DETERMINANTS OF CUSTOMER LOYALTY TOWARDS PREPAID MOBILE CELLULAR SERVICES IN MALAYSIA

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By

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Dissertation Submitted to the Othman Yeop Abdullah Graduate School of Business Universiti Utara Malaysia in Partial of the Requirement for the Degree of Doctor of Business Administration
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ABSTRACT

This research focuses on the determinant factors of customer loyalty of the prepaid segment in the telecommunication industry. Customer is important in the telecommunication industry especially in the prepaid segment where there is no contractual relationship between customer and service provider. This study examines the relationships between customer satisfaction, service quality, perceived value and trust with customer loyalty. This research also examines the role of customer satisfaction as a mediator factor and switching cost as a moderator factor towards customer loyalty. The consideration of putting both mediator and moderator factors in this research allows a more precise descriptions on the relationship between all the variables mentioned and the outcome of the research. Hypothesized relationships are tested using survey responses from a sample of 398 respondents. The study sample was the students studying in Malaysian Universities. Results revealed a positive relationship between customer support service, service reliability, emotional value and trust with customer loyalty. Apart from that, customer satisfaction mediates the relationship between various determinant factors and customer loyalty. Switching cost does not moderate the relationship between customer satisfaction and customer loyalty. The results reported in this research are useful to both industry and academics in Malaysia, by providing relevant empirical data about customer loyalty in the telecommunication Industry. Results are compared with earlier findings and implications for future research are discussed. The results should be able to recommend the strategy in customer loyalty especially in the prepaid mobile services. This study could also be of interest to other on-line services firm, which shares the same characteristics with mobile phone service providers.

Keywords: Customer loyalty, Customer satisfaction, Switching cost, Telecommunication.
ABSTRAK


Kata kunci: Kesetiaan pelanggan, Kepuasan pelanggan, Kos peralihan, Telekomunikasi.
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<tr>
<td>3G</td>
<td>3rd Generation Mobile Telecommunication Service</td>
</tr>
<tr>
<td>APAC</td>
<td>Asia Pacific</td>
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<tr>
<td>CB</td>
<td>Confidence Benefits</td>
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<tr>
<td>CSI</td>
<td>Customer Satisfaction Index</td>
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<td>Example</td>
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<tr>
<td>eCRM</td>
<td>Electronic Customer Relationship Management</td>
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<tr>
<td>GPRS</td>
<td>General Packet Radio Service</td>
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| KMO          | Kaiser Meyer Olkin  
Malaysian Communications and Multimedia Commission |
| MCMC         | Malaysian Communications and Multimedia Commission |
| MMS          | Multimedia Messaging Service |
| MNP          | Mobile Number Portability |
| MSA          | Measure of Sample Adequacy |
| SB           | Social Benefits |
| SMS          | Short Messaging System |
| SPSS         | Statistical Package for Social Science |
| SQ           | Service Quality |
| STB          | Special Treatment Benefits |
| Telco        | Telecommunication Company |
| TRA          | Theory of Reasoned Action |
| US           | United States of America |
| VIF          | Variance Inflation Factors |
| WAP          | Wireless Application Protocol |
CHAPTER ONE
INTRODUCTION

1.1 Introduction

This chapter provides an overview of the study background, problem statement, objectives of the study, research questions and definition of terms used in this study. These are followed with discussion on the contribution of this study. Finally, this chapter ends with a discussion on the organisation of remaining chapters.

1.2 Background of Study

Mobile phone services is one of the promising and high growth areas in telecommunication industry, with more than 1.7 billion global subscribers and about 80 percent of the world’s population are covered by mobile networks (Price Water House Coopers, 2006). Mobile phone services are becoming so popular primarily because of mobility, safety, price and privacy (DeBaillon & Rockwell, 2005).

Mobile phone services in Malaysia have seen a tremendous growth in the number of subscribers since year 2000. At the end of 2009, Malaysia has 30.379 million subscribers in total, or a 106.2 percent penetration rate according to the statistics on "Cellular Phone Subscribers" by the Malaysian Communications and Multimedia Commission (MCMC). Table 1.1 shows Malaysia Cellular Phone Subscribers Statistics (2000-2009).
The contents of the thesis is for internal user only
loyal to the provider even if switching cost is high. Their action on whether to behave loyally is not moderated by the level of the switching cost.

The research findings reported have been discussed at length in the context of the study’s objectives and prior literatures. Implications of individual outcome as well as general implication of the study were deliberated to illustrate their significance from the academic and researcher’s perspectives. The model can be used as an explanatory model for customer loyalty in another industry, and. In summary, the current study provides beneficial implications for both academic research and practitioners based on an insightful review of the existing work on customer loyalty.
REFERENCES


