Study of Customer Satisfaction with Pay TV Services in Ho Chi Minh City of the K Plus

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Abstract   The aim of this research is to identify & test the factors affecting the level of satisfaction of customers who use the pay TV service of the K PLUS in Ho Chi Minh City in a more complete and accurate. With the analysis of factors related to the level of customer satisfaction, KPLUS will deeply understand customer needs and quality of their service. The results of the study will give the base for K Plus in their transition time to shift from analogue TV technology to digital TV one. Based on the study of customer satisfaction with pay TV services in the Ho Chi Minh city of KPLUS, some recommendations are provided to improve customer satisfaction levels to facilitate the deployment of digital technology.

Keywords   Customer satisfaction, Service marketing, pay TV, Organization presentation, Buying behaviors, Quality of content, Prestige and reliability, Signal quality, Service style, Providing information

1. Introdution

In recent years, along with the development of the national economy in the globalization trend, the material life of the people more and more advanced and dramatic improvement, spiritual entertainment needs is a of the urgent need has been booming. Television acts as a means of bringing information on 80% of the demand of entertainment and information for about 95% of the population in the country. From the free government TV service with analogue technology, there are more and more company to supply pay TV service with digital technology. The competition in pay TV market is so fierce, so enterprises in general and K PLUS in particular, have understood that without a grasp of the customer desired needs by providing products and services, without bring satisfaction to customers, the advantages of technology does not bring success to the company.

Therefore, it is important for K PLUS to frequently study their customer satisfaction to meet timely any changes in customer demand as well as to be able to provide better services.

The purposes of this research:

– Identify the factors affecting the level of customer satisfaction in a more complete and accurate.
– With the analysis of factors related to the level of customer satisfaction, K PLUS will deeply understand customer needs and quality of their service. It is an objective assessment.
– The results of the study are the basis for K PLUS to implement their strategy to shift from analogue TV to digital technology
– Based on the study of customer satisfaction with pay Tv services in the Ho Chi Minh city of K PLUS, some recommendations are provided to improve customer satisfaction levels to facilitate the deployment of digital technology.

Scope of study:

The subject focuses on the factors that impact on the satisfaction of household customers living in Ho Chi Minh City for pay TV services of the K PLUS

Research methodology:

Methods of logic: it is argued that there sults derived from the previous premise. For research on customer satisfaction with pay TV services K PLUS, the author bases on the theoretical basis has been established and applied in practice to make the approach and research model.

Statistical methods (quantitative research): the method of collection, organization, presentation, analysis and data processing

2. Contents

2.1. Theory of Customer Satisfaction

2.1.1. Defining Customer Satisfaction, Service Quality, Service

Customer (marketing perspective) is a collection of individuals or organizations who want to buy a certain

product in order to receive the benefits to satisfy a need, a desire for detail and have the ability (financial, time...) to participate in this transaction.

According to Philip Kotler [1], customer satisfaction is pleasant or perhaps frustration arising from the buyers comparing to the actual benefits of the product and their expectations.

Service is a common concept in business. By Valarie A Zeithaml and Mary J Bitner (2010) [2], service is the act, process, and how to perform a certain task in order to create value for customers to use, to satisfy the needs and expectations of customer.

Parasuraman et al (1988) [3] defines that service quality is the level difference between the expectations of the consumers of services and their perceptions of the outcome of the service.

2.1.2. Factors Affecting the Buying Behavior of Customers

The effects of psychology, demands, movement, views and lifestyle, personality, culture, social status, and human communication directly influence the decision to choose products and services.

2.1.3. The Determinant of Customer Satisfaction

Based on the fundamental factors affecting decisions to buy products and services, offer a number of determinants of customer satisfaction: service quality, performance quality, corporate image and price.

2.1.4. Model of Service Quality

SERVQUAL scale and model (Parasuraman et al, 1988): this is a common services quality research and most used in marketing researches by the specific, detailed and tools for evaluation.

SERVPERF model (Cronin and Taylor, 1992) [4]: based on the SERVQUAL model, but it eliminates components of the expectation evaluation, to retain only the assessment of customer perception.

Pricing models: the Zeithaml & Bitner (2000) [5] says that the price of the service can affect the customer's perception of quality, satisfaction and value services because the services are highly intangible and hardly to judge in buying services.

2.1.5. The Forms of Pay TV Services in Vietnam

For a long time in the world and Vietnam, there is a clear division between two types of television broadcast and pay TV. Forms of pay TV like as cable, digital terrestrial television, satellite digital TV, online TV.

2.1.6. Overview of The pay TV market in the Ho Chi Minh City

Table 1. The market share of the pay TV services suppliers in the HCMC late year 2011

Ref#	Suppliers	Numbers of subscribers	Market share (%)
1	K PLUS	660,000	60.83
2	HTVC	400,000	36.87
3	Others (VTC, ITV, AVG,...)	25,000	2.30
	Total	1,085,000	100.00

(Source: Development Plan to the year 2015 and vision to the year 2020 K PLUS)

The cable TV companies like as VCTV, K PLUS have a long time working in the services, gradually upgrading the advanced technology. Meanwhile, the new coming providers have more conveniently to apply new technologies, have the advantages of the ability to provide high quality and modern services as soon as they join the market. Thus, to protect the leading rank in the market, K PLUS needs new dynamic moves, change into new technology, maintain existing customers and attract new customers.

2.1.7. Business Situation of The Pay TV Services of K PLUS

As in the table 2, the growth of primary and secondary subscribers increased steadily over the years. Highest growth rate in 2010 was 36.46% compared to 2009. However, the growth rate in 2012was only 19.76%, lower than in previous years. This suggests that market pay TV services are increasingly fierce competition.

Table 2. The number of pay TV subscribers of company from the year 2008 to 2012

	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
Primary Subscribers (main TV)					
Number of subscribers	458,773	556,521	759,445	955,930	1,144,863
Growth (%)		21.31	36.46	25.87	19.76
Secondary subscribers (sub-TV)					
Number of subscribers	60,535	62,811	94,851	143,253	227,162
Growth (%)		3.76	51.01	51.03	58.57

(Source: Business results reportfrom2008 – 2012 of K PLUS)

In Ho Chi Minh City, the number of subscribers increases stably from the year 2008 to 2011. However, the growth rate of subscribers in 2012 compared to 2011 decreased significantly. This shows that there is a fierce competition in the pay TV market between existing suppliers with innovative technology and new providers with modern

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[1] Phillip Kotler (2011), discusses the marketing Kotler (Kotler on marketing), 3rd edition, Youth Publishing House, HCMC

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technology. Besides, the new business policy launched in 2012 by K PLUS not really bring high efficiency and no new mutation steps in the customer care, and keep looking for new customers. To avoid slump continues, KPLUS needs to make new business policies in order to overcome the limitations of the old policy.

Table 3. The number of pay TV subscribers in the HCMC from year 2008 – 2012

	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012
Primary subscribers (Main TV)					
Number of subscribers	391,276	457,349	569,223	639,929	685,167
Growth (%)		16.89	24.46	12.42	7.07
Secondary subscribers (Sub TV)					
Number of subscribers	54,228	54,335	69,605	96,178	129,386
Growth (%)		0.20	28.10	38.18	34.53

(Source: Business results Report from 2008 to 2012 of K PLUS)

2.2. The Results of Research

2.2.1. The Hypothesis of Research

H1: If the prestige and reliability of the company is higher rated, customers' satisfaction level of customer is higher when using pay TV services of KPLUS

H2: The more customers perceive of quality, content and image of company highly the more they satisfy the service while using pay TV services of K PLUS and vice versa

H3: The more customers perceive K PLUS customer service style the more their satisfaction level is higher and vice versa

H4: Perception of customers for high or low signal quality, level of customer satisfaction will increase or decrease respectively

H5: If the customers believe that the price is high, their satisfaction will decrease and vice versa

H6: The more customers perceive tangible factors in the process of dealing with the K PLUS the more level of customer satisfaction is higher and vice versa

2.2.2. Formal Quantitative Research

The scale: using the scale introduced by Rensis Likert scale (1932), the scale with 5 common levels to find out about the assessment of the respondents: from 1 point represents totally disagree to 5 point demonstrating totally agree.

Sample selection: To comply with the principle of convenience sampling, directly ask customer. The sample must satisfy the requirements such as reconstruction and reflect the basic characteristics of the whole, there is no duplication of research units, choose the right subjects allowed.

Sample Size: According to research of Bollen (1992)[6], the representativeness of the selected sample would be appropriate if the study sample size of at least 5 times for each estimate. Or to put it simply, every question is interviewed with at least 5 people. The study is with 6 factors groups and 40 observed variables, so the minimum sample size is of 200 samples. Number of customer in survey is of 350 samples in order to ensure at least 200 samples according to specifications. The number of questionnaire is divided equally among the districts in HCMC to ensure representation across the region.

Survey Method: With 350 survey forms were sent to customers via staff of monthly subscription collectors, at the counter of the branch, customers receive questionnaires are randomly selected according to actual situation. Because the survey works directly to the customer, the 350 questionnaires are issued and taken back 100%; however in the process of checking the validity of the survey, after removing more blank votes, the number of valid votes is 302 shares, representing 86.29 % of the total number of ballots issued. Thus, the remaining number of samples included in the analysis is 302 samples.

2.2.3. Exploratory Factor Analysis (EFA)

The study was conducted to assess the scale by the method of exploratory factor analysis (EFA). EFA will be done with the extraction of factors following the Varimax rotation method (this is the angle of rotation method factor to minimize the number of variables having large coefficients at the same factor).After six times of the factors analysis, 06 factors are drawn at the eigenvalue level of 1,022 and the extracted variance is 63.808%. Factor analysis results shows that the characteristic variables have coefficients of loading factor greater than 0.45. There are 31 observed variables classified into 6 factors which represents the satisfaction level of customers, re-arranged differently to initial theoretical model.

2.2.4. Testing Reliability of the Scale

Table 4. Summary of Cronbach's Alpha coefficient

Factors	Numbers of observed variables	Cronbach's Alpha	Value of scale
Quality of content	7	0,856	Satisfactory
Prestige and Reliability	7	0,875	Satisfactory
Rates (prices)	6	0,874	Satisfactory
Signal quality	6	0,834	Satisfactory
Service Style	3	0,723	Satisfactory
Providing information	2	0,673	Satisfactory

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[6] Bollen, 1992, Structural equations with latent variables, Bootstrapping Goodness- of-Fit measures in equation structural models- Sociological Methods & Research, Vol. 21

The observed variables with item-total correlation lower 0.3 will be rejected and this is the first research model so the criteria as selecting scale at Cronbach's Alpha value is of 0.6 onward. (Nunally & Burnstein (1994) [7]. Do testing 31 observed variables in sequence of each factor as listed above, the results are as in table 4.

According to the results of the Cronbach's Alpha analysis, all six items of the scale ensure requirements in testing the reliability of the scale.

2.2.5. Testing the Research Model

Definition of factor groups:
X1: Quality of content[8]
X2: Prestige and reliability[9]
X3: Rates (Prices)
X4: Signal quality[10]
X5: Service Style
X6: Providing information[11]

Inspection of the partial correlation of the regression coefficient

According to the research results, the reliability is 95%, the X2 variable (Prestige and Reliability) and the X6 variable (Providing information) is not statistically significant and not reliable enough to participate in the prediction function.

Testing appropriate level of the model

In the summary results of the model, R^2 is 0.630 and the adjusted R^2 is 0.622 with a significance level of 0.00 Sig F. Thus, 62.2% change in customer satisfaction when using pay TV services by K PLUS be explained by the independent variables of the model. The coefficient Durbin - Watson = 1.768 in the range {1.5, 2.5} shows that the model has no autocorrelation phenomena

The regression equation is determined as below:

V40_Satisfaction = 0.350 + 0.342 (Quality of Content) + 0.625 (Rates) + 0.480 (Signal quality) + 0.460 (Service Style)

Model results:

From the chart 1, we can see there are 13 factor sat most unsatisfied customers (below the average level of satisfaction, less than the mean value is 3.79.) The less satisfied factors areas following:

Table 5. The less satisfied factors

No.	Factor	Avg. score
2	K PLUS is the first selection	3.77
10	Agree to enhance price, increase quality	3.63
11	Reasonable subscription (price)	3.76
12	Debit note in the appropriate time	3,.78
13	Transmission quality equipvalent to price	3.77
14	Signals are not affected by weather	3.64
15	Signals stability	3.73
16	Images and Sound are always guaranteed	3.78
17	Regular promotions	3.62
18	Convenient and modern equipments, tables	3.75
19	Technical support staff complies with the pledges	3.65
20	K PLUS staff have good knowledge	3.69
22	K PLUS staff are friendly, pleasant	3.77
7	Channels are set clearly and easy to choose	3.83
9	Guidelines manual is correct and clearly	3.83
21	K PLUS staff solve problem rapidly	3.84
3	Copious, diversified programmes	3.87

According to the less satisfied factors, the factor of "regular promotions" has the lowest mean value of 3.62. The survey results are 12.9% entire consensus; 42.1% of consensus, 39.4% of moderate level, 5% of customers disagree and only 7% of customers disagree entirely.

The highest mean value is 3.78 with the factors of "Images and sounds are always guaranteed" and " Debit note in the appropriate time ".

2.2.6. Summary of the Research Results

The research results show that after adding and adjusting, the scales achieve the reliability and the value in criteria. To this study, there are 4 factors that affect customer satisfaction are quality of content, signal quality, price and service style; there are 13 less satisfied elements for customers, besides expert opinion adds 4 elements to the group of less satisfied elements in order to provide improved solutions to avoid the situation of dwindling over the growing demands of customers.
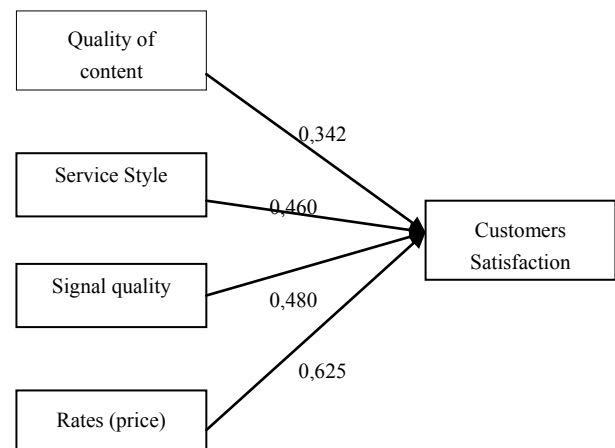

Figure 1. Model of results

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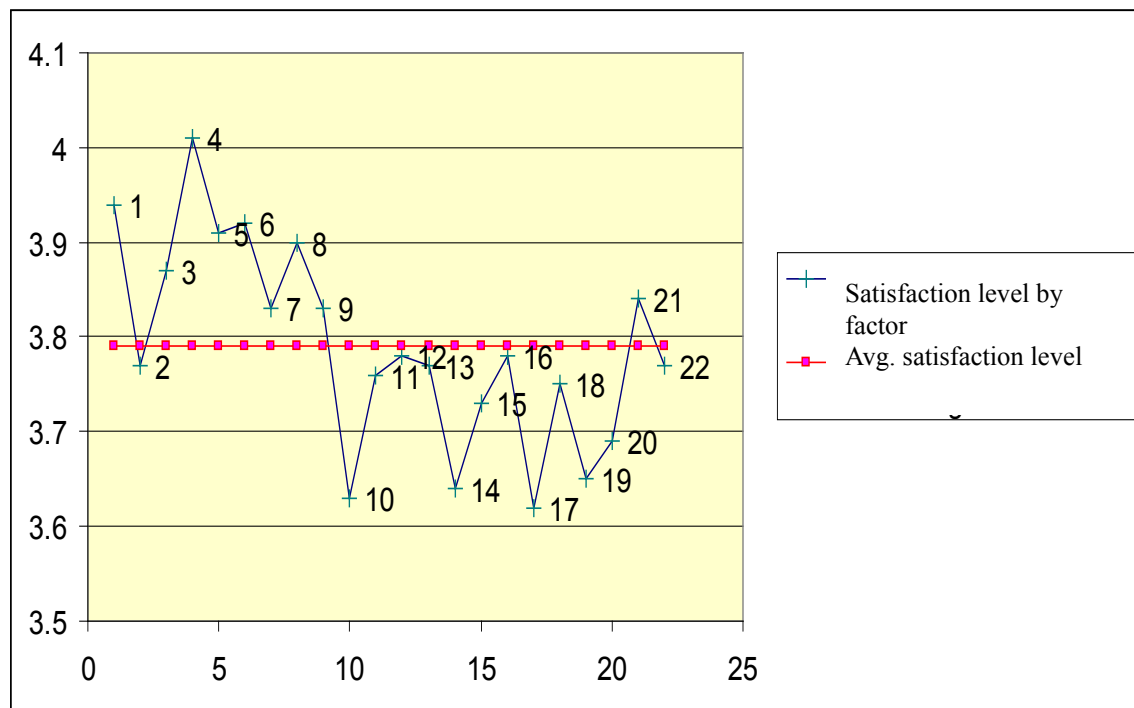
Chart 1. Distribution of customer satisfaction with the factors

Table 6. Summary of determining factors

Group	Elements of affection
Service quality	Regular promotions; signals are not affected by weather; signal stability; transmission quality equivalent to the price, image and sound are guaranteed, the channels are set clearly and easy to choose, copious and diversified programs, convenient and modern equipments
Performance quality	Technical support staff comply with the pledges; K PLUS staff have good knowledge; K PLUS staff are friendly and pleasant, K PLUS staff solve problem rapidly; documentation clearly and accurately; notice when incidents
Prices	Reasonable prices; Debit note in the appropriate time
Corporation images	Pioneering development of new services; K PLUS always made the commitment

2.3. Some Recommendations

2.3.1. Adjust Rates Policy

- Developing flexible prices by customers, by region.
- Segmenting the channels based on customer needs to ensure customers maximum use of their favorite channels.
- Applying of price policy for many existing services K PLUS. For example, using the highest internet services package of K PLUS will be the free use of cable K PLUS, ... For the policy of 3 television package, K PLUS need more flexibility, should be applied according to the needs of each audience.

- Technology applications to increase SMS utility to serve the customer care: unpaid notice that customers have to pay, notice about time of the signal cut-off if any overdue debt or customers can pay subscription fee through SMS.
- For long time, the K PLUS managers should calculate the most competitive method of new subscriptions in order to ensure consumer rights, business interests, as well as competitors have to consider if they want to keep competitive race with K PLUS rates.

2.3.2. Enhance the Quality of the Transmission Line

- The equipment used for the transmission of signals to customers to ensure quality right from the test.
- K PLUS needs to train a team of professional technicians, skilled professionals knowledge and good improvising quickly at any incident
- At the same time, K PLUS needs to plan and strictly implement the inspection and periodic maintenance of equipment and systems in order to quickly detect errors in technique as well as the loss of the transmission line affects quality of service.
- Investing on infrastructure, expand and modernize service network, diversify kinds of services, improve the quality of operations.
- To recommend users that should comply with the requirements and guiding providers in order to achieve with the best audio signal quality and the best images.

In addition, to view HD channels (High - Definition) with the best quality, K PLUS should warn customers of using

TV system compatible with HD criteria.

2.3.3. Quality of Performance

2.3.3.1. Innovate, Replace Processes and Instructions

- Simplifying procedures and automating operations in order to minimize transaction time of customers. Develop business process consistently, applies to whole companies, seamless between the relevant parts and rearrange the organization of production.

- Encouraging customers to sign up services following the new forms such as websites, call to the call center and proactive marketing by call for customers to invite them use the service.

- Building the manual in detailed, send to customers as soon as installing service for customers

- Sending notice about the channel change status monthly to customers

- Using statistical tools to control processes and deploy services to detect errors or problems which be able to postpone the processes

2.3.3.2. Upgrade Customers Management Software

- Improving customer management software VDC during the testing phase of software K PLUS Soft (of K PLUS company)in order to meet the current needs of the company.

- To accelerate the completion of the customer database system of K PLUS Soft software

- Take the comments of those who directly use the software and fix common errors.

2.3.3.3. Strengthen After-Sales Services, Support to Problem Solving

- Set up procedures, regulations for troubleshooting, deployed to both employees and customers who use the service.

- Regularly monitor and inform the customer of the results of the complaint resolution process, customer complaints. In addition, company needs organize staff to work effectively and reasonable.

- Improving the customer care through K PLUS PBX (Call Center K PLUS), concurrently, K PLUS enable to collaborate with Telecom 1080 Ho Chi Minh City or the trading company specializing in the customer are over the phone.

- Provide customer information card to avoid errors in customers.

2.3.3.4. Develop the Human Resources

- Develop a standard technology processes or building service quality according to ISO policy.

- Strengthen co-operation with educational institutions to develop training models in the company.

- Encourage and facilitate staff to participate the short and long term courses.

- Have policies to reward and acknowledge the efforts contributed by employees in customer service, improve

customer satisfaction with the service.

- Set up regular meetings between the branches to exchange experiences in practice, especially for the installation technicians, repairing and system maintenance staff.

- Make good recruitment from the beginning in order to recruit a team of qualified staff, meet the requirements of the job.

2.3.4. Improve the Quality of Content and Form

Considering the number and list of appropriate channels, avoid repeating too many channels. To invest buying new programs with attractive contents to diverse programs on K PLUS channels.

For the K PLUS11 channel (channel specializing in comedy): K PLUS needs to strengthen the comedy program, to invest in the production of new comedy shows, diverse in forms, working with entertainment companies to build an attractive forum, bringing laughter to the audiences.

For example, challenges for gifted amusing audiences and topics about life behind the scenes of the comedian...

For K PLUS4 channel (general entertainment channel): K PLUS4 is specialized channels for the young audiences, so K PLUS needs to invest in the new music products, the hit TV series of the celebrity countries. For example, K PLUS can create more specialized items such as play new songs, old songs associated with the artist name, idols drama movies of Korea, China...Especially in the long term, K PLUS need investing to produce a program of its own, without the cooperation or acquisition partners, thus bearing on the nature and style of K PLUS.

K PLUS avoids broadcasting a program many times in a long time and channel overlap. K PLUS has to allocate the reasonable frequency of a program. Regularly comparing the K PLUS channels list to other providers'.

2.3.5. Corporate Images

2.3.5.1. Enhance Corporate Images

- Building corporate culture standards aims to maintain a specific culture, promote energy and promote the contribution of everyone in the achievement of organizational goals.

- Investing in the needed, convenient and modern equipment and supplies used for the transaction branches.

- Investing costumes for officials and employees to improve staff professionalism, reflecting the company's modernization.

- Always comply with customer commitment, expressed in the style of each employee friendly with customers.

- Promoting contributions for society and community with the implementation of programs such as scholarships, sports activities for charitable purposes, funding public projects.

2.3.5.2. Merging Branches into Centralized Management

Build up the project to buy back the whole capital shares in the subsidiary (associated) branches with proactive

purposes to exploit the pay TV service, internet and other value added services.

For dependent branches, the author offers two options in order to create uniformity in the way management and customer care as following

Option 1: Establish a management center and customer care for the pay TV services.

Option 2: Merging all dependent branches in HCMC into two branches, each branch will have more transaction offices located in the districts.

2.3.5.3. Strengthen Communication Activities, Advertising, Promotion

Enhancing communication activities, advertisements before promotions to the customers to know and decide to use the service.

During the implementation phase following the digitization roadmap of the Government, K PLUS can make strategic equipped with digital receivers to customers free trial in 03 months, after 03 months if customers are not completely satisfied will give back digital receivers.

Not only be interested in stepping up promotions to attract new customers but needs pay attention to retaining existing customers, regular visits and greeting customers in the holidays ...

The expectations of pay TV customers always tend to change more and more, the research results are only valid at the present time. Research should be conducted regularly and in-depth in order to promptly capture customer needs and improve timely customer service.

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