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An Evaluation of the Relationship between Consumer Retention and Satisfaction in Telecommunication Companies in Nigeria

Rolland Obaro Emuobor
Business Analytics, Northumbria University, New Castle, England

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Corresponding Author: **Rolland Obaro Emuobor**

Abstract
This study examined "the relationship between consumer retention and satisfaction in telecommunication companies in Nigeria". Methodology: Relevant data were drawn from sixty (60) selected staff of MTN in Ikeja Lagos, using a well-structured questionnaire. The result of the findings revealed that there is a relationship between consumer retention and satisfaction in telecommunication companies in Nigeria, Higher customer satisfaction leads to increased customer retention among telecommunication service users in Nigeria, Dissatisfied telecommunication customers are more likely to switch service providers unless proactive retention strategies are implemented, Brand Transparency helps to improve Consumer Retention and Satisfaction in Telecommunication Company in Nigeria and finally, that Customer Satisfaction plays a mediating role in the relationship between Service quality and Customer Retention in the Telecommunication Sector. Study conclusion and policy recommendations: The study concluded that understanding and strengthening the relationship between customer satisfaction and customer retention can enhance customer loyalty and maintain a competitive edge in the industry. It is therefore recommended by the study that that telecommunication network providers such as MTN should consistently search for and improve on customers' satisfaction factors to continually attract and retain their valuable customers.

Keywords: MTN, Telecommunication, Nigeria

Introduction

In today's competitive business environment, telecommunication companies strive to build and maintain a loyal customer base. One of the key factors influencing customer loyalty is customer satisfaction, which refers to "the individual's perception of the performance of the product or service in relation to his or her expectations" The term customer satisfaction is a subjective, non-qualitative term (Fritsch & Changoluisa 2017) [9]. Customer satisfaction is recognized as a key influence in the formation of customer future purchase intention (Fritsch & Changoluisa 2017) [9]. Customer satisfaction is influenced by specific product or service features and perceptions of quality. Satisfaction is also influenced by customer's emotional responses, their attributions nether perception of equity (Fritsch & Changoluisa 2017) [9]. Increased customer satisfaction can provide company benefits like customer loyalty, extending the life cycle of a customer expanding the life of merchandise the customer purchase and increases customers positive word of mouth communication. When the customer is satisfied with the product or service of the company, it can make the customer to purchase frequently and to recommend products or services to potential customers. It is impossible for a business organization to grow up in case the company ignores or disregards the needs of customers (Fritsch & Changoluisa 2017) [9]. Customer Satisfaction has been a central concept in marketing literature and is an important goal of all business activities. Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition (Fritsch & Changoluisa 2017) [9]. High levels of satisfaction often lead to customer retention, which can be defined as "customer's liking, identification, commitment, trust, willingness to recommend and repurchase intentions with the first four being emotional-cognitive retention constructs and the last two being behavioral intentions" (Anderson, 2019) [6].

According to Anderson (2019) [6], customer retention in a marketing sense means holding on to customers. If a company becomes aware in time of those customers who demonstrate an increased likelihood of ending the relationship, then it can take action to prevent this. Customer retention is a system of activities for improving the transaction process, based on the positive positioning of the customer, and the consequential readiness for successive purchasing. According to Boakye (2017) [7], customer retention refers to a customer engaging in a contract, either formal or informal, over a period of time, which includes repeated transactions. Retaining old customers costs less than acquiring new ones and is achieved by good service and good relationships (Anderson, 2019) [6]. Anderson, (2019) [6] defined customer retention as customers' declared continuation of a business relationship with the firm. Customer retention is “customer’s intention to stay loyal with the service provider especially in the context of switching costs” (Reginald *et al*, 2016) [12]. Retained customers are more likely to make repeat purchases, recommend the brand to others, and contribute to long-term profitability.

The relationship between customer satisfaction and retention is well-established in marketing and business research (Hua & Wang, 2018) [10]. Satisfied customers are more likely to develop a sense of trust and commitment toward a brand, reducing their likelihood of switching to competitors (Adusei & Tweneboah-Koduah, 2019) [1]. However, satisfaction alone does not always guarantee retention, as other factors such as pricing, competition, and brand perception also play a role. Understanding the dynamics between customer satisfaction and retention is very crucial for businesses seeking to enhance customer loyalty, reduce churn rates, and maximize lifetime customer value (Agus, 2019) [2]. Therefore, it is important to explore how businesses can leverage positive customer experiences to build long-term relationships and sustain growth in a competitive marketplace. By investigating this relationship, the study will provide valuable insights for telecommunication companies to optimize their loyalty strategies and enhance customer experience in a competitive market.

Methodology

In this study, structured questionnaire serves as useful guide to the effort of generating data for this study. The research used descriptive survey design as the strategy or plan of action regarding events which upon implementation will enable the researcher to investigate the problem of this study. The study was designed in a systematic process of providing answer to the research questions and research objectives. The population of study comprised of selected staff from Mobile Telecommunication Network (MTN) in Lagos. Simple random sampling method was greatly employed owing to its effectiveness in eliminating biasness and that it offers a better representation of the population. As a result of the inability of the researcher to effectively study the whole organization under study, a representative number of sixty (60) respondents was chosen as the sample size population. Sixty (60) and were used as the sample size. The descriptive and quantitative statistical method of data analysis were used to analyze the study of this research. The descriptive statistical method involved the use of tables and frequency distribution.

Data Presentation, Analysis and Interpretation

Table 1: Higher customer satisfaction leads to increased customer retention among telecommunication service users in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	31	51.7	51.7	51.7
	Agree	16	26.7	26.7	78.3
	Disagree	9	15.0	15.0	93.3
	Strongly disagree	4	6.7	6.7	100
	Total	60	100	100	

Source: Field survey, 2025.

Table 1 shows the responses of respondents that higher customer satisfaction leads to increased customer retention among telecommunication users in Nigeria. 31 respondents representing 51.7 percent strongly agree that higher customer satisfaction leads to increased customer retention among telecommunication users in Nigeria. 16 respondents representing 26.7 percent agree that higher customer satisfaction leads to increased customer retention among telecommunication users in Nigeria.

Table 2: Dissatisfied telecommunication customers are more likely to switch service providers unless proactive retention strategies are implemented

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	30	50.0	50.0	50.0
	Agree	15	25.0	25.0	75.0
	Disagree	10	16.7	16.7	91.7
	Strongly disagree	5	8.3	8.3	100
	Total	60	100	100	

Source: Field survey, 2025.

Table 2 shows the responses of respondents that dissatisfied telecommunication customers are more likely to switch service providers unless proactive retention strategies are implemented. 30 respondents representing 50.0 percent strongly agree that dissatisfied telecommunication customers are more likely to switch service providers unless proactive retention strategies are implemented. 15 respondents representing 25.0 percent agree that dissatisfied telecommunication customers are more likely to switch service providers unless proactive retention strategies are implemented.

Table 3: Brand Transparency helps to improve Consumer Retention and Satisfaction in Telecommunication Company in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	32	53.3	53.3	53.3
	Agree	13	21.7	21.7	75.0
	Disagree	9	15.0	15.0	90.0
	Strongly disagree	6	10.0	10.0	100
	Total	60	100	100	

Source: Field survey, 2025.

Table 3: shows the responses of respondents that brand transparency helps to improve consumer retention and satisfaction in telecommunication company in Nigeria. 32 respondents representing 53.3 percent strongly agree that brand transparency helps to improve consumer retention and satisfaction in telecommunication company in nigeria.13 respondents representing 21.7 percent agree that brand transparency helps to improve consumer retention and satisfaction in telecommunication company in Nigeria.

Table 4: Customer Satisfaction plays a mediating role in the relationship between Service quality and Customer Retention in the Telecommunication Sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	27	45.0	45.0	45.0
	Agree	16	26.7	26.7	71.7
	Disagree	9	15.0	15.0	86.7
	Strongly disagree	8	13.3	13.3	100
	Total	60	100.0	100	

Source: Field survey, 2025.

Table 4 shows the responses of respondents that customer satisfaction plays a mediating role in the relationship between service quality and customer retention in the telecommunication sector in Nigeria. When customers are satisfied with the services provided brand image is improved. 27 respondents representing 45.0 percent strongly agree that customer satisfaction plays a mediating role in the relationship between service quality and customer retention in the telecommunication sector in Nigeria. 16 respondents representing 26.7 percent agree that customer satisfaction plays a mediating role in the relationship between service quality and customer retention in the telecommunication sector in Nigeria.

Discssuion of Findings

The above findings shows that there is a relationship between customer satisfaction and customer retention in telecommunication companies in Nigeria. This can be traced to the similar research done by Kumar *et al*. (2017) [11] which examined the relationship between customer satisfaction, retention and loyalty in telecommunication industry in Adamawa state Nigeria. The study adopted quantitative research design. Data were collected using structured customer satisfaction, loyalty and retention questionnaire designed on five points Likert scale. The study target population was 1,292,064 customers; statistical formula for calculating sample size by Taro Yamani was used to draw a sample size of 400 customers of telecommunication service providers in Adamawa state, using proportionate stratified random sampling technique, 400 questionnaires were distributed to the sampled respondents. A total of 370 copies of the questionnaires were filled and returned to the researcher. However 10 out of the 370 questionnaires had defect, and the analysis of the data was based on 360 that had no flaw. Data collected were subjected to inferential (correlation and regression) statistics with the aid of Statistical Package for Social Sciences (SPSS 26.0). Findings of this study indicate that customer satisfaction has positive and significant effect on customer retention ($\beta = 0.690$; $p = 0.000$). Also, customer satisfaction has positive and significant effect on customer loyalty ($\beta = 0.683$; $p = 0.000$), and the study revealed that customer retention positively and significantly impact customer loyalty ($\beta = 0.815$; 0.000). The study therefore concluded that customer retention depend largely on customer satisfaction, meanwhile, customer satisfaction also play a significant role in customer loyalty, and that customer retention is an effective predictor of customer loyalty. Subsequently, the study recommended that telecommunication network providers should consistently search for and improve on customers' satisfaction factors to continually attract and retain their valuable customers. Furthermore, Bailey (2012) also stated that customer satisfaction enhances the overall customer experience and strengthen the bond between the service provider and its users. When telecommunication companies offer loyalty programs, they are essentially recognizing and rewarding customers for their continued business, which can create a sense of appreciation and value (American Marketing Association 2016) [5]. This recognition leads to an improvement in customer satisfaction, as customers feel that their loyalty is being acknowledged and rewarded, thereby reinforcing positive feelings toward the brand, thereby reducing churn rates (Feliz & Maggi, 2019) [8]. The rewards offered through loyalty programs—whether they are discounts, bonus data, or exclusive services—contribute to an enhanced sense of value. Customers who perceive that they are receiving more for their investment are likely to be more satisfied with the services they are receiving. As these programs align with customer needs and desires, such as access to special features or perks tailored to individual preferences, they help in providing a personalized experience that makes customers feel understood and appreciated (Shulga & Tanford, 2018) [13]. This personalization further increases their satisfaction with the company and encourages them to stay.

Conclusion

In Nigeria today the telecommunications industry has become increasingly competitive, with various service providers vying for consumer attention and loyalty. Higher customer satisfaction often lead to increased retention, as satisfied customers are more likely to remain loyal to a service provider (Ali & Ali, 2018) [3]. In this complex environment, telecommunication companies are increasingly adopting loyalty programs as a strategic tool to retain customers and enhance satisfaction (Agus, 2019) [2]. Loyalty programs such as service quality, network reliability, and pricing play a significant role in shaping customer satisfaction and retention (Alshurideh 2016) [4]. Customers who perceive that they are receiving more for their investment are likely to be more satisfied with the services they are receiving. As these programs align with customer needs and desires, such as access to special features or perks tailored to individual preferences, they help in providing a personalized experience that makes customers feel understood and appreciated (Fritsch & Changoluisa 2017) [9]. This personalization further increases their satisfaction with the company and cause them to remain. Furthermore, customer satisfaction serves as a bridge between the quality of the services rendered and retention. Therefore, emphasis is placed on the need for telecommunication companies to prioritize excellent customer experiences. This study wishes to conclude that understanding and strengthening the relationship between customer satisfaction and customer retention can enhance customer loyalty and maintain a competitive edge in the industry.

Recommendations

After careful observation from the data collected and analyzed based on the objectives of the study, the study wishes to recommend the following:

1. Telecommunication companies in Nigeria should heavily invest in improving network coverage and ensuring a faster and more reliable connection. This will enhance customer satisfaction and retention.
2. Telecommunication companies in Nigeria should strive towards maintaining customer loyalty by offering competitive pricing, rewards, discounts, flexible data and call plans. They should also implement a transparent billing system that prevent unexpected charges. That way, customers feel a sense of accountability from their network providers and also encourage continued patronage and reduce the likelihood of switching to other competing service providers.
3. Telecommunication companies in Nigeria should at all times provide efficient, responsive and friendly customer service through multiple channels such as online chats, physical offices and call centers. They can conduct regular customer satisfaction surveys to gain valuable feedback on how to improve their services. This will enhance customer satisfaction and retention.
4. Telecommunication companies in Nigeria should offer user-friendly mobile apps, automated solutions and self-service platforms so as to provide customers with greater convenience and control over their services.

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