gender of customers. It shows that the frequency of male respondents is 156 and the frequency of female respondents is 94 and a total number of respondents in this study are 250. In the above table percentage of a male respondent is 62.4 and female respondents are 37.6. The valid percent of male is 62.4 and female is 37.6. The results show that numbers of male respondents are more than female.

Table 1.2 Frequency distribution of the age of customer

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 20	55	22.0	22.0	22.0
20-30	147	58.8	58.8	80.8
30-40	34	13.6	13.6	94.4
above 40	14	5.6	5.6	100.0

**Correlations**

Table 1.2 shows the frequency distribution of age of respondents. In the table, the first column shows the ranges of age group of respondents which are below 20, 20 to 30, and 30 to 40 and above 40. The frequency of first group is 55 and percent is 22.0. Frequency of second group is 147 and their percent is 58.8. Frequency of third age group is 34 and its percent is 13.6. The frequency of above 40 groups is 14 and its percent is 5.6. In the fourth column first age group has 22.0 valid percent, second age group has 58.8, third age group has 13.6 and above 40 has 5.6 valid percent. This result shows that the respondents of 20 to 30 groups have high frequency which indicates that our most respondents are from 20 to 30. The respondents above 40 have lowest frequency.

Table 1.3 Frequency distribution of mobile service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Mobilink	86	34.4	34.4	34.4
Telenor	46	18.4	18.4	52.8
Ufone	59	23.6	23.6	76.4
Warid	18	7.2	7.2	83.6
Zong	41	16.4	16.4	100.0
Total	250	100.0	100.0	

Table 1.3 shows the frequency distribution of mobile service. In first column we categorize the networks of telecom sector. In Pakistan five telecom companies are working that are Mobilink, Telenor, Ufone, Warid and Zong. The frequency of Mobilink is 86 and its percent is 34.4. The frequency of Telenor is 46 and its percent is 18.4. Frequency of Ufone is 59 and percent is 23.6. Frequency of Warid is 18 and percent is 7.2. The frequency of Zong is 41 and its percent is 16.4. The valid percent of Mobilink is 34.4, Telenor is 18.4, Ufone is 23.6, Warid id 7.2 and valid percent of Zong is 16.4. The above table shows that our most respondents use Mobilink network because the frequency of Mobilink is high. The second highest frequency is of Ufone. Warid have lowest frequency which mean respondents of Warid network are low.

**5.2 Pearson Correlations Coefficient Analysis**

The Pearson correlation, in statistic, is used to measure the strength of relationship between dependent and independent variable. Correlation also shows the direction of relationship ranges from +1 to -1, where 1 indicates positive correlation; 0 mean there is no correlation, and -1 indicates negative correlation. In this study we use Pearson correlation to measure the relationship between service quality, brand image, trust and customer loyalty.

		Customer Loyalty	Customer Satisfaction	Brand Image	Service Quality	Perceived Price Fairness	Trust
Customer Loyalty	Pearson Correlation Sig. (2-tailed) N	1  250	0.414** 0.000 250	0.367** 0.000 250	0.423** 0.000 250	0.230** 0.000 250	0.299** 0.000 250
Customer Satisfaction	Pearson Correlation Sig. (2-tailed) N	0.414** 0.000 250	1  250	0.501** 0.000 250	0.580** 0.000 250	0.494** 0.000 250	0.501** 0.000 250
Brand Image	Pearson Correlation Sig. (2-tailed) N	0.367** 0.000 250	0.501** 0.000 250	1  250	0.544** 0.000 250	0.497** 0.000 250	0.588** 0.000 250
Service Quality	Pearson Correlation Sig. (2-tailed) N	0.423** 0.000 250	0.580** 0.000 250	0.544** 0.000 250	1  250	0.512** 0.000 250	0.565** 0.000 250
Perceived Price Fairness	Pearson Correlation Sig. (2-tailed) N	0.230** 0.000 250	0.494** 0.000 250	0.497** 0.000 250	0.512** 0.000 250	1  250	0.550** 0.000 250
Trust	Pearson Correlation Sig. (2-tailed) N	0.299** 0.000 250	0.501** 0.000 250	0.588** 0.000 250	0.565** 0.000 250	0.550** 0.000 250	1  250

\*\* . Correlation is significant at 0.01 levels (2-tailed).

The correlation value between customer loyalty and customer satisfaction is .414 that shows 41.4% correlation between customer loyalty and customer satisfaction and its probability value shows that both are significantly correlated with each other. The correlation value between customer loyalty and brand image is .367 that shows 36.7% correlation between customer loyalty and brand image and its probability value shows that both are significantly correlated with each other. The correlation value between customer loyalty and service quality is .423 that shows 42.3% correlation between customer loyalty and service quality and its probability value shows that both are significantly correlated with each other. The correlation value between customer loyalty and perceived price fairness is .230 that shows 23.0% correlation between customer loyalty and perceived price fairness and its probability value shows that both are significantly correlated with each other.

The correlation value between customer loyalty and trust is .299 that shows 29.9% correlation between customer loyalty and trust and its probability value shows that both are significantly correlated with each other. The correlation value between customer satisfaction and brand image is .501 that shows 50.1% correlation between customer satisfaction and brand image and its probability value shows that both are significantly correlated With each other.

The correlation value between customer satisfaction and service quality is .580 that shows 58% Correlation between customer satisfaction and service quality and its probability value shows that both are significantly correlated with each other. The correlation value between customer satisfaction and perceived price fairness is .494 that shows 49.4% correlation between customer satisfaction and perceived price fairness and its probability value shows that both are significantly correlated with each other. The correlation value between customer satisfaction and trust is .501 that shows 50.1% correlation between customer satisfaction and trust and its probability value shows that both are significantly correlated with each other. The correlation value between brand image and service quality is .544 that shows 54.4% correlation between brand image and service quality and its probability value shows that both are significantly correlated with each other.

The correlation value between brand image and perceived price fairness is .497 that shows 49.7% correlation between brand image and perceived price fairness and its probability value shows that both are significantly correlated with each other. The correlation value between brand image and trust is .588 that shows 58.8% correlation between brand image and trust and its probability value shows that both are significantly correlated

with each other. The correlation value between service quality and perceived price fairness is .512 that shows 51.2% correlation between service quality and perceived price fairness and its probability value shows that both are significantly correlated with each other. The correlation value between service quality and trust is .565 that shows 56.5% correlation between service quality and trust and its probability value shows that both are significantly correlated with each other. The correlation value between perceived price fairness and trust is .550 that shows 55% correlation between perceived price fairness and trust and its probability value shows that both are significantly correlated with each other.

## **VI. Discussions And Recommendations**

In conclusion we verified our study with the reliability of our variables and there combinations. Our study was on telecom sector of Pakistan so customers were important part of our study. We tried to study those variables which play important roll to judge customer loyalty and defined different relationships among variables. In this study we discussed relationship of service quality, brand image and trust with customer loyalty. Secondly we identify the important role of mediation and its effect on customer satisfaction between the relation of dependent variable and three dimensions of independent variable. The third part was related to identify the moderating relationship. Perceived price fairness as moderator explore that how it effect the other variables and create links between variables. In the present study we tried to highlight the impact of trust, brand image service quality and on customer loyalty moderating function of perceived price fairness and of mediating role of customer satisfaction. How the relationship of independent and dependent variables effect with moderator and mediator.

### **6.1 Finding of the Study**

From this study it is reveals that the correlation between customer loyalty and three independent factors that are quality service, brand image and trust is very strong and mediator customer satisfaction in this relationship had effect on customer loyalty. There exists a strong relationship between three dimensions of independent variables and the dependent and according to the analysis of previous chapter, we can say that there is a strong effect of mediator and moderator on these relationships. There is also a very strong correlation between customer loyalty and customer satisfaction.

### **6.2 Recommendations**

After studying the research variables, we recommend some suggestion related to our study for better understanding. Service quality has significant impact on customer loyalty. Telecom sector should maintain their service quality for getting competitive advantage. With the passage of time the expectations of customers increase that's way telecom sector should not only maintain but tried to improve their service quality. A customer shows loyalty if they get desire service quality. Service quality is the main factor in any kind of service sector so they need to continuously improve their service quality for avoiding of competition and retaining loyal customers.

Acquiring new customer is costly than retaining old customers that's ways telecom sector should focus on the key factors that play important role to improve customer loyalty and satisfaction. Telecom sector should maintain their brand image because customers have emotional attachments towards their brand and they always spread positive view of their brand. Customer shows satisfaction and loyalty towards their brand and avoids switching on other brand. For attracting new customer and retaining old ones telecom sector should improve and update their strategies and advertisement by following the customer needs and expectations. They should not only advertise its brand but also advertise its organizational culture.

This study recommended that moderator factor price fairness plays important role in between service quality and customer satisfaction. If telecom sector provide standardized service quality than customer is ready to pay for it and remain satisfied. Perceive price fairness also have positive impact on brand image and customer satisfaction. The customers who have emotional attachment with their brand are not effect from the price and not switch to other brand. They are ready to pay more if their brand provides desired service and remain satisfied. Perceive price fairness effect relationship between trust and customer satisfaction. If telecom sector change its pricing policy customer lose its trust on it and switch to other brand. After analyzing the results of this study it is recommended that telecom sector should focus on the customer who is price sensitive. They should try to gain their trust that they are charging for providing something better than others. Customer satisfaction is also mediates the relationship between brand image and customer loyalty. Demands and expectations of a customer are changing day by day that's way telecom sector should maintain their brand



image. They should provide newness in their brand for the satisfaction and loyalty of the customer. In Pakistan, there are five telecom companies and have strong competition with each other. We recommended them to maintain their market share by keeping in view their strength and weaknesses. They should generate new strategies to retain their customer. They should improve their planning system for getting competitive advantage.

Telecom sector should not only focus on brand image, service quality, trust and perceived price but also other factors which can effect customer satisfaction and loyalty. They should in contact with the customer which can be the best source of gathering data of demands and expectations of customers. Telecom sector should not only work on the external factors but also some internal factors of the organization which can affect it performance. They should provide incentives to the employees to motivate them for better performance. Provide them user friendly and advance technology for efficient work. Give them bonuses and rewards on better performance.

### **6.3 Limitation of Study**

There is no study which is complete and has no limitations and directions for future research. Limitations are suggested for the betterment of new researchers and the main purpose is to guide them different direction that can be studied in future to enhance the quality of research work. In our present research there are also some limitations.

As this research work base on primary data and we used survey method through questionnaire for the collection of data and it was time consuming process to get the responses one by one personally. We only tried to cover those factors which effect customer satisfaction and loyalty positively and the factors which effect customer satisfaction and loyalty has not been included due to limitation of time period. Some respondents suggested that in our future study we should also include some disturbing factors of telecom sectors such as lots of calls and messages from service center at any time which makes them angry. Some customers easily afford sim cards so many respondents have more than one sim card and they claim they are equally satisfied with those networks. As our time and study was limited so in future why customers prefer to have more than one sim cards study can be conducted. The uncertainty of rainy weather was hurdle for data collection and analyzing results on time because respondents try to avoid fill questionnaire.

Our research data is collected from only single city, Lahore where people have different preferences for the selection of network. Respondents belong to rural area prefer Mobilink network because in rural area its network is strong. Respondents of different city have different preferences and behaviors towards things so studying on single city is a limitation in our present study.

### **6.4 Future Direction**

Our study was based on some factors effecting customer satisfaction and loyalty but in future many other aspects can be studied. This research does not concentrate on comparison of different networks and what benefit they get from telecom sectors. In future different services offered by the telecom sectors i.e. easy paisa, billing can be studied. In our study data was collected from single city but in future the comparison of respondents from different cities can be studied. This study present only factors having positive impact on customer satisfaction and loyalty are studied but in future factors having negative impact on customer satisfaction and loyalty can be studied. In Pakistan there is not enough study on perceive price fairness as moderator and its impact on dependent and independent variables so in future our study would be helpful in future research to understand the relations.

### **6.5 Conclusion**

Purpose of the present research was to explore the factors having significant impact on customer loyalty in the telecommunication sector of Pakistan. We represented an investigative model of customer loyalty and selected six factors from the telecommunication sector based on the past studies on the customer loyalty to explore their importance on customer loyalty. We also explored how telecom sector performed on six factors, and then gave some recommendation to enhance the customer loyalty. After analyzing the results of our study we can conclude that this study supports our hypothesis. In telecom sector service quality has a positive effect on customer satisfaction and loyalty. According to our study, service quality, consistent quality and excellent features have significant affect customer loyalty in the sector of telecommunication. As quality service has a very strong and positive impact on customer loyalty so telecom sector should maintain their service quality for retaining of their customer. Second variable is brand image, it's also have positive impact on customer satisfaction and loyalty. Customer who is loyal to the brand is always generates positive word of mouth and

avoid to switch his brand. Telecom sector should focus on brand image through advertisement and apply different strategies to maintain its brand image. Trust is also very important factor effecting customer satisfaction and loyalty. From previous studies and after analyzing our results we can concluded that trust has not positive and direct impact on customer loyalty but if we measure trust through mediating effect of customer satisfaction than it has positive relationship.

Our study support moderating effect of perceive price fairness. It shows positive relationship between service quality, brand image and customer satisfaction but taking perceived price fairness as a moderator trust shows insignificant or negative relationship with the customer loyalty. Our study also supports mediating effect of customer satisfaction. It shows that all variables through mediation show positive relationship with the customer loyalty. In the end we can conclude that telecom sector should focus to maintain their service quality, brand image and perceive price fairness for customer satisfaction and loyalty. In Pakistan the future of telecom sector is very bright that's way they needs to maintain their service quality for the customer satisfaction and loyalty. Telecom sector should focus to improve their brand image through advertisement and other market strategies and tried to get the trust of their customer.

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### Appendix

#### Measures:-

Questionnaire is based on these six factors and there selected variables. It is constructed accordingly with the use of likert scale method from 1 (strongly disagree) to 5 (strongly agree).

No	Variable	Item	References
1	Customer Loyalty	<ul style="list-style-type: none"> <li>• I consider myself to be loyal to my mobile service.</li> <li>• I recommend this mobile service to someone who seeks my advice.</li> <li>• I get good value for my money.</li> <li>• I say positive things about my mobile service to other people.</li> <li>• I consider this service I am using my first choice in the next few years.</li> </ul>	Chaudhuri and Holbrook, 2001
2	Customer Satisfaction	<ul style="list-style-type: none"> <li>• Overall I am satisfied with the specific experience I have so far with the mobile service I am using.</li> <li>• I am satisfied with my decision to purchase from this mobile service.</li> <li>• This mobile service fulfilled my needs</li> <li>• I have emotional attachment with this mobile service.</li> </ul>	Ragunathan and Irwin(2001)
3	Brand Image	<ul style="list-style-type: none"> <li>• I am aware from my mobile service.</li> <li>• I have good experience of my mobile service.</li> <li>• The mobile service I am currently using has a good reputation.</li> <li>• My mobile service meets my expectations.</li> <li>• The mobile service I am using is unique.</li> </ul>	Faircloth et al., (2001).
4	Service quality	<ul style="list-style-type: none"> <li>• My mobile service is of high quality.</li> <li>• It is likely that the mobile service I am using is very high quality.</li> <li>• It is likely that the mobile service is of very consistent quality.</li> <li>• It is likely that the mobile service offers excellent features.</li> </ul>	Chaudhuri and Holbrook, 2001
5	Perceived Price	<ul style="list-style-type: none"> <li>• I consider the company's pricing policy as fair.</li> <li>• I consider the company's pricing policy as ethical.</li> <li>• I consider the company's pricing policy as acceptable.</li> <li>• I paid a fair price for the mobile service I am using.</li> </ul>	Yoo, et al., (2000)
6	Trust	<ul style="list-style-type: none"> <li>• I trust on my mobile service.</li> <li>• I rely on my mobile service.</li> </ul>	Chaudhuri and Holbrook, 2001

		<ul style="list-style-type: none"> <li>• The mobile service I am currently using works on the principle of honesty.</li> <li>• My mobile service meets my expectations.</li> <li>• The mobile service I am using is safe.</li> </ul>	
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**Use of Human Subjects:**

Does your research involve the use of human subjects?

Yes			No.		√
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**Questionnaire:-**

I am the student of MSMarketing from UET Lahore and I am conducting research on impact of brand image, service quality and perceived price fairness on customer loyalty mediating effect of customer satisfaction: case study on telecommunication sector of Pakistan. The main purpose of this research is to identify the factors effecting customer loyalty taking customer satisfaction as a mediator.

**Section A:-**

**Demographic information**

- 1) What is your gender?  
a) Male      b) Female
- 2) At which age category you fall?  
a) Below 20    b) 20-30    c) 30-40    d) Above 40
- 3) What is your income level?  
a) Below 10000    b) 10000-20000    c) 30000-40000    d) Above 40000
- 4) What is your status?  
a) Student    b) Employed    c) Un employed    d) Self employed
- 5) Which mobile service you use?  
a) Mobilink    b) Telenor    c) Ufone    d) Warid    e) Zong

**Section B:**

- 6) My Mobile service would be my first choice.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 7) I consider myself to be loyal to my mobile service.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 8) I recommend this mobile service to someone who seeks my advice.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 9) I get good value for my money.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 10) I say positive things about my mobile service to other people.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 11) I consider the service I am using my first choice in the next few years.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 12) Overall I am satisfied with the specific experience I have so far with the mobile service I am using.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree.
- 13) I am satisfied with my decision to purchase from this mobile service.  
1. Strongly agree    2. Agree    3. Don't know    4. Disagree    5. Strongly disagree
- 14) This mobile service fulfilled my needs.

1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 15) I have emotional attachment with this mobile service.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 16) I am aware from my mobile service.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 17) I have good experience of my mobile service.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 18) The mobile service I am currently using has a good reputation.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 19) My mobile service meets my expectations.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 20) The mobile service I am using is unique.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 21) My mobile service is of high quality.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 22) It is likely that the mobile service I am using is very high quality.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 23) It is likely that the mobile service is of very consistent quality.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 24) It is likely that the mobile service offers excellent features.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 25) I consider the company's pricing policy as fair.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 26) I consider the company's pricing policy as ethical.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 27) I consider the company's pricing policy as acceptable.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 28) I paid a fair price for the mobile service I am using.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 29) I trust on my mobile service.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 30) I rely on my mobile service.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 31) The mobile service I am currently using works on the principle of honesty.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 32) My mobile service meets my expectations.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree
- 33) The mobile service I am using is safe.  
1. Strongly agree 2. Agree 3. Don't know 4. Disagree 5. Strongly disagree