THE UNIQUE ANTECEDENTS OF CUSTOMER LOYALTY

TOWARDS MOBILE SERVICE

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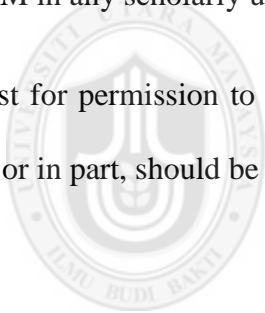
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ABSTRACT

Customer loyalty has been highly sought topic to enable growth and competitiveness enhancement in current market situation. The increase of telecommunication sector in the country had influence mobile service providers competing with each other to become a major service provider. Specifically, there is an issue when the number of mobile cellular subscriptions and penetration rate in Malaysia had declined in the first quarter of 2017 compared to 2016. Customer loyalty is important in increasing profitability and continued survival in competitive market. There are limited studies conducted in Malaysia on customer loyalty towards mobile service providers. This study tries to fill the contextual gap by investigating the effects of independent variables and the mediating effects of satisfaction. Additionally, this study intends to investigate perceived quality, corporate image, perceived value, satisfaction that influence customer loyalty and perceived quality, corporate image, perceived value that influence satisfaction. It also aims to examine the influence of satisfaction as a mediator between perceived quality, corporate image, perceived value and customer loyalty. A total of 531 questionnaires were distributed and 431 questionnaires were obtained and usable. Partial Least Squares 2.0 (PLS) was used to analyze the data. The findings indicate that perceived quality does not influence customer loyalty, whereby corporate image, perceived value and satisfaction influence customer loyalty. Meanwhile, perceived quality, corporate image and perceived value also have strong relationship on satisfaction. Satisfaction also mediates the relationship between perceived quality, corporate image, perceived value and customer loyalty. The outcome of this study can be used by service providers to enhance and improve customer loyalty in the context of mobile service providers. The findings extend researchers' understanding of predictors that influence customer loyalty in mobile service providers in Malaysia.

Keywords: customer loyalty, mobile service providers, perceived quality, corporate image, perceived value and satisfaction.

ABSTRAK

Kesetiaan pelanggan menjadi topik perhatian yang hangat dalam usaha meningkatkan pertumbuhan dan daya saing dalam keadaan pasaran semasa. Peningkatan sektor telekomunikasi di negara ini telah mempengaruhi persaingan antara pembekal perkhidmatan mudah alih untuk menjadi penyedia perkhidmatan utama. Secara khusus, terdapat masalah apabila bilangan langganan dan kadar penembusan selular mudah alih di Malaysia menurun pada suku pertama 2017 berbanding tahun 2016. Kesetiaan pelanggan penting dalam meningkatkan keuntungan dan meneruskan kewujudan dalam pasaran bersaingan. Terdapat kajian yang terhad dijalankan di Malaysia mengenai kesetiaan pelanggan terhadap penyedia perkhidmatan mudah alih. Kajian ini cuba untuk mengisi jurang konteks dengan menyelidik kesan pembolehubah dan kesan pengantara terhadap kepuasan. Tambahan pula, kajian ini bertujuan mengkaji tanggapan kualiti, imej korporat, tanggapan nilai, kepuasan yang mempengaruhi kesetiaan pelanggan dan tanggapan kualiti, imej korporat, tanggapan nilai yang mempengaruhi kepuasan. Ia juga bertujuan mengkaji pengaruh kepuasan sebagai pengantara bagi tanggapan kualiti, imej korporat, tanggapan nilai dan kesetiaan pelanggan. Sebanyak 531 soal selidik telah diedarkan dan 431 soal selidik telah diperolehi dan boleh digunakan. Partial Least Squares 2.0 (PLS) digunakan untuk menganalisis data. Penemuan menunjukkan bahawa tanggapan kualiti tidak mempengaruhi kesetiaan pelanggan, di mana imej korporat, tanggapan nilai dan kepuasan mempengaruhi kesetiaan pelanggan. Sementara itu, tanggapan kualiti, imej korporat, dan tanggapan nilai juga mempunyai hubungan yang kuat dengan kepuasan. Kepuasan juga menjadi perantara hubungan bagi tanggapan kualiti, imej korporat, tanggapan nilai dan kesetiaan pelanggan. Hasil kajian ini dapat digunakan oleh penyedia perkhidmatan untuk meningkatkan dan memperbaiki kesetiaan pelanggan dalam bidang penyediaan perkhidmatan mudah alih. Penemuan ini menambah kefahaman penyelidik mengenai peramal-peramal yang mempengaruhi kesetiaan pelanggan kepada penyedia perkhidmatan mudah alih di Malaysia.

Kata kunci: kesetiaan pelanggan, penyedia perkhidmatan mudah alih, tanggapan kualiti, imej korporat, tanggapan nilai dan kepuasan.

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LIST OF ABBREVIATIONS

Abbreviation	Descriptions of Abbreviation
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CI	Corporate Image
CL	Customer Loyalty
CR	Composite Reliability
EDT	Expectancy Disconfirmation Theory
IT	Information Technology
MCMC	Malaysian Communications and Multimedia Commission
N	Population Size
PLS	Partial Least Squares
PQ	Perceived Quality
PV	Perceived Value
S	Sample Size
SAT	Satisfaction
SPSS	Statistical Package for the Social Sciences
STM	Syarikat Telekom Malaysia Berhad
TMB	Telekom Malaysia Berhad
UUM	Universiti Utara Malaysia

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Customer loyalty has received attention from previous scholars in different context, for example, banking industry, hotel industry, hospitality industry and retail industry. However, not much study has been done to examine the customer loyalty in the telecommunications industry. This study discussed the significance and influence of perceived quality, corporate image, perceived value, and satisfaction towards customer loyalty in mobile service providers. This chapter provides an overview of the background of the study, problem statement, research questions, research objectives, significance of the study, scope of research and definition terms used in the study.

1.2 Background of the Study

For the past fifteen years, telecommunication sector in Malaysia has undergone structural and physical changes. In the year between 1985 and 2000, telephone penetration rate increased by 540%. Meanwhile, in the starting year from 1987, fixed line penetration ratio has increased after telecommunications reforms. On the other hand, cellular phone subscriptions increased rapidly in the early of 1990. In addition, mobile phone subscribers in Malaysia had increased to 5.1 million subscribers in the year 2000 (Cassey, 2001).

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Appendix A: Adapted Items and Original Items

i) Customer Loyalty

Adapted Items	Original Items	Source
1. If I bought a new GSM line, I would prefer this GSM operator.	1. If I bought a new mobile service provider, I would prefer the same brand as my current mobile service provider.	Aydin and Ozer (2005)
2. I encourage friends who plan to buy a GSM line.	2. I will encourage friends who plan to buy a new mobile service provider to use my current mobile service provider.	
3. Even if the other operators' billing was cheaper, I would go on using this GSM line.	3. Even if the other mobile service providers' billing was cheaper, I would go on using my current mobile service provider.	
4. When topic on my network service provider comes up in conversation, I will go out of my way to recommend my network service provider.	4. When topic on my current mobile service provider comes up in conversation, I will go out of my way to recommend my current mobile service provider.	Izogo (2017)
5. I will continue using my network service provider for a long period of time.	5. I will continue using my current mobile service provider for a long period of time.	

ii)   Perceived Quality

Adapted Items	Original Items	Source
1. When you have a problem, X shows a sincere interest in solving it.	1. When you have a problem, your current mobile service provider shows a sincere interest in solving it.	Beerli et al. (2004)
2. Employees of X solve your problems when they promise to do so.	2. Employees of your current mobile service provider solve your problems when they promise to do so.	
3. Employees of X give you prompt service.	3. Employees of your current mobile service provider give you prompt service.	
4. Employees of X are always willing to help you.	4. Employees of your current mobile service provider are always willing to help you.	
5. Employees of X are constantly courteous to you.	5. Employees of your current mobile service provider are constantly courteous to you.	
6. Employees of X have the knowledge to answer your questions.	6. Employees of your current mobile service provider have the knowledge to answer your questions.	

Appendix A: Adapted Items and Original Items (Continued)

iii)   Corporate Image

Adapted Items	Original Items	Source
1. This company is stable and firmly established.	1. My current mobile service provider is stable and firmly established.	Aydin and Ozer (2005)
2. This company is innovative and forward-looking.	2. My current mobile service provider is innovative and forward-looking.	
3. This company has social contribution for society.	3. My current mobile service provider has social contribution for society.	
4. I have always had a good impression of the service provider.	4. I always have a good impression on my current mobile service provider.	Clemes et al. (2013)
5. In my opinion, the service provider has a good image in the minds of consumers.	5. In my opinion, my current mobile service provider has a good image in the minds of consumers.	
6. Overall, I consider that the service provider has a positive image in the marketplace.	6. Overall, I consider that my current mobile service provider has a positive image in the marketplace.	

iv)   Perceived Value

Adapted Items	Original Items	Source
1. The services that I receive from the service provider provide value for money.	1. The services that I receive from my current mobile service provider provide value for money.	Clemes et al. (2013)
2. Compared to what I have to give up, such as money, time, energy, and effort, the services that I receive from the service provider are excellent.	2. Compared to what I have to give up, such as money, time, energy, and effort, the services that I receive from my current mobile service provider are excellent.	
3. Overall, I feel the service provider's services and goods are valuable.	3. Compared to what I have to give up, such as money, time, energy, and effort, the services that I receive from my current mobile service provider are excellent.	
4. XYZ service products are an excellent value.	4. My current mobile service provider's products are an excellent value.	Jayawardhena (2010)
5. What we get from XYZ, and it's cost, makes it a great value.	5. What I get from my current mobile service provider, and its cost, makes it a great value.	

v)   Satisfaction

Adapted Items	Original Items	Source
1. This GSM line completely meets expectations from any GSM line.	1. My current mobile service provider completely meets expectations from other mobile service providers.	Aydin et al. (2005)
2. I am satisfied with this GSM line.	2. I am satisfied with my current mobile service provider.	
3. This GSM line meets my pre-purchase expectations.	3. My current mobile service provider meets my pre-purchase expectations.	
4. My choice to be a subscriber of other service provider is a wise one.	4. My choice to be a subscriber of my current mobile service provider is a wise one	Clemes et al. (2013)
5. I feel delighted with the services and goods delivered by the service provider.	5. I feel delighted with services and goods delivered by my current mobile service provider.	
6. Overall, the service provider provides a very satisfying experience.	6. Overall, my current mobile service provider provides a very satisfying experience.	

The Unique Antecedents of Customer Loyalty Towards Mobile Service.

Dear Respondents,

You are invited to participate in a survey that constitutes part of my Master thesis at Universiti Utara Malaysia (UUM). This survey is to investigate the predictors of customer loyalty towards mobile service providers in UUM. This questionnaire will take approximately 10-15 minutes to complete. Information provided will be kept confidential and will be used purely for academic purpose. I do hope that you will complete all the questions. I would therefore value your kind assistance and valuable time in completing the attached questionnaire and please return the questionnaire back to me. Your participation in making this research a success is greatly appreciated. Should you have any queries or if you are interested to know the outcomes of the research kindly contact me.

Yours Sincerely,

Mah Pei Yew   Dr. Maria Abdul Rahman
Master of Science (Management)   Supervisor
Universiti Utara Malaysia.   Department of Marketing
Contact number: 016-5948123   School of Business Management
Email: peiyew92@yahoo.com.sg   College of Business
                                                        Universiti Utara Malaysia.

Section A: Personal Information

Instruction: Please tick (√) or fill in appropriate space.

1. Gender:

Male	
Female	

2. Age:

20 years	
21-30 years	
31-40 years	
41-50 years	
Above 51 years	

3. Level of Education:

Undergraduate	
Master	
PhD	

4. Current mobile service provider:

Maxis	
Digi	
Celcom	
Umobile	
Others: (please specify)	

5. How long have you been using this mobile service providers:

Less than 1 year	
More than 1 year	

6. How many times have you switched to another mobile service provider?

Never	
1-3 times	
4-6 times	
More than 6 times	

7. Where did you get the information about mobile service providers? Can be more than one answer.

TV/Radio	
Family/Friends	
Magazines/ Newspaper	
Internet	
Other: (please specify)	

8. Type of mobile connection that you use?

Prepaid	
Postpaid	

Section B: Please tick (√) how strongly you agree or disagree with each of the following statement based on the Likert-scale below:

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

		1	2	3	4	5
PQ1	When you have a problem, your current mobile service provider shows a sincere interest in solving it.					
PQ2	Employees of your current mobile service provider solve your problems when they promise to do so.					
PQ3	Employees of your current mobile service provider give you prompt service.					
PQ4	Employees of your current mobile service provider are always willing to help you.					
PQ5	Employees of your current mobile service provider are constantly courteous to you.					
PQ6	Employees of your current mobile service provider have the knowledge to answer your questions.					
CI1	My current mobile service provider is stable and firmly established.					
CI2	My current mobile service provider is innovative and forward-looking.					
CI3	My current mobile service provider has social contribution for society.					
CI4	I always have a good impression on my current mobile service provider.					
CI5	In my opinion, my current mobile service provider has a good image in the minds of consumers.					
CI6	Overall, I consider that my current mobile service provider has a positive image in the marketplace.					
PV1	The services that I receive from my current mobile service provider provide value for money.					
PV2	Compared to what I have to give up, such as money, time, energy, and effort, the services that I receive from my current mobile service provider are excellent.					
PV3	Overall, I feel my current mobile service provider's service and goods are valuable.					

		1	2	3	4	5
PV4	My current mobile service provider's products are an excellent value.					
PV5	What I get from my current mobile service provider, and its cost, makes it a great value.					
SAT1	My current mobile service provider completely meets expectations from other mobile service providers.					
SAT2	I am satisfied with my current mobile service provider.					
SAT3	My current mobile service provider meets my pre-purchase expectations.					
SAT4	My choice to be a subscriber of my current mobile service provider is a wise one.					
SAT5	I feel delighted with services and goods delivered by my current mobile service provider.					
SAT6	Overall, my current mobile service provider provides a very satisfying experience.					
CL1	If I bought a new mobile service provider, I would prefer the same brand as my current mobile service provider.					
CL2	I will encourage friends who plan to buy a new mobile service provider to use my current mobile service provider.					
CL3	Even if the other mobile service providers' billing was cheaper, I would go on using my current mobile service provider.					
CL4	When topic on my current mobile service provider comes up in conversation, I will go out of my way to recommend my current mobile service provider.					
CL5	I will continue using my current mobile service provider for a long period of time.					

End of questions. Thank you for your cooperation.