








“Service innovation in telecommunication: The path to customer loyalty through enhanced customer satisfaction”

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SERVICE INNOVATION IN TELECOMMUNICATION: THE PATH TO CUSTOMER LOYALTY THROUGH ENHANCED CUSTOMER SATISFACTION

Abstract

This study focuses on the Nepalese telecom sector, where service innovation is crucial for increasing customer satisfaction and gaining loyalty. In the rapidly evolving technological landscape, telecom service providers must continuously improve their offerings and customer experiences to draw in new customers and maintain their competitiveness. Based on a sample of 245 telecom customers, this study investigates how innovative service offerings lead to higher satisfaction levels and, in turn, greater customer loyalty. This study uses structural equation modeling (SEM) and a quantitative research approach to examine the association between customer satisfaction, customer loyalty, and service innovation in Nepal’s telecom industry. The study confirmed that service innovation ($\beta = 0.23, p \leq 0.01$) directly influences customer satisfaction and significantly ($\beta = 0.32, p \leq 0.01$) enhances customer loyalty in the Nepalese telecom sector. However, the study finds a negligible indirect impact of service innovation ($\beta = 0.12, UL = 0.292, LL = -0.003$) on customer loyalty when customer satisfaction is considered a mediator, indicating that customer satisfaction does not fully influence this relationship in the Nepalese telecom sector, suggesting that other variables, such as price sensitivity, switching costs, and consistency in service quality may also affect the relationship between service innovation, customer satisfaction, and loyalty. The results of this study will help the Nepalese telecom sector reevaluate its service innovation attempts, guiding executives to update their programs by offering new, reliable, high-quality services at affordable prices while considering different aspects of service innovation for strategic planning to attract loyal customers.

Keywords service innovation, customer satisfaction, customer loyalty, telecom, Nepal

JEL Classification L96, M31

INTRODUCTION

Service innovation is now essential for businesses looking to thrive in today’s competitive business world. The acceleration of globalization has highlighted the necessity of innovation, the rise in global market competition, and the rapid advancement of technology. In telecommunications, service innovation involves creating and improving services, technologies, and customer interaction methods to meet changing consumer demands and enhance user experiences. It goes beyond traditional upgrades and includes new approaches like 5G networks, efficient digital support systems, personalized data plans, and advanced mobile applications that simplify user access and functionality. Businesses must continuously expand and improve their service offerings to maintain a competitive edge. Service innovation is crucial in the telecommunications industry, allowing companies to differentiate themselves in a rapidly changing digital

landscape. In this case, service innovation is more than just a tactic; it is a vital factor in influencing customer preferences and satisfaction. It is a key differentiator for telecom businesses, setting them apart from their rivals (Turban et al., 2021).

Although there are many ways to describe the idea of customer loyalty, the fundamental tenet is that loyalty is about long-term relationships and sustainability. Every company that hopes to thrive and expand in 21st-century telecommunications must prioritize customer sustainability and build long-term relationships with its clients. In practice, however, this study will be helpful to mobile service providers in the telecommunications industry regarding how customer satisfaction and service innovation practices have been affecting customer loyalty. Acknowledging the substantial and well-established link between improved customer satisfaction, loyalty, and high-quality service is also critical. To maintain long-term customer loyalty, high service quality meets and frequently exceeds customers' expectations, building trust and dependability (Rantyaniti & Halim, 2020). Based on this information, the companies can plan strategies to develop and implement customer-preferred innovative mobile services to satisfy and retain customers.

Few studies have emphasized the significance of innovation and high-quality service in the telecom industries, especially in Nepal. They also signify that aspects of service quality, such as tangibles, assurance, responsiveness, empathy, and reliability, greatly influence customer loyalty and happiness (Shrestha, 2021; Joshi, 2023). However, this research is needed because few studies have examined how customer satisfaction and service innovation affect customer loyalty in Nepal's telecom industry. These factors are essential and increasingly crucial to retain customers and thrive in the fiercely competitive marketplace. To reduce this gap, this study looks at the connection between customer loyalty, customer satisfaction, and service innovation, especially as it relates to the mobile services provided by Nepal's telecom sector, with the potential to unlock new strategies for customer retention and industry survival.

1. LITERATURE REVIEW AND HYPOTHESES

Expectation-disconfirmation theory (EDT) compares customers' expectations with their actual experiences to explain how service innovations affect customer satisfaction and loyalty. It is based on Festinger's (1957) cognitive dissonance theory. Service delivery that meets or surpasses expectations boosts customer satisfaction and fosters loyalty. According to Marcho et al. (2002), satisfaction is significantly shaped by the difference between the expected and actual services. Habel et al. (2016) stated that holding onto high expectations might have a placebo effect, increasing satisfaction even without actual performance. Service innovation refers to developing new goods or services by introducing novel ideas, methods, or objects into an organization and its surroundings (Awuku et al., 2023). This entails revising processes, procedures, and service offers to the business's and its customers' advantage. Improvements in technology enabled mobile phone providers to provide more services than just voice calls, such as Internet and call

booking. Basarir and Dhaheri (2009) and De Mooij (2019) defined customer loyalty as "a physical and emotional commitment given by customers in exchange for their needs being met." It is essential to keep a customer happy to have more business.

Service innovation is a critical component that affects customer satisfaction in the telecom industry. According to Kanwal and Yousaf (2019), customers set expectations before using a service, and their level of satisfaction is assessed by comparing the actual performance to these expectations. The framework for this study has been developed based on the theory discussed. According to this framework, satisfied customers are likelier to stick with a brand that uses customer satisfaction as a mediating factor between service innovation and customer loyalty. Thus, service innovations that consistently meet or surpass expectations are crucial to achieving customer loyalty in the telecom industry.

As Taghizadeh et al. (2017) state, innovation is often acknowledged as the critical component that enables businesses to adjust to shifting market

conditions and enhance customer satisfaction, loyalty, and overall success. The literature claims innovation is essential to preserving customer pleasure and loyalty in a dynamic global economy where customers constantly seek better choices (Panda & Kapoor, 2017). Service innovation signifies introducing new or revitalizing existing processes, procedures, and service offerings unique to the company or its clients (Biemans & Griffin, 2018). The primary focus of this study is on how this innovative approach may improve customer loyalty and satisfaction. The company's goal is to delight customers by improving the core product or service it provides. This enhances the connections between people, which in turn boosts client loyalty. Past studies (Lee & Jun, 2007; Massey & Dawes, 2007; Sardana & Bajpai, 2020) have consistently pointed to customer satisfaction as the critical driver of relationship enhancement.

Service innovation is a significant factor in influencing consumer satisfaction and behavioral intentions that have been repeatedly established. Service innovation has dramatically increased customer satisfaction in many industries, including microfinance banks and telecoms (Nwachukwu & Vu, 2022; Mahmoud et al., 2018). According to Truong et al. (2020), factors contributing to customer satisfaction include creative mechanics, functional and human-centered qualities, complexity, meaningfulness, novelty, and affordability. Service innovation significantly affects customer satisfaction, especially in competitive environments where marketing and service innovation are essential (Nwachukwu & Vu, 2022). Thus, it is critical to comprehend how service innovation raises consumer contentment. To promote innovation and raise customer happiness, removing some barriers may obstruct service innovation (Sridhar & Ganesan, 2015). Thus, gaining a competitive edge in the marketplace and propelling corporate success depends on service innovation (Ul Hassan et al., 2014). As a result, there is an increase in customer loyalty as the relationships with consumers are strengthened. Furthermore, loyalty is a means of preserving a long-term relationship with clients. Prior studies (Lee & Jun, 2007; Massey & Dawes, 2007) have indicated that customer satisfaction is the main idea guiding relationship improvements. Consumer satisfaction raises customer retention, which is impacted by the parties' connection

(Eriksson & Vaghult, 2000). According to a study by Stauss et al. (2001), satisfied customers develop favorable associations with the service provider.

This reassures that to improve customer satisfaction, service innovation must add value for the client. In light of the observations made by Musara and Fatoki (2010) and Hilal (2015), telecom firms must provide cutting-edge goods and services at competitive prices to attract and retain consumers. Service innovation is a helpful inspiration for customer loyalty and customer satisfaction. Lemon and Verhoef (2016) investigate how technology might improve customer experiences by providing unique and tailored services that increase customer happiness and loyalty in various industries, including telecoms. Service innovation is an effective strategy for raising brand value and consumer satisfaction. To develop a service innovation strategy, managers closely monitor the market and their rivals' actions as they investigate novel concepts and tactics. As a result of this innovation, consumers are more satisfied, which increases their brand loyalty and trust (Shafiq et al., 2023).

Knowing how customer happiness mediates may significantly improve business practices and results in the telecommunications industry, where sustaining long-term client connections and quickly adjusting to new technologies is critical. Service innovation — introducing new or considerably better services, procedures, or delivery methods — is crucial to fulfilling changing consumer expectations and maintaining customer loyalty (Ayinaddis, 2023). Customer satisfaction is a crucial mediating factor that connects different service characteristics to long-term client loyalty. Several authors have provided evidence to support this conclusion, showing how service innovation enhances the quality-of-service delivery and raises consumer satisfaction (YuSheng & Ibrahim, 2019; Ayinaddis, 2023; Mujianto et al., 2023).

Mahmoud et al. (2018) established that service innovation could offer consumers novel solutions and generate substantial value for consumers, assisting in addressing consumer service demands and enhancing customer contentment. Yusheng and Ibrahim (2020) discovered that service innovation seeks to deliver top-notch services to fulfill customer expectations and foster a favorable in-

teractive dynamic between service providers and customers. Yeh et al. (2019) study demonstrated that service innovation substantially affects customer satisfaction. A study by Lai (2004) indicates that their level of satisfaction positively affects a customer's intention to continue using a service. Consistent with the previously mentioned results, Bhattacharjee (2001) and Cronin et al. (2000) pointed out that since satisfied customers are more likely to repurchase and utilize the same service, higher levels of customer satisfaction also equate to higher levels of consumer loyalty intention. Numerous studies (Seesaiprai, 2017; Tai et al., 2021; Rantianti & Halim, 2020; YuSheng & Ibrahim, 2019) that looked at the connection between customer loyalty and satisfaction found that there was a significant positive relationship between people's intentions to remain loyal and their level of satisfaction. According to another study, service quality, customer satisfaction, and service innovation all positively moderate the impact of service innovation on the intention of customers to remain loyal (Sukwadi, 2017).

Foroudi et al. (2016) investigated the relationships between service innovation, customer experiences, business reputation, and consumer loyalty. The results showed that an organization's reputation is highly correlated with creativity. Additionally, a strong correlation between business popularity and consumer loyalty was found in the study. The research has demonstrated that new technologies have the most significant impact on customer loyalty, with innovative service concepts, procedures, and technology having the most significant influence (Awuku et al., 2023). Interactive and supportive service improvements have a considerable impact on customer satisfaction and retention, as demonstrated by Ta and Yang (2018). By cultivating customer happiness and loyalty, value innovation initiatives can improve performance and long-term success (Mohammed et al., 2022). Notably, studies have shown that, as a reassuring mediating element in the relationship between service quality and customer loyalty, quality of service positively affects customer satisfaction and loyalty (Rajeswari et al., 2017). Mahmoud et al. (2018) investigated the connections among customer happiness, customer value generation, and service innovation in Ghana's telecommunications industry. Their results convincingly demon-

strate that a service company's capacity to satisfy its clientele relies heavily on the effective integration and use of service innovation initiatives.

The study aims to provide insights that can help mobile service providers improve their client retention strategy by examining the relationship between customer satisfaction and loyalty and the impact of service innovation. Since few studies have examined these factors in Nepal's telecom sector, this study fills the knowledge gap and offers workable solutions to maintain competitive advantage in a rapidly changing market while fostering long-term relationships. Therefore, this study put forward the following hypothesis in light of its objectives and the relevant literature:

- H1: *Service innovation has a significant positive impact on customer satisfaction.*
- H2: *Customer satisfaction has a significant positive impact on customer loyalty.*
- H3: *There is a positive effect of service innovation on customer loyalty.*
- H4: *Service innovation and customer loyalty relationship is significantly mediated by customer satisfaction.*

2. METHODOLOGY

This study uses descriptive and causal-comparative research designs and a quantitative research technique to investigate the relationship between service innovation, customer satisfaction, and customer loyalty in Nepal's telecom industry. The study targets NTC and N-cell subscribers in the Kathmandu Valley, which comprises over 90% of the Nepalese telephone service market (Nepal Telecom Authority, 2024; Gautam, 2016). The suggested associations between the variables have been investigated using structural equation modeling (SEM). SEM is preferred because it can simultaneously assess numerous factors' direct and indirect impacts and thoroughly understand the intricate causal pathways involved (Stein et al., 2017; Chaudhary et al., 2023). This survey is intended for all Kathmandu Valley-based NTC and N-cell subscribers. Information from the care-

fully chosen respondents was gathered using a structured questionnaire. This study collected the data using online and hard-copy questionnaires to maximize the audience reach and improve response rates. The distribution of surveys in both formats increased accessibility, taking into account respondents' preferences and technological skills.

The study discovered that purposive sampling was the most acceptable method for faithfully capturing the features of the real population of telecom service consumers, in accordance with the reference from Rehman *2023). This method allows the researcher to intentionally select respondents who are most likely to provide relevant and insightful information related to the study objectives. Using this technique, the sample is ensured to include individuals who represent various subgroups within the target audience. For this study, a sample of 245 NTC and Ncell users across a range of age groups was chosen. This sample size was selected according to Hair et al.'s (2016) guidelines, which state that Structural Equation Modeling (SEM) analysis requires a sample size of at least 200. By adhering to these recommendations, the study ensures it has enough statistical power to examine the proposed relationships between the variables, eventually adding value to the research and greatly enhancing the validity and dependability of the findings.

The questionnaire used in this study consists of seventeen five-point Likert scale items to measure various study variables. Seven items measure service innovation, as suggested by Awuku et al. (2023), encompassing new service concepts, processes, and technology systems. Similarly, Mahmoud et al. (2018) proposed five elements to assess customer satisfaction, while Ooi et al. (2020) developed five items to measure customer loyalty.

A five-point Likert scale was employed to evaluate the study's variables, where 1 meant "strongly disagree" and 5 meant "strongly agree.". Given its extensive use in past empirical research to collect data on participant preferences, attitudes, and opinions, the Likert scale was selected for this investigation. Shim et al. (2002), Zikmund (2003), Brooke (2007), Erkutlu (2008) show how directly it relates to customer satisfaction and service innovation.

The reliability of the scale is indicated in Table 1.

Table 1. Scale reliability

Variables	Alpha value	Retained items	No. of items deleted
Service innovation	.76	7	4
Customer satisfaction	.79	5	1
Customer loyalty	.86	5	-

All of the constructs have alpha values greater than 0.7, which satisfy Nunally (1978) cut-off value and are a strong indicator of construct consistency.

SPSS version 25 and Microsoft Excel were used for data processing and analysis. The aggregate mean and standard deviation are used to assess customer satisfaction and customer loyalty and the state and practice of service innovation. The hypothesis has been tested using AMOS (SEM) version 26. The study also demonstrated its thoroughness and robustness by employing a bootstrapping approach to validate the regression model and conducting regression analysis on 4000 bootstrap samples. This helped minimize the negative consequences of asymmetric and other non-normal sampling distribution concerns.

Table 2. Demographic profile

Category	Sub-category	Frequency	Percentage (%)
Gender	Male	115	46.9
	Female	130	53.1
Academic qualification	Below Bachelor	66	26.9
	Bachelor	147	60.0
	Master and above	32	13.1
Age (in years)	Below 20	53	21.6
	20 to 25	89	36.4
	25 to 30	54	22.0
	30 to 35	27	11.0
	35 to 40	13	5.3
	Above 40	9	3.7

The demographic profile in Table 2 displays the traits of the survey respondents. Compared to male respondents, there are more female respondents. Most respondents were academically sound, as evidenced by over 73% holding Bachelor and Master degrees. Besides, the table shows that young people make up most of the respondents.

3. RESULTS

The mean (3.57) and standard deviation (0.928) indicate that Nepalese telecom industry’s service innovation performance is subpar. However, this also highlights the industry’s significant potential for growth. Consistent service innovation can substantially enhance the industry’s overall performance. Regarding customer satisfaction, the mean (M = 3.78) and standard deviation (0.862) indicate that most participants are content with their telecom provider’s services.

Additionally, it can be seen from the summated mean (3.66) and standard deviation (0.793) that while some customers are very loyal to their present telecom service provider, others are not. Customers of Nepal Telecom, in particular, showed more brand loyalty than those of other private enterprises. Each item’s factor loadings were assessed as part of the confirmatory factor analysis procedure. Low factor loadings (< 0.50)

led to the elimination of five items: four related to service innovation and one to customer satisfaction. The twelve total items are retained in light of their factor loadings greater than 0.50, as per Hair et al.’s (2016) recommendations.

The Composite Reliability (CR) values are above the recommended level of 0.7, with scores of 0.732, 0.824, and 0.887. Additionally, the CR values are higher than the AVE values, suggesting that the constructs in this study exhibit convergent validity in line with the recommendations of Hair et al. (2016) and Fornell and Larcker (1981). In order to evaluate discriminant validity, each concept’s square root of AVE (bold: 0.691, 0.735, and 0.781) has been compared to its correlation coefficient following the guidelines provided by Fornell and Larcker (1981).

The interaction between the components was investigated using a structural equation model built with AMOS. The model was considered well-fit-

Table 3. Factor loadings and descriptive statistics analysis

Constructs	Mean	Standard deviation	Indicators	Loadings
Service innovation	3.57	0.928	NSC3	0.66
			NSC4	0.68
			NSC5	0.74
Customer satisfaction	3.78	0.862	CS1	0.78
			CS2	0.80
			CS3	0.65
			CS5	0.71
Customer loyalty	3.66	0.793	CL1	0.73
			CL2	0.77
			CL3	0.81
			CL4	0.78
			CL5	0.83

Table 4. Validity concern

Constructs	CR	AVE	MSV	Service innovation	Customer satisfaction	Customer loyalty
Service innovation	0.732	0.516	0.186	0.691		
Customer satisfaction	0.824	0.540	0.440	0.196	0.735	
Customer loyalty	0.887	0.610	0.440	0.431	0.663	0.781

Table 5. Model fit indicators

Fit indicators	Authors	Recommended value	Observed values
CIMIN/DF	Hair et al. (2010)	≥3.0	2.751
GFI	Hair et al. (2010)	≤ 0.90	0.905
TLI	Bentler (1990)	≤ 0.90	0.912
CFI	Bentler (1990)	≤ 0.90	0.923
RMR	Hair et al. (2010)	≥ 0.08	0.075
RMSEA	Hu and Bentler (1998)	≤ 0.08	0.087

ting if the GFI, RMR, CFI, TLI, and RMSEA values were attained (Hair et al., 2010). The model fit indicators in Table 5 (CMIN/DF = 2.751, GFI = 0.905, TLI = 0.912, CFI = 0.923, RMR = 0.075, and RMSEA = 0.087) have fit indices within the acceptable range.

Table 6. Test of hypotheses

Hypotheses	Direct effects		
	(β)	p-values	Result
H1: SI → CS	0.234	0.000	Failed to reject
H2: CS → CL	0.517	0.000	Failed to reject
H3: SI → CL	0.322	0.000	Failed to reject

The relationships between the variables in the suggested models are depicted in the structural model. The results confirmed *H1*, showing that service innovation (SI) directly influences customer satisfaction (CS) (SI → CS: β = 0.234 and p = 0.000). The results also supported *H2*, indicating that CS significantly enhances Customer Loyalty (CL) (CS → CL: β = 0.517, t = -p = 0.000). Additionally, the

findings demonstrate that SI significantly affects CL directly (SI → CL: β = 0.322, p = 0.000). As a result, *H3* is confirmed, indicating that service innovation directly affects consumer loyalty in the Nepalese telecom sector.

There appears to be minimal indirect impact of service innovation on customer loyalty, according to the results shown in Table 7, with zero lying between confidence intervals (SI → CS → CL: LL=-0.003 and UL=0.292). Additionally, when customer satisfaction is considered a mediator, the research findings do not demonstrate a clear correlation between service innovation and customer loyalty. This result disproves hypothesis *H4* and demonstrates that in the Nepalese telecom sector, customer satisfaction only partially influences customer loyalty or service innovation. The study's results indicate that several additional factors, such as price sensitivity, switching costs, and the consistency of service quality, may also affect the relationship between service innovation and customer loyalty and satisfaction.

Table 7. Mediation analysis

Association	Direct effect	Indirect effect	Confidence interval		p-value	Conclusion
			Lower limit	Upper limit		
SI → CS → CL	0.322 (0.000)	0.121	-0.003	0.292	0.000	No mediation

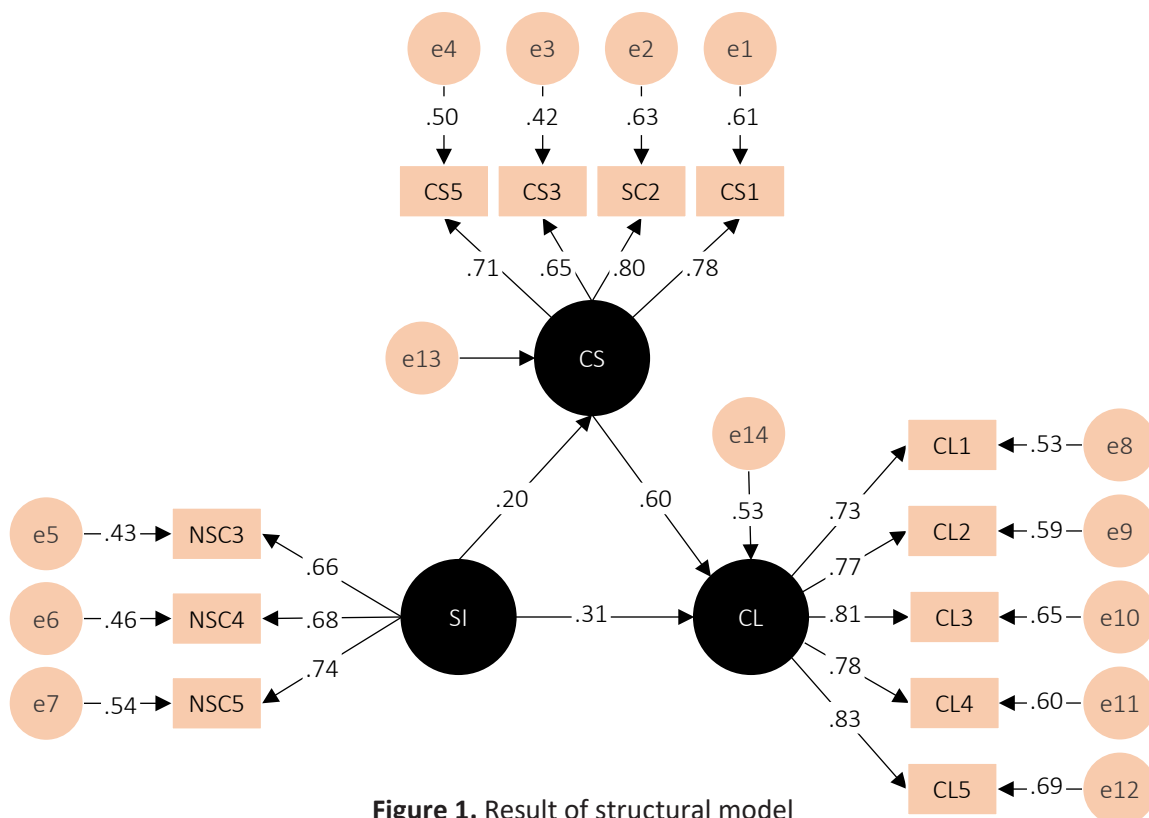


Figure 1. Result of structural model

4. DISCUSSION

These results confirm previous studies by Ta and Yang (2018) and Nuwachukwu and Vu (2022) in the microfinance banks and telecom industry, showing that supportive innovations provide a competitive edge, while interactive innovations improve customer satisfaction. Other studies have also shown that service innovation positively affects customer satisfaction in telecom providers (Kurniawan et al., 2019; Lukitasari, 2020).

This study demonstrated that customer satisfaction positively affects customer loyalty, significantly contributing to developing a loyal customer base. The findings of the earlier research, however, are complex. Studies similar to those of Jasin et al. (2023) and Malki et al. (2023) show that satisfaction positively affects loyalty. However, additional research suggests that other factors might mediate this connection. Moreover, variables like trust may mediate the relationship (Najmudin et al., 2022). The satisfaction-loyalty relationship may also be impacted by other variables such as brand image, switching costs, and social CRM (Jana & Chandra, 2016; Malki et al., 2023).

These findings emphasize the importance of considering customer satisfaction's direct and indirect effects on loyalty and the potential impact of other variables and industry-specific factors when evaluating customer loyalty. The study established a direct relationship between service innovation and client loyalty. It makes sense that using service innovation techniques boosts client loyalty significantly. Similarly, Awuku et al. (2023) and Foroudi et al. (2016) found that when they examined the impact of service innovation on customer loyalty, innovative business practices significantly increased customer loyalty.

Investing in R&D to create cutting-edge technologies, procedures, and services that meet customer demands for effectiveness, efficiency, and convenience is essential for telecom companies to stay competitive (Awuku et al., 2023). Service innovation should strive to meet or exceed customer expectations to guarantee customer satisfaction (Ayodele & Oginni, 2019).

According to Lukitasari (2020), the successful implementation of innovations in the market can also be predicted by developing value-added services and precise service roadmaps.

The indirect effect of service innovation on customer loyalty through customer satisfaction in the Nepalese telecommunications industry does not demonstrate statistical significance, with lower and upper bound values encompassing zero and a path coefficient of 0.121. This contradicts against Awuku et al. (2023), Hajar et al. (2022) and Nyan et al. (2020). As Awuku et al. (2023) show, customer loyalty in the telecommunications sector is significantly impacted by service innovation practices; likewise, Hajar et al. (2022) found that customer loyalty and service innovation are significantly mediated by customer satisfaction. Nonetheless, Nyan et al. (2020) established that customer satisfaction partly mediates the link between service quality and customer loyalty, suggesting the presence of other determinants. These findings suggest that, in the telecom sector, service innovation and long-term customer loyalty are not significantly mediated by customer satisfaction.

Including customer satisfaction as a mediating factor, the research integrates service innovation into a comprehensive model of customer loyalty, thereby making significant theoretical contributions. This integrated approach provides an even more thorough understanding of the interplay between these crucial variables, filling a substantial vacuum in the literature, especially about the Nepalese telecom sector.

The information from this study is helpful for telecom service providers looking to hold onto clients and loyalty. It is suggested that to increase customer satisfaction, and the emphasis should be shifted from the traditional style of service delivery to the delivery of innovative and quality services. The findings indicated consumer loyalty might rise when they feel a service innovation meets their basic demands. The results of this study will be significant in assisting the telecom sector in Nepal to reevaluate its service innovation projects in light of changing scenarios. Executives in the telecom sector may use these findings to update their programs for new services and consider different aspects of service innovation for strategic

planning. The study's findings also suggest that, to attract loyal customers, Nepalese telecom sector executives should concentrate on providing new services and dependable, high-quality service at an affordable price.

Additionally, academicians will find the study's data helpful when incorporating it into previous research on service innovation. Finally, reviewing this paper will help anyone comprehend the strategic significance of service innovation. Scholars can pursue new research directions, and policy-makers can create frameworks encouraging innovation and customer loyalty.

Future research directions are suggested to expand on these findings and deepen our understanding

of the dynamics of sustainable customer loyalty. Broadening the scope of future research to diverse industries and geographical areas may increase the capacity to generalize the results. Studies that compare distinct sectors can yield a more comprehensive view by identifying industry-specific factors influencing customer loyalty. Combining objective data from various sources, such as independent satisfaction ratings, customer transaction data, and service usage statistics, can also lead to a precise understanding of the determinants influencing the long-term loyalty of the customer and a reduction in the prejudices of self-reported data. In order to fully comprehend the concept of sustained customer loyalty within the contemporary business landscape, it might be beneficial to look at additional factors like digital transformation, CSR, and CXM.

CONCLUSION

This study aimed to investigate the relationship between service innovation and customer loyalty using customer satisfaction as a mediating factor in Nepalese telecom companies. According to the results, service innovation raises customer satisfaction but might not always result in devoted customers. To keep customers loyal, telecom companies must prioritize strong sales pitches, wide network coverage, easily accessible and comfortable office spaces, and timely customer support. Interestingly, the findings show that customer satisfaction cannot guarantee loyalty alone because a focus on satisfaction may overlook important facets of service quality. According to these findings, a comprehensive strategy is necessary to comprehend and improve customer loyalty. Although service innovation is essential, Nepalese telecom providers need to put reliability and consistency at the top of their list of essential services. These qualities might be more important to customers because there are fewer providers and switching costs are high. These results lead the study to conclude that service innovation increases satisfaction in specific industries, but its effect on loyalty in Nepal's telecom sector is minimal.

The study focuses on Nepali urban telecom users and has a context-specific scope. The results can't be applied to other industries or rural populations. Furthermore, certain characteristics of the telecom industry in Nepal, like market dynamics, legal frameworks, and strategic priorities, might not be applicable more broadly. These limitations show that more research is necessary to examine the ways in which various contexts and industries affect the connection between service innovation, customer satisfaction, and loyalty.

AUTHOR CONTRIBUTIONS

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