FACTORS INFLUENCING CUSTOMER RETENTION: A STUDY OF USAGE OF MOBILE PHONE IN SUDAN

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DOCTOR OF BUSINESS ADMINISTRATION UNIVERSITI UTARA MALAYSIA July 2012

FACTORS INFLUENCING CUSTOMER RETENTION: A STUDY OF USAGE OF MOBILE PHONE IN SUDAN

By

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Dissertation Submitted to Othman Yeop Abdullah Graduate School of Business Universiti Utara Malaysia in Partial Fulfillment of the Requirements for the Degree of Doctoral of Business Administration

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ABSTRACT

With the advancement in the telecommunication industry, mobile telecommunication and use of other phone types in Sudan have gained impetus in the recent past. This advancement in telecommunication technology in Sudan gained momentum in the year 2005. Since then, many Sudanese have embraced the technology which shows that communication technology is spreading rapidly in the country. At this very early stage of development, the industry hosts three major competitors giving the implication that the market is still green. Therefore, the company that employs the best strategies in ensuring highest customer retention has an upper hand of gaining a competitive advantage in the market and thus reaping maximum profits from the industry. Being operational in a developing country, the companies have not done much to improve customer retention strategies in their mode of service delivery. If the key players would pay the attention of improving consumer retention strategies, they would improve their service delivery infrastructure which would affect the profitability of different service providers differently depending on how consumer friendly their services are. This study seeks to establish some of the fundamental factors that affect consumer retention by investigating the three major mobile telecommunication operators in Sudan. It will focus on MTN Sudan, Sudatel and Zain Sudan (Mobitel). The study employs quantitative method by surveying university students. A discussion of the results of this study will form the basis of recommendations for companies, academicians and other operators and stakeholders of the telecommunication industry in Sudan. The realization that customer retention is highly influenced by customer loyalty and behavior among many other factors will be explored in the context of the three companies mentioned hereinbefore. It will be evident that behavioral intentions directly rely on price perceptions, perceived switching barriers and firms' reputations.

Key Words: Mobile Phone Telecommunication, Consumer Retention, Customer Loyalty and Consumer Behavior.

ABSTRAK

Dengan kemajuan industri telekomunikasi, telekomunikasi mudah alih dan penggunaan berbagai jenis kaedah comunikasi di Sudan telah mendapat dorongan sejakkini. Di Sudan kemajuan dalam teknologi telekomunikasi ini telah mendapat momentum nya Sejak itu, ramai rakyat Sudan telah melibatkan diri dengan sejak tahun 2005. perkembangan teknologi ini dan telah merebak dengan meluas. Pada peringkat awal pembangunan, industri ini telah mengundang tiga pesaing utama dan ini memberi implikasi bahawa pasaran masih hijau. Oleh itu, syarikat yang menggunakan strategi terbaik dan boleh mengekalkan kepercayaan pengguna serta yang memuaskan pelanggan akan mempunyai peluang untuk mendapatkan kelebihan daya saing yang tinggi dalam pasaran dan seterusnya mengaut keuntungan maksimum dari perusahaan ini. Syarikat yang menjalankan operasi di sebuah negara membangun, didapati kurang berusaha dari segi mengekalkan penggunaan di kalangan pelangang dalam mengedalikan corak saluran perkhidmatan, keupayaan tidak dilakukan banyak untuk memperbaiki strategi pengekalan pelanggan dalam mod penyampaian perkhidmatan mereka. Jika pemain utama mengambil lebih perhatian terhadap memperbaiki strategi pengekalan pengguna, mereka akan meningkatkan infrastruktur penyampaian perkhidmatan mereka. Mereka akan dapat lebih keuntungan dari pembekal perkhidmatan yang berbeza bergantung kepada bagaimana mesra pengguna perkhidmatan mereka. Kajian ini bertujuan untuk menubuhkan beberapa faktor asas yang mempengaruhi pengekalan pengguna dengan mengkaji tiga telekomunikasi pengendali mudah alih utama di Sudan. Ia akan memberi tumpuan kepada MTN Sudan, Sudatel dan Zain Sudan (Mobitel). Kajian ini menggunakan kaedah kuantitatif ke atas pelajar universiti. Satu perbincangan hasil kajian ini akan membentuk asas cadangan untuk syarikat, ahli akademik dan operator lain dan pihak berkepentingan industri telekomunikasi di Sudan. Kesedaran bahawa pengekalan pelanggan sangat dipengaruhi oleh kesetiaan pelanggan dan tingkah laku di kalangan banyak faktor lain akan diterokai dalam konteks ketiga-tiga syarikat yang disebut terdahulu. Ia akan menjadi jelas bahawa niat tingkah laku secara langsung bergantung kepada persepsi harga, halangan perubahan yang nyata dan reputasi firma.

Katakunci: Telefon Telekomunikasi Mudah Alih, Penahanan Pengguna, Kesetiaan Pelanggan, Tingkah Laku Pengguna

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Allah subhanahu wata'ala has set limits to the depth of sea and height of mountains but there is no limit to success or perfection. Hence, as an author of this thesis, I cannot claim perfection in all respects, but at the same time with all humility, I can assert that I made all possible efforts to make it a successful one. All praise is due to Allah SWT, who made all things possible.

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DEDICATION

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- B.1- B.3: Firm Reputation items 1-3
- C.1-C.3: Perceived Price items 1-3
- D.1- D.5: Behavioural Intention items 1-5
- S.1- S.5: Switching Barriers items 1-5
- F.1- F.4: Customer Retebtion items 1-4
- Behint: Behavioral Intention variable
- Reten: Customer Retention variable
- Swbar: Perceived Switch Barrier variable
- Prpercp: Perceived Price variable
- Var 00001 C.L: Customer loyalty
- Var 00002 F.R: Firm Reputation
- Var 00003 P.S.P: Perceived Switch Barrier
- Var 00004 B.I: Behavioral Intention
- Var 00005 P.P: Perceived Price

CHAPTER ONE

INTRODUCTION

1.1.Background of the Study

The global telecommunication industry has experienced massive growth in the recent past thanks to rapid technological advancement that has improved the communication infrastructure. Rapid developments in the telecommunication industry have led to major structural and managerial changes in the business world. This has been contributed to by scientific discoveries and innovations which bring new advanced technologies in the communication industry almost daily. This has led to globalization and increased global economic activity.

Technological advancements have led to increased competition in the communication industry. Consequently, companies in this field have been forced to adopt new policies and strategies to survive the competition. Customer management and service markets have received increased interest in terms of relational aspects (Gronroos, 1990; Lawrence & Francis, 2005). Good customer relation is a vital factor as a tool for customer retention. This aspect is also very crucial for an organization that seeks to have a loyal customer base and hence overcome the stiff competition in the industry (Berry, 1995; Morgan & Hunt, 1995, Manning, 2000; Christopher et al; Bitner, 1992).

In the business world in general, several studies that have been conducted to investigate the relationship between customer retention and organizational growth

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