

ABSTRACT

This thesis will analyze marketing activities on the example of Kazakhstan's company such as JSC "Kcell". It will examine current marketing policies and market where company is mainly operating. Thesis will result on the suggestions directed toward increased efficiency of key marketing activities. The target interested group assumed to be: top management of the companies operating in same industry and academic researches conducting research in this area.

Analysis will be focused on the level of customer's satisfaction and loyalty of customers. In the analysis of this thesis were interviewed with a questionnaire with questions on the topic of customer satisfaction and loyalty, to determine the cause of decline in the level of satisfaction of "Kcell" for 2012. Based on the results of analysis were made recommendations to improve the efficiency marketing company.

Keywords: Marketing; Customer; Satisfaction; Loyalty; "Kcell"

ÖZ

Bu tez Kazakistan örneğini kullanarak JSC “Kcell” gibi firmaların pazarlama analizini yapmaktadır. Çalışma, güncel pazarlama politikalarını ve piyasayı şirketin esas olarak faaliyet gösterdiği yerde incelemektedir. Tez, artan verimlilik konusundaki önerilere doğru yönelmiştir. Hedeflenen ana grup yüksek yönetim olup, aynı endistrülerde faaliyet gösteren firmalardır ve bununla ilgili akademik çalışmalar bu alanda yapılmıştır. Analiz, müşteri memnuniyeti ve onların bağlılığı üzerinde durmaktadır. Çalışmanın analizi yapılırken konuya ilişkin hazırlanan anketler kullanılarak müşteri memnuniyeti ve bağlılık üzerine yapılan röportajlar “Kcell” in 2012 yılı içerisinde. Ortaya çıkan sonuçlara dayanarak verimliliğin gelişmesi için tavsiyelerde bulunulmuştur.

Anahtar Kelimeler: Pazarlama, Müşteri, Memnuniyeti, Sadakat, "Kcell"

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To my lovely mom and dad

Thank you

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LIST OF ABBREVIATIONS

| | |
|------|--|
| GSM | Global System of Mobile Communication |
| JSC | Joint Stock Company |
| CEO | Chief Executive Officer |
| UMTS | Universal Mobile Telecommunication System |
| CDMA | Code Division Multiple Access |
| OJSC | Open Joint Stock Company |
| LLP | Limited Liability Partnership |
| EDGE | Enhanced Data rates for GSM Evolution |
| WAP | Wireless Application Protocol |
| MMS | Multimedia Messaging Service |
| SMS | Short Messaging Service |
| OSCE | Organisation for Security and Co-operation in Europe |
| EPSI | The European Stakeholder Satisfaction Index |
| ASCI | American Consumer Satisfaction Index |
| DJIA | Dow Jones Industrial Average |
| SM | Service Marketing |

Chapter 1

INTRODUCTION

“The small difference between merely satisfied and completely satisfied consumer can destroy a company”.

The thesis focuses on marketing and how will be allow to enhance effectiveness of marketing in company throw the satisfaction of customer and loyalty for product or service. So the main aspect of good marketing I would do for customer’s satisfaction. Leaders of modern enterprises of Kazakhstan should not only study the concept of marketing, but also be able to use it; this is how we can improve the effectiveness of marketing of the company.

Marketing is one of the most important kinds of economic and social activity. The purpose of marketing – is improving the quality of products and services, improving their acquisition, which will lead to increased quality of life.

Professor Philip Kotler (2007) said that: “Marketing is more than just the movement of goods and services to market. With the help of marketing forces companies to do what is necessary to the consumer. Marketing two-way process, which are based on the relationship between the productive forces and the consumer.”

Marketing activities, its state at a particular company is relevant today because the process of marketing means a system of different activities that, after analysis allow you to choose the best option of financial and business development of the company as a

whole. The modern concept of a marketing strategy is to ensure that all activities of the company are based on knowledge of consumer demand and changes in perspective. Moreover, one of the goals of marketing is to identify unsatisfied customer needs, to guide production to meet these requests. Marketing system puts the production of goods in the functional dependence of the requests and demands to produce goods in the variety and quantity, the customer needs. That's why marketing is the set of existing methods for the study of markets, everything else is focusing its efforts on the creation of effective marketing channels and an integrated advertising campaigns.

The purpose of the master's thesis is to determine the way, may increase the effectiveness of marketing activities of the company, as an example JSC "Kcell". Increased marketing by the loyalty and satisfaction of users of the services and products of cellular operator. Aim of this thesis is find out how costumers of JSC "Kcell" refer to brand and which level of satisfaction and loyalty is. Because if there are would be dissatisfaction and low barrier to switch product or service for other and customer is not stay and remain with company's product or service, marketing management department of this firm has problem and there is not perfect work in customer service department. "Kcell" has some decreasing in level of satisfaction of customers in 2012 year, it is known from article of EPSI-rating which concluded that Kcell has problem with satisfaction of price. Cause customer prefers other mobile provider "Beeline" and new one "Tele2" than "Kcell". However "Kcell" has the highest level of customer satisfaction and loyalty than other mobile operators in Kazakhstan, even with a decrease in these levels in 2012. There is applying questionnaire in survey to find out satisfaction level of customers and loyalty level in this thesis. Because "Beeline" and "Tele2" have

less customer amount and were less time in Kazakhstan's market, consequently have less market share. And with the pace "Kcell" lose its position in the market.

Proceeding from the above, the master's thesis topic is relevant.

According to the purpose of this paper identified the following problem, the solution of which is planned during the writing of this work:

1. Consider information about company in common and argued that there are some problem with satisfaction of consumer and loyalty in mobile providers are in Kazakhstan.

2. Examine the theoretical and methodological framework for the assessment of marketing activities, through the study of the features of marketing activities;

3. Consider a methodology to assess the effectiveness of marketing;

4. To evaluate the effectiveness of marketing activities AO «Kcell» with the analysis, evaluation of the role of marketing in the company, analyzing the effectiveness of marketing decisions, consumer insight;

5. Develop recommendations to improve the effectiveness of marketing activity of JSC «Kcell».

The object of research conducted in this paper is selected JSC «Kcell», one of the leading mobile operators in Kazakhstan. For fifteen years, the company has established itself on the market as a stable supplier of quality telecommunication services with a high level of maintenance, which will increase the number of customers.

The practical significance of the work is the ability to use the results of research carried out in the work and recommendations made to improve the effectiveness of marketing service into practice in a real company.

In modern literature in detail highlighted the problem of improving the efficiency of marketing at the company.

The scientific novelty of this work lies in the fact that in the literature is not affected by the increase in efficiency of marketing activities in enterprises which industries are telecommunications and information technology.

Chapter 2

BACKGROUND REVIEW

2.1 Kcell One Part of a Large Holding Company TeliaSonera

Mobile phone communication is carried out in Kazakhstan formats GSM, UMTS and CDMA. In the format of GSM and UMTS operates one of the cellular operators JSC "Kcell" (LLP «GSM Kazakhstan»). "Kazakhtelecom" (49%), in collaboration with "Fintur Holdings BV (Finland, Turkey, Sweden)" (51%) founded the company "GSM Kazakhstan" September 30, 1998.

Joint Stock Company "Kcell" is the successor of "GSM Kazakhstan OJSC" Kazakhtelecom ". According to the decision of the General Meeting of the company "GSM Kazakhstan OJSC "Kazakhtelecom" reorganized into a joint stock company by converting the legal form of a limited liability company. Company Name - "GSM Kazakhstan OJSC "Kazakhtelecom"- changed to Joint Stock Company" Kcell ", August 27, 2012.¹

JSC "Kcell" is part of the largest Nordic telecommunications company "TeliaSonera". "TeliaSonera" has completed the first phase of the transaction to increase its stake in the LLP «GSM Kazakhstan", offers mobile services under the brand "Kcell". As announced in 2012, "TeliaSonera" acquired a stake of 49% in JSC "Kazakhtelecom". Following regulatory approval," TeliaSonera" has acquired a stake of 49% in JSC "Kazakhtelecom" for USD 1,519 billion, in line with previous statements. After

completion of the first phase of the transaction, LLP «GSM Kazakhstan" belongs "FinTur" Holdings which has share 51% and of TeliaSonera has the proportion of 49%. "FinTur" Holdings BV, in turn, is owned by "TeliaSonera" (58.55% share) and Turkcell (41, 45%). After the completion of both phases of the transaction effective participation of "TeliaSonera" in "Kcell" will be 61.74%.²

JSC "Kcell" is a mobile operator providing services in the standard GSM-900/1800 and UMTS / WCDMA (2100 MHz). One of the main missions of the company is bringing the maximum value to its customers and providing the highest quality services to make mobile communication available to all citizens of Kazakhstan.

At present, the company's subscriber base is 11.6 million. Under the brand name "Kcell" February 6th 1999, the company started provides their cellular services even though it was only founded in 1998, and in September the 9th 1999 was released to the market cellular brand "Activ". Already in 2000 the company's share in the market of Kazakhstan composes 70%. In 2001, the company decided to invest \$ 30 million in network development. Since its start, the JSC "Kcell" acts as a trend setter that sets the tone and direction of trends in the cellular market of Kazakhstan. Thanks to the active actions of the Company in the Kazakh mobile market in 2004 "Kcell" presented a high-speed data transfer technology EDGE, and millions of subscribers have the opportunity to use services such as Mobile Internet, WAP, and MMS across the country.

After the company introduced the technology exam, with "Kcell" did it first in Kazakhstan, member opened up the possibility of using mobile Internet via cell phone easy and comfortable. From the very beginning of its existence "Kcell" was always the

first in the discovery and introduction of new technologies in Kazakhstan. The company has a good reputation in the market of mobile operators in Kazakhstan.

The company was selected as the primary provider of mobile services and 3G mobile internet during the OSCE summit in December 2010, and the company has become the only mobile operator in Kazakhstan, which has been selected to supply telecommunications services during the VII Winter Asian Games on criteria such both quality and reliability, as well as the best service provider of corporate communications. “Kcell” began active development of the 3G network in November 2010 and is now a network of third-generation mobile communications is available in 75 settlements of Kazakhstan.¹

For the past 13 years on the market, the company is constantly expanding the coverage of the network signal.

As of June 2012 cellular communication provided by the Company is available in 4979 towns and cities in Kazakhstan. The company provides cellular services all towns with a population of 5,000 people.

Over the years “Kcell” implementing the principles of social responsibility, and building a role model of socially responsible business in Kazakhstan. Therefore, the company initiates and supports many socially important projects. Annually supports about 50 social programs and the total amount of investment in the social sector for all the work the company has exceeded 2 billion tenge (National currency of Kazakhstan).

In addition to Kazakhstan, “TeliaSonera” together with its subsidiaries, serves 80.1 million customers in Sweden, Finland, Norway, Denmark, and the Baltic countries, Turkey, Georgia, Azerbaijan, Russia, Moldova and other CIS countries.

In Azerbaijan, “Teliasonera” owned mobile operator “Azercell”. In Georgia in 2007, “Teliasonera” owns 58.55% of the company “Geocell”, and “Turkcell” holds the remaining 41.45%. In Lithuania, “Teliasonera” owns 88.15% stake in mobile operator “TEO LT”. “Teliasonera” owns 74% of “FinTur” Holdings BV, which holds 99% of shares of JSC «Moldcell» - one of the two leading mobile operators in Moldova.

“Teliasonera” is also in Russia has its own fiber-optic network that runs from the border with Finland to Moscow. The main point of joining “Teliasonera” located in Moscow, St. Petersburg, Tver and Kostamuksha. Basic services (providing subsidiary CJSC "Teliasonera" International Carrier Russia" with 100% of the parent company):

- Lease of international communication channels (up to 40 GBit / s ;)
- IP connect,
- IP transit,
- Media Connect.

Also in Russia, “Teliasonera” owns 25.17% of the cellular operator "MegaFon". In Tajikistan, “Teliasonera” owns an 80% [citation needed 962 days] mobile operator CJSC "Indigo Tajikistan" and CJSC JV "Somoncom" providing cellular services under the brand name “TCell”. In Uzbekistan, “Teliasonera” owns 94% of the cellular operator “SP OOO Coscom”, which provides cellular services under the brand name “Ucell”. “Teliasonera” is growing up by worldwide and become very big holding.

¹Official web-sites of Kcell

²Information based by article in web-site www.profit.kz

2.1 EPSI Rating: Satisfaction of Mobile Phones in Kazakhstan

The survey results show EPSI Rating (independent project on the measurement of the Pan-European Customer Satisfaction Index), customer satisfaction with the performance of mobile operators in Kazakhstan in 2012, as the level of trust customers have not changed compared to last year. In the study, data collection, to which was held in September-October, about 1,250 subscribers in Kazakhstan appreciated the quality of their mobile operator for the past 12 months. The survey was conducted via telephone interviews by an independent Kazakh contact center under the supervision of EPSI and in accordance with European standards EPSI Rating.¹

Data were analyzed for major brands with the greatest share of the market and taking into account the dynamics of the past. In the current year, to analyze separately allocated GSM-third cellular operator in Kazakhstan - «Tele2 Kazakhstan." As a result, the rating includes brands "Kcell", "Activ", "Beeline", "Tele2", as well as a group of "Others". The group "Other" responses were recipients of such operators, as "Dalacom" and "Pathword".

The conclusions are made about the dynamics within the error of measurement, since the values of the indices have some variation. On average for the industry measurement error was 2 points and not significantly different from brand to brand, which indicates a uniform perception of the mobile operators in Kazakhstan in 2012.

Customer satisfaction in the industry has not changed. The people of Kazakhstan have ceased to see significant differences in the quality of the work of leading mobile operators. "Kcell" and "Activ" retained leadership in quality of service.

The average satisfaction index of consumer mobile operators in Kazakhstan over the past year was 77.2 points, or 0.5% lower than in 2011. Subscribers in the current year are equally appreciated the quality of work of all three leading brands: “Kcell”, “Activ” and “Beeline”. The indices of consumer satisfaction differ by no more than 1 point. So, the users on the basis of measurements “Kcell” this year rated their satisfaction score of 77.9 (a slight decline, but with the error code has not changed), consumers “Activ” - 77.8 points (slight decline), consumers “Beeline” - 77.1 points (a slight increase, but given the uncertainty study authors also note that the index has not changed). As a result, the study authors concluded that none of the cellular operator in Kazakhstan is no longer a strategic advantage may give for the further retention of subscribers; consumers alike consider proposals from leading brands and often look for an alternative or use the services at the same time from different operators.

Table 2.1. Data of Index of Satisfaction and Changing in One Year

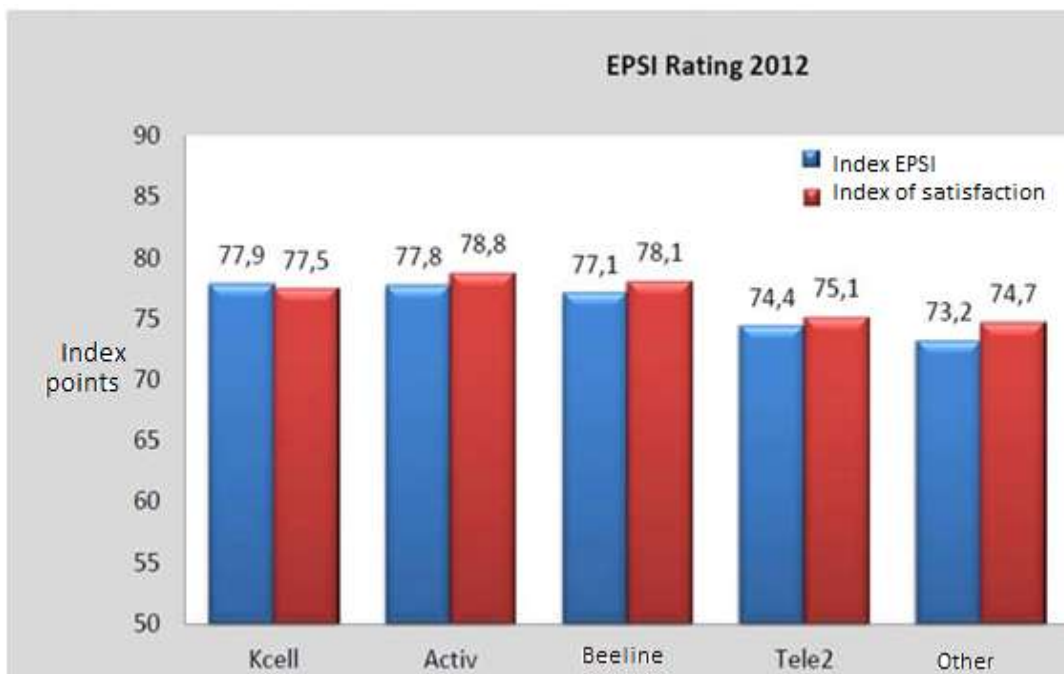
| Brand | Index of Satisfaction (EPSI) | Changing by 2011 year, %* |
|--------------|---------------------------------|---------------------------|
| Kcell | 77.9 | -1.5 |
| Activ | 77.8 | -3.5 |
| Beeline | 77.1 | +2.0 |
| Tele2 | 74.4 | --- |
| Others | 73.2 | -0.7 |

Over the past year, the Kazakh mobile consumers do not notice any programs, activities and operations of mobile operators, which could materially affect their satisfaction. The index of consumer satisfaction of the new telecom operator “Tele2”, which was separately included in the EPSI Rating this year, below the industry average and amounted to 74.4 points.

Customer satisfaction is of the "Other" was unchanged at 73.2 points, which is 0.7% lower than the index of the previous year. High satisfaction determines the loyalty of consumers. Switching barriers is almost gone.

This year, the steady downward trend switching barriers for consumers remains dominant. In an industry desire to retain the services of cellular communication determines virtually only how consumers are satisfied with their operator. If satisfaction is falling, it is having a serious impact on customer loyalty, and ultimately, on the future financial performance and health of the company and vice versa. On this basis, in 2012, the study authors observed that the absence of changes in consumer satisfaction affected by the absence of changes in customer loyalty. The median loyalty industry remained virtually unchanged (down 0.9%, which is within the measurement error), and remained at the level of 77.9 points.

¹EPSI-rating's research about customer's satisfaction level of mobile services in Kazakhstan



Graph 2.1. The Index of Customer Satisfaction and Loyalty Provider.

The slight decline in customer loyalty has been fixed at the brand “Kcell” and “Activ”. “Beeline” and loyalty index of "Other" has not changed. Index of loyalty to the brand “Tele2” is below the average level and is 75.1 points.

"The task of the mobile operators in Kazakhstan at the moment is to listen to its customers, to allocate their priorities and use them to increase the index of satisfaction of their customers. If a company is able to achieve the level of satisfaction is higher than its competitors, it will increase customer loyalty and financial performance in the future. Consumers expect their action operators in improving the quality of products and services ", - commented on the results Kosobokov Alexander, CEO of EPSI in Russia and the CIS.

Reputation of cellular companies has changed for the better. Expectations are gradually declining. Consumers are waiting.

The analysis of relationships consumers experience with the mobile operator are five aspects of satisfaction - the image, the quality of the product, consumers' expectations of the company, quality of service and price / performance ratio (value for money). In-depth analysis of data in 2012 the industry average shows that consumers do not feel any significant change in quality between operators over the past year. Consumers have noted a slight increase in power of mobile operators in the market. The index returned to the position in 2010 after a slight decline in the previous year.

2.3 Theoretical Basis of the Effectiveness of Marketing Activities

Marketing philosophy is quite simple: the manufacturer must produce such products, which are provided in advance sales, and company getting the desired level of profitability and the mass of profit. Here specialties role for the consumer.

The marketing activities of the company aims to be reasonably based on market needs, establish specific current and mostly long-term (strategic) goals and ways to achieve them, and the real sources of resources, economic activities, identify the range and quality of products, its priorities, the optimal structure of production and desired profit. In other words, the manufacturer is designed to produce a product that will sell, will make a profit. And it needs to study the social and individual needs, market demands as a necessary precondition for production. Therefore, all the deeper the understanding that the production does not begin with the exchange, it starts from consumption. This concept is embodied in marketing (Porter,1988).

It is a comprehensive study of demand, needs and their integration in order to more properly oriented production and constitute the primary purpose of marketing activities in the management of the production process.

The study of the demand - it is simply not enough demand for accurate identification of specific products and services that meet the specific needs, but also the formation of this demand, anticipating the direction in which it will change under the influence of scientific and technological progress, increased purchasing power requirements for quality and reliability products, etc (Kotler & Keller, 2009).

Marketing activity - an activity primarily focused on the future. There are interests of consumers and of producers. There are specific techniques uses in firms in the implementation of current and future marketing activities.

The whole process of management can be divided into several components, or steps, interconnected, the design of which ensures the efficiency of the overall process.

The analysis is the first step in any management activities. Within its framework is collecting the information, its processing, classification, classification, storage, and analysis for management purposes. The problem is divided into many separate parts, on the identification of possible interdependencies and relationships between them, is recognized by the entire set of causes and effects are determined by patterns of occurrence and the existence of the system. The analytical performance of any manager should seek to flesh out the challenges facing it by treating the largest possible number of related information (Kotler & Keller, 2009).

Implementation of the analysis function requires training, so it is inappropriate to perform personal manager. Also in analytical work is necessary to pay special attention to the contradictions and ways of solving them; trends, the most effective ways to preserve the unity and development of the organization, opposition to internal and external influences, and priorities among the factors of influence, etc.

The most widely used methods of analysis - a method of interrogation (focused on obtaining information from the direct participants studied processes and phenomenon), the method of observation (implying a sufficiently extended data collection, carried out simultaneously with the development of the investigated phenomenon) and the method of the experiment (based on checking the viability of the investigated phenomenon) (Kotler & Keller, 2009).

Information obtained as a result of processing by analysts, is the basis for the development of management forecasts. Prediction itself is focused on the prediction of the future and the development of science-based predictions that are, in turn, alternatives for management decision (Kotler & Keller, 2009).

Management prediction is based on several principles. It is necessary to develop under every possible problem a version of the forecast, we need continuous updating forecasts as new and existing information processing, all the predictions have been confirmed true path; also necessary to ensure that the economic effect of the use of forecasts exceed the cost of its development and consistent use different types of weather while developing a realistic forecast models. There are five basic principles of forecasting, respectively: variation, continuity, verification, cost-effectiveness, consistency.

Development forecasts involve six steps:

- 1) Development of goals and objectives of the prediction, the choice of methods and means of implementation, identification of ways;
- 2) Construction of basic and alternative models of the projected object;
- 3) Data-looking background;

- 4) Building a dynamic series of indicators to monitor progress towards the intended object model;
- 5) Evaluation of the reliability and accuracy of the forecasts;
- 6) Development of practical recommendations.

The content of planning as a management function is to determine the main directions of reasonable proportions and development activities with regard to external and internal factors. The essence of planning is manifested in a more focused development of the whole company and each department in particular for a set period of time, the definition of objectives, means to achieve them, the timing and sequence of implementation, identification of material, human and financial resources necessary for the task (Kotler & Keller, 2009).

The level and quality of planning are defined by the following essential conditions: the firm's competence at all levels of government; qualified professionals working in functional areas, the presence of the knowledge base and support of computer technology. In the exercise of this function is assumed:

- based selection purposes;
- definition of politics;
- the development of measures and activities (course of action);
- methods to achieve the objectives;
- Provide a basis for subsequent long-term solutions.

All of these actions come to an end before the implementation of the plan and are, thus, representing the initial phase of management; though it is not the only act but a process that continues until the completion of the planned complex operations. They aim

to optimize the potential of the company, including the best use of all resources and the prevention of erroneous action that could reduce the effectiveness of the company.

Planning involves identifying:

- Final and intermediate objectives;
- Problems whose solution is required for the purposes of solutions;
- Ways and means to address them;
- Required resources and their sources and distribution process.
- Depending on the direction and nature of the problems to be solved are

three types of planning:

- Strategic or perspective;
- Medium;
- Tactical or the current (budget).

Strategic planning is mainly in the allocation of the main goals of the company and is focused on the definition of planned outcomes within the means and ways to achieve these goals and provide the necessary resources. At the same time as new features are developed firm, for example, the expansion of production capacity by building new plants or the purchase of equipment, changes in the profile of the enterprise or a radical change in technology. The strategic plan covers a period of 10-15 years old, has long-term consequences, affects the functioning of the entire management system and is based on the huge resources (Kotler & Keller, 2009).

Current planning is to identify the milestones on the way to achieve the strategic goals and objectives. At that elaborates the means and ways of doing things, the use of resources, and the introduction of new technology. Thus current plans to supplement

develop correct perspective directions of development taking into account the specific situation.

Chapter 3

LITERATURE REVIEW

3.1 The Effectiveness of Marketing Activities

“Grandiose inventions made in the laboratory, great products are created in the marketing department”. (William H. Davidou)

Under the marketing refers to a system in-house management, which aims to study and consideration of demand and market demands for a more reasonable orientation of production activities of enterprises on production of competitive products in predetermined amounts and meet certain technical and economic characteristics (Doroshev, 2000).

The customer places its own demands to the product, its technical and economic characteristics, quantity, terms of delivery (primarily machinery and equipment), and thus a prerequisite for market allocation between the manufacturers (Kotler, 2010). There is enhancing of importance of competition, and the struggle for the consumer. This forces manufacturers to carefully and thoroughly study the specific needs of potential customers and the market, which places high demands on the quality and competitiveness of products (Naumann, 2003).

An important feature of marketing as a management activity consists in the fact that it involves making decisions on the basis of multivariate economic calculations using computer technology and is focused on creating organizational, economic and legal

conditions for the effective operation and development of the company as a whole. So are essential to develop and make informed decisions on specific marketing activities (Doroshev, 2000).

Marketing includes the implementation of marketing policy, involving the definition channels and marketing techniques for each specific type of product and the specific market; calculus of possible costs for the marketing, advertising costs, transportation and delivery of goods (Hunt, 1977).

The term "effectiveness" may be considered in two aspects:

1. Efficiency, in other words returns, profitability (efficiency), as the final feature of an activity as a whole, the performance of its individual functions. This feature includes the effect of determining the extent to which a particular purpose, referred to the cost of achieving them. Solution is more efficient in the larger the objectives and downward cost of implementation (Kotler, 2000).

2. Effectiveness as a characteristic of the effectiveness, efficiency (effectiveness) of an activity without reference to the results obtained with the resources invested. In this case, it describes the first choice of the right targets for action, without which from the standpoint of the first treatment can be provided to achieve high efficiency of the wrong targets. In this case, under the influence of effectiveness of actions taken to realize the extent to which the results of their tasks to achieve a particular goal or set of goals (expected results) (Kotler, 2000).

Most modern authors examine the effectiveness of marketing as a ratio of output indicators of marketing activities (sales, profits, market share) to the cost of marketing (Gerchikova, 2000). These endpoints also characterize the performance of the

organization as a whole, to identify where the share of marketing enough) difficult. In addition, it is necessary to evaluate the effectiveness of marketing strategy for the period of time rather than on the results of ongoing activities, the good results of which can be attributed to favorable circumstances, and not the result of effective marketing services (Dihtl & Hershgen, 1995).

A more detailed approach to assessing the effectiveness of individual components of marketing activities should be viewed in the context of individual marketing functions. In most cases it is easier to do than to evaluate the efficacy of marketing in general. Objectives of this assessment are summarized below (Malkov, 2007).

1. The effectiveness of pre-planning analysis:

- Market research;
- Segmentation, positioning and selection of target markets.

Evaluation of these functions and presented below for the ultimate effectiveness of marketing through specific quantitative calculations are unlikely to be possible. This is due primarily to the fact that in addition to the final performance of the functions affected by many other factors. As a result, a qualitative assessment of the effectiveness of the marketing of these functions can be performed in an audit of marketing (Malkov, 2007).

2. The effectiveness of planning:

Evaluating the effectiveness of the development of all types of marketing plans (strategic, ongoing, in the context of individual markets, products) can be qualitatively the behavior of the audit carried out by marketing.

Determination of the effectiveness of product produced and policies concerning new products and their environment (product brand, service level, packaging, etc.). In the implementation of the strategic monitoring the effectiveness of the individual products are used indicators such as profit, revenue, market share. Although, of course, for these figures also affects the effectiveness and performance of other marketing functions. Evaluating the effectiveness of the product brand is based on the determination of its effect on the increase in value of intangible assets.

Measuring of the effectiveness of pricing policy. In the implementation of strategic control is used a qualitative assessment (Malkov, 2007).

Evaluating the effectiveness of channels of goods are usually carried out by determining the amount of profit (income) that results in a given channel, taking into account the cost of building the canal and its functioning.

Rate separate methods of promotion, by the end results, sales growth is extremely difficult. Therefore there is often used specific (relative) assessment, when the cost of the implementation of a method of promotion is one of the contacts (calls, visits, letters, responses, etc.) consumers (Malkov, 2007). Thus, the most effective method of promotion (per one contact) is advertising through the media (though in absolute terms - is the most expensive method of promotion), and the most ineffective - a personal visit marketer. Evaluating the effectiveness of methods of promotion includes an assessment of the effectiveness of:

- advertising;
- promote sales;
- personal (individual) sales;
- Public Affairs.

3. The effectiveness of the marketing organization (Malkov, 2007):

- the effectiveness of the organizational structure of marketing management;
- the efficient allocation of tasks, responsibilities and rights in the service of marketing;
- the effectiveness of marketing interaction with other parts of the organization.

4. The effectiveness of the motivation of managers and employees of the marketing and sales staff.

Most simply make an assessment of the effectiveness of personnel directly engaged in sales, if there is data on the outcomes of their work and paired with her expenses. However, the problems of accounting impact on the effectiveness of other factors remain (Malkov, 2007).

5. The effectiveness of monitoring the implementation of the above individual marketing functions. Such an assessment can only be done by an expert way in choosing specific types of systems of controlling marketing and auditing of marketing.

One of the objectives of the evaluation is to assess the effectiveness of the functioning of Service Marketing (SM) (Malkov, 2007).

Table 3.1. Indicators of the Effectiveness of Marketing Activities

| | |
|--|--|
| Index. | A method for determining the effectiveness of... |
| The effectiveness of pre-planning analysis | marketing research; segmentation, positioning and selection of target markets |
| Effective planning | evaluation of the development of all types of marketing plans (strategic, ongoing, in the context of individual markets, products) |
| The effectiveness of the marketing organization | the effectiveness of the organizational structure of marketing management; the efficient allocation of tasks, responsibilities and rights in the service of marketing; Effectiveness of the interaction of marketing with other parts of the organization. |
| The effectiveness of the motivation of managers and employees of the marketing and sales staff | assessment of the effectiveness of the personnel engaged in sales |
| The effectiveness of | marketing audit |

| | |
|---|--|
| monitoring the implementation of the above individual marketing functions | |
|---|--|

Table 3.1.(cont.) Indicators of the Effectiveness of Marketing Activities

In practice, the assessment of the effectiveness of the marketing activities of the enterprise be to ensure that the calculated and applied already proven postulates (Lee, 2006).

First, it is disconnected from the reality of developed techniques. Trying to compile in a single figure all that should be engaged in the marketing department, will for resulting in overly abstract methodology (Turusina, 2006).

Second, the complexity of the methodological developments in practice: we need human resources, time and money. The costs of all necessary studies to evaluate marketing activities are often comparable to the size of the marketing budget (Turusina, 2006).

Third, many of the methodologies operate on information that is not required in the daily professional activities. Then the estimate becomes an end in itself, for which conduct the study does not make sense (Turusina, 2006).

The role of marketing and its contribution to achieving the ultimate goal of any business firms to increase profits is limited (Kotler, Armstrong, Sonders, and Wong, 2001). Traditionally, marketing - is a subsystem of a commercial service, and its goal - to sell a product in a given volume at a given price in a certain geographical region in the allotted time (Hershgen, 2000). Three parameter estimates that can adequately reflect the effectiveness of marketing activities are:

- Market share;
- Reputation and brand image;
- Customer loyalty.

The analysis of these parameters, a comparison of their actual and planned values can show how marketing service coped with the task, in which area to find the cause of failures, where there is a reserve for growth. The obtained data are key to making the strategy for further development (Kotler, Armstrong, Sonders, and Wong, 2001).

The market share of the company (its product, service, brand) - the ratio of the volume of products sold by this company to the total volume of sales in the market. That market share is characterized by the success of her behavior, and changes in the share shows the effectiveness of marketing activities (Kuo, Wu, Deng, 2009). The increase in market share - is the sphere of responsibility of the marketing department. The growth of the market share of the enterprise – is more capacious figure than the absolute values of profit or revenue (Parasuraman, 1988).

Market share can be called a generic parameter estimation marketing activities, but to set goals for its amendment is necessary, taking into account many parameters, including macroeconomic and (Kuo, Wu, Deng, 2009). How to measure the market share? This information should be on the table of each director of marketing, but imagine that it all starts with a clean slate. Gathering information on the distribution of market shares in the domestic economy is more dependent on the type of market. Consumer markets are saturated with information, they are a lot of secondary information that is easy to find on the Internet and specialized press. Large manufacturers publish their own reports on market research, so the general idea of the market is based on study work (Kuo, Wu,

Deng, 2009). For current and accurate information necessary to monitor retail outlets and retail audit to determine how brands are on the shelves. In this matter, cannot do without the help of research agencies. When it comes to industrial markets, research methodology is much more time-consuming. Open sources do not find reliable information on the business activities of industrial enterprises (e.g. Rust and Zahorik, 1993). For this it is necessary to conduct competitive analysis, during which examines the production and marketing activities of the major market participants.

The level of fame, and ultimately brand image reflects the contribution of marketing communication activities of the company (Anderson and Fornell, 1994). If the market share - this is money that the company already has at the moment, the fame (reputation, image) – it is that provides the current and causes its share of positive change in the future. Brand in contrast to the market share of an abstract concept, it cannot "feel" it is difficult to properly assess and certainly translate into monetary units. If it does not assess, control is a trademark, in particular control the level of its popularity, it will be ignored, which is actually an abandonment of the strategic vision of marketing. That is why the brand recognition is proposed to take over one of the key parameters for evaluation of marketing activities (Zhaparova, 2004).

For its entire "intangible" brand recognition is closely related to the performance for commercial activities of the company: revenue, turnover, market share. For the specialist is not difficult to deduce the dependence of revenues on the level of fame or notoriety of its product. This relationship can be built on the basis of a consumer survey about which brands they are aware of some goods and commodities which brand they use all the time. This dependence will determine how much should be increased brand awareness

(as a percentage of the target audience) to revenue increased to a predetermined level (Zhaparova, 2004).

Customer loyalty can be interpreted as the degree of insensitivity of the goods to the actions of competitors, followed by an emotional commitment to the product. The indicator shows the quality of the work of the marketing department with clients and determines the level of development and the organization of the marketing department (Serkan Aydin, Gokhan Ozer, and Omer Arasil, 2005). Meet the challenges of increasing market share and popularity of the company can be extensive way: put more money into advertising, marketing professionals to expand staff, develop new products, customer segments and geographic markets. Another way - intense, when on one product and the consumer segment increased revenue through better building performance. Customer loyalty - is the parameter estimates are not only the effectiveness of marketing activities, but also the quality of the marketing department (Aydin, Ozer, and Arasil, 2005).

Porter (1998) argued that during the year, the average company loses 10% of its customers. In practice, there are cases when the loss ratio customers can reach 60-70%. This means that every year the company lost more than half of accumulated customer base. Faced with the problem of insufficient demand, the company has to invest in advertising all the big money spending programs to stimulate demand, use more resources the client department. The reason -is the poor quality of customer service. Customer loyalty can be defined through the retention ratio - the ratio of the number of regular customers to the amount of current. It was calculated that an increase customer retention ratio of 5% may increase the gain of 15-25%.

According to Jackson (1985) to evaluate the performance of the marketing department, you can use a system of three indicators that have already been mentioned: the market share, the level of brand awareness and customer loyalty (retention rates). The obtained data allow us to describe the current (market share), and the strategic work of marketing (brand awareness), to assess the quality of the organization of work (customer loyalty).

3.2 Customer Satisfaction and loyalty

3.2.1 Loyalty Completely Satisfied Customers

A satisfied customer is likely to return or will become a regular customer. Not only did he come back himself, but he is invaluable in business, creating a positive reputation, giving advice to relatives, friends and acquaintances (Johnson and Fornell, 1991).

Loyalty - customer loyalty is a certain supplier of goods or services, the specific brand. The circle of loyal customers – is a true capital of the company, which cannot accumulate at once, but only because of a long and careful work (Cronin and Taylor, 1992).

Frederick Reichheld (1996) there is material on the market research conducted by various companies for establishing the degree of customer satisfaction. The most interesting was the part of the article, which explained why the high indicators of customer satisfaction, the company continued to lose market positions.

Loyalty (loyalty) - under the loyalty we mean this figuratively a positive attitude of consumers in respect of all that concerns the activities of organizations, products and services produced, sold or rendered to the organization, to the staff of the company, the organization's image, brand name, logo and etc. (Reichheld, 1996)

It is the presence of loyalty, that is, the favorable attitude of consumers to the company, product, and is the basis for stable sales. And this in turn is a strategic indicator of the success of the company (Reichheld, 1996).

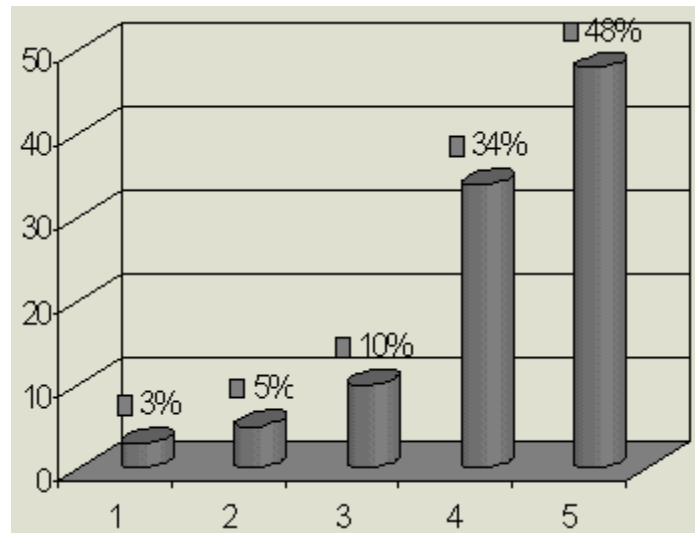
Speaking of loyalty can also be assumed that can be called loyal consumers who for a long time (compared with term functioning of the goods) remain with the company and thus make repeat purchases (Pine, Peppers, and Rogers, 1995).

One of the foundations of loyalty is a positive experience that got the consumer in the purchase or consumption of this product or services. For example, if you are completely satisfied with the quality of shampoo "Pantene", when all the other fixed factors in the subsequent time you make your consumer choices with a high degree of probability is in favor of the brand. In turn, the choice of detergent, knowing that Procter & Gamble makes a good shampoo, your positive attitude and can be transferred to the cleaners of this company (Lee, 2006).

Next, we look at how to influence loyalty (i.e., the number of regular users among the total number of customers) profit organization. Regular customers are mainly those who make repeat purchases of the same brand. Many experts consider this factor (making repeat purchases) as a key in the development of the company. Generally, the longer the user communicates with the company, the more valuable it is for her financially (Pine, Peppers, and Rogers, 1995). Such consumers can be figuratively is called long-term customers. They buy more, less, require attention in terms of service time and Serviced staff are less sensitive to price changes and help to attract new customers. What is most remarkable about them is the lack of so-called start-up costs at winning their loyalty. Long consumers are so valuable that in some areas the increase of long-term

business consumers only 5% of the overall structure of customer's increases profits by 100% (Lee, 2006).

It is clear that loyalty is based on a sense of satisfaction. Therefore, an important issue is how to measure the degree of customer satisfaction and product or service according to what is loyalty (Jones, and Sasser, 1995).



Graph 3.1. The Ratio of Customer Satisfaction

1 - Totally dissatisfied

2 - Dissatisfied

3 - Neutral

4 - Satisfied

5 - Completely satisfied

To illustrate this process, we give an example, Joseph Pine, Don Peppers, and Martha Rogers (1995), which tells the story of what position is held by managers.

- -First, managers are convinced that it is very difficult to fully satisfy consumers, and if the level of satisfaction of not less than 4 one can speak about

the fact that the company has a strong enough relationship with their consumers are. After all, we live in the real world, where products and services cannot be perfect, but it is difficult to satisfy all customers.

- Second, investments in order to make a satisfied customer are not completely satisfied with the wisest use of resources. In some cases, do not even try to do it (the last 4 division of the company).

- Finally, the managers believe that those units that consumers are satisfied (on our scale 3.5 - 4.5) we need to focus their efforts on those consumers who are not satisfied. Once found to be the causes of dissatisfaction, the wise use of resources will be a strong focus on meeting these particular categories of consumers.

After intensive research conducted by the authors of the degree of customer satisfaction and loyalty, you can drop the claim that these beliefs are deeply flawed (Pine, Peppers, and Rogers, 1995). Managers either ignore or do not give due importance to the following aspects of this relationship:

- With the exception of some rare cases, completely satisfied customers are the key foundation to build loyalty and achieve long-term financial success. Managers simply misunderstood the difference between satisfied customers and completely satisfied customers. This is especially noticeable for companies operating in highly competitive industries (Jones, and Sasser, 1995).

- Even in markets with low competition complete customer satisfaction may be the only way to achieve customer loyalty. Critical is the organization's

ability to allocate its target customer segment and provide products and services that fully meet their needs (Jones, and Sasser, 1995).

- Quality of products or services is very often not the main reason for the low degree of customer satisfaction (Jones, and Sasser, 1995). Most often, organizations do not attract those consumers or are not able to return the consumer, after he acquired a negative experience from communication with the company (Reichheld, 1995). Therefore, we can talk about two types of customers: the "right" or "target", i.e. those whose needs are the company should be able to meet with a positive financial result for him and "wrong", that is, those needs which the company cannot meet with a profit for them. The appearance of the structure of consumer misconceptions consumers - the result of poorly organized process to attract new and retain existing customers. (Jones, and Sasser, 1995). The conclusion is as follows, respectively: quickly identify the "wrong" customers and do not spend them human and financial resources of the organization (Lee, 2006).

A different degree of satisfaction due to different causes and requires different methods of improvement (Pine, Peppers, and Rogers, 1995). There are 4 main components of the impact on the customer satisfaction (Reichheld, 1995).

- The main features of the product or service that consumers expect from all of your competitors;
- The main product and service system to support it;
- The ability of the company to compensate the damage;

- The organization's ability to meet the personalized needs of consumers (or differentiated product).

Although the results of the studies of consumer satisfaction are important indicators that rely mainly on them can be fatal for the organization. This kind of study can provide useful information sea, but it is not sufficient to determine the organization's strategy or process innovation of new products. Therefore, companies should also use other methods on how to determine the needs of the present, prospective and former customers (Jones, and Suh, 2000).

Tomas Jones and Earl Sasser conclude that every manager has to know how to listen to consumers. At the heart of any successful management strategy addressing the needs of doubt is the ability to listen to customers. Below are the five main approaches to the process of hearing the needs of customers:

- The index of consumer satisfaction. Consumer Satisfaction Survey provides managers with an understanding of the situation, what is the attitude of the consumer to the company in general and the specific product in particular. Since this is a quantitative indicator lets you compare readings for different periods of time, between different departments and territories.

- Contact us. Comments consumer complaints and questions. The company cannot solve the problem if she does not know what exactly they are expressed. A thorough analysis of the feedback is very important to us (Jones, and Sasser, 1995).

- Research the market. Despite the fact that companies have traditionally invested enough in this area, they are often overlooked aspect of 2 hearings

consumers. It is important to not only listen to those who have just become your customer, but also those who go away from you. The main questions: What are the main reasons prompted you to what you have decided to try to buy our products? And what is most influenced the decision to stop buying the products of our company? The interview process should be carried out by experienced personnel (Jones, and Sasser, 1995).

- Staff working with consumers. (Frontline personnel) Employees, who are directly in contact with consumers, can be very useful as a consumer audience. But to do that they need to be properly prepared, i.e. know how to do it and how to store and transmit information down the information channels of the company (Jones, and Sasser, 1995).

- Strategic action. Involving consumers in many aspects of their business. In particular, the developments of software companies attract future consumers already at the stage of product development (Jones, and Sasser, 1995).

The relationship between satisfaction and loyalty is also very important. Thomas Jones and Earl Sasser writes that managers of Xerox, which conducted a detailed study of customer satisfaction, made a major contribution to the study, the results of which are shown above. Xerox, as the authors shared common views on the following points.

High quality products and related services that are based on the needs of consumers, will contribute to a higher level of customer satisfaction. The high level of satisfaction will increase the level of customer loyalty. Loyalty, as noted above, is a key determinant of long-term financial success of the organization (Reichheld, 1995).

Although these assumptions seem obvious, the results were unexpected Xerox: Fully satisfied customers were six times more willing to re-purchase than just satisfied. The conclusion was too simple: just have satisfied customers are a choice, that is, when the user just satisfied - this is not enough for it to become loyal. It turns out that the really loyal consumers can only be called completely satisfied consumers (Jones and Sasser, 1995).

Information on consumer satisfaction is an excellent indicator of how well or badly the company meets the needs of its customers. It can also show what needs to be improved to ensure that the majority of customers are completely satisfied. Therefore strategically important to properly understand what consumers say different (Pine, Perppers, and Rogers, 1995).

The first steps are to control the level of customer satisfaction and retention a priority and make sure that this process is unbiased, consistent and wide-ranging. Very important indicator of the degree of subjectivity, as always within companies, there are forces trying to influence the outcome. The sequence cannot receive anecdotal evidence, and build a long-term situation and trends. Allows compare the effectiveness of large-scale use of the limited resources of the company in a given region, division or product (Aydin, Ozer, and Arasil, 2005).

The next step would be to create a curve on the basis of information received from individual customers and to understand what factors influence the slope of the curve.

And the third step is to determine the most appropriate strategy to increase customer satisfaction. The following are general recommendations on identifying strategic actions (Pine, Peppers, and Rogers, 1995).

Table 3.2. General Recommendations on Identifying Strategic Actions

| | Most of the answers | Strategic action |
|-------------|-----------------------|---|
| 1 situation | 2–3 (Dissatisfied) | Providing for the basic (core) components of the product, i.e. what is expected of each competitor in the industry. |
| 2 situation | 3–4 (Neutral) | Ensuring the appropriate level of related services, the development of an active policy of compensation for damage in case of problems. |
| 3 situation | 4–5 (Satisfied) | Understanding and meeting the specific needs of the client meaningful to him personally. |

All three of the above situation may in fact act as successive stages of winning and retaining customer loyalty. This three-step process has a number of important observations. First, to increase customer loyalty of a number of different products with the ability to meet the needs of a variety of actions are required. Secondly, it is important to perform the steps in the same sequence in which they appear above (Pine, Peppers, and Rogers, 1995).

Summarizing the above, we can say that in the long run survive and thrive that companies which constantly and consistently pay attention to this relationship between loyalty and the level of customer satisfaction (Lee, 2006).

Horst Schulze, President and Chairman of the Board of Directors of the hotel chain Ritz (Ritz-Carlton Hotel Company) (Company conqueror of the National Award for

Quality Malcolm Baldrige) on this occasion said: "As long as your customers are not 100% satisfied, and not just met, but just in awe of what you are doing for them, you have to strive for. And if you have reached the 100% satisfaction of consumers, make sure you pay close attention to possible changes of 100% to quickly change together with them" (Lee, 2006).

3.2.2 Perception - One of the Main

Perception - the first line, which takes place in the minds of consumers the information from the outside world. But in the end it turns out to be even deeper - in the field of consciousness.

According to Steve Hoisington and Earl Naumann (2003): acting systematically and carefully, to some extent, the company may affect how the client will accept the service rendered to him, but when it comes to the final evaluation of effort, the company can not affect the client's feelings. Look at the figure 3.1:

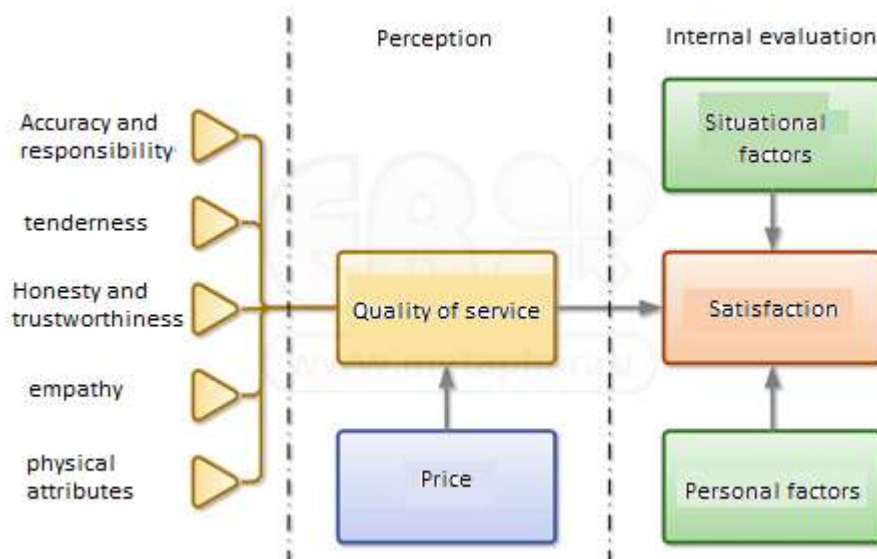


Figure 3.1. Influence for Satisfaction

The figure 3.1 shows the five most important service properties that influence the perception of its quality:

- **Accuracy and responsibility** - the ability of a service provider accurately and reliably deliver on our promises.
- **Tenderness** - willingness to meet the client's wishes and do them fast and quick. Qualitative information to the client about what is going on.
- **Honesty and trustworthiness** - honesty of the staff and its ability to comply with the trust.
- **Empathy** - care and personal attention to the client.
- **Physical attributes** - equipment, the appearance of the office, staff and other visible attributes of the services.

Apart is the price of the service. It is also an important characteristic of services that affect the perception of its quality (Hoisington, and Naumann, 2003).

Furthermore, the perception of the quality of the final impact on the degree of satisfaction, but here it interferes with personal factors - the mood of the client, his objectivity or bias (for assessment of goods or services that have a strong, well-known brand, the bias is particularly significant), and various situational factors.

"Good customer - satisfied customer" (Steve Hoisington)

During the full cycle of the service - from the moment a customer awareness of the existence of such an enterprise to form their final evaluation of the service received - there are a few key moments, during which occurs particularly intense form an opinion about the client company and its services. For example, such an important point is the

first personal contact with the client's representative. This - "moments of truth" that must be worked on the staff is excellent, because it affects the ultimate satisfaction and customer loyalty (Ferraro, 2008).

1. Contacts of the first kind - mediated, impersonal contacts, when the client is faced with traces of the enterprise, for example, with its advertising in the press.
2. Contact the second kind - mediated, but personal customer contacts with the staff, for example, in a telephone conversation or e-mails.
3. Encounters of the third kind - direct and personal contact with the customer's plant personnel.

In marketing services have 3 kinds of contacts. Developing marketing for businesses in the service sector, we must highlight and pay more attention to optimizing these contacts and in particular the contacts of the third kind, though all types of contacts affect the situation (Ferraro, 2008).

3.2.3 The Systematic Approach to Ensure Loyalty of Customer

The initial impulse for the formation of loyal or disloyal attitude to the company – is an idea of how effective its work. On the basis of this representation has been emerging consensus on the enterprise customer. If it is favorable, the consumer begins to behave in relation to the company's loyal. This has a positive effect on its financial performance. There is the four-phase model of customer loyalty from Hoisington, and Naumann (2003).

- Phase 1. Business performance of the company

Consumers evaluate the performance of the company in the following ways:

➤ Product quality: the main characteristic of the material and the company's products and services it provides.

➤ Quality of service: all aspects of services that accompany the main product offered by the company (sales organization, delivery and payment of goods and services, customer service).

➤ The quality of relationships between customers and suppliers: the quality of communication, diligence and responsiveness to the demands and wishes of the partner. This aspect of quality is very important in the relationship between companies (B2B scheme).

➤ Image: innovation, market leadership, corporate citizenship. Buyers can focus on the image of the manufacturer, when a loss to choose a product or service on their characteristics.

➤ Opinion on prices: Those of equity prices depend on the price of the product, the cost of its maintenance and use, the cost of upgrading. The relative importance of product price varies greatly in different industries, but, as a rule, increases in times of economic downturn.

- Phase 2. The general opinion of the consumer

Based on evaluations of the effectiveness of the consumers develops a general idea about it. It consists of many components, but it is easy to identify six main, closely related to the main financial indicators of any enterprise. This overall satisfaction, willingness to recommend the company to friends, the intention of re-purchase its products or services, a commitment to her, feeling that she had acquired in line with expectations and is worth its price. The presence of these components – is a sign that the

consumer is loyal to the company. Therefore, they are included in this model of customer loyalty.

- Phase 3. Loyal consumer behavior

Loyalty - behavioral category, so if you study it is necessary to estimate the level of consumer behavior. One of the main characteristics, measurable, - “coefficient of apostasy” (defection rate), that is, the percentage of customers who have refused to purchase goods and services for the year.

It is also important dynamics of the company's income, their rise and fall. The consumer cannot refuse services companies, but significantly reduce the volume of purchases.

In assessing the behavior of consumers (whether it is loyal) should be considered as a number of situational factors. One of the most obvious among them – is the procurement schedule. If the purchase occurs continuously, customer loyalty to the company is clear. But if they are produced every few years, the issue of loyalty is still open.

- Phase 4. Financial Results

The financial results of the enterprise, taking care of the customer loyalty, influence the expansion of its market share, reducing the cost of attracting new customers, the attitude of its staff to the customers, the growth of its income and the value of its shares.

The company's share in the market. Organizations with higher levels of customer loyalty, as a rule, are owned and larger share of the market. This increases the effectiveness of their marketing spend and promotion of its products.

Reduce costs. Attracting new customers is typically much more expensive than maintaining existing ones. According to the IBM-Rochester, the acquisition of a new

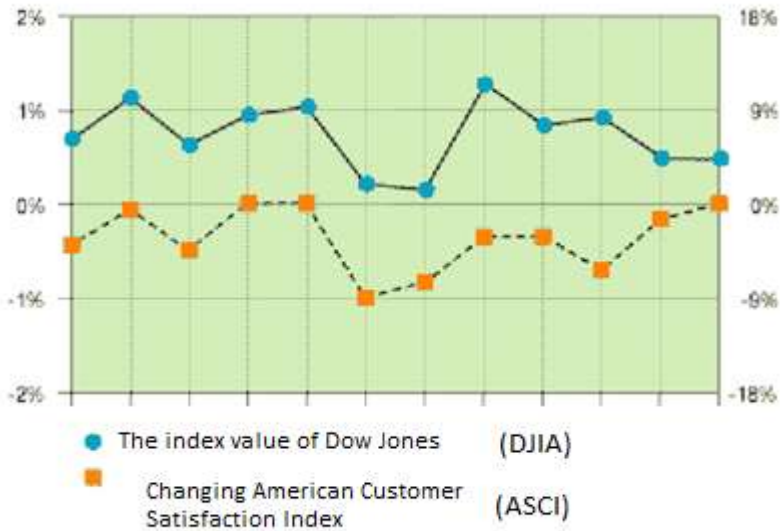
customer is required to spend five times more than retaining an existing one, and 12 times more - to return to the client, previously renounced its services to the high costs typically required to support it, as it still learning to use a new product or service.

The increase in market share leads to a reduction of costs per unit of output, since, for example, its marketing costs are distributed among a large number of products sold.

The ratio of staff to customers. There is a direct relationship between the ratio of employees to customers, and the behavior of the latter. The closer employees of the company to customers, the more loyalty they show.

Profit. Influence of the company's market share in the value of its profits shown in numerous studies. As soon as the company is gaining market leadership, profitability of its operation, as a rule, increases. The same effect is improving the cost structure of the company in connection with an increase in its market share. Buyers are willing to pay more for well-known products that bear the imprint of a positive image of the manufacturer.

The cost of the shares. Actual or expected earnings of the company – is the main factor determining the value of its shares. By income affects a lot, and last but not least - the level of customer satisfaction. One example of this dependence is presented in the graph in Graph 3.2., which shows the ratio between the values of the American Consumer Satisfaction Index (ASCI) and the stock price index (DJIA).



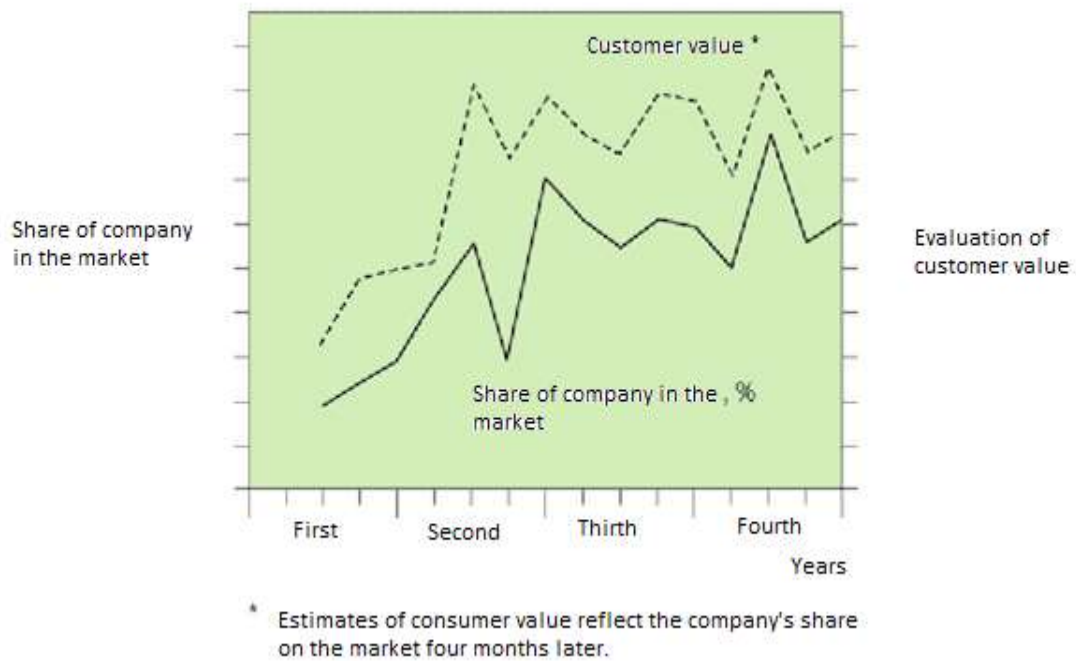
Graph 3.2. The Relationship between the Values of the American Customer Satisfaction Index (ASCI) and the Stock Price

As already mentioned, all the above concepts are separate components of more general characteristics of the enterprise - namely, its orientation to the consumer. Any study of customer satisfaction, their “defection rate”, the study of the structure of consumer preferences in market value or contribute to the study of various aspects of relations between the company and consumers. All of them are equally important and bring useful information (Ferraro, 2008).

AT & T Corporation conducted a survey of consumers by offering them to assess the utility value of its products on a scale (Shy, 2002). A year later, the researchers tested which of the respondents remained with the company (Hunt, 2007). It was found that loyalty to the company kept the consumers who evaluated the utility value of its products as high, and who was the worst of her opinions, refused the services of the company (Hoisington and Naumann, 2003).

Steve Hoisington and Earl Naumann (2003) apply example: AT & T also explored the relationship between the representation of clients on customer value of its products

and the company's shares on the market. Corresponding figures for the four years of observations with respect to the sales of telephone equipment for the enterprises listed in Graph 3.3.



Graph 3.3. Relationship between Estimates of Customer Value Products AT&T and its Market Share

Dashed curve in the graph corresponds to the estimated value of the products of the consumer, and the solid line - data on the percentage of businesses in this segment of the market, received four months after the surveys of consumers. As it turned out, the evaluation of customer value products - the best tool for predicting the size of the potential market share of AT & T (Hoisington and Naumann, 2003).

3.3 Hypotheses of Value Added Services and Switching Costs in Mobile Phone Market

The work of Professors Kuo, Wu and Deng (2009) explain about 3 hypotheses relationship between service quality, perceived value and customer satisfaction in mobile value-added services.

Mobile value-added services include games, icons, ringtones, messages, web browsing, SMS (short message service) coupons, and electronic transactions and they are all added to mobile phone networks. Contents included to the voice services can be either self-produced by mobile telecom service providers or provided through strategic alliances with content providers. Mobile value-added services have 5 values for consumers: time-critical needs and arrangement, spontaneous needs and solutions, entertainment needs, efficiency needs and ambitions, and mobility-related needs. Mobile value-added services provided by telecom service providers can be classified into four types, namely information, communication, transaction, entertainment and these services are going to be a good opportunity for telecom service providers. Therefore, an important issue for providers of telecommunication services is an effective increase of income and sustainable business by satisfying customers' needs.

Service quality is the difference between customers' expectation and their perceived performance of a service, this conception was proposed by Parasuraman, Zeithaml, and Berry in 1985. Customer's perceived value can be defined in terms of money, quality, benefit, and social psychology. Service quality depends on the consumer, as it plays an important role in getting profit. Customer's perceived value generates when less is paid (such as by using coupons or promotions) for goods, so perceived value is the difference

between the highest price that consumers are willing to pay for a product or service and the amount practically paid. According to the Mr. Bishop's theory, value is the difference between the money paid for a certain product and the quality of the product.

The empirical studies of Taiwan professors have pointed out that the service quality has an impact on perceived value in conventional retailing and online shopping. There were applied researches in 2004 in China by Wang et al. and in 2006 in Canada by Turel and Serenko about an interrelation of service quality and perceived value.

Researches of Cronin et al., 2000; Johnson & Fornell, 1991; Kristensen, Martensen, & Gronholdt, 1999 shows that service quality positively influences on customer satisfaction.

In the research of Cronin et al., 2000 of the relationships between perceived value and customer satisfaction empirical studies of the conventional retailers discovered that perceived value positively influences customer satisfaction in most cases

There are 3 hypotheses:

Hypotheses 1: Service quality positively influences perceived value in mobile value-added services – there are two methods to define customer's satisfaction: transactions-specific perspective and cumulative perspective. The transaction-specific perspective shows that customer satisfaction is the evaluation based on the experiences and the cumulative perspective accents on overall evaluations, indicating that evaluations of customer satisfaction should be based on the purchase experiences of the customer, disregarding any specific purchase experiences.

Hypotheses 2: Service quality positively influences customer satisfaction in mobile value-added services.

Hypotheses 3: Perceived value positively influences customer satisfaction in mobile value-added services.

Switching cost.

About how the switching cost effect for customer loyalty and satisfaction there is well explained and brought five hypotheses on the subject Professors Serkan Aydin, Gekhan Ozer, and Omer Arasil (2012). They took on the topic for switching cost and trust as the main factors of loyalty of customers.

Switching cost is the transition cost from one service provider to another (Porter, 1998). And it is the factor that has the most directly influence on customers' sensitivity to price level and so influences customer loyalty (Klemperer, 1995). Switching costs include not only those that can be measured in monetary terms, but also the psychological effect become a client of the new firm, and the time and effort spent on the purchase of a new brand (Klemperer, 1987a). Firms with a direct effect on customer loyalty level have advantages in switching cost because of the reduction of customers' sensitivity to price and satisfaction level (e.g. Eber, 1999; Jones et al., 2002; Burnham et al., 2003).

H1: Customer loyalty in customers with high perceived switching cost is stronger than in customers with low perceived switching cost.

According to the Churchill and Surprenant (1992) customer satisfaction is an overall evaluation based on the total purchase and an output, resulting from the customer's pre-purchase comparison of expected performance with perceived actual performance and incurred cost. According to Palmer (1998), customers will not hold a favorable attitude

to the service provider as compared to other alternatives available in the absence of some degree of satisfaction

H2: Customer satisfaction has a positive effect on customer loyalty.

Researches indicate that the relationship between customer satisfaction and customer loyalty in market segments with high perceived switching cost is weaker than in those with low perceived switching cost (e.g. Jones et al., 2000; Feick et al., 2001).

H3: In customers with high perceived switching cost, there will be a weaker relationship between customer satisfaction and customer loyalty than in customers with low perceived switching cost.

Trust.

Customer's trust to service quality and to brand is very important factor in communication field. Trust is necessary in cooperation with partners; it works at preserving relationship investments and resists attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners (Morgan and Hunt, 1994).

H4: There will be a positive relationship between trust in the firm and customer loyalty.

An increasing of switching cost will influence the direct effect of trust on customer loyalty and relationship between trust in the firm and customer loyalty may be weaker in segments where switching cost is high (Sharma and Patterson, 2000):

H5: In customers with high-perceived switching cost, there will be a weaker relationship between trust and customer loyalty than in customers with low-perceived switching cost.

Chapter 4

RESEARCH METHODOLOGY

4.1 Questionnaire Design

As stated earlier EPSI - Ratings announced that “Kcell” and “Activ” brands are declines in customer satisfaction for 2012. The difference between the 2011 and 2012 years were respectively (-1.5) and (-3.5). Although “Activ” is a trademark of JSC “Kcell”, in this thesis we consider only trade mark “Kcell”. “Kcell” also holds the first position in the ranking among mobile operators in Kazakhstan, as the first and most enduring provider of mobile services in Kazakhstan. But the same “Beeline” already behind “Kcell” by 0.8 points, and has a positive rate compared with 2011. And so close is Tele2 for its first year of existence of which has already overtaken the group of mobile operators “Other”, which include mobile service providers such as “Dalacom” and “Pathword”. There is Table 2.1 in Chapter 2 where is shown EPSI- rating 2012 of index of satisfaction customers of mobile providers in Kazakhstan.

In view of all this there is used a survey with questions in this paper and has been designed in accordance with the related literature and opinions.

The questions for sample were taken from many sources. There are researches of professors Ying-Feng Kuo, Chi-Ming Wu, and Wei-Jaw Deng (2009). They assembled for pieces topic about interrelation among quality of service, satisfaction of customer, and intention what customer will do after choosing product or service. They also made

research in mobile services. Main parts of questions were taken by this topic and questions were paid for satisfaction and perception of customer, but there is also another source of question. It is article about switching costs in mobile phone market of Turkey by professors Serkan Aydyn, Gokhan Ozer and Omer Arasil. Switching costs help to analyze and measure rate of loyalty of customers to company.

The questionnaire was composed of two sections. The first section was devoted for expectation service quality and it deals with customer's opinions in expected service from Telecommunication Company of mobile provider JSC "Kcell". Customers should show the extent to which they think firm offering their services should possess the features described by each statement. There are 21 questions for answering. All items were assessed using five-point Likert scales from 1= "strongly disagree" to 5= "strongly agree". It allowed answering any number from 1 to 5 to describe best expectations about firm's offering telecommunication services. In the second section was stated behavioral intention of customers in Telecommunication Company of mobile provider JSC "Kcell". There are 13 questions of Customer's Behavioral Intentions and 1 separate question of Overall Customer's Behavioral Intentions. In the second sections as well was applied Likert scale with five-point from 1= "strongly disagree" to 5= "strongly agree". And if in the first section the emphasis was on the satisfaction of needs of the consumers, there was considered thing like: existence up-t-date equipment, physical facilities of company, customer service staffs efforts, and company's expectation about customer.

In the second section main aspects of the case are as far as the consumer is loyal to the company "Kcell". How customers behave to company's service and what is the

probability to switch to a competitor, and what the reaction of customer if they face problem with telecom services.

4.2 Research Subjects and Sampling Method

There are not specified the age of customers, the data, the marital status, the gender, social status, nothing. The survey was completely anonymous. Questionnaire was taken by 2 ways. First way was taken in Almaty in Kazakhstan in Russian language from 52 users of “Kcell”, and was taken from 8 students and 44 were answered by office mode employees. The reason that the survey was carried out in Kazakhstan in Russian language is that there are not all speak in English and there was some difficulty in filling questionnaire. All answers were received by the internet and samples of this questionnaire are located in Appendix A and Appendix B consequently.

Second way of questionnaire was taken in Cyprus, by students from Kazakhstan who study in Cyprus, and who are users of “Kcell” mobile providers. There are 57 responses from different university in Cyprus, such as: Eastern Mediterranean University, Cyprus International University and Girne American University. These students study on undergraduate, master and Ph.D. degrees. There are samples of two sections which were drawn in Appendix C and Appendix D. They were conducted in English language.

Certainly we would like to conduct a survey among a larger number of users of mobile services "Kcell", but considering the circumstances surrounding there are only 109 in the total number of responses.

4.3 Constructs and Measurements Included in the Questionnaire.

As stated earlier questions from section one more devoted to determining the level of customer satisfaction. But the satisfaction of the client and may be different for different

queries. Such services may be satisfied by the company's services, the company's attitude to the customer, for the company's equipment, etc. In section 1, it was used 21 questions and they all belong to a particular concept. Table 4.1 shows in more detail:

Table 4.1. Constructs and Measurements Included in the Section 1 of Questionnaire

| Construct | Items | | Measurement |
|-----------------|-------|---------------------------------|---|
| Service quality | | | |
| | Sq1 | Content quality | The company should have up-to-date equipment |
| | Sq2 | | The company's physical facilities should be visually appealing |
| | Sq4 | | The appearance of the physical facilities of this firm should be in keeping with the type of telecom services |
| | Sq3 | Responsibility | Customer service staffs should be well dressed and appear neat |
| | Sq5 | | When the company promises to do something by a certain time, it should do so |
| | Sq6 | | When I have problems, the company should be sympathetic and reassuring |
| | Sq8 | | The company should provide its services at the time it promises to do so |
| | Sq9 | | The company shouldn't be expected to tell customers exactly when services will be performed |
| | Sq11 | | Customer service staffs don't always have to be willing to help customers |
| | Sq15 | | Customer service staffs should be polite |
| | Sq10 | Management and Customer service | It is not realistic for customers to expect prompt service from customer service staffs |
| | Sq17 | | The company should not be expected to give customers individual attention |
| | Sq18 | | Customer service staffs cannot be expected to give customers personal attention |
| | Sq19 | | It is unrealistic to expect customer service staffs to know what the needs of their customers are |
| | Sq21 | | The company shouldn't be expected to have operating hours convenient to all its customers |
| | Sq12 | | It is okay if customer service staffs are too busy to respond to customer request promptly |

| | | |
|-----------------|------|--|
| | Sq16 | Customer service staffs should get adequate support from these firms to do their jobs well |
| Trust | Sq13 | I should be able to trust customer service staffs |
| | Sq14 | I should be able to feel safe in my transactions with customer service staffs |
| Perceived Value | Sq7 | The company should be dependable |
| | Sq20 | It is unrealistic to expect the firm to have its customers' best interests at heart |

Table 4.1. (cont.)

There are 3 main constructs: Service quality, Trust and Perceived Value.

Construct of service quality was initially grounded for content quality, responsibility from service staffs and company to customer, and management and customer service of company that offer for customer. In the table 4.1 may see what kinds of questions are included to service quality. And they measured 17 items in survey; other 4 were divided equally for Trust and Perceived value. Customer sacrifice price, opportunity cost, time and efforts for quality, benefits, advantages, and utilities that they can receive from company is called perceived value (Cronin, 1997). Trust will be allowed important factor in relationship commitment.

There are shown questions from section 2 which main responded for customer loyalty in Table 4.2. There are 14 questions with 3 main construct and their items and measurement of this construct, which respond customer's behavioral intention to the company.

Table 4.2. Constructs and Measurements Included in the Section 2 of Questionnaire

| Construct | Items | Measurement |
|--------------------------|-------|---|
| Customer satisfaction | Bi1 | Say positive things about a service provider to other people |
| | Bi10 | Switch to a competitor if I experience a problem with telecom services |
| | Bi11 | Complain to other customers if I experience a problem with telecom services |
| | Bi12 | Complain to external agencies, such as the Consumer Protection Council, if I experience a problem with telecom services |
| | Bi13 | Complain to a service provider's customer service staffs if I experience a problem with telecom services |
| Perceived value | Bi4 | Consider a service provider, your first choice to buy telecommunication services |
| | Bi7 | Take some of my usage to competitors that offers better price |
| | Bi9 | Pay a higher price than competitors charge for the benefits I currently receive from a service provider |
| Post-purchase intentions | Bi2 | Recommend a service provider to someone who seeks my advice |
| | Bi3 | Encourage friends and relatives to do business with a service provider |
| | Bi5 | Do more usage with a service provider in next few months |
| | Bi6 | Do less usage with a service provider in next few months |
| | Bi8 | Continue to use your service provider if its prices increase somewhat |
| | Bi14 | How likely is it that would you continued to use the telecommunication service in the future |

There are Customer satisfaction, Perceived value and Post-purchase intentions divided. Impression of customer to company's service performance is customer satisfaction. 4 items were measured for Customer satisfaction, and 3 questions were to how customer perceive the value of company, 6 items were in that what customer will do after purchasing service from company, its post purchase intentions. Cronin (2000)

said that post-purchase intention is customer will divide their experience with company's goods and services for their relatives, friends, and familiar people.

The questions from Sq1 to Sq21 was taken from analysis of professors Ying-Feng Kuo, Chi-Ming Wu, and Wei-Jaw Deng (2009), and they describe relationships between service quality, perceived value and trust have effect to customer satisfaction. And questions between Bi1-Bi14 was taken from articles about how switching cost influences for customers loyalty and satisfaction by professors Serkan Aydyn, Gokhan Ozer and Omer Arasil (2005).

Chapter 5

DATA ANALYSIS, RESULTS, AND DISCUSSION

5.1 Results

A two-section of items was conducted in this study. The first section about expectation service quality which has 21 questions with five-point scaled from 1="strongly disagree" to 5="strongly agree". How was stated before in questionnaire participated 109 users of company, all respondents are from Kazakhstan. Results from section in the Table 5.1 below:

Table 5.1. Results of Questionnaire Section 1

| Items point | Sq1 | Sq2 | Sq3 | Sq4 | Sq5 | Sq6 | Sq7 | Sq8 | Sq9 | Sq10 | Sq11 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 80,73% | 55,05% | 72,48% | 59,63% | 77,98% | 55,96% | 71,56% | 79,82% | 11,93% | 10,09% | 6,42% |
| 4 | 15,60% | 23,85% | 12,84% | 23,85% | 14,68% | 22,94% | 12,84% | 18,35% | 15,60% | 13,76% | 1,83% |
| 3 | 3,67% | 11,93% | 10,09% | 9,17% | 7,34% | 12,84% | 11,93% | 0,00% | 15,60% | 14,68% | 6,42% |
| 2 | 0,00% | 5,50% | 4,59% | 1,83% | 0,00% | 8,26% | 3,67% | 0,00% | 20,18% | 20,18% | 13,76% |
| 1 | 0,00% | 3,67% | 0,00% | 5,50% | 0,00% | 0,00% | 0,00% | 1,83% | 33,03% | 41,28% | 71,56% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 96% | 100% | 100% |

| Items point | Sq12 | Sq13 | Sq14 | Sq15 | Sq16 | Sq17 | Sq18 | Sq19 | Sq20 | Sq21 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 8,26% | 63,30% | 68,81% | 76,15% | 66,97% | 6,42% | 1,83% | 4,59% | 7,34% | 4,59% |
| 4 | 5,50% | 17,43% | 17,43% | 16,51% | 18,35% | 12,84% | 5,50% | 5,50% | 9,17% | 8,26% |
| 3 | 8,26% | 5,50% | 8,26% | 1,83% | 5,50% | 17,43% | 15,60% | 18,35% | 25,69% | 25,69% |
| 2 | 15,60% | 11,93% | 5,50% | 0,00% | 2,75% | 18,35% | 17,43% | 33,03% | 30,28% | 22,02% |
| 1 | 62,39% | 0,00% | 0,00% | 2,75% | 6,42% | 44,95% | 59,63% | 36,70% | 25,69% | 39,45% |
| Total | 100% | 98% | 100% | 97% | 100% | 100% | 100% | 98% | 98% | 100% |

Consequently in Table 5.2 are located results from questionnaire of section 2 about behavioral intention of customers:

Table 5.2. Results of Questionnaire Section 2

| Items point | Bi1 | Bi2 | Bi3 | Bi4 | Bi5 | Bi6 | Bi7 |
|----------------|--------|--------|--------|--------|--------|--------|--------|
| 5 | 54,13% | 55,05% | 35,78% | 39,45% | 27,52% | 8,26% | 24,77% |
| 4 | 32,11% | 31,19% | 27,52% | 29,36% | 33,94% | 12,84% | 24,77% |
| 3 | 10,09% | 13,76% | 27,52% | 10,09% | 14,68% | 10,09% | 7,34% |
| 2 | 1,83% | 0,00% | 9,17% | 11,93% | 14,68% | 40,37% | 21,10% |
| 1 | 1,83% | 0,00% | 0,00% | 9,17% | 9,17% | 28,44% | 22,02% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| | | | | | | | |
| Items point | Bi8 | Bi9 | Bi10 | Bi11 | Bi12 | Bi13 | Bi14 |
| 5 | 17,43% | 21,10% | 41,28% | 11,93% | 27,52% | 33,03% | 55,05% |
| 4 | 14,68% | 21,10% | 18,35% | 14,68% | 18,35% | 28,44% | 37,61% |
| 3 | 13,76% | 22,02% | 7,34% | 19,27% | 15,60% | 16,51% | 7,34% |
| 2 | 37,61% | 22,02% | 13,76% | 14,68% | 12,84% | 20,18% | 0,00% |
| 1 | 16,51% | 13,76% | 19,27% | 39,45% | 25,69% | 1,83% | 0,00% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

5.2 Hypotheses and Applying of Model

5.2.1 According Hypotheses Construct Model

In the chapter 3 we consider 2 type of study about customer satisfaction and loyalty. First research from professors Kuo, Wu, and Deng (2009) has 3 dimensions of hypotheses. They are service quality, perceived value and customer satisfaction. They argued that they are related each other and have direct influence for each other. In chapter 3 in part 3 there are 3 Hypotheses, and briefly there are written that: Service quality and perceived value has positive influence for customer satisfaction in mobile provider area and in addition service quality influence positively for perceived value. According these hypotheses there are a research model appears. In Figure 5.1. it shows:

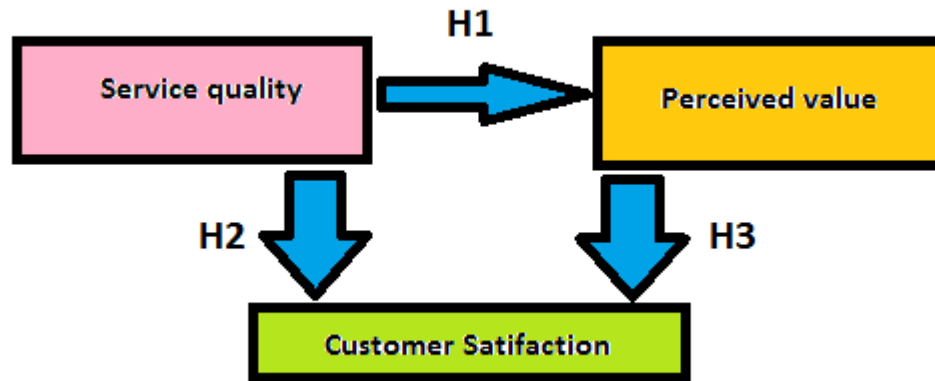


Figure 5.1. Research Model Constructed by Hypotheses

To achieve positive result in service quality level have to have satisfaction in all levels, such as content quality, responsibility and customer service. If there will be high result, it would increase level o perceived value and customer satisfaction based for research model, so service quality is the general part in satisfaction. To influence positively for perceived value, there should fit for customer to sacrifice his time and money for company.

Second study was by professors from Turkey: Serkan Aydin, Gokhan Ozer, and Omer Arasil (2005). They argued about switching cost effect for loyalty. They use 5 hypotheses. They argued that there are indivisible relationships between trust, customer satisfaction and customer loyalty, and first two should be in high positive level to keep loyal feelings from customer.

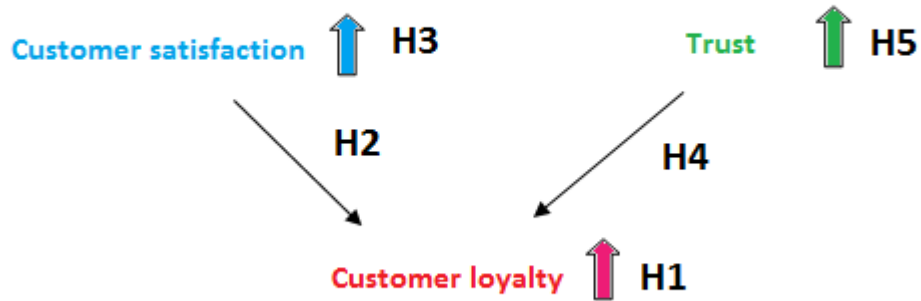


Figure 5.2. Relationships between Trust, Satisfaction and Loyalty

According to their hypotheses, there should be a high result in a positive level in customer satisfaction and trust to increase customer's level of loyalty. In Figure 5.2, the research model is shown by these hypotheses.

5.2.2 Conclude Results by Survey

In the first parts of service quality in content quality, customers strongly agree (81%) with that company has to have up-to-date equipment and just 55-60% of customers pay attention to company's physical facilities, which should be in keeping with the type of telecom services and be visually appealing. Responsibility of the company and service staff to the customer is taken into account. Neat appearances of staffs (73%), execute their promises and be accurate (78-80%), tenderness (57%) punctuality (34%), and be polite (77%) are included to responsibility of staffs that show index of survey. In management and customer service sectors, responders strongly disagree with that the company cannot serve them promptly (63%) and they on the side that company have to support service staffs (67%). 50% - 60% of users wish that company give to customers individual attention.

Trust is the main point in relationships between customer and Service Company. Users wish to trust to customer service (64%) and feel themselves in safety and their transactions on safety (69%). Perceived value is taken by feeling that company is dependable by customer (72%) increase satisfaction.

Results of customer's behavioral intention in section 2 are positive for company. There were shown that customer satisfaction level which consists that users can say positive thing about "Kcell" company (55%) and most of customers (40%) conclude that they will not complain for other customers if they face with a problem telecom services. But 27% and 33% of customers will complain to external agencies and customer service staffs if they face a problem. Worst things in satisfaction are that customer is ready to switch to a competitor if they will have problem with "Kcell" services.

Consider that service provider is first choice (40%), same proportion between strongly agree and just agree with that if competitor offer better price to switch for them from 25% each. There are users (23%) who think neutral that will pay higher price for benefits from provider than competitors.

In post-purchase intention sections customer chose that 55% recommend a service provider to someone, 36% will advise it to relatives, 34-41% users do more usage in next few month, and in future in common (56%). But 38% of responders do not be agree with that continue to use service provider if its prices increase.

5.3 Discussion and Recommendations

This paper has focused on two issues in order to explain customer satisfaction and customer loyalty. First issue is that how customers get satisfaction through service quality and perceived value, and according to the analysis stated before, and refer to research model in Figure 5.2., service quality had significant and positive impact on perceived value and satisfaction. To increase perceived value there are dimensions of service quality should be positive. They are content quality, responsibility and customer services. Second one is how it was noted about relationship between customer loyalty, customer satisfaction and trust between customer and telecom service provider. Increase in trust and satisfaction lead to increase in loyalty of customer. In this study considered 2 types of hypotheses and research model that constructed by hypotheses in first section.

After analyzing there are both positive and negative aspects which give many choices to improve and increase effectiveness of service marketing. It is impossible to point out any errors as having no data on the satisfaction and loyalty of the company before the survey. But relying on the survey can provide recommendations for service improvement. Rely for survey and analyze degree of each items may argue that “Kcell” so far has good reputation and high demand. There is no problem with service quality and perceived value. Consequently, there is no problem with satisfaction. Other hand all answers were on the level of just satisfied, almost no one are completely satisfied. How stated before in Chapter 3: the small difference between merely satisfied and completely satisfied consumer can destroy a company. So recommendation is pay attention for customers who don't satisfied fully. At the same point in section 2. There are good points in customer's satisfaction and perceived value sectors. But in post purchase

intentions have some dispute. For instance, customers can easily switch for a competitor if they face a problem or if a company increases its price for some reason. It proves that loyalty to the company is too weak. Switching cost is one of the main factors and Arasil (2005) said that: In customers with high-perceived switching cost, there will be a weaker relationship between trust and customer loyalty than in customers with low-perceived switching cost. The main recommendations are to reduce the price and make sure that merely satisfied customers will be fully satisfied. For instance, make some discounts for old customers or special offers on the accumulation of minutes each month and etc.

Chapter 6

CONCLUSION

In this study was applied survey to find out effectiveness of marketing in company through satisfaction and loyalty of customers in a case of Kazakhstan's company JSC "Kcell". Survey was made by questionnaire with 35 question in common, 21 in first section and 14 in second consequently. Each question was applied Likert scale with five-pointed from 1="strongly disagree" to 5="strongly agree". After EPSI-rating where are argued that in 2012 years JSC "Kcell" had reduction in level of satisfaction, and there also was decline in loyalty level, was general reason to write this thesis about this company. Based on hypotheses about switching costs in the Turkish mobile phone market by professors Aydin, Ozer, and Arasil(2005) was made model in this thesis, to determine level of satisfaction of service, and on other hypotheses by Kuo, Wu. Deng (2009) they investigated service quality; perceived value and post-purchase intention in mobile value-added services in case of Taiwan. According this study were chosen measurement and questions for questionnaire.

After survey found that there is no big dissatisfaction with service. Service quality consists by responsibility; content quality and customer service are in satisfied level. Perception and good expectation also have highest position in scale. Trust from customers to company also exists in good condition. All of these things have positive indicators. But how stated before there are no one full satisfied. And the company has

problems with loyalty from here. To determine level of loyalty were used dimensions as perceived value, post-purchase intentions and satisfaction. Here was found the main negative thing. There are very big ratio of that customer too much easy can switch mobile provider for service customer if they have either face with troubles or if company increase price for their goods or services.

If the company JSC “Kcell” will not pay much attention to that damages, and competitors in the face of “Beeline” and “Tele2” will also develop, a loss position Kcell from top not far off.

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APPENDICES

Appendix A

There is a sample of the questionnaire that used in survey in Kazakhstan, on Russian language. Section 1

| № | | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| 1 | Компания должна иметь современные оборудования | | | | | |
| 2 | Физические объекты компании должны быть визуально привлекательными | | | | | |
| 3 | Сотрудники, обслуживающие клиентов должны быть хорошо одеты и выглядеть аккуратно | | | | | |
| 4 | Внешний вид физических объектов этой фирмы должен быть в соответствии с типом услуг связи | | | | | |
| 5 | Когда компания обещает сделать что-то к определенному времени, она должна сделать это | | | | | |
| 6 | Когда у меня проблемы, компания должна отнестись с сочувствием и пониманием | | | | | |
| 7 | Компания должна быть надежной | | | | | |
| 8 | Компания должна предоставлять свои услуги в то время, в какое они обещают сделать это | | | | | |
| 9 | Не следует ожидать от компании, что они скажут клиентам, когда будет предоставлена услуга | | | | | |
| 10 | Это не реалистично для клиентов ожидать быстрого обслуживания от обслуживающего персонала | | | | | |
| 11 | Сотрудники, обслуживающие клиентов не всегда должны быть готовы помочь клиентам | | | | | |
| 12 | Это нормально, если сотрудники, обслуживающие клиентов слишком заняты, чтобы быстро ответить на запрос клиента | | | | | |
| 13 | Я должен быть в состоянии доверять обслуживающему персоналу | | | | | |
| 14 | Я должен иметь возможность чувствовать надежность в операциях с сотрудниками обслуживающих клиентов | | | | | |
| 15 | Сотрудники, обслуживающие клиентов должны быть вежливыми | | | | | |
| 16 | Сотрудники, обслуживающие клиентов должны получать адекватную поддержку со стороны фирмы, чтобы делать свою работу хорошо | | | | | |
| 17 | Не следует ожидать от компаний, что они предоставят клиентам индивидуальный подход | | | | | |
| 18 | Не следует ожидать от сотрудников, обслуживающих клиентов, что они предоставят клиентам индивидуальный подход | | | | | |
| 19 | Было бы нереалистично ожидать что сотрудники, обслуживающие клиентов, знают потребности своих клиентов | | | | | |
| 20 | Было бы нереалистично ожидать, что интересы клиентов у фирмы в глубине души | | | | | |
| 21 | Не следует ожидать от компании, чтобы они имели удобные часы работы для всех своих клиентов | | | | | |

Appendix B

There is a sample of the questionnaire that used in survey in Kazakhstan, on Russian language. Section 2

| № | | 1 | 2 | 3 | 4 | 5 |
|----|--|---|---|---|---|---|
| 1 | Говорить другим людям положительные вещи о поставщике услуг*. | | | | | |
| 2 | Рекомендовать поставщика услуг тому, кто обращается за советом | | | | | |
| 3 | Поощрять друзей и родственников вести бизнес с поставщиком услуг | | | | | |
| 4 | Считать поставщика услуг вашим первым выбором для получения телекоммуникационной услуги | | | | | |
| 5 | Больше обращаться к поставщику услуг в следующие несколько месяцев | | | | | |
| 6 | Меньше обращаться к поставщику услуг в следующие несколько месяцев | | | | | |
| 7 | Обратиться к конкуренту, который предлагает лучшую цену. | | | | | |
| 8 | Продолжать обращаться к своему поставщику услуг, если его цены несколько вырастут | | | | | |
| 9 | Платить большую цену, чем цена конкурентов за преимущества, которые я получаю от поставщика услуг в настоящее время | | | | | |
| 10 | Перейти к конкуренту, если я испытываю проблемы с поставщиком услуг | | | | | |
| 11 | Пожаловаться конкуренту, если я испытываю проблемы с поставщиком услуг | | | | | |
| 12 | Пожаловаться на такие агентства как Совет по защите Прав Потребителей, если я испытываю проблемы с поставщиком услуг | | | | | |
| 13 | Пожаловаться сотрудникам, обслуживающих клиентов, если я испытываю проблемы с поставщиком услуг | | | | | |
| 14 | Какова вероятность того, что вы будете продолжать использовать телекоммуникационные услуги АО "Кселл" в будущем? | | | | | |

Appendix C

There is a sample of the questionnaire that used in survey in North Cyprus, on

English language. Section 1

1. The company should have up-to-date equipment
2. The company's physical facilities should be visually appealing.
3. Customer service staffs should be well dressed and appear neat.

4. The appearance of the physical facilities of this firm should be in keeping with the type of telecom services.
5. When the company promises to do something by a certain time, it should do so.
6. When I have problems, the company should be sympathetic and reassuring.
7. The company should be dependable.
8. The company should provide its services at the time it promises to do so.
9. The company shouldn't be expected to tell customers exactly when services will be performed.
10. It is not realistic for customers to expect prompt service from customer service staffs.
11. Customer service staffs don't always have to be willing to help customers.
12. It is okay if customer service staffs are too busy to respond to customer request promptly.
13. I should be able to trust customer service staffs.
14. I should be able to feel safe in my transactions with customer service staffs.
15. Customer service staffs should be polite.
16. Customer service staffs should get adequate support from these firms to do their jobs well.
17. The company should not be expected to give customers individual attention.
18. Customer service staffs cannot be expected to give customers personal attention.
19. It is unrealistic to expect customer service staffs to know what the needs of their customers are.
20. It is unrealistic to expect the firm to have its customers' best interests at heart.
21. The company shouldn't be expected to have operating hours convenient to all its customers.

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Appendix D

There is a sample of the questionnaire that used in survey in North Cyprus, on

English language. Section 2

1. Say positive things about a service provider to other people.
2. Recommend a service provider to someone who seeks my advice.
3. Encourage friends and relatives to do business with a service provider.
4. Consider a service provider, your first choice to buy telecommunication services.
5. Do more usage with a service provider in next few months.
6. Do less usage with a service provider in next few months.
7. Take some of my usage to competitors that offers better price.
8. Continue to use your service provider if its prices increase somewhat.
9. Pay a higher price than competitors charge for the benefits I currently receive from a service provider.
10. Switch to a competitor if I experience a problem with telecom services.
11. Complain to other customers if I experience a problem with telecom services.
12. Complain to external agencies, such as the Consumer Protection Council, if I experience a problem with telecom services.
13. Complain to a service provider's customer service staffs if I experience a problem with telecom services.

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Overall Customer's Behavioral Intentions

14. How likely is it that would you continued to use the telecommunication service in the future?

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
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