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**CUSTOMER LOYALTY IN THE TELECOMMUNICATION
COMPANIES IN ESTONIA**

Bachelor thesis

Programme International Business Administration, specialization Marketing

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading. The document length is 9853 words from the introduction to the end of conclusion.

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ABSTRACT

Nowadays customers long-term relationship is the key to be a successful company in the market. After first touchpoint most of companies no longer intersect with their customers and subsequent activities usually occur remotely through calls or digital environment. Competitors with their progressive ideas is the indicator for companies to investigate their customers' loyalty level and provide needed changes and improvements towards customers retention. The research problem of the thesis is lack of information about the factors that contribute to the persons' decision to change one telecommunication service to another or stay loyal and be in long-term relationship in Estonia.

The aim of the current thesis is to investigate and highlight telecommunication companies' factors which influence customers to change or stay loyal to chosen service providers for phone and TV services in the telecommunication field. The theoretical part includes literature review towards loyalty, customer loyalty framework, decision-making process and other research made towards influence factors to stay loyal in the telecommunication field. A quantitative method and multiple-choice questionnaire are conducted to collect the data from 137 local respondents.

The main findings of the empirical study shows that service provider was changed more towards phone service compared to TV service during last two years. The results show the dominant internal influence factors to stay loyal or to change a service provider for both research categories which is under control by company. And results show the dominant external factors out of the organizations which influence to make a choice for both categories.

Keywords: customer loyalty, decision-making, long-term relationship, influence factors, telecommunication field

INTRODUCTION

Every company has a wish to have a goal achievement, be better than rivals and make customers happy. Independently which field a company is worked for, in what geographical location is situated and no matter how difficult the tasks could be. Companies which are succeeded to satisfy their customers could be among the highest position in the market (Maharjan 2017). And our local telecommunication companies are not an exception having such broad serviced customers in different parts of the country they act for.

Worth to notice that the telecommunication field is an important sector in our daily life. It brings several opportunities starting from personal usage ending with business cases: an access to information and unproductive time reduction switching to better decision-making in different processes (Shamsuddin 2016). In Estonia we have several telecommunication companies who take care of customers as telecommunication service providers, most popular are Telia, Elisa, Tele2. There are more, no less significant, local telecommunication companies as well.

Over time, telecommunication companies started to raise the services' opportunities and adding new one therefore to offer more options to existing customers and trying to reach new one. And over time, the practice has shown that telecommunication companies try to use every attempt to pick up potential customers from competitors with various advantageous offers because the fact that products are very similar and with no significant differences in quality or price (Willman-Iivarinen 2017). And despite the activity of the company, the final answer of the potential client is more interesting than what was offered to attract them. Such a situation shows the customers' loyalty to their choice hence indicate the strongest positive relationship (Dion 2011).

The **research problem** of the thesis is lack of information about the factors that contribute to the persons' decision to change one telecommunication service to another or stay loyal and be in long-term relationship in Estonia. There are no huge investigations concerning local telecommunication field and based on Tallinn University of Technology's library only one similar thesis topic was introduced in 2016 year, where student researched why a former Elisa customer had changed the

service provider and based on results made conclusions how to make them satisfied and loyal (Toomsalu 2016). Here is the author's personal interest to see the research results as the company author works for is not allowed to choose a service provider by herself. Nowadays many companies have contracts with a specific service provider which is used automatically by all workers.

The **research aim** is to investigate and highlight telecommunication companies' factors which influence customers to stay loyal to chosen service providers. The thesis investigations can help us to answer next research questions:

Q1: What are the factors influencing for staying loyal to phone service providers in Estonia?

Q2: What are the factors influencing for staying loyal to TV service providers in Estonia?

Q3: What are the factors influencing the respondent's decision-making towards phone and TV services?

The methodology has a quantitative method where multiple choice questions and open-ended questions were shared to the audience. The group of people who answered research questions are my colleagues, friends, acquaintances and Tallinn University of Technology students. There is non-random sampling, and the number of answers is 137.

The thesis consists of introduction, literature review with its four sub-chapters and conclusion. The introduction brings an overview what is the thesis issue, problem and aim to investigate. In theoretical part is found a description concerning loyalty itself, customer loyalty, decision-making process, and customer long-term relationship. Also, author shows earlier made investigations towards similar topic, more precise domestic and abroad influence factors towards loyalty in the telecommunication field. Last chapter is methodology where is found the main information how it was made, gathered, and analyzed. In addition, a brief overview of study context. In the end the conclusion provided with results and discussion with its summary.

1. LITERATURE REVIEW

For many centuries the concept “loyalty” is taken into action (Kumar 2004) and the most contemporary loyalty programs started in the 1980’s (Berman 2006). And in the current digital generation the loyalty is still building and maintaining as a central theme of marketing theory (Gommans 2001). With various investigations there are also various definitions for loyalty. According to (Reichheld 2003) the loyalty and its growth is the willingness of someone or to make the investment or even more a personal sacrifice to reinforce a relationship, when (Oliver 1999) described it as repeated circles of the frequent purchasing.

Nowadays an initial attraction comes primarily from companies leading to customer loyalty to be affected by service fairness and quality, and relationship quality (Giovanis 2013). A value creation between companies and customers and finding of a new perspective way to support each other (Revilla-Camacho 2015). When good reputation builds and unites a customer loyalty hence loyal customers create a positive opinion through their recommendations about the company (Szwajca 2016). The recommendations are one of the powerful indicators as important influence, reducing assessed attributes recommendations can simplify and accelerate a choice. In addition to recommendations as social influence, there are also individual and mass media influences. (Lomax 2001)

When customer is loyal and with experience prefers to turn to the same source then need or wants were satisfied. The satisfaction is a main factor leading to customer loyalty and in turn, loyalty is direct factor determining to customer retention (Gerpott 2011). The impact of satisfaction on loyalty is the most popular subject of studies (Kuusik 2007) and nowadays customers loyalty is the key to be a successful company in the market. Customers’ loyalty means that service is excellence, and they will be ready to repurchase again and more, in addition to try other services which means that they are less price sensitive (Venetis 2004) and frequently a good experience is shared to the audience.

The author is investigated Estonian customer loyalty in telecommunication field considering that the annual rate when customers stop doing business with telecommunication companies is average between 10 and 67 percent (Varblane 2009) brought in addition to (Toomsalu 2016) thesis research the interest to investigate how the situation could be evaluated among local respondent choices in current thesis.

1.1. Customer loyalty

Customer satisfaction is a personal estimation which is influenced by individual expectations (Cengiz 2010). The process begins with logical reasons, moving to emotional attachment and to behavior, and customers are ready to repurchase despite the different barriers and competitive offerings (Sirola 2019). In addition to reasoned preferences a high level of satisfaction brings an emotional attachment to a service or product, leading to emotional relationship which is direct indicator to a high level of loyalty (Rahehagh 2020). Reaching customer loyalty is needed to make a background work of service awareness and its recognition. If there is service recognition, then we have customer's acknowledgement, at the same reaching customer's first satisfied vibes does not mean that work is done for these existed customers, according to (Budianto 2019) there are 4 stages between customer loyalty and satisfaction:

- failures – level of satisfaction and loyalty are low;
- defector – level of satisfaction is high, and loyalty is still low;
- forced – level of satisfaction is low, and loyalty is high;
- successes - level of satisfaction and loyalty are high.

Customer satisfaction and loyalty are significantly different even though they are strongly related (Torres-Moraga 2009). As satisfaction is a direct influence determining to customer loyalty, then it is worth to estimate and emphasize satisfaction determinants (Zephan 2018):

- value of service or product quality;
- customers emotion;
- perception of equality and fair treatment .

While having consumption customers expect price they pay as a cue to quality. A general estimation of the utility of a product or service and evaluating what is received, and what is given based on perception (Oh 1999). A role as emotion in customer satisfaction could be explained by

satisfaction level and long-term outcomes influenced by emotions during pre-, real now and post-consumption stages (Palmer 2008). According to (Sindhav 2006) fairness perception have the important influence on satisfaction in various circumstances including salespeople and service failures.

The customer behavior can be estimated by decision-making process: need recognition (unsatisfied needs are recognized); internal and external information search (internal as considering relevant information from previous experience of the usage and external as searching information from public sources and other customer experience); evaluation of alternatives (company offers a suitable price towards several qualities as size, quality, quantities etc); purchase decision (or decision based on product attributes from previous stages); and final post-purchase (customer consume and evaluate a consumption) – these stages show that decision-making has its own detailed process (Popoola 2016).

Due to customers' satisfaction and their trust, a chosen company receive a competitive advantage over other organizations with similar services being in a highly competitive and active environment (Leninkumar 2017). Loyalty in a digital environment is a business strategy. And it is commonly known that there is a positive relationship between customer loyalty and profitability as well (Singh 2016). Companies are evaluating and implementing loyalty strategies to achieve a strong relationship with their customers (Duffy 1998).

1.2. Customer decision-making process

The interaction between an organization and its environment, leading to the relationship management from organization side (Elbanna 2006) and process of decision selection from available alternatives with chosen criteria for aiming a goal from the customers side (Wang 2007). And the subjective representation (it could be color or size) is not always firstly interesting rather than degree of the attractiveness concerning each aspect related to the alternatives while making a choice between decision alternatives (Svenson 1979).

Regardless of the type of services and its advantages, and opportunities there is always a little introduction made from company for attracting existed customers or new potential one. Below

Figure 1. shows the adoption chain towards customer perceptions of the services or products considering by organizations inside:

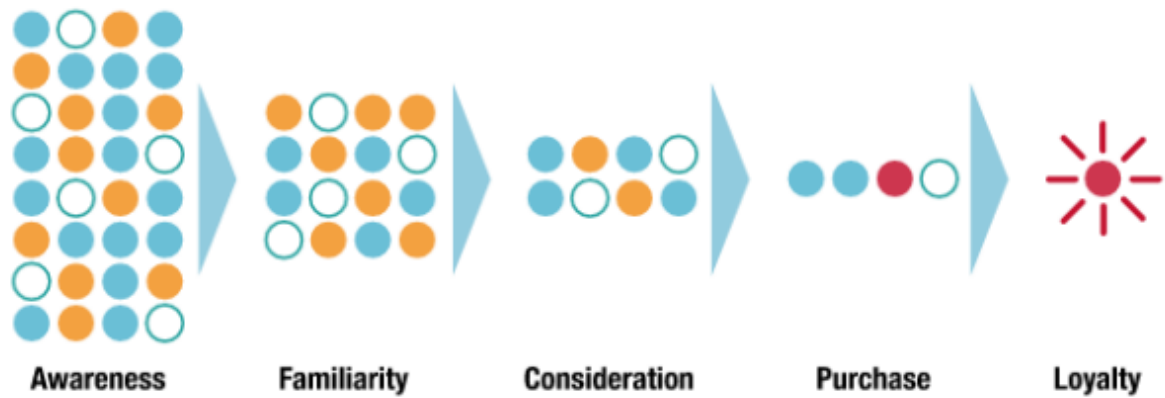


Figure 1. The adoption chain towards customer perceptions of the services or products (Stankevich 2017)

The awareness is a combination of service recognition and it's recall performance, and due to mentioned significant elements a strong image is created (Mdnoor 2016). Familiarity is an added influential element for the success of brand extensions (Chandirasekaran 2015). A set of combination (name, symbol or design) which identify the service and distinguish it from competitors effecting towards customer consideration (Erdem 2004). Considering different experiences to offer a better product to the customer than already intended to purchase (Kim 2009). Reducing several choices kept in mind from past experiences to one service to choose for purchasing in the end from customers side (Stankevich 2017) and measuring customers loyalty as a great source of possible income (Nilsson 2015).

But we can also evaluate the decision-making process from another side. Due to the digital environment companies are aware that the audience can search, consider and select the services by himself/herself to satisfy their need or wants. If there is less company influence, then worth to consider factors out of the organizations that could influence the audience decision-making process. Below the Figure 2. shows several external factors which can influence towards customer perceptions of the services or products out of the organizations:

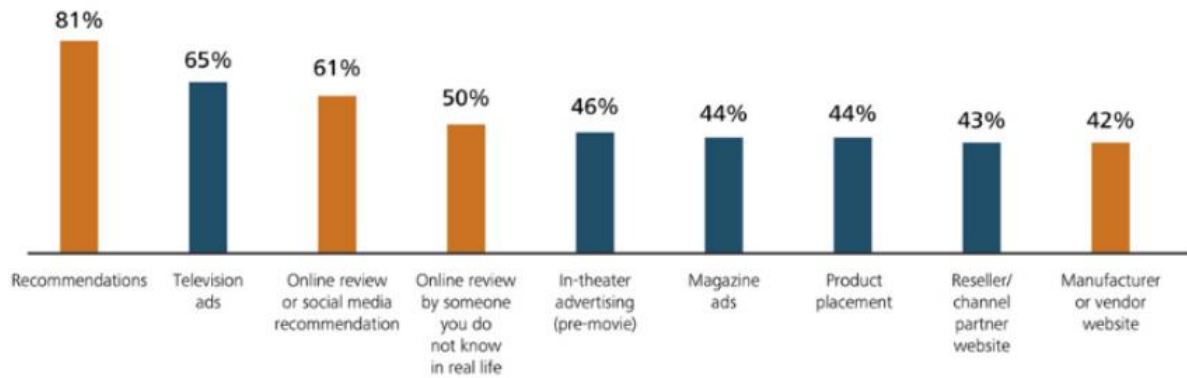


Figure 2. The external factors towards customer perceptions of the services or products

Source: Stankevich, 2017

In society the generally accepted concept is that decision-making usually depends on the consumer's experience buying the product, the risk involved and level of interest (Stankevich 2017). But the Figure 2. shows several external elements that could influence a decision to start to use a service or not, and below we can see the dominant external factors towards decision-making:

- recommendations;
- television ads;
- online review or social media recommendation.

As we know the audience recommendations construct derives from word-of-mouth and it can be measured by two WOM dimensions: activity as a frequent WOM communication with provided information by number of people told; praise as a degree of WOM communication which could be positive, negative or neutral (Zhang 2014). Generally, recommendations are accepted and evaluated from close acquaintances, friends, relatives and possibly from colleagues as well.

The Figure 2. shows that companies can use TV channels for target attractiveness. Therefore, companies must choose appropriate media channels to promote the product or service and understand how to create new options for placing them on a screen to achieve business aims (Reinares 2015) and needed target audience.

Third category could equal e-WOM because that category means very broad collected recommendations, when opinions of others about a product or service strongly influence a person's purchase intention (Nuseir 2019) through the various social media platforms.

The Figure 2. shows that other external factors cannot be unimportant because all of them have almost half of percentage, more precise between 42 and 50 percentages. So, companies should take them into consideration as well and understand that one day one of these factors can rise in percentage value and be on the same TOP 3 list of factors which influence audience decision-making (Stankevich 2017).

Nowadays the direct service introduction from companies is not the only source that influences the decision-making process. Figure 2. shows other factors out of the organizations that can influence the customers' decision-making. The right place to evaluate what kind of information and its trigger will be shared and through which sources. And if it was mentioned that usually decision-making is evaluated from the customers' experience then summarizing the Figure 2. external factors it is related to companies more because they make the first impression not the customer.

1.3. Customer relationship management: a long-term relationship

Customer loyalty is an important strategy for those companies who want to save current customers (Asgarpour 2013). If customer loyalty retention happens then it definitely means that their needs or wants are satisfied which could lead to a strong and long relationship between customer and chosen company. Customer retention is fundamental to practice relationship management, study shows that a 5 percent increase in customer retention brings in profits in a range between 25 and 95 percent (Stillwagon 2014). A strong relationship is mutually beneficial.

There is no specific rule how to manage customer relationship management, every company understands and underlines comprehension by their own vision. One company can use only Internet abilities that help to manage customer relationship in organized way (Lin 2002) when another organization can divide the number of customers into segments and use marketing tools concerning each segment group (Winer 2001).

When the company defines the right understanding of usage customer relationship management, this is the moment where a long-term relationship is started to develop. Because customers start to trust the chosen company. Trust is the level of customers' belief that organization is honest, kind

and component (Ramanauskaitė 2011). The trust is the crucial connected exchange because later customers will be ready to try and pay for services, they have not yet experienced (Sun 2020).

Trust is a small part of the work to build a long-term relationship. While building a long-term relationship it includes more fundamental categories besides trust and below Figure 3. shows significant and related categories for sales and service. Here sales are represented as organization elements and service as customer elements, where positive expectations and experience can switch to mutual satisfaction whereby a long-term relationship can be created:

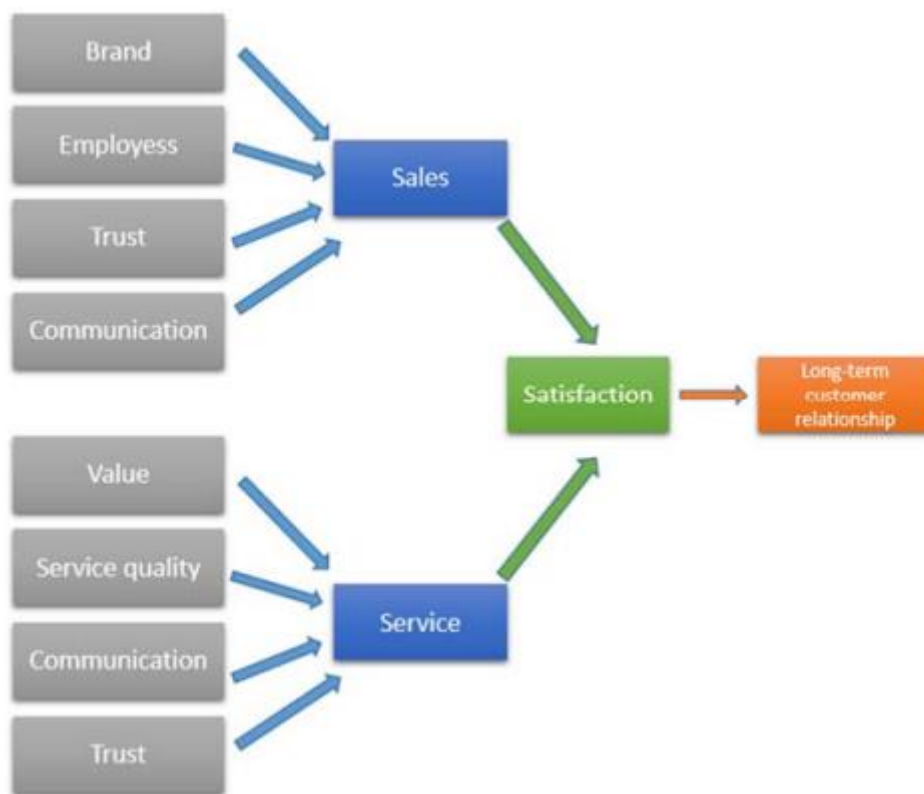


Figure 3. A long-term relationship framework

Source: Lindgren, 2017

There are four main categories for sales: brand, employees, trust and communication.

- Brand - or product, or service when customers are satisfied with brings an emotional tie towards it. The significance of satisfaction is the building of positive behaviors, loyalty and commitment (Sharma 2017).

- Employees - salespeople have direct contact with customers and are an important source of rich customer information (Biemans 2017).
- Trust - trust as conviction in the honesty and integrity of the other party, such as in a salesperson (Garbarino 1999).
- Communication - characterized by willingness to help, be helpful and pleasant. No effort from the customer side (Yusoff 2015).

To start to target customers, companies must offer something that could satisfy their needs or wants. With the friendly communication appears mutual respect. Employees due to direct contact get the information about customers' preferences and limitations. With the efficient and objective customer service customer starts to appreciate the competence thereby start to trust.

Figure 3. shows four main categories for service: value, service quality, trust and communication.

- Value - service value is explained as judgment of welfare that customers received from services (Humayon 2018).
- Service quality - the comparison of expectations gotten from previous and future services resulted in service quality (Humayon 2018).
- Communication - there is no effective functioning without a good system of communication. The advantages of effective communication are better customer relationships, saving time and money, effective decision-making, and flexible problem-solving (Poovalingam 2007).
- Trust - satisfaction formed from a trust as a result. Trust is defined as a company's focus on positive motivation of connection retention (Hannan 2017).

With a built trust and well-being communications customer is ready to make decisions. The usage of service is more appreciated due to prefatory trust and more evaluated if the customer had a bad experience in the past.

All elements are interconnected with each other because it leads to customer satisfaction. Satisfaction is the summary effective response. The measure of how the products and services provided by a company meet or surpass customers' expectations (Al-Msallam 2014). With a good experience customers have a formed memory exclusively about already satisfied service and will

return for other offers thereby showing the loyalty. And long-term relationships with customers are created by developing their loyalty to the company (Ramanauskaitė 2011).

1.4. Influencing factors towards customer loyalty

Nowadays a huge number of companies are interested in customer relationship management independently which field they work for. A growing number of companies are actively using customer satisfaction measures in developing, monitoring, and evaluating products and services (Kovač 2011) and telecommunication field is not an exception. Tallinn University of Technology library is showed that telecommunication field was investigated several times with different approaches. But at the same there is found only one thesis where telecommunication influence factors were investigated towards customer satisfaction and loyalty (Toomsalu 2016). The similarity between current thesis and other student made in 2016 year is the researched factors which were influenced to change the telecommunication company and after was a question about satisfied factors towards customers' loyalty at that time. The distinction of the thesis works are researched factors towards TV service because that category was not researched by previous student.

During the last five years Estonian telecommunication companies did not stand in one place and tried to improve companies' service capabilities and facilities. According to (Toomsalu 2016) investigations the influence factors in changing the telecommunication companies were: high bills (38%), Internet problems (19%), long-term customers were not evaluated (10%), a job change (8%), recommendations (7%) and bad service experienced (4%). It shows there were two main and dominant influence factors for switching to another telecommunication company: a price and Internet problems. In addition (Toomsalu 2016) had investigated the opposite side of influence factors which were appreciated by customers hence stayed loyal to a service provider: excellent Internet (71%), favorable prices (34%), efficient customer service (21%), customer friendly campaigns (13%) and ads like (2%). Here we see the same dominant influence indicators to stay loyal and continue with the same service provider. The service providers attempt to provide a better experience for their customers when they recognize service providers by their core services, and they make most decisions based on them (Bujang 2018).

As telecommunication field is daily used service then it is also investigated abroad. In Egyptian market was also found research about loyalty towards mobile telecommunication company and results show that main factors to stay satisfied are network quality, customer support and pricing structure. But at the same if there was a frequent cost switching, for example move-in fee, then it could cause a high level of switching a barrier which is an adjustment effect towards relationship between customer and company. (Shafei 2015). Despite the difference capabilities and advancement in the Korean market the influence factors to stay loyal not much differ from Egyptian indicators: the service quality as call quality, value-added services and customer support are major. The only thing which is not mentioned in a list of dominant indicators, compared to Egyptian and Estonian results is a price (Park 2004). As in the Kingdom of Saudi Arabia the investigations towards customer satisfaction in telecommunication industry are price, service quality, brand image loyalty trends directly influencing a customer loyalty (Khanfar 2015). As it seen the most of influence factors nevertheless matches, especially service quality, because it is underlined in all mentioned countries' research. And only one indicator on each research may stand out as an exception in comparison, and it could be brand image, because compared to price it is underlined only once.

2. METHODOLOGY

The author had mentioned above that telecommunication field and its two main categories are investigated in current thesis: phone and TV services. The methodology part is divided by three sub-chapters: research design and sampling, data collection and data analysis method, and overview of study context. Here author shows, which way the information was gathered and processed, and analyzed. The discussion based on results help to answer a thesis' research questions. To see the influence factors which put Estonians to stay loyal towards mentioned telecommunication categories used in our daily life and to evaluate their level of loyalty towards chosen service providers.

2.1. Research design, sample and sampling

The research paper is based on empirical study. As research has numerical analysis of data collected through questionnaire - quantitative method is used on the current thesis. Quantitative research focuses on objectivity and is suitable of the possibility of collecting quantifiable measures of variables (Almeida 2017).

The aim of the current thesis is to investigate and highlight telecommunication companies' factors which influence customers to stay loyal towards two categories used in our daily life: phone and TV services. It was conducted by a questionnaire made in Google Forms which was shared personally to friends and colleagues in private message with a request to answer the questionnaire and to share it to their friends. In addition, the author made a post in Facebook personal page with the little introduced description. And the responses were collected with the study counsellor help who had shared the thesis' questionnaire to Tallinn University of Technology students. Due to audience responsiveness the thesis' questionnaire collected 137 answers.

In the beginning the questionnaire has demographic questions to identify gender and age. After which questionnaire includes multiple choice questions related to each researched category: phone

and TV services. The response help to evaluate Estonians' level of loyalty and satisfaction towards chosen service providers. In percentage value there are male with 45 percentage and female with 55 percentage. So, the questionnaire collected 62 answers from male and 75 answers from females.

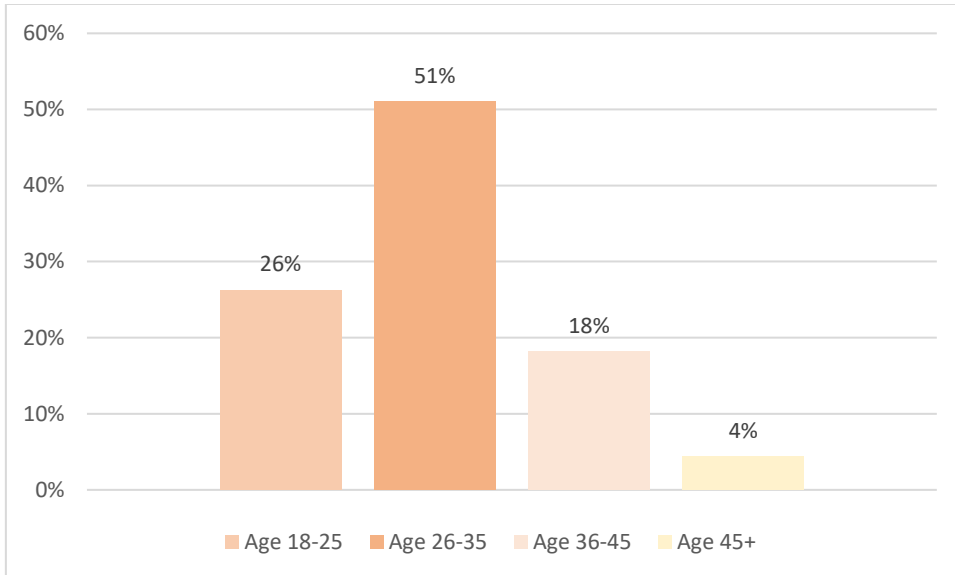


Figure 4. Division by age

Source: Compiled by author

The half of respondents are 26-35 years old and consists of 70 answers. From the youngest person we have 36 answers. The 36-45 years age group has 25 answers. And 6 answers from people who are 45 years old or older. The question was included to show what age groups were presented in the study.

The group of people who answered research questions are my colleagues, friends, acquaintances and Tallinn University of Technology students. The Google Forms link was shared in several channels as Microsoft Teams, Facebook page and separately in Messenger. Here we have a non-random sampling because the questionnaire was sent to a familiar circle of people. There was not a goal to gather the answers regarding workplace or position at work, or some specific age such 45+ to identify what ages it includes exactly. Author was gathered the age groups.

2.2. Data collection and data analyses methods

The data collection aim is to collect the data gotten from respondents to investigate and highlight the influence factors which leads Estonians to stay loyal to their service providers whom they use for phone and TV services. An earlier survey on which the questionnaire is based is already mentioned (Toomsalu 2016) thesis added in theoretical part. The questionnaire consists of 11 questions and divided into four structures. First part is related to usage of current telecommunication companies for researched categories. Second structure is related to the change of the telecommunication company and its reasons. Third structure is related to customer loyalty and influential factors to stay loyal. And compared to previous structures, the last one is more overall asking about influence factors towards decision-making no matter which service is looking for.

If more precise, there were collected 139 answers but two of them were Finnish ones with their service providers (DNA and Saunalati), which is reason why author decided to remove them from the table, because thesis is investigated local's telecommunication service providers. The questionnaire starts with list of the telecommunication companies used for phone service and current thesis is offered 3 organizations to select: Telia, Tele2 and Elisa. Next respondents must note did they changed a service provider during last two years and whether the answer was positive or negative, the respondents must select offered influence factor(s) created by author. In case of positive answer author asked respondents to note the current and previous service providers as well. The list of influence factors for phone service if respondents had changed a service provider during last two years:

- better price;
- better service quality;
- promotions;
- network coverage;
- package details;
- trust;
- commitment.

The list of influence factors for phone service if respondents did not change a service provider have the same choices to select and in addition two more influence factors:

- too lazy to change anything, not important case;

- it is not my decision, because service provider chosen by my employer;

Continuing with the same request to fill out TV service category with offered service providers and influence factors to select. The list of influence factors for TV service if respondents had changed a service provider during last two years:

- better price;
- better service quality;
- promotions;
- channel choices;
- package details;
- trust;
- commitment.

The list of influence factors for TV service if respondents did not change a service provider have the same choices to select and in addition one more influence factor:

- too lazy to change anything, not important case.

As mentioned above, in the end of questionnaire respondents must select an influence factor(s) concerning decision-making choice whether the service they are looking for and author is offered three main influence factors to select:

- recommendations (friends, relatives, colleagues);
- television ads;
- online review or social media recommendations.

The collected answers were exported to Excel file and processed through Cross Tabulation function. While processing it turned out that list of service providers consists of more than three organizations for phone category, in questionnaire's open-ended field were added: Diil, Zen and STV. Author totalizes them to "other" category, because they were mentioned once and not enough quantity for investigating. Someone added Starman, but author changed it manually to Elisa, because that old name of company is no longer in the market. While processing TV category, the table showed that some of respondents do not use it and author decided to remove it as well, because thesis is investigated the influence factors not the quantity of respondents. In addition to offered organizations by author there were mentioned other companies or even more opportunities: STV, Internet TV, Netflix etc. Again, except STV, others were mentioned once, and this is a reason

why “other” column in table is totalized by them for TV category. The column “other” is also used for comments related to influence factors, because sometimes they were too broad or irrelevant.

2.3. Overview of study context

A most known service is mobile phone service which is one of the most promising growth areas in the telecommunication field (Hadi 2016). But nowadays telecommunication field is considered a bigger list of possibilities despite the calls thus the technological convergence is happened or the usage of unrelated things having a similar characteristic under environmental conditions: starting from short media messages ending with navigator usage or downloading digital attachments (Castaldi 2007). During the 2019 year every third user had booked the transport service as Uber or booked an apartment on Airbnb website. Every second internet user had bought clothing, footwear and sports goods. In addition, 75 percent of internet users had taken some service from the internet, the insurance policies were bought by 66 percent and entertainment such as event tickets by 61 percent of internet users (Statistics 2019).

Estonian companies have made an impressive success of the application of new technologies in various sectors also in the telecommunication field (Kalvet 2004). As example when Telia operates country-wide telecommunications network in Estonia, provides broadband and data communications services, related added services, various equipment and in addition, the Internet service is used over 70% of all Estonian businesses (Estonian ICT Cluster 2017). Due to competitiveness each Estonian telecommunication company has a very broad list of services. To try not to deprive customers of needed services to avoid customers switching to competitors. In Estonia most popular service providers in telecommunication field are Telia, Tele2 and Elisa. Based on their official websites people could find various offered services, starting from personal to business one: private mobile life, home internet, TV service as personal or office internet and IT-support, even more IT as a service, servers, cloud as business one (Telia, Elisa and Tele2 websites). And moving from broader list to more detailed current thesis is investigated phone and TV services.

3. RESULTS AND DISCUSSION

An empirical study is provided by survey results and discussion. Here the author shows results processed in Excel by Cross Tabulation function based on answers which help to show a right percentage variable in the charts. Due to results the author share a finding towards Estonians' level of loyalty in usage of telecommunication service providers for phone and TV services. In addition to finding the author is discussed and bring out a review.

3.1. Survey results: Phone service

Results shows that there are 137 respondents and author offered three main telecommunication companies to select (Elisa, Tele2 and Telia) and based on open-ended comments there are more service providers in usage by respondents: DiiI, STV and Zen. As it was already mentioned that additional companies are underlined as “other” category because there is small number of quantities to investigate. As introduction author would like to show a general statistic of usage of the service providers list:

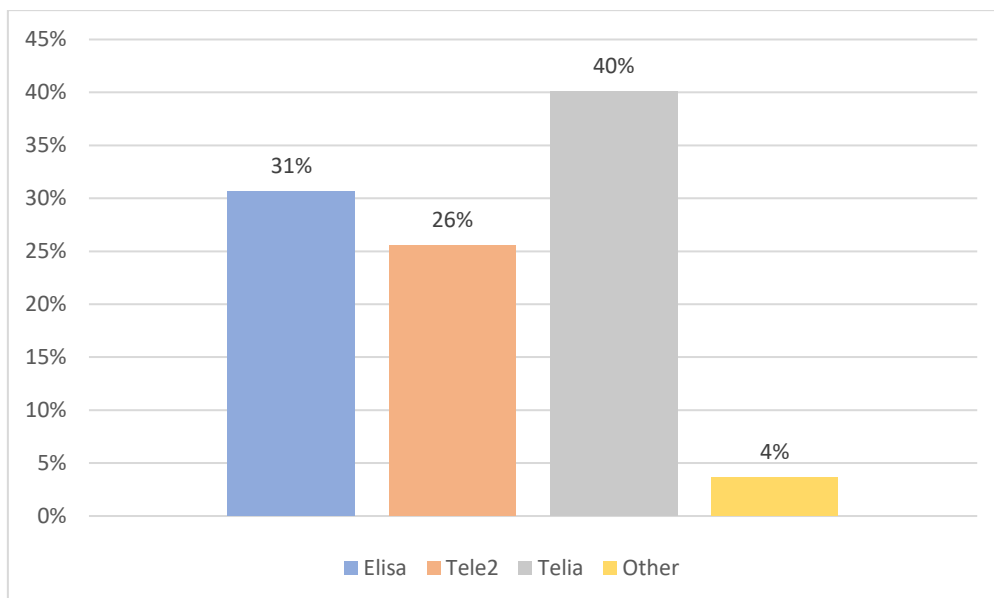


Figure 5. A list of phone service providers used by survey respondents

Source: Compiled by author

A dominant figure is Telia used by 40 percentage or 55 respondents, then Elisa by a significant margin with its 31 percentage or 42 respondents and not far behind the second position Tele2 is used by 26 percentage or 35 respondents. The list of service providers is ended with “other” category with its single answer options of 4 percentage or 5 respondents. This chart shows a nowadays choices, so if respondents noted that they had changed a service provider then it means that current, not previous one is counted here.

Due to Excel processing the results is showed that during last two years there was not a huge number of activities to change a service provider. But 29 respondents noted that they did the changes and author want to show which companies they had left during last two years:

Count of Changed	Column Labels				
Row Labels	Diil	Elisa	Tele2	Telia	Grand Total
Female		5	3	5	13
Male	1	4	3	8	16
Grand Total	1	9	6	13	29

Table 6. A count of changed phone service providers during last 2 years

Source: Compiled by author

The Table 6. shows that during last two years 13 female and 16 males did the changes towards service providers. And due to Excel calculations, the PivotTable function is showed more detailed changes based on gender, company name and action figure. If talk about dominant figures as organizations in current thesis than we see:

- female – 5 respondents left Elisa; 3 respondents left Tele2 and 5 respondents left Telia;
- male – 4 respondents left Elisa; 3 respondents left Tele2 and 8 respondents left Telia.

And one single activity towards Diil or “other” category where 1 person wanted to change it. Author considers it necessary to clarify, that nowadays list of service providers (Figure 5) has a replacement for mentioned service providers in Table 8. Results shows that these 29 respondents

were not satisfied with the service, as we understand the service includes various options and factors inside it and below table is provided by offered influence factors created by author:

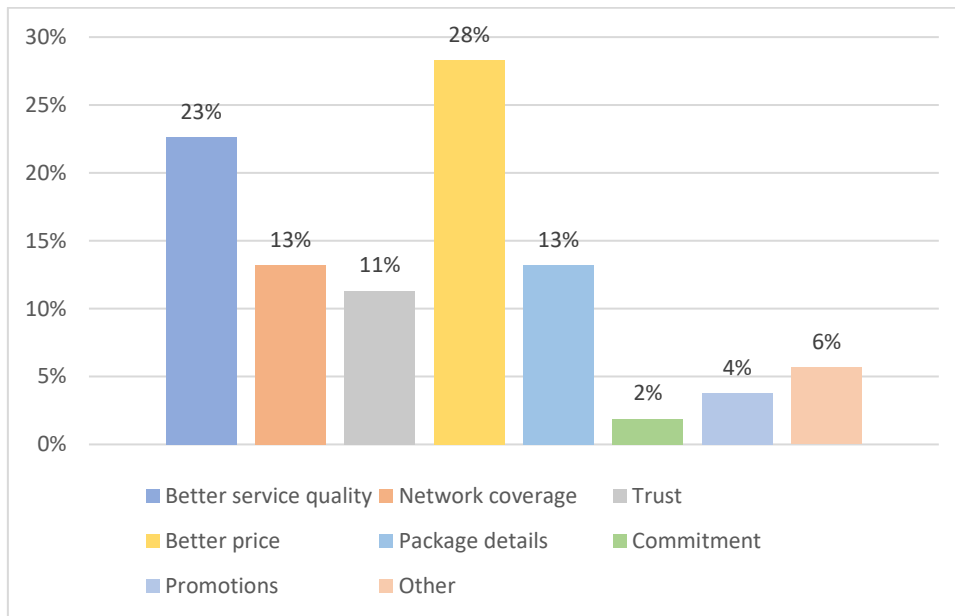


Figure 7. An influence factors towards customers to change a phone service provider

Source: Compiled by author

Author would like to note that while filling out the survey questionnaire respondents were allowed to select a multiple answer. The Figure 7. shows next influence categories due to respondents who was not ready to continue with the same service provider.

In other words, 29 respondents wanted to change a service because of above provided influence factors, where most dominant are price and service quality. Author suggests that for those respondents it was necessary to see a price they pay as a cue to quality and probably they did not match. No less significant influence factor as network coverage where author can suppose the most common problem, also from own experience, is to fix a bad signal which could often appear. On the same percentage level, we see a package details and author is assumed that price did not match with offered package or due to some technical reasons. Other influence factors are much lower in percentage value compared to dominant one, however they should not be underestimated because these customers could remain as regular and satisfied customer, if it had been corrected in time etc. Among survey respondents we have another part of customers, who are satisfied with chosen service provider or there are factors respondents cannot influence and next table explains why:

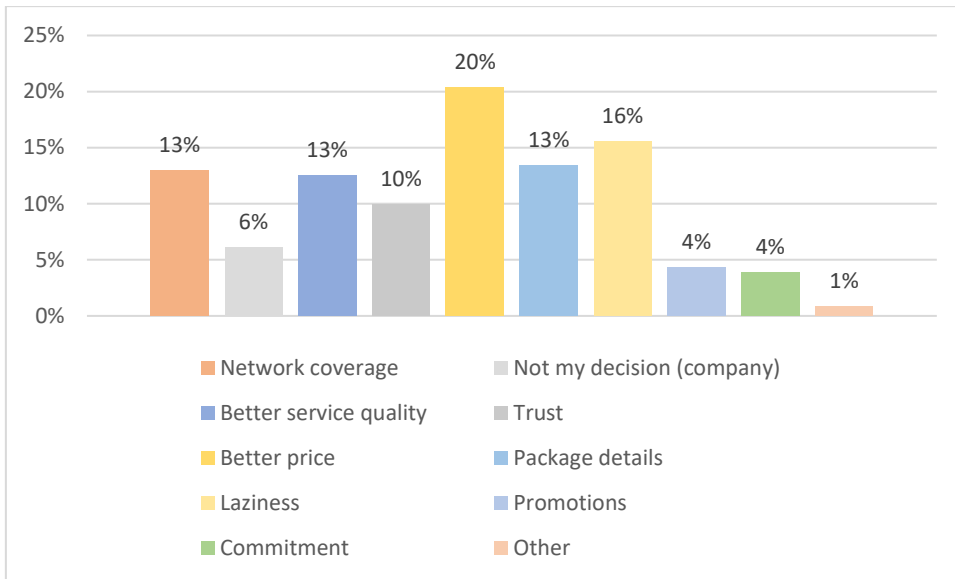


Figure 8. An influence factors towards customers to stay loyal to a phone service provider

Source: Compiled by author

Author would like to note that while filling out the survey questionnaire respondents were allowed to select a multiple answer. The Figure 8. shows next influence factors due to respondents who are satisfied with chosen service provider and who have a long-term relationship because a telecommunication company was not changed minimum 2 years if to mention a personal usage. The results shows that there are some business agreements which means that respondents cannot make an individual choice for selecting a service provider.

Back to company reason, author suggests that this six percent of respondents are employees who work for company for a long time and if author is responsible for these units not the whole company, then in addition to mentioned company, they selected a price as influence factor as well. The Figure. 8 clearly shows that price is one the influenced factors to stay loyal and continue with the chosen service provider. A similar story to company is respondents' laziness, but it does not mean that they are not interested in anything at all, because in addition to laziness another influence factors were also selected and author is assumed that most important to them is provided at their desired level, and this the limit not to consider competitors. Network coverage, service itself and package details also play a significant role and author is assumed that price there is also matched with these factors to stay loyal. Although a trust does not rank high, but author believes this is a very crucial factor because respondents show that their service provider is pleasant, competent and

helpful. A list of influence factors is ended with promotions and commitment indicators with its 4 percent.

3.2. Survey results: TV service

Here also we have 137 respondents and like first researched category author offered three main telecommunication companies to select (Elisa, Tele2 and Telia) and based on open-ended comments there are more service providers or possibilities in usage by respondents: Internet TV, Netflix, OTTclub etc. Here author is decided to totalize these additional companies and underlined as “other” category and the reason is like for previous researched category or a small number of quantities to investigate. Author also wants to inform, that nowadays we have enough quantity of people who do not have TV and they are removed because thesis is investigated an influence factor not respondents’ quantity. As introduction author would like to show a general statistic of usage of the service providers list:

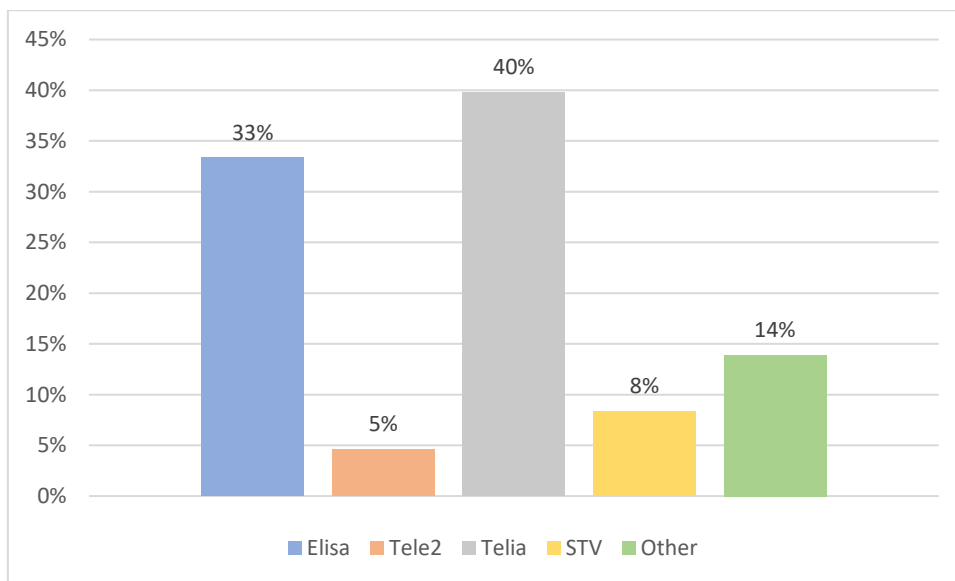


Figure 9. A list of TV service providers used by survey respondents

Source: Compiled by author

Those who do not use TV are counted to 29 respondents. And the remaining amount of 108 respondents shows that dominant figure is Telia used by 40 percentage or 43 respondents, then Elisa not far behind the first position with its 33 percentage or 36 respondents and not Tele2 is used by 5 percentage or 5 respondents. The list of service providers is ended with “other” category

which mostly include with its single answer options of 4 percentage or 5 respondents. A Figure 11. shows that due to open-ended comments a new service provider as STV is appeared and used by 8 percentage or 9 respondents. Other category includes once mentioned service providers or Internet TV with its 14 percentage or 15 respondents. This chart shows a nowadays choices, so if respondents noted that they had changed a service provider then it means that current, not previous one is counted here.

Due to Excel PivotTable processing the results is showed that during last two years there is a small number of activities to change a service provider. But 12 respondents noted that they did the changes and author want to show which companies they had left during last two years.

Count of TV SP changes	Column Labels						
Row Labels	Elisa	Other (Internet TV)	Other (Ottclub)	STV	Tele2	Telia	Grand Total
Female	2				1	3	6
Male	3	1	1	1			6
Grand Total	5	1	1	1	1	3	12

Table 10. A count of changed TV service providers during last 2 years

Source: Compiled by author

The Table 10. shows that during last two years 6 female and 6 males did the changes towards service providers. And due to Excel calculations, the PivotTable function is showed more detailed changes based on gender, company name and action figure. If talk about dominant figures as organizations in current thesis than we see:

- female – 2 respondents left Elisa; 1 respondent left Tele2 and 3 respondents left Telia;
- male – 3 respondents left Elisa; 1 respondent left Tele2 and 3 respondents left Telia.

And a single activity towards Internet TV and OTTclub or “other” category where 2 persons wanted to change it. Here we also have new appeared service provider in the list, and it shows that here is also single activity or only 1 respondent wanted to change it. Author considers it necessary to clarify, that nowadays list of service providers (Figure 9) has a replacement for mentioned service providers in Table10. Results shows that these 12 respondents were not satisfied with the service, as we understand the service includes various options and factors inside it and below table is provided by offered influence factors created by author:

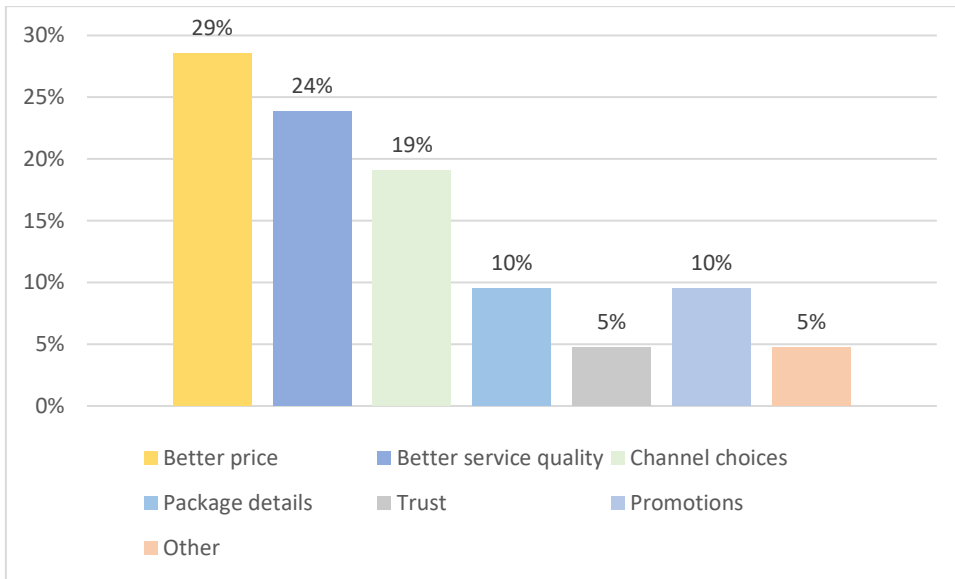


Figure 11. An influence factors towards customers to change a TV service provider

Source: Compiled by author

Author would like to note that while filling out the survey questionnaire respondents were allowed to select a multiple answer. The Figure 11. shows next influence categories due to respondents who was not ready to continue with the same service provider.

In other words, 12 respondents wanted to change a service because of above provided influence factors, where most dominant are price and service quality. Author suggests that for those respondents it was necessary to see a price they pay as a cue to quality and probably they did not match, how it could be happened for first researched category. No less significant influence factor as channel choices where author can suppose, also from own experience, that customers had a very limited list of channel choice, hence they could easily change a service provider even if price was better and suitable for them. Another influence factors as package details and promotions are not so highly rated, nevertheless served for someone as an excuse to change a service provider. With even lower percentage level trust with commitment, and other indicators gotten from open-ended comments are served units to make a change toward service provider. Among survey respondents we have another part of customers, who are satisfied with chosen service provider, but Excel calculation is showed that there are respondents chosen “laziness” category and compared to previous researched category it is used much more for TV service.

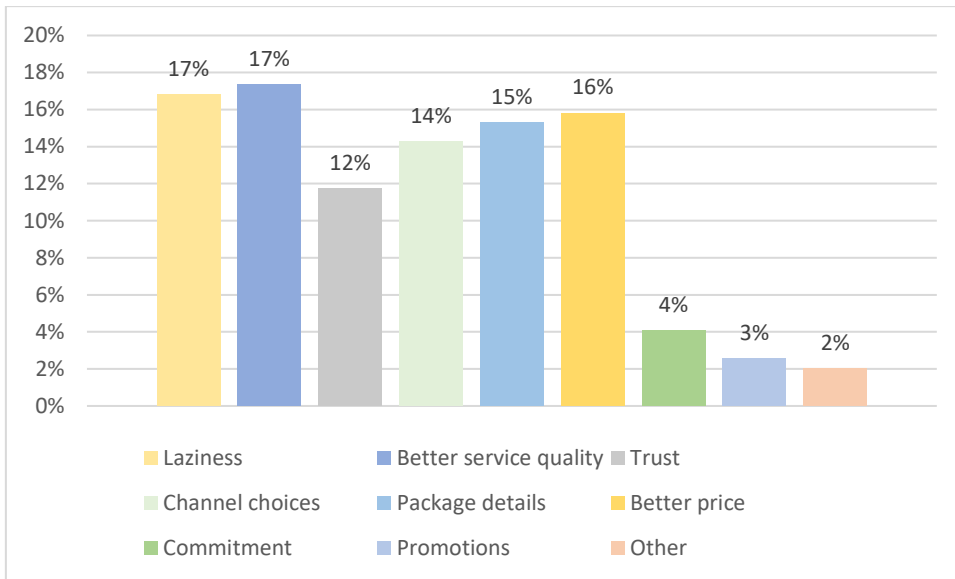


Figure 12. An influence factors towards customers to stay loyal to a TV service provider

Source: Compiled by author

Author would like to note that while filling out the survey questionnaire respondents were allowed to select a multiple answer. The Figure 12. shows next influence factors due to respondents who are satisfied with chosen service provider and who have a long-term relationship because a telecommunication company was not changed minimum 2 years.

Compared to previous tables the price is not on the highest position, this time a service quality is more appreciated. But Figure 12. shows the same percentage level for “laziness” category and author want to note that most of respondents selected that category as a single and smaller side added other influence factors and if it was made then dominant factor was service again, which means that for those respondents a high quality of service is enough to be a loyal customer. With a little percentage difference price is also estimated high and author believes that customer know for which they pay for, and it match with offered service and its quality. Respondents show that channel choice plays a significant role as well and here a trust is a very good indicator to evaluate customers’ loyalty which means that from all experiences made, they are satisfied with chosen service provider minimum last two years. The list of influence factors is ended with commitment, promotions and other factors. Here author assumes if more time could be allocated to last influence factors than percentage level of satisfied number could be also higher.

3.3. Survey results: Decision-making

As it mentioned in theoretical part companies must take into consideration the influence factors out of organizations. The survey influence factors can be regulated and corrected as soon as possible when out of organization good feedback can improve the retention stronger or bad feedback slow down it and customers or potential new one automatically consider with other companies and compare it with competitors.

The author suggested a simple influence factors out of organizations to select and specified that this general question is towards decision-making no matter which service a respondent is looking for. Below table shows which indicators is worth to keep in mind:

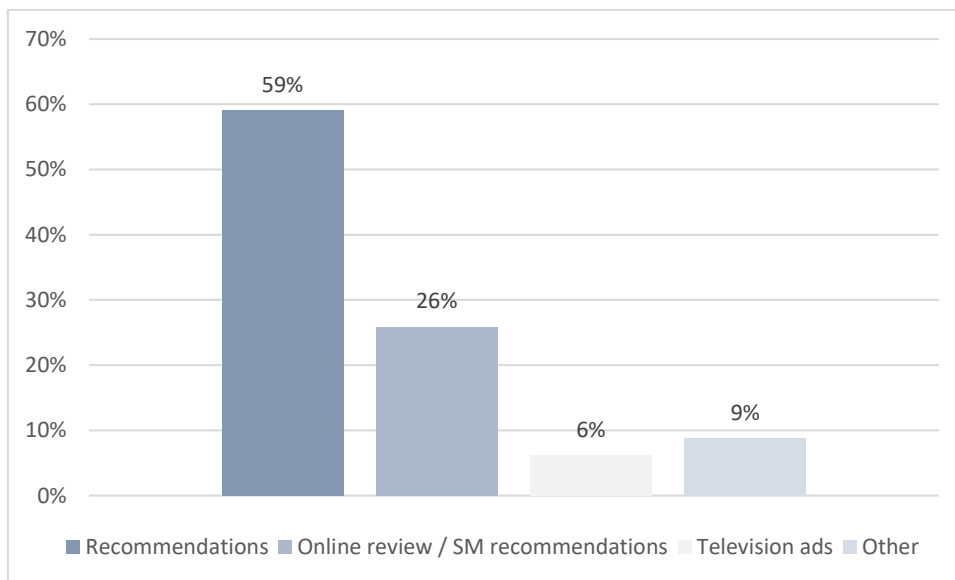


Figure 13. The influence factors towards decision-making out of the organizations

Source: Compiled by author

We see that most dominant are recommendations, while suggesting that kind of factor author clarified that it is related to friends, relatives and colleagues first. Author supposes that the list of audience could be broader and estimated as WOM. Next comes online review and social media recommendations and it proves once again that people search, consider and compare services. The lowest percentage value is related to televisions ads and on the other hand it is not surprising considering that we have those who do not have TV.

3.4. Discussion

The thesis aim is to find out the influence factors which put local customers to change or stay loyal to their service provider for phone and TV services. Before moving on to more precise summing up, author would like to highlight results related to service providers in general. The most dominant telecommunication company is Telia, because it is used for both researched categories almost half of the percentage, more detailed it is 40 percentage. Despite this certain selection results shows the decency of telecommunication choice because they are repeated in the order, they are rated for both researched categories. Namely Telia is first to consider as service provider, if something needed to compare then Elisa is preferred as second service provider to explore and only then Tele2 is taken into consideration.

Due to results the dominant influence factors to stay loyal to service provider of the phone service are price and laziness. The author would like to remind, that selected “laziness” does not mean that each respondent has no interest towards chosen service provider. Because respondents were allowed to choose a multiple answer and if it was mixed with another influence factor added to mentioned category, more often it was a price. Despite the high percentage of price and laziness, author believes that in the middle factors are also important to take into consideration, because they are not rated so negatively compared to lower rated one: network coverage, service quality and package details. The earlier local investigations (Toomsalu 2016) showed that excellent Internet was a most appreciated factor and only then favorable prices were taken into consideration by customers. If we consider that time and nowadays dominant factor then it differs today, because earlier excellent network coverage is replaced by price. Nowadays a network coverage and service quality are in the middle of all rated results.

Due to results the dominant influence factors to change a phone service provider are price and quality. The author believes that in the middle factors are also important to evaluate, because they are rated much higher compared to lower rated one, which means that it plays a significant role to pay attention and improve them: network coverage, package details and trust. The earlier local research (Toomsalu 2016) showed that high bills and Internet problems were most dominant factors to change a phone service provider and years later it is still the same. Author believes, that in current situation Internet problem could be equal to network coverage and service quality both.

Author decided to research one more service related to telecommunication company and compare it with the first researched category. The results show that there is no certain dominant influence factor to stay loyal to TV service provider, because from the first two influence factors the difference with subsequent ones is only one percent: service quality, laziness, price, package details and channel choices. The author would like to remind, that selected “laziness” does not mean that each respondent has no interest towards chosen service provider. Because respondents were allowed to choose a multiple answer and if it was mixed with another influence factor added to mentioned category, more often it was a quality. If we look to influence factors, which put respondents to change a TV service provider, then here we can highlight price and service quality. And one in middle noted channel choices, because it is not rated so low to be in the end of the list. If to stay loyal, compared to phone service with its certain highlighted factors, then TV service has almost all factors are equaled to continue with the same service provider.

Besides internal influence factors the results also show an external factors which could lead to decision-making and author would like to repeat, that survey question implies both services. The results show that respondents prefer to ask and search from close circle of people as friends, relatives, and colleagues. Only then they are moving to online review or social media recommendations and between these categories the difference is more than twice. The last offered category by author as television ads is not so popular method to memorize the service/product information. So, if we take telecommunication company as example, then there is a high probability that a bad created image will be conveyed fast to the audience and organizations must keep it in mind. Even more, author believes that companies should show the initiative and interest towards customers to make a necessary change, improvements, or a rescue of failure in time. A crucial role here is recommendations as external factor as well, based on theoretical statistic and current thesis result respondents are dependent on word-of-mouth.

CONCLUSION

The current thesis aim is to investigate and highlight telecommunication companies' factors which influence customers to change or stay loyal to chosen service providers for phone and TV services in the telecommunication field in Estonia. For reaching aim author used a quantitative method for making analyses, conclusions and proposals based on local respondents. Based on the quantitative method and multiple-choice questionnaire conducted among local respondents the results were analysed, concluded, and added with suggestions.

The research questions are related to influence factors which put local respondents to stay loyal for both services. For phone service dominant influence factors are price and laziness and for TV services almost whole list of influence factors as service quality, laziness, price, package details and channel choices. A phone service has a certain highlighted factors, when TV service's almost all factors are equaled to continue with the same service provider. Author believes that laziness means respondents are already satisfied with provided service, but this is the place where author would like to suggest companies to show more initiative and interest towards customers. Author believes that it could help to avoid unexpected situation since efforts made in time.

As research questions are related directly to loyalty, author had investigated an opposite side of current topic. The factors which influence local respondents to change a telecommunication service provider for both services during last two years, and for both the dominant influence factors are the same: price and quality. As price was mentioned as dominant factor to stay loyal, then loyal customers are less price sensitive and some little changes in billing unlikely will greatly affect them. Considering that prices do not change frequently due to company reasons, it appears at the request of customer more. Author suggests making a profitable offer for leaving customers, to retain them and thereby increasing the chance to make them loyal again. Later they can change to customers who are less price sensitive as well. The quality as dominant factor to stay loyal was mentioned only for TV service. Here author could suggest the same scheme as for price, to offer some suitable package and try to keep leaving customers longer to make needed improvements

and convince them of a good choice of service provider. Because it is rated highly towards loyalty. As for phone service a quality is not the dominant factor to stay loyal, author believes that already mentioned efforts in time towards laziness could help companies correctly evaluate a quality level.

The results clearly show that service provider was changed more towards phone service compared to TV service, slightly more than twice. Despite results' main indicators, author believes that lower rated indicators must be taken into consideration for telecommunication companies to investigate as well, as place where a tight work also help to prolong customers' retention hence to have a satisfied and loyal customer. The main conclusion that first positive impression creates a strong company image. Companies are the main source to rich customers information, show a willingness to help hence building a retention and trust.

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APPENDICES

Appendix 1. Questionnaire

Select gender *

Female

Male

Select age

*

18-25

26-35

36-45

45+

Which telecommunication company do you use currently for phone service? *

Telia

Tele2

Elisa

Другое...

Have you changed telecommunication company for phone service during the last 2 years? *

*

Yes

No

If You answered "Yes" please write the previous and current companies' names (example: Telia - Elisa)

Краткий ответ

If You answered "Yes" then why did you decide to change the telecommunication company for phone service? You can choose many.

- Better price
- Better service quality
- Promotions
- Network coverage
- Package details
- Trust
- Commitment
- Другое...

If You answered "No" then what are these factors which put you stay loyal for current telecommunication company used for phone service? You can choose many.

- Better price
- Better service quality
- Promotions
- Network coverage
- Package details
- Trust
- Commitment
- Too lazy to change anything, not important case
- It is not my decision, because service provider chosen by my employer
- Другое...

Which telecommunication company do you use currently for TV service? *

- Telia
- Tele2
- Elisa
- Другое...

Have you changed telecommunication company for TV service during the last 2 years? *

- Yes
- No

If You answered "Yes" please write the previous and current companies' names (example: Telia - Elisa)

Краткий ответ

If You answered "Yes" then why did you decide to change the telecommunication company for TV service? You can choose many.

- Better price
- Better service quality
- Promotions
- Channel choices
- Package details
- Trust
- Commitment
- Другое...

If You answered “No” then what are these factors which put you stay loyal for current telecommunication company used for TV service? You can choose many.

- Better price
- Better service quality
- Promotions
- Channel choices
- Package details
- Trust
- Commitment
- Too lazy to change anything, not important case
- Другое...

Could below mentioned factors influence to Your decision-making choice? No matter which service are you looking for. You can choose many. *

- Recommendation (friends, relatives, colleagues)
- Television ads
- Online review or social media recommendations
- Другое...

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