

**Determinants of Customer Reacquisition Model in Telecom Sector: Evidence from Pakistan****Fahad Javed Baig<sup>1</sup>, Sidra Ramzan<sup>2</sup>, Nargis Akhtar<sup>3</sup>, Hafiza Sobia Tufail<sup>4</sup>, Fasiha Nargis<sup>5</sup>****Abstract**

The objective of this study was to explore the factors influencing customer reacquisition in Telecom Sector of Pakistan by using Push-Pull Mooring theory. This study used the AMOS and SPSS analysis with 375 valid samples collected from Pakistani telecom subscribers using paper and online survey. The results presented that all three factors, including Service Recovery (SR), Peer Influence (PI), and Promotional offers (PO) have positive and significant effect on Customer Reacquisition (RA). The results also show that Persuasive Advertisement (PA) have moderation effect on the relationship among customer reacquisition and service recovery, customer reacquisition and peer influence, customer reacquisition and promotional offers. Based on results, this study provided the recommendations to telecom subscribers in Pakistan.

**Keywords:** Service Recovery (SR), Peer Influence (PI), Promotional offers (PO), Persuasive Advertisement (PA), Customer Reacquisition (RA), Push-Pull Mooring theory, Telecom Sector

**JEL Codes:** O3

**1. Introduction**

In today's world, organizations have realized that it is impossible to retain 100 percent of their consumer base. Regardless of all the steps taken to retain customer, customer switching is unavoidable (Dodson, 2000). Instead of watching and calculating the customer switching loss and moving forward, some firms chase their defected customers and reacquire them (Griffin & Lowenstein, 2001). A telecom service provider, BellSouth started losing its customers at a very high rate in 2001, the firm adopted reacquisition efforts and by using effective winback strategies, BellSouth reacquired a large portion of its lost customer in 2003 (J. Caruso, 2003). Consequently, a new facet of CRM has emerged naming "Customer Reacquisition". Customer Reacquisition was conceptualized by (Thomas, Blattberg, & Fox, 2004) as "the process of firms' revitalizing relationships with the customers who have defected". (Stauss & Friege, 1999) defined it as "rebuilding the relationship with customers who have explicitly quit the business relationship". Defected customer refers to the customers who were once in the relationship with the company but are no longer in the relationship (Reichheld & Sasser, 1990). Through this we can clearly differentiate between customer reacquisition and new customer acquisition or customer retention concepts.

Pakistani telecom industry is one of the quickest developing commercial ventures in the nation since the most recent decade. By Telecommunication Authority (PTA), Pakistan has 130 million telecom customers 2016. Five key players are offering mobile telecommunication services in Pakistani telecom industry, namely 1) Moblinc, 2) Ufone, 3) Telenor, 4) Warid & 5) Zong (previous known as Paktel acquired by China Mobile Company). Although Warid telecom is acquired by Moblinc, but it is still operating in the market with its actual brand name. These all-telecom organizations are widely utilizing current I.T. advances to improve their number of subscribers. As there are five major players in Pakistani telecom industry, the intensity of rivalry among these firms is very high and the competition is strong. As there is no monopoly or vast differentiation of any firm in the market, that is why all the firms are facing a problem of churn of customers from one firm to another.

Hence all of the telecom service providers are advertising heavily the procedures of switching the telecom network to gain new customer and to regain lost ones. Moblinc is the market leader with more than 32 million users followed by Telenor having 25 million users. Ufone struggled hard and achieved 20.4 million user bases. Warid and Zong are the followers in the market. Customers' retention has gotten a considerable measure of consideration from researchers.

Different analysts have given various guarantees of customers' retention. Customer's retention lessens costs and can be wellspring of high market share. In telecom sector of Pakistan, a customer will be at breakeven for a telecom company only if the customer stays on the same network for more than 180 days. There is another problem faced by telecom companies that is switching of networks. This implies that customer has multiple Sims and he/she uses a specific sim whenever the company announces any offer for reactivation or usage of that sim. In Pakistan, all the telecom service providers have to face 18-20% churn rate out of their existing market share. From these, roughly 55 to 60% of users switch before the break-even period that is 180 days. This is becoming a big question mark on the financial performance of telecom companies in Pakistan. And to overcome this, firms are trying to retain existing customer base and regain the lost ones.

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In the consumer behavior literature during the last few decades, numerous academics and professionals have worked hard to investigate consumer switching behavior (CSB) and develop theories and management approaches. Specially, various hypothetical models are proposed to understand the nature and results of CSB (Bansal, Irving, & Taylor, 2004; Bansal & Taylor, 1999; Bansal, Taylor, & James, 2005; S. G. Nimako, 2012). While a lot of research work has been done on Consumer Switching Behavior, but there is gap in the consumer behavior research on customer reacquisition, the reciprocal of consumer switching. Customers switch from one company to another and they can also switch back (un-switch). This switch back is called Customer Reacquisition. There are many studies that explain the consumer loyalty, retention and customer relationship management, but there is a gap in the literature regarding customer switch back behavior and customer reacquisition and the factors that influence a customer's behavior to switch back to its previous service provider.

Focus of the study will be identifying factors that influence Customer Reacquisition. Mobile telecom network companies would be the context of this study. As for Mobile telecom companies, the biggest threat of today is the drifting customer. Customers are switching from one network to another and again to another to avail the offers for new subscriber acquisition given by telecom networks. The cost of switching from one network to another is very low in Pakistani Mobile telecom sector. Customers keep multiple Sims and use them just to get the benefits offers.

- *To analyze the relationship between Service Recovery and Customer Reacquisition.*
- *To analyze the effect of Peer Influence on Customer Reacquisition.*
- *To analyze the relationship of Promotional Offers and Customer Reacquisition.*
- *To examine the moderating role of Persuasive Advertisement on the relationship between Customer Reacquisition and Service Recovery.*
- *To examine the moderating role of Persuasive Advertisement on the relationship between Customer Reacquisition and Peer Influence.*
- *To examine the moderating role of Persuasive Advertisement on the relationship between Customer Reacquisition and Promotional Offers.*

This study has an important theoretical contribution to the literature of customer relationship management and consumer behavior in the telecom sector in Pakistan. Previous studies in this area

The reasons for customer switching behavior were studied in the previous literature were focused on the determinants of customer switching behavior and churn (Liang, Ma, & Qi, 2013; Shin & Kim, 2008). Factors that lead towards customer switching were identified as low service quality (Rothenberger, Grewal, & Iyer, 2008), anger induced switching behavior (Roos & Friman, 2008) and many others. This study provides a model for reacquisition of lost customers in telecom sector that provides and insight into the winning back factors. The lost customers are very much important for service firms because they act as a viral source of spreading the dissatisfaction amongst other potential customer through word-of-mouth communication. Moreover, these lost customers are the revenue streams for the company. In this study, the factors that influence the customer reacquisition or switching back behavior are explained. The customer reacquisition model will be an addition in the CRM and consumer behavior literature. Furthermore, this study provides a detailed model of reacquisition with the contributing factors Service Recovery, Peer Influence and Promotional Offers. The Moderating effect of Persuasive Advertisement is also studied in order to get a comprehensive reacquisition model for the telecom sector.

## 2. Literature Review

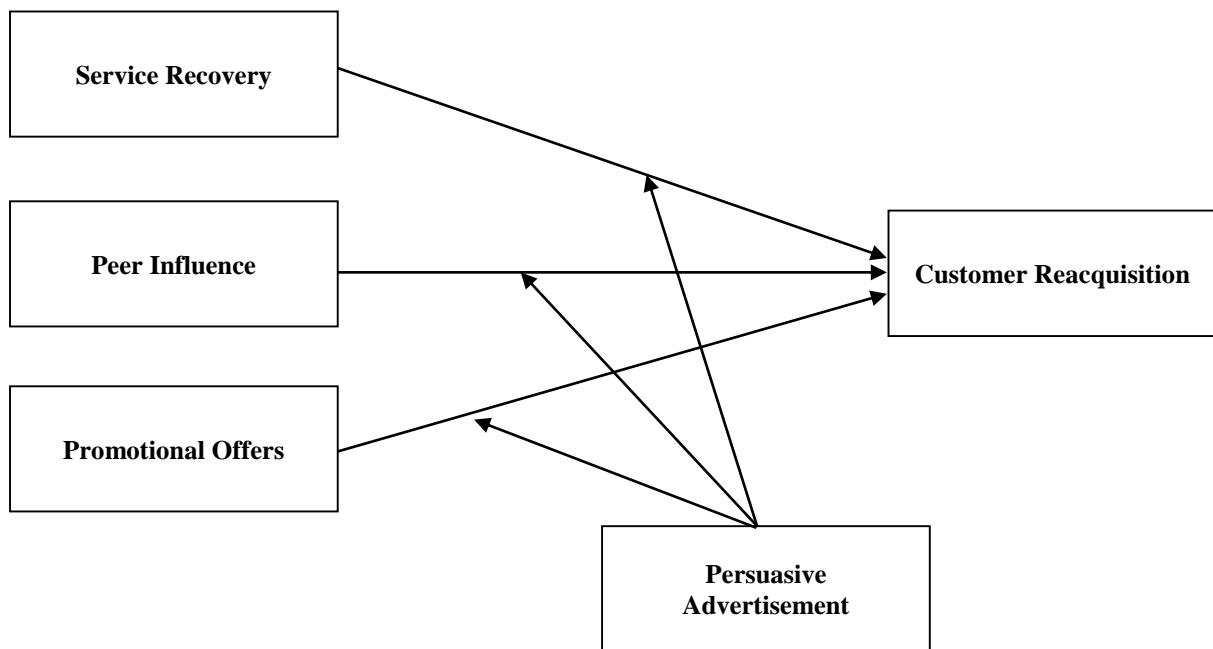
Push-Pull Mooring theory is a validated theory of marketing that has been applied to many previous studies on Consumer Switching Behavior (Griffin & Lowenstein, 2002). Researchers adapted the constructs of the theory in different and divergent ways. This theory was formulated by (Nimako & Ntim, 2013) and (Lee, 1966) as just a push-pull model and later on mooring effect was contributed by (Moon, 1995). Basically, this theory states that the push factors are the negative factors that distract the customers away and pull factors are positive forces that attract customers. These pushes and pull factors do not work in isolation, mooring factors work as moderator and encourage migration or deter migration. Though in theory mooring factors included social and psychological factor that effect switching behavior but these factors can be extended and other factors can be included that effect switching intentions (Bogue, 1977).

Customer Reacquisition is defined as winning back the company that has terminated the relationship with the company for any reason Leach *et al.*, 2021. Companies can reacquire the lost/defected customers by persuading them to re-establish the relationship that has been terminated that is to instigate a switch back behavior in the customers. Basically, reacquisition is based on the modification of customers' behavior and decision making. Customer Reacquisition in telecom means that if a customer has switched from company A to company B, the later company would make efforts to attract the customer back to it by using different tools. Customer reacquisition is different from customer acquisition consequently, customer reacquisition tools are different from new customer acquisition tools (Griffin & Lowenstein, 2002). "Service recovery" refers to the steps taken by an organization to recover a service failure. It is a thoroughly considered, arranged procedure for reacquiring lost customers to a condition of satisfaction with the firm after a service or item has neglected to satisfy the customer's

needs. Service quality has been recommended as a strong indicator of customer retention and consumer loyalty by numerous organizational researchers. Administration quality is a drive of the consumer loyalty that affects customer's dependability (Aydin & Özer, 2005). Service quality has direct relationship with success and profitability of business. Okeiyi and Agu, (2022) explain that service recovery has positive impact on consumer loyalty.

"Peer pressure is influencing a peer group, observers, or an individual applies that urges others to change their states of mind, values, or behaviors to fit in with those of the affecting gathering or person". According to (Griffin & Lowenstein, 2002) social influences are the factors that affect other people; opinion, that are superior influence and peer influence. Moreover, it is the social pressure to perform or not perform a specific behavior. Mobile users are often in a social situation. And to show themselves fit into that situation their preferences and choice criteria tends to be changed time and often. Previous studies in marketing have determined that communication with peers effects teenagers' intentions to purchase and perceive positively or negatively about any brand (Feltham, 1998).

Promotional offers are the monetary and non-monetary measures to attract customers. Promotions offers are widely being used in telecom sector to attract new customers as well as to attract the defected customers. Promotional offers have many dimensions that are used to enhance or boost up sales in short term period for example Discounts, Coupons, POS Display, free sampling etc. These all tools are having a direct impact on the customers purchase behavior and the perception about the product or service. Promotional offers' impact will be increased if these are used in such a time when a customer is not expecting these offers. Promotional offer should be coordinated, systematically arranged and must be aligned with the overall corporate strategy of the firm. (Sethi & Chawla, 2014). According to some scholars, exchange is the mutual consent of presentation of the services and gain of money (Bolton & Drew, 1991; Rahman, Haque, & Ahmad, 2010; Thomas *et al.*, 2004). As (Gassenheimer, Houston, & Davis, 1998) said this exchange is possible only when there are benefits for both exchange partners as in case of monetary and social terms.



**Figure 1: Proposed Model**

"Persuasive advertising leverages the desires and interests of consumers to convince them to purchase a product or service". Many studies have been conducted on persuasive advertisement or the effectiveness of the advertisement. The main function of the persuasive or effective advertisement is to influence the consumer buying behavior and have the capability of reminding the ad while making buying decision and customer give attention to particular product or service. In telecom sector persuasive advertisement more helpful when they approach the customer for the first time (Ayanwale *et al.*, 2005). Persuasive advertisement positively impact on customers' attitude toward specific brand, and finally provides a direction in customers' mind for purchase motive (Lafferty, Goldsmith, & Newell, 2002).

Hypotheses of the study are as given below:

*H1: There is a significant positive relationship between Service Recovery and Customer Reacquisition.*

*H2: There is a significant positive relationship between Peer Influence and Customer Reacquisition.*

*H3: There is a significant positive relationship between Promotional Offers and Customer Reacquisition.*

*H4: Persuasive Advertisement moderates the relationship of Service Recovery and Customer Reacquisition.*

*H5: Persuasive Advertisement moderates the relationship of Peer Influence and Customer Reacquisition.*

*H6: Persuasive Advertisement moderates in the relationship of Promotional Offers and Customer Reacquisition.*

### 3. Research Methodology

#### 3.1. Instrument Design

Table 1 describes the instrument items depending on Push-Pull-Mooring Theory and expensive literature of telecom sector related studies. The questionnaire used in this study was adapted from (Boshoff *et al.*, 2005; Nimako & Owusu, 2015; Obermiller & Spangenberg, 1998; Pick *et al.*, 2016; Tokman *et al.*, 2007). Five-point Likert scale was used in this study. Volunteer respondents will be selected due to the sensitivity and some other restrictions. The questions section has six parts, Part 1: Customer Reacquisition, Part 2: Service Recovery, Part 3: Peer Influence, Part 4: Promotional Offers, Part 5: Persuasive Advertisement and Part 6: Demographic variables. After completing the pilot test, the instrument was further refined and improved on the basis of pilot test results.

**Table 1: Constructs and Their Scales**

Constructs	Items	Sources
Service Recovery	<p>“My previous TSP compensated for financial loss”.</p> <p>“The compensation was fair”.</p> <p>“I was satisfied with given compensation”.</p> <p>“My previous TSP’s communication was clear”.</p> <p>“Questions were asked to clarify situation”.</p> <p>“Employee was polite”.</p> <p>“Employee was understanding”.</p> <p>“First contacted employee solved problem”.</p> <p>“Employee did not need help to solve problem”.</p> <p>“Employee did not pass problem on to someone else”.</p> <p>“My previous TSP gave me feedback”.</p> <p>“It didn’t take long before my previous TSP contacted me”.</p> <p>“Problem was solved within reasonable time”.</p> <p>“My previous TSP made appropriate use of medium for communication”.</p> <p>“Medium used for communication appeared professional”.</p> <p>“My previous TSP apologized for situation”.</p> <p>“My previous TSP apologized for financial loss”.</p> <p>“My previous TSP gave explanation for situation”.</p> <p>“My previous TSP gave satisfactory explanation for situation”.</p>	(Sethi & Chawla, 2014)
Customer Reacquisition	<p>“If you changed your service provider, you will return back to use the services of your previous TSP”?</p> <p>“You will switch back to use the services of your previous TSP in the next two years if you switched in the past”?</p> <p>“I would return to my previous TSP if I realize the company has improved upon their quality of telecom services”.</p> <p>“I would return to my previous TSP if the company improves greatly in the quality of the network services”.</p> <p>“I would return to my previous TSP if the company provides more exciting services to customers”.</p> <p>“I am generally willing to return to previous TSP”.</p> <p>“I am generally willing to revise my former decisions to change my service provider”</p> <p>“In the future I would like to terminate my current relationship with my current TSP”.</p> <p>“The renewal of my former relationship, i.e., re-subscription to my previous TSP is very probable”.</p>	(Tokman <i>et al.</i> , 2007) (Boshoff <i>et al.</i> , 2005)
Peer Influence	<p>“I would give preference to that which is already using by friends and family members”.</p> <p>“I want to choose the one that is maximum using by my colleagues/seniors”.</p> <p>“I would give special consideration to group opinion”.</p> <p>“I would give special preference to that which will increase my interaction”.</p>	(Nimako & Owusu, 2015)

	‘I would give special preference to that which will increase my prestige’.	
Persuasive Advertisement	“Advertisement provides reliable information about the quality and performance of telecom service providers”. “After viewing advertisements, I feel that I am accurately informed”. “Most advertising provides consumers with essential information about the services of my previous service provider”. “I feel convinced by the advertisement of my previous telecom service provider”.	(Pick <i>et al.</i> , 2016)
Promotional Offers	“My previous TSP’s offerings meet my quality standards”. “I think that given my previous TSP’s features/services it is a good value for the money”. “The offer made by my previous TSP’s meets my price requirements”. “Compared to the maximum price I would be willing to pay for telecom services, my previous TSP’s offer conveys good value”. “I would value my previous TSP’s offer as it would meet my needs for a reasonable price”. “The offer from my previous TSP would be a worthwhile consideration”. “After evaluating the offer made by my previous TSP, I am confident that I am getting quality features/services for the price”. “If I go back to my previous TSP, I think I would be getting good value for the money I spend”. “If I go back to my previous TSP, I feel I would be getting my money’s worth”. “I feel that I am getting a good quality telecom service for a reasonable price from my previous TSP”.	(Sethi & Chawla, 2014)

**Table 2: Respondents’ Demographics**

Variables	Category	Frequency	Percentage
Gender	Male	263	70.1
	Female	112	29.9
	Less Than 6 Months	191	50.9
	6 Months to 1 Year	152	40.5
	1 Year to 3 Years	32	8.5
	More than 3 years	0	0
Relationship period	Mobilink	44	11.7
	Telenor	63	16.8
	Ufone	133	35.5
	Zong	82	21.9
	Warid	53	14.1
	Mobilink	160	42.7
Previous telecom service provider PTSP	Telenor	74	19.7
	Ufone	102	27.2
	Zong	39	10.4
	Warid	0	0
Current telecom service provider TSP	Telenor	74	19.7
	Ufone	102	27.2
	Zong	39	10.4
	Warid	0	0

### 3.2. Sample Size and Data Collection

Convenience sampling technique was used for distribution of questionnaires. Population selected for this study is Telecom user that have switched from one network to another once or more than once based on above five factors. As the population is very large, the sample size would be 384 by using sample size table (Cooper, Schindler, & Sun, 2003). 384 telecom subscribers that have changed their telecom network at-least once in their customer lifetime will be our sample for this study. Unit of analysis will be the individual customers that have changed their telecom network at-least once. Data was collected from selected telecom subscribers that have changed their telecom service provider at-least once in their customer lifetime. As there are some constraints like financial constraints and shortage of time, so that the data will be selected from the customers belonging to 7 cities of Pakistan naming, Karachi, Islamabad, Lahore, Faisal Abad, Multan, Bahawalpur, Rahim Yar Khan. Data analysis was carried out by using Descriptive statistics, Correlation analysis, reliability and validity by using SPSS &

AMOS. By using SPSS, correlation and regression analysis was made to investigate the relationship among the study variables. AMOS was used for Confirmatory Factor Analysis (CFA) to check the reliability and validity. To check the fitness of the model Structured Equation Modeling (SEM) technique was used. The final sample size was 375 questionnaires having 86% response rate. Table 2 exhibits the demographics of respondents.

#### 4. Analysis and Results

##### 4.1. Descriptive Statistics and Correlation Analysis

Table 3 displays the values for each variable's Cronbach's alpha reliability as SR has 0.891, PO has 0.859, PI has 0.912, RA has 0.872 and Persuasive Advertisement PA has 0.93 which is suitable for the data analysis. Moreover, Standard Deviation (SD) and Mean Values (Mean) for SR, PO, PI, RA and PA are (3.351, .951), (3.5061, .95919), (3.366, .924) (3.53, .798) (3.8840, 0.931) respectively. Moreover, table 3 depicts the Correlation among the variables. Correlation between Servicer Recovery and Promotional Offers is 0.509 at 0.01 levels, which shows a significant positive relationship between Servicer Recovery and Promotional Offers. There is a significant positive relationship between Service Recovery and Peer Influence that is  $r = 0.506$ ,  $p < 0.01$ . Service Recovery and Reacquisition are significantly positively correlated  $r = 0.584$ ,  $p < 0.01$ . Correlation between Service Recovery and Promotional Advertisement is  $r = 0.570$ ,  $p < 0.01$  that depicts a significant positive correlation. There is also a significant positive correlation between Promotional Offers and Peer Influence that is  $r = 0.679$ ,  $p < 0.01$ . Promotional Offers and Reacquisition is also correlated significantly positively  $r = 0.762$ ,  $p < 0.01$ . There is a strong positive correlation between Promotional Offers and Persuasive Advertisement that is  $r = 0.752$ ,  $p < 0.01$ . Peer Influence and Reacquisition are strongly positively correlated having  $r = 0.815$ ,  $p < 0.01$ . Peer Influence and Persuasive Advertisement are also significantly positively correlated having  $r = 0.917$ ,  $p < 0.01$ . Correlation between Reacquisition and Persuasive Advertisement is  $r = 0.928$ ,  $p < 0.01$  that depicts a significant positive relationship between these two variables.

**Table 3: Descriptive Statistics and Correlation Analysis**

Variables	Mean	SD	Reliability	SR	PO	PI	RA	PA
SR	3.351	.951	0.891	1				
PO	3.5061	.95919	0.859	.509**	1			
PI	3.366	.924	0.912	.506**	.679**	1		
RA	3.53	.798	0.872	.584**	.762**	.815**	1	
PA	3.8840	0.931	0.931	.570**	.752**	.917**	.928**	1

##### 4.2. Confirmatory Factor Analysis

###### 4.2.1. Measurement Model

Measurement Model describes that there are five latent variables SR, PO, RA, PI, and PA in a circle that are expressed by 35 observed variables in squares. Additionally, a single headed arrow showed the tendency of the suggested causal impact, and a double headed arrow showed the covariance between two latent variables.

**Table 4. Standardized Regression Weights of Measurement Model**

Latent Variable	Item Label	Standardized Factor Loading
Service Recovery (SR)	SR16	.958
	SR8	.884
	SR9	.867
	SR17	.861
	SR19	.844
	SR3	.842
	SR7	.821
	SR5	.781
	SR1	.753
	SR6	.716
Promotional Offers (PO)	SR13	.618
	SR4	.466
	PO7	.922
	PO3	.919
	PO5	.882
	PO8	.858
	PO4	.833
Persuasive Advertisement (PA)	PO9	.795
	PO1	.761
	PO6	.711

	PO10	.426
	PO2	.403
Customer Reacquisition (RA)	RA7	.970
	RA9	.904
	RA5	.890
	RA8	.792
	RA6	.708
Peer Influence (PI)	PI3	.779
	PI4	.770
	PI1	.685
	PI5	.646
	PI2	.631
Persuasive Advertisement (PA)	PA3	.811
	PA4	.750
	PA2	.647
	PA1	.643

Table 4 demonstrates how latent factors caused the observable variables, as shown by the single-headed arrows pointing away from the circle and towards the unobserved by the values of elements of Service Recovery (SR) constituting SR1(.753), SR3(.842), SR4(.466), SR5(.781), SR6 (.716), SR7(.821), SR8(.844), SR9(.884), SR13(.618), SR16(.958), SR17(.861), SR19(.844). Similarly values of elements of Promotional Offers (PO) as PO7(.922), PO3(.919), PO5(.882), PO8 (.858), PO4(.833), PO9(.795), PO1(.761), PO6(.711), PO10(.426), PO2(.403). Moreover, values of elements of Customer Reacquisition (RA) as RA7 (.970), RA9 (.904), RA5 (.890), RA8 (.792), RA6 (.708). Additionally, values of elements of Peer Influence (PI) as PI3 (.779), PI4 (.770), PI1 (.685), PI5 (.646), PI2 (.63). Finally, the values of elements of Persuasive Advertisement (PA) as PA3 (.811), PA4 (.750), PA2 (.647), PA1 (.643).

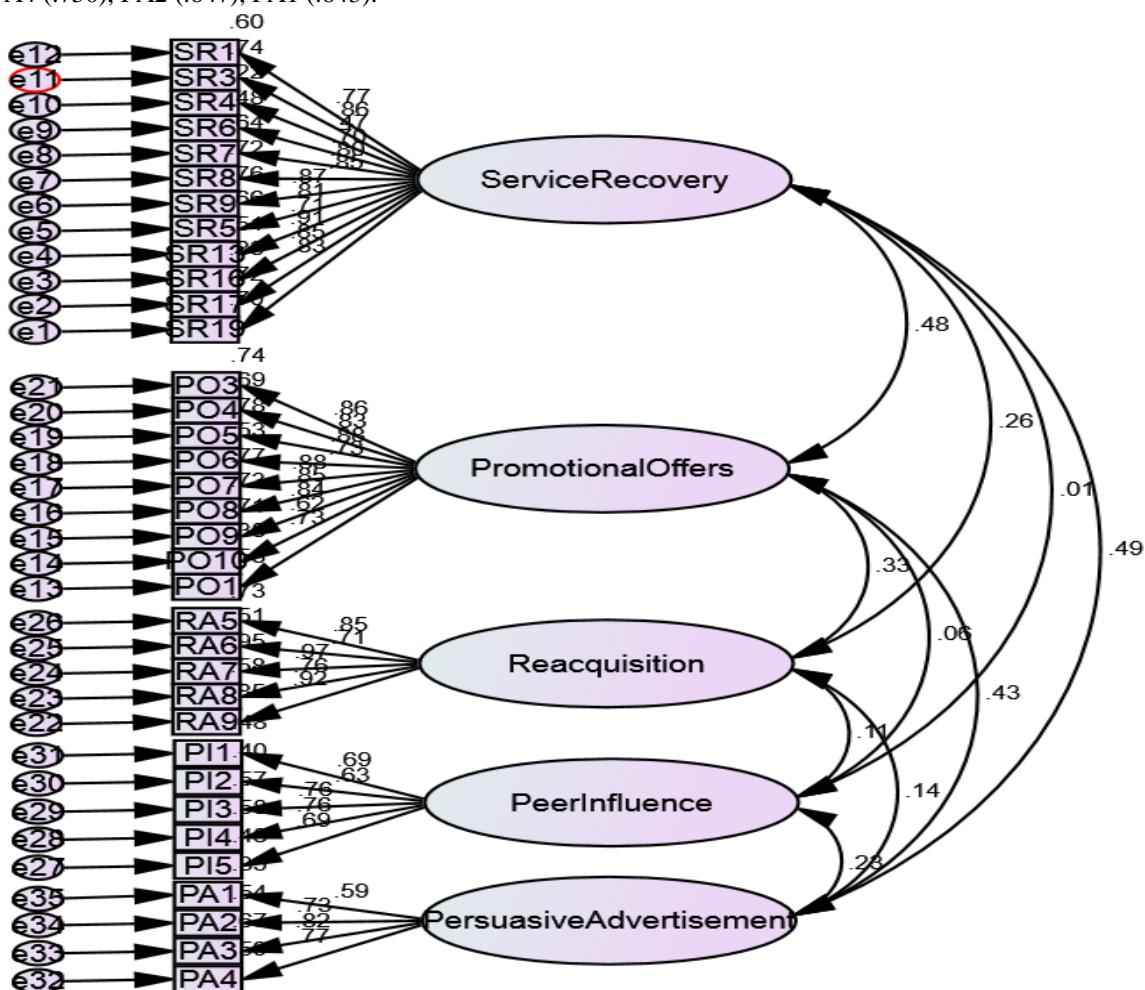


Figure 2: Measurement Model (CFA)

#### 4.3. Model Fitness Evaluation

The data was examined using AMOS because it offers a series of indices to determine if the data supported the predicted model or not. Additionally, it shows the extent to which these constructs correlate with one another according to the model's estimates. In this work, indices such as the Root Mean Square Error of Approximation (RMSEA), Comparative Fit Indices (CFI), Goodness of Fit Index (GFI), and others were employed to test the model fitness (AGFI). Moreover, Goodness-of-fit was assessed through various goodness-of-fit indices that are TLI, NFI, RMSEA, AGFI, GFI, NC and  $\chi^2$

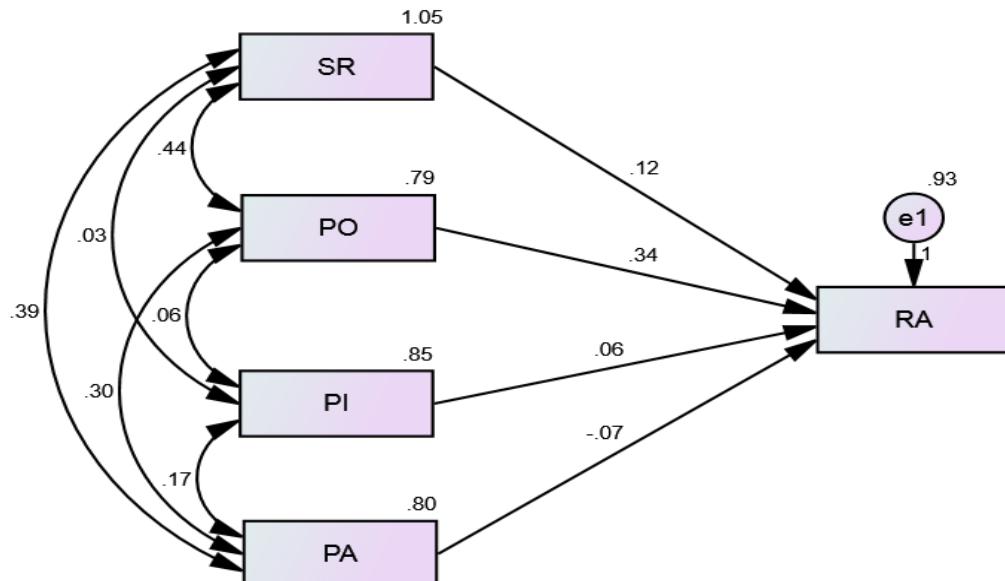
**Table 5: Model Fitness Summary**

Model Indices	Fitness	$\chi^2$	RMSEA	NC	AGFI	GFI	CFI	TLI	NFI	PCLOSE	
Measurement		647.120	.065		1.145	.802	.835	.913	.923	.881	0.000

Table 5.0 shows how the values are all in accordance with the model fitness indices and how the model is approved as a good fit with the help of RMSEA (.065), AGFI (.802), GFI (.835), CFI (.913), TLI (.923), NFI (.881),  $\chi^2$  (647.120) and PCLOSE (0.000).

#### 4.4. Structural Equation Model

To analyze the relationships between Customer Reacquisition and Service Recovery, Peer Influence and Promotional Offers, as well as to evaluate the moderating effect of Persuasive Advertisement on the relationships between Customer Reacquisition and Service Recovery, Peer Influence and Promotional Offers, Structural Equational Modeling (SEM) was used. Hypothesized model was developed by using SEM. In the figure 3, the latent variables are shown as squares while the error terms associated with the estimations are represented by circles. The single-headed arrow indicates the impact of one variable on another. The estimation parameters of the corresponding variable and the values for the error terms associated with the estimation are shown beside the single-headed arrows.



**Figure 3: Structural Equation Model**

**Table 6. Standardized Regression Weights of Model**

		Estimates
Service Recovery	→ Customer Reacquisition	.117
Promotional Offers	→ Customer Reacquisition	.056
Peer Influence	→ Customer Reacquisition	.342
Persuasive Advertisement	→ Customer Reacquisition	-0.069

Table 6 displays the standardized regression weights of association of diverse variables like customer reacquisition to service recovery (.117), customer reacquisition to Promotional Offers (.056), customer reacquisition to Peer Influence (.342) and customer reacquisition to Persuasive Advertisement (-0.069) these findings show a significant correlation between the variables, as seen by regression weights of associations that are greater than 0.

## 5. Discussion

The purpose of this research is to analyze the key forces behind Customer Reacquisition in Telecom sector. The specific objectives of this research are: 1) To analyze the relationship between Service Recovery and Customer Reacquisition. 2) To analyze the effect of Peer Influence on Customer Reacquisition. 3) To analyze the relationship of Promotional Offers and Customer Reacquisition. 4) To examine the moderating role of Persuasive Advertisement on the relationship between Customer Reacquisition and Service Recovery. 5) To examine the moderating role of Persuasive Advertisement on the relationship between Customer Reacquisition and Peer Influence. 6) To examine the moderating role of Persuasive Advertisement on the relationship between Customer Reacquisition and Promotional Offers. On the basis of these research objectives, research hypotheses were developed. These hypotheses are analyzed and discussed in the next section;

*H1:* There is a significant positive relationship between Service Recovery and Customer Reacquisition.

The study's results show that Service Recovery ( $\beta = 0.117$ ,  $z = 1.996$ ,  $p = 0.000 < 0.001$ ) has a positive significant relationship with Customer Reacquisition. The findings are align with the prior studies (C. R. Bell & Zemke, 1990; Doll, Xia, & Torkzadeh, 1994; Li, Tan, & Xie, 2003; Smith & Bolton, 1998; Spiteri & Dion, 2004; Tax et al., 1998; Zemke et al., 2000), stating that if the companies make their services better, the churned out or defected customers are easier to be reacquired. Moreover, the results show that the more Service Recovery efforts made by a company, the more chances to reacquire the lost customers. Hence H1 is proved.

*H2:* There is a significant positive relationship between Peer Influence and Customer Reacquisition.

The study's results show that Peer Influence ( $\beta = 0.342$ ,  $z = 5.202$ ,  $p = 0.000 < 0.001$ ) has a positive significant relationship with Customer Reacquisition. Previous studies also show the same results as (Kelley & Davis, 1994) argues that positive influence by friends and family provides grounds for customer reacquisition. Moreover, the results show that the more positive Peer Influence the more chances to reacquire the lost customers. Hence H2 is proved.

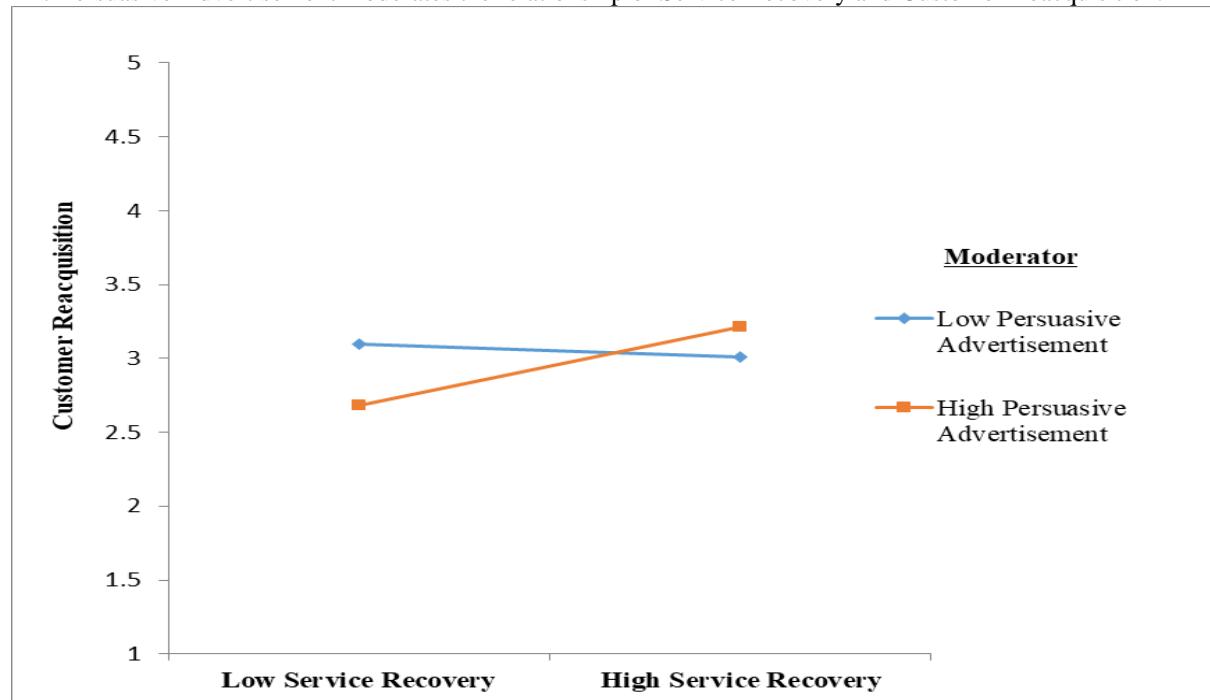
*H3:* There is a significant positive relationship between Promotional Offers and Customer Reacquisition.

Results of findings shows that Promotional Offers ( $\beta = 0.056$ ,  $z = 1.003$ ,  $p = 0.000 < 0.001$ ) has a positive significant relationship with Customer Reacquisition. Previous studies (Kelley & Davis, 1994) also revealed the similar findings that through Promotional Offers, defected customers can be reacquired. Furthermore, the results show that the more the use of Promotional Offers, the more chances to reacquire the lost customers. Hence, H3 is proved. Table 7 explain the results of hypothesis testing.

**Table 7: Hypothesis Testing**

	Path	Standard Error	Beta Value	Critical Ratio	Results
H1	SR → RA	0.058	0.117	1.996	Supported
H2	PI → RA	0.055	0.342	5.202	Supported
H3	PO → RA	0.066	0.056	1.003	Supported

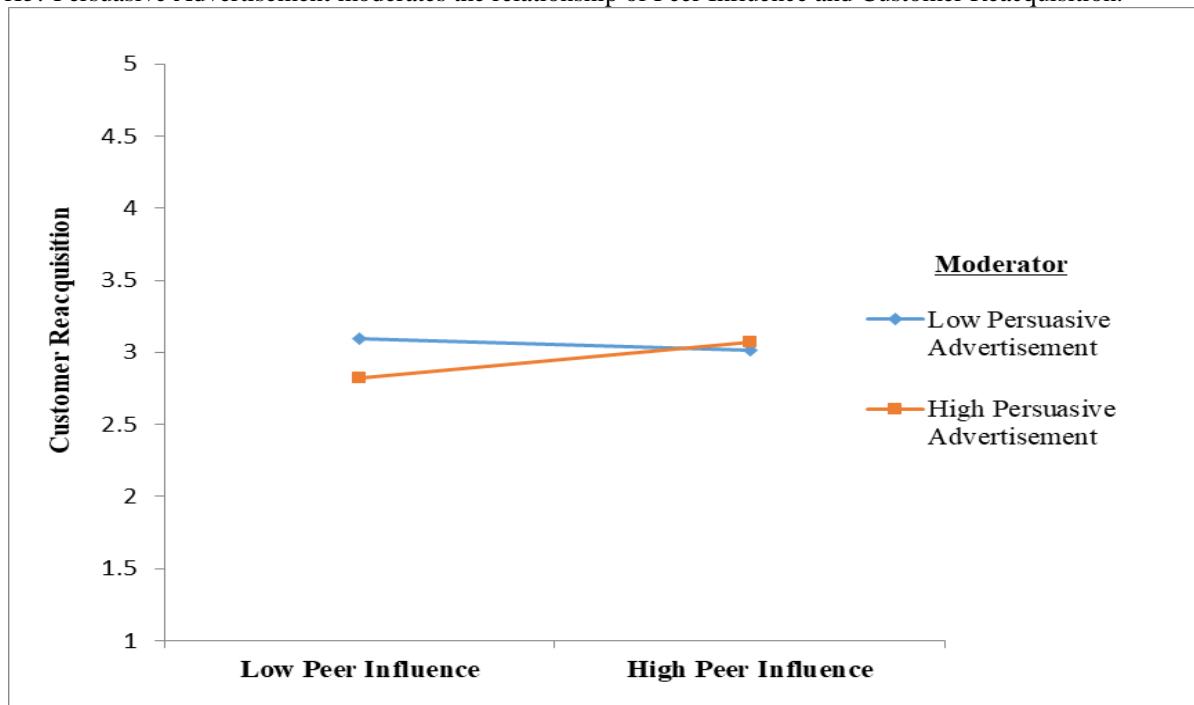
*H4:* Persuasive Advertisement moderates the relationship of Service Recovery and Customer Reacquisition.



**Figure 4**

Persuasive Advertisement strengthens the positive relationship between Service Recovery and Customer Reacquisition. This shows that Persuasive advertisement plays a moderating role on the relationship between Service Recovery and Customer Reacquisition, Thus, H4 is proved.

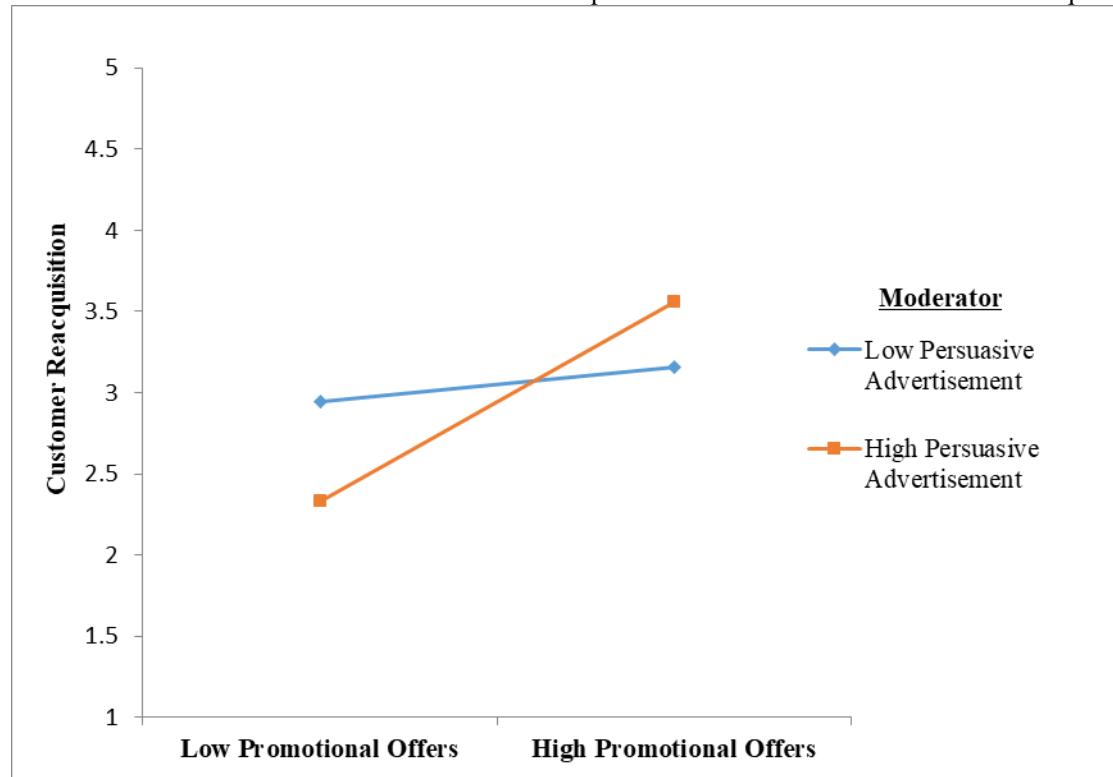
*H5: Persuasive Advertisement moderates the relationship of Peer Influence and Customer Reacquisition.*



**Figure 5**

Persuasive Advertisement strengthens the positive relationship between Peer Influence and Customer Reacquisition. This depicts that Persuasive Advertisement plays a moderating role in the relationship between Peer Influence and Customer Reacquisition, Thus, H5 is proved.

*H6: Persuasive Advertisement moderates in the relationship of Promotional Offers and Customer Reacquisition.*



**Figure 6**

Persuasive Advertisement strengthens the positive relationship between Promotional Offers and Customer Reacquisition. This Proves that Persuasive Advertisement plays a moderating role in the relationship between Promotional Offers and Customer Reacquisition. Hence, H6 is proved.

## 6. Conclusion and Implications

This study reveals that Service Recovery, Peer Influence and Promotional offers play a vital role in customer reacquisition. Customer reacquisition is the process through which companies win-back their lost or defected customers. Results of this study show that customers can be reacquired by the companies through deliberate efforts. This study plays a vital role in developing a Customer Reacquisition Model in the telecom industry. This study established the relationship between Service Recovery and Customer Reacquisition. Service Recovery has a significant positive relation with Customer Reacquisition. Service Recovery efforts can change the perception of the defected customer and make them think positively about the company and thus the customer can switch back to its previous service provider. By providing better services and by making annoyed customers satisfied, customer base can be maintained. Peer influence is also a strong predictor of Customer Reacquisition. Families' and Friends' opinions play a key role in the choice of brands. And by getting positive word of mouth from the peers, companies can win back their defected customers. Peer word of mouth is a very effective tool for changing the perception of the customers as the trust level of the customers on the peers is very high. Various incentives can be offered to the influencers for making positive impact on consumers' choices. Customer reacquisition is also positively related with promotional offers. Analysis shows that Promotional Offers are very useful for attracting a lost customer back towards its previous service provider. In telecom sector, promotional offers are being most widely used as an effective tool for customer win back. Promotional Offers can include any type of discount, free resources i.e., free minutes, free SMS, free mobile data, discounted calls, SMS and data rates, lucrative prizes through inclusion in lucky draws and many other offers. These offers are very active in Pakistan, as the nation and public are powerfully attracted by the discounts and prizes.

Moreover, this study also establishes the moderating effect of Persuasive Advertisement on the relationship between Service Recovery, Peer Influence, Promotional Offers and Customer Reacquisition. Persuasive advertisements are being extensively used in telecom sector of Pakistan. Telecom industry is using the largest amount of air time on electronic media in Pakistan (Pemra). Through Persuasive Advertisement, the positive effect of service recovery on Customer Reacquisition is enhanced though educating the customer about the Service Recovery actions taken by the company and the enhanced service options being offered by the company. Effect of Peer influence on Customer Reacquisition is also strengthened by advertisements. Promotional Offers are more effective for Customer Reacquisition when there is a strong advertisement campaign is present to support the Promotional Offer and larger number of customers are being educated about the Promotional Offers. This study contributed to the literature of Consumer Switching Behavior and Consumer Reacquisition by bridging the gap between companies' efforts to win back the defected customers and the customers' intention to switch back to its previous service providers, as previous studies just focused on the behavioral dimensions of the customers switching process. This study validates the positive relationships of Service Recovery, Peer Influence, Promotional Offers and Persuasive Advertisement with Customer Reacquisition, providing Telecom Service Providers a validated model for reacquiring their defected customers. Furthermore, this study also provides a comprehensive methodological process that defines the Validity and Reliability of each of the research constructs that ensure a comprehensive analysis result.

### 6.1. Managerial Implications

This research offers managers of Pakistani telecom service providers a thorough and precise road map for retaining their clientele by repurchasing their defected clients. The fast-rising churn rate is the most pervasive and pervasive issue facing Pakistan's telecom industry. The fierce competition among Pakistan's telecom service providers is to blame for this churn. This study offers comprehensive instructions on how managers can reduce customer churn by regaining lost clients. Directors can make Service Recovery efforts in order to change the negative perceptions of the defected customer to a positive and thus the customer can be reacquired by the company. Service recovery efforts that are effective in the telecom sector are also debated in this study. Secondly, Peer influence has also a strong positive impact on the consumers' awareness about the services, Telecom Service Providers can utilize this tool to attract their annoyed customers through the positive word-of-mouth of their close ones. Thirdly, Telecom Companies can offer lucrative incentives; discounts and promotions for the defected customer, for example, free minutes, free SMS, free internet data and other attractive offers. Lastly, to enhance the positive effect of Service Recovery efforts, positive Peer Influence and lucrative Promotional Offers, Persuasive Advertisement campaign can be utilized by the Telecom Service Providers in Pakistan.

### 6.2. Limitations and Future Research

Every research has some strength and some limitations. Customer Reacquisition is not a dichotomous, (i.e. Yes or No process). Customers can be reacquired in the telecom industry, but it's also possible that their connection with the company has changed from what it was before they switched.

There are many other Reacquisition tools like, post switching negative behavior, availability of MNP facility and relational bonds. Future research can be done to determine how these elements affect things as well. The customer

reacquisition model shown in this study is transferable to various industries, including fast food chains, clothing brands, banks, and other service-oriented businesses.

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