Impact of Advertisement on Customer Satisfaction in Telecom Sector of Pakistan

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Abstract

The growing significance of telecommunications in the economy of a country encouraged many scholars to give more attention to this sector. It is believed that if customers connected to a particular network their extended relations with that network are more important for success of that company. According to recent research, television advertising is the most effective source for effective branding. The aim of this study is to examine impact of television advertisements on customer satisfaction and purchase intention in telecommunications sector of Pakistan. Data is collected using well-structured questionnaire distributed randomly among the telecommunication users and analyzed by SPSS 16 i.e. Multiple Regression model testing and Bootstrap Test for Multiple Mediation. In order to maximize the customer-base and to increase revenue of telecommunication companies in Pakistan, these companies should make investment to make attractive and rotated television advertisements with concurrent offers to stimulate customer’s information about products they are using. Television advertisements not only enhance brand awareness, promote brand image and increase customer satisfaction but also induce customer intention to purchase by providing complete information about products displayed in advertisements.

Keywords

Advertisements, Brand awareness, Brand image, Intention to purchase, Television advertisement

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1. Introduction

With the modern advancements in telecommunications technology, the usage of mobile phone devices has increased and number of mobile services providers has increased (Hayes, 2013). These service providers have now increased and customers using these services started to give feedback about services they have received. From 1990s, it has become essential for both developed and developing countries that they should focus on telecommunication industry for the economic developments which led to massive technological advancements, large number of mobile service providers and strong competition among them that has established. This in turn result in elimination of monopoly rights, which were mostly enjoyed by state-owned operators of public telecommunication networks. The growing significance of telecommunications sector in the economy of a country encouraged many academics to give more attention to this sector. The researchers focused specially on marketing strategies of telecommunication sector because it is normally believed that if customers attained and connected to a specific network service provider, their existence and long term relationships to the network are of most significance for the success of that network service provider.

Advertising has a great impact on our lives. Advertising now a day not only inform but also guide many of important decisions we take, not only care we take but whether we take innovative risks, select to live a healthy standard of living, plan ahead for retirement or contribute to donations. The ways in which advertising is influencing and shaping our lives are too many (Berger, 2001). In 2014, $545.40 billion spend on advertising media worldwide.

Traditional definitions of advertising contain a series of components that differentiate the field from others. With the passage of time invention come in communication which has been used for advertising and ultimately it changed the way of advertising, as a result components used in definition of advertising have changed. Over the years advertising has been defined in a number of ways. In textbooks Jobber (2004) has defined advertising as some compensated type of non-personal communication of ideas or products in some leading media such as television, press, posters, cinema and radio. All above mentioned definitions of advertising certainly contain certain characteristic of advertisements principles, but each of them does not have adequate accuracy so that it can discriminate from some other forms of speech.
Advertising is basically used, so that audience have the knowledge of the existence of a product or service and the type of wants of consumers the product can satisfy. Advertising is an integral part of marketing mix which also includes trade promotions, sales promotions, personal selling and sales management (Clow, 2001). The marketing communication process is used to display how advertising message transferred from sender to the receiver.

1.1 An Overview of the Telecom Sector of Pakistan: During the last decade, the most tremendous sector in the world is telecom sector with exceptional growth rate because of technological advancements and growing trend for smart phone usage. The telecom sector in Pakistan also flourished because of trade and investment liberalization, encouraging strategies and strong competition among telephone service providers. After the de-regulation and privatization of Pakistan Telecommunication Company Limited (PTCL), there is a quick growth in network coverage and subscriber base of telecom sector. Government of Pakistan also provides assistance through providing tax relief, reduced import duty and monitoring duties on import of mobile phones. According to Business Monitor International (BMI), during the period 2005-08 Pakistan is one of the most promising countries in the world for telecommunications. This perception is justified by some popular telecom giants such as China Mobile, Etisalat, Orascom, Singtel and Telenor. The Pakistan Telecommunication Authority is the main governing body for the telecom sector of Pakistan.

1.2 Objectives of the Study: The main purpose of the study is to investigate the impact of advertisement on customer satisfaction within telecommunications sector among people of Lahore in Pakistan. To investigate the relationship between advertisement and brand awareness in telecom sector among people of Pakistan. The study also discover the relationship between advertisement and brand image, the relationship between advertisement and customer satisfaction, the relationship between brand awareness and customer satisfaction, the relationship between brand image and customer satisfaction, the affiliation between customer satisfaction and intention to purchase in telecommunication sector of Pakistan.

1.3 Importance of Study: The progress of a country is highly dependent on telecommunication sector of that country. For the efficient growth of any economy information play an important role and it is also for making decisions in day to day life. The usage of various means of telecommunication has become an integral part of our society. If the products or services of telecom sector are well
advertised people will be able to choose better which item of telecom sector to use, this will benefit the economy of Pakistan because a huge amount of taxes are collected by the government through telecom sector. So this study can be helpful to the companies of other products of how to advertise their products. This study can be used to check the advertisement impact on customer satisfaction and intention to purchase.

1.4 Advertisements: In these days advertising is extensively used and it makes a noticeable interaction with consumers. Advertisements transfer purposeful and expressive values (DeChernatony, 2010) of brands and products to the consumers which in turn makes solid, constructive and distinctive relations of brands for consumers. An advertisement is a mixture of certain elements that are content or message to be sent, the implementation or the smartness of sending the specific message and the occurrence or repetition of advertisement to consumer and if all of these essentials are accurately managed the advertisement could be supposed to be the most effective instrument of communication (Batra, 1996). According to Russell and Lane (1996), there are numerous organizations who perceive that advertising is similar to magic because advertisement alter consumer attitude about product in market place. Advertisement influences people to use product at least once in their lives. In the view of Pughazhendi et al., (2012), in developing markets promoters use leading celebrities in advertisement to encourage their brand images.

1.5 Television Advertisement: Television has an influence on behavior and values of audiences and viewers such as in children. Advertisements through television are considered as an effective tool to build a strong brand (Anderson and Srinivasan, 2003). Like other parts of the world, viewing television is a major part of the Pakistan lifestyle and it connects the product to world. News, entertainment and advertising are dominantly done through televisions. A television advertisement is a short program usually created and paid by an organization. It transmits a message to the audience and promotes products and services. Its main purpose is to display and explain what the product is, what are its main characteristics? And what benefits it will provide? To convey these messages different forms of visual, verbal and nonverbal impressions are used. The time duration of an advertisement lies between a couple of seconds to a few minutes which depends on content and purpose of advertisement. The objective of television advertisement can range from raising recognition of the presence of a new product or a service to political advertising.
1.6 **Brand Image:** The brand image has been studied enormously in marketing literature history and consumer behavior research dating back to 1950s. It provides assistance to consumers in identifying products and distinguishes that organization’s product from its competitors in that industry. It is important for an organization to have a solid brand image because that image will differentiate organization’s product from its competitors’ product. Brand image deliver a strong, regular message and not just the name but also involves product colors, symbols, words, and slogan (Berry et al., 1988). If brand image of an organization is positive it is probably to be connected with brand preferred than non-preferred brands (Kwon, 1990).

Romaniuk and Sharp (2003) consider that image of a brand might originate from sources such as consumer experience, marketing communications, or world of mouth. Gordon (1993) says that brand image is consists of five different characteristics and these include user image, occasion image, product image, brand personality, and salience.

Today, advertising companies spend enormous amount of their incomes in advertising in different media such as television, radio, magazines but television is one of the predominant media for this purpose (Rice, 2001). Television is mostly supposed to have immense effects on spectators for a variety of reasons. To have a positive brand image is not only key dynamic force for physical products but it also has a vital role to play in service industries. Brand image was defined as the insights about a brand as revealed by the brand associations held in customer memory (Keller, 1995). An effective brand image allows consumers to recognize requirements that the brand fulfils and to discriminate the brand from its opponents, consequently increases the probability that consumers will buy the brand (Hsieh et al., 2004). Generally, image can help customer to process information, differentiate different brands, make reasons to purchase products, can generate positive feelings and provide basis for future purchases (David, 1991). Generating and sustaining image of brand is an essential part of firm’s advertising program (Roth, 1995). Brand image is an integral part of marketing. Brand image can be found as kind of informative hints which are used by customers to assure product quality, and ultimately cause customer buying behavior.
1.7 **Brand Awareness:** Brand awareness is considered as a significant component in customer behavior and in order to comprehend customer decision making process, brand awareness play a vital role. Brand name is a major signal to evaluate the quality of a product (Ku et al., 2012). Brand awareness is connected with the ability of a brand intersection in customer’s memory and indicated as consumer’s potential to recognize the brand within different circumstances or situations (Rossiter and Percy, 1987).

It is important that a brand should be involve in a set of thought of the consumer, the brand should also be easier and more noticeable to the consumers to consider of the brand as compared to other brands when he thought about the product category (Keller, 1993a). Furthermore, if there is no other related brands, consumers even then desire to purchase that brand which is well known and consumers are aware of it (Pae, 2002). It needs awareness to choose from a specified number of brands as it is first step to buy a product and without awareness there is no guarantee of sale, it may have a substantial influence on customer attentions of products and services at the time of making decisions to purchase (Konecnik and Gartner, 2007). In addition to that, it has an essential role when customers have to make new or uncertain decision, where their selections are limited to well-known or easily identified products (Jacobs and DeKlerk, 2007). If the information about product category is limited to consumers brand awareness is considered to be important while making decisions (Hsu et al., 2007).

Brand awareness has also significant impact on intention to purchase decision because customers are in the habit of buying identifiable and well known products (Macdonald and Sharp, 2000 and Keller, 1993). Brand awareness assists customers to identify and make buying decisions (Percy and Rossiter, 1992). It has a huge impact on choices and customer pay prior consideration in product category (Hoyer and Brown, 1990). If brand awareness of a product is high then it will also have higher market share, quality and ultimately customers will prefer this product over others (Dodds and Grewal, 1991 and Grewal et al., 1998).

1.8 **Customer Satisfaction:** Over three decades, customer satisfaction, as a construct, has been an essential element of marketing. It is considered that satisfaction of a customer is one of the important drivers of lengthy association between sellers and purchasers (Castillo and Benitez, 2013 and Lam et al., 2004). Satisfaction is a mental construct defining the personal emotional state that happens in reply to an assessment of a set of practices. Customer satisfaction state
the consumer’s emotional product or service assessment of the understandings attained after practice, consumption and possession of good or service (Wng and Zhou, 2006).

Most researchers take satisfaction as a post purchase and post consumption phenomena such as Oliver (1997) stated satisfaction as a customer’s post purchase assessment and affective reaction to the overall product or service understanding and Oliver (1997) and Zeithaml et al., (2011) taken satisfaction as customer’s realization feedback as a result of using product or service. In this study, we focused on pre purchase satisfaction of customer through watching television advertisements whether the customers are provided with complete information, whether there is any hidden information or not, whether the services offered are same as displayed on screens.

1.9 Intention to Purchase: Intention to purchase can be stated as the subjective judgment of the customers that is revealed after usual assessment to purchase products or services (Dodds and Grewal, 1991 and Javalgi et al., 2005). A number of meanings can be derived from the statement such as customer desire to purchase, customer intent to purchase in future or customer’s repurchasing decision.

Relationship between advertisements and purchase intention has been supported by previous studies. Baker and Churchill (1977) established a scale to measure usefulness of advertisement. (Kwek et al., (2010) found that purchase-intention to be one characteristic relating to rational behavior. Few scholars stated customer attention in purchasing to be a measure of purchase intention. Intentions and attitudes are different measures. Attitudes can be stated as summary assessments whereas intentions signify a person’s motivation in the sense of his sensible plan to apply effort to transmit out behavior. Purchase intention is the customer’s will to purchase brand and carry on its use.

It was found that attitude towards brand for both familiar and unfamiliar brand, have a significant part in influencing the customer’s purchase intention (Goldsmith et al., 2000). Numerous researches have also stated ad attitude as an intermediary of ad effects on brand attitude and purchase intention (Homer, 2006; Lee and Mason, 1999 and Sheinin et al., 2011). If ad inventiveness has constructive impacts on customer’s attitudes, it will affect purchase intention positively.
2. Theoretical Model

In this study, five variables are used. One is independent variable i.e. advertisements, three mediating variables i.e. brand awareness, brand image, customer satisfaction and one dependent variable i.e. intention to purchase.

![Diagram showing the theoretical model](image.png)

2.1 Hypothesis: Hypothesis is the main part of any study. The formation of hypothesis is very essential because this creates problem statement and entire research moves around this problem statement. This study examines the impact of advertisements on customer satisfaction within telecommunications in Pakistan.

H₁: Advertisement of the company has a positive and significant effect on brand awareness within telecommunications.

H₂: Advertisements of the company have a positive and significant effect on brand image through telecommunications.

H₃: Advertisements of the company have a positive and significant effect on customer satisfaction through telecommunications.

H₄: Brand awareness of the company has a positive and significant effect on customer satisfaction through telecommunications.

H₅: Brand image of the company has a positive and significant effect on customer satisfaction through telecommunications.

H₆: Customer satisfaction has a positive and significant effect on intention to purchase through telecommunications.
3. Methodology

Structured questionnaire was adopted for data collection. Advertisement and brand awareness scale adopted from Ravald (1996), brand image scale adopted from Aydin and Azer (2005), customer satisfaction scale adopted from Fornell (1992), intention to purchase scale adopted from Jalilvand and Samiei (2012). The existing study tried to concentrate the telecommunications companies in Lahore, Pakistan. And the target population of the study was users of telecommunications connections provided by five major companies in Pakistan and the data was collected from them. Advertisements of Mobilink, Telenor, Ufone, Warid, Zong and other networks are considered. Technique for collecting data is random sampling is used in this study.

3.1 Demographics of Respondents: The target population of the study was people of Pakistan living in Lahore and questionnaire was distributed among them. The response rate from respondents is very good of 96% which include 62% male respondents and 34% female respondents. The age category of most respondents was between 21 to 25 years which almost 48% of the respondents. The qualification of most of the respondents was graduation. Most of the respondents are students study in different institutions with percentage of 64%. Most of the respondents are using Warid telecom with highest percentage of 26% and lowest percentage of network connection is Mobilink with 15% according to this study.

4. Analysis and Results

First of all, we check the assumption testing of the study such as Skewness, Kurtosis, Linearity, and Homoscedasticity. The results of these tests fall within acceptable limits and after these assumption testing we check the reliability of the study, correlation, Multiple Regression and Bootstrap method for Multiple Mediation. The result of reliability shows that the overall reliability is .910 checked through SPSS 16 with factor wise reliability of Brand awareness, Brand image, Customer satisfaction and Intention to purchase .713, .719, .712, .718, and .710, respectively. This shows the consistency of results.

The Correlation Analysis of the study shows strong positive relationship among all the variables used in this study because Pearson’s value is close the 1 in all the variables. The correlation matrix also shows that there is also a significant correlation among variables because r value (2-tailed) is less than .05 which
means there is also significant relationship between variables. After finding the correlation between variables we move forward to find the Multiple Regressions.

The R² value is .617 which explains the variance in dependent variable because of independent variable in this case the independent variable explains 61.7% variance in dependent variable. In this study, F-value shows that Regression model is a good fit of the data. The result of coefficient table shows that there is a strong relationship between advertisement and brand awareness, advertisement and brand image, advertisement and customer satisfaction, brand awareness and customer satisfaction, brand image and customer satisfaction, customer satisfaction and intention to purchase. The first hypothesis is supported by Jolodar and Ansari (2011) and Rossiter and Percy (1987). Advertisements also has a strong positive impact on brand image of telecom sector of Pakistan with β = .309, t = 4.693 and p = 0.000, therefore it supports H₂ (Jolodar and Ansari, 2011). The advertisement also have a positive and strong relation with customer satisfaction with β = .173, t = 2.659 and p = 0.000 (Ha and Jang, 2009). The results also shows relationship between advertisements and intention to purchase with β = .147, t = 2.009 and p = 0.000. A number of studies show relationship between advertisements and intention to purchase.

Bootstrap Confidence Intervals are preferred over the Sobel Test because of unrealistic assumptions the Sobel Test makes about sampling distribution of the indirect effect.

4.1 Bootstrap Result for Indirect Effects: The output provides the 95% Bias Corrected Bootstrapped Confidence Interval. In this step, we see if Zero (0) lies within the Lower or Upper of the Confidence Interval range. Essentially, we looked whether it is possible that the True Indirect Effect would be Zero (basically, no mediation) with 95% level of Confidence Interval.

4.1.1 Total Effect: In this case, the True Total Indirect Effect is 95% likely to range from .4956 to .7019, the estimated effect is .6034 which lies between these two values. If as in this case zero does not occur between Lower and Upper Limit we can conclude that the Total Indirect Effect is significant.

4.1.2 Individual Mediator Indirect Effects: In this case, the True Indirect Effect via brand awareness is 95% likely to range from .0389 to .1827 but the estimated effect is .1038 which is lying between these two Upper and Lower limits. If zero does not occur between Lower and Upper limit then we can conclude that the Indirect Effect for the brand awareness is significant at 95% Confidence Interval.
Looking at the remaining Mediators i.e. brand image and customer satisfaction, we can see that both of these two do not have zero between Lower and Upper limit therefore, we can conclude that the True Indirect Effect for brand image and customer satisfaction is also significant.

4.1.3 Interpretation: Finally, we can conclude that brand awareness, brand image and customer satisfaction mediates the effect of advertisement on intention to purchase within telecommunications sector.

5. Conclusion and Discussion

This study has found that advertisement have a significant influence towards the intention to purchase (mediating variable as well as brand awareness and brand image, customer satisfaction) within the telecommunications in Pakistan where the findings provide support to the argument that advertisement influence the customer satisfaction and intention to purchase within telecommunications sector of Pakistan.

Results of the study indicate that televisions advertisements not only enhance brand awareness and promote positive brand image of the telecommunication company but can also induce audience intention to purchase by satisfying and providing information through television advertisements.

In order to maximize the customer base and to increase their revenues the telecommunications companies in Pakistan should make investment to make attractive television advertisements. These advertising messages should be rotated from time to time and latest offers should be shown on television screens so, that customers have complete information about their products they are using. These advertisements not only help to retain existing customers and to attract new customers but also have positive impact on brand awareness and promote brand image of the company by satisfying them audience through television advertising messages. It is also recommended that telecommunications companies should also adopt other forms of advertising media. These can also be valuable to enhance brand awareness and to promote positive brand image of the company. Hence, all the hypotheses of the study are accepted.

The implications of the study can include as television advertisements can influence customer’s decision to purchase the product of company. If the customers are satisfied with the usage of that product they will have positive
attitude towards the company and would communicate positive word of mouth. The referrals, in turn, can result more customers’ decision to purchase company products. This study will provide understanding of flourishing telecommunication sector of Pakistan. It will be valuable resource for telecommunication companies in setting up marketing strategies and to assist them to make appropriate decisions so that they can be successful and increase their profitability. This study will contribute to consumer behavior and marketing communication because television advertisements have access to large number of people. It can attract the attention of large audience, therefore, it is important for advertisers to make such television advertisements that are attractive to viewers and induce them to purchase because it can not only increase the company revenue but also increase awareness and image of the company.

The limitation of the study can include time and cost constraint because of time and cost constraint data was collected from limited geographic boundaries. So reliability, generalizability and validity of results are limited. This study uses questionnaire to collect data any other form of data collection may have different results. The results of the study may not be generalizable to any other sector of the country. Small size of data collection was used because it is an unfunded research. The sample was selected as random sampling and other techniques of sampling may have different results. This study focused just advertisements through television.

Future studies may motivate researchers to develop effective plans on improving level of advertisements not only in Lahore but also other cities of Pakistan. Further studies can be conducted by investigating the factors that affect satisfaction and loyalty. Studies in future can be conducted by investigating other variables related to intention to purchase such as reasonable pricing, discounts, user friendly packages, call quality and customer care etc. There is no doubt that advertisement influence the behavior of customers but it is recommended that customer satisfaction after buying the product the researchers must be studied.
Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin Watson</th>
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<tbody>
<tr>
<td>1</td>
<td>.785 *</td>
<td>.617</td>
<td>.610</td>
<td>.54219</td>
<td>1.680</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Brand Image, Brand Awareness, Customer Satisfaction, Intention to purchase
b. Dependent Variable: Advertisement

Table 2: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<tr>
<td>Regression</td>
<td>111.278</td>
<td>4</td>
<td>27.819</td>
<td>94.630</td>
<td>.000 *</td>
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<tr>
<td>Residual</td>
<td>69.084</td>
<td>235</td>
<td>.294</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>180.360</td>
<td>239</td>
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<td></td>
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</table>

a. Predictors: (Constant), Brand Image, Brand Awareness, Customer Satisfaction, intention to purchase
b. Dependent Variable: Advertisement

Table 3: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
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<th>Sig.</th>
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<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
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<tr>
<td>1 (Constant)</td>
<td>.292</td>
<td>.163</td>
<td></td>
<td>1.785</td>
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<tr>
<td>Brand Awareness</td>
<td>.234</td>
<td>.069</td>
<td>.205</td>
<td>3.406</td>
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<tr>
<td>Brand Image</td>
<td>.309</td>
<td>.066</td>
<td>.351</td>
<td>4.693</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>.173</td>
<td>.065</td>
<td>.172</td>
<td>2.659</td>
</tr>
<tr>
<td>Intention to Purchase</td>
<td>.147</td>
<td>.073</td>
<td>.151</td>
<td>2.009</td>
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</tbody>
</table>

a. Dependent Variable: Advertisement

Table 4: Indirect Effects of Independent Variable on Dependent Variable through Proposed Mediators (ab paths)

<table>
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<tr>
<th>Data</th>
<th>Boot</th>
<th>Bias</th>
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<tr>
<td>TOTAL</td>
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<td>-.0014</td>
<td>.0530</td>
</tr>
<tr>
<td>BA</td>
<td>.1035</td>
<td>.0002</td>
<td>.0368</td>
</tr>
<tr>
<td>BI</td>
<td>.3149</td>
<td>.0001</td>
<td>.0577</td>
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<tr>
<td>CS</td>
<td>.1865</td>
<td>-.0018</td>
<td>.0405</td>
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Table 5: Bias Corrected Confidence Intervals

<table>
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<th>Lower</th>
<th>Upper</th>
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<tbody>
<tr>
<td>TOTAL</td>
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</tr>
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<td>.0389</td>
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<td>BI</td>
<td>.2102</td>
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<td>CS</td>
<td>.1118</td>
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Level of Confidence for Confidence Intervals: 95 and Number of Bootstrap Re-samples: 1000
References


