

The Impact of Customer Churn Factors (CCF) on Customer's Loyalty: The Case of Telecommunication Service Providers in Egypt

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ABSTRACT

This article analyzes the impact of customer churn factors on improving the customer loyalty towards telecommunication service providers in Egypt. To accomplish this, a descriptive method is used. 1500 unique e-mails of customers of telecommunication service providers who have used telecommunication services of these providers were randomly selected. With a 25.6% response rate, the questionnaires were distributed through email and self-administered for data collection. Linear regression analysis was used on the responses. The results showed that there is a statistically significant relationship between customer churn factors and customer loyalty to improve factors and increase loyalty achievement to the telecommunication service providers in Egypt. The implications of the study are that the providers should better manage their relationships with the customers as a competitive policy in the telecommunication service marketplace. It can do that by customer churn management to decrease churn rate and increase customer loyalty.

KEYWORDS

Churn Rate, Customer Churn Management, Customer Churn, Loyalty, Telecommunication Service

1. INTRODUCTION

In today's digital world and highly competitive between company, customer churn factors is an important undertaking for each service provider to make long-term and profitable relationships with specific customers (Coussement & Poel, 2008; Ngai, Xiu, & Chau, 2009). The service providers in telecommunication industry suffer from attracting valuable customers with competitors; this is known as customer churn. Lately, there have been many changes in the telecoms industry, Such as, customer churn management for more profitable customers (Hung & Tsai, 2008).

In previous marketing studies (Coussement, Benoit & Van den Poel, 2010; Coussement & Van den Poel, 2008; Berson, Smith, & Thearling, 2000), the average frequency is The proportion of mobile operators are about 2% per month, which means 25% loss of their customer base within a year. For the customer, cancellation costs are relatively small, given the fierce competition in the market, which consists of providing similar services (in terms of price and quality) and offering discounts on phones and other accessories. At present, the price is no longer different, as many service providers tend to equalize each other's prices. The main difference became additional services. Therefore, for most mobile operators, the biggest challenge now is to switch from reactive to proactive; in other words, to retain customers before deciding to terminate their contract and identify those high risk

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customers (Slavescu, 2011). Therefore, the current research examines the relationship between customer churn factors and customer loyalty and how to improve the competitive position of the service provider as well.

1.1. Purpose of the Study

The objective is the desired level of attainment of any research or study or report (Mahtab, 2016), So the current study has specific objectives:

- To identify the impact of customer churn factors on customer loyalty.
- To identify the impact of customer churn management on decrease churn rate and increase loyalty.
- To identify the impact of integrated customer churn factors on loyalty.
- Discover ways in which to manage customer churn.
- Look for a solution that can increase consumer loyalty and prevent them to converting to competitors.

1.2. Problem Statement

In telecommunications service markets, customers may churn between the different providers in Search for best services and rates (Kiran Dahiya & Surbhi Bhatia, 2015). That is, the customer may subscribe to a service provider for some period of time for thereafter subscribe to another provider because the services offered by telecommunication service providers are very similar and easily imitated by competitors, especially in these rapid technological developments.

In this case, service providers can distinguish themselves on price and quality only. But in fact, competition on the basis of price and quality alone is not enough to retain the customer. Therefore, customer churn management is the way to maintain existing customers and to achieve their very important advantage in order to gain competitive advantage and continuity in this highly competitive environment. Therefore, the main strategy for telecom service providers should be to focus on retaining existing customers and attracting new customers. (Singh & Imran 2012) Singh and Imran (2012) calculate that on average, online retailers lose 25% of their customers every year, and a small gain in customer retention can increase earnings by more than 25%. Relationship marketing aims to create lifetime customers because when customers experience a relationship with a troupe, they are ready to forget any other competitors offer.

Customer loyalty is an important issue for the success of any telecommunication service provider, because it is recognized that drawing new customers is more expensive than maintaining existing ones, As explained above. Therefore, the main problem of the study revolves around the answer to the following question:

“How to keep service provider clients in the current fierce competition and achieve their loyalty through customer churn management”

2. LITERATURE REVIEW, CONCEPTUAL MODEL AND HYPOTHESES RELATIONSHIPS

2.1. Customers Churn and Customer Churn Factors

The term “customer churn” is used in the Information and Communication Technology (ICT) industry to refer to customers who are about to leave for a new competitor or terminate their subscription. Predicting this behavior is very important for the real life market and competition as well, and it is very important necessary to manage it, (Amjad Hudaib et al., 2015). The customer churn is closely related to the customer retention rate and loyalty, (Buckinx & Van den Poel, 2005). Churn is the process of converting customers to a less profitable product. With customer rates rising to 25% annually in some global markets, identifying and retaining potential customers remains the paramount international

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